# CITY COUNCIL REGULAR MEETING AGENDA

**REGULAR COUNCIL MEETING**
**TUESDAY**
**JANUARY 16, 2024**

**COUNCIL CHAMBERS**
**211 WEST ASPEN AVENUE**
**3:00 P.M.**

**All City Council Meetings are live streamed on the city's website (https://www.flagstaff.az.gov/1461/Streaming-City-Council-Meetings)**

## ***PUBLIC COMMENT***

**Verbal public comments may be given through a virtual public comment platform or in-person**

**If you want to provide a verbal comment during the Council Meeting, use the link below to join the virtual public comment room.**

**VIRTUAL PUBLIC COMMENT WAITING ROOM**

**Written comments may be submitted to publiccomment@flagstaffaz.gov. All comments submitted via email will be considered written comments and will be documented into the record as such.**

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## 1. CALL TO ORDER

### 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 regular meeting, 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.*

MAYOR DAGGETT
VICE MAYOR ASLAN
COUNCILMEMBER HARRIS
COUNCILMEMBER HOUSE
COUNCILMEMBER MATTHEWS
COUNCILMEMBER MCCARTHY
COUNCILMEMBER SWEET

## 3. PLEDGE OF ALLEGIANCE, MISSION STATEMENT, AND 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. PUBLIC PARTICIPATION

*Public Participation enables the public to address the Council about an item that is not on the agenda. Comments relating to items that are on the agenda will be taken at the time that the item is discussed. If you wish to address the Council at tonight's meeting, please complete a comment card and submit it to the recording clerk as soon as possible. Your name will be called when it is your turn to speak. You may address the Council up to three times throughout the meeting, including comments made during Public Participation. Please limit your remarks to three minutes per item to allow everyone an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.*

## 5. COUNCIL LIAISON REPORTS

## 6. APPOINTMENTS

*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 the City Council may vote to go into executive session, which will not be open to the public, for the purpose of discussing or considering employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee, or employee of any public body...., pursuant to A.R.S. §38-431.03(A)(1).*

**A. Consideration of Appointments:** Water Commission

**STAFF RECOMMENDED ACTION:**

Make one appointment to a term expiring December 2025.
Make three appointments to terms expiring December 2026.

## 7. LIQUOR LICENSE PUBLIC HEARINGS

*Applications under Liquor License Public Hearings may be considered under one public hearing and may be acted upon by one motion unless otherwise requested by Council.*

**STAFF RECOMMENDED ACTION:**
Hold the Public Hearing

The City Council has the option to:

1. Forward the application to the State with a recommendation for approval;
2. Forward the application to the State with a recommendation for denial based on the testimony received at the public hearing and/or other factors.

**A.** **Consideration and Action on Liquor License Application:** Matthew Patrick Dyer, "Southside Tavern," 117 S. San Francisco, Series 06, Owner Transfer.

**STAFF RECOMMENDED ACTION:**

1. Forward the application to the State with a recommendation for approval;
2. Forward the application to the State with a recommendation for denial based on the testimony received at the public hearing and/or other factors.

## 8. CONSENT AGENDA

*All matters under Consent Agenda are considered by the City Council to be routine. Unless a member of City Council expresses a desire at the meeting to remove an item from the Consent Agenda for discussion, the Consent Agenda will be enacted by one motion approving the recommendations listed on the agenda. Unless otherwise indicated, expenditures approved by Council are budgeted items.*

**STAFF RECOMMENDED ACTION**

Approve the Consent Agenda as posted.

**A.** **Consideration of Appointments:** On-Call Magistrates for the Flagstaff Municipal Court.

**STAFF RECOMMENDED ACTION:**

Approve the reappointment of Honorable Russell Hughes and Honorable Lewis Levin as On-Call Magistrates to the Flagstaff Municipal Court.

## 9. ROUTINE ITEMS

**A.** **Consideration and Adoption of Ordinance No. 2024-01:** An ordinance of the Flagstaff City Council authorizing the acquisition of real property interests for a Flagstaff Urban Trail System alongside the Rio de Flag Flood Control Project; providing for delegation of authority, repeal of conflicting ordinances, severability, corrections, and establishing an effective date

**STAFF RECOMMENDED ACTION:**

1. Read Ordinance No.2024-01 by title only for the final time
2. City Clerk reads Ordinance No. 2024-01 by title only (if approved above)
3. Adopt Ordinance No. 2024-01

**B.** **Consideration of Support:** Downtown Business Alliance's Downtown Flagstaff Vision and Action Plan (Plan).

**STAFF RECOMMENDED ACTION:**

City Council supports the Downtown Vision and Action Plan and requests staff to consider it when making decisions related to Downtown Flagstaff.

**C.** **Consideration and Approval:** 2024 State and Federal Legislative Priorities

**STAFF RECOMMENDED ACTION:**

Review and approve the 2024 State and Federal Legislative Priorities.

## 10. PUBLIC HEARING ITEMS

**A.** **Consideration and Adoption of Ordinance No. 2024-02:** An ordinance of the City Council of the City of Flagstaff, amending the Flagstaff City Code, Title 3 Business Regulations, Chapter 3-10 User Fees, Section 3-10-001-0004 Police Department to revise existing fees and add a new fee for Body Camera Video Review and Redaction; providing for penalties, repeal of conflicting ordinances, severability, providing for clerical corrections, and establishing an effective date

**STAFF RECOMMENDED ACTION:**

At the January 16, 2024 Council Meeting:
1) Hold the Public Hearing
2) Read Ordinance No. 2024-02 by title only for the first time
3) City Clerk reads Ordinance No.2024-02 by title only (if approved above)
At the February 6, 2024 Council Meeting:
4) Read Ordinance No. 2024-02 by title only for the final time
5) City Clerk reads Ordinance No. 2024-02 by title only (if approved above)
6) Adopt Ordinance No. 2024-02

## 11. REGULAR AGENDA

**A.** **Consideration and Adoption of Resolution No. 2024-04:** A resolution of the Flagstaff City Council, approving an intergovernmental agreement between the City and the State of Arizona Department of Revenue for the administration, collection, audit, and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and uses taxes and rental occupancy taxes imposed by the State, cities or towns

**STAFF RECOMMENDED ACTION:**

1) Read Resolution No. 2024-04 by title only
2) City Clerk reads Resolution No. 2024-04 by title only (if approved above)
3) Adopt Resolution No. 2024-04

## 12. DISCUSSION ITEMS

**A.** **Continuation of discussion regarding the allocation of Homeless Shelter and Services Funds provided by the Arizona Department of Housing**

Continuation of City Council discussion as necessary, concluding with direction regarding allocations for Homeless Shelter and Services Funds provided by the Arizona Department of Housing.

Staff will seek City Council's consideration of approval of grant agreements for the recommended projects through consent agendas at future meeting dates, TBD.

## 13. FUTURE AGENDA ITEM REQUESTS

*After discussion and upon agreement by three members of the Council, an item will be moved to a regularly-scheduled Council meeting.*

**A.** **Future Agenda Item Request (F.A.I.R.):** A request by Councilmember Sweet to place on a future agenda a discussion regarding commission member eligibility when receiving city funding.

**STAFF RECOMMENDED ACTION:**

Council direction.

**B.** **Future Agenda Item Request (F.A.I.R.):** A request by Councilmember House to place on a future agenda a discussion to consider establishing a reporting structure or engagement strategy for board and commission updates to Council

**STAFF RECOMMENDED ACTION:**

Council direction.

## 14. PUBLIC PARTICIPATION

## 15. INFORMATIONAL ITEMS TO/FROM MAYOR, COUNCIL, AND STAFF, AND FUTURE AGENDA ITEM REQUESTS

## 16. ADJOURNMENT

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this _____ day of _____, 2024.

_____
Stacy Saltzburg, MMC, City Clerk

THE CITY OF FLAGSTAFF ENDEAVORS TO MAKE ALL PUBLIC MEETINGS ACCESSIBLE TO PERSONS WITH DISABILITIES. With 48-hour advance notice, reasonable accommodations will be made upon request for persons with disabilities or non-English speaking residents. Please call the City Clerk (928) 213-2076 or email at stacy.saltzburg@flagstaffaz.gov to request an accommodation to participate in this public meeting.

NOTICE TO PARENTS AND LEGAL GUARDIANS: Parents and legal guardians have the right to consent before the City of Flagstaff makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Flagstaff City Council meetings are live-streamed and recorded and may be viewed on the City of Flagstaff's website. If you permit your child to attend/participate in a televised Council meeting, a recording will be made. You may exercise your right not to consent by not allowing your child to attend/participate in the meeting.

**6. A.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Stacy Fobar, Deputy City Clerk |
| **Date:** | 01/09/2024 |
| **Meeting Date:** | 01/16/2024 |

**TITLE:**

**Consideration of Appointments:** Water Commission

**STAFF RECOMMENDED ACTION:**

Make one appointment to a term expiring December 2025.
Make three appointments to terms expiring December 2026.

**Executive Summary:**

The Water Commission consists of seven citizens and a representative from the Planning and Zoning Commission. It reviews extensions of the water and sewer collection systems, treatment and use of water furnished by the City, treatment and disposal of the City's sewage system effluent, and water/sewer rates. There are currently four seats available. It is important to fill vacancies on Boards and Commissions quickly so as to allow the Commission to continue meeting on a regular basis. The City of Flagstaff is committed to increasing diversity in every board and commission, please consider how the applicant stated they may contribute to this commitment.

There are four applications on file and they are as follows:

- Robert Vane (new applicant)
- Robert Dilday (current commissioner)
- John Nauman (current commissioner)
- Kurt Riegelman (current commissioner)

In an effort to reduce exposure to personal information the applicant roster and applications will be submitted to the City Council separately.

**Council Appointment Assignment:** Councilmember Harris, Mayor Daggett, Councilmember House, and Councilmember Matthews

**Financial Impact:**

These are voluntary positions and there is no budgetary impact to the City of Flagstaff.

**Policy Impact:**

None.

**Connection to PBB Priorities/Objectives, Carbon Neutrality Plan & Regional Plan:**

**Priority Based Budget Key Community Priorities and Objectives**

*Inclusive and Engaged Community* - Foster community pride and civic engagement; advance social equity and social justice in Flagstaff; facilitate and foster diversity and inclusivity; and enhance community outreach and engagement opportunities.

**Has There Been Previous Council Decision on This:**

None.

**Options and Alternatives:**

1. Appoint four Commissioners; by appointing a Commissioner at this time, the Water Commission will be at full membership, allowing the group to meet and provide recommendations to the City Council.
2. Table the action to allow for further discussion or expand the list of candidates.

**Community Benefits and Considerations:**

The City's boards, commissions, and committees were created to foster public participation and input and to encourage Flagstaff citizens to take an active role in city government.

**Community Involvement:**

INFORM: Board members and City staff have informed the community of these vacancies through word of mouth in addition to the vacancies posting on the City's website.

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**Attachments:** Water Commission Authority

# CHAPTER 2-04
# WATER COMMISSION

SECTIONS:


2-04-001-0001 PURPOSE AND EFFECT:
2-04-001-0002 DEFINITIONS
2-04-001-0003 DECLARATION OF POLICY
2-04-001-0004 WATER COMMISSION
2-04-001-0005 OFFICERS OF THE COMMISSION
2-04-001-0006 MEETINGS
2-04-001-0007 APPLICATION; PROCEDURE FOR
2-04-001-0008 ACTION ON APPLICATION
2-04-001-0009 EXTENSION OF URBAN SERVICE BOUNDARY
2-04-001-0010 CHANGES IN WATER, SEWER, RECLAMATION SYSTEM
2-04-001-0011 INVESTIGATIONS


## 2-04-001-0001 PURPOSE AND EFFECT:

The provisions of this Chapter shall be deemed to be the minimum requirements for the promotion of public health, safety, convenience and public welfare. These provisions shall govern whenever they are more stringent than any other statute, provision of this Code, legal covenant, agreement or contract, but shall not abrogate any other requirement which is more stringent or restrictive than the provisions of this Chapter.

## 2-04-001-0002 DEFINITIONS:

Whenever any of the following words are used in this Chapter, they shall have the meaning herein ascribed to them:

BUSINESS USE: The use of water which is primarily for business or commercial purposes, including the occasional furnishing of water to travelers or tourists by hotels, motels or other owners of places of public convenience.

COMMISSION: The Commission as designated and established by this Chapter.

COUNCIL: The Council of the City of Flagstaff.

RECLAIMED WASTEWATER: The treated effluent which is the product of the municipal wastewater system, which although not suitable for human consumption, may be used for certain industrial or commercial purposes. (Ord. 1789, 01/05/93)

RESIDENTIAL USE: The use of water which is primarily for the persons and property residing in a building or a portion thereof designed to be occupied as an abode. (Ord. 447, 8-26-58)

STORMWATER RUNOFF: The direct response of a watershed or drainage area to precipitation from a storm event and/or snowmelt and includes surface and subsurface runoff or drainage

that enters a watercourse, street, storm drain or other concentrated flow during and following precipitation.

SEWER SYSTEM: All the facilities within and without the City required or convenient for the collection and treatment of sewage including the disposal, recycling or utilization of the resulting effluent by the City, within or without the corporate limits. (Ord. 980, 12-7-76)

STORMWATER MANAGEMENT DESIGN MANUAL: A manual of technical hydrologic and hydraulic calculations and computations by which all designs of stormwater facilities shall adhere.

STORMWATER MASTER PLAN: A comprehensive plan for all city watercourses that sets forth necessary plans and improvements to improve or mitigate the effects of flooding throughout the community.

STORMWATER QUALITY PROGRAM: A program that involves best management practices that result in an improvement to stormwater quality and that includes the National Pollutant Discharge Eliminations System (NPDES) as mandated United States Environmental Protection Agency (USEPA) and other improvements as may be necessary and approved by the Council.

STORMWATER MANAGEMENT ACTIVITIES: All activities associated with the Stormwater Management Design Manual, the Stormwater Master Plan, the City's Stormwater Quality Program, and the National Flood Insurance Program (NFIP).

URBAN SERVICE BOUNDARY: The boundary established by the City Council that surrounds vacant land areas bypassed by urban growth and immediately adjacent to urban growth that can be most efficiently and effectively provided facilities and services by the City. (Ord. 1789, 01/05/93)

WATER SYSTEM: All the facilities within and without the City required or convenient for the production and distribution of water by the City within or without the corporate limits. (Ord. 447, 8-26-58)

(Ord. No. 1789, Amended, 01/05/93)

**2-04-001-0003 DECLARATION OF POLICY:**

The Mayor and Council of the City declare that one of the most important duties of the City is to furnish its citizens with water, to collect, treat and dispose of sewage, to reclaim and distribute wastewater, and to develop and implement and effective stormwater management program. It is further declared that production and distribution of water, and collection, treatment, reclamation and disposal of sewage, and management of stormwater within and without its corporate limits requires special investigation and sound recommendations. In order to insure these objectives, both from the standpoint of economy and convenience, a Commission is required to investigate extensions, and priority of extensions, of the water, sewer, and reclaimed wastewater systems; the use and priority of use of water furnished by the City; the treatment, reclamation, and ultimate disposal of the resultant effluent of the sewage system of the City; the management of

stormwater; and make appropriate recommendations. (Ord. 1789, Amended, 01/05/1993; Ord. 2009-08, Amended, 03/03/2009)

**2-04-001-0004 WATER COMMISSION:**

There is hereby established a Water Commission. There shall be seven (7) voting members of said Commission, who shall consist of:

A. Seven (7) voting members to be appointed by the Council of the City, who shall serve for three (3) year terms on a staggered basis.

B. The Chair of the Planning and Zoning Commission, or a member of the Planning and Zoning Commission, to serve as a nonvoting member during his or her term of office.

C. Repealed by Ord. 2014-28.

D. Membership on the Commission shall terminate if any member has two (2) consecutive unexcused absences. The Chair shall determine, prior to any meeting, if a member's absence is excusable. (Ord. 1789, Amended, 01/05/1993; Ord. 1926, Amended, 12/17/1996; Ord. 2007-12, Amended, 02/06/2007; Ord. 2009-08, Amended, 03/03/2009; Ord. 2014-28, Amended, 11/18/2014)

**2-04-001-0005 OFFICERS OF THE COMMISSION:**

A. Ex-Officio Members: The following persons shall be ex- officio members of the Commission, but shall have no vote:

The City Manager;

The City Attorney;

The City Engineer;

The City Utilities Director; and

The Coconino County Manager or designated representative.

B. At the first meeting held in any calendar year, the members of the Commission shall elect a Chair and a Vice Chair from among its voting members. (Ord. 1789, Amended, 01/05/1993; Ord. 2009-08, Amended, 03/03/2009)

**2-04-001-0006 MEETINGS:**

The meetings of the Commission shall be held at the time and place adopted for the regular monthly meetings of the Commission.

Meetings shall be conducted in accordance with the Board and Commission Members' Rules and Operations Manual adopted by resolution of the Flagstaff City Council, and in compliance with all other local, State, and Federal laws.

A quorum shall consist of four (4) voting members of the Commission. (Ord. 1789, 01/05/93; Ord. 2007-12, Amended 02/06/2007; Ord. 2009-08, Amended, 03/03/09; Ord. 2014-28, Amended, 11/18/2014; Ord. 2016-30, Amended, 07/05/2016)

### 2-04-001-0007 APPLICATION; PROCEDURE FOR:

Any person, corporation or association desiring a water connection or tap, reclaimed wastewater connection, or sewer connection outside the limits of the City shall first apply to the Commission for such connection or tap. The application shall be in writing and shall be filed with the Clerk of the City, who shall forthwith submit it to the Commission or to a person designated by the Commission to receive the same. The Commission shall thereupon, at the next regular or special meeting called for the purpose, consider the application and may, in its sole discretion, require a public hearing before granting said application. In the event that a public hearing is thus required, notice thereof shall be given in writing to those persons designated by the Commission and notice containing the time, place and purpose of the meeting shall be published at least once in the official newspaper of the City, which publication shall be at least five (5) days prior to the time set for such hearing. At such hearing, the Commission may hear such testimony as it may deem advisable and may, at its discretion, permit cross-examination of the applicant and other witnesses by any party interested; however, the scope of the cross-examination shall at all times be discretionary with the Chairman of the Commission.

After any hearing provided by this Section, the Commission shall, within five (5) days thereafter, advise the Mayor and Council, in writing, of the nature of the application, whether a public hearing was held and the recommendations of the Commission on said application.

With the consent of the Mayor and Council, the Commission may give the City Manager or his or her designee authority within a prescribed area and within prescribed limits to allow water connections, sewer connections, and reclaimed wastewater connections for business and residential uses; provided, however, that such uses are in accordance with the regulations theretofore adopted by the Commission or Council. (Ord. 1789, 01/05/93)

(Ord. No. 1789, Amended, 01/05/93; Ord. No. 2009-08, Amended, 03/03/09)

(See Title 7, Chapter 3 of this City Code for additional water regulations.)

### 2-04-001-0008 ACTION ON APPLICATION:

After receipt of the application and the action thereon as provided in the preceding Section, the Council shall consider recommendations of the Commission at its next regular meeting, or at such meeting as may be determined by the Mayor and Council, whether regular or special, but in any event the application shall be acted upon not later than thirty (30) days after receipt of the recommendations of the Commission by the Mayor and Council. The Council may thereupon grant or reject the application and may provide such hearing or hearings as the Mayor and Council may, in their sole discretion, determine and shall give such notice of such hearing as may be determined to be advisable or convenient. (Ord. 244, Amended 8-26-58; Ord. 1541, Amended 1-5-88)

### 2-04-001-0009 EXTENSION OF URBAN SERVICE BOUNDARY:

Any application for a water or sewer connection to serve a business, residence, or development in an area which would require an extension of the Urban Service Boundary, whether within or without the corporate limits of the City, shall be considered by the Water Commission and the recommendation of the Commission shall be forwarded to the Planning and Zoning Commission and the City Council. Impact on adjacent areas shall also be considered when evaluating applications for extension of the Urban Service Boundary. (Ord. 1789, 01/05/93)

(Ord. No. 1789, Amended, 01/05/93; Ord. No. 2009-08, Amended, 03/03/09)

### 2-04-001-0010 CHANGES IN WATER, SEWER, RECLAMATION SYSTEM:

No extension, replacement, maintenance or repair of the production or distribution water system or collection of sewage, treatment thereof, reclamation or disposal of resulting effluent of the City, whether within or without its corporate limits, which requires a bond levy, shall be undertaken until the same has been submitted to the Commission for its recommendation in accordance with Section 2-04-001-0007 of this Chapter, and the Mayor and Council shall have approved the same in accordance with the procedure established in Section 2-04-001-0009 of this Chapter. (Ord. 1789, 01/05/93)

(Ord. No. 1789, Amended, 01/05/93; Ord. No. 2009-08, Amended, 03/03/09)

### 2-04-001-0011 INVESTIGATIONS:

In addition to those other duties, as provided by this Chapter, the Commission shall study and be responsible for the evaluation of the long range water needs of the City as well as the review and evaluation of the City water conservation program. It shall, on request after investigation and upon consideration of an orderly, normal increase of the population of the City, make recommendations to the Council regarding exploration and development and new and additional water resources. The Commission shall recommend to the City Council measures it deems necessary to protect existing and potential water resources.

The Commission shall request or study, evaluate, and from time to time make recommendations to the Council on sewage disposal, the degree of purification treatment, and the ultimate disposition and utilization of the resultant effluent and reclaimed wastewater, within guidelines and mandates of Municipal, State and Federal regulations and laws governing such activities. (Ord, 1789, 01/05/93)

(Ord. No. 1789, Amended, 01/05/93)

The Commission shall provide input to City staff; provide a forum for public comment and input; and study, evaluate, and make recommendations to the City Council regarding new initiatives and revisions, additions, and variance requests to Stormwater Management Activities. (Ord. No. 2009-08, Amended, 03/03/09)

**7. A.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Stacy Fobar, Deputy City Clerk |
| **Date:** | 01/09/2024 |
| **Meeting Date:** | 01/16/2024 |

**TITLE:**

**Consideration and Action on Liquor License Application:** Matthew Patrick Dyer, "Southside Tavern," 117 S. San Francisco, Series 06, Owner Transfer.

**STAFF RECOMMENDED ACTION:**

1. Forward the application to the State with a recommendation for approval;
2. Forward the application to the State with a recommendation for denial based on the testimony received at the public hearing and/or other factors.

**Executive Summary:**

The liquor license process begins at the State level and applications are then forwarded to the respective municipality for posting of the property and holding a public hearing, after which the Council recommendation is forwarded back to the State. The applicant, DOS Dyers LLC, purchased Southside Tavern and the liquor license from Craig Bouchard in November 2023 and is requesting an owner transfer for a Series 06 (bar) license.

A Series 06 license allows a bar retailer to sell and serve spirituous liquors, primarily by individual portions, to be consumed on the premises and in the original container for consumption on or off the premises. Series 06 (bar- all spirituous liquor) licenses are obtained through the person and/or location transfer of an existing license from another business. This transfer is from Craig Bouchard. Southside Tavern is an existing business in Flagstaff, AZ and is currently operating under an interim license. If approved, this license will be one of the 23 active series 06 licenses.

To view surrounding liquor licenses, please refer to the online interactive Liquor License Map.

The property has been posted as required, and the Police and Community Development divisions have reviewed the application and provided their respective reports.

**Financial Impact:**

There is no budgetary impact to the City of Flagstaff as this is a recommendation to the State.

**Policy Impact:**

Not applicable.

**Connection to PBB Priorities/Objectives, Carbon Neutrality Plan & Regional Plan:**

Liquor licenses are a regulatory action and there is no Council goal that applies.

**Has There Been Previous Council Decision on This:**

Not applicable.

**Key Considerations:**

Because the application is for an owner transfer, consideration may only be given to the applicant's personal qualifications.

The deadline for issuing a recommendation on this application is January 28, 2024.

**Community Benefits and Considerations:**

This business will contribute to the tax base of the community.

**Community Involvement:**

The application was properly posted on December 26, 2023. No written protests have been received to date.

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**Attachments:**

Letter to Applicant
Hearing Procedures
Series 06 Description
PD Memo
Zoning Memo
Map

# City of Flagstaff

OFFICE OF THE CITY CLERK

12/26/2023

Matthew Patrick Dyer
117 S. San Francisco
Flagstaff, AZ 86001

Dear Mr. Dyer,

Your application for a Series 06 Liquor License for Southside Tavern located at 117 S, San Francisco, Flagstaff, AZ was posted on December 26, 2023. The City Council will consider the application at a public hearing during their scheduled Regular City Council Meeting on **January 16, 2024, which is scheduled to begin at 3:00 p.m.**

It is important that you or your representative attend this Council Meeting via video conference (Microsoft Teams Meeting) or in person and be prepared to answer any questions the City Council may have. Failure to be available for questions could result in a recommendation for denial of your application. We suggest you contact your legal counsel or the Department of Liquor Licenses and Control at 602-542-5141 to determine the criteria for your license. To help you understand how the public hearing process will be conducted, we are enclosing a copy of the City's liquor license application hearing procedures.

The twenty-day posting period for your liquor license application is set to expire on January 15, 2024, and the application may be removed from the premises at that time.

There is an $815 application fee which needs to be received prior to the hearing date. Payment can be made online at https://www.flagstaff.az.gov/2452/E--Services under Business Licensing Payment Online Services by clicking Liquor License Request Payment, in person at the payment window, or you can send a check to my attention at 211 W. Aspen Ave., Flagstaff, AZ 86001.

If you have any questions, please call me at 928-213-2077 (office) or 928-220-5995 (cell).

Sincerely,

*Stacy M. Fobar*

Stacy M. Fobar
Deputy City Clerk

Enclosures

# City of Flagstaff

**Liquor License Application**
**Hearing Procedures**

1. When the matter is reached at the Council meeting, the presiding officer will open the public hearing on the item.

2. The presiding officer will request that the Applicant come forward to address the Council regarding the application in a presentation not exceeding ten (10) minutes. Council may question the Applicant regarding the testimony or other evidence provided by the Applicant.

3. The presiding officer will then ask whether City staff have information to present to the Council regarding the application. Staff should come forward at this point and present information to the Council in a presentation not exceeding ten (10) minutes. Council may question City staff regarding the testimony or other evidence provided by City staff.

4. Other parties, if any, may then testify, limited to three (3) minutes per person. Council may question these parties regarding the testimony they present to the Council.

5. The Applicant may make a concise closing statement to the Council, limited to five (5) minutes. During this statement, Council may ask additional questions of the Applicant.

6. City staff may make a concise closing statement to the Council, limited to five (5) minutes. During this statement, Council may ask additional questions of City Staff.

7. The presiding officer will then close the public hearing.

8. The Council will then, by motion, vote to forward the application to the State with a recommendation of approval, disapproval, or shall vote to forward with no recommendation.

**R19-1-702. Determining Whether to Grant a License for a Certain Location**

A. To determine whether public convenience requires and the best interest of the community will be substantially served by issuing or transferring a license at a particular unlicensed location, local governing authorities and the Board may consider the following criteria:

1. Petitions and testimony from individuals who favor or oppose issuance of a license and who reside in, own, or lease property within one mile of the proposed premises;

2. Number and types of licenses within one mile of the proposed premises;

3. Evidence that all necessary licenses and permits for which the applicant is eligible at the time of application have been obtained from the state and all other governing bodies;

4. Residential and commercial population of the community and its likelihood of increasing, decreasing, or remaining static;

5. Residential and commercial population density within one mile of the proposed premises;

6. Evidence concerning the nature of the proposed business, its potential market, and its likely customers;

7. Effect on vehicular traffic within one mile of the proposed premises;

8. Compatibility of the proposed business with other activity within one mile of the proposed premises;

9. Effect or impact on the activities of businesses or the residential neighborhood that might be affected by granting a license at the proposed premises;

10. History for the past five years of liquor violations and reported criminal activity at the proposed premises provided that the applicant received a detailed report of the violations and criminal activity at least 20 days before the hearing by the Board;

11. Comparison of the hours of operation at the proposed premises to the hours of operation of existing businesses within one mile of the proposed premises; and

12. Proximity of the proposed premises to licensed childcare facilities as defined by A.R.S. § 36-881.

B. This Section is authorized by A.R.S. § 4-201(I).

# License Types: Series 06 Bar (all spirituous liquor)

Transferable (From person to person and/or location to location within the same county only)
On & off-sale retail privileges
Note: Terms in **BOLD CAPITALS** are defined in the glossary.

PURPOSE:
Allows a bar retailer to sell and serve spirituous liquors, primarily by individual portions, to be consumed on the premises and in the original container for consumption on or off the premises.

ADDITIONAL RIGHTS AND RESPONSIBILITIES:
A retailer with off-sale privileges may deliver spirituous liquor off of the licensed premises in connection with a retail sale. Payment must be made no later than the time of **DELIVERY**. The retailer must complete a Department approved "Record of Delivery" form for each spirituous liquor retail delivery.

On any original applications, new managers and/or the person responsible for the day-to-day operations must attend a basic and management training class.

A licensee acting as a **RETAIL AGENT**, authorized to purchase and accept delivery of spirituous liquor by other licensees, must receive a certificate of registration from the Department.

A **PREGNANCY WARNING SIGN** for pregnant women consuming spirituous liquor must be posted within twenty (20) feet of the cash register or behind the bar.

A log must be kept by the licensee of all persons employed at the premises including each employee's name, date and place of birth, address and responsibilities.

Off-sale ("To Go") package sales of spirituous liquor can be made on the bar premises as long as the area of off-sale operation does not utilize a separate entrance and exit from the ones provided for the bar.

A hotel or motel with a Series 06 license may sell spirituous liquor in sealed containers in individual portions to its registered guests at any time by means of a minibar located in the guest rooms of registered guests. The registered guest must be at least twenty-one (21) years of age. Access to the minibar is by a key or magnetic card device and not furnished to a guest between the hours of 2:00 a.m. and 6:00 a.m. Monday through Saturday and 2:00 a.m. and 10:00 a.m. on Sundays.

Bar, beer and wine bar, and restaurant licensees must pay an annual **SURCHARGE** of $20.00. The money collected from these licensees will be used by the Department for an auditor to review compliance by restaurants with the restaurant licensing provisions of ARS 4-205.02.

FLAGSTAFF POLICE DEPARTMENT
911 SAWMILL RD • FLAGSTAFF, ARIZONA 86001• (928) 779-3646
ADMIN FAX (928)213-3372
TDD 1-800-842-4681

Chief of Police
Dan Musselman

**MEMORANDUM**

**Memo #23-120**

**TO:** **Chief Musselman**

**FROM:** **Sgt. N. Almendarez #703**

**DATE:** **December 18, 2023**

**RE:** **Owner Transfer – Series 6 Bar Liquor License Application– Southside Tavern**

---

On December 18, 2023, I initiated an investigation into the new application for a Series 6 (Bar) liquor license filed by Matthew Dyer (Agent and Controlling Person). This is a new application, and the application number is 267118. It is for the Southside Tavern located at 117 South San Francisco St, Flagstaff, AZ.

I conducted a query through local systems and public access on Matthew Dyer. I discovered no derogatory records. I conducted a search for current or historical liquor violations on the business and found no violations.

I found evidence that the applicant has taken the mandatory liquor license training. This business is not located within 300 feet of a school or church.

A representative for the business was invited to be present for the council meeting on January 16th, 2024.

# Planning and Development Services Memorandum

To: Stacy Fobar, Deputy City Clerk

From: Reggie Eccleston, Code Compliance Manager

CC: Michelle McNulty, Planning Director

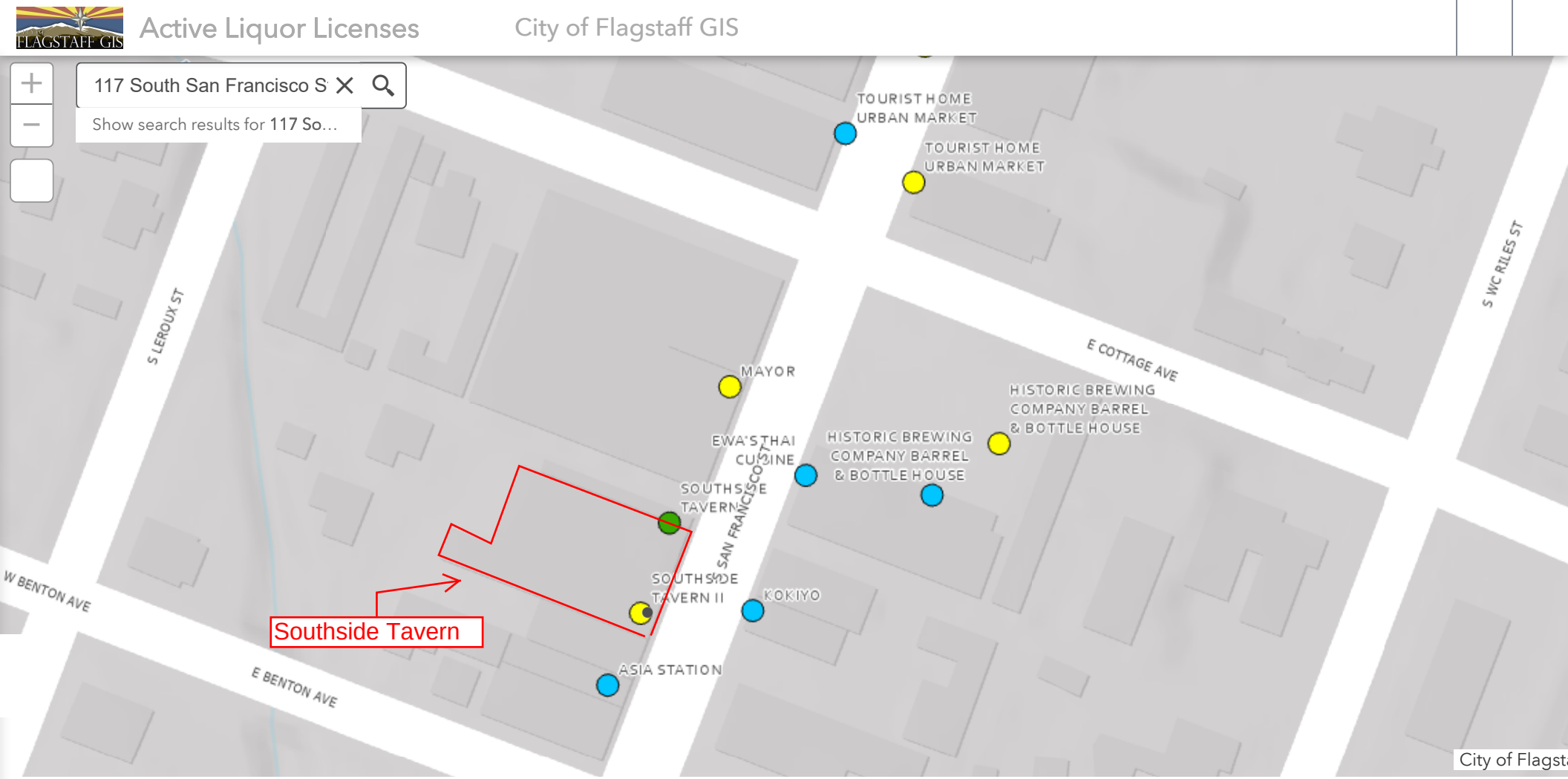
Date: December 8, 2023

Re: Application for Liquor License #267118
117 S. San Francisco St, Flagstaff, Arizona 86001
Assessor's Parcel Number 103-08-024C
Matthew Patrick Dyer on behalf of Southside Tavern

---

This application is a request for a transfer Series 6 Bar liquor license by Matthew Patrick Dyer on behalf of Southside Tavern. This business is located within the Community Commercial district. This district does allow for this use.

There are no active Zoning Code violations associated with the applicant or the property at this time.


Active Liquor Licenses
City of Flagstaff GIS
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URBAN MARKET
TOURIST HOME
URBAN MARKET
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E COTTAGE AVE
MAYOR
HISTORIC BREWING
COMPANY BARREL
& BOTTLE HOUSE
EWA'S THAI
CUISINE
HISTORIC BREWING
COMPANY BARREL
& BOTTLE HOUSE
SOUTHSIDE
TAVERN
SAN FRANCISCO ST
SOUTHSIDE
TAVERN II
KOKIYO
W BENTON AVE
Southside Tavern
ASIA STATION
E BENTON AVE
City of Flagst

**8. A.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Jessica Cortes, Court Administrator |
| **Date:** | 01/09/2024 |
| **Meeting Date:** | 01/16/2024 |

**TITLE:**

**Consideration of Appointments:** On-Call Magistrates for the Flagstaff Municipal Court.

**STAFF RECOMMENDED ACTION:**

Approve the reappointment of Honorable Russell Hughes and Honorable Lewis Levin as On-Call Magistrates to the Flagstaff Municipal Court.

**Executive Summary:**

Appointment of all magistrates is required to be completed by the Flagstaff City Council for a two-year term under both the City Charter and FCC Section 1-15-001-0002(A). Appointment of Magistrates for the Municipal Court allows for ongoing operations of the court without interruption.

Magistrates hear criminal, civil, traffic, and local code violations that are filed in the Flagstaff Municipal Court. They conduct trials, both jury and non-jury, and sentence individuals within the parameters set by law. Magistrates are required for the ongoing operational needs of the Municipal Court. Magistrates are critical to the criminal and civil processes of the judicial branch.

**Financial Impact:**

Funding for all judicial positions is included in the approved budget of the Flagstaff Municipal Court. No additional budgetary impact is anticipated.

**Policy Impact:**

On-Call Magistrates are critical to the criminal and civil processes of the judicial branch. These appointments help maintain an independent judiciary that is necessary for the ongoing operations of our local government. A strong, independent, and fair judicial branch provides balance to criminal and civil matters that require resolution within our municipality.

**Connection to PBB Priorities/Objectives, Carbon Neutrality Plan & Regional Plan:**

**Priority Based Budget Key Community Priorities and Objectives**

Personnel - Attract and retain quality staff.

**Has There Been Previous Council Decision on This:**

Yes, the On-Call Magistrates have been appointed by previous City Councils and have served in the Flagstaff Municipal Court for four years in this capacity.

**Options and Alternatives:**

Approve the appointments.
Don't approve the appointments and request alternative candidates for Council consideration.

---

**Attachments:**

**9. A.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

**To:** The Honorable Mayor and Council

**From:** Anja Wendel, Senior Assistant City Attorney AW

**Co-Submitter:** Martin Ince, Multimodal Transportation Planner

**Date:** 01/09/2024

**Meeting Date:** 01/16/2024

---

**TITLE:**

**Consideration and Adoption of Ordinance No. 2024-01:** An ordinance of the Flagstaff City Council authorizing the acquisition of real property interests for a Flagstaff Urban Trail System alongside the Rio de Flag Flood Control Project; providing for delegation of authority, repeal of conflicting ordinances, severability, corrections, and establishing an effective date

**STAFF RECOMMENDED ACTION:**

1. Read Ordinance No.2024-01 by title only for the final time
2. City Clerk reads Ordinance No. 2024-01 by title only (if approved above)
3. Adopt Ordinance No. 2024-01

**Executive Summary:**

The proposed ordinance will authorize the acquisition of Flagstaff Urban Trail System (FUTS) easements for extending the FUTS alongside the Rio de Flag Flood Control (RDF) Project, consistent with the Flagstaff Regional Plan.

The easements sought to be acquired are not part of the current RDF Project design. The RDF Project incorporates FUTS reconstruction in the Upper Reach (north of Route 66). However, the current RDF Project design does not encompass FUTS construction alongside the RDF Project in the Clay Avenue Wash Reach or Lower Reach (south of Route 66). Since design of the RDF Project is nearing completion, City staff does not anticipate that construction of the FUTS along the Clay Avenue Wash Reach or Lower Reach will be added to the RDF Project.

The FUTS acquisition process is separate from the RDF Project acquisition process. In other words, the City will be acquiring separate easements, appraisals, and making separate offers for the FUTS easements. It will be necessary to obtain new legal descriptions in some areas (versus simply using the channel improvement easement legal descriptions).

The FUTS easements will overlay the RDF Project channel improvement easement in most areas. The width of the FUTS easement is typically about 20' and the channel improvement easement is typically 20-30', except the easement is wider in the open channel areas. The RDF Project is a joint project with the U.S. Army Corps of Engineers (USACE). The FUTS easements will be subordinate to RDF Project needs. However, the USACE Real Estate team has stated that it is common for trails to run alongside or over USACE flood control projects (box culverts) and maintenance roads. After the City has acquired the FUTS easements, the USACE will complete a "408 Process" to make sure the trails are developed in a manner that is harmonious with the RDF Project.

City staff is seeking authority to proceed with property acquisitions for the FUTS, because the City is already in the process of making offers and negotiating with property owners for acquisition of the RDF Project channel improvement and temporary work area easements, as well as fiber network easements (which are classified as a betterment to the RDF Project), and utility relocations. The City has established relationships with the affected property owners and it is efficient to complete all property negotiations at once. It is also efficient to complete all due diligence at once (eg. title reports, environmental assessments).

**Financial Impact:**

The City has approximately $2 million in funding left from the 2004 Neighborhood Open Space and FUTS Land Acquisition bond. These funds need to be spent to support expansion of the FUTS, preservation of natural areas within the community, and connectivity with regional trails and open space.

The City may also use a portion of the revenues generated by the City Transportation Sales Tax (Proposition 419) for funding pedestrian and bicycle improvements. There may be grant opportunities for trail construction.

The City has not yet obtained appraisals for the FUTS alongside the RDF Project. City staff anticipates that the cost will represent 90% of the fee on areas not on top of the box culvert and significantly less for portions within the Rio de Flag channel easement.

**Policy Impact:**

None.

**Connection to PBB Priorities/Objectives, Carbon Neutrality Plan & Regional Plan:**

*Related Priority Based Budget Key Community Priorities and Objectives:*

- High Performance Governance:
  - Encourage public trust through transparency, accessibility & use of the City's public participation policy.
- Safe and Healthy Community:
  - Promote physical health through providing recreation opportunities, parks, open space, and multiple transportation options.
- Inclusive and Engaged Community:
  - Promote environmental justice and the fair distribution of environmental benefits.
- Sustainable, Innovative Infrastructure:
  - Utilize existing long-range plans that identify the community's future infrastructure needs and all associated costs.
- Robust Resilient Economy:
  - Embrace and invest in responsible tourism opportunities to promote economic development.
- Livable Community:
  - Provide amenities and activities that support a healthy lifestyle.
- Environmental Stewardship:
  - Promote, protect, and enhance a healthy, sustainable environment and its natural resources.

*Related Carbon Neutrality Plan Goals and Strategies*:

This funding supports CNP implementation, especially Goal One: Achieve carbon neutrality by 2030; and Goal Two: Prepare Flagstaff's communities, systems, and resources to be more resilient to climate change impacts. The most aligned CNP carbon neutrality plan numbers are DD-3, DD-2, and ES-2.

- **Carbon Neutrality Plan Strategy 1** DD-3: Encourage Flagstaff residents and visitors to walk, bike, roll and take the bus.
- **Carbon Neutrality Plan Strategy 2** DD-2: Create inclusive networks for walking and biking that are continuous, attractive, safe, comprehensive, and convenient for people of all ages.
- **Carbon Neutrality Plan Strategy 3** ES-2: Proactively engage community members on an ongoing basis.

*Related Regional Plan Items:*

- Goal OS.1. The region has a system of open lands, such as undeveloped natural areas, wildlife corridors and habitat areas, trails, access to public lands, and greenways to support the natural environment that sustains our quality of life, cultural heritage, and ecosystem health.
- Goal ED.7. Continue to promote and enhance Flagstaff's unique sense of place as an economic driver.
- Goal REC.1. Maintain and grow the region's healthy system of convenient and accessible parks, recreation facilities, and trails.
- Goal T.5. Increase the availability and use of pedestrian infrastructure, including FUTS, as a critical element of a safe and livable community.
- Goal T.6. Provide for bicycling as a safe and efficient means of transportation and recreation.
- Policy OS.1.2. While observing private property rights, preserve natural resources and priority open lands, under the general guidance of the Flagstaff Area Open Space and Greenways Plan and the Natural Environment maps.
- Policy OS.1.4. Use open space as opportunities for non-motorized connectivity, to interact with nature, and to enjoy the views and quiet.
- Policy LU.13.1. Prioritize connectivity for walking, biking, and driving within and between surrounding neighborhoods.
- Policy LU.13.9. Use open space and FUTS trails to provide walking and biking links from residential uses to employment, shopping, schools, parks, and neighborwoods.
- Policy LU.18.5. Plan for and support multi-modal activity centers and corridors with an emphasis on pedestrian and transit friendly design.
- Policy T.2.3. Provide safety programs and infrastructure to protect the most vulnerable travelers, including the young, elderly, mobility impaired, pedestrians, and bicyclists.

**Has There Been Previous Council Decision on This:**

The City Council approved the Flagstaff Regional Plan (that was adopted by the voters), showing FUTS trails alongside the RDF Project.

The City Council approved Ordinance No. 2022-26 on October 4, 2022. This identifies priorities for FUTS trail acquisitions, but it omitted the areas alongside the RDF Project.

City Council approved a Specific Plan for the Plaza Vieja Neighborhood, which identifies the FUTS trail alongside the RDF Project.

**Options and Alternatives:**

1. Approve ordinance. This will result in more efficient property negotiations, and the trail connections will be completed now versus at some unknown time in the future. The trail connection the Clay Avenue Wash Area would also connect to the planned FUTS under Route 66, and the desired overpass across Milton Road at the Jack in the Box parcel.

2. Do not approve ordinance. This will result in delaying property acquisitions, in which case there will be increased costs for property acquisitions in the future. This may also result in the City simply abandoning efforts to establish a FUTS, or the City could simply stripe bicycle routes along roads in the Clay Avenue Wash area, although this is not ideal for bicyclists or pedestrians. If the ordinance is not

adopted, existing funding sources could be applied to different FUTS and open space property acquisitions if those are deemed to be more important. The existing bond funds are not adequate to fund all desired FUTS and open space property acquisitions.

---

**Attachments:** Ord. 2024-01
Exhibit 1
Exhibit 2

**ORDINANCE NO. 2024-01**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF AUTHORIZING THE ACQUISITION OF REAL PROPERTY INTERESTS FOR A FLAGSTAFF URBAN TRAIL SYSTEM ALONGSIDE THE RIO DE FLAG FLOOD CONTROL PROJECT; PROVIDING FOR DELEGATION OF AUTHORITY, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE**

**RECITALS:**

WHEREAS, the City has authority to acquire real property, pursuant to the Article I, Section 3 of the Flagstaff City Charter; and

WHEREAS, acquisition of real property is to be approved by ordinance, pursuant to Article VII, Section 5 of the Flagstaff City Charter; and

WHEREAS, the City Regional Plan identifies a Flagstaff Urban Trail System alongside the Rio de Flag Flood Control Project and desires to acquire necessary easements and/or other real property interests for such trail system; and

WHEREAS, the City Council desires to supplement the authority for acquisition of property interests for the Flagstaff Urban Trail System set forth in Ordinance No. 2022-26, adopted October 4, 2023.

**ENACTMENTS:**

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:**

SECTION 1. In General.

The Flagstaff City Council hereby authorizes the acquisition of easements and/or other real property interests for a Flagstaff Urban Trail System along the routes shown in the maps attached hereto as Exhibit 1 and Exhibit 2 and encumbering those parcels shown on the maps, in the City of Flagstaff, Coconino County ("the Property Interests"). The Property Interests may be acquired through purchase, exchange, gift, donation, dedication, or condemnation for a public use; provided, however, prior to commencement of any condemnation proceeding the City Council shall adopt a separate resolution authorizing condemnation.

SECTION 2. Delegation of Authority.

The Mayor, Real Estate Manager, or their delegates or agents, are hereby authorized and directed to take all steps and execute all documents necessary to acquire the Property Interests and to carry out the purpose and intent of this ordinance.

The Community Development Director is hereby authorized to execute any purchase contract for acquisition of a Property Interest at a price reasonably consistent with the appraised value.

SECTION 3. Repeal of Conflicting Ordinances.

Any ordinances and parts of ordinances in conflict with the provisions of this ordinance or any part of the code adopted herein by reference are hereby repealed.

SECTION 4. Severability.

That if any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the City Code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date.

This ordinance shall become effective thirty (30) days following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of January, 2024.

_____
MAYOR

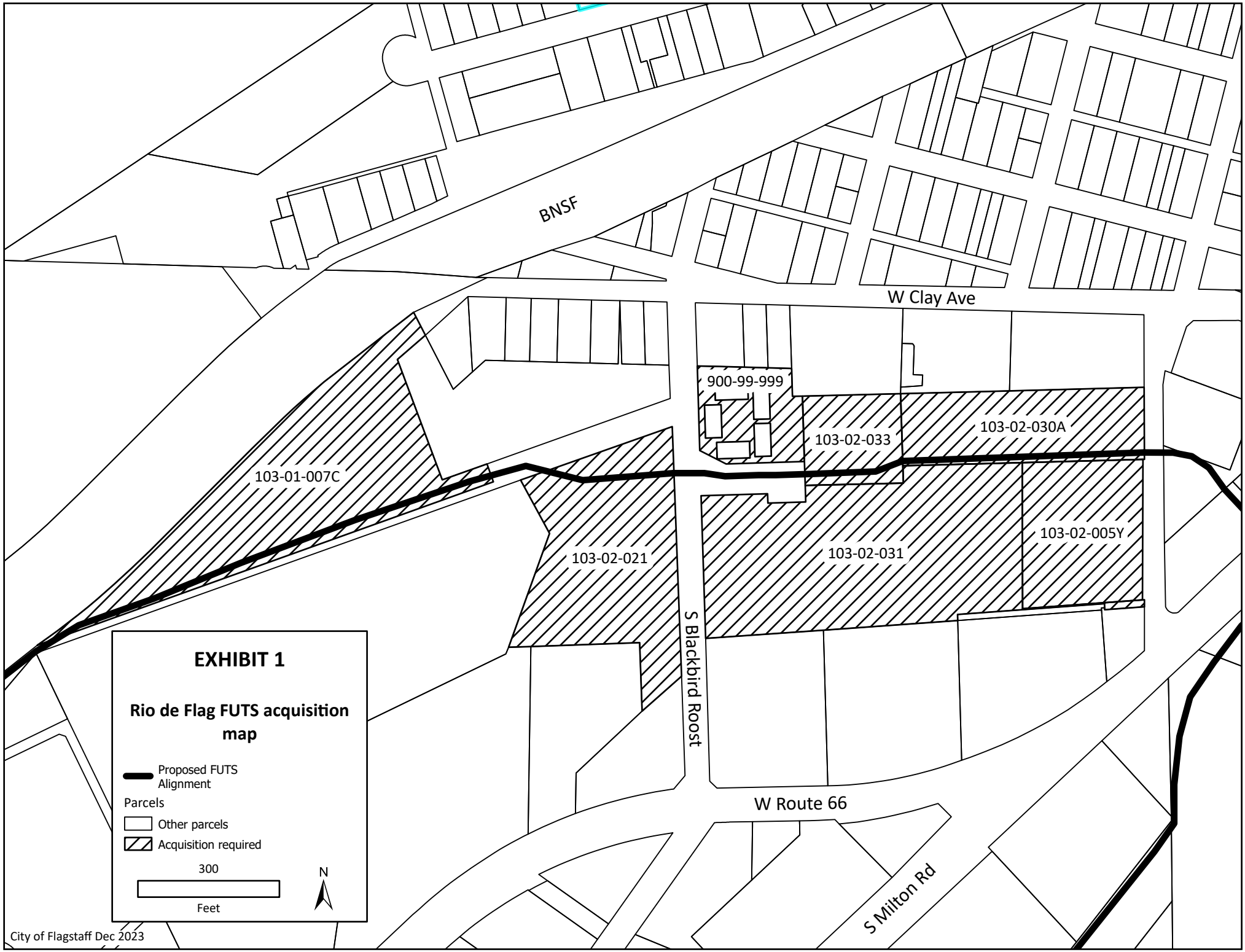
ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

Exhibits:
Exhibit 1 Map
Exhibit 2 Map


BNSF
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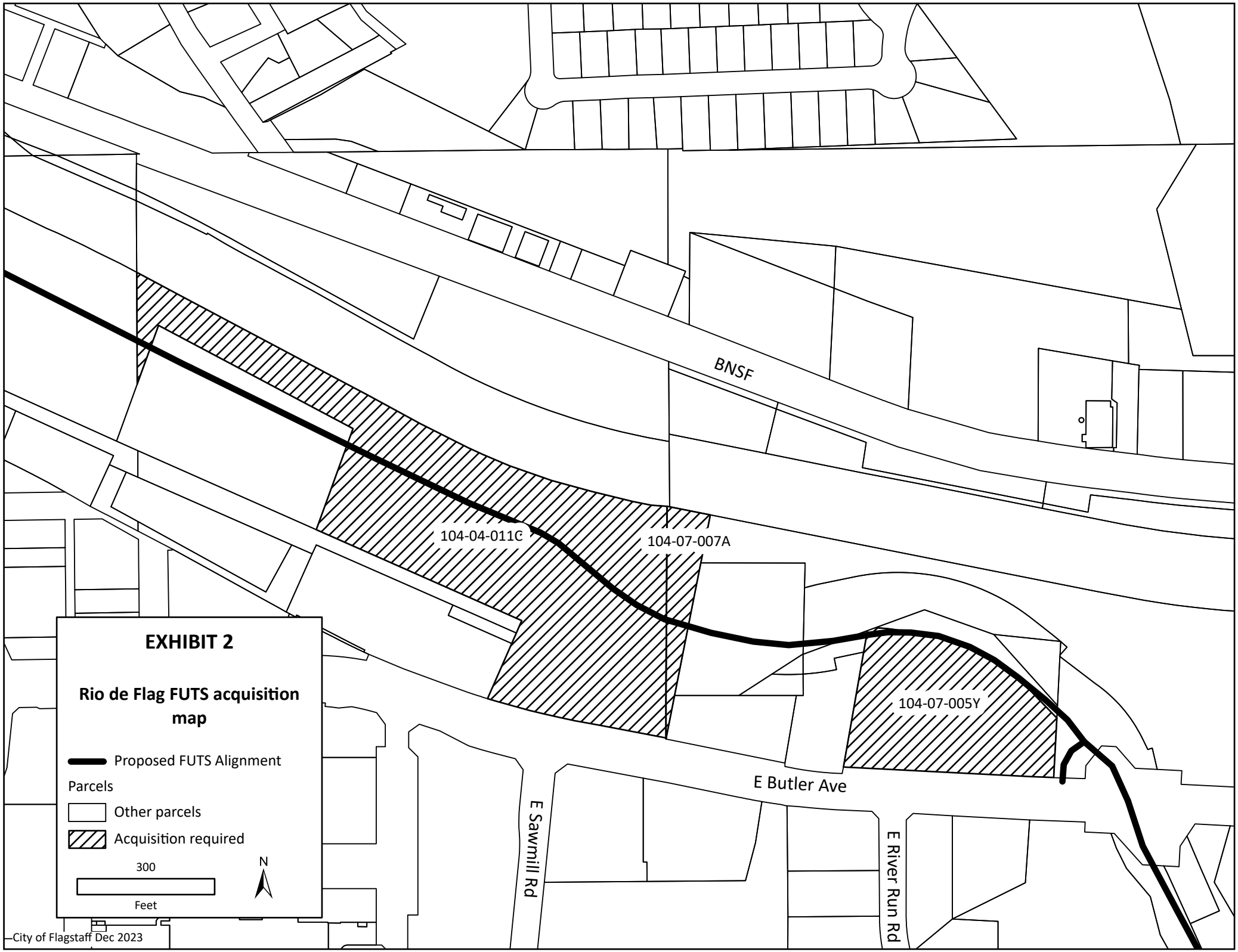
103-02-033
103-02-030A
103-01-007C
103-02-021
103-02-031
103-02-005Y
S Blackbird Roost
W Route 66
S Milton Rd
EXHIBIT 1
Rio de Flag FUTS acquisition map
Proposed FUTS Alignment
Parcels
Other parcels
Acquisition required
300
Feet
N
City of Flagstaff Dec 2023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E Butler Ave
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E River Run Rd
EXHIBIT 2
Rio de Flag FUTS acquisition map
Proposed FUTS Alignment
Parcels
Other parcels
Acquisition required
300
Feet
N
City of Flagstaff Dec 2023

**9. B.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

**To:** The Honorable Mayor and Council

**From:** David McIntire, Community Investment Director

**Co-Submitter:** Michelle McNulty

**Date:** 12/22/2023

**Meeting Date:** 01/16/2024

---

**TITLE:**

**Consideration of Support:** Downtown Business Alliance's Downtown Flagstaff Vision and Action Plan (Plan).

**STAFF RECOMMENDED ACTION:**

City Council supports the Downtown Vision and Action Plan and requests staff to consider it when making decisions related to Downtown Flagstaff.

**Executive Summary:**

The Downtown Business Alliance (DBA) has worked to develop a unified vision and action plan for Downtown Flagstaff. Funding partners included the DBA, City of Flagstaff, Coconino County and Mountain Line, and the effort was led and managed by the DBA. The mission of the Downtown Vision and Action Plan is to make a more connected, beautified, active environment for people who live, work and visit Downtown Flagstaff.

The Plan area consists of approximately 8 x 8 city blocks with boundaries of: Dale Avenue (north), Elden Street (east), Butler Avenue (south), and Milton Road (west). The area is bisected by the BNSF Railway Company railroad tracks, which run east-westerly.

The objective of the Plan is to: develop a market-based vision through a collaborative process; encourage meaningful engagement from a broad variety of stakeholders, including those who may not typically participate in community processes; identify economic develop opportunities; identify opportunities for local business development and support; identify zoning impacts; identify opportunities for public art and engaging STEAM; prioritize buildings, and setting standards, for historic preservation; assess public infrastructure needs for walking, cycling, transit; explore opportunities for activation of civic and community spaces; explore development of in-lieu parking program; and develop tactical and measurable implementation strategies to support the vision. The Vision and Action Plan will identify priorities and initiatives to guide improvements in Downtown Flagstaff over the next five to ten years.

**Financial Impact:**

Support of the plan does not generate any direct financial impact. Any specific implementation actions the City decides to engage in will be identified and funded through the regular applicable budget and Council processes.

The Plan does identify potential funding from a variety of parts of the City including ParkFlag and Beautification among others, but support of the document does not provide a formal commitment to that funding. Council support would provide staff direction to consider the items in the plan as potential actions and initiatives over the next few years.

**Policy Impact:**

Support of the plan does not change policy directly. However, the plan provides a unified vision for the future of the downtown that will be used in policy discussions and recommendations in numerous areas in the coming years. Recommendations may impact policies related to street trees and furniture, landscaping of public spaces, parking management, development standards and code updates, beautification and public art investments, historic preservation initiatives, and other focus areas. Any of these policy changes will need to be implemented individually through the City's standard processes and other potential factors will need to be considered as well.

**Connection to PBB Key Community Priorities/Objectives & Regional Plan:**

**Priority Based Budget Key Community Priorities and Objectives**

Safe and Healthy Community
Sustainable, Innovative Infrastructure
Robust Resilient Economy
Livable Community
Environmental Stewardship

**Carbon Neutrality Plan**

DD-1 Encourage vibrancy, appropriate density ,and attainability in existing neighborhoods, so that more residents live within walking distance of their daily needs.
DD-3 - Encourage Flagstaff residents and visitors to walk, bike, roll and take the bus.
EP-2 - Support the adaptation efforts of local businesses as the climate changes and economic landscape shifts.

**Regional Plan**

Goal CC.1. Reflect and respect the region’s natural setting and dramatic views in the built environment

Goal CC.2. Preserve, restore, and rehabilitate heritage resources to better appreciate our culture

Goal LU.9. Focus reinvestment, partnerships, regulations, and incentives on developing or redeveloping urban areas.

Goal LU.11. Prioritize the continual reinvigoration of downtown Flagstaff, whose strategic location, walkable blocks, and historic buildings will continue to be a vibrant destination for all.

Goal LU.12. Accommodate pedestrians, bicyclists, transit riders, and private cars to supplement downtown's status as the best-served and most accessible location in the region.

(There are other relevant Regional Plan Objectives in addition to those listed)

**Previous Council Decision on This:**

Council has received updates on the process and provided feedback, but has not made a previous decision on the plan.

**Options and Alternatives:**

Potential options and alternatives:

Support the Plan as presented by the DBA,
Provide feedback on desired changes and support the Plan contingent on their inclusion,
Provide feedback on desired changes and postpone the support of the Plan until further amended,
Not support the Plan.

**Key Considerations:**

The Plan is intended to provide a market based, unified vision for Downtown that allows various partner agencies and property owners to have a common goal in their activities.

The Plan has a variety of strategies that address broad components of the Downtown ranging from preserving the historic character to providing enhanced housing opportunities to continually improving parking management to beautification enhancements and more.

The Plan was developed with feedback from the community.

The Plan is not a binding document, but provides direction to all those who are engaged for their efforts and activities.

The Downtown is a key cultural and commercial area with great opportunities and challenges.

**Community Benefits and Considerations:**

The Downtown is a central and critical part of the Flagstaff community. It is a gathering place, an economic driver, a place of historic character and a place the arts can grow and flourish. Support of the strategies in this plan will provide support and guidance for its continued improvement and prosperity over the next years to come.

**Community Involvement:**

The DBA worked with Progressive Urban Management Associates (PUMA) to hold stakeholder groups, capture community input, and develop recommendations and strategies based on that input. While Covid-19 did impact the method and timeline for those activities, the public was clear about what was important to them and that has been reflected in the document. The Plan has also been presented to the Sustainability Commission, the Heritage Preservation Commission, the Beautification and Public Art Commission, the Creative Flagstaff Board of Directors and many other groups as it has been developed and refined.

**Attachments:** Downtown Vision and Action Plan
Presentation

# DOWNTOWN FLAGSTAFF
# VISION & ACTION PLAN

A joint planning effort of:

FLG. DOWNTOWN FLAGSTAFF

CITY OF FLAGSTAFF · ESTABLISHED 1882 · ARIZONA

COCONINO COUNTY ARIZONA

MOUNTAIN LINE

January 2024

# ACKNOWLEDGMENTS

It is with gratitude that we express thanks to the over 2,000 individuals, groups, institutions, organizations, City/County staff, and appointed/elected officials who helped inform the development of the Downtown Vision and Action Plan. The Plan was funded through a partnership between the Flagstaff Downtown Business Alliance, City of Flagstaff, Coconino County, and Mountain Line.

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# EXECUTIVE SUMMARY

## A CALL TO ACTION

The **Downtown Flagstaff Vision and Action Plan** has been created during the most disruptive period of our lifetimes. Coinciding with the COVID-19 pandemic, a nationwide awakening to support racial justice and a severe economic recession, the Plan offers not only a long-term vision and game plan for downtown, but also strategies to guide downtown and focus on its contined economic health.

The pandemic has accelerated background trends in demographics and lifestyles that were already influencing the growth of Flagstaff and its downtown. Examples of these trends include households relocating from large urban areas to smaller second-tier cities, consumer preferences favoring a unique and specialized shopping and dining experience, and innovations in the use of public space by closing streets, activating alleys, and enlivening plazas for increased outdoor seating options. These trends are favoring cities such as Flagstaff that offer a welcoming small town atmosphere and access to extraordinary natural recreational assets.

Moving beyond the pandemic, growth pressures are likely to increase as more people adopt remote work, and the quality of life degrades in nearby West Coast and desert cities. More existing second home owners are likely to make Flagstaff their primary residence. This is a mixed bag for Flagstaff – on one hand, the city should expect continued in-migration of skilled and more affluent households, while on the other hand the city confronts rising housing costs, the threat of business and residential displacement and further dilution of both its Native and working class roots. Flagstaff will not only be fighting to save what makes it unique, but for its civic soul.

**Downtown Flagstaff can and should be the center of what makes the city unique and be a portal of opportunity for existing and new residents alike. To that end, this Plan is a call to action to the city's leadership, citizens and businesses to act boldly and take steps now that will allow Downtown Flagstaff to evolve.**

### Key policy recommendations within this plan include:

- Promote Downtown Flagstaff to be the **hub of economic activity and innovation** for the region.
- **Preserve and protect the historic core** of Downtown Flagstaff to strengthen its identify and overall vitality.
- **Integrate and implement the City's Carbon Neutrality Plan** by encouraging a compact and mixed-use downtown where more people can live, work, support local business, and have walkable/rollable, bikeable, and sustainable lifestyle options.
- **Allow for change, including density** that features mixed-use parking structures with residential development at a variety of price points around the periphery of the historic core.
- **Add parking supply** to attract employment, residential investment, and mixed-use development; and **manage existing parking supply** to enhance customers' experience.
- **Ensure local arts, culture and Native expression** flourish throughout downtown.
- Create a **downtown experience that welcomes and celebrates everyone** that has been part of Flagstaff's past, present and future.



# PLAN OVERVIEW

In February 2020, the Flagstaff Downtown Business Alliance (FDBA), City of Flagstaff, Coconino County, and Mountain Line initiated the Downtown Flagstaff Vision & Action Plan. This is not an update to previous plans but is a standalone document that will guide public and private investments over the next 10 years to elevate Downtown Flagstaff as the center of the region.

After a competitive bid and selection process, the FDBA engaged a Denver-based consulting team that included: Progressive Urban Management Associates (P.U.M.A.), a firm specializing in downtown organizational and strategic planning; Studio Seed, an urban design firm to provide design and planning expertise including short-term public right of way expansion design; and Charlier Associates to provide national transportation planning expertise.

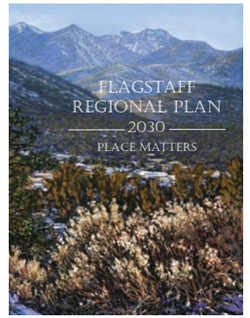
The P.U.M.A. Team, FDBA, the City of Flagstaff, Coconino County, and Mountain Line staff worked collaboratively to chart and complete a downtown planning process with the following major components:

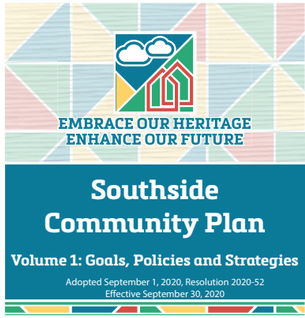
- **Review and build upon prior plans**
- **Conduct community outreach** – including numerous virtual interviews with downtown business, property owners, stakeholders, elected offices, and a variety of public staff members, a public open house, and an online survey
- **Prepare a market assessment**
- **Prepare Action Plan and Catalytic Projects Recommendations and Priorities**
- **Provide Implementation and Funding Strategies**

# REVIEW & BUILD UPON PRIOR PLANS

The consultant team reviewed all prior and evolving planning efforts made available in order to ensure this process would build upon such efforts. Four of the most important plans this plan builds on are:

- **Flagstaff Regional Plan 2030**
- **Carbon Neutrality Plan**
- **10-Year Housing Plan**
- **2020 Southside Community Plan**
- **2009 Central Business District Downtown Parking Study**




The citywide plans offer a high-level framework to guide and influence decisions that affect the future of the city. They are used as a foundation for the more specific vision, recommendations and strategies contained in this Downtown Vision & Action Plan, which will be considered while planning the Regional Plan 2045 to provide additional direction for certain topics or areas. Priority recommendations from the recently adopted 2020 Southside Community Plan are incorporated into this Downtown Vision & Action Plan.

# COMMUNITY OUTREACH

The COVID-19 Pandemic raised several challenges for community outreach during the planning process. However, this transition opened a new set of opportunities for engaging the public. Virtual meetings enabled individuals who could not attend meetings to engage at the comfort of their own homes. In total, approximately 2,000 community members engaged in the formation of the plan.

The consultant team was able to engage the community early in the 10-month process, conducting several dozen virtual meetings and presentations with the following:

- **Project Management Team** - comprised of the four project funding partners: Flagstaff Downtown Business Alliance Board of Directors (FDBA), City of Flagstaff, Coconino County, and Mountain Line
- **Community Advisory Committee** - comprised of a range of 23 stakeholders to serve as public representation that ensures findings and direction of the Downtown Vision and Action Plan are meeting the needs of the downtown community and the Flagstaff community at large
- **Flagstaff Downtown Business Alliance Board** representing the property and business owner leadership of downtown
- **Downtown business/property owners and downtown employees** including several dozen one-on-one interviews
- **Working Groups** - groups made up of downtown stakeholders convened by expertise areas that included: Economic Vitality, Downtown Experience, and Urban Design & Built Environment
- **County Board of Supervisors**
- **City Council**

*A virtual kickoff meeting held via Zoom in May 2020*

The P.U.M.A. team visited Flagstaff in August 2020 for a week of study area tours, outdoor meetings and workshops. An all-day open house was held in the "Aspen Alley" that was visited by over 100 residents. Additional inter-active meetings were held with the Project Management Team, Community Advisory Committee and Flagstaff Downtown Business Alliance. In 2023, after making final updates to the plan, an additional site visit was held in October to present the updated final draft plan to City and FDBA leadership.

*A physically-distanced, Community Advisory Committee meeting was held at Heritage Square during the August site visit*



In addition, an **online survey** was conducted that gathered over 1,250 participants. Full results from the online survey are provided in the plan appendix.

From the online survey responses, the common themes and highest rated priorities for improving Downtown Flagstaff were:

#1 Maintain Historic Character

#2 Make downtown more walkable and bikeable

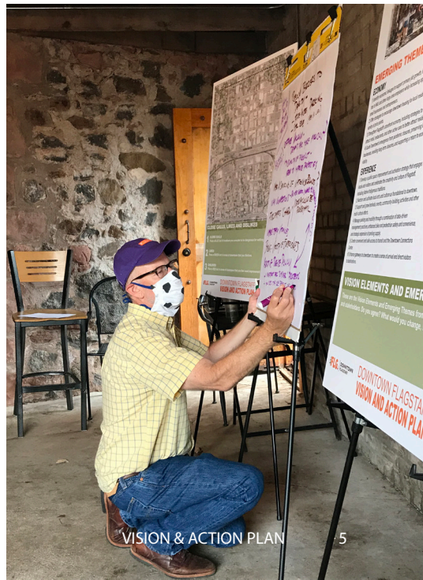
#3 Redevelop and repurpose unused and vacant buildings and lots

#4 Provide additional beautification

#5 Improve the parking experience

*Respondents were asked for three words that best describe their long-term vision for downtown. The word cloud shows words that were most frequently used – the larger the word, the more times it was listed.*

*During the August site visit, an all-day Open House was held in the "Aspen Alley," while several interactive Working Group meetings convened in various locations downtown.*



# MARKET OPPORTUNITIES

The Plan includes a Market Assessment that is divided into four main topic areas:

**LIVE**

**WORK**

**SHOP & DINE**

**VISIT & STAY**

By understanding downtown's market opportunities and challenges, the Downtown Vision is informed by economic reality and assumptions to guide planning through the next investment cycle. *(Note: The Market Assessment was conducted in 2020.)* Key economic findings and opportunities include:

**DOWNTOWN'S IMPACT ON FLAGSTAFF***

**0.28** square miles → **0.4%** of the city

***MEANWHILE, DOWNTOWN HAS...***

**1,064** residents → **1.4%** of the city's

**4,819** employees → **11%** of the city's

**135** restaurants, bars, shops → **18%** of the city's

**$41.4 M** in assessed value → **4%** of the city's

** Reflects 2020 data*

» **Housing is a strong market for downtown moving forward.** There is high demand for more units citywide at all price points, but especially those at lower, more affordable levels. While downtown cannot solve the city's affordability crisis, it can, and should, play an important role in diversifying the city's housing stock and adding new units to a strained market.

» **Downtown's strongest age segment is 25-34 year olds** – the "young professional" and graduate student bracket that downtowns and walkable neighborhoods with plentiful amenities are well-positioned to attract. This is also at the core of who lives in Flagstaff – a city with the youngest median age (28) amongst its peer cities.

» **Downtown (and the city) is challenged when introducing density.** Flagstaff is by far the lowest density market amongst its peer cities.

» **Tourism, education, and government** are the foundations of the Flagstaff economy.

» **Downtown is bookended by the city's two largest employers** – NAU to the south, and the Flagstaff Medical Center to the north.

» Compared to peer cities, **downtown has a below-average number of downtown workers**. This illustrates the lack of major primary employers in downtown (outside of the County and City), but also an opportunity for downtown to evolve into a greater economic engine for the local economy.

» Downtown's office space has a vacancy rate of roughly 1%, pre-COVID. Available space is nearly non-existent (an ideal vacancy rate is roughly 10%), and doesn't allow for much movement in the market or the ability to house new office tenants in available space. **The commercial office sector is a relatively untapped sector in downtown.**

The Market Assessment includes **peer city comparisons** on many different topics throughout. Below is a sampling of how Flagstaff and downtown stacks up compared to its western state peers.

**CITYWIDE**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Population Growth (2010-19)** | Bend 24% | Ft. Collins 17% | **Flagstaff 14%** | Missoula 12% | Bellingham 12% | Boulder 10% | Corvallis 8% |
| **Housing Density (units/square mile)** | Boulder 1,810 | Corvallis 1,742 | Bellingham 1,340 | Bend 1,308 | Ft. Collins 1,219 | Missoula 1,190 | **Flagstaff 447** |
| **Housing & Transportation Costs (Share of Income)** | Boulder 44% | Ft. Collins 48% | Bellingham 51% | Corvallis 52% | Missoula 53% | Bend 56% | **Flagstaff 56%** |

**DOWNTOWN**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Downtown Employment** | Ft. Collins 12,449 | Boulder 11,348 | Missoula 10,465 | Bellingham 7,242 | **Flagstaff 4,819** | Corvallis 4,691 | Bend 4,269 |
| **Employment Density (workers/acre)** | Boulder 81 | Missoula 55 | Ft. Collins 40 | Bellingham 39 | Bend 37 | Corvallis 37 | **Flagstaff 27** |
| **Knowledge Sector Share of Jobs** | Missoula 53% | Bend 40% | Bellingham 37% | Boulder 27% | Corvallis 25% | **Flagstaff 22%** | Ft. Collins 19% |

» The retail, food and beverage sector is **Flagstaff's largest industry** in terms of employment.

» Downtown's storefront economy is critical to its success, driving foot traffic, attracting visitors, and helping maintain vibrancy throughout the day and into the night. In total, **there are 223 street level businesses in the Downtown Study Area**.

» Local independent businesses dominate the Downtown scene. **87% of Downtown's storefront businesses are local independents**, offering distinct character and sense of place.

» Despite all its storefront businesses, Downtown **still lacks some critical retail elements that would help serve residents' daily needs**, namely groceries and drugstores, and make Downtown a more appealing place to live.

» **Tourism is Flagstaff's top industry.** The city sees over 5 million visitors annually, and the industry supports over 8,000 local employees.

» Downtown hosts **a variety of events** annually that attract both locals and visitors. A majority of these take place at Heritage Square.

» **Downtown is more about what's around it, than what's in it.** The Lowell Observatory, the city's two largest art museums, and the region's main performance arts hall are all located outside of downtown.

» **Downtown's proximity to the Lowell Observatory & Mars Hill is an asset to build upon.** Already a destination, Lowell is underway with expansion.

» **A strong short-term rental market** plays an important role in housing a portion of the visitor market, but also can erode the hotel visitor base and reduce the permanent housing stock.

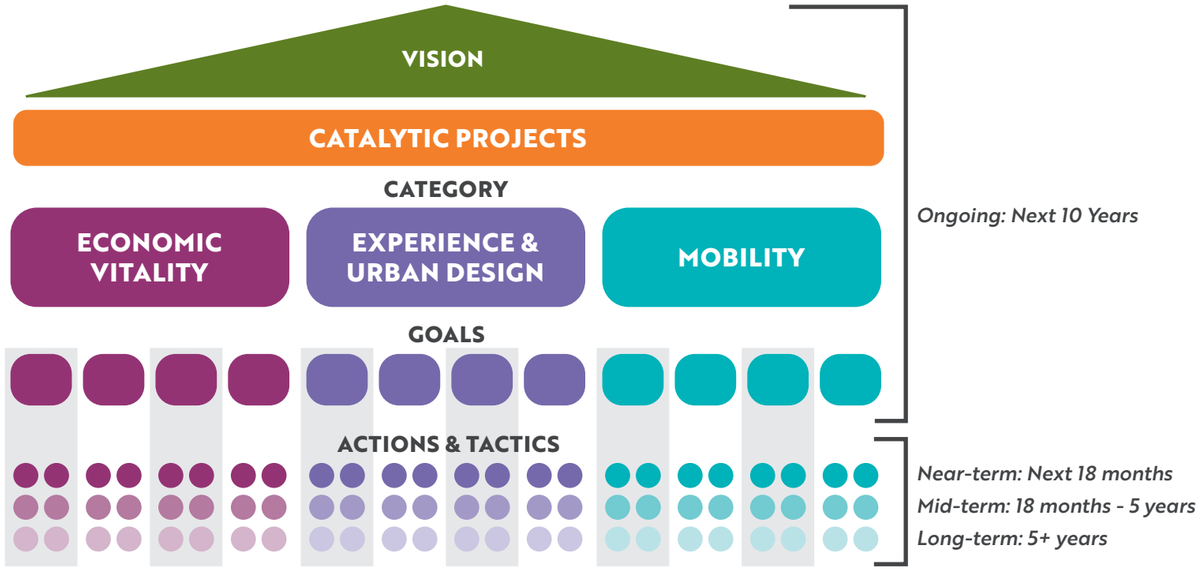
# VISION

Drawing on the input from the community outreach, market assessment and review of prior plans, the consultant team worked closely with the FDBA, PMT, CAC, and elected officials to synthesize all this information into the following **vision** that forms the basis for the Action Plan recommendations described and illustrated throughout this document.

**The vision for downtown is to enhance and create a downtown that is**

**VIBRANT,**
**WALKABLE/ROLLABLE,**
**HISTORIC AND ADAPTABLE,**
**THRIVING,**
**WELCOMING AND INCLUSIVE,**
**AND ACCESSIBLE TO ALL.**

The **Action Plan** is constructed as follows. The Goals within each category are provided on the following page. The specific actions and tactics can be found in the full plan.




The team developed immediate, short- and mid-term actions for downtown physical improvements, catalyst developments, and policies to guide the FDBA and City of Flagstaff, the development community, and downtown stakeholders for the next ten-year investment cycle. Responsible parties are identified to implement each of the actions and tactics in the full plan. The City should consider relationships and tradeoffs between goals as necessary. Additionally, sequencing of goals may shift as resources such as funding and staffing become available or as priorities evolve.



# ACTION PLAN

The **Action Plan** is organized into three categories, with supporting goal statements, as follows:

## ECONOMIC VITALITY:

Retain downtown as one of the key engines of the Flagstaff economy

1. Guide downtown's economic future
2. Bring more jobs into downtown
3. Cultivate local arts and culture as foundational to downtown
4. Bolster downtown's storefront economy
5. Create a larger, and more diverse, residential base in downtown

## EXPERIENCE & URBAN DESIGN:

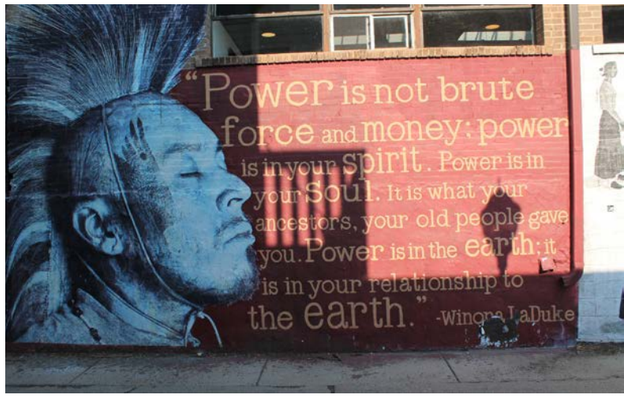
Downtown can prosper even more by creating a lively environment that is easily accessed by traditional visitors, but also serves downtown residents too

1. Preserve the historic character and charm of downtown
2. Direct new growth responsibly and in a way that adds to the vibrancy of downtown
3. Activate downtown in creative ways that attract locals as well as visitors
4. Enhance the downtown experience by implementing gateway features, streetscape enhancements, signage and wayfinding, and public art to create a sense of arrival and direction
5. Embrace sustainability as a core value in how downtown is managed, improved, and developed

## MOBILITY:

Transportation – personal mobility, circulation and access, plus freight service and delivery

1. Enhance downtown to be more walkable
2. Improve parking management and supply
3. Improve public transit access and ridership
4. Improve bicycle access and circulation
5. Manage curb space allocation and use



Mixed use parking structure - Boulder, CO

# CATALYTIC PROJECTS

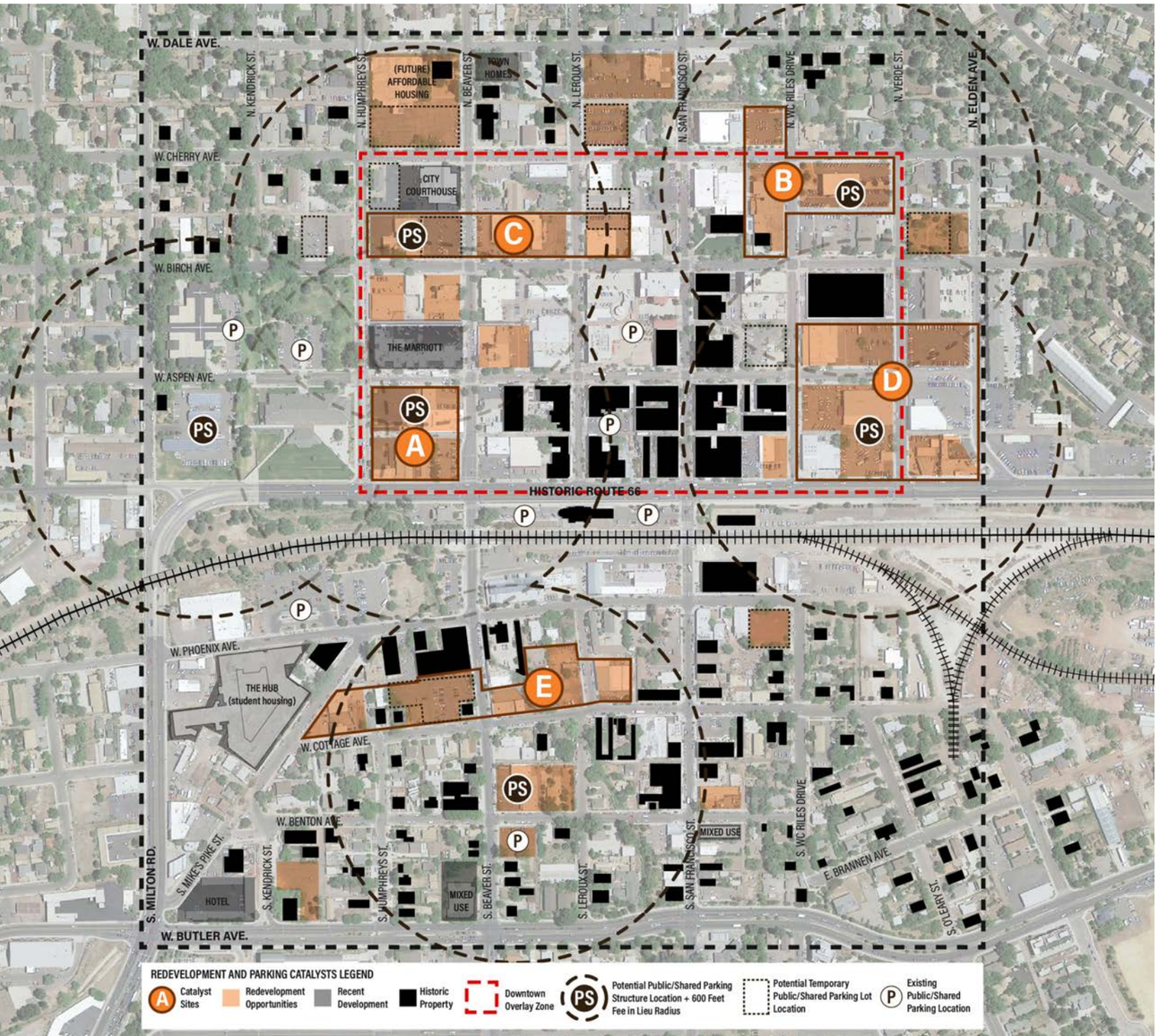
A catalytic project is one that has the potential to have lasting positive impacts on downtown and encourage improvements around them. Based on an assessment of downtown land, property ownership, property conditions, surrounding economic activity, and interviews with downtown citizens and stakeholders, ten catalytic projects were identified, split across two types, **Redevelopment & Parking Catalysts** and **Placemaking Catalysts**. The Redevelopment & Parking Catalysts are illustrated on the map below.

**REDEVELOPMENT & PARKING**

Old City Courthouse (A)
Coconino County Properties (B)
Birch Avenue Infill (C)
Eastside Gateway (D)
Cottage Avenue Infill (E)

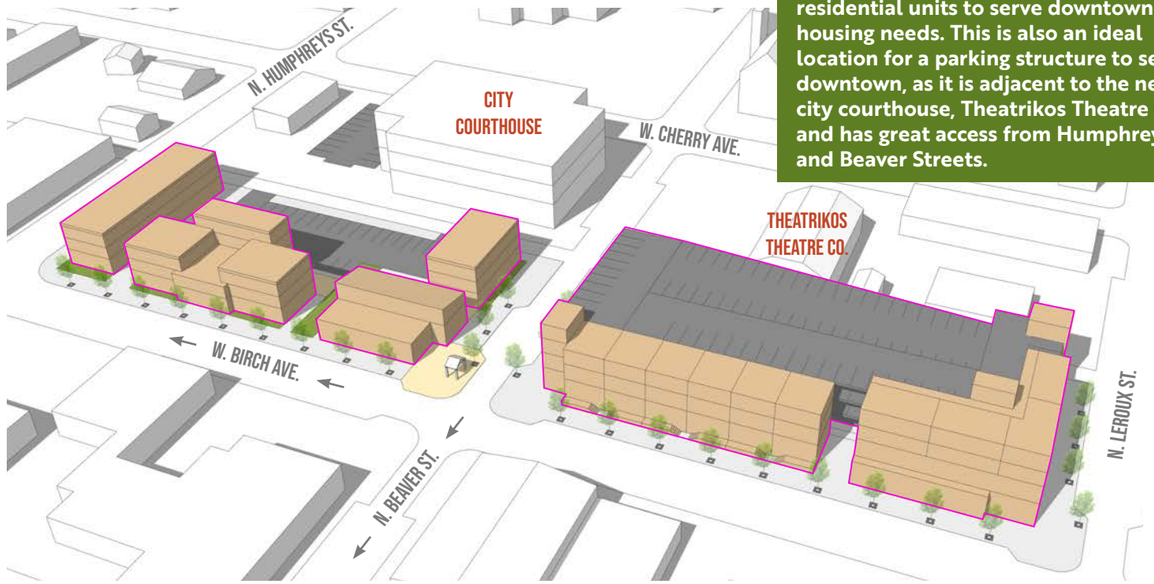
**PLACEMAKING**

Downtown Connection Center
Leroux Festival Street
Heritage Square Activation
Alley Activation
Streetscapes, Gateways & Wayfinding




## BIRCH AVENUE INFILL

**This concept shows how the two banks at Birch and Beaver, with large surface parking lots, could redevelop into residential units to serve downtown housing needs. This is also an ideal location for a parking structure to serve downtown, as it is adjacent to the new city courthouse, Theatrikos Theatre Co., and has great access from Humphreys and Beaver Streets.**




# IMPLEMENTATION

This plan encompasses the community of Flagstaff's vision for downtown's next phase. Chapter 4 offers sequencing for all of the prior chapters' recommendations. Recommendations are divided into near-term priorities, including quick wins, to be implemented over the next 18 months, and mid- and longer-term recommendations that are more appropriate once the pandemic is fully behind us. Implementation of these varied recommendations will take dedicated leadership, staff, and revenue. Chapter 5 looks at how the FDBA and the City of Flagstaff can bring this plan to life and is organized into the following sections:

- **Partners & Responsibilities:** An effective implementation model relies on teamwork and collaboration. Roles and responsibilities are identified for each recommendation. The FDBA, City of Flagstaff, Coconino County, and other partners, both public and private, will all have important roles to play moving forward.
- **Create a Clear Path Through the Regulatory Process:** To encourage and accommodate the types of development and public realm enhancement envisioned in the plan.
- **New FDBA Operating Structure:** Empower and diversify funding for the Downtown Business Alliance to lead, partner and manage the evolution of downtown's economy, experience and mobility.
- **Measuring Progress:** To understand what is working and what needs adapting during implementation, it is important for the FDBA and the City to provide frequent updates to partners and to track progress. This section discusses how this can be done efficiently and effectively, by identifying key metrics and indicators of success.
- **Funding Sources and Supportive Policies:** Implementation will require dedicated effort and resources. Chapter 5 includes explanations of the varied funding sources and policies to utilize for the Plan's actions, and as illustrated in the Chapter 4 matrices, whether these are initiated by the FDBA, City, or other partners.

# 1

# BACKGROUND


» Project Purpose
» Historical Context
» Study Area
» Process
» How to Use this Plan
» Past Downtown Planning Studies Summary


# PROJECT PURPOSE

In February 2020, the Flagstaff Downtown Business Alliance (FDBA), City of Flagstaff, Coconino County, and Mountain Line initiated the Downtown Flagstaff Vision & Action Plan. This is not an update to previous plans but is a standalone document that will guide public and private investments over the next 10-years to elevate Downtown Flagstaff as the center of the City and region.

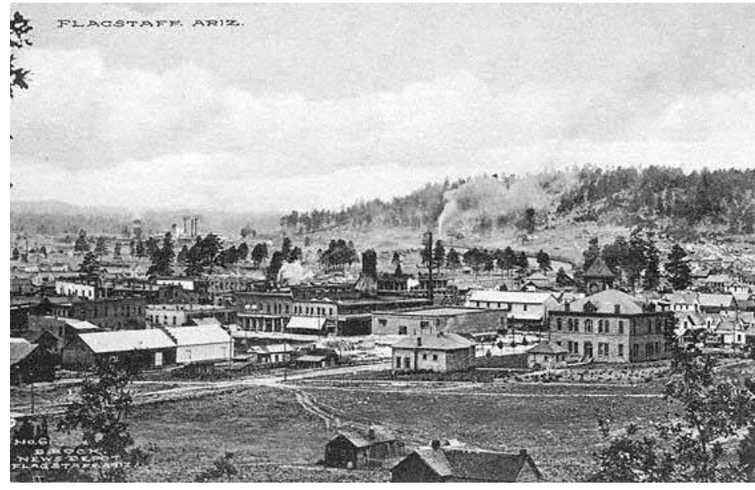
After a competitive bid and selection process, the FDBA engaged Progressive Urban Management Associates (P.U.M.A.), a Denver-based consulting firm specializing in downtown organizational and strategic planning, and community outreach. Additionally, Studio Seed, a Denver-based urban design firm was part of the team to provide design and planning expertise including short-term public right of way expansion design. Denver-based Charlier Associates provided parking management and multimodal transportation planning expertise.

Upon starting this planning process, COVID-19 became a global pandemic, severely impacting the health and economy of downtowns across the country. The FDBA and the City of Flagstaff realized the importance and necessity of this downtown plan and continued to move forward with urgency.

# HISTORICAL CONTEXT

Humans lived in present-day Arizona for nearly 12,000 years as nomadic hunter-gathers before shifting to agricultural communities less than 2000 years ago.  Anasazi and Puebloans are often used interchangeably to describe the broad grouping of native cultures in what is now the Four Corners region, including the Navajo, Hopi, Havasupai, Kaibab-Paiute, and Hualapai.  Evidence of early native cliff dwellers is visible at Walnut Canyon and Wupatki National Monuments, located just outside of Flagstaff.

Each Indigenous nation has their origin or emergence beliefs, and most do not believe they migrated from elsewhere.  These beliefs are important for all to understand. The Navajo, Hopi and Pueblo cultures are the largest Native American groups in the Flagstaff area, and are crucial to the history, present and future of this community.  These Indigenous nations are intrinsically tied to the Flagstaff area, and continue to help shape its arts, culture, heritage and economy.




Native Americans lived in relative peace until the arrival of Spanish Conquistadors in the 1500s, which ushered in centuries of war and devastation at the hands of Spanish, Mexican, and U.S. invaders.  Conflicts intensified in the 1800s. During the 1805 massacre at Canyon de Chelly (120 miles northeast of Flagstaff), Spaniards killed more than 100 Navajo women and children.  Between 1848 and 1868, the Navajo and Apache peoples fought to protect their land from U.S. invaders. The 1868 Treaty of Bosque Redondo created the Navajo Reservation, which today consists of 17 million acres.

# NATIVE AMERICAN POPULATIONS TODAY

The 17-million-acre Navajo reservation (known as Navajo Nation) spans across northern Arizona, northwestern New Mexico, and southern Utah, and is the largest Native American tribe within the United States by geography and population. Around 28% of Navajo Nation is located within Coconino County.[1] Its largest town is Tuba City, located 78 miles north of Flagstaff.

Navajo Nation enrolled members are at 399,494 as of 2021 according to the Navajo Times. At least 50% if not more live off their homelands.

Located partly in northeastern Coconino County, the 1.5 million-acre Hopi reservation has roughly 9, 227 and is entirely surrounded by Navajo Nation. Two other smaller tribes in the region include the Havasupai and the Hualapai. The Havasupai reservation (population: 640) is located entirely within Coconino County at the southwest corner of Grand Canyon National Park. The Hualapai reservation (population: 1,590) is located within three counties, including Coconino, and spans 100 miles along the Colorado River.

# FLAGSTAFF'S ORIGINS

Beginning in 1882, the Atlantic & Pacific Railroad (later known as the Santa Fe) carried waves of white migrants to Flagstaff, which had only been loosely settled since 1876. The City of Flagstaff was established in 1881, and officially incorporated in 1891. Lumber and ranching emerged as dominant industries. In 1926, Route 66 was completed and with it came subsequent waves of new residents, beginning with 1930s dust bowl refugees.

There are several historic districts in the downtown area. According to the Historic Route 66 Association of Arizona, Flagstaff has the largest inventory of original Route 66 buildings and signage out of any other city along the route.

Science is woven into so many aspects of Flagstaff's identity, beginning in 1894 with the founding of the Lowell Observatory. The US Naval Observatory was relocated in 1955 from Washington, D.C. to Flagstaff, which continues to be used for dark-sky defense monitoring. In 1965, the USGS established its Flagstaff headquarters, where research helped make the 1969 Apollo moon mission possible.

In 1899, the Northern Arizona Normal School was established just south of Downtown Flagstaff in the Old Main building, primarily serving as a teaching college in its first few decades. The institution's name changed to Northern Arizona University (NAU) in 1966. Annual enrollment fluctuated during the first half of the 20th century, particularly during the Great Depression and World War II. It wasn't until the 1950s that the university would really grow its enrollment and educational offerings. A range of new specialist degrees and master's programs helped the school gain recognition, most notably the Forestry program that was launched in 1958.

1 Coconino.az.gov "Places of Coconino County."



# HISTORY AND IMPORTANCE OF THE SOUTHSIDE[1]

The Southside community is the best representation of the ethnic diversity that evolved in Flagstaff from the early 20th century through the 1960's. It contains the largest neighborhoods associated with the historic Hispanic and African American populations of Flagstaff.

This historic architecture of Flagstaff's Southside is a vivid illustration of the cultural diversity of the community. The buildings reflect the area's evolution from its beginnings as small enclaves settled by middle-class Angelos, to its emergence in the early 20th century as the predominant neighborhood of Flagstaff's Hispanic and African American populations. Unlike the more prestigious historic residential areas north of the railroad tracks, the architectural character of the Southside is distinguished by a large number of modest Bungalow-style and Cottage residences, which also help illustrate the neighborhood's growth and development in the 1920s.

African American, Basque, Hispanic, and to a lesser extent, Asian communities and businesses were established and grew to serve this community. Boundaries were enforced with an understanding of your place within the Southside, which became defined by the schools' children attended/were permitted to attend, and by churches established for worship. Most employment was either in the lumber mills, such as the one that existed in the Southside by 1910, with the railroad, or was generated with the community with small retail shops (official or not) and in "garage manufacturing" – making and selling items from one's residence. Hard work from ethnic groups was the norm with determined children working at an early age selling papers or finding other means to support their families.

1 Southside Community Plan, September 2020

# PLAN GOALS

Downtown Flagstaff is a unique destination in the region that has a strong connection to education, high quality of life, and history. A strong desire of the community who provided input to this plan is for downtown to become a livable neighborhood to complement its role as a destination. This plan includes recommendations to achieve this desire by supporting the right daily services, housing types, price points, family-friendly spaces, job opportunities, and adequate parking supply to accommodate visitors and residents alike.

Enhancing downtown to become more of a neighborhood than it is today is consistent with the following goals of the **Carbon Neutrality Plan** and the **2030 Flagstaff Regional Plan**:

- Reduce greenhouse gas emissions by 80% by 2030, compared to the 2016 emissions baseline.
- Prepare the city's neighborhoods, systems, and resources to be more resilient to climate change impacts
- Promote growth that protects our scenic beauty and unique ecosystem
- Encourage efficient transportation modes and better connectivity, with housing and job opportunities
- Grow our businesses by making the most of our educated, entrepreneurial, and creative citizens

Improvements to downtown described in this plan can contribute to accomplishing these goals by creating a more climate-resilient downtown neighborhood. Providing more opportunities for people to live and work near transit in a walkable and bikeable neighborhood will reduce vehicle miles traveled and greenhouse gas emissions. In addition, **downtown's small footprint is set up well to grow in a more compact manner on underdeveloped land versus sprawling on the edge of the city's undeveloped land.**

The 2023 Downtown Vision & Action Plan identifies short- and long-term priorities for downtown physical improvements, catalyst developments, and policies to guide the FDBA and City of Flagstaff, the development community, and downtown stakeholders for the next ten-year investment cycle.

## PLAN GOALS INCLUDE:

- Develop a **market-based strategic vision** through a collaborative process
- Identify **economic development opportunities**, and local business development and support
- Identify **zoning impacts on land use and development opportunities** to provide more certainty and predictability on downtown development
- Identify opportunities to **expand art and beautification in public spaces**, building design and new facilities
- Identify **potential redevelopment sites** and desired outcomes for the built environment including historic preservation
- Assess **public infrastructure needs** for walking/rolling, cycling, parking, and transit
- Explore opportunities for short- and long-term **activation of civic and community spaces**, including alleyways
- Develop tactical and measurable **implementation strategies** to support the vision

The primary methods to accomplish these goals are described throughout the document:

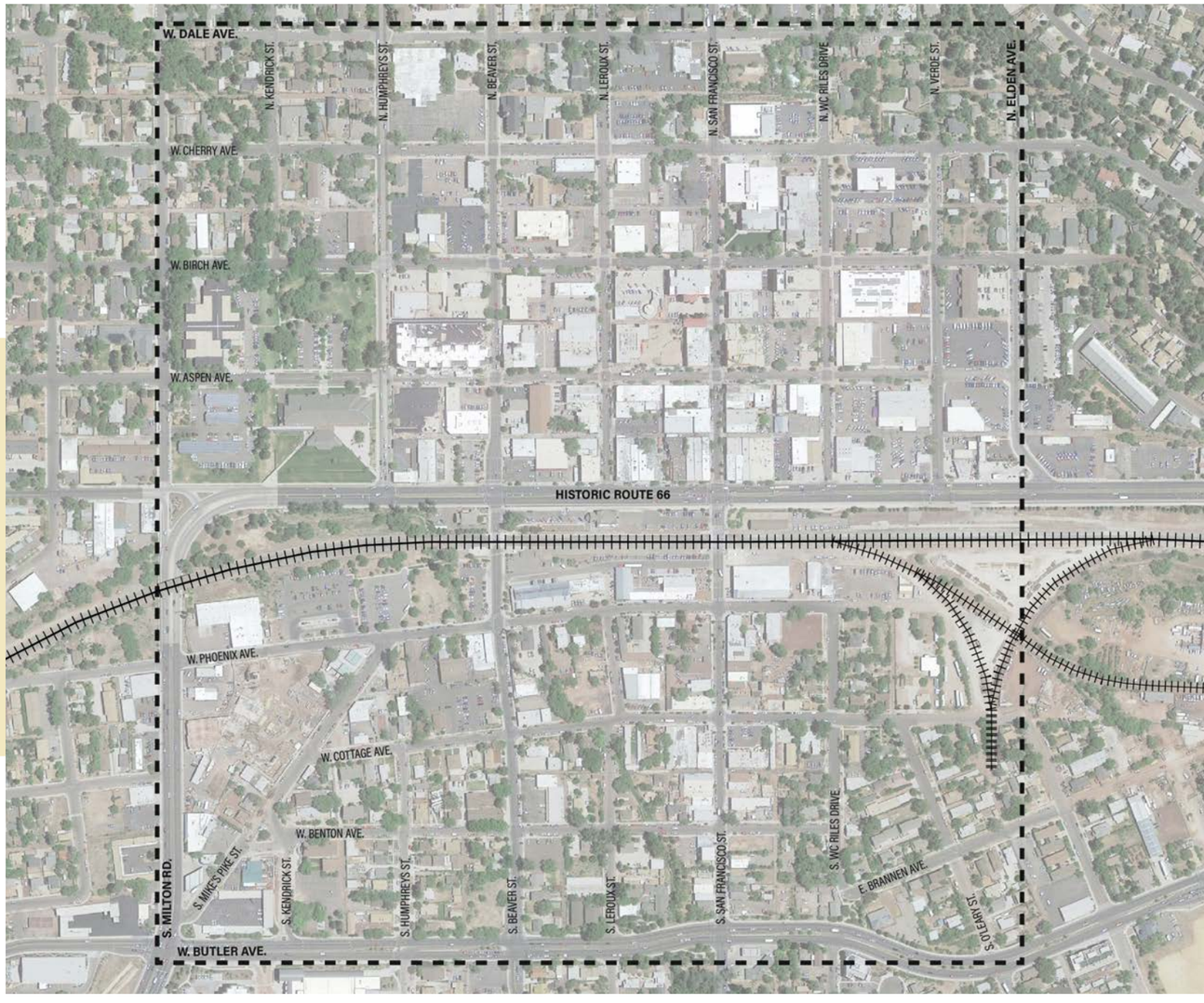
- **PROMOTE** increased synergy between the downtown core, surrounding neighborhoods, and Northern Arizona University.
- **BUILD ON** prior planning efforts, engage the City's and FDBA's leadership, civic and neighborhood partners and other downtown stakeholders in a participatory process to develop a Downtown Vision & Action Plan.
- **ALIGN** the City's and FDBA's resources, programs and structure with the priorities of the plan to advance implementation.



# STUDY AREA

Traditionally, downtown has been thought of as the historic core north of the railroad tracks ("north side" which offers an abundance of locally-owned shops, galleries, clothing stores, adventure outfitters, restaurants and lively nightlife and well as City and County facilities. The "south side" borders an expanding university, contains rich history, and has an eclectic arts, restaurant and business scene. The south side also has residents whose families have lived in the same home for generations, mixed with new student housing developments. The Downtown Vision and Action Plan study area includes a large portion of the Southside neighborhood and this plan builds on the vision and strategies identified in the recently adopted 2020 Southside Community Specific Plan.

The study area as illustrated below is bound by Milton Road/N. Sitgreaves Street to the west, W. Dale Avenue to the north, N. Elden to the east, and W Butler Avenue to the south. The study area and its context and relationship with adjacent neighborhoods is also acknowledged with this plan.



# PROCESS

The P.U.M.A. Team, FDBA, the City of Flagstaff, Coconino County, and Mountain Line staff worked collaboratively to chart and complete a downtown planning process with the following major components:

## REVIEW PRIOR PLANS

The FDBA and City of Flagstaff provided the consultant team with all prior and evolving planning efforts. The consultant team reviewed all the plans made available in order to ensure that this process would build upon such efforts. A list of prior plans and planning projects is included on the following pages, and summaries are included in the appendix.

The Flagstaff citywide plans offer a high-level framework to guide and influence decisions that affect the future of the city. They are used as a foundation for the more specific vision, recommendations and strategies contained in the Downtown Vision & Action Plan. The Downtown Vision & Action Plan will be approved by City Council to provide additional direction for certain topics or areas. In addition, priority recommendations from the recently adopted 2020 Southside Community Plan are incorporated into the Downtown Vision & Action Plan

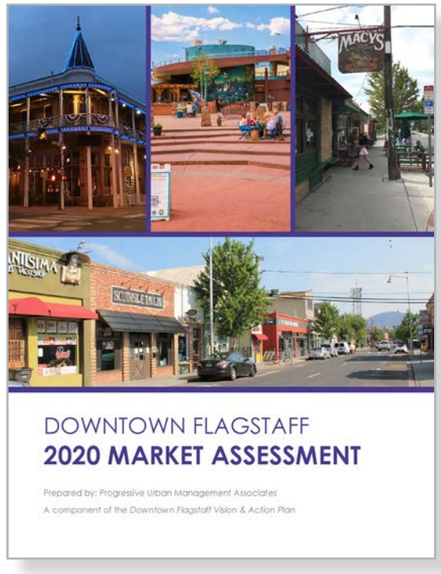
The Downtown Vision & Action Plan is consistent with and furthers the policies and recommendations of Flagstaff Regional Plan 2030, refining the citywide guidance for a smaller area. Adoption of the Downtown Vision & Action Plan by Flagstaff City Council updates the Flagstaff Regional Plan 2030 recommendations for this part of the city. Any future updates to citywide plans should incorporate and refine recommendations for the Downtown Vision & Action Plan.

## MARKET ASSESSMENT

P.U.M.A. conducted a broad-reaching market assessment with a wide range of data inputs, including primary and secondary sources. Of important note, this market assessment was conducted in mid-2020. However, given the lag time in data availabilities, much of the information presents conditions pre-COVID. Therefore, the market assessment is intended to provide baseline data for Downtown Flagstaff, prior to the pandemic, which will inform the community as it continues to evolve post-pandemic.

Conditions and trends in Flagstaff were compared to P.U.M.A.'s global trends research. Key findings of the market assessment determined the direction and order-of-magnitude opportunities, as well as niche opportunities, within various market sectors. Forecasts for the next ten years are included for residential, office, hospitality, and retail development.

A summary of the market assessment and development forecast is included in this plan in Chapter 2 Market Assessment Summary, while the full document is located in the appendix.




## COMMUNITY OUTREACH

A robust community outreach process was envisioned prior to COVID-19. While the consultant team was unable to engage the community early in the process, they did conduct more than 40 virtual meetings with downtown business and property owners, stakeholders, elected officials, and a variety of public staff members. An online survey was conducted that gathered over 1,200 participants.

The COVID-19 Pandemic raised several challenges for community outreach during the planning process. However, this transition opened a new set of opportunities for engaging the public. Virtual meetings enabled individuals who could not attend meetings to engage at the comfort of their own homes. In total, approximately 2,000 community members engaged in the formation of the plan.

The P.U.M.A. team was able to make one visit to Flagstaff in August 2020 for three days of walking tours, outdoor meetings and workshops. An all-day open house was held in the "Aspen Alley" that was visited by over 100 residents. Also, during this visit, the team met with several working groups made up of a variety of downtown stakeholders convened by interest areas that included:

- **Economic Vitality**
- **Downtown Experience**
- **Urban Design & Built Environment**

A summary of the community engagement, including key themes that emerged, is included in this document in Chapter 3 Community Engagement Summary.

## DOWNTOWN VISION & ACTION PLAN OPPORTUNITIES

Drawing on the above inputs, the consultant team developed a physical planning framework for investments in the public realm that support and enhance market opportunities in downtown and deliver a downtown environment that is in sync with community values. The development framework maps and strategies are a key component of this Plan. Suggested physical framework enhancements are closely tied to the six core values which represent the community's vision for Downtown Flagstaff:

**VIBRANT**
**WALKABLE**
**HISTORIC AND ADAPTABLE**
**PROSPEROUS**
**WELCOMING AND INCLUSIVE**
**ACCESSIBLE TO ALL**

## IMPLEMENTATION

Finally, P.U.M.A. worked with the FDBA and the City of Flagstaff to consider the organizational implications for both entities, such as how to align staffing, resources and committees to fit with the plan priorities. Financing options and leadership priorities are also identified. Implementation is the final section of this plan.

# HOW TO USE THIS PLAN

Both public and private agencies will use the 2023 Downtown Flagstaff Vision & Action Plan to guide decisions and actions that affect the form and function of Downtown. The plan provides a basis for citywide decision-making and strengthening downtown's role as the heart of the region. It also educates the general public about downtown's importance to the Flagstaff community and the people of Arizona.

The **Downtown Vision & Action Plan** section provides an overall framework for the entire downtown that describes opportunities for catalyst projects, urban design and public realm, added parking supply and mobility, economic development, and arts and culture.

The final section, **Implementation**, includes a variety of funding sources to advance the initiatives and supporting projects outlined in the Catalyst Projects and Sites section.

At the back of this document, appendices are provided consisting of the full market assessment and detailed community survey results.

# PAST DOWNTOWN PLANNING STUDIES

The 2023 Downtown Flagstaff Vision & Action Plan was informed by many previous planning studies. The following documents were reviewed and summarized during the first few months of the project process. Brief summaries of those studies can be found in the appendix.

## Planning, Zoning, and Urban Design

- Flagstaff Regional Plan 2030
- Flagstaff Zoning Code
- Downtown Historic Overlay District Design Standards
- Southside Community Plan (2020)
- Workforce Housing Attainability (2017)
- High Occupancy Housing Plan (2018)
- Carbon Neutrality Plan
- 10-Year Housing Plan
- Rio de Flag Flood Control Project (Current)

## Transportation and Parking

- Downtown Comprehensive Parking Management Program (2017)
  - Parking Management Plan
  - ParkFlag Paid Parking, Parking Permits, Time Limits
  - ParkFlag Operations
  - Parking Studies
- 2009 Central Business District Parking Study
- BRT (Bus Rapid Transit)
  - Background – Mountain Link
  - BRT Spine Corridor Project
- NAIPTA Five-Year Transit Plan – 2017 Update
- Downtown Connection Center
- Milton Road Corridor Master Plan (current)
- US 180 Corridor Master Plan (current)
- Mountain Line Transit Guidelines (2019)
- Blueprint 2040: Regional Transportation Plan (2017)
- 2018 Trip Diary Survey
- Active Transportation-FUTS Master Plans
- Flagstaff Regional Freight Study (2014)

## Downtown and Revitalization District

- Downtown Management Plan (2008)
- Concept Downtown Management Plan (2009)
- Flagstaff Downtown Business Improvement and Revitalization District Enabling Legislation (2014)
- Management Services Contract with Flagstaff Downtown Business Alliance, renegotiated in 2019
- Flagstaff Redevelopment Area Designation and Redevelopment Plan (1993)

# MARKET ASSESSMENT

» Purpose
» Market Areas
» Key Market Findings
» Peer Cities

# PURPOSE

The Market Assessment was completed in Q2/Q3 2020 to help inform the Flagstaff Downtown Vision and Action Plan. Data was compiled using primary and secondary sources, including the City of Flagstaff, Coconino County, real estate research, Esri Business Analyst, the U.S. Census Bureau, and other available sources.

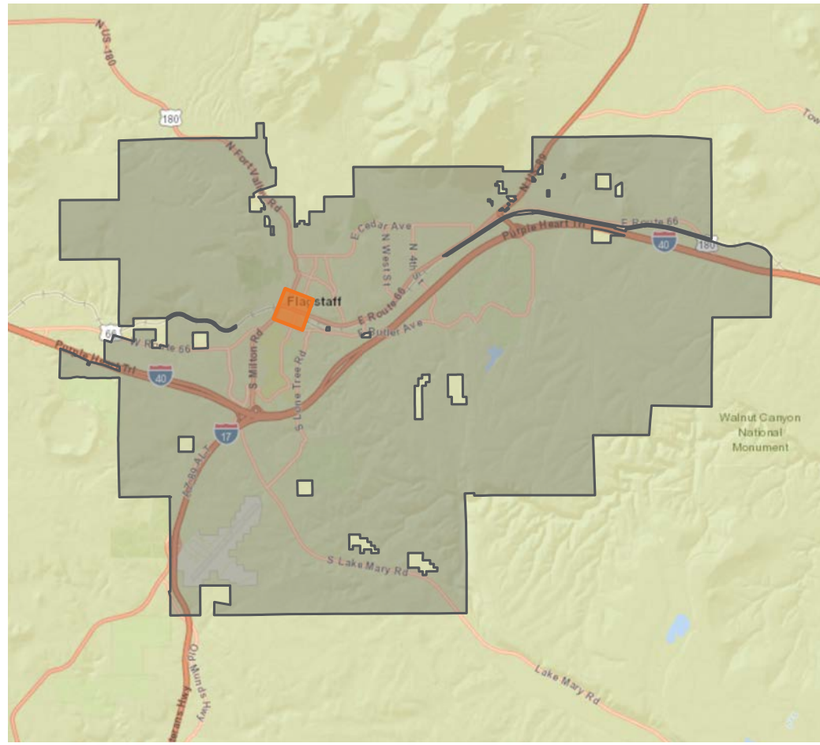
One resource that was of particular use was the Mountain Line DCC Market Analysis. This Market Analysis, completed by Mountain Line and the consulting firm AECOM, was completed in early 2020 as part of an evaluation of potential complementary uses alongside the development of the future Downtown Connection Center (DCC). Given its recency and similar area of focus, P.U.M.A. utilized this resource as much as possible, when relevant, in an effort to not duplicate efforts.

Of important note, this Market Assessment was conducted during the COVID-19 pandemic. However, given the lag time in data availabilities, much of the information that follows presents conditions pre-pandemic. Therefore, this Market Assessment is intended to provide baseline data for Downtown Flagstaff, prior to COVID, which can inform the community as it continues to evolve post-pandemic.

# MARKET AREAS

Data was collected, when available, for the Downtown Flagstaff Study Area and the City of Flagstaff. The Downtown Study Area is a 0.28-square mile, 8-by-8 block area illustrated in the prior chapter. Downtown includes areas both north and south of historic Route 66 and is divided by the Burlington Northern Santa Fe Railroad (BNSF) Line, extending partially into the Southside neighborhood towards the Northern Arizona University (NAU) campus. Downtown is bound by Dale Avenue to the north, Elden Street to the east, Butler Avenue to the south, and Sitgreaves Street/ Milton Road to the west.

The City of Flagstaff is approximately 65 square miles, and is a key market and point of comparison for downtown data. It also offers a wider array of data than the customized, downtown boundary. Both market areas, in relation to each other are shown in the map to the right.



# KEY MARKET FINDINGS

The following summary provides an overview of key findings for each of the Market Assessment's four main topic areas: **Live, Work, Shop & Dine, and Visit & Stay**. It provides a snapshot of existing conditions – in both Flagstaff and downtown – and then an assessment of the relevant real estate sector's conditions, strengths, and vulnerabilities. While the bulk of the Market Assessment focuses on pre-pandemic conditions, the following summary offers brief snapshots into what the future may hold for various segments impacted by the pandemic.

Downtown's impact on the Flagstaff community is briefly characterized in the table to the right. It provides the number of residents, workers, and shops and restaurants that call downtown home, but also shows that acre-for-acre, downtown is one of the most productive and valuable neighborhoods of the community. As the table shows, downtown's core strength is in its dining, drinking, and shopping options. Adding to the significance of downtown's robust service industry – 87% of these establishments are locally-owned and operated, creating a unique advantage for downtown Flagstaff.

**DOWNTOWN'S IMPACT ON FLAGSTAFF**

| | | |
|---|---|---|
| **0.28** square miles | → | **0.4%** of the city |
| ***MEANWHILE, DOWNTOWN HAS...*** | | |
| **1,064** residents | → | **1.4%** of the city's |
| **4,819** employees | → | **11%** of the city's |
| **135** restaurants, bars, shops | → | **18%** of the city's |
| **$41.4 M** in assessed value | → | **4%** of the city's |

## LIVE

### FLAGSTAFF OVERVIEW

» **Flagstaff has approximately 76,000 residents.** The city's population has boomed during the 2000s, growing 43% between 2000 and 2019. A majority of this growth occurred prior to 2010.

» Flagstaff, and downtown in turn, has **a very young average resident** (median age is 28). This is the youngest amongst its peer cities. This is due to NAU's presence, an elevation of 7,000 ft., and an array of recreational amenities that attract more younger and active residents than retirees compared to elsewhere in Arizona.

» With an enrollment of 22,000, **nearly a third of Flagstaff residents are NAU students**. While NAU's rapid growth over the last 15 years has contributed to population growth and housing market woes, there are signs that this has slowed – the undergraduate enrollment on the Flagstaff campus decreased in 2019, the first time this has happened since 2005. *(2023 UPDATE NOTE: Enrollment has rebounded, to 23,000+ and 2023 saw the largest freshman class ever.)*

### DOWNTOWN

» **The Downtown Study Area has just over 1,000 residents**, representing 1.4% of Flagstaff's total population. (The Downtown study area is bound by Dale Avenue to the north, Elden Street to the east, Butler Avenue to the south, and Sitgreaves Street/Milton Road to the west.)

» Compared to citywide demographics, downtown has **smaller households on average, fewer families with children, a large proportion of male residents, and lower income and educational attainment levels**. More than 60% of downtown households earn less than $50,000 annually – presumably due in part to the presence of NAU students.

» It is important to make a **distinction between downtown's two natural districts** – the historic core and the Southside district, separated by the BNSF railroad that cuts through downtown. Southside is where nearly three-quarters of the Downtown Study Area's residents currently reside. It is an area with more renters, lower income and education levels on average, and a more diverse population than the historic core of downtown.

### FLAGSTAFF HOUSING MARKET

» **Housing is Flagstaff's strongest real estate sector**. Housing prices have risen to record highs and in turn, the city is now faced with an affordability crisis. In early 2020, Flagstaff's median home value was $388,000 and its median rent was $1,900.

» **Market dynamics contributing to the city's affordability woes include:**

- ***A constrained supply of developable land*** – Flagstaff is surrounded by protected forest lands.
- ***A lower density development pattern*** – Peer city research shows Flagstaff with the lowest housing density by far amongst peers.
- ***Demand exceeding supply of new build*** – Flagstaff's seen strong population growth (noted above), but construction is slow, piecemeal, and not able to keep pace.
- ***Rising construction cost***s – Construction has become much more expensive in the last decade, both in Flagstaff and nationally. Nationally, the chief driver of this has been increasing labor costs, while locally in Flagstaff, many remaining undeveloped lots are located on challenging terrain and steep grades that increases the cost of building.
- ***Lack of inventory available*** – There is very little turnover of inventory available for ownership, especially in starter-home price ranges. Flagstaff is a nearly unattainable market to buy into for households at or below the average income level.
- ***Second-home market*** – This is estimated to account for roughly a quarter of all of Flagstaff's housing stock.
- ***Short-term rental market*** – Flagstaff has the 14th most Airbnb rentals per capita in the country.
- ***An over-stressed rental market*** – Due to a lack of ownership opportunities and an increase in NAU enrollment over the last 15 years, there are more people who remain in the rental market that would typically have transitioned to homeownership.

*Downtown housing of varied scales and character*

### DOWNTOWN HOUSING MARKET

» **The above dynamics and strains on the market also apply to downtown's housing, by some metrics in a heightened sense.**

» **Downtown has roughly 500 units**, 72% are renter-occupied, and the housing stock is roughly split between detached and multifamily types. Inventory of houses in and adjacent to downtown that is for sale is usually low, and when properties do come on the market, they typically sell at a high price point – at or above citywide averages.

» The **downtown rental market is strong**, carrying a premium over citywide rents, and with a sub-2% vacancy rate. Average asking rents per unit are roughly $2,000.

**Global Trends Affecting Downtowns**

*Since 2007, P.U.M.A. has conducted research on trends impacting downtowns across the country. The boxes found throughout this chapter offer insights from the Global Trends research that are pertinent to Flagstaff.*

**HOUSING SECTOR**

Younger demographics will continue to fuel demand for downtown living. Affordability is more important than ever, as housing costs nationally, including in Flagstaff, have skyrocketed in the last several years. Younger generations predisposed to urban living were impacted by the pandemic's economic disruption, and many simply haven't built up equity to afford highly-priced housing with rising interest rates, and/or are burdened by high monthly rental rates that hinder spending in other sectors in the downtown economy such as dining and entertainment. The pandemic and remote-work environment have also shifted preferences for housing unit types. There is greater interest in larger one-plus bedroom units that have ample space for working from home. **Alternative ownership and rental types may need to emerge, including group living options, cooperatives, and live-work formats. Other real estate segments and/or outdated buildings that have become obsolete could offer housing conversion opportunities, such as office and hotels/motels – especially in communities experiencing a housing shortage like Flagstaff.**

» The **short-term rental market** has impacted downtown housing. Existing residential units have been converted to short-term rentals, and some new development that could have become housing for residents has been built solely for short-term rental units instead.

## STRENGTHS

» **Flagstaff's overall desirability** – People want to move to Flagstaff, for the variety of reasons stated earlier. People are also wanting to live downtown, which carries slight premiums over citywide housing.

» **Housing is a strong market for downtown moving forward.** There is high demand for more units citywide at all price points, but especially those at lower, more affordable levels. Downtown's housing is also likely to be attractive to varied users, including second-home owners looking for a "lock-and-leave" setup, NAU graduate students, as well as short-term rental units. **While downtown can't solve the city's affordability crisis, it can play an important role in diversifying the city's housing stock and adding new units to a strained market.**

» **Downtown's strongest age segment is 25-34 year olds** – the "young professional" and graduate student bracket that downtowns and walkable neighborhoods with plentiful amenities are well-positioned to attract. This is also at the core of who lives in Flagstaff – a city with the youngest median age (28) amongst its peer cities.

» **There are signs that NAU's contribution to Flagstaff's housing crisis may have peaked in the 2010s.** The university has built new on-campus housing in the last several years as well.

## VULNERABILITIES

» **A lack of inventory** – a citywide problem, not just a downtown one – that has dramatically driven up costs. Downtown's housing growth has lagged that of the city's over the last 20 years, during a time when downtowns have boomed as residential neighborhoods.

» **Housing prices that aren't attainable for households at or below median income levels**, including many of those that work in hospitality and service-based jobs that make up a large portion of downtown's employment base.

» **Downtown (and the city) is challenged when introducing density**. Flagstaff is by far the lowest density market amongst its peer cities. In the few occasions over recent years when downtown (or its surroundings) has introduced larger multifamily housing it has largely been absorbed by NAU students.

» **Shortage of Off-Street Parking Supply.** In some locations within Downtown, a shortage of off-street parking opportunities limits future residential options of scale.



# WORK

## FLAGSTAFF OVERVIEW

» **Tourism, education, and government are the foundations of the Flagstaff economy**, which is the county seat for Coconino County and the regional hub for northern Arizona.

» **Flagstaff's employment sector can be characterized as "top-heavy," as it heavily relies on its six largest employers** – NAU, Flagstaff Medical Center, W.L. Gore, the Flagstaff Unified School District, Coconino County, and City of Flagstaff. NAU is not only the city's largest employer, but an anchor of the local economy – with 20,000+ students supporting businesses around town, some of which work part-time as well, and a regular infusion of talent into the local economy through its graduates.

» Regarding talent, Flagstaff has the **best-educated workforce in Arizona**, with more than 45% of its residents holding a bachelor's degree or higher. More and more in today's economy, jobs and companies follow talent, and educational attainment has become one of the best predictors of economic success for communities.

» Outside of the handful of major employers noted above, Flagstaff's economy is predominately **tourism-driven**. The two industry sectors with the highest number of total jobs in the city are (1) retail and (2) accommodation and food service.

## DOWNTOWN

» There are approximately **4,800 employees in Downtown Flagstaff**, representing 11% of the city's workers.

» Compared to peer cities, downtown has **a below-average number of downtown workers**, and the lowest employment density by a significant margin. This illustrates the lack of major primary employers in downtown (outside of the County and City), but also an opportunity for downtown to evolve into a greater economic engine for the local economy.

» The downtown employment sector is **anchored by government, dining, and shopping.** Together, these industries account for approximately 60% of downtown's jobs. Given this, downtown has a relatively low percentage of knowledge-based jobs (22%; second lowest amongst its peer cities) – which includes industries that are predominately private sector-based, fast-growing, well-paying, and a magnet for talented workers. In short, these are the industries that drive economic growth in today's economy.

» Flagstaff's two largest employers – **NAU and the Flagstaff Medical Center** – each bookend downtown to the south and north, respectively – but sit outside the study area boundaries. There is the possibly that FMC will relocate in the future, and Downtown should monitor this decision and engage in any potential redevelopment process (depending on the outcome).

**Global Trends Affecting Downtowns:**
**OFFICE SECTOR**

The nature of work was already methodically changing before the pandemic completely disrupted it. The pandemic accelerated the need to rethink the office real estate market that is often the centerpiece of downtowns. Knowledge-based workers continue to seek flexible work arrangements. Hybrid work, remote work, and the erosion of the five-day work week are all here to stay, but that doesn't mean the traditional office space is going away entirely. However, as much as a quarter of traditional office space that exists today may never be used in the same way again. Office buildings will need to invest in new amenities, convert to alternative uses, or be demolished and replaced. Some, but not all, may be appropriate for residential conversion. Flagstaff is significantly less impacted by this disruption compared to traditional CBD, office-centric downtowns. This sector is largely untapped in downtown Flagstaff, and there isn't an abundance of conventional office space that many other downtowns are currently struggling to keep leased and occupied.

## OFFICE MARKET

» **The commercial office sector is a relatively untapped sector in downtown.** A majority of downtown's workforce is in non-office-based jobs, and furthermore, a majority of the employment that is office-based is made up of County and City workers.

» **Downtown has approximately 329,000 square feet of commercial office space and a vacancy rate of roughly 1%.** Available space is nearly non-existent (an ideal vacancy rate is roughly 10%), and doesn't allow for much movement in the market or the ability to house new office tenants in available space. Anecdotally, there have been businesses in search of office space in Flagstaff that would have liked to locate downtown, but weren't able to find the right space.

## STRENGTHS

» **A location bookended by the city's two largest employers** – NAU to the south, and the Flagstaff Medical Center to the north.

» **A strong government sector**, with both a City and County presence. These sectors offer quality jobs and are typically steadier across different economic times, with less vulnerability during downturns. The courts, in particular, also help maintain legal-related services in downtown that attract professional jobs and create demand for commercial office space.

» **A talented and well-educated citywide workforce from which to pull.** Flagstaff is Arizona's best-educated workforce, and NAU is regularly churning out new graduates looking for quality jobs.

## VULNERABILITIES

» **Little primary employment,** and little employment in knowledge-based sectors with high growth potential.

» **Nearly no commercial office space available for new or expanding businesses to locate in downtown**. Downtown's office vacancy rate is roughly 1%, meaning it can't capitalize when prospective tenants want to locate downtown.

» Downtown (and the city as a whole, for that matter) is **heavily dependent on the retail and dining sectors**. Purely from an employment perspective, these sectors are highly dependent on the visitor market, vulnerable to economic conditions, and generally do not offer jobs that pay enough for Flagstaff's housing market.

» **In some locations downtown, limited parking supply** impacts the ability to attract new employers.

# SHOP & DINE

## FLAGSTAFF OVERVIEW

» **The retail, food and beverage sector is Flagstaff's largest industry** in terms of employment. Together these industries employ over 12,000 workers, at approximately 750 businesses throughout the city.

» This sector is **bolstered by the tourism economy**, and the 5 million people that visit Flagstaff annually.

» Countywide, both retail and restaurant/bar sectors have experienced **strong sales growth over the last decade**. Between 2010 and 2019, restaurant/bar gross sales grew 79% and retail gross sales grew 55%. Growth was particularly strong from 2013-16 in both sectors.

## DOWNTOWN

» Downtown's storefront economy is critical to its success, driving foot traffic, attracting visitors, and helping maintain vibrancy throughout the day and into the night. In total, there are **223 street level businesses** in the Downtown Study Area.

» Downtown has a strong mix of street level businesses and services, in large part bolstered by the strength of Flagstaff's tourism economy. Downtown's storefront economy is **driven by dining and shopping**. There are 81 eating and drinking establishments in downtown, including restaurants, bars, cafes, coffee shops, and

**Global Trends Affecting Downtowns:**
**RETAIL SECTOR**

Retail has always been one of the most disruptive and fastest evolving real estate sectors, something that was only accelerated by the pandemic. COVID-19 euthanized outdated retail formats that were already declining, including some outdated malls, department stores, and several legacy brands. While there was a bump in online sales during the height of the pandemic, the preference for physical stores remains, and e-commerce continues to only represent a slice of overall retail spending. Furthermore, strong post-pandemic "revenge" spending trends continue, especially in visitor-driven markets like Flagstaff. Downtowns are well-positioned to take advantage. Local independents and experiential retail once again distinguish downtowns. Opportunity for community-driven retail is a growing niche, with a newfound desire to connect with neighbors, demonstrate social impact and influence change amongst retail businesses and entrepreneurs – especially from younger demographics. Downtown Flagstaff has been driven by experiential retail and local independents; however, it has been reliant on the visitor market. There is an opportunity to reconnect with the local community (supported even further by new residential development), and possibly diversify small business ownership in downtown.

breweries. This accounts for more than a third of all of downtown's storefronts. There are 54 retail establishments in downtown, accounting for one-fourth of downtown's storefronts.

» Other strong categories include beauty and personal care (17 establishments), banks and financial services (7 establishments), and fitness (7 establishments).

» Based on a May 2020 count, **87% of downtown's storefront businesses are local independents**, which is what makes downtown unique and part of the attraction.

## RETAIL MARKET

» The retail market (which includes food and beverage space) is **the centerpiece of Downtown Flagstaff's real estate portfolio**. There is over 370,000 square feet of space in downtown, the most privately held square footage amongst the three primary real estate sectors (housing and commercial office).

» Downtown had a **retail vacancy rate (pre-COVID) of approximately 5%**, higher than citywide rates, but still within a healthy range (less than 10%).

» **Downtown retail space rents at a premium compared to citywide averages.** The average rate in downtown is approximately $20 per square foot. Anecdotally, downtown rates vary widely, from $12 per square foot for under-market leases, into the mid-$30s per square foot on the high end.

## STRENGTHS

» **Downtown's storefront economy punches above its weight.** This is in large part due to the impact (and spending power) of the tourism economy, discussed in more detail in the following section.

» **Local independent businesses dominate the downtown scene.** This offers distinct character and sense of place, amongst downtowns nationally that have lost some of their local vibe in recent years.

» **A strong food and beverage market** – Nationally, food and beverage has been expanding while retail has remained stagnant or even contracted in some downtown markets. Downtown Flagstaff is consistent with these trends, and food and beverage has become the sector's anchor.



## VULNERABILITIES

» **Downtown's retail sector primarily serves tourists, not the local community.** There is an overall struggle to get locals to come downtown, and the shopping, eating and drinking scene is a part of this equation.

» Tied to the above, despite all its storefront businesses, **downtown still lacks some critical retail elements that would help serve residents' daily needs**, namely groceries and drugstores, and make Downtown a more appealing place to live.

» A consideration to the overall health of downtown's storefront economy is **having adequate and convenient parking supply for patrons**. Downtown is already short on options for customer parking, further challenging retail and dining establishments.

# VISIT & STAY

## FLAGSTAFF OVERVIEW

» **Tourism is Flagstaff's top industry.** The city sees over 5 million visitors annually, and the industry supports over 8,000 local employees. Furthermore, non-city residents provide an estimated 50% of the city's sales tax revenues.

» **Flagstaff has grown into a nearly four-season destination.** Visitors are attracted to Flagstaff because of its setting, climate, natural beauty and surrounding amenities, and as a gateway to the Grand Canyon and Sedona. It sits at an elevation of 7,000 ft., making Flagstaff a summer respite for those in the greater Phoenix area. In the winter, it serves as Arizona's playground with over 100" of snowfall annually, surrounded by the largest contiguous Ponderosa pine forest in the world and the San Francisco Peaks.

» The **overall portrait of a visitor** to Flagstaff is one that is high-income, often a repeat visitor, and most likely from neighboring states or the Phoenix area, arriving by car. The average overnight length-of-stay in Flagstaff is 3 days.

» The **Grand Canyon** is the central attraction for those visiting Flagstaff. Other core attractions also exist though, and include Route 66 nostalgia and the Lowell Observatory. Annual visitors to the Grand Canyon (roughly 6 million) increased every year between 2014 and 2018, before dipping in 2019.

» **The arts and culture sector is another important piece of the Flagstaff economy and visitor market**, supporting approximately 3,000 jobs locally. According to a recent visitor survey conducted by the City and NAU, nearly half of Flagstaff's visitors indicated that museums and observatories were important to their visit. Major art and cultural venues include the Museum of Northern Arizona and Coconino Center for the Arts (both north of Downtown), the Pepsi Amphitheater (several miles south of downtown), and several performance venues on NAU's campus adjacent to downtown.

**Global Trends Affecting Downtowns:**
**VISITOR MARKET**

The pandemic forced outside-the-box thinking, a result of which was the creative use of outdoor spaces to expand dining and retail options and to provide healthy places for people to gather. Many pandemic-era outdoor innovations should become permanent. Downtowns should advance new parks and gathering spaces that offer a break from hardscapes. The greening of downtowns creates a more attractive living and working environment, plus offers the benefit of moderating urban heat islands. Thinking outside the box shouldn't just be a last resort, but part of the downtown ethos moving forward. Downtown programming and events are also evolving. Many downtowns are augmenting large festivals with frequent, smaller-scale, community-oriented programming that showcases local music, arts, and culture. Celebrating and inviting a community's creative DNA into downtown can provide a multitude of benefits, from engaging local talent to curating unique experiences and activating storefronts and public spaces.

» The **Lowell Observatory** – located on Mars Hill which overlooks downtown – is the centerpiece of Flagstaff's lunar legacy. Lowell's telescopes, open deck observatories, and numerous exhibits have engaged the public through interactive learning experiences. In addition to hands-on discovery and guided tours, the observatory hosts summer camps, research programs, lectures, and special events throughout the year.

## DOWNTOWN

» Downtown is home to **six private art galleries, the Orpheum Theater, and the Doris Harper-White Community Playhouse, home to Theatrikos**.

» Downtown hosts **a variety of events** annually that attract both locals and visitors. A majority of these take place at Heritage Square, downtown's "living room" and central public plaza. These include the Summer Concert Series, Movies on the Square, Halloween Harvest, amongst others. Downtown also offers a full holiday calendar, with regular themed events and promotions throughout December.

» There are several city-funded **public artworks** throughout downtown, including Among Trees at the Municipal Courthouse, Touch Home Reach Sky at the library, murals, and vinyl-wrap art on utility boxes, amongst others

» While not located within downtown, **several major cultural destinations are located within close proximity** including the Lowell Observatory and several performing arts venues on the NAU campus.

## LODGING MARKET

» **Flagstaff has a large concentration of hotels** – more rooms per capita than Las Vegas. Several clusters of these are within close proximity to downtown, but outside the district.

» **Downtown has five hotels, one B&B, and one hostel.** The Residence Inn by Marriott is downtown's newest hotel, and largest by far with 110 rooms. All the rest have 51 or fewer rooms. In total, downtown has fewer than 300 hotel rooms, and therefore the sub-market is too small to get industry metrics for, such as daily and occupancy rates. If citywide metrics are any indication, then downtown's hotels likely have high above-average occupancies but lower average daily rates.

» Downtown lodging market is also **increasingly impacted by the short-term rental market** which has seen explosive growth in Flagstaff over the last six years. Flagstaff has the 14th most Airbnb listings per capita in the country.

## STRENGTHS

» **There is a real depth to the tourism experience in Flagstaff and northern Arizona.** Downtown doesn't need to be the main attraction, and is working from a position of strength thanks to the region's assets – but should strive to play a more integral role in this market. Its lodging, restaurants, retail, and art and cultural destinations are central to this mission.

» **Downtown's proximity to the Lowell Observatory & Mars Hill is a real asset to build upon.** Already a destination, Lowell is underway with a capital improvement and expansion plan that will allow it to serve 250,000 visitors per year, up from 100,000 currently.

» **A strong short-term rental market** – A supplement to downtown's hotel/motel market, attracting visitors likely to spend money at downtown's businesses. Indicators point to this as a healthy, growing sector throughout Flagstaff. Most of the short-term rentals are single-family homes, with high rates (nearly $200 per night on average), and strong occupancy rates (59% on average).

## VULNERABILITIES

» **Downtown is more about what's around it, than what's in it.** The Lowell Observatory, the city's two largest art museums, and the region's main performance arts hall are all located outside of downtown. This is unusual amongst downtowns nationally which are often homes to major cultural destination and the center of the city's art community.

» **A competitive regional lodging market.** Downtown hotels compete with the city's number of other lodging options, larger corporate brands located closer to highways, roadside hotels/motels that offer budget options for those traveling by car to the Grand Canyon and on Historic Route 66, and lastly, with an increasing number of short-term rental options.

» **A strong short-term rental market** – While these rental units play an important role in housing a portion of the visitor market, they can also erode the hotel visitor base and reduce the permanent housing stock in an already-strained residential market.

# PEER CITIES

Peer cities and their downtowns are used as comparisons throughout the Market Assessment. Peer cities include Bellingham, WA; Bend, OR; Boulder, CO; Corvallis, OR; Fort Collins, CO; and Missoula, MT.

These were selected based on their prevalence in recently-completed City of Flagstaff reports and studies. P.U.M.A. then selected peer communities for this study that are located in the Western U.S., have a similar-sized city, downtown, and university, and have a strong tourism-based economy. On the whole, these peer cities share many of the same market dynamics that exist in Flagstaff today.

| CITY | POPULATION | UNIVERSITY | ENROLLMENT | TOURISM/REC. DRAW | DOWNTOWN SIZE |
|---|---|---|---|---|---|
| **Flagstaff, AZ** | **75,653** | **Northern Arizona University** | **22,390** | **Grand Canyon National Park, Coconino National Forest** | **0.28 sq. mi.** |
| **Bellingham, WA** | 91,219 | Western Washington University | 16,142 | San Juan Islands; Mt. Baker | 0.29 sq. mi. |
| **Bend, OR** | 94,911 | Central Oregon Community College; OSU-Cascades | 16,814 | Cascade Mountains, Deschutes River | 0.18 sq. mi. |
| **Boulder, CO** | 108,179 | University of Colorado | 33,246 | Colorado Rocky Mountains | 0.22 sq. mi. |
| **Corvallis, OR** | 58,977 | Oregon State University | 24,290 | Cascade Mountains, Willamette Valley wine region | 0.20 sq. mi. |
| **Fort Collins, CO** | 168,623 | Colorado State University | 28,600 | Colorado Rocky Mountains | 0.49 sq. mi. |
| **Missoula, MT** | 75,034 | University of Montana | 10,962 | Glacier National Park; Lolo & Flathead National Forests | 0.30 sq. mi. |

*Note: Along with the full market assessment, the data points in the table above were collected in 2020. These peer city comparisons should continue to be utilized to provide context for downtown Flagstaff's evolution, and numbers should be updated as needed moving forward by FDBA.*

# 3 COMMUNITY ENGAGEMENT

- The Community's Top Priorities
- Committees and Stakeholders
- Community Survey

# THE COMMUNITY'S TOP PRIORITIES

As part of the Flagstaff Vision and Action Plan planning process, the FDBA, City of Flagstaff, and the P.U.M.A. team undertook a significant community engagement effort during the COVID-19 pandemic. This section summarizes the main activities and outcomes of that process.

The list below is a compilation of the feedback from all community and stakeholder engagement efforts. Understanding community priorities can help the City of Flagstaff align their efforts and select actions that fit both the community-wide values and the City's capacity. These themes and priorities form the basis for the Downtown Vision and Action Plan and the subsequent opportunities described and illustrated in the following chapter. The common themes and highest rated priorities for improving Downtown Flagstaff are outlined below:

## VIBRANT AND LIVABLE

» Recognize the Southside BIPOC community

» Provide more day-to-day retail for residents (i.e. grocery, pharmacy, hardware, medical/dental, etc.)

» Attract a variety of new housing types and price points (particularly for families and working class), including affordable, market rate, senior, for sale, townhomes, and condominiums

» Encourage retail to expand their hours of operation to improve evening vibrancy

» Strengthen Flagstaff's storefront economy, including strategies to support and attract retail, restaurants, and other active uses to better attract residents.

» Guide downtown's emergence from pandemic closures, preserving local businesses, avoiding long-term closures, and supporting a return to economic vitality.

» Nurture and cultivate local arts and culture as foundational to downtown including visual arts, performing arts, and live music.

## CONNECTIONS

» Walkable – improve key streets for pedestrians and transit users

» Enhance pedestrian and bicycle connections to NAU and surrounding neighborhoods

» Improve pedestrian crossings of Route 66

» Explore innovative ways to activate alleys and other underutilized spaces as well as existing open space.

» Implement the Downtown Mile Project to improve multimodal safety and connections for people traveling in and around downtown.

## MAINTAIN HISTORIC CHARACTER

» Preserve historic buildings while sensitively developing new buildings

» Embrace sustainability as a core value in how downtown is managed, improved and developed.

» Create a clear path through regulatory processes to accommodate the types of development and public realm enhancement envisioned in the plan.

## EMPLOYMENT

» Create and promote new jobs and innovation

» Identify economic linkages to support primary job growth, including strong ties to NAU and other large area employers while increasing opportunities for small businesses and entrepreneurs.

» Build upon and embrace the Lowell Observatory and Flagstaff's long astronomical history

## WELCOMING, INCLUSIVE, AND ACCESSIBLE TO ALL

» Develop a public space improvement and activation strategy that engages locals and visitors and celebrates the creativity and culture of Flagstaff, including Native/Indigenous traditions.

» Improve the cleanliness, safety, and the perception of safety in downtown

## PARKING

» Address parking management and supply, including new parking facilities for employees and visitors throughout downtown

» Work with County and City to provide parking for employees and visitors

» Work with transit for employees and strengthening use of ecoPASS program

» Increase efforts to grow bike and walking amenities downtown

# COMMITTEES AND STAKEHOLDERS

The Flagstaff Downtown Business Alliance assembled two committees and working groups to oversee the project that met with the consultant team numerous times virtually and during the August site visit to Flagstaff. In addition, they met regularly on their own throughout the project.

## PROJECT MANAGEMENT TEAM (PMT)

The PMT was comprised of the four project funding partners: Flagstaff Downtown Business Alliance (FDBA), City of Flagstaff, Coconino County, and Mountain Line.

## COMMUNITY ADVISORY COMMITTEE (CAC)

The CAC was comprised of a range of 23 stakeholders to serve as public representation that ensures findings and direction of the Downtown Vision and Action Plan are meeting the needs of the downtown community and the Flagstaff community at large. This group included professionals in the following fields: City and County staff, design, real estate/development, small business owners, NAU, Chamber of Commerce, restauranteurs, and hospitality.  This committee met several times on-line during the project process, and their vision was consistent with the other stakeholder groups and the community at large.

## STAKEHOLDER AND FOCUS GROUP MEETINGS/INTERVIEWS

In addition to several meetings with the PMT and CAC, P.U.M.A. held numerous on-line stakeholder and focus group interviews/discussions between March – August 2020. More than 100 stakeholders participated, representing the following downtown groups:

- Elected officials
- Business owners
- Developers/Builders
- Commercial and residential real estate brokers
- Historical Resources Commission
- Norther Arizona University
- Gore
- City and County Staff
- Residents
- Southside residents and stakeholders

## FLAGSTAFF DOWNTOWN BUSINESS ALLIANCE BOARD (FDBA)

The P.U.M.A. team met frequently on-line with the FDBA as well as in-person during the August site visit. The FDBA board assisted in prioritizing the emerging downtown vision and strategies for this plan.

## WORKING GROUPS

Working Group meetings with approximately 30 participants were held in August and September 2020. Group topics included: 1) Economic Vitality, 2) Downtown Experience, 3) Urban Design & Built Environment. The highest rated improvements of each of the groups are listed below.

**Economic Vitality** (including office, retail, education, residential, hospitality, medical, and other sectors)

- Identify economic linkages to support primary job growth, including strong ties to NAU and other large area employers
- Retain existing restaurants
- Provide a variety of housing types and price points throughout downtown
- Educate city leadership to adapt to the post COVID growth that Flagstaff will face

**Urban Design & Built Environment** (including zoning, land use, historic preservation, and public space activation)

- Provide a clear path to adaptive reuse while preserving historic character
- Alley activation – accessibility for pedestrians while still accommodating deliveries
- Pedestrian wayfinding and interpretation (i.e. identify destinations)
- Resident activation, housing, daily needs for residents (grocery, medical/pharmacy, hardware, etc.)
- Welcoming to all
- Keep downtown clean – sidewalks, parking area, etc.
- Parking supply and management

**Downtown Experience** (including marketing, branding, events, arts and culture, safety and social services)

- Fill storefronts (retail, restaurants, etc.)
- Boost November to March visitation through creative marketing, activities
- Improve marketing and information to locals regarding arts & culture
- Boost Events, particularly related to science and art
- Build a parking public parking structure(s) as part of a PPP/shared structure with other on site uses

# COMMUNITY ONLINE SURVEY

As part of the Downtown Vision and Action Plan, an online survey was available August-September 2020 to collect broad stakeholder and community input about their experience and desires for Downtown Flagstaff as well as priorities and improvements to over the next 5 to 10 years. A total of **1,239 responses** were recorded. The following presents the survey's key findings and results.

Since the survey ran during the COVID-19 pandemic, several questions were integrated to account for this crisis.

**Demographics**: Survey respondents represented a strong cross-section of Flagstaff residents. Respondents were particularly well-distributed by age and income brackets. 75% of respondents identified as Caucasian, while 65% were female. Most respondents (72%) were residents of the greater Flagstaff region, living outside of Downtown.

## THE PANDEMIC IMPACT

A majority of survey respondents (59%) indicated that they were in Downtown Flagstaff at least once a week prior to the pandemic. By a large margin, "restaurants and bars" most often brought respondents to Downtown prior to the pandemic (83% of respondents). "Shopping" (46%) and "events and festivals" (43%) were also popular answer choices.

Overall, more than half of respondents indicated that they will be either cautious/hesitant or not comfortable visiting Downtown for various services/activities while COVID remains a threat. Stores, outdoor festivals and events, and work have the best outlook, while respondents expect to be most cautious with bars and nightlife venues.

## SETTING A VISION FOR DOWNTOWN BEYOND RECOVERY

The five most common words used to describe respondents' vision for Downtown Flagstaff in the year 2030 were **local, friendly, vibrant, parking,** and **fun**. The word cloud represents the words respondents most frequently used to describe their vision.

A majority of respondents rated the following five actions as "very important" for achieving their vision for Downtown Flagstaff:

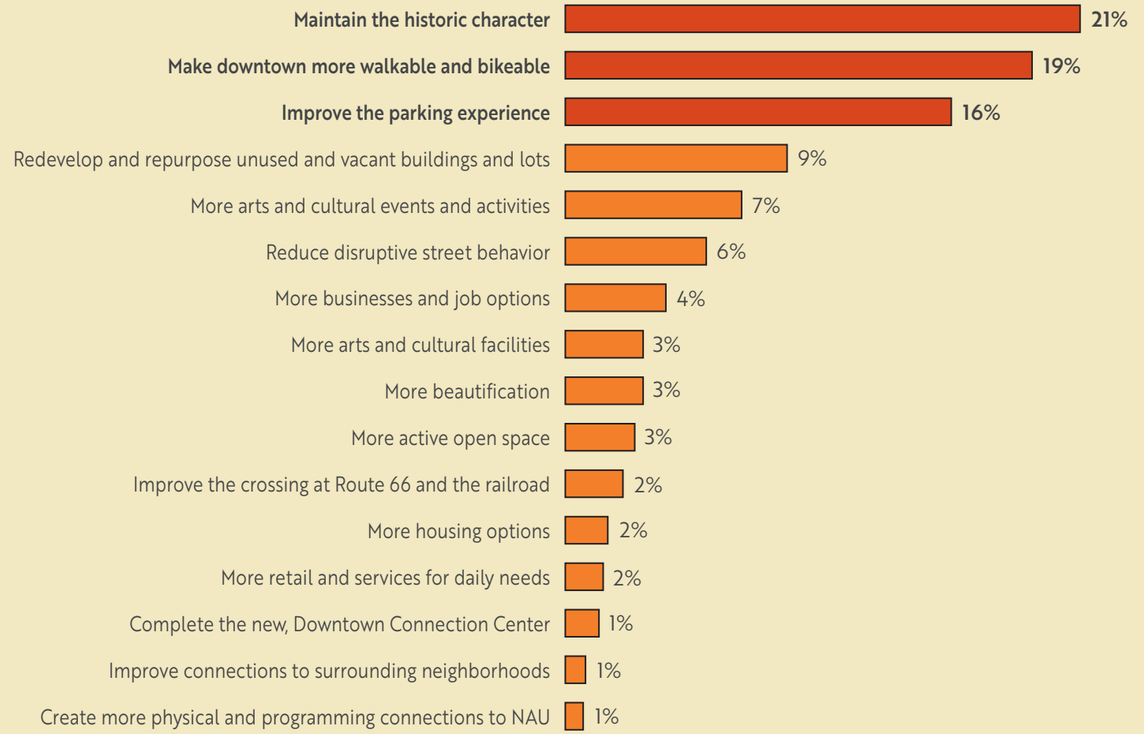
1. **Maintain the historic character** (77%) – *the top choice by a significant margin*
2. **Make Downtown more walkable and bikeable** (59%)
3. Redevelop and repurpose unused and vacant buildings and lots (57%)
4. More beautification (public art, alleyway enhancements, etc.) (54%)
5. Improve the parking experience (53%)

When asked to choose the one action from the list of 16 that will be most important to achieve their vision for Downtown, a clear top three stood out significantly from the rest, as the following graph shows:

#1 Maintain the Historic Character

#2 Make downtown more walkable and bikeable

#3 Improve the parking experience




Respondents were also given the chance to provide additional ideas for improvements to Downtown Flagstaff in an open-ended format. The most common themes amongst these answers both related to how outdoor spaces are utilized:

- **More outdoor uses and activation** – outdoor seating, outdoor dining, patios, gardens, more trees, and additional places to congregate
- **Desire for making pandemic-related changes permanent or seasonal** – keep street closures, sidewalk dining, and parklets in place, at least during summer months; widen sidewalks; permanent pedestrian-only street (mostly in reference to Aspen and Leroux)

When asked what type of housing is most appealing if they were to consider living Downtown, the most popular answer was **single-family unit** (28%). There were also a significant number of respondents who would never consider living Downtown (27%). There is generally more desire for ownership units over rental units.

**Improved sidewalks and bike routes** (46%) are the most desired amenity that respondents feel will make Downtown a more attractive neighborhood to live in. Other popular selections include additional parking (40%), full-service grocery store (35%), more art and cultural options (34%), and parks and playgrounds (33%).

# 4

# VISION & ACTION PLAN


» Vision
» Catalytic Projects
» Economic Vitality
» Downtown Experience & Urban Design
» Mobility Framework


# VISION

All of the community input from the committees, working groups, stakeholder meetings, public open houses, and the online survey was collected and synthesized into the community's vision for Downtown Flagstaff. Each of the six vision elements below is interwoven into each section of the Downtown Vision & Action Plan.

## VIBRANT

Downtown Flagstaff should continue to expand on its entertainment, events, and multicultural offerings. It should become a more regional artistic and cultural hub and a national destination for a range of creative and social offerings. Culture is essential to downtown's sustainability and should be incorporated throughout downtown. Active social spaces, unique events and experiences, creative businesses, and state-of-the-art cultural assets should enrich the lives of residents, the economic health of the downtown area and the experiences of visitors.

## WALKABLE & CONNECTED

Downtown Flagstaff should continue to be a place that is easy for people of all ages to move around whether by foot or mobility device, bicycle, transit, or car. Downtown Flagstaff should be connected to destinations with and across downtown as well as to the adjacent neighborhoods. Convenient parking options should exist so patrons, employees and residents can park once, and walk to their destination.

## HISTORIC & ADAPTABLE

Downtown Flagstaff should embrace its rich heritage of design by preserving existing historic structures and creating new buildings/additions of architectural merit.

## PROSPEROUS

Downtown should be a diverse employment center where retail, finance, technology, government and services thrive. Downtown should be a center for creativity featuring a wide variety of local retail shops, high-quality dining and entertainment options, and a strong local business community. Additional amenities should be provided to meet the daily needs of current and future downtown residents. A broad range of housing types should be available to meet the needs of diverse age groups, lifestyles, and incomes as well.

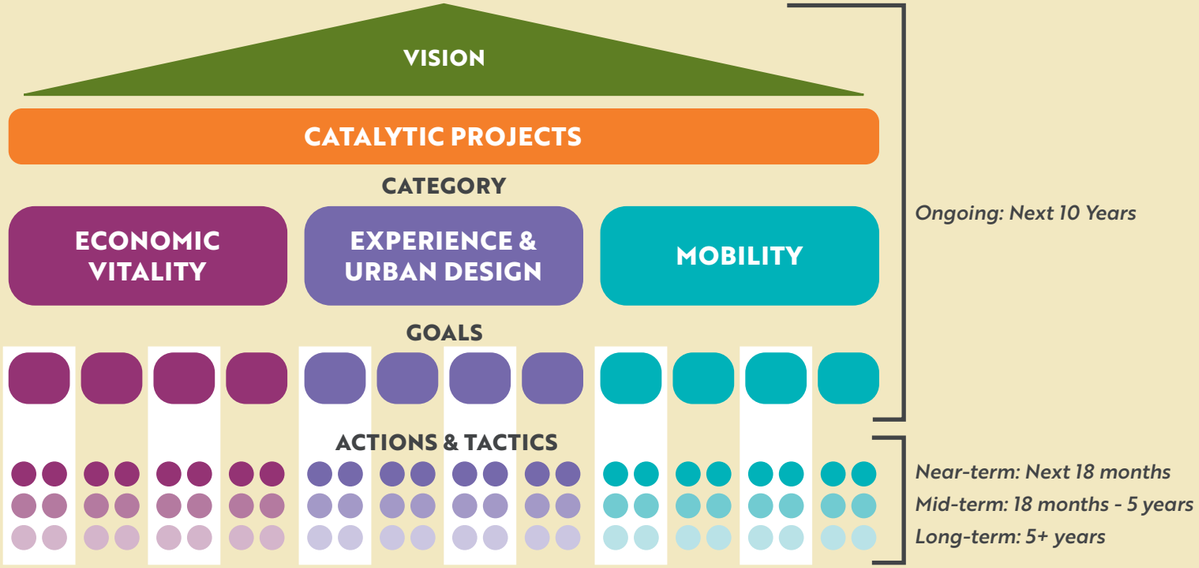
## WELCOMING & INCLUSIVE

Flagstaff should celebrate its diversity of cultures, particularly its indigenous roots. It should build upon the strengths of diversity to create a place the is welcoming to everyone.

## ACCESSIBLE TO ALL

Downtown Flagstaff should be an inclusive, welcoming place for people of all ages and backgrounds to use and enjoy.

The **Action Plan** is constructed as follows. The plan identifies catalytic projects as well as immediate, short- and mid-term actions for downtown physical improvements and policies, to guide the FDBA and City of Flagstaff, the development community, and downtown stakeholders for the next ten-year investment cycle. **Catalytic projects** are discussed first. Second, goals and actions are divided into three main categories – **economic vitality**, **experience and urban design**, and **mobility**. For actions and tactics within each of these categories, timelines and responsible parties are identified to aid in implementation.




# CATALYTIC PROJECTS

A catalytic project is one that has the potential to have lasting positive impacts on downtown and encourage improvements around them. Most of downtown property is owned by private entities and improvements are dependent on multiple factors, such as one's willingness and financial means to redevelop, access to capital, partnerships, existing leases, and more. However, there is publicly owned land downtown as well – some parcels are owned by the City of Flagstaff or Coconino County, and streets, sidewalks, and parks may also offer catalytic opportunities. Based on an assessment of downtown land, property ownership, property conditions, surrounding economic activity, and interviews with downtown citizens and stakeholders, a list of catalytic projects was developed. This list, along with ideas and recommendations, should serve as preliminary guidance to get conversations started and hopefully generate excitement about possibilities for the future.

### REDEVELOPMENT & PARKING CATALYSTS:

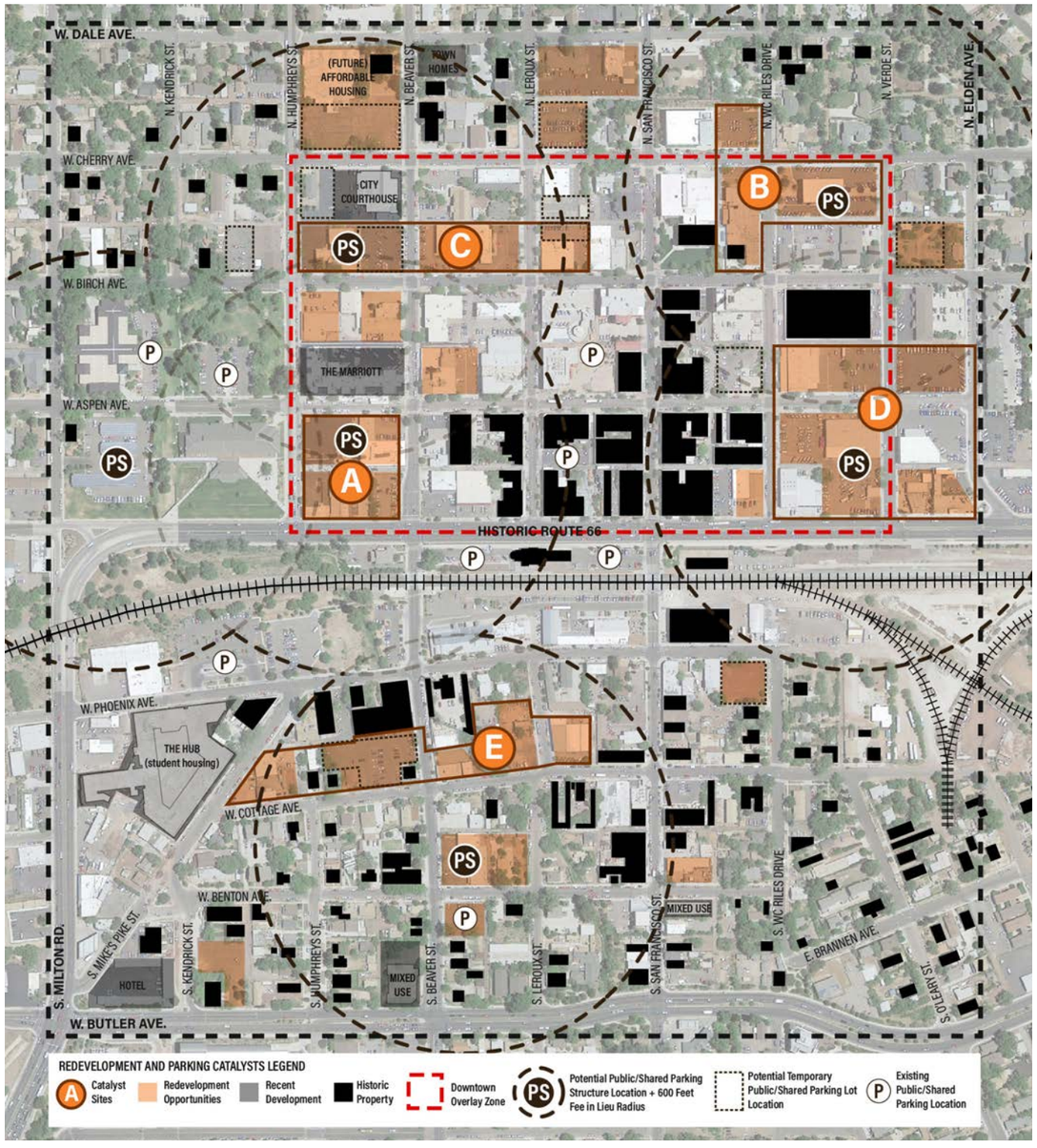
**A - Old City Courthouse**
**B - Coconino County Properties**
**C - Birch Avenue Infill**
**D - Eastside Gateway**
**E - Cottage Avenue Infill**

### PLACEMAKING CATALYSTS:

**A - Downtown Connection Center**
**B - Leroux Festival Street**
**C - Heritage Square Activation**
**D - Alley Activation**
**E - Streetscapes, Gateways, Connectivity & Wayfinding**

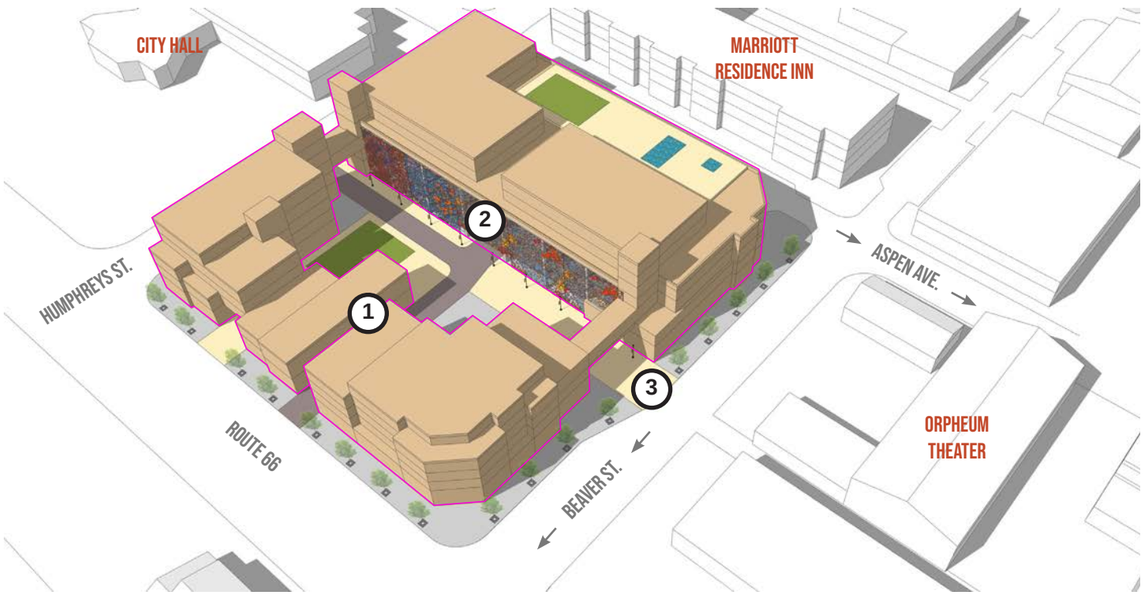


# REDEVELOPMENT & PARKING CATALYSTS

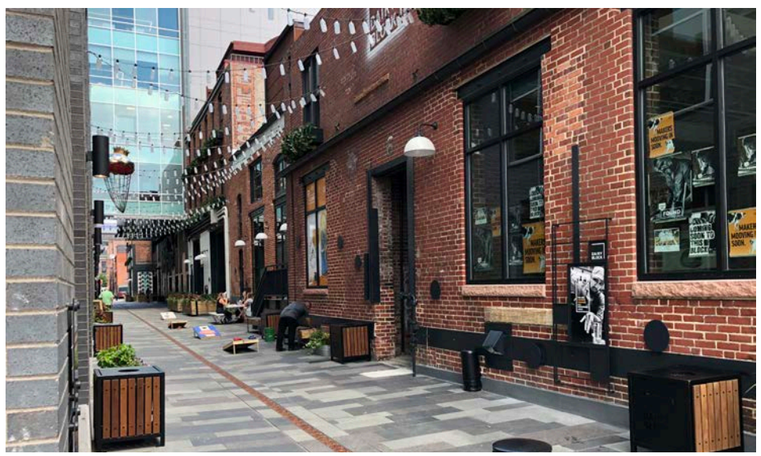



The following pages illustrate the potential for five redevelopment catalysts in downtown. These are for illustrative purposes only - they are not actual development proposals. These catalysts encourage the city to work with a developer(s) to provide public parking in conjunction with other uses that serve the Downtown Vision. Potential public/private parking structure locations are identified but not all are necessary as project are developed. Refer to page 83 Mobility Framework for more detail on parking recommendations.

# A - OLD CITY COURTHOUSE




**This concept shows the entire block redeveloping into a mixed use gateway to downtown. This catalyst project envisions a public-private partnership to redevelop into a mixed use block with a public parking component. The program is to be determined, but any project on this site should give back to the community with public parking and public space. This location would also be ideal to contribute downtown housing and a small grocery/market.**

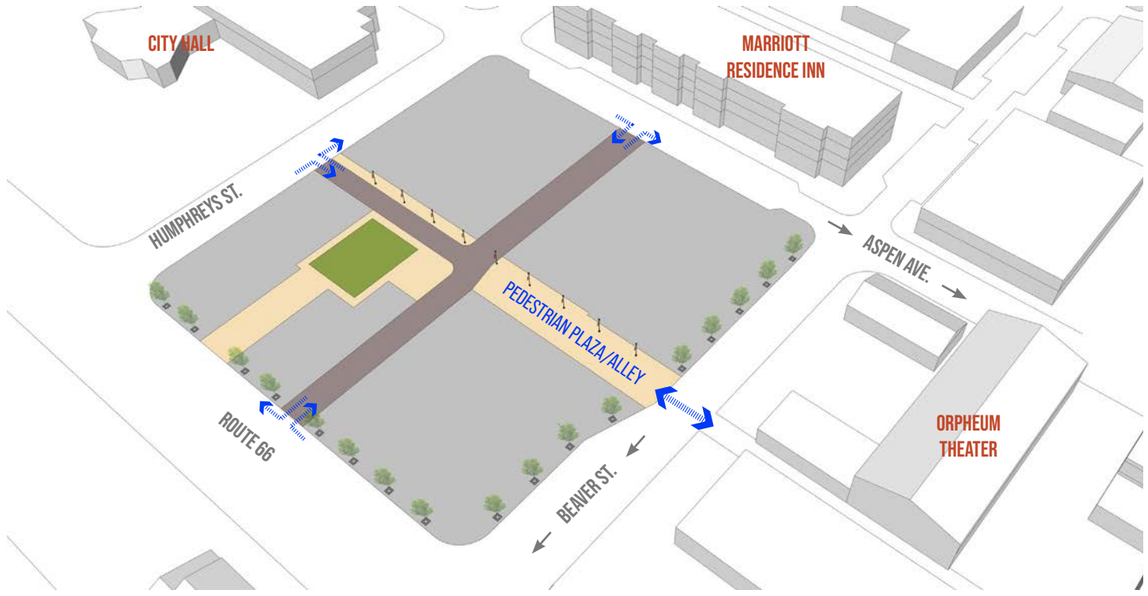


*The Dairy Block in Denver, CO is a public amenity with art, games, lighting, and seating areas. A boutique hotel and lobby bar is one use that activates the space.*

1. City should issue Request for Proposals for development on this block. Scenario shown would include the entire block redeveloping at once. This scenario shows three primary structures with massing broken up to fit into the context of downtown. Uses should include residential units and ground floor retail. Office and hotel uses may also be appropriate. A small corner market to support downtown residents is also desired.

2. Any future development proposal should include some amount of public parking (exact number to be negotiated) to serve downtown businesses.

3. Maintaining alleys is desired. This scenario shows a wide pedestrian-only alley and plaza for a half block at Beaver Street that would be activated with adjacent uses and connected across Beaver to the downtown core alleys. The parking structure could include a thru-drive passage to enhance connectivity and options for entering and exiting to avoid congestion (see next page.)

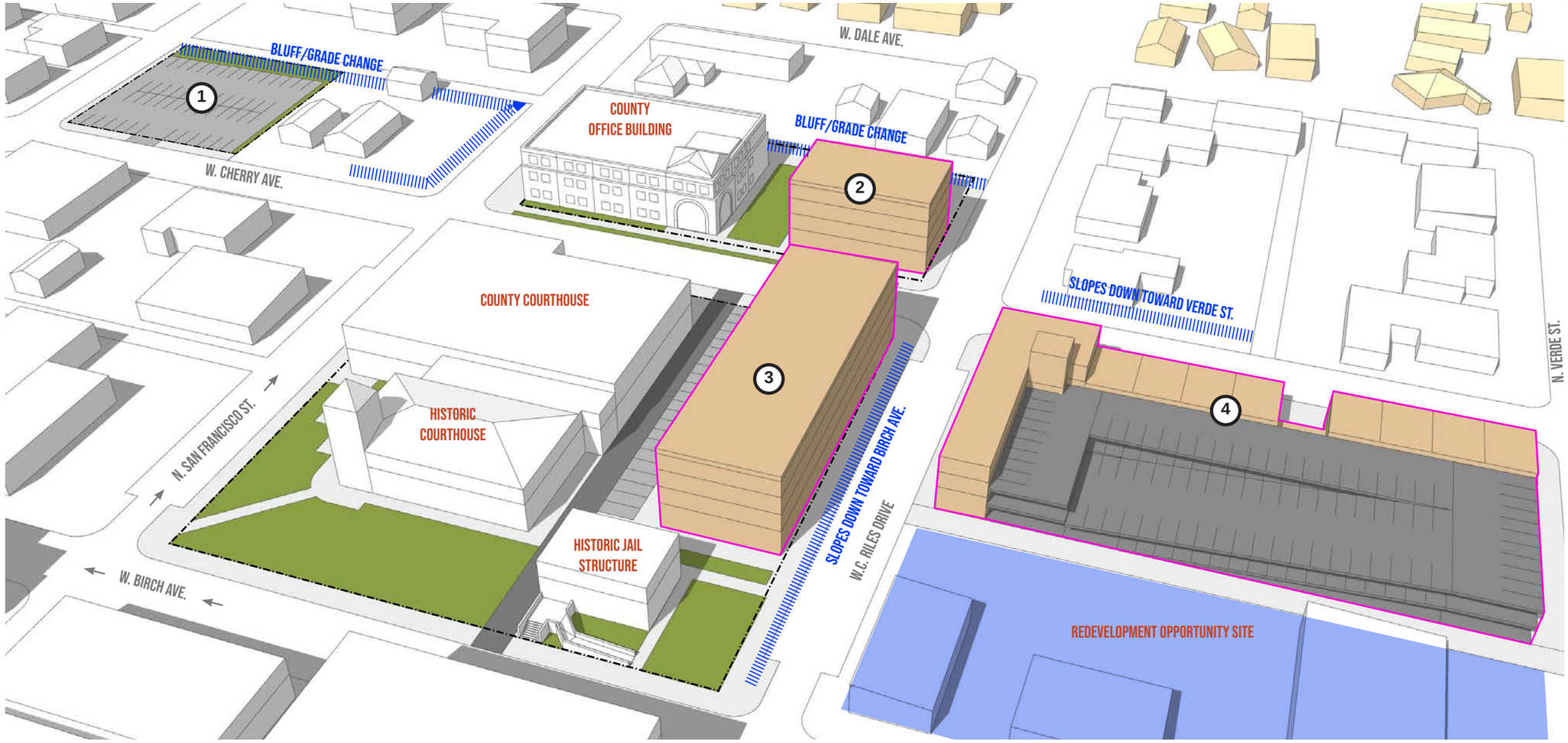



**The diagram above shows how site circulation to parking could work. All entries/exits would be right in, right out due to Aspen being a one-way street and Route 66 and Humphreys being busy streets. This concept envisions a pedestrian-only alley for a half-block at Beaver Street with a safe mid-block pedestrian crossing to allow pedestrians a safe and interesting walk that connects to the downtown core and activated alleys.**

*A pedestrian alley in Rapid City, SD that is similar to the concept shown, with parking structure on one side (with flat floors and high ceilings for future adaptive reuse) and businesses activating the other side. Ample pedestrian-scaled lighting, flowers, and other amenities keep the space looking nice and feeling safe.*

*Parking areas should be screened from public view. When facing a public street, design the edges with active building uses, when feasible, or design to look like a building with similar bay rhythm and materiality. When facing an alley, use creative screening techniques, such as mesh, screens, green walls, or design to look like a building.*

# B - COCONINO COUNTY PROPERTIES




1. Maintain surface parking lot at Cherry and Leroux. Use for county offices during the daytime and for public parking on nights and weekends.
   - **50 parking spaces**
   - **Future infill development**

2. Infill parking lot at the corner of W.C. Riles Dr. and Cherry with potential mixed use building. This could hold county or private offices. Transition to neighborhood.
   - **Approximately 20,000 SF building shown (4-stories)**
   - **Some surface parking behind building.**
   - **Central "lawn" aligns with alley to south**

3. Replace the old county jail along W.C. Riles Dr. with a new office building to accomodate county office/justice space with potential for mixed use.
   - **Approximately 52,000 SF building shown (4-stories)**
   - **Maintain alley and provide secured off-street parking for judges behind building.**
   - **Maintain/restore historic structure at W.C. Riles Dr. and Birch.**

4. Redevelop half-block of existing county office building into a shared parking structure wrapped with townhomes and/or apartments.
   - **8 townhomes shown facing Cherry Street.**
   - **10 apartments with ground floor retail/restaurant uses facing W.C. Riles Dr.**
   - **Approximately 280-space shared parking structure.**

**This concept shows the how Coconino County properties in downtown could redevelop overtime to serve the Downtown Vision. This illustration envisions demolishing the old jail and office building at W.C. Riles Dr. and Cherry Ave. and potentially redeveloping into a mixed use "node" with a shared public/county parking component. A potential new mixed use office building finishes out the new county administrative lot and the existing surface parking lot at Cherry and Leroux remains.**

*The historic county courthouse is an iconic structure in downtown. Future development should respond to and respect the integrity of this structure.*

*Public/private parking structure wrapped with office and apartments in Boulder, CO*

*Four-story mixed use office and residential building in Missoula, MT*

*Civic open space in Englewood, CO*

# C - BIRCH AVENUE INFILL

**This concept shows how the two banks at Birch and Beaver, with large surface parking lots, could redevelop into residential units to serve downtown housing needs. This is also an ideal location for a parking structure to serve downtown, as it is adjacent to the new city courthouse, Theatrikos Theatre Co., and has great access from Humphreys and Beaver Streets.**

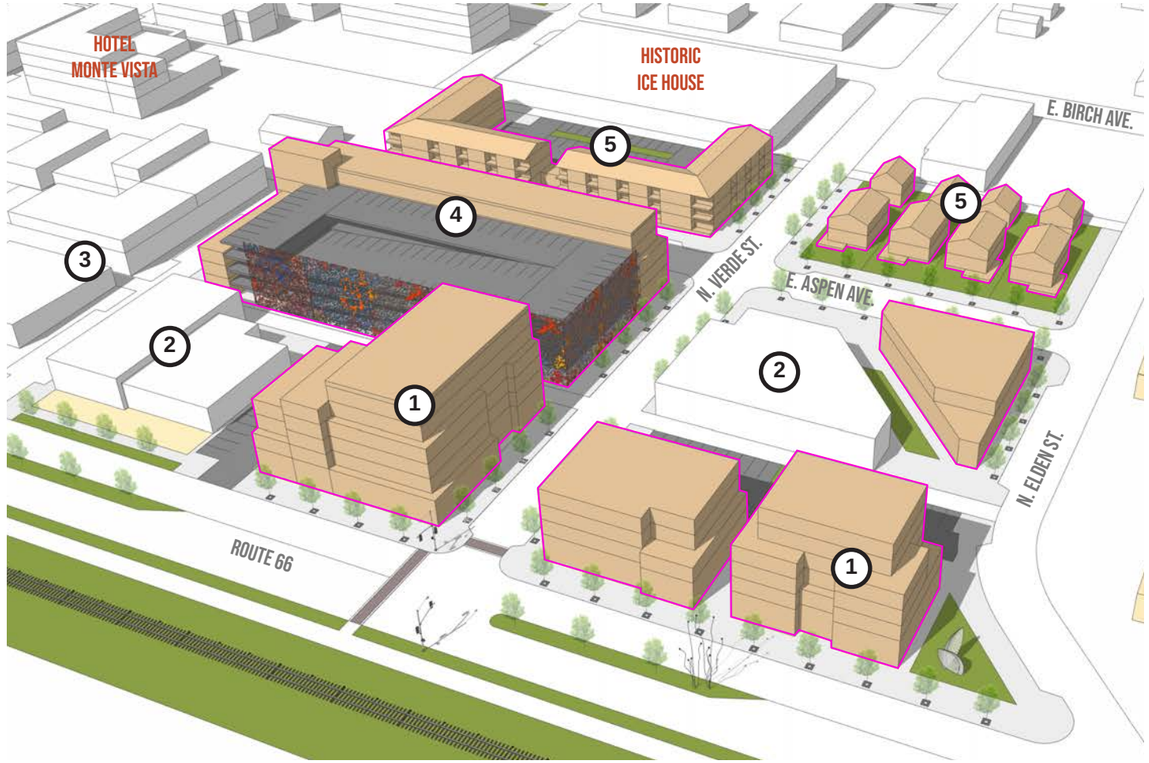
*Add to downtown's housing supply with diverse unit types that serve a variety of incomes and that include context-sensitive architecture and shared open spaces. (photo: Issaquah Highlands, WA)*

*Two to four story residential buildings that are surface parked, or able to share parking in a nearby structure, would help provide affordable housing in downtown. (photo: online - Olympia, WA)*

1. Replace existing bank and surface parking lot with mixed income residential units with amenities that serve the downtown housing dweller, such as grilling areas, dog run, small plaza/lawn area(s), recreation and fitness room, etc.

2. Replace existing bank and surface parking lot with a half-block parking structure wrapped with apartments. The bank could relocate into the ground floor and parking could serve the new development, as well as provide some additional parking for public uses, like the new courthouse, Theatrikos, and downtown businesses and festivals.

# D - EASTSIDE GATEWAY




1. Create an iconic gateway into downtown from Route 66 with new, large-scale, mixed use buildings.

2. Reuse some existing buildings to maintain history and character.

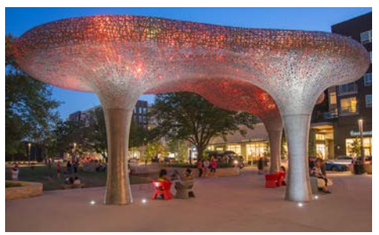
3. Proposed activated pedestrian alley would provide very brief and interesting walk to the core of downtown from parking structure.

4. Shared parking structure would provide public parking for downtown visitors and patrons, as well as serve parking demand for new development. Parking structure would be wrapped with active uses facing downtown.

5. A variety of denser housing types provide housing for downtown, as well as provide a transition to nearby neighborhoods and less intense uses. These could also be mixed use or live-work units.

*An eye-catching, mixed use building at the corner of Elden and Route 66 could serve as a gateway to downtown.*

*An active ground floor environment would provide a welcoming experience along Route 66.*



*A unique sculpture and plaza could be located at the intersection of Elden with Route 66 and serve as a gateway.*

# E - COTTAGE AVENUE INFILL

**The Southside Community Plan highlights Cottage Avenue as a "Southside Main Street" and calls for a mix of old and new, where some buildings are reused and repurposed and also where infill redevelopment of compatible scale and architectural style is appropriate. This plan builds on the Southside plan by envisioning Cottage Avenue as a catalyst opportunity for adding a variety of housing types and mix of uses around the existing eclectic fabric. This location is within walking distance of the Southside's many breweries and restaurants, as well as a short walk to the downtown core via Beaver, San Francisco, or (future connection) Leroux Streets. It is also strategically located in close proximity to Northern Arizona University campus.**

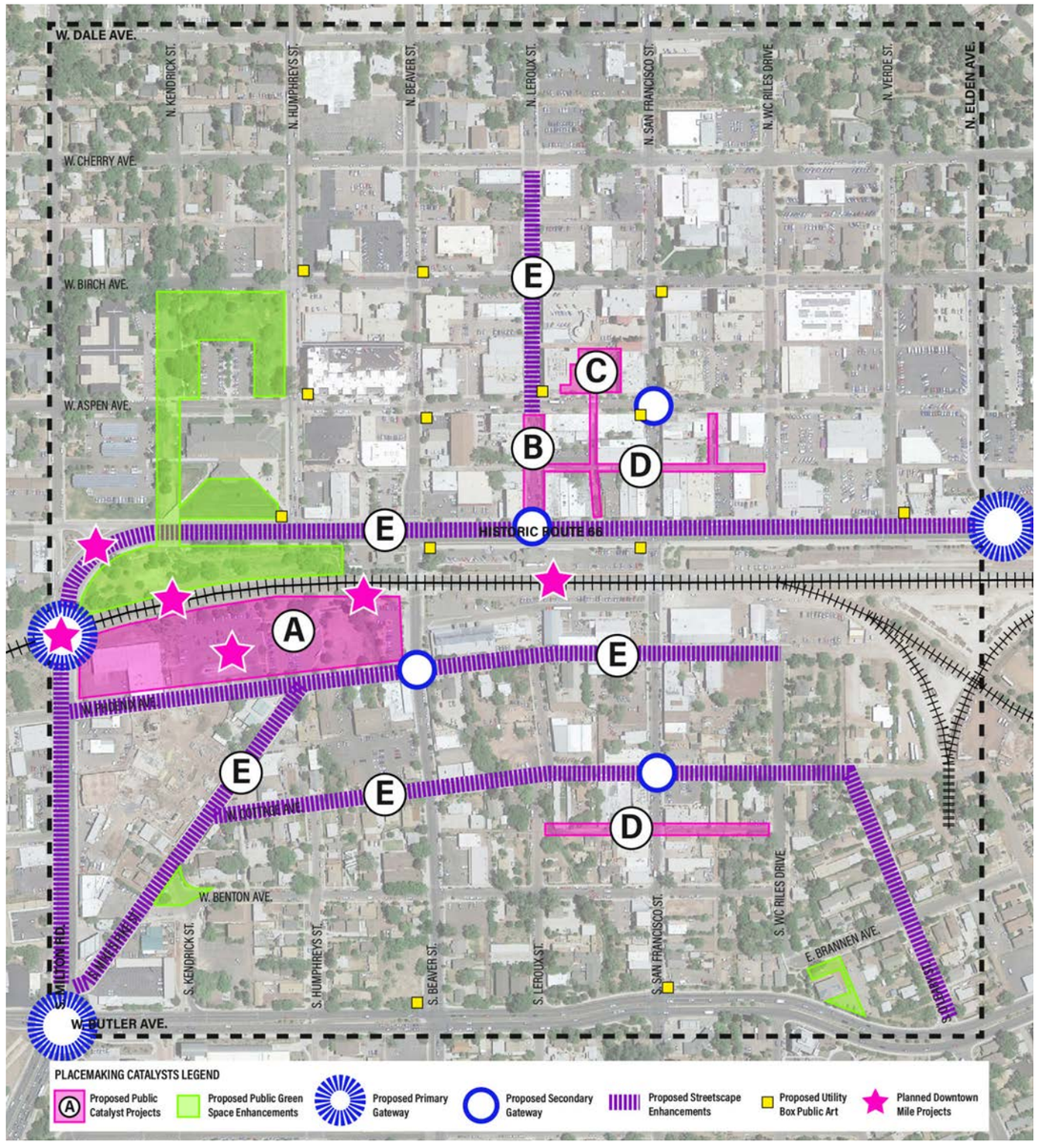
*Live-work lofts provide active uses on the sidewalk and full-time residents that live, work and shop in the neighborhood.*

*Architecturally, the Southside is very diverse. New infill can reflect and honor this diversity with unique materiality and forms.*

*A neighborhood-scale mixed use building could add vibrancy to Cottage Avenue with sidewalk cafes and full-time residents above.*

1. Live/work units or artist lofts could add full-time residents and jobs to the area. This illustration shows potential for 9 units that would have ground floor activation and living quarters above. They could be site-parked in courtyard.
2. A variety of "gentle density" housing forms, such as alley houses and cottage clusters, could be added along Cottage Avenue to fit the surrounding character while providing affordable housing options.
3. Maintain surface parking for Southside. Perhaps activate with a dedicated area for food trucks to park. Could also be used for festivals and events, if parking is provided elsewhere.
4. The Downtown Vision Plan highlights the intersections of Beaver and Phoenix and San Francisco and Cottage as "secondary gateways." These nodes include a mix of uses and serve as a destination as well as a decision point for passersby.
5. South Humphreys Street is listed as a proposed bike route in the Active Transportation Master Plan to connect NAU to the future Downtown Connection Center.
6. The Southside Community Plan highlights Cottage Avenue as a proposed bike boulevard street.
7. Beaver Street has an existing bike lane on the west side of the street.
8. Refer to the Southside Community Plan that shows potential for an infill mixed use project and parking facility.
9. The Rio de Flag cuts through the Southside Neighborhood. This could be one location where it could be activated with adjacent uses.
10. The Downtown Vision Plan highlights potential for alley activation and beautification on the Southside between Cottage and Benton where multiple businesses could use the space.

# PLACEMAKING CATALYSTS




**The following pages illustrate the potential for five placemaking catalysts in downtown. These are primarily public projects that could spur private redevelopment. They include short-term, "quick wins" as well as longer-term, more visionary items.**

# A - DOWNTOWN CONNECTION CENTER

**Mountain Line's Downtown Connection Center (DCC) is currently under construction and will include a new administration building with restrooms and ticket operations, bus bays, public parking structure, and a plaza. Alongside the DCC redevelopment is the "Downtown Mile" project which includes a series of multi-modal improvements to better connect to the DCC and the larger community including:**

- **BNSF Rail Realignment**
- **Florence-Walnut Pedestrian Underpass**
- **Milton Roadway Improvements**
- **Milton Avenue Bridge Reconstruction and Underpass**
- **Flagstaff Urban Trail System (FUTS) Underpass**
- **BNSF/Rio de Flag Drainage Crossing; and**
- **Amtrack Platform Improvements**

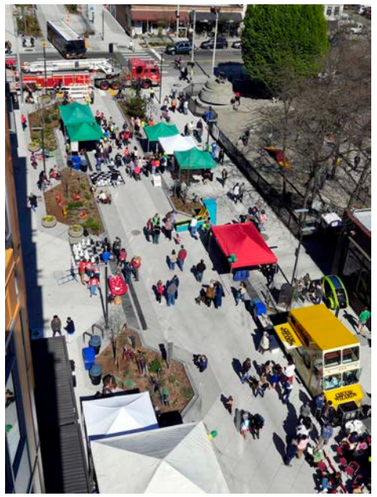
*Transit center bicycle connection to regional trail system in Fort Collins, CO*

*A public plaza space will provide much needed open space on the Southside. Rapid City, SD*

# B - LEROUX FESTIVAL STREET

**Leroux Festival Street is a long-term concept for redesigning one block of Leroux Street from Aspen Avenue to Route 66 as a flexible "festival street." This concept envisions a curb-less street that expands pedestrian space adjacent to businesses and provides a narrow roadway that can accommodate thru travel and parking. During special events or seasons, the street can easily be closed to vehicular traffic, providing additional space for pedestrians. This would be ideal for events like The Great Pinecone Drop. The concept includes a new pedestrian crosswalk across Route 66 to the Visitor's Center. This concept could be phased over-time with temporary improvements.**

1. Curb-less/raised street and intersection with stamped concrete vs. brick
2. Stormwater planters take runoff from the street and naturally filter it in planters before entering storm pipes.
3. Alley access is maintained
4. Pedestrian amenities and placemaking features such as: bike racks, benches, lighting, banners, flower pots, and more provide for a pleasant shopping and dining experience.
5. On-street parking is provided on one side of the street.
6. A narrower roadway provides wider sidewalks adjacent to the businesses for cafe seating, sidewalk sales, and other activation.



*Bell Street in Seattle, WA includes similar design features and is shown above during a festival where vehicular travel is restricted.*

**Feedback from stakeholder and community engagement concluded that Route 66 can feel like a barrier and deter people from crossing between the downtown core and the Southside. Adding a safe, pedestrian-activated signal at the intersection of Leroux and Route 66 would provide an additional, safer crossing location. This concept removes the left turn lane at Leroux to shorten the crossing distance and gain additional space to provide ramps and stairs down to the Visitor's Center main entrance.**

*Fillmore Plaza in Denver, CO - shown above with cars and below during a festival - includes similar design features, including a safe pedestrian crossing of a major street at the terminus.*

# C - HERITAGE SQUARE ACTIVATION

**Temporary modifications should be made to Heritage Square to better activate it in the short-term, such as: additional seating and shade, games to play (ping pong, giant chess board, or board game rentals), and more landscaping and flowers.**

**In the mid-term, Heritage Square should be updated to better suit the needs for downtown in the next 20-30 years. Consider the following: add a play area for children, more seating options, better visibility from Aspen and integrated connections to alleys, space for and ability to add temporary activation uses such as buskers or carts to sell food and goods. Structural capacity for near and mid-term improvements should be assessed to ensure that no negative impacts will occur to the parking structure under the plaza.**

*Continue to activate Heritage Square with music and entertainment events.*

*Temporary shade and seating areas should be made permanent as well as the addition of movable planters*

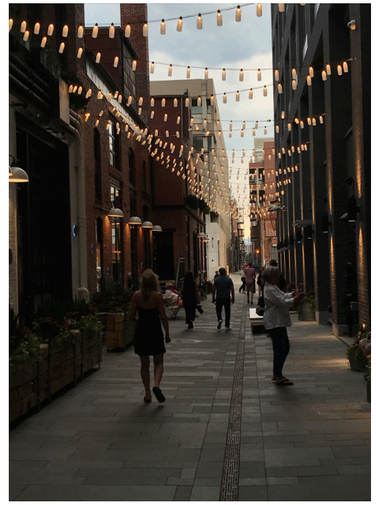
*Movable outdoor games to activate public space in Denver, CO*

*Temporary public art installations can activate public space. Pasadena, CA*



# D - ALLEY ACTIVATION

*Enhanced alley with pedestrian access while still accommodating deliveries Longmont, CO*



*A highly enhanced alley with outdoor dining in Denver, CO*

**A Downtown Alley Activation Master Plan and Program should be created that considers the following:**

1. **Build on the BAS programming and grant opportunities for flowers, murals, and art wraps.**
2. **Redesign and construct improvements to Aspen Alley, as planned in the capital project funding for fiscal year 2025.**
3. **Focus generally on the blocks between Route 66 and Birch Avenue.**
4. **Encourage private property owners and businesses adjacent to alleys to improve and activate them by adding landscaping, outdoor dining, and public art/murals.**
5. **Generally, east-west alleys should be designated flexible use alleys, allowing for deliveries and services. Co-locate shared downtown trash dumpsters and compactors and work with a single trash operator on a downtown alley pick up schedule.**
6. **North-south alleys may have potential to be converted completely to improved pedestrian pathways.**

*A highly enhanced alley with pedestrian lighting and planter in Ft. Collins, CO*

*Alley outdoor seating and planters in Pasadena, CA*

*Aspen Alley should be the first alley to receive permanent improvements*

# E - STREETSCAPES, GATEWAYS, CONNECTIVITY, & WAYFINDING

**Enhance the downtown experience by implementing gateway features and wayfinding signage to create a sense of arrival in downtown and provide direction for visitors. Wayfinding signage should also include directional signage for bicyclists and pedestrians using the FUTS regional trail network.**

**Work to enhance streetscapes downtown by replacing sidewalks, adding pedestrian-scale lighting (fully shielded Amber) in high use areas, and increasing the urban tree canopy. The city should continue to study the best solution for tree species and growth in an urban condition and create best practices streetscape standards for downtown.**

*Improved crosswalks, wayfinding signage, and plantings enhance the downtown experience. Denver, CO*

*Gateway features and wayfinding signage can also be a forms of public art. Denver, CO*

*Enhance sidewalks and replace broken tree grates for a consistent streetscape. Boulder, CO*

*Additional planters and hanging flowers should be implemented throughout downtown. Lakewood, CO*

# ECONOMIC VITALITY

## GOAL

Downtown is one of the key engines of the Flagstaff economy. It is the historic center of the city's tourism and retail activity, offering an array of dining, shopping, and arts and cultural attractions. Located mid-way between Northern Arizona University and the Flagstaff Medical Center, downtown has roughly 5,000 employees and is positioned to grow primary jobs that help diversify the regional economy. Additionally, with approximately 1,000 residents, there is opportunity for downtown to grow its residential base and play an important role in offering new and varied housing types in a market that is experiencing very high demand. This plan aims to:

A. **Guide downtown's economic future**

B. **Bring more jobs into downtown**

C. **Cultivate local arts and culture as foundational to downtown**

D. **Bolster downtown's storefront economy**

E. **Create a larger, and more diverse, residential base in downtown**

## WHY IT'S IMPORTANT

Flagstaff has the natural beauty, amenities, and lifestyle appeal that is expected to keep it in high demand. In a town of this size, with some development constraints that are out of its control, downtown can play an impactful role in how the community deals with these pressures and high demand. Downtown needs to provide a wider mix of diverse housing types at scales other parts of the community are not equipped to. While critical, growth is not just needed in the residential realm. **Downtown should be *the* economic engine for the Flagstaff region. The most vital downtowns in the country, large and small, are employment, cultural, and entertainment centers for their communities.** Downtown Flagstaff's entertainment, dining and shopping scene is its current strength, but this sector will need dedicated support as we recover from an unprecedented pandemic crisis that continues to erode the retail sector. There is room for improvement when it comes to both employment options and cultural offerings, in order to become a more complete downtown for residents and visitors alike.

# STRATEGIES & ACTION ITEMS

*Timeline: Ongoing, Near: 0-18 months; Mid: 18 months - 5 years; Long: 5+ years*

## GOAL A: Guide downtown's economic future

*Before taking on more ambitious goals, this plan first and foremost aims to guide downtown's continued evolution following the disruption and change of the last three years.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Maintain a user-friendly, up-to-date online inventory that offers information on downtown's open businesses to help inform and attract visitors. Work with partners, like Discover Flagstaff, the City's Economic Vitality team, and the County's Economic Development team to help promote information to visitors and residents. | Near | FDBA |
| 2 | Fill vacant and/or closed storefronts with temporary exhibits, art installations, and pop-ups. | Near | FDBA, City (Economic Vitality, Beautification, Arts & Sciences) |
| 3 | Track data on downtown activity – monitoring pedestrian counts, automobile counts, and parking utilization – to understand how people are utilizing downtown. | Near | FDBA, ParkFlag |
| 4 | Take care of the public realm in downtown to help support downtown businesses – through enhanced cleaning standards, added seating and pedestrian spaces, and beautification efforts (such as banners, flowers, greenery, and temporary lighting). | Near | FDBA, City (Public Works), PROSE |
| 5 | Help funnel any economic recovery grant funds that are made available to downtown businesses in need. | Near | FDBA |
| 6 | Maintain an up-to-date inventory of vacant real estate in downtown that can quickly serve as a resource for prospective tenants. | Near | FDBA, City (Economic Vitality) |
| 7 | Educate property and business owners on the development review and permitting process. | Near | City (Planning & Development Services) |

## GOAL B: Bring more jobs into downtown

*As the Market Assessment pointed out, downtown has fewer than 5,000 employees, which is below-average compared to its peer cities throughout the country. Furthermore, many of downtown's jobs are in government and the hospitality sector. Attracting and cultivating more quality full-time, private-sector jobs is a key opportunity area for Downtown Flagstaff. Downtown should be viewed as one of the city's employment hubs, not just as a visitor attraction and entertainment destination.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Work with major regional employers to identify new opportunities for establishing a presence in downtown. | Mid | FDBA, ECoNA, City (Economic Vitality), County |
| 2 | Encourage better economic linkages between NAU and downtown. Identify appropriate NAU programming/ innovations that can be located in downtown, occupy office space, and help spur new jobs. | Mid | FDBA, NAU |
| 3 | Create a comprehensive business retention and attraction strategy for downtown that aligns with citywide/regional economic development strategies of the City and Chamber. Identify target sectors that downtown can play a central role in helping attract to the region. | Near | FDBA, ECoNA, City (Economic Vitality), Chamber |
| 4 | Grow downtown's small-scale manufacturing and maker economy. | Mid | FDBA |
| 5 | Encourage mixed-use – in new and existing buildings – with adaptable ground floor spaces that can accommodate a range of tenant types. Identify appropriate locations for ground floor office or small-scale manufacturing use (i.e., non-retail). This will require modifications to the zoning and land uses and may require building code changes. | Near | City (Community Development), FDBA |
| 6 | Encourage new flexible and non-traditional office formats, such as coworking, incubators, accelerators, and makerspaces. (Of note, Flagstaff already has an accelerator and incubator with lab and maker space – but like many other things – it is located north of downtown.) This may require updates to zoning and land uses. | Mid | FDBA |
| 7 | Develop a strategy for publicly-owned property to serve downtown economic development goals and add new workspace capacity. | Near | City (Economic Vitality), County, FDBA |
| 8 | Maintain an inventory of all available office space throughout downtown. Use the inventory to better market existing downtown spaces and to identify and fill gaps in the office space environment/continuum. | Near | FDBA, City (Economic Vitality) |

## GOAL C: Cultivate local arts and culture as foundational to downtown

*Downtown has an opportunity to build upon Flagstaff's unique heritage and history, and its strength as a tourism magnet. While the Grand Canyon will always be the market's keystone, there are several art and cultural anchors located within close proximity to downtown. This plan aims to strengthen those connections, while also helping downtown make more of a name for itself as an arts and cultural destination in the area. A large part of this is creating the right places for the artists and cultural professionals, themselves.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Continue to incorporate art wherever possible throughout downtown, including permanent and temporary installations. | Near | FDBA, City (Beautification, Arts & Sciences) |
| 2 | Allow and encourage street performers/buskers to activate and enliven the public realm. This may require modifications to zoning code and licensing. | Near | FDBA |
| 3 | Retain and expand arts, cultural, and entertainment venues in downtown. | Mid | FDBA, FAC, City (Economic Vitality) |
| 4 | Bring more of Flagstaff's major annual and one-time events to downtown. | Mid | FDBA, City (Parks & Recreation) |
| 5 | Curate and promote events and programming that showcase Northern Arizona's Native American heritage and have multi-cultural appeal. | Mid | FDBA, FAC |
| 6 | Maximize the potential of downtown's main public space for events, Heritage Square. | Mid | FDBA, City (Parks & Recreation) |
| 7 | Identify other public spaces – including streets and alleyways – that can help downtown host a wider range of events, large and small. | Near | FDBA |
| 8 | Create buildings and spaces that are affordable to artists and creative professionals. | Mid | FDBA |
| 9 | Offer vacant storefronts in the short-term, at low/no costs to local artists as studio and gallery space (model in Boulder, see next page). | Near | FDBA |
| 10 | Build physical and programmatic connectivity to Mars Hill and the Lowell Observatory and explore opportunities to build on the area's unique science and astronomy niche. | Mid | FDBA, Lowell, City (Economic Vitality) |
| 11 | Work with Creative Flagstaff to identify a new location for an expanded Coconino Center for the Arts in downtown, and growth of additional arts-related events and activities. | Mid | FDBA, FAC |



## GOAL D: Bolster downtown's storefront economy

*While the storefront economy has long been downtown's strength, there remains some area for improvement – there are several (some longstanding) vacancies in prime locations downtown, and stakeholders have also pointed out that too much of the storefront economy is directed to tourists and not enough towards locals.*

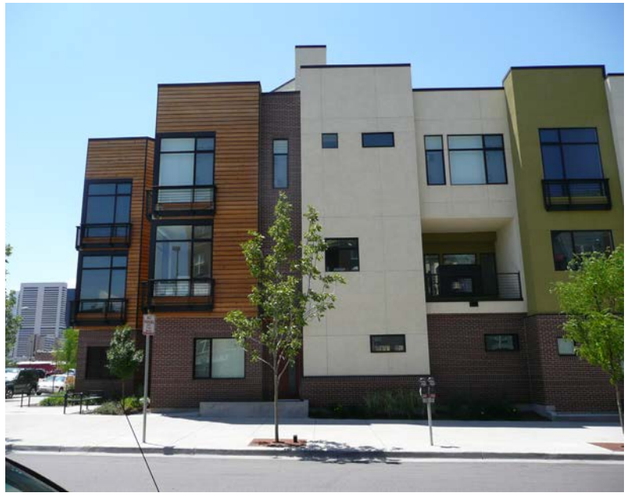
| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Be intentional and focused to promote downtown as the region's hub for locally-owned (and/or managed) and community-serving small businesses. Consider the following:<br>a. Provide a gentle density bonus in return for the community benefit of providing small, divisible, and affordable retail spaces. | Near | FDBA, City (Economic Vitality) |
| 2 | Encourage (and recruit as needed) businesses that diversify downtown's storefront mix and fill important gaps. | Mid | FDBA, City (Economic Vitality) |
| 3 | Target businesses that offer everyday goods and services to make downtown a more complete residential neighborhood. | Mid | FDBA, City (Economic Vitality) |
| 4 | Celebrate the region's diversity, and build a storefront mix that is culturally- and age-diverse. | Near | FDBA |
| 5 | Consider sub-dividing or shared spaces for underutilized large street level spaces. | Near | FDBA |
| 6 | Ensure downtown's parking supply increases and management is friendly to storefront businesses making it more convenient for people to patronize downtown. | Near | FDBA, ParkFlag |
| 7 | Maintain up-to-date information on downtown properties and businesses to understand gaps, identify businesses that are at risk, offer timely assistance, and help market available spaces for rent or sale. | Near | FDBA, City (Economic Vitality) |

**CASE STUDY:** The Downtown Boulder Partnership has partnered with a local arts non-profit to temporarily activate empty downtown storefronts. The spaces were primarily used as shared gallery space for local artists, but also as spaces where artists could work and host classes. The Partnership negotiated with property owners to get the spaces for low/no rent, acted as a master lessor, and helped promote the new, temporary use. The program has been considered a win-win-win for the property owners, the local arts community, and downtown as a whole.

# GOAL E: Create a larger, and more diverse, residential base in downtown

*Perhaps the largest area for impact, given the housing shortage and affordability crisis currently challenging the Flagstaff community, downtown can play a key role in offering new and varied housing options.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Encourage development of infill housing to achieve a mix of housing types at a range of price points, including higher density residential buildings and upper story residential uses. | Near | City (Community Development) |
| 2 | Amend zoning code to allow and encourage a diversity of housing types including apartments/condominiums, townhouses, du/tri/quadplexes, and ADUs. | Near | City (Planning & Development Services) |
| 3 | Encourage additional density by adjusting the allowable density and/or FAR in downtown zone districts or through increasing the density bonus percentages for downtown. | Mid | City (Planning & Development Services) |
| 4 | Develop a strategy for publicly-owned property to serve downtown economic development goals and add new housing capacity. Require an affordable component in any residential developments on disposed public property. | Near | City (Economic Vitality), County |
| 5 | Support the development of live-work spaces that help increase both downtown's residential and employment base. | Mid | City (Economic Vitality) |
| 6 | Invest in amenities and land uses that increase the desirability of downtown as a neighborhood to live in. | Mid | City (Economic Vitality) |



*Examples of a variety of mixed use and housing types from other communities*

*The images on this page illustrate examples of a variety of mixed use and housing types from other communities*

# DOWNTOWN EXPERIENCE & URBAN DESIGN

## GOAL

*Experience* is in the eye of the beholder, and Downtown Flagstaff has many audiences to appeal to: college students, tourists, downtown employees, retirees, and all other city residents. Downtown is known for its historic architecture and charm, but hip new restaurants and brewpubs have added to the vibrancy of downtown and tend to draw in a younger population. Most people come into downtown from somewhere else – nearby or outlying neighborhoods, the university, or other communities altogether. With new investment in transit, parking facilities and multimodal infrastructure, and a focus to provide more housing options downtown, it can prosper even more by creating a lively environment that is easily accessed by traditional visitors, but also serves downtown residents too! The next generation of the Downtown Flagstaff Experience seeks to:

A. **Preserve the historic character and charm of downtown.**

B. **Direct new growth responsibly and in a way that adds to the vibrancy of downtown.**

C. **Activate downtown in creative ways that attract locals as well as visitors.**

D. **Enhance the downtown experience by implementing gateway features, streetscape enhancements, signage and wayfinding, and public art to create a sense of arrival and direction.**

E. **Embrace sustainability as a core value in how downtown is managed, improved, and developed.**

## WHY IT'S IMPORTANT

Historic downtowns like Flagstaff demand vision, innovation, and flexibility. We must protect what people love while allowing it to evolve to serve everchanging times. The COVID-19 pandemic taught us a lot about the necessity to shift when met with unforeseen challenges. Perhaps just as challenging is figuring out how downtown Flagstaff can thrive and grow in a sustainable way – remaining a place that is equitable and affordable to all. This requires flexibility, trying new things and swiftly removing barriers that prevent necessary innovation. It also requires partnerships and open minds – city depatments and developers working collaboratively, with a process that works for everyone, toward a common goal (see above). Downtown Flagstaff is doing a lot of things right. The following strategies seek to bolster its success – to create a more vibrant, 24/7/365 environment - while balancing associated risks such as increased costs, affordability, and gentrification.

# STRATEGIES & ACTION ITEMS

*Timeline: Ongoing, Near: 0-18 months; Mid: 18 months - 5 years; Long: 5+ years*

## GOAL A: Preserve the historic character and charm of downtown

*Preserving the historic character of Downtown Flagstaff is the highest priority of the community members that participated in the outreach. The historic charm is what residents and visitors identify as downtown.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Create an educational brochure to educate property owners about existing benefits of restoring their properties such as Historic Facades and Signs Grant Program and state and federal tax incentives. Request funding in city budget for Historic Preservation Officer to create. | Near/mid/ ongoing | City (Beautification, Arts & Sciences, Heritage Preservation) |
| 2 | Utilize and educate property owners and contractors on the International Existing Building Code (IEBC) methods and standards within Flagstaff Historic Districts and Overlays to incentivize adaptive reuse of existing buildings whenever feasible. | Mid | City (Community Development, Heritage Preservation) |
| 3 | Provide incentives in zoning code for small-parcel redevelopment, such as parking measures tailored to lots below a certain size, to help replicate historic development patterns. | Mid | City (Planning & Development Services) |
| 4 | Update zoning south of the railroad to be consistent with recommendations in the Southside Community Plan. | Mid | City (Planning & Development Services) |
| 5 | Update the Design Handbook for downtown to be more up-to-date and user-friendly. Work with the Historic Preservation Officer, Heritage Commission and Planning and Development Services to prioritize this action. | Mid | City (Planning & Development Services + Heritage Preservation), FDBA |
| 6 | Ensure that all public improvements and private redevelopments take into consideration Flagstaff's International Dark Sky City status and adhere to current code standards. Prioritize modifying non-conforming lighting in the Downtown to meet current standards. Work with the City, Flagstaff Dark Skies Coalition, Lowell Observatory, and other applicable sources for input concerning the best dark sky lighting technologies and practices, and to seek out grants and other funding mechanisms. | Mid | FDBA, City (Engineering, Planning & Development Services) |



## GOAL B: Promote and direct new development responsibly and in a way that adds to the vibrancy and historic character of downtown

*Flagstaff will continue to grow therefore it should grow responsibly with compact mixed-use development where more people can live, work, support local businesses, and have walkable/rollable, bikeable, and sustainable lifestyle options.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Encourage infill development of underutilized (non-historic buildings past their useful life and/or buildings that are not contributing to downtown needs) and vacant properties. | Near | FDBA |
| 2 | Ensure that new development that occurs on City and County owned land benefits the community. Examples of community benefits include, but are not limited to: publicly accessible open space, public bicycle and vehicle parking, affordable housing, affordable retail space, a grocery store, and public programming (recreation, senior services, performing arts, etc.). While already underway, the DCC should lead by example here, incorporating numerous community benefits such as the examples above. | Near | City and County |
| 3 | Establish "public utility" parking facilities at strategic locations in downtown that may be used by private development to achieve desired urban forms and uses. Refer to parking recommendations for more detail. | Near | ParkFlag |

*Historic office building with 2 stories of new residential development above in San Diego, CA*

*Parking structure with ground floor retail and roof top solar panels in Lakewood, CO*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| **4** | Update the Downtown Design Handbook and zoning code's Architectural and Landscaping Standards to provide guidelines and standards for new development in downtown. Guidelines and standards should:<br>a. Avoid monolithic structures by including guidelines that consider the historic lot and building patterns.<br>b. Encourage variation in building mass and heights, including requiring taller buildings to step down in scale to historic buildings.<br>c. Ensure high quality design on all sides of a building.<br>d. Activate the ground floor of buildings with high-quality pedestrian-scaled design and active uses such as retail/ restaurant uses when feasible.<br>e. When residential uses are allowed on the ground floor, encourage greater setbacks to provide space for additional landscaping buffers and front stoops/porches/balconies to engage with the street. | Mid | City (Planning & Development Services) |
| **5** | Continue to work with property owners and the DBA on solutions to achieve goals of increasing density and housing options downtown while respecting the historic scale of existing buildings and context. | Mid | City (Planning & Development Services) |

*Examples of mixed use development in Boulder, CO*

*Enhanced alley in Longmont, CO (see Goal C, next page)*

## GOAL C: Activate downtown in creative ways that attract locals as well as visitors

*Downtown has many events and attractions that should be expanded. The recent temporary lane closure of Aspen Avenue is one example of a highly successful method in attracting locals and visitors to downtown. Existing public spaces and streets should be activated with a variety of programming elements so they can be enjoyed by all.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| **1** | Create a Downtown Alley Activation Master Plan and Program. Consider the following:<br>a. Continue to implement alley activation improvements like in Aspen Alley with expanded flower program, planters, and utility art wraps.<br>b. Continue to apply for grants to assist with alley activation projects<br>c. Focus generally on the blocks between Route 66 and Birch Avenue.<br>d. Encourage private property owners and businesses adjacent to alleys to improve and activate them by adding landscaping, outdoor dining, and public art/murals.<br>e. Generally, east-west alleys should be designated flexible use alleys, allowing for deliveries and services. Co-locate shared downtown trash dumpsters and compactors and work with a single trash operator on a downtown alley pick up schedule.<br>f. North-south alleys may have potential to be converted completely to improved pedestrian pathways. | Near | City (Public Works, Beautification, Arts & Sciences), FDBA |
| **2** | Add short-term, lightweight activation strategies such as: moveable seating, planters, telescopes for nighttime viewing, and games to play (ping pong, giant chess board, or board game rental kiosk). Encourage active uses in buildings that front onto Heritage Square such as restaurants and retail. | Near | City (Public Works, Parks, Beautification, Arts & Sciences, Discover Flagstaff,) FDBA |
| **3** | Create a parklet program that allows businesses to apply for temporary conversion of parking spaces for outdoor dining or other use to aid in business expansion and activation of downtown streets. Refer to Curb Space Management for more detail. | Near | City (Planning & Development Services), FDBA |
| **4** | Complete, either for temporary or long-term use, the Expanded Use of Right of Way (EUROW) concept for a shared street along Cottage at the intersection of San Francisco between the brewery and Tourist Home, and activation of the east-west alley between Cottage and Benton from Leroux to W.C. Riles Dr. | Near | City (Engineering, Public Works, Beautification, Arts & Sciences), FDBA |

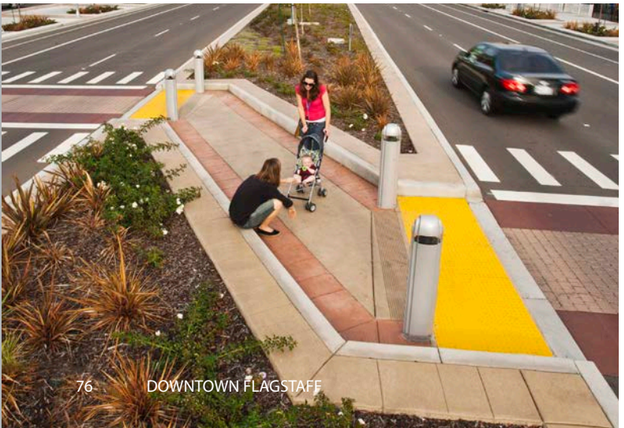
| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| **5** | Leroux Street design from Aspen Avenue to Route 66 with a pedestrian-activated signal and crosswalk to the Visitor's Center/Amtrak Station. Preliminary design concept in this plan envisions:<br>a. A shared, curb-less festival street concept on Leroux from Aspen to Route 66 that could accommodate two-way auto travel and parking on one side of the street that could easily be closed to automobiles during special events.<br>b. A pedestrian-activated crossing on Route 66 to the Visitor's Center.<br>c. A multi-level plaza with ramp(s) down to the grade level of the Visitor's Center/Amtrak Station/FUTS connection which can be accommodated by slight shifts in lanes on Route 66 to provide more space.<br>d. Ensure that Beaver and San Francisco Streets remain open for north/south bound traffic while Leroux Street is closed during events. | Near (planning and concept design)<br><br>Mid (pilot - tactical urbanism project)<br><br>Long – final design and construction | City (Engineering, Public Works, Beautification, Arts & Sciences), FDBA, ADOT |
| **6** | Consider adding a seasonal "pop up" pavilion and picnic tables to Wheeler Park or a downtown parking lot for a beer garden. | Near | City (Public Works), FDBA |
| **7** | Assess the structural capacity of Heritage Square and the underground parking structure and develop a long-term plan for the square that better suits the needs of downtown in the next 20-30 years. Consider the following: play area for children, flexible seating options, better visibility from Aspen Avenue, seamless connection from mid-block crossing at Aspen Alley, ability to add temporary activation uses such as buskers and carts to sell food and goods, and other uses as determined by the community. | Mid (planning and concept design)<br><br>Long (final design and construction) | City (Public Works, Parks, Beautification, Arts & Sciences), FDBA |

## GOAL D: Enhance the downtown experience by implementing gateway features, streetscape enhancements, signage and wayfinding, and public art to create a sense of arrival and direction

*Public investment in the form of streetscape, gateways, wayfinding, and public art improvements are necessary to spur private investment. The public improvements are intended to create a more people friendly downtown environment as most people experience downtown on foot to get to their destination, no matter what mode is used to arrive downtown.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| **1** | Continue to enhance public art downtown.<br>a. Utilize public art to create a sense of arrival at key gateway points, like the new bridge that will be part of the Downtown Mile project.<br>b. Implement custom artistic wraps for electric boxes at signalized intersections. Refer to the Placemaking Catalysts diagram for locations.<br>c. Adopt practices and processes that create public art that is reflective of the Flagstaff community and culture, and affords opportunities to local artists. | Near | City (Beautification, Arts & Sciences), FBDA |
| **2** | Create a wayfinding master plan for downtown that identifies locations and messaging and enhances the Downtown Flagstaff brand. Refer to the Placemaking Catalysts diagram for preliminary locations. | Mid | FDBA |
| **3** | Work with ADOT to create landscaped medians and other vertical features at critical gateway locations to reduce vehicle speeds, improve traffic safety, beautify the corridor, and provide places for future signage and public art. | Mid | City (Public Works), ADOT |
| **4** | Work to enhance streetscapes by replacing sidewalks, repairing tree grates, and adding (and replace existing) pedestrian scale lighting that is dark sky compliant in key areas. | Mid | City (Public Works) |

*Safe pedestrian crossing in Sacramento, CA*



*Kid-friendly "pop-up" plaza in Denver, CO*

*Artistic wayfinding signage in Denver, CO*

*Enhanced streetscape and public art in Ft. Colliins, CO*

# GOAL E: Embrace sustainability as a core value in how downtown is managed, improved, and developed

*The Carbon Neutrality Plan encourages adaptive re-use of older existing buildings which is typically the most sustainable approach to accommodating changing purposes and functions of downtown buildings. A mixed-use environment also contributes to a sustainable downtown with more people walking, cycling, and using transit.*

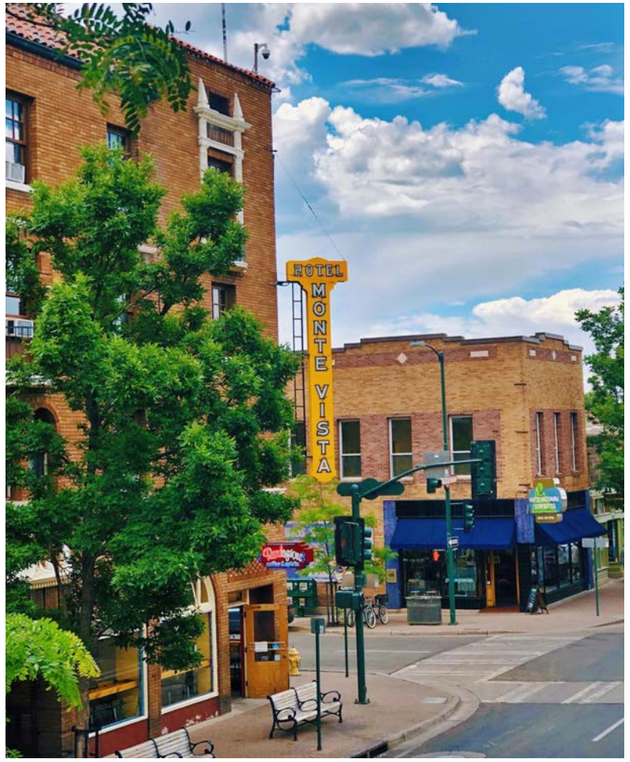
| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Establish goals specific to downtown and with specific timelines that seek to achieve a more sustainable environment. Start by pulling direct policies from the Carbon Neutrality Plan that relate to downtown and add into it more specific policies, as needed, to achieve goals in: energy, water, transportation and land use. | Near | City (Sustainability Program), City Council |
| 2 | Create sustainability or "green" site and building standards for new development to raise the bar in addressing the city's Carbon Neutrality Plan.<br>a. This could be done citywide via the zoning code, such as through an amendment to Chapter 10.30, perhaps with a pilot program for downtown, or a sustainability chapter in the updated Downtown Design Handbook to provide standards and guidelines for new developments in downtown to follow to raise the bar. Consider revisions to the building code for any building-specific standards. | Mid | City (Planning & Development Services, Sustainability Program) |

*Reuse of historic building in Flagstaff*

*Community garden in Denver, CO*

*Successful examples of adaptive re-use of existing buildings in Flagstaff (above and below left)*

*Successful examples of adaptive re-use of existing buildings in Denver, CO (below)*



# MOBILITY

# GOAL

Transportation – personal mobility, circulation and access plus freight service and delivery – is a means to achievement of the community's goals, not a goal in itself. Strategic investments in and management of transportation assets and services will be essential to achievement of a downtown that is vibrant, walkable, historic and adaptable, prosperous, welcoming and inclusive, and that is accessible to all.

As the heart of the community, downtown is also the place to push early and hard for progress on the community's broader objectives, including climate action, adaptation and resilience through reduced carbon emissions. Downtown is the place in Flagstaff where a balanced, multimodal approach to transportation is most feasible and where reductions in motor vehicle dependency can start and spread to the rest of the city. The primary mobility goals for Downtown Flagstaff include:

A. **Enhance downtown to be more walkable**

B. **Improve parking management and supply**

C. **Improve public transit access and ridership**

D. **Improve bicycle access and circulation**

E. **Manage curb space allocation and use**

# WHY IT'S IMPORTANT

**Multimodal Balance.** Downtown should play a central role in achieving the City's vision for a better multimodal balance through a shift away from reliance on single-occupant vehicles. If the percentage of daily trips made by transit, walking and bicycling are to increase significantly in Flagstaff, downtown must serve as the leading edge of that effort. Downtown should be the most walkable, bike-able and transit-oriented place in the city. Having said that, approximately 90% of visitors arrive downtown via automobile, and to grow the residential and office base, increased parking supply is critical. Parking should be viewed as an economic development tool, intertwined with investments of various types downtown. In sum, downtown streets should be safe and convenient for all modes of travel.

**Managing Change.** Like all US cities, Flagstaff has entered an era characterized by rapid and fundamental changes in personal mobility. Even before the pandemic, the growing popularity of micro-mobility (e-bikes, skates, one-wheels, long boards, etc.), and the introduction of for-hire services (Uber and Lyft) were changing how we manage curb space along streets and increasing the urgency of making streets safe for low speed travel modes. The pandemic has magnified these trends and presented us with the opportunity – and the need – to manage change by reimagining how we should support downtown economic viability and vitality in this new environment through strategic mobility, circulation and access measures.

**Pedestrian Environment.** One of Downtown Flagstaff's greatest assets is its existing pedestrian-friendly environment. The small-block grid, narrow streets and intimate, human scale encourage walking in all its forms: from leisurely strolling to purposeful striding. In most cases, the sidewalks are adequate and street crossings are reasonably safe. But, the inherited legacy of a walkable downtown will not be enough to keep pace with economic realities, challenges and opportunities. Flagstaff should continue to enhance its downtown as a pedestrian place: a "pedestrian first" environment where walking is comfortable, fun and safe; where universal accessibility for all is assured; and, where the presence of people is a defining feature of the landscape. To help achieve a "pedestrian first" environment, Flagstaff needs to identify a schedule to replace the uneven brick and heaving tree wells on sidewalks with materials that withstand weather and require less maintenance.

**Parking.** Motor vehicle parking in downtown is governed by Division 10-50.80 of the Zoning Code, by the Comprehensive Parking Management Program (CPMP) adopted by City Council in November, 2015, and by the City's related Administrative Guidelines, adopted in June, 2017. The City is partway through Phase 2 of implementing the CPMP. Going forward, it will be important to: refine the ParkFlag management systems and contractual relationships; gradually increase the supply of off-street surface parking; and, begin setting the stage for public-private partnership projects that reinvigorate the market for downtown redevelopment and begin transitioning off-street parking supply into structured parking.

**Transit.** Downtowns need public transit and public transit needs downtowns. This symbiotic relationship is especially important in Downtown Flagstaff, which benefits from a more robust fixed route transit system than most cities its size. Mountain Line, operated by NAIPTA, connect downtown directly with the NAU campus, the Flagstaff Medical Center and the rest of the city. The Mountain Link project, now Route 10, has demonstrated the potential benefits that can accrue from high levels of convenient transit service. Further improvements in service levels, coupled with development of the Bus Rapid Transit (BRT) Spine corridor and the Downtown Connection Center site hold promise for a more resilient, more accessible, less car-dependent downtown.

**Bicycling.** Flagstaff has been a bicycling city for decades. Bicycle access and circulation to and within downtown should be a priority strategy for strengthening and enhancing downtown as a destination. Nationally, bicycling is booming, as the pandemic has encouraged rediscovery of the bicycle as a convenient mode of travel and a practical way to improve personal and public health. This surge in popularity has brought a renaissance in bicycle facility design that is changing urban public space landscapes. In addition, a bike share program should be established. This represents a key opportunity for Downtown Flagstaff to increase economic vibrancy. Improving safety and convenience of bicycling in downtown also offers significant collateral benefits in opening up the downtown to micro-mobility users.

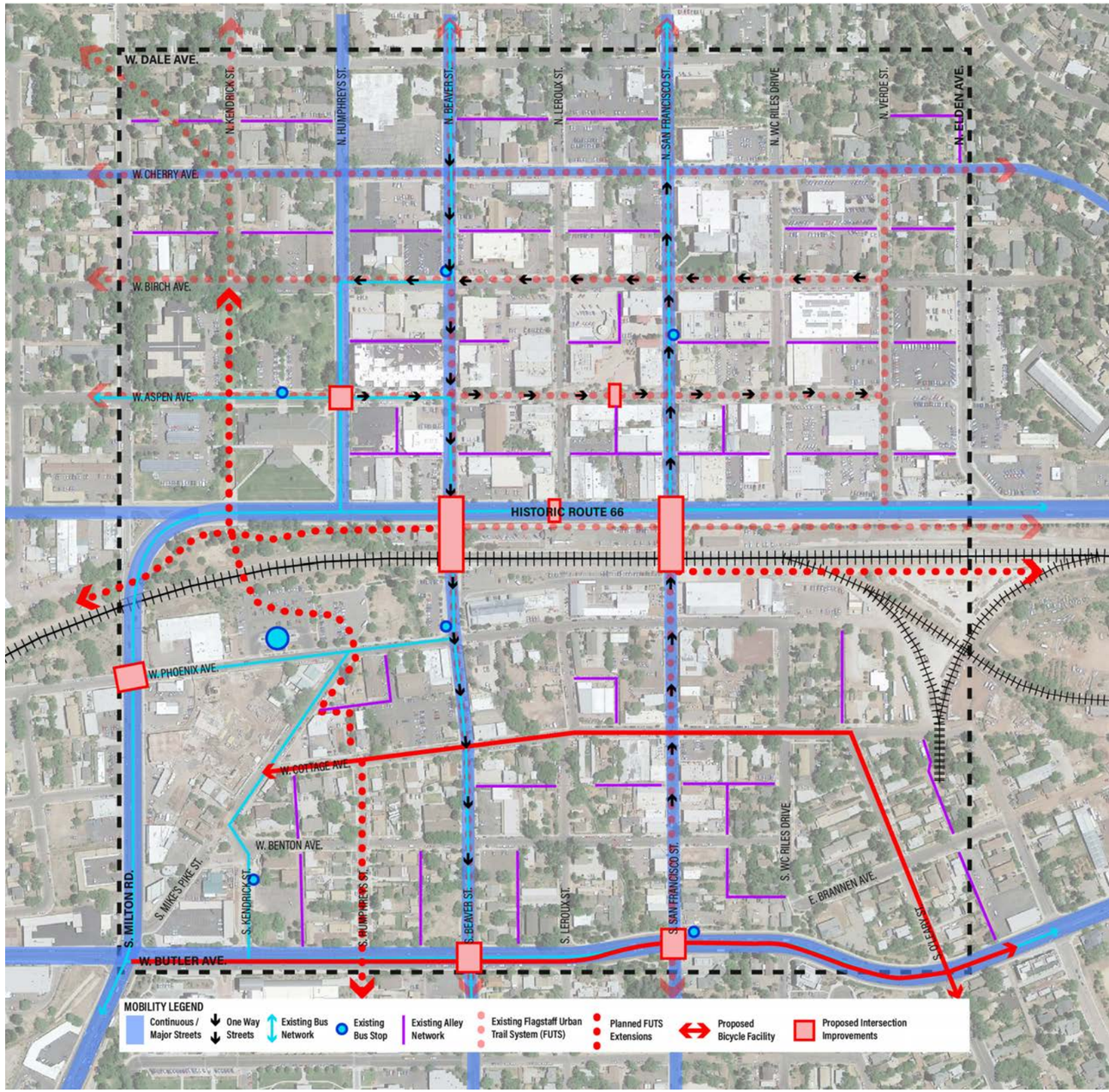
**Curb Space Management.** The curbs along downtown streets are where "movement meets access" and also where essential commercial area functions occur: vehicle parking and loading, outdoor dining, transit boarding and alighting, freight and parcel deliveries and pickup, take out dining pickup, ride hailing boarding and alighting, and trash collection. Curb space is one of downtown's most valuable assets and should be managed to optimize use of this valuable and flexible public resource.

**Traffic Safety.** Safety for all travelers is an overarching objective for downtown transportation programs and projects. The key strategy underlying modern traffic safety programs is ensuring that when crashes occur, impact energies remain low enough to prevent serious injuries or death. This recognizes that drivers and other road users will continue to be fallible and some crashes will occur. Improvements in vehicle design – including semi-autonomous features like automatic braking systems, crash avoidance and lane keeping – will play a role in improving safety, as will continued improvements in emergency management systems and medical procedures. But, the most important strategy for reducing the likelihood of serious injury or death in downtown is to work with state and local partners to apply modern street design and operation principles. This includes managing traffic speeds through street design, physically separating travel modes where possible, and enforcing traffic laws.



# MOBILITY FRAMEWORK MAP

The map below illustrates existing conditions for the transit system, urban trail systems (FUTS), and street network. In addition, it illustrates recommendations for future FUTS and on street bicycle improvements as well as priority intersections for pedestrian and bicycle improvements. Specific details are provided in the strategies and actions on the following pages.



# STRATEGIES & ACTION ITEMS

*Timeline: Ongoing, Near: 0-18 months; Mid: 18 months - 5 years; Long: 5+ years*

## GOAL A: Create and enhance downtown to be more walkable

*Flagstaff should continue to enhance its downtown as a pedestrian place: a "pedestrian first" environment where walking is comfortable, fun and safe; where universal accessibility for all is assured; and, where the presence of people is a defining feature of the landscape.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Work with state and local partners to prioritize continued improvements in the downtown pedestrian environment over traffic flow, speed and volume.<br>a. Identify a schedule to replace the uneven brick and heaving tree wells on sidewalks with materials that withstand weather and require less maintenance. | Near/ongoing | All Partners |
| 2 | Monitor crash report data to identify locations in downtown where the design and condition of streets, sidewalks and other infrastructure should be addressed to improve safety. | Near | City (Engineering) |
| 3 | Undertake a planning and concept design process for N. Leroux Street between Route 66 and Aspen Avenue (see Downtown Experience C.5.). | Near (planning and concept design)<br>Mid (final design and construction) | City (Engineering, Beautification, Arts & Sciences), ADOT, FDBA |
| 4 | Working with Arizona DOT, undertake a planning and concept design process for safer, more convenient, pedestrian crossings of Route 66 in the downtown area (between N. Humphreys and W.C. Riles Dr.). Consider:<br>a. Improving safety and convenience for pedestrians at the intersections with San Francisco and Beaver Streets.<br>b. Providing a walk/bike pathway undercrossing of Route 66 as part of the Rio de Flag project.<br>c. Rebuilding the intersection at North Leroux Street to provide a traffic signal, curb extensions and pavement finishes based on the features of a redesigned, reconstructed Leroux Street (see 3 above), along with a new median barrier to prevent left turns to or from Leroux at Route 66.<br>d. Implementing a lane shift on Route 66 between Beaver and San Francisco. | Near (planning and concept design)<br>Mid (final design and construction) | City (Engineering), ADOT |
| 5 | Conduct a self-assessment of accessibility (ADA and Universal Access) in downtown. Identify barriers that prevent persons with disabilities and others from access to facilities, programs, services, and activities. | Near | City (Public Works) |



## GOAL B: Improve parking management and supply

*Going forward, it will be important to: refine the ParkFlag management systems and contractual relationships; gradually increase the supply of off-street surface parking; and, begin setting the stage for public-private partnership projects that reinvigorate the market for downtown redevelopment and begin transitioning off-street parking supply into structured parking, relying in part on a Fee-In-Lieu program as authorized by Division 10-50.80.070.B of the Zoning Code. Parking should be viewed as an economic development tool moving forward.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Continue working within the framework established by the Comprehensive Parking Management Plan: demand reduction, parking permits, pay-to-park, time limits, compliance and enforcement, asset management and financial management. Proceed with implementation of Phase 2 and set the stage for Phase 3 – specifically planning for increases in off-street parking supply. | Near/ ongoing | City, ParkFlag |
| 2 | Improve performance monitoring and reporting. Monitor changes in supply, demand and turnover using the 2009 Central Business District Parking Study as the baseline. Increase transparency in downtown parking system performance and improve public access to information about system performance to build credibility and stakeholder awareness of parking management system operations and conditions. Regular (3 times per year – July, December and March) monitoring and reporting should include: parking utilization, net revenue status of the parking fees "lock box set-aside;" and other relevant management objectives. In monitoring utilization, conduct three seasonal counts each year: July tourist season, December shopping season and March off-season, counting on a consecutive Thursday, Friday and Saturday, hourly from 9am through 8pm. Each seasonal count should include: updated parking space inventory; hourly utilization (% full) for each block face and each off-street parking facility; and duration/turnover for a subset sample of on-street spaces along key block faces. | Near | City, ParkFlag |
| 3 | Conduct annual reviews of the ParkFlag pay-to-park system, including the kiosks, the supporting communication systems, the mobile app and any third party services. In future contracting set and use contractor performance standards to ensure responsiveness and functionality. Be prepared to change partners when warranted. | Ongoing | City, ParkFlag |
| 4 | Actively seek out and secure ownership and/or use of existing off-street surface parking supply or land that could be developed as surface parking supply as an interim strategy to increase long-term parking space availability and to reduce commuter use of on-street parking spaces. Such surface parking sites should be understood and managed as temporary land uses. Such sites should be regarded as fungible in the sense that they could in the future be used as development sites or might be traded as part of transactions that would increase overall downtown parking supply. | Near | City, ParkFlag |

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| **5** | Establish two business models for achieving future increases in publicly-owned, publicly-controlled parking supply. The "Public Utility" business model should serve as the base model. The "PPP" business model (public-private partnership) should be available as an alternative, should a "Qualifying PPP Opportunity" be presented (see vii. and viii, below). | Mid | City, ParkFlag, Private Sector |
| **6** | To be considered, both Public Utility and PPP parking facility projects should be guided by downtown parking facility investment objectives. These should be:<br>a. To meet a parking supply need (shortage) documented through the City's performance management system (see 2, above).<br>b. To provide long-term (> 2 hours) off-street parking for use by employees, business and property owners and managers, and downtown residents.<br>c. To protect the City from general financial liability for debt service costs of parking facilities that fail to perform as planned.<br>d. To maintain a fair and level playing field for competing private sector investors. | Mid | City, ParkFlag |
| **7** | Minimum requirements and guiding principles of a Public Utility facility should include:<br>a. The downtown land area within a 600' radius (straight line) around the potential facility site location is under-served by existing off-street parking supply.<br>b. The facility site is large enough to support reasonable efficiencies of scale in construction cost per finished parking space. This should be assumed to require a site that is at least 140' by 140' or a site that could support an equivalent average floor plate of 45 parking spaces, taking into account setbacks and other site design criteria.<br>c. Parking facilities should be wrapped with residential or commercial uses (retail, office, etc.) on external walls that face public streets. The commercial space wrap should meet City urban design requirements and be of sufficient depth to ensure feasibility of market rate business use of that space. Note: this commercial space wrap will increase the minimum site dimensions in b, above.<br>d. Bicycle parking requirements and ADA/accessibility requirements pursuant to Division 10-50.80 of the Zoning Code should be met within (inside) related parking facilities.<br>e. A professional feasibility analysis (cost and revenue forecast) should be prepared that indicates the project would generate sufficient net income (after facility maintenance and operations expenses) to adequately cover debt service requirements. | Mid | City, ParkFlag, Private Sector |

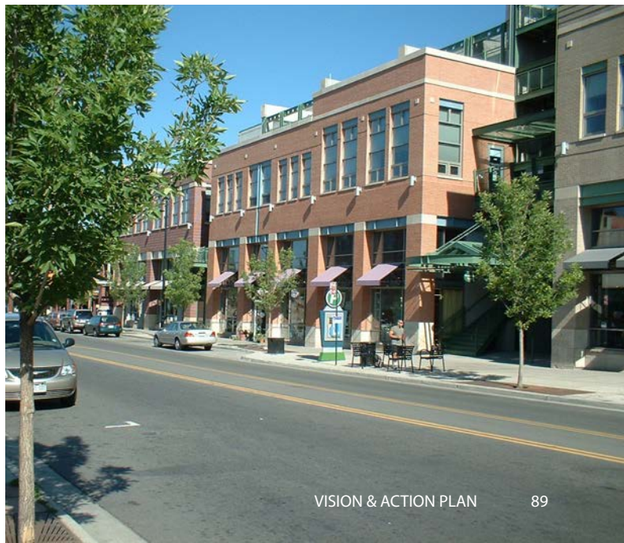
| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| **7 cont.** | f. Cash contributions to lower debt service requirements may be included in the feasibility analysis if the commitment to provide such contribution is firm. Eligible sources of cash contributions should include:<br>1. Funds held in the ParkFlag "lockbox set-aside."<br>2. Payments from downtown businesses, developers, land owners and residents to purchase rights to parking spaces in the project structure.<br>3. Payments from Fee-In-Lieu deposits made by developers and held in trust by the City (see 9, below).<br>4. Payments from contractually-committed Fee-In-Lieu deposits to be made by developers within the planning – design – construction timeframe.<br>g. The provision of land for use as all or part of a parking facility site should be allowed to be credited against the financial obligations of a PPP partner providing such land. This may include the City, another public entity (such as the County) or a future special district, or a private land owner or developer with future parking needs pursuant to Division 10-50.80 of the Zoning Code.<br>h. Other eligible capital contributions should be eligible to be credited against the financial obligations of a PPP partner, including:<br>1. Utility capital investments made to prepare the site for a parking facility.<br>2. Actual construction of a parking facility, provided that cost amounts credited are subject to audit.<br>3. Transfer of ownership of condominium space in the commercial wrap space to another PPP partner.<br>4. Air rights should not be an eligible capital contribution. | | |
| **8** | A Qualifying PPP Opportunity parking facility should be defined as follows:<br>a. Meets the City's parking facility investment objectives (see 6, above).<br>b. Meets the requirements and guiding principles established for a Public Utility project (see 7 above).<br>c. Does not include any current and planned single family dwelling ownerships, which should be ineligible to serve as partners in a PPP project.<br>d. Includes only those public and private sector partners that have demonstrated the bona fides and financial capacity to meet their obligations under the PPP agreement.<br>e. Fully satisfies rules adopted by the City establishing the minimum bona fides and financial capacities required for entities to participate in a PPP Opportunity project. | Mid | City, ParkFlag, Private Sector |

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| **9** | Ownership models for a Qualifying PPP Opportunity parking facility could include:<br>a. Fee simple ownership of the land and improvements by the City.<br>b. A condominium or similar common interest development, where the City and other Partners have defined ownership of certain elements of the facility and shared ownership of certain common elements.<br>c. A parking facility owned by a public or private partner(s) other than the City, with long term leases governing use of public and private parking spaces. | Mid | City, ParkFlag, Private Sector |
| **10** | Detailed provisions should be developed implement and guide the Fee-In-Lieu (FIL) system created by Division 10-50.80.070.B of the Zoning Code. These should include:<br>a. FIL payments should be an alternative to on-site provision of parking supply required pursuant to the Zoning Code. This alternative could be a choice the City allows a developer to opt in to, or could be imposed by the City as a condition in the development approval process.<br>b. In the early stage of implementation, the City's FIL program may fulfill parking space commitments by providing parking spaces in surface lots leased, acquired or built by the City for this purpose. Over the life of the program, the City may use parking space supply in either surface lots or in vertical parking structures to meet its FIL commitments at its discretion.<br>c. The amount of FIL per parking space to be paid and credited against the zoning code off-street parking space requirements should be the estimated, fully-allocated costs (land + design + construction) of parking spaces in planned or potential new off-street vertical parking structures in Downtown Flagstaff, based on annually updated land values and construction unit costs. The City should publish an annual amount of the official FIL per space cost in January, based on average actual construction unit and land costs from the prior calendar year. That annual FIL amount should then be used for any development approval involving FIL that is filed for approval that year, regardless of the project location or site details.<br>d. FIL amounts should not be discounted to encourage or facilitate desired development projects.<br>e. Revenues from FIL payments should be held in trust by the City for exclusive use in increasing the actual amount of parking in downtown or in increasing the public availability of parking through acquisition or dedication of existing parking supply.<br>f. If the City is able to increase the public availability of parking through acquisition or dedication of existing parking supply, such potentially lower actual per space costs should not contradict or affect the calculation of current FIL amounts to be required of developers choosing to opt into the FIL system. | Near | City (Community Development), ParkFlag |



| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| **10 cont** | 1. The City should be aware that case law on impact fees, which fee-in-lieu payments are generally regarded as being, has led state courts in some instances to force repayment of money paid in by developers if that money has been held and not invested for 7 years or longer. | | |
| **11** | Provisions should be developed to guide Joint Parking and Shared Use Parking agreements that land owners, building owners and developers may enter into to fulfill the off-street parking supply requirements of Division 10-50.80 of the Zoning Code. These should include:<br>a. Downtown developers, land owners and building owners should be allowed to meet off-street parking supply requirements of Division 10-50.80 in off-site parking facilities within 600' that are jointly owned with others.<br>b. Downtown developers, land owners and building owners should be allowed to meet off-street parking supply requirements of Division 10-50.80 through lease of off-site parking spaces in shared use parking facilities within 600'.<br>c. Shared parking leases that are used to meet parking requirements should be binding commitments that are conditions of the development approval. The developer and subsequent owners should be required to report annually on the status of such leases. | Near | City (Planning & Development Services), ParkFlag |
| **12** | Whenever possibe, parking structures should be designed and constructed with flat floors and adequate floor to ceiling heights so they can be converted to office or housing uses in the future. | Long | City, ParkFlag, Private Sector |

*Public/private parking structures wrapped with office and apartments in Boulder, CO*



## GOAL C: Improve Public Transit Access

*Further improvements in service levels, coupled with development of the Bus Rapid Transit (BRT) Spine corridor and the Downtown Connection Center site hold promise for a more resilient, more accessible, less car-dependent downtown.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Work with Mountain Line to actively support implementation of the BRT (bus rapid transit) project documented in Mountain Line's Spine Study Locally Preferred Alternative (LPA) Report, which identified the need for this high capacity transit corridor. | Near | City (Engineering), Mountain Line |
| 2 | Work with Mountain Line to increase the visibility and brand recognition of the Mountain Line corridors through downtown on Beaver and San Francisco Streets. Consider design themes, pavement marking concepts, and improved wayfinding to increase ridership to and from downtown origins and destinations. | Near | City (Engineering), Mountain Line |
| 3 | Work actively with Mountain Line on a plan for improvement and completion of the "Downtown Connection Center" (DCC), located south of US 66 between Milton Road and Beaver Street along East Phoenix Avenue. | Near | City (Community Development), Mountain Line |
| 4 | Work together to improve messaging, marketing, and promotion of transit use in downtown, particularly for employers and employees. | Near | FDBA, City, Mountain Line |
| 5 | Increase the number of downtown employers who buy ecoPASSes for their employees. Consider working with state and local partners to apply for federal grants (such as TIGER, BUILD, and RAISE grants) to to boost the ecoPASS penetration in downtown. | Near | City (Engineering), Mountain Line |
| 6 | Work with Arizona DOT and Mountain Line to ensure construction of the Rio de Flag pathway connection from west of City Hall, under Route 66 and the BNSF line, and through the eastern part of the DCC site. | Near -design<br>Mid - imple-mentation | City (Engineering), Mountain Line, ADOT |
| 7 | Work with Arizona DOT and Mountain Line to strengthen the connection between the north side of downtown and the DCC site. Key corridors should include:<br>a. West Phoenix Avenue from San Francisco Street and South Beaver Street to the DCC – sidewalks and wayfinding.<br>b. West Cottage Avenue from San Francisco Street and South Beaver Street to the DCC – sidewalks, wayfinding and bike boulevard (see Bicycle Access and Circulation below).<br>c. The Historic Route 66 and Milton corridors through the curve and under the BNSF rail line – sidewalks and wayfinding. | Near | City (Engineering), Mountain Line, ADOT |



## GOAL D: Improve bicycle access and circulation

*Bicycle access and circulation to and within downtown should be a priority strategy for strengthening and enhancing downtown as a destination. Improving safety and convenience of bicycling in downtown also offers significant collateral benefits in opening up the downtown to micro-mobility users.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Support continued improvement and upkeep of the Flagstaff Urban Trails Network (FUTS), with particular attention to those routes and corridors that connect the downtown with the rest of the city. | Ongoing | City (FUTS) |
| 2 | Develop a new, major north-south FUTS corridor through the core area of Flagstaff, connecting neighborhoods north of downtown, the downtown, the Downtown Connection Center (DCC) and the NAU campus, in a manner that's consistent with the Downtown Mile Project:<br>a. Extend the Karen Cooper Trail south through the City Hall block, under Route 66 and under the BNSF railroad as part of the Rio de Flag project.<br>b. Connect this trail into the on-site circulation system at the DCC, providing ample sheltered bike parking and a safe connection to E. Cottage Ave.<br>c. Implement the improvements shown in the Southside Community Plan connecting the DCC via W. Cottage and S. Mike's Pike Street to S. Humphreys St. | Near - concept plan<br>Mid - imple-mentation | City (FUTS) |
| 3 | Develop wayfinding signage that helps bicyclists and other FUTS users find their way to downtown and helps them find their way to the regional network from downtown. | Near | City (FUTS) |
| 4 | Develop online resources that help bicyclists and others use the FUTS network to access downtown. Consider encouraging Flagstaff residents, students and visitors to use one of the popular wayfinding and trip tracking apps (recommended: STRAVA). Use data from the app provider to learn about use patterns and issues related to bike travel to, from, within and around downtown. | Near | City (FUTS) |
| 5 | Sponsor and participate in bicycling events and bicycle advocacy programs with the objective of increasing awareness of downtown as a bicycling destination. | Near | City (MetroPlan) |
| 6 | Conduct annual counts of available bicycle parking in downtown. Evaluate adequacy and location of existing bike parking and work with the City to improve and increase the supply of downtown bicycle parking. | Near | City (Engineering) |
| 7 | Redesign a more functional but still iconic downtown Flagstaff bicycle parking rack and work with the City to identify one or more contractors to build these unique bike racks. Ensure that the City, downtown land owners, businesses and developers, use these racks in all new installations. | Near | City (Engineering) |

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 8 | Identify issues and opportunities in the safety and convenience of internal, on-street downtown bicycle circulation and develop and implement appropriate capital improvements. | Mid | City (Engineering) |
| 9 | Consider merging bicycle parking (including the above measures) into the Downtown Parking Management Program. | Mid | City (Engineering) |

## GOAL E: Manage curb space allocation and use

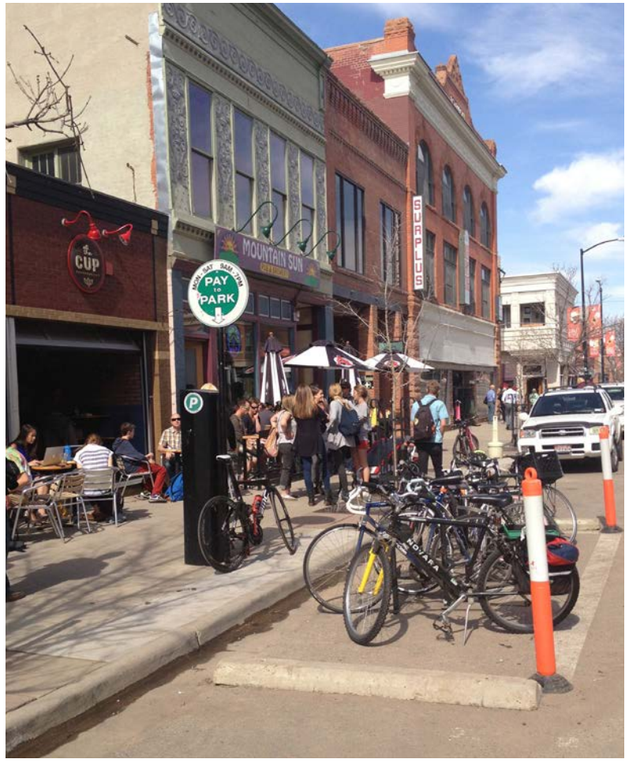
*The curbs along downtown streets are where "movement meets access" and also where essential commercial area functions occur: vehicle parking and loading, outdoor dining, transit boarding and alighting, freight and parcel deliveries and pickup, take out dining pickup, ride hailing boarding and alighting, and trash collection. Curb space is one of downtown's most valuable assets and should be managed to optimize use of this valuable and flexible public resource.*

| # | ACTION ITEM | TIMELINE | RESPONSIBILITY |
|---|---|---|---|
| 1 | Develop a curb space allocation policy and management program that includes:<br>a. An inventory of existing curb space and current use in downtown.<br>b. A set of measurable performance objectives for use in guiding and monitoring the curb space management program.<br>c. A list of allowed curb space uses and basis for setting allocation priorities.<br>d. Required implementation measures, both capital and operational. | Near | City (Engineering) |
| 2 | The curb space management program should be designed to be flexible, accommodate seasonal changes in allowable use of curb space in downtown (such as parklets and restaurant seating), and able to adapt to changing requirements over time. | Near | City (Engineering, Planning & Development Services) |

*Seasonal parklet for dining in Louisville, CO*

*The Aspen Avenue temorary outdoor seating and bicycle/pedestrain space was highly successful during summer 2020*

*Examples below illustrate curb space use for bike parking and restaurant seating*



# IMPLEMENTATION

- Partners and Responsibilities
- Create a Clear Path Through the Regulatory Process
- New FDBA Operating Structure
- Measuring Progress
- Funding Sources & Supporting Policies



This plan encompasses the Flagstaff Community's vision for downtown's next phase of growth and transformation. Chapter 4 identifies short, medium, and long-term recommendations for improvements, investment, activation, and programming throughout downtown. Implementation of these varied recommendations will take dedicated leadership, staff, and revenue. This final chapter looks at how Downtown Flagstaff can bring this plan to life and is organized into the following sections:

## Partners and Responsibilities:

Many of the Plan's recommendations and actions require partnerships to move forward. This section identifies responsibilities for the variety of partners that were involved in the planning process and will be needed moving into implementation.

## Create a Clear Path Through the Regulatory Process:

To encourage and accommodate the types of development and public realm enhancement envisioned in the plan.

## New FDBA Operating Structure:

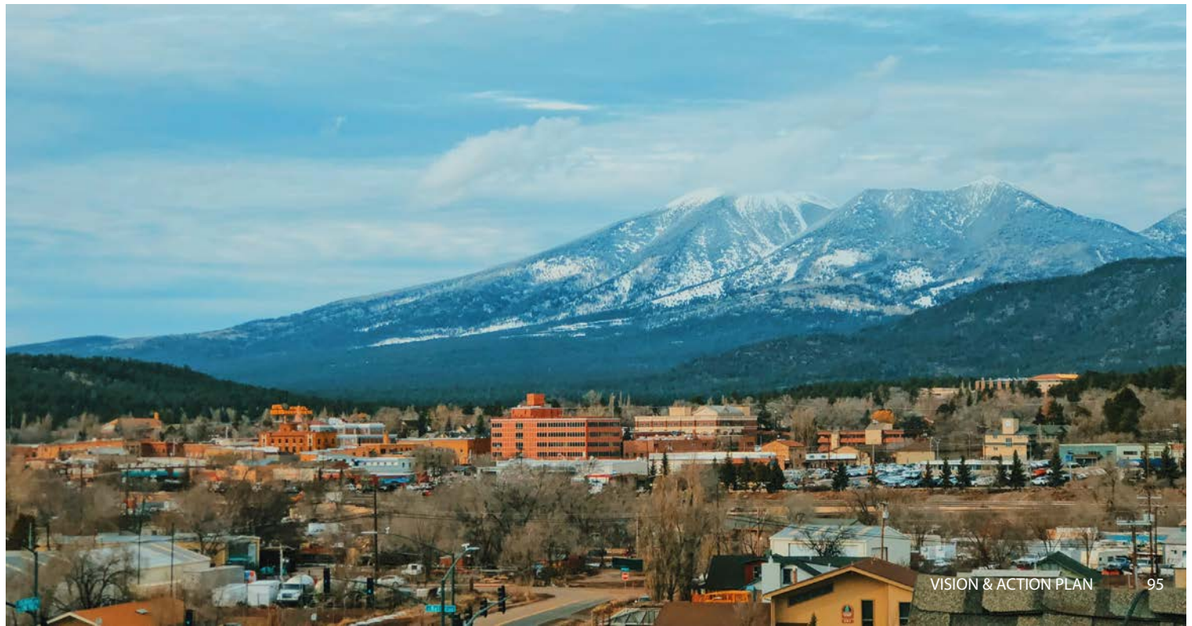
Empower and diversify funding for the Downtown Business Alliance to lead, partner and manage the evolution of downtown's economy, experience and mobility.

## Measuring Progress:

To understand what is working and what needs adapting during implementation, it is important for the FDBA and the City to track progress. This section discusses how this can be done efficiently and effectively.

## Funding Sources and Supportive Policies:

Implementation will require dedicated effort and resources. This section includes explanations of the varied funding sources and policies to utilize for the Plan's actions, and as illustrated in the Chapter 4 matrices, whether these are initiated by the FDBA, City, or other partners.



# PARTNERS & RESPONSIBILITIES

**Goal: Ensure collaboration between the public and private sectors to support downtown vitality and growth – also need to enlist major employers outside of downtown to invest in downtown.**

There is an array of partners who were involved in this plan, and they will be integral in turning its recommendations into realities. Many of the plan's recommendations require partnerships to move forward. Key partners are sorted into three categories:

## Primary Partners

**Responsibilities**: Primary partners are the funders of this plan that were involved throughout the planning process and the keepers of the new vision for Downtown Flagstaff. They work in close coordination with each other as the primary implementers and funders for plan projects. They regularly measure progress during implementation, communicate success with downtown stakeholders and are nimble in adapting to changes in downtown as needed.

» FDBA
» City of Flagstaff
» Coconino County
» Mountain Line

## Major Anchor Institutions & Influencers

**Responsibilities**: Major anchor institutions and influencers are partners in many policies and programs identified throughout the Plan. They also serve as funding contributors, and given their influence community-wide, advocates for the continued growth of Downtown Flagstaff.

» Northern Arizona University
» State of Arizona/Arizona Department of Transportation
» Major Private sector partners

## Supporting Partners

**Responsibilities**: Supporting partners are integrally involved in policies and programs within their specific niche.

» Creative Flagstaff
» Chamber of Commerce
» Development Partners
» Downtown Hotels
» MetroPlan
» Local First Arizona
» ECoNA
» Theatrikos
» Discover Flagstaff



# CREATE A CLEAR PATH THROUGH THE REGULATORY PROCESS

**Goal: Modify the zoning code and regulatory process to simplify downtown redevelopment**

Specific recommendations to modify the zoning code are provided in Chapter 4.4 Downtown Experience: Urban Design Strategy & Frameworks. The recommendations are summarized below. For details, see Chapter 4.4.

**A1.** Create an educational brochure to educate property owners about existing benefits of restoring their properties.

**A2.** Utilize and educate property owners and contractors on the International Existing Building Code (IEBC) methods and standards within Flagstaff Historic Districts and Overlays.

**A3.** Provide incentives for small-parcel redevelopment, such as parking measures tailored to lots below a certain size, to help replicate historic development patterns.

**A4.** Update zoning south of the railroad to be consistent with recommendations in the Southside Community Plan.

**A5.** Update the Design Handbook for downtown to be more up-to-date and user-friendly.

**B1.** Hire an additional planner that is responsible for reviewing downtown projects. This could expedite the plan review process and improve relationships with downtown developers. Consider other modifications to the site development review process to streamline development applications and incentivize development in the downtown core.

**B5.** Update the Downtown Design Handbook and zoning code's Architectural and Landscaping Standards to provide guidelines and standards for new development in downtown.

**B6.** Continue to work with property owners and the DBA on solutions to achieve goals of increasing density and housing options downtown while respecting the historic scale of existing buildings and context.

**Goal: Create a planning position to oversee downtown projects envisioned in the plan.**

An additional strategy to simplify the regulatory process is for the City of Flagstaff to create a position within the City Manager's office with a focus to oversee the implementation of the Flagstaff Vision and Action Plan over the next five to seven years. The Downtown Planner/Ombudsman would be the point person at the City for advancing all of the city-oriented recommendations from the Plan. Many of the recommendations in the plan will require multi-departmental coordination. In addition, many recommendations require ongoing partnerships with agencies that can leverage City resources and energy to advance implementation. While a full time Downtown Planner/Ombudsman is envisioned, this position could share other downtown-related functions, such as historic preservation, public space programming, storefront economy, etc. A team approach is recommended in which the Planner/Ombudsman convene representatives from multiple departments to meet with a developer at the beginning of a proposed project to assist with next steps. The expanded use of public space process used in 2020 during the COVID pandemic is a good example of how this review process can work successfully. Two complimentary approaches are suggested to measure progress in achieving the goals and strategies of the market-based Vision and Action Plan: quarterly implementation reports and an annual key indicators assessment.

# NEW FDBA OPERATING STRUCTURE

**Goal: Empower and diversify funding for the Flagstaff Downtown Business Alliance to lead, partner and manage the evolution of downtown's economy, experience and mobility.**

## Existing Conditions Overview

The **Flagstaff Downtown Business Alliance** (FDBA) is a nonprofit organization dedicated to the preservation and promotion of Historic Downtown Flagstaff. FDBA sponsors free family events to encourage visitation to downtown businesses. Through these activities, FDBA adds to the economic viability of the area, and the community in general. FDBA advocates for important business issues, providing education to the public and a strong voice to our City regarding the health of our economy.

The FDBA also operates a **Clean Team** within downtown. The Clean Team started in 2016. Clean Team Ambassador services include sweeping sidewalks and alleys, cleaning the tops of the city trash and recycling bins, collecting micro-trash, and collaborating on special event clean-ups with community partners. Ambassadors answer questions and provide assistance to residents and visitors of downtown Flagstaff.

The FDBA has several key revenue sources. The Flagstaff Downtown Business Improvement & Revitalization District (FDBIRD) is a 20-block taxing district approved and funded by property owners within the FDBIRD boundaries to protect and enhance the vitality of our historic district. The assessment rate in 2020 was 1.5795% (or 0.015795 per $1 of assessed value); and the total revenue from these assessments was $155,934. The FDBIRD contracts with the Flagstaff Downtown Business Alliance (FDBA) to deliver enhanced services in downtown. 53% of FDBA's income comes from the FDBIRD.

The second is **City and County contributions**. Both the City & County contribute payments-in-lieu of assessments into the FDBIRD. The City's contribution is $9,895. The County's contribution is $25,722. The City also contributes a Fee-For-Service of $70,000. Of this, $50,000 is for the Clean Team, while the other $20,000 is allocated to holiday lighting. All of this funding comes from Discover Flagstaff (CVB) via tourism-related revenue, and therefore, importantly, does not draw from the City's General Fund. The $50,000 for Clean Team was set approximately three years ago, based primarily on personnel and hours needed. An important factor though in setting this amount was staying below the dollar threshold that would require Council approval.

***From the assessment of the FDBA's existing operations, the organization currently has inadequate staff resources and funding. It is not yet equipped to take on more responsibility in order to most-effectively "lead, partner, and manage the evolution of downtown" as this plan envisions.***

## New Operating Structure for FDBA

***FDBA's budget, work program, and operating structure should be reimagined and realigned to match the framework of the new Downtown Vision and Action Plan.***

This would frame the organization around four new activity centers – Economy, Experience, Mobility, & Advocacy. The FDBA budget would then be centered around activity centers, rather than payroll, as it is currently. The following matrix illustrates how this new structure could be organized, with new staffing and additional revenue sources discussed on the following pages.

| ACTIVITY CENTER | CURRENT STAFFING | NEW STAFFING STRUCTURE | NEW REVENUE SOURCES |
|---|---|---|---|
| **ECONOMY**<br>» Business retention/ recruitment<br>» Storefront economy<br>» Primary job growth<br>» Housing | None | Economic Development Mgr (NEW) | City/County<br>and/or<br>FDBIRD rates |
| **EXPERIENCE**<br>» Events & Activation<br>» Marketing & Promotions<br>» Arts & Culture Expansion<br>» Clean & Safe<br>» Beautification<br>» Stakeholder Communications | Exec. Director<br>+<br>Marketing & Events Mgr<br>+<br>Clean Team | Program Mgr<br>+<br>Marketing & Events Mgr<br>+<br>Clean Team (EXPANDED) | Southside BID<br>and/or<br>City/County<br>and/or<br>501(c)3<br>and/or<br>FDBIRD rates |
| **MOBILITY**<br>» Parking Marketing & Promotions<br>» Parking Management & Supply<br>» Advance Ped & Bike network<br>» Support Transit and Connectivity | Exec. Director | Program Mgr<br>+<br>Clean Team (EXPANDED) | ParkFlag |
| **ADVOCACY**<br>» City/County Relations<br>» Unified Voice<br>» Influence Investment<br>» Catalytic Projects | Exec. Director | Exec. Director (while also overseeing three Activity Centers above) | n/a (needs Exec. Director capacity rather than $) |

# Pathways to Establish New Revenue & Organizational Capacity:

**Goal: To fulfill expectations set by this plan, FDBA needs an operating budget of $500,000 - $550,000 annually. This requires adding $150,000 - $200,000 to FDBA's revenue stream.**

## 1 Receive more significant contributions from City and County, totaling $50,000 more than existing contributions, for economic development and clean and safe services provided downtown.

Historically, the City has had economic development staffing to help with the city's growth, but these positions aren't focused exclusively on downtown. Full-time attention is needed on downtown, given its unique conditions and importance to the city and region, especially to aid in recovery from COVID-19.

**Create a new "Economic Development Manager" position:** Currently FDBA doesn't do any work in this realm, including maintaining a detailed and up-to-date inventory of downtown space, helping fill vacant properties, activating empty storefronts, and working with property owners and commercial real estate professionals. It is recommended that both the City and FDBA contribute to fund this position. With this goal in mind, FDBA and the City should have ongoing discussion about partnering with one another on an economic development position, as the need is there.

An additional payment-in-lieu of assessments is also suggested, for the new Courthouse building. This amount is estimated to be **$15,000**. This would be allocated towards expanding the Clean Team's services in downtown. County participation via a formalized partnership with the Workforce Development program should be considered to expand efforts in the clean and safe realm. Currently the County pays a payment-in-lieu of assessments, but no fee-for-service.

## 2 Receive a contribution of 6% after debt service and fixed expenses from ParkFlag; and in the long-term (5+ years), consider appropriate models for FDBA to actively manage parking in the downtown area.

ParkFlag has been in operation for three years. Prior to COVID-19 ParkFlag brought in roughly $1.5 million annually in parking revenue. A minimum of 20% of revenue is required to be set aside in a lockbox reserve fund for future supply. While a program within the City, parking revenues and expenditures are managed in a separate Special Revenue Fund, established by ordinance to formally separate accounting for the parking system from other City operations.

ParkFlag staffs a Parking Manager and Parking Aides who are hourly employees. ParkFlag also currently co-locates with the FDBA.

Once ParkFlag recovers from COVID-19 impacts, returns to generating healthy revenue and has secured a sufficient lockbox – parking management functions should be considered for transition to FDBA.

There are several valid reasons to do this: (1) this would build efficiencies in the parking management, coordination, and communication realm; (2) FDBA is best equipped to integrate parking into the overall downtown experience; (3) in the future, there will be far more residents/resident owners in the district; (4) FDBA is already allocating approximately 0.5 FTE of time to parking functions; and (5) there are multiple precedents of downtown management organizations around the country who excel in parking management, Tempe being the closest example.

In the near-term, the FDBA should secure revenue from ParkFlag to boost functions it is already undertaking, including clean and safe parking services, communications with businesses and Flagstaff residents, and promotions programs. FDBA also has the potential to provide other parking support services for ParkFlag that it can be compensated for (such as website hosting, development and management, marketing, and graphic design). The suggested amount is **6% after debt service and fixed expenses**; less than 10% of ParkFlag revenue (based on pre-COVID numbers). Providing any ParkFlag funds to the FDBA would require a change to the City ordinance. It is understood that any money from ParkFlag allocated to FDBA would have to be used for clean and safe parking services, parking management, marketing or parking-related expenses.

## 3 Spin-off a 501c3 affiliate organization that would be managed by the FDBA, creating opportunities for new revenue and downtown services and special projects.

While the FDBA is currently a 501c6 nonprofit organization, a separate 501c3 organization could be established to raise funds for any combination of the following:

- Public art
- Arts and cultural programming (including finding ways to engage Native populations)
- Activation
- Planning efforts and catalytic projects

In particular, activation of public space is something that business owners in the district had stated a desire for. This would be different from one-off or occasional special events which FDBA already produces, and rather is about ongoing programming and activations – at a minimum, all summer long – throughout downtown where they best fit.

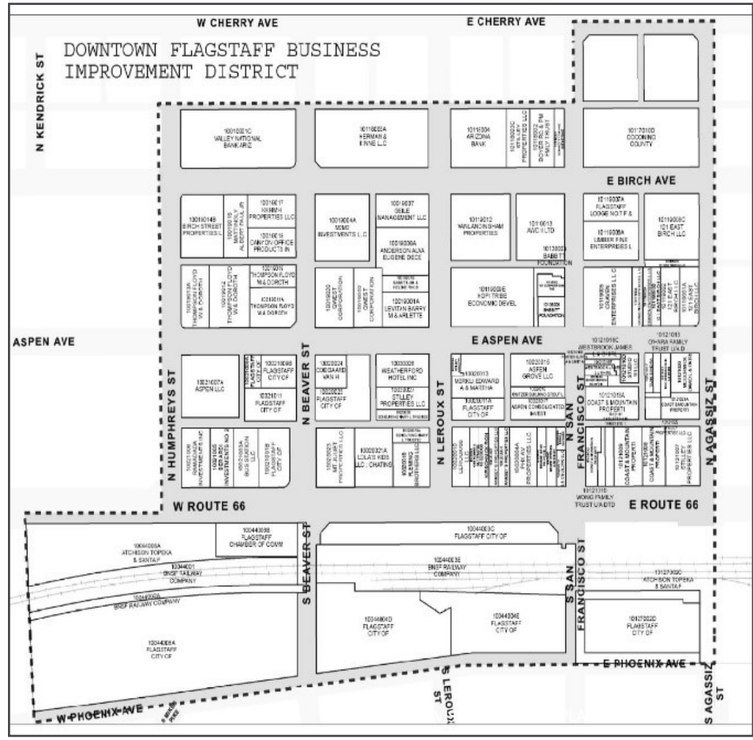
There is an existing 501c3 organization, called *Heritage Square Trust.* This small organization's mission is to create free artistic and musical programming in Downtown's Heritage Square. If feasible, this organization could be turned over to the FDBA for management, allowing it to expand its mission into the areas noted above.

Another opportunity area and focus of a new 501c3 organization could be increased engagement and contributions from major Flagstaff institutions. As the market assessment points out, many of these do not have a downtown presence which is unusual for a downtown environment. However, several are immediately adjacent to the district, namely NAU and the Medical Center. This points to an opportunity to establish more involvement – financially and physically – in downtown. One example is working with Gore to activate a storefront visitor destination component in downtown, that would be unique from their other locations throughout town.

## 4 Creation of a new Business Improvement District on the Southside.

The FDBIRD currently encompasses the historic core of downtown, as the following map shows, with a southern boundary along Phoenix Ave just past the railroad. The establishment of a BID in the Southside portion of downtown – part of this plan's study area, and an area that continues to evolve into an important retail and dining destination – has been considered in the past. Given Southside's evolution, this should be evaluated again. Revenue potential of a Southside district should be estimated, focusing primarily on the San Francisco and Beaver corridors, down to Butler Avenue.

This would create a new revenue source that could be used predominately



for expanding clean and safe services within the Southside district and integrating this area into downtown marketing efforts. While it would be a new and separate BID from the FDBIRD, it could also be managed by the FDBA, creating efficiencies in the delivery of clean and safe benefits. A single Clean Team – with more staffing than it has currently – would be recommended to service both districts.

### 5 Changes to FDBIRD assessment rates.

Adjustment to FDBIRD property assessment rates should be considered once the Flagstaff economy and downtown property owners recover from the impacts of COVID-19. At times, the assessment rate has gone down year-over-year; happening when overall assessed values in the district increase at a faster rate than the FDBIRD's budget.

Increasing assessment rates should be considered to (1) bolster clean and safe services on the street, and (2) help fund roughly third-to-half of the Economic Development Manager position (with the City/County to fund the remaining, as discussed earlier).

Importantly, FDBA cannot meet clean and safe expectations with 1.5 FTE allocated to the Clean Team. More resources will allow FDBA to put additional Clean Team Ambassadors on the street to more effectively meet the needs of downtown property owners and businesses.

# MEASURING PROGRESS

To understand what is working and what needs adapting during implementation, it is important for the FDBA and the City to track progress. This section discusses how this can be done efficiently and effectively.

Two complimentary approaches are suggested to measure progress in achieving the goals and strategies of the market-based Downtown Vision and Action Plan: quarterly implementation reports and an annual key indicators assessment.

## Quarterly Reports

Progress to implement the Downtown Flagstaff Vision and Action Plan will be overseen by the FDBA and the City. To track progress in implementing the action steps of the plan, a quarterly progress report should be prepared by the FDBA indicating what activities have been taken within each of the four activity areas.

## Annual Key Indicator Tracking

Annual Key Indicator Tracking will be used to measure progress on implementation. Progress tracking on the implementation of the Vision and Action Plan will be overseen by the FDBA and the City. Strategies, action items, and catalyst projects have been identified to move Downtown Flagstaff forward toward the community's vision for downtown. In order to connect the specific activities to the larger vision, the FDBA and the City can track measurable indicators annually that offer information about how closely downtown resembles the desired core values of **Vibrant, Walkable and Connected, Historic and Adaptable, Prosperous, Welcoming and Inclusive, and Accessible to All.** The City and FDBA should establish a baseline upon adoption of the plan and then use a variety of the suggested key indicators below to measure progress toward the vision:

### VIBRANT

- Number of retail, dining, and entertainment establishments
- Street level vacancy rate
- Number of events held downtown annually
- Annual attendees at downtown events & key attractions
- Number of outdoor seats
- Hotel room average daily rates and occupancy
- Number of downtown residents
- Public art installation counts

### WALKABLE & CONNECTED

- Pedestrian and bicycle counts at a variety of locations at 3:00 PM on weekday/weekend
- Linear feet of new sidewalks & bike lanes
- Parking occupancies
- Number of added off-street parking spaces
- Transit ridership for downtown routes
- Improved connectivity index from FHWA
- Autonomous vehicle ridership
- Number of people crossing improved intersections on Route 66

### HISTORIC & ADAPTABLE

- Number of existing historic buildings
- Number of historic buildings adapted for new or additional uses

### PROSPEROUS

- Total number of downtown jobs, by category
- Number of downtown businesses, by category
- Number of new businesses
- Job growth, total and in target sectors
- Office vacancy rates
- Percentage of businesses that are locally-owned
- Number of residents employed in downtown
- Wages for downtown workers

### WELCOMING & INCLUSIVE

- Feedback from downtown visitors via a Downtown Perception Survey
- Return customers, both local and out of town
- Number of minority-owned businesses
- Racial/ethnic mix of pedestrian and park user counts, and event attendance
- Count of police calls
- Measurements of Ambassador activities
- Website vanity statistics and social media activity

### ACCESSIBLE TO ALL

- Number of affordable housing units
- Downtown resident demographics
- Lease rates for all sectors – residential, retail, office – compared to citywide averages

The FDBA should also utilize these metrics and indicators to create a "Downtown Scorecard" that can be used to promote downtown and also be provided to the development and business community in its economic development efforts.

# SOURCES OF FUNDING & SUPPORTIVE POLICIES

Implementation of the plan will require dedicated effort, partnerships, and resources. Potential funding sources are sorted into two broader categories – funding that can be initiated by the FDBA or the City and funding that will require commitments from other partners. Additionally, supportive policies identified throughout the Vision and Action Plan are listed in more detail here.

## CITY OF FLAGSTAFF AND/OR FDBA

**City Capital Improvement Program (CIP)**

The City should consider prioritization within its CIP to implement Catalyst Projects and other capital recommendations from the Vision and Action Plan. This funding source could be appropriate for elements of each of the Catalyst Projects and many other recommendations throughout Chapter 4 of the plan, including enhancements to key streets and installation of connections and gateways for a variety of transportation modes.

**City General Fund**

The City's General Fund is a primary funding source for many City programs and general operating expenses. Funds are allocated during the City's biennial budgeting process. The flexibility of the General Fund makes it ideal to plug gaps or provide matching funds for a variety of public benefit investments (i.e., public realm improvements).

**Citywide Bond Issue**

Other cities have clustered several downtown improvement projects together as part of a citywide bond issue. Examples include Oklahoma City, Phoenix, Denver, and Dallas. In Flagstaff, there is a potential that several of the Catalytic Infrastructure Projects could be combined as part of a citywide bond offering.

**Business Improvement District (BID)**

While BID revenue is limited, the Downtown Vision and Action Plan may provide new options and priorities on how BID funds are expended. In addition, downtown property owners should consider future increases in rates and/or bonding BID funds as investment is attracted and values grow.

## PARTNER FUNDING OPTIONS

**Tax Abatement**

Coconino County, the City, and State could jointly explore and implement a pilot tax abatement initiative. This could be offered during a three-year pilot period and provide a multi-year abatement (5 to 10 years) in which developers and owners of new residential and/or residential mixed-use development pay taxes on an escalating scale. This could be a way to jump start new housing developments and may only be needed for the first couple projects until comparable projects are created so future developers are able to obtain financing. A tax abatement structure also offers many advantages over Tax Increment Financing (TIF) which is not legal in Arizona. To the governing agencies, new tax revenue is recouped quickly in a much shorter term than TIF. For the residential developer or owner, the abatement provides relief when needed most during the initial lease-up or sales period for new units. The City and County should work together in concert with the State to adopt a tax abatement program.

**Crowd-Sourcing**

Crowd-sourcing platforms, where funds are secured through localized online appeals, could provide resources for low-cost capital and programming ideas that benefit downtown residents and workers, such as the Leroux festival street or Heritage Square activation/redesign. Recent examples include crowd-sourcing to create new downtown dog parks in Cleveland and Reno, or crowdsourcing to secure funding for dedicated bicycle lanes in Downtown Denver. In each case, downtown residents and businesses matched funds that were put forth by the BID and/or City.

**Foundation/Corporate Grants and Sponsorships**

Many of the Action Plan capital and programming recommendations may be appropriate for securing foundation or corporate grants and sponsorships. Improvements such as creating a bike share program, the Leroux festival street, or Heritage Square activation/redesign may be well matched for foundation or corporate sponsorships. Special events will remain a top opportunity for sponsorship.

**Historic Property Development Incentives**

Federal Tax Incentives: There is a 20% tax credit program on the qualified expenditure of a substantial rehabilitation of a certified historic structure. The tax credit applies to the building owner's federal income tax for the year in which the project is completed and approved. The 10% tax credit program is available for the rehabilitation of non-historic buildings placed in service before 1936. The building must be rehabilitated for non-residential use.

**Federal Low-Income Housing Tax Credit Program (LIHTC)**

The Low-Income Housing Tax Credit program, created by Congress in 1986, has been one of the most successful resources for creating affordable housing across the nation. The LIHTC, rather than a direct subsidy, encourages investment of private capital in the development of rental housing by providing a dollar-for-dollar credit to offset an investor's federal income tax liability. LIHTCs are used to finance the acquisition, rehabilitation, or new construction of rental housing for low-income households. Rent restriction requirements are placed on the property for no less than 30 years, creating a reliable supply of affordable units.

**Credit Enhancements from Large Employers**

This is a method whereby large regional employers provide a credit enhancement (or guaranty) to a development company to improve its debt or credit worthiness and help jump-start new projects. Through credit enhancement, the lender is provided with reassurance that the borrower (developer) will honor the obligation through additional collateral, insurance, leasing commitments or a third-party guarantee. Credit enhancement provides leverage to developers creating housing that achieves Flagstaff's housing goals. For the large regional employers, the return is in the form of helping to recruit skilled employees that may choose to live in new downtown housing.

## SUPPORTIVE POLICIES

**Community Land Trust (CLT)**

CLTs are nonprofit, community-based organizations whose mission is to provide affordable housing in perpetuity by owning land and leasing it to those who live in houses built on that land. CLTs are a common tool used nationwide to maintain affordability. While CLTs typically focus on the development and stewardship of owner-occupied housing, some are now broadening their focus to opportunities in non-residential development.

**Commercial Façade Improvement Program**

The revitalization of a neglected building or storefront has multiple benefits. It creates a more attractive streetscape for the community and signals positive change that can spur improvements to nearby buildings, while also creating a more effective real estate asset for the owner. Many times, façade improvements are cost-prohibitive to building owners. A commercial façade improvement program can incentivize action by providing funding to private property owners to redesign, renovate, or restore commercial (or industrial) building façades. Often, façade improvement programs provide matching funds to owners, with minimum and maximum caps establishing limits. Successful façade improvement programs typically are restricted to downtowns and adjacent targeted neighborhoods in need of a revitalization boost.

# DOWNTOWN FLAGSTAFF **VISION & ACTION PLAN**

FLG.
DOWNTOWN
FLAGSTAFF

Prepared by:

P.U.M.A.

studio seed
URBAN DESIGN + PLANNING
www.studioseed.org

Charlier Associates, Inc.

# FLAGSTAFF DOWNTOWN VISION AND ACTION PLAN

## FINAL PLAN 2024

## City Council January 16, 2024

P.U.M.A.

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# WHERE WE ARE

- Plan process kicked off amidst Covid-19 Pandemic (2020) – but we kept going!
- Draft Plan was presented to FDBA Board in May 2021, but went on hold and was not adopted.
- 2023 Restart initiated in August – update plan to respond to current conditions:
  - Coordination with Regional Plan 2045 underway
  - Coordination with Active Transportation Master Plan (Adopted November 2022)
  - Pandemic now in past, update plan to reflect language
- Presented Final Draft to FDBA Board and City Council in October 2023. Presented to Boards/Commissions and created final online public survey.

# KEY POLICY RECOMMENDATIONS

- Promote Downtown Flagstaff to be the **hub of economic activity and innovation** for the region.
- **Preserve and protect the historic core** of Downtown Flagstaff to strengthen its identify and overall vitality.
- **Implement the City's Carbon Neutrality Plan** by encouraging a compact and mixed-use downtown, offering walkable/rollable, bikeable, and sustainable lifestyle options.
- **Allow for change, including density** that features mixed-use residential development at a variety of price points around the periphery of the historic core.
- **Add parking supply** to attract employment, residential investment, and mixed-use development; and **manage existing parking supply** to enhance customers' experience.
- **Encourage local arts, culture and Native expression** to flourish throughout downtown.
- Create a **downtown experience that welcomes and celebrates everyone** that has been part of Flagstaff's past, present and future.

# COMMUNITY OUTREACH

The COVID-19 Pandemic raised several challenges for community outreach during the planning process. However, this transition opened a new set of opportunities for engaging the public. Virtual meetings enabled individuals who could not attend meetings to engage at the comfort of their own homes. In total, approximately 2,000 community members engaged in the formation of the plan.

The consultant team was able to engage the community early in the 10-month process, conducting several dozen virtual meetings and presentations with the following:

- **Project Management Team** - comprised of the four project funding partners: Flagstaff Downtown Business Alliance Board of Directors (FDBA), City of Flagstaff, Coconino County, and Mountain Line
- **Community Advisory Committee** - comprised of a range of 23 stakeholders to serve as public representation that ensures findings and direction of the Downtown Vision and Action Plan are meeting the needs of the downtown community and the Flagstaff community at large
- **Flagstaff Downtown Business Alliance Board** representing the property and business owner leadership of downtown
- **Downtown business/property owners and downtown employees** including several dozen one-on-one interviews
- **Working Groups** - groups made up of downtown stakeholders convened by expertise areas that included: Economic Vitality, Downtown Experience, and Urban Design & Built Environment
- **County Board of Supervisors**
- **City Council**

*A kickoff virtual meeting held via Zoom in May 2020*

The P.U.M.A. team visited Flagstaff in August 2020 for a week of study area tours, outdoor meetings and workshops. An all-day open house was held in the "Aspen Alley" that was visited by over 100 residents. Additional inter-active meetings were held with the Project Management Team, Community Advisory Committee and Flagstaff Downtown Business Alliance.

*A physically-distanced, Community Advisory Committee meeting was held at Heritage Square during the August site visit*

In addition, an **online survey** was conducted that gathered over 1,250 participants. Full results from the online survey are provided in the plan appendix.

From the online survey responses, the common themes and highest rated priorities for improving Downtown Flagstaff were:

#1 Maintain Historic Character

#2 Make downtown more walkable and bikeable

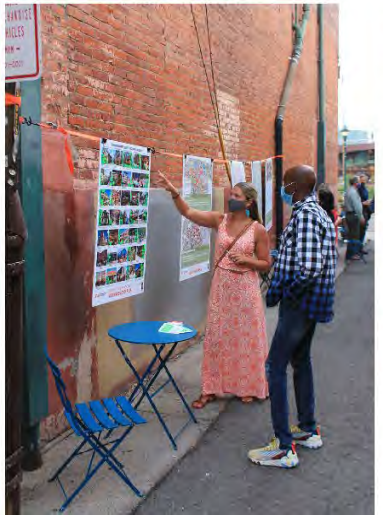
#3 Redevelop and repurpose unused and vacant buildings and lots

#4 Provide additional beautification

#5 Improve the parking experience

*Respondents were asked for three words that best describe their long-term vision for downtown. The word cloud shows words that were most frequently used – the larger the word, the more times it was listed.*

*During the August site visit, an all-day Open House was held in the "Aspen Alley," while several interactive Working Group meetings convened in various locations downtown.*



# MARKET OPPORTUNITIES

The Plan includes a Market Assessment that is divided into four main topic areas:

**LIVE**

**WORK**

**SHOP & DINE**

**VISIT & STAY**

By understanding downtown's market opportunities and challenges, the Downtown Vision is informed by economic reality and assumptions to guide planning through the next investment cycle. Key economic findings and opportunities include:

**DOWNTOWN'S IMPACT ON FLAGSTAFF**

**0.28** square miles → **0.4%** of the city

***MEANWHILE, DOWNTOWN HAS...***

**1,064** residents → **1.4%** of the city's

**4,819** employees → **11%** of the city's

**135** restaurants, bars, shops → **18%** of the city's

**$41.4 M** in assessed value → **4%** of the city's

## LIVE

- **Housing is a strong market for downtown moving forward.** There is high demand for more units citywide at all price points, but especially those at lower, more affordable levels. While downtown cannot solve the city's affordability crisis, it can, and should, play an important role in diversifying the city's housing stock and adding new units to a strained market.
- **Downtown's strongest age segment is 25-34 year olds** – the "young professional" and graduate student bracket that downtowns and walkable neighborhoods with plentiful amenities are well-positioned to attract. This is also at the core of who lives in Flagstaff – a city with the youngest median age (28) amongst its peer cities.
- **Downtown (and the city) is challenged when introducing density.** Flagstaff is by far the lowest density market amongst its peer cities.

## WORK

- **Tourism, education, and government** are the foundations of the Flagstaff economy.
- **Downtown is bookended by the city's two largest employers** – NAU to the south, and the Flagstaff Medical Center to the north – providing the ability to build on these adjacencies.
- Compared to peer cities, **downtown has a below-average number of downtown workers**. This illustrates the lack of major primary employers in downtown (outside of the County and City), but also an opportunity for downtown to evolve into a greater economic engine for the local economy.
- Downtown's office space has a vacancy rate of roughly 1%, pre-COVID. Available space is nearly non-existent (an ideal vacancy rate is roughly 10%), and doesn't allow for much movement in the market or the ability to house new office tenants in available space. **The commercial office sector is a relatively untapped sector in downtown.**

The Market Assessment includes **peer city comparisons** on many different topics throughout. Below is a sampling of how Flagstaff and downtown stacks up compared to its western state peers.

**CITYWIDE**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Population Growth (2010-19)** | Bend 24% | Ft. Collins 17% | **Flagstaff 14%** | Missoula 12% | Bellingham 12% | Boulder 10% | Corvallis 8% |
| **Housing Density (units/square mile)** | Boulder 1,810 | Corvallis 1,742 | Bellingham 1,340 | Bend 1,308 | Ft. Collins 1,219 | Missoula 1,190 | **Flagstaff 447** |
| **Housing & Transportation Costs (Share of Income)** | Boulder 44% | Ft. Collins 48% | Bellingham 51% | Corvallis 52% | Missoula 53% | Bend 56% | **Flagstaff 56%** |

**DOWNTOWN**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Downtown Employment** | Ft. Collins 12,449 | Boulder 11,348 | Missoula 10,465 | Bellingham 7,242 | **Flagstaff 4,819** | Corvallis 4,691 | Bend 4,269 |
| **Employment Density (workers/acre)** | Boulder 81 | Missoula 55 | Ft. Collins 40 | Bellingham 39 | Bend 37 | Corvallis 37 | **Flagstaff 27** |
| **Knowledge Sector Share of Jobs** | Missoula 53% | Bend 40% | Bellingham 37% | Boulder 27% | Corvallis 25% | **Flagstaff 22%** | Ft. Collins 19% |

## SHOP + DINE

- The retail, food and beverage sector is **Flagstaff's largest industry** in terms of employment.
- Downtown's storefront economy is critical to its success, driving foot traffic, attracting visitors, and helping maintain vibrancy throughout the day and into the night. In total, **there are 223 street level businesses in the Downtown Study Area**.
- Local independent businesses dominate the Downtown scene. **87% of Downtown's storefront businesses are local independents,** offering distinct character and sense of place.
- Despite all its storefront businesses, Downtown **still lacks some critical retail elements that would help serve residents' daily needs**, namely groceries and drugstores, and make Downtown a more appealing place to live.

## VISIT + STAY

- **Tourism is Flagstaff's top industry.** The city sees over 5 million visitors annually, and the industry supports over 8,000 local employees.
- Downtown hosts **a variety of events** annually that attract both locals and visitors. A majority of these take place at Heritage Square.
- **Downtown is more about what's around it, than what's in it.** The Lowell Observatory, the city's two largest art museums, and the region's main performance arts hall are all located outside of downtown.
- **Downtown's proximity to the Lowell Observatory & Mars Hill is an asset to build upon.** Already a destination, Lowell is underway with expansion.
- **A strong short-term rental market** plays an important role in housing a portion of the visitor market, but also can erode the hotel visitor base and reduce the permanent housing stock.

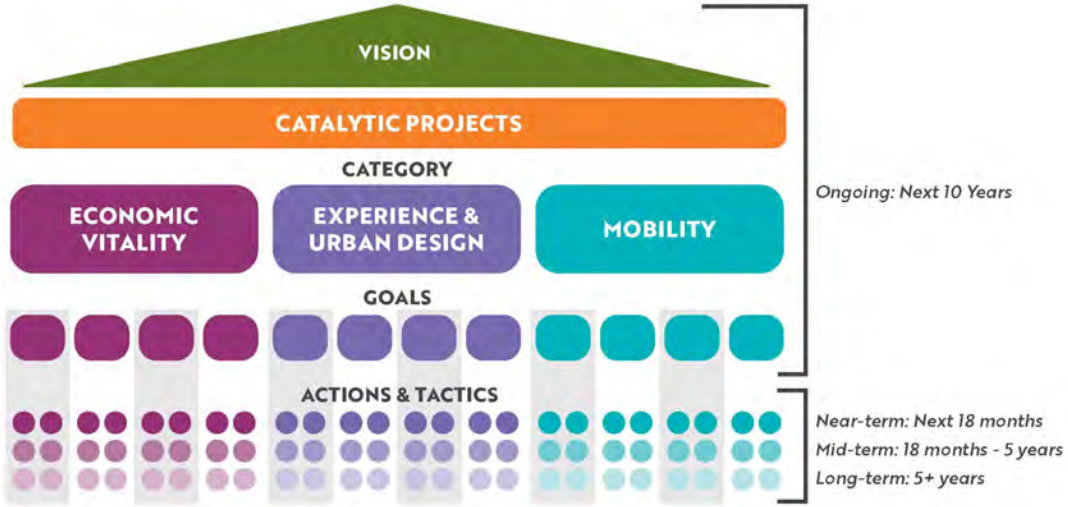
# VISION

Drawing on the input from the community outreach, market assessment and review of prior plans, the consultant team worked closely with the FDBA, PMT, CAC, and elected officials to synthesize all this information into the following **vision** that forms the basis for the Action Plan recommendations described and illustrated throughout this document.

**The vision for downtown is to enhance and create a downtown that is**

**VIBRANT,**
**WALKABLE/ROLLABLE,**
**HISTORIC AND ADAPTABLE,**
**THRIVING,**
**WELCOMING AND INCLUSIVE,**
**AND ACCESSIBLE TO ALL.**

The **Action Plan** is constructed as follows. The Goals within each category are provided on the following page. The specific actions and tactics can be found in the full plan.




The team developed immediate, short- and mid-term actions for downtown physical improvements, catalyst developments, and policies to guide the FDBA and City of Flagstaff, the development community, and downtown stakeholders for the next ten-year investment cycle. Responsible parties are identified to implement each of the actions and tactics in the full plan.



# ACTION PLAN

The **Action Plan** is organized into three categories, with supporting goal statements, as follows:

## ECONOMIC VITALITY:

Retain downtown as one of the key engines of the Flagstaff economy

1. Guide downtown's emergence from the COVID-19 pandemic crisis
2. Bring more jobs into downtown
3. Cultivate local arts and culture as foundational to downtown
4. Bolster downtown's storefront economy
5. Create a larger, and more diverse, residential base in downtown

## EXPERIENCE & URBAN DESIGN:

Downtown can prosper even more by creating a lively environment that is easily accessed by traditional visitors, but also serves downtown residents too

1. Preserve the historic character and charm of downtown
2. Direct new growth responsibly and in a way that adds to the vibrancy of downtown
3. Activate downtown in creative ways that attract locals as well as visitors
4. Enhance the downtown experience by implementing gateway features, streetscape enhancements, signage and wayfinding, and public art to create a sense of arrival and direction
5. Embrace sustainability as a core value in how downtown is managed, improved, and developed

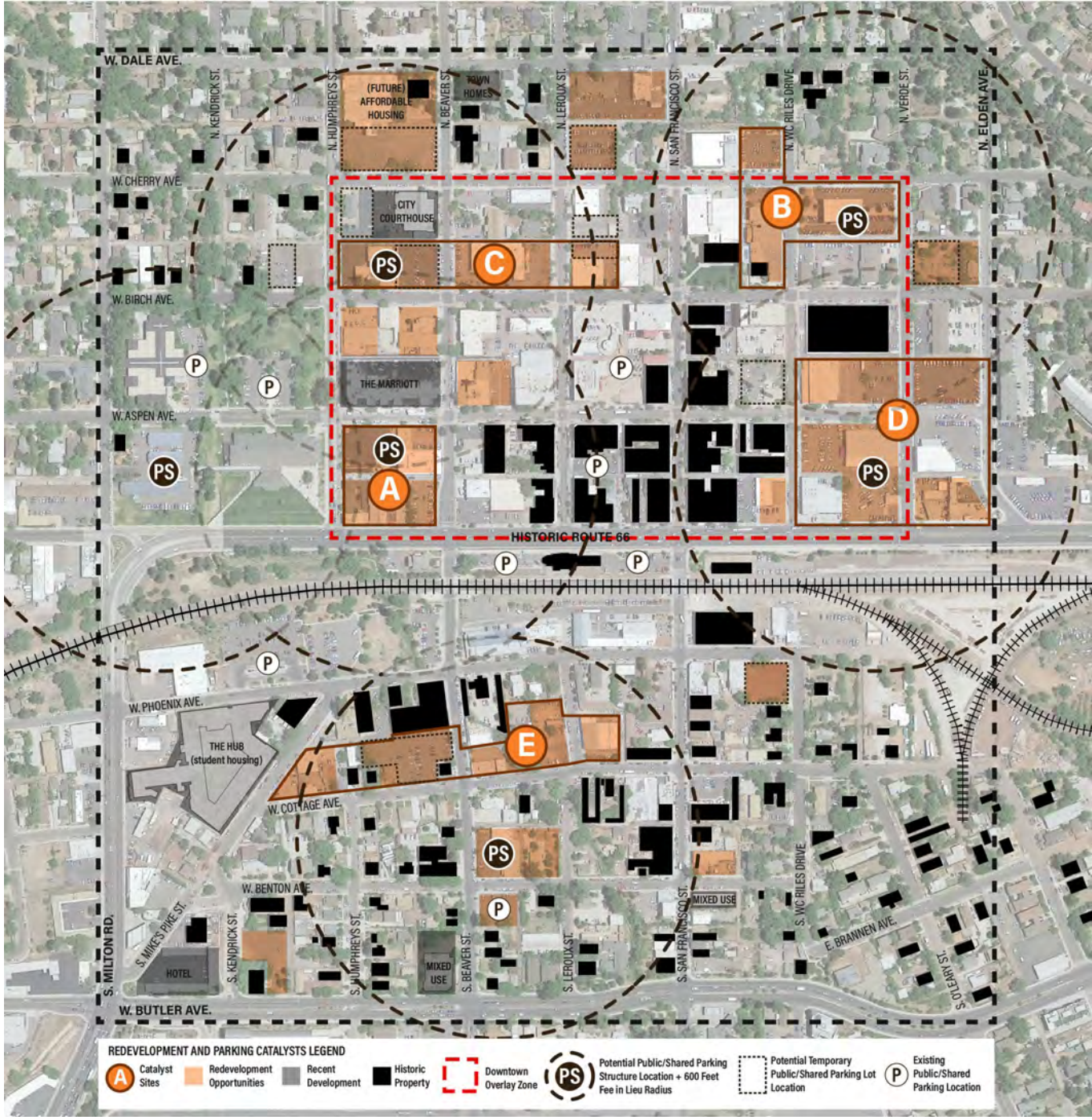
## MOBILITY:

Transportation – personal mobility, circulation and access, plus freight service and delivery

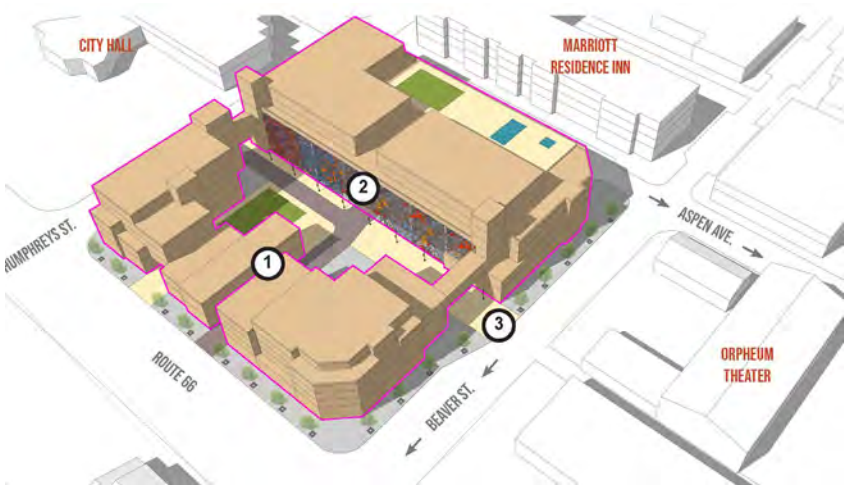
1. Enhance downtown to be more walkable
2. Improve parking management and supply
3. Improve public transit access
4. Improve bicycle access and circulation
5. Better manage curb space

# CATALYTIC REDEVELOPMENT & PARKING PROJECTS

A. Old City Courthouse
B. Coconino County Properties
C. Birch Avenue Infill
D. Eastside Gateway
E. Cottage Avenue Infill

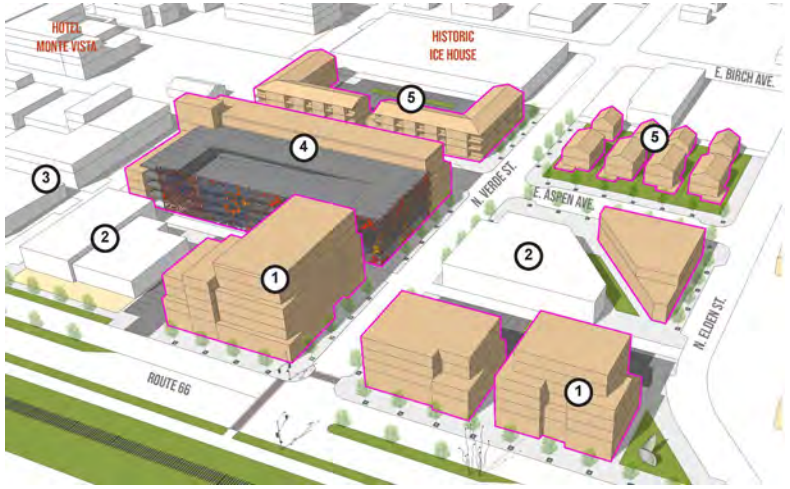


# CATALYTIC REDEVELOPMENT & PARKING PROJECTS

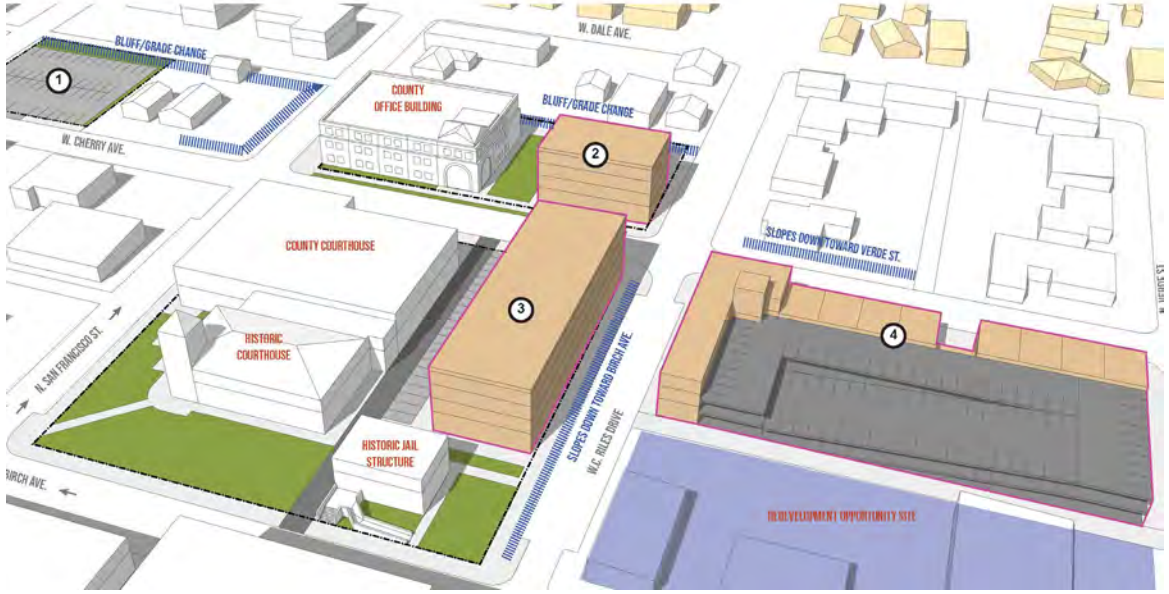



**A. Old City Courthouse**

**C. Birch Avenue Infill**




**D. Eastside Gateway**

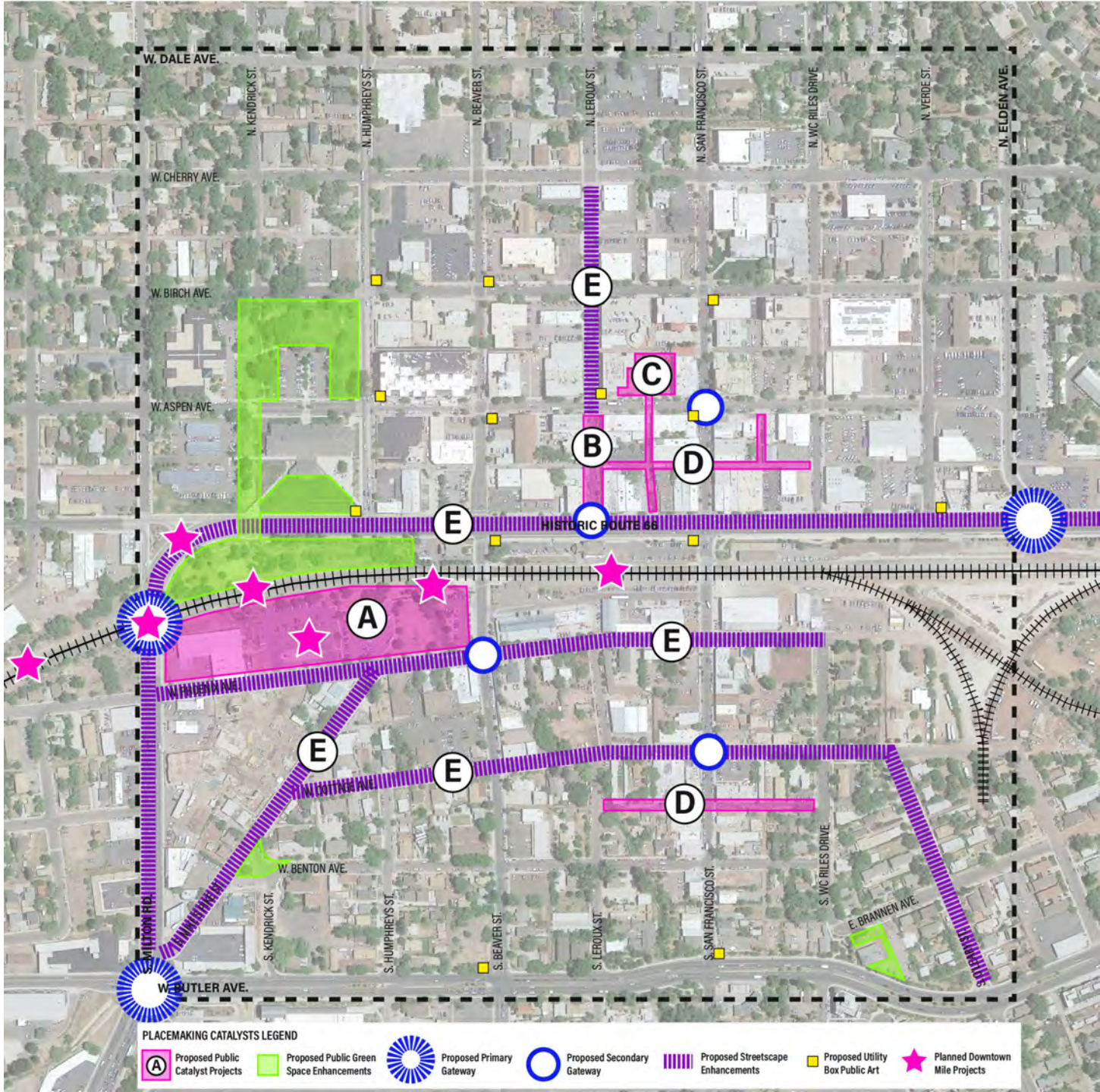



**B. Coconino County Properties**

**E. Cottage Avenue Infill**

# CATALYTIC PLACEMAKING PROJECTS

A. Downtown Connection Center
B. Leroux Festival Street
C. Heritage Square Activation
D. Alley Activation
E. Streetscapes, Gateways, Connectivity, & Wayfinding



# CATALYTIC PLACEMAKING PROJECTS

A. Downtown Connection Center

B. Leroux Festival Street

E. Streetscapes, Gateways, Connectivity, & Wayfinding

C. Heritage Square Activation

D. Alley Activation

# GOALS, STRATEGIES, AND ACTION ITEMS

## ECONOMIC VITALITY

✓5 Goals

✓39 Action Items

## DOWNTOWN EXPERIENCE & URBAN DESIGN

✓5 Goals

✓24 Action Items

## MOBILITY

✓5 Goals

✓39 Action Items

# MAJOR EDITS TO PLAN FROM AUGUST 2023

- ❑ **Update language re: Pandemic (now in past)**
- ❑ **Correct language about Historical Context and Navajo origins**
- ❑ **Address potential conflicts between Sustainability/Carbon Neutrality goals and plan**
  - ❑ *Address need for parking but add more language around reducing car trips and adding Transportation Demand Management (TDM) policies.*
  - ❑ *Replace 2018 Climate Action Plan references with Carbon Neutrality Plan (more recent)*
  - ❑ *More aggressive language around density – not just "gentle" density*
- ❑ **Coordination with Regional Plan 2045 and Planning Department goals**
  - ❑ *Understand scenarios being presented and where downtown is projected to go*
  - ❑ *Increase allowable floor area ratio and densities allowed in downtown for inclusionary housing incentives*
  - ❑ *Balance historic preservation goals and density goals – update Downtown Design Handbook*
- ❑ **Coordination with Regional Transportation Plan and Downtown Mile**
  - ❑ *Update plan to highlight Downtown Mile projects*
  - ❑ *DCC under construction*
  - ❑ *Update ParkFlag numbers*
- ❑ **Update with projects that are planned/underway (Downtown Mile, Aspen Alley, etc.)**

# COMMUNITY REVIEW SINCE OCTOBER 2023

**Presentations and discussions with:**

- **Sustainability Commission**
- **Heritage Preservation Commission**
- **Beautification and Public Art Commission**
- **Creative Flagstaff Board of Directors**
- **Flagstaff Downtown Business Alliance Board of Directors**
- **Planning Director, Public Works Director, and Staff**

**Final online survey revealed:**

- **More than 80% support for all Vision Elements**
  - *"Walkable and Connected" scored the highest*
- **More than 70% support for five Catalytic Projects**
  - *"Eastside Gateway" scored the highest*
- **More than 80% support for five Placemaking Projects**
  - *"Heritage Square Activation" and "Alley Activation" scored the highest*
- **Asked people to rank goals for each plan category:**
  - *Economic Vitality – "Guide Downtown's Economic Future" scored highest*
  - *Urban Design – "Promote and Direct New Development Responsibly and in a way that Adds to Vibrancy and Historic Character" scored highest*
  - *Mobility – "Create and Enhance Downtown to be More Walkable" scored highest.*

# MAJOR EDITS TO PLAN SINCE OCTOBER 2023

- ❑ Dark Skies policy alignment and edits
- ❑ Updated responsibilities in implementation matrix per Planning Director comments
- ❑ Added Downtown Overlay Zone to Catalytic Projects Map so it is clear which catalytic projects would fall under additional review
- ❑ Updated a few images to better reflect updated recommendations
- ❑ Updated Placemaking Catalysts Map per Planning Director feedback
- ❑ Final “quality control” review to ensure all comments from past and present were initiated

**9. C.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Sarah Langley, Public Affairs Director |
| **Date:** | 12/06/2023 |
| **Meeting Date:** | 01/16/2024 |

**TITLE:**

**Consideration and Approval:** 2024 State and Federal Legislative Priorities

**STAFF RECOMMENDED ACTION:**

Review and approve the 2024 State and Federal Legislative Priorities.

**Executive Summary:**

On January 9, City staff and lobbyists received Council input and direction on the draft state and federal legislative priorities. This input has been incorporated and a final version of both the state and federal legislative priorities is attached for Council's review and approval.

**Financial Impact:**

None

**Policy Impact:**

None

**Connection to PBB Key Community Priorities/Objectives & Regional Plan:**

The 2024 federal and state legislative priorities are connected to the PBB Priorities and Objectives in many ways. The legislative priorities specifically support the PBB Priorities of Safe and Healthy Community, Inclusive and Engagement Community, Sustainability and Innovative Infrastructure, Robust and Resilient Economy, Livable Community, and Environmental Stewardship.

**Previous Council Decision on This:**

On January 9, the Flagstaff City Council gave staff input on the draft 2024 legislative priorities.

**Attachments:** Federal Priorities
State Priorities

CITY OF
FLAGSTAFF

# 2024 Federal Legislative Priorities

## ECONOMY

**Rio de Flag Flood Control Project** - Utilizing the $52 million in secured funding, support expedited award and completion of the project while working with the Army Corps, BNSF Railway and the Arizona Dept. of Transportation to ultimately remove more than half of the City's residents, as well as the downtown and NAU areas, from the flood plain and protect more than $1 billion in property assets.

**Forest Health** – Utilize federal funding to support important regional projects to thin and restore forests. Advocate for collaborative prescribed fire efforts that support the development of a technically skilled workforce.

**Fire and Flood Insurance** –Advocate for affordable flood insurance premiums for Flagstaff residents. Support efforts to ensure affordable and accessible fire insurance coverage for Flagstaff residents. Work to ensure that FEMA deems post-wildfire flooding during monsoon season as an emergency under the Public Assistance Program and Policy Guide (PAPPG).

## TRANSPORTATION & INFRASTRUCTURE

**Infrastructure Investment and Jobs Act (IIJA)** - Pursue competitive grants and formula funds from the IIJA to finance high-priority infrastructure projects within the City, including resilient stormwater infrastructure, multi-modal transportation, roads, bridges, highways, wildlife corridors and restoration initiatives for the Museum Fire and Pipeline Fire burn scar areas.

**Multimodal Transportation -** Advocate for projects, policies and legislation that strengthen multi-modal transportation systems and adopt a transformative transportation planning approach, in line with the City's Active Transportation Master Plan and the Carbon Neutrality Plan.

**Water and Stormwater Infrastructure** – Utilize funding dedicated by the IIJA and other legislation to complement and improve City water and stormwater infrastructure.

**Rural Broadband** – Utilize federal funding for rural broadband access and capacity to encourage and develop economic activity, including allowing for remote education, business attraction, revenue creation and the attraction of remote workers.

**Flagstaff Pulliam Airport** – Advocate for funding for projects included in the Flagstaff Pulliam Airport five-year Capital Improvement Program, specifically the need for construction funding for the upcoming new Snow Removal Equipment (SRE) building.

**Amtrak** – Utilize funding dedicated by the IIJA and other legislation to increase reliability and certainty along the Southwest Chief line for long-distance passenger train services as a generator of economic development for municipalities located in the I-40 corridor.

## ENVIRONMENT

**Climate Change** - Support legislation and funding to reduce greenhouse gas emissions at the national and community scale, including a sustainable energy policy that is equitable, investment in climate resilience projects, policy and investment in the transportation sector to reduce carbon emissions and car dependency, policy and investment in the building sector that advances both climate action and housing goals, and policies that protect residents from climate disaster-related hardship and/or displacement. Protect the wilderness, wildlife, water, and cultural resources throughout the Southwest region.

**Endangered Species Act** – Protect and strengthen the Endangered Species Act and encourage Congress to maintain its funding and enforcement while working to promote the restoration of threatened and endangered species in northern Arizona.

## COMMUNITY INFRASTRUCTURE

**Affordable Housing** – Support legislation to create a middle-income housing tax credit. Promote additional funding for Public Housing and capital funds, the Section 8 Housing Choice Voucher Program, and the Community Development Block Grant (CDBG) program. Advocate for the Fair Market Rent determination methodology to be modified to more accurately reflect the actual rental market in Flagstaff.

**Immigration Reform** – Advocate for Deferred Action for Childhood Arrivals (DACA) and other federal immigration policies that help keep families together while supporting their higher education goals.

**Veterans** - Support legislation and funding that improves the lives of all veterans and their families while emphasizing the need for additional housing vouchers for veterans.

CITY OF
FLAGSTAFF

# 2024 State Legislative Priorities

## GUIDING PRIORITIES

**Preserve Local Control** - Support legislation that preserves or enhances the City's ability to govern locally and oppose legislation that reduces or restricts the City's local authority.

**State Shared Revenues** - Protect (and recover) state shared revenues to municipalities and oppose new legislation seeking to divert shared revenues away from municipalities.

## TRANSPORTATION & INFRASTRUCTURE

**Post-Wildfire Flood Mitigation** - Advocate for state funding for the construction and maintenance of post-wildfire flooding mitigation projects in Flagstaff, such as the Spruce Wash suite of projects.

**Transportation** - Advocate for additional funding to the Arizona Department of Transportation to plan, build, preserve, modernize, and expand transportation and infrastructure projects that impact northern Arizona and our tribal partners.

**Rural Broadband** - Support and encourage continuing state efforts to increase rural broadband access and capacity to encourage and develop economic activity, including allowing for remote education, business attraction, revenue creation, and the attraction of remote workers.

## ECONOMY

**Fire Insurance** - Support efforts to ensure affordable and accessible fire insurance coverage for Flagstaff residents.

**Affordable Housing** - Support legislation and seek funding in support of affordable housing, including allocations to the Housing Trust Fund and the renewal of the Arizona Low Income Housing Tax Credit. Join cities across the state in opposing preemptions of inclusionary zoning.

**Short-Term Rentals** - Work with stakeholders supporting legislation to allow for local regulations over investor-owned residential properties used as short-term rentals and ensure equity with the hotel industry.

## ENVIRONMENT

**Forest Health** - Advocate for investments in forest health on state-owned land in northern Arizona, augmenting municipal efforts to protect our region. Utilize state funding to support important regional projects to thin and restore forests. Advocate for collaborative prescribed fire efforts that support the development of a technically skilled workforce.

**Arizona Corporation Commission** - Urge the Arizona Corporation Commission to adopt a statewide clean energy standard that achieves 100% carbon-free clean energy in our state. Develop and strengthen relationships with Arizona Corporation Commissioners to increase awareness of Flagstaff's carbon neutrality goals.

**Environmental Funding and Partnership** - Support state funding and partnership opportunities to expand open space, parks, natural areas, trails, and wildlife corridor initiatives across northern Arizona. Support the City's dark skies program and strengthen relationships with regional partners such as the Arizona Department of Transportation to increase understanding of the City's dark skies goals.

**10. A.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Rick Tadder, Management Services Director |
| **Co-Submitter:** | Dan Musselman, Police Chief, Marianne Sullivan, Senior Assistant City Attorney |
| **Date:** | 01/09/2024 |
| **Meeting Date:** | 01/16/2024 |

**TITLE:**

**Consideration and Adoption of Ordinance No. 2024-02:** An ordinance of the City Council of the City of Flagstaff, amending the Flagstaff City Code, Title 3 Business Regulations, Chapter 3-10 User Fees, Section 3-10-001-0004 Police Department to revise existing fees and add a new fee for Body Camera Video Review and Redaction; providing for penalties, repeal of conflicting ordinances, severability, providing for clerical corrections, and establishing an effective date

**STAFF RECOMMENDED ACTION:**

At the January 16, 2024 Council Meeting:

1) Hold the Public Hearing
2) Read Ordinance No. 2024-02 by title only for the first time
3) City Clerk reads Ordinance No.2024-02 by title only (if approved above)

At the February 6, 2024 Council Meeting:

4) Read Ordinance No. 2024-02 by title only for the final time
5) City Clerk reads Ordinance No. 2024-02 by title only (if approved above)
6) Adopt Ordinance No. 2024-02

**Executive Summary:**

The Arizona State Legislature adopted a new law, A.R.S. § 39-129 that went into effect on October 30, 2023. This new law allows City's to impose a fee for the reviewing and redacting of body camera videos when requested under a public records request.

Prior to the enactment of § 39-129, local law enforcement agencies were prohibited from charging fees for the reviewing and redacting of body camera footage when requests were made under public records law. The new statute sets the maximum amount for the hourly fee at $46.00 per hour. The Flagstaff Police Department is requesting the hourly fee be set at the maximum of $46.00 per hour.

In addition, we are updating the language formerly titled Copies of Tapes to Digital Media to support multiple ways the City can provide the information to the requestor.

**Financial Impact:**

The new fee for Body Camera Video Review and Redaction will provide additional revenues to the City's General Fund for services provided. Staff spent over 200 hours redacting videos from July 2022 to July 2023. At this level of service, the City would collect over $9,200 in revenue for the service. This is not the full cost of the service provided as the State of Arizona has placed a maximum of $46.00 per hour.

**Policy Impact:**

The City Council is currently considering a Citywide Cost Recovery Policy. A service like this is generally more aligned with an Individual Benefit and the fee would be considered between 80-100% of the service cost.

**Connection to PBB Priorities/Objectives, Carbon Neutrality Plan & Regional Plan:**

**Priority Based Budget Key Community Priorities and Objectives**

High Performing Governance: Maintain the organization's fiscal stability through strong financial policies and best practices.

**Regional Plan**

Goal PF.3. Provide high-quality emergency response and public safety services including law enforcement, fire, medical, and ambulance transport service.

**Has There Been Previous Council Decision on This:**

No.

**Options and Alternatives:**

- Adopt the Ordinance as recommended by staff.
- Amend the Ordinance for an amount below the $42.00 per hour maximum rate.
- Do not adopt the Ordinance and continue to provide this service for only the cost of the digital media fee.

**Background/History:**

The Arizona State Legislature adopted a new law, A.R.S. § 39-129 that goes into effect on October 30, 2023. This new law allows Cities to impose a fee for the reviewing and redacting of body camera videos when the footage is requested under a public records law. Prior to the enactment of § 39-129, local law enforcement agencies were prohibited from charging fees for the reviewing and redacting of body camera footage when requests were made under public records law. The new statute sets the maximum amount for the hourly fee at $46.00 per hour.

In the last fiscal year from July 2022 to June 2023, the Flagstaff Police Department received approximately 136 public records requests involving body camera videos. The number of videos can vary per each request. Each officer involved in an incident usually is recording, therefore the more officers who are present the more videos there are to review. Some reports can contain one video, and some can contain 10 or more videos. The length of the videos can also vary from 10 to 30 minutes to up to over an hour of footage. One request can take 30 minutes to an hour to review while others can take over 10 hours to review. Of those 136 requests the time it took just to review to the videos to determine what should be redacted took over 200 hours (this is just reviewing time and does not including the time it takes to redact and download the videos).

A request is made by the public either online or in person at the records counter for video connected to a particular report, investigation or contact with law enforcement. The request may sometimes ask for all reports and videos involving certain people as well. That request is processed by the records department and then forwarded to the legal advisor for initial review of the videos.

Legal does the initial review as the decision on what can legally be redacted is based upon public records law, including statutes and case law that needs to be interpreted and applied to each individual case. If there is a challenge to what has been redacted the requestor can file an action in court against the City claiming the City improperly withheld public information. Once the initial review is conducted then a list of legally defensible and necessary redactions is provided to the Records Supervisor to redact from the videos prior to their being released to the requestor.

The redactions are usually done by the records manager or the records lead technician. The time it takes to make redactions depends on how many are necessary on a given video. The more redactions that are needed results in more time taken to redact the videos. The employees making the redactions will take the list and review the portions of the video before and after the necessary redactions to ensure all the information that should be legally redacted is removed. Redactions can include removing audio from the videos as well as blurring or blacking out the picture. (we blur or black out images that show deceased or injured individuals, juveniles or where protected information can be seen)

It is estimated it takes about 75% of the length of the video to complete the redactions. For example, it will take approximately 45 minutes to redact a video that is an hour long. Once redactions are made then the redacted videos are downloaded and placed on CD's or a thumb drive depending on the length and number of videos. It takes considerably longer to download and burn a video to a CD. For an hour-long video, it takes approximately 20 minutes to download to a CD whereas it takes about 3 minutes to transfer downloads to a thumb drive. Both the Records Supervisor and Lead Records technician have had their disc drives replaced in their computers due to overuse.

The approximate labor cost of the Police Department's Records Lead is $37.06/hour, the Records Supervisor approximate labor cost is $42.53/hour, and the Legal Advisor's approximate labor cost is $118.53/hr. The total approximate hourly cost of reviewing, redacting, and copying body-camera videos is between 155.59/hour to $161.06/hour. This does not include any other costs related to the use of equipment or digital media. Therefore, setting the fee at the maximum allowed under the law at $46.00 per hour which is reasonable as is required under the statue.

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**Attachments:** Ord. 2024-02
Notice of Proposed New Rate or Fees
Report on Body Camera Fee
Presentation

**ORDINANCE NO. 2024-02**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FLAGSTAFF, AMENDING THE FLAGSTAFF CITY CODE, TITLE 3 BUSINESS REGULATIONS, CHAPTER 3-10 USER FEES, SECTION 3-10-001-0004 POLICE DEPARTMENT TO REVISE EXISTING FEES AND ADD A NEW FEE FOR BODY CAMERA VIDEO REVIEW AND REDACTION; PROVIDING FOR PENALTIES, REPEAL OF CONFLICTING ORDINANCES, SEVERABILITY, PROVIDING FOR CLERICAL CORRECTIONS, AND ESTABLISHING AN EFFECTIVE DATE**

**RECITALS:**

WHEREAS, the City has authority to establish and operate a Police Department pursuant to A.R.S. § 9-240(B)(12); and

WHEREAS, the State of Arizona A.R.S § 39-129 allows the City to establish a body camera video fee related to public records requests in an amount not to exceed $46 per video-hour for review and redaction; and

WHEREAS, the City has published and distributed notice of the proposed body camera video rates or fees pursuant to A.R.S. § 9-499.15.

**ENACTMENTS:**

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:**

SECTION 1. In General.

The Flagstaff City Code, Title 3 Business Regulations, Chapter 3-10 User Fees, Section 3-10-001-0004 Police Department be amended to read as follows (additions shown as capitalized text, deletions in strikeout):

**3-10-001-0004 Police Department**

The user fees of the Police Department shall be as follows:

| **Fee Type** | **Fee ~~per Each~~** |
|---|---|
| Fingerprinting | $ 6 EACH |
| Background checks | $ 7 EACH |
| Bicycle license | $ 2 EACH |
| Police alarm permits | $ 10 EACH |
| Police Reports | $ 8 EACH |
| BODY CAMERA VIDEO REVIEW & REDACTION | $46 PER HOUR |
| ~~Copies of tapes~~ DIGITAL MEDIA | $ 30 EACH |

The Chief of Police is authorized to waive background check fees, in whole or in part, for those individuals submitting to a background check as a prerequisite for volunteering at a non-profit community, civic, or social organization that supports youth activities in Flagstaff.

SECTION 2. Penalties

Any person found in violation of this ordinance shall be guilty of a civil infraction and shall be fined a sum not to exceed five hundred dollars ($500.00). Any violation which is continuing in nature shall constitute a separate offense on each successive date the violation continues, unless otherwise provided.

SECTION 3. Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of the code adopted herein are hereby repealed.

SECTION 4. Severability

If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of the code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 5. Clerical Corrections

The City Clerk is hereby authorized to correct clerical and grammatical errors, if any, related to this ordinance, and to make formatting changes appropriate for purposes of clarity, form, or consistency with the Flagstaff City Code.

SECTION 6. Effective Date

This Ordinance shall be effective February 8, 2024 following adoption by the City Council.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 6th day of February, 2024.

_____
MAYOR

ATTEST:

_____
CITY CLERK

APPROVED AS TO FORM:

_____
CITY ATTORNEY

**NOTICE OF PROPOSED NEW RATES OR FEES (UPDATED)**

**RELATED TO PUBLIC RECORDS REQUESTS FOR POLICE BODY CAMERA VIDEOS PURSUANT TO A.R.S. § 39-129.**

Pursuant to A.R.S. § 9-499.15, the City of Flagstaff hereby gives notice it proposes to amend the City Code to adopt new rates or fees related to Public Records requests for Police Body Camera videos pursuant to A.R.S. § 39-129.

The City Council will consider whether to amend the City Code to adopt new rates or fees at a public meeting, to be held:

**Tuesday, ~~January 2, 2024 at 3:00 p.m.~~ January 16, 2024 at 3:00pm**
**City Council Chambers**
**211 W. Aspen Avenue**
**Flagstaff, Arizona 86001**

A first reading of an ordinance to approve the changes may occur on this date. A second reading of an ordinance to approve the changes may occur at the next public meeting of the City Council on Tuesday, ~~January 16, 2023 at 3:00 p.m.~~ February 6, 2024 at 3:00pm in City Council Chambers.

The City Council may approve, disapprove, or modify the proposed rates or fees at that time.
A schedule of the proposed new rates or fees is set forth below:

A fee of $46.00 per video hour reviewed and redacted.

A fee of $30.00 for digital media storage to include CDs, thumb drives, or other digital storage media that may become available in the future.

A written report that supports the new rates or fees is attached below.

Please contact Rick Tadder, Management Services Director (928) 213-2205 if you have any questions.

Submitted by: Rick Tadder

This notice is posted on the homepage of the City Website and distributed through social media this 20th day of October 2023.

Posted by: Sarah Langley

Report to follow below.

**Report Regarding proposed fees for Public Records requests for reviewing and redacting police body camera footage.**

The Arizona State Legislature adopted a new law, A.R.S. § 39-129 that goes into effect on October 30, 2023. This new law allows Cities to impose a fee for the reviewing and redacting of body camera videos when the footage is requested under a public records law.

Prior to the enactment of § 39-129, local law enforcement agencies were prohibited from charging fees for the reviewing and redacting of body camera footage when requests were made under public records law. The new statute sets the maximum amount for the hourly fee at $46.00 per hour. See the language of the statute below:

> **39-129, Local law enforcement; video recordings; fee**
>
> Except when it is free for victims pursuant to A.R.S. § 13-127, a county, city, town or any political subdivision of this state may establish a onetime fee per copy, not to exceed $46 per video-hour reviewed, that is charged to a person who submits a public records request to a local law enforcement agency for a copy of a video recording. A county, a city, a town or any political subdivision of this state may take into consideration the following information when determining the amount of the onetime fee per copy:
>
> - The reasonable cost of reviewing, transmitting, making a copy of and, as necessary, redacting the video recording.
> - Any other relevant information.

## Time Spent on Requests

In the last fiscal year from July 2022 to June 2023, the Flagstaff Police Department received approximately 136 public records requests involving body camera videos. The number of videos can vary per each request. Each officer involved in an incident usually is recording, therefore the more officers who are present the more videos there are to review. Some reports can contain one video, and some can contain 10 or more videos. The length of the videos can also vary from 10 to 30 minutes to up to over an hour of footage. One request can take 30 minutes to an hour to review while others can take over 10 hours to review. Of those 136 requests the time it took just to review to the videos to determine what should be redacted took over 200 hours (this is just reviewing time and does not including the time it takes to redact and download the videos).

## Process for Reviewing and Redacting Videos

A request is made by the public either online or in person at the records counter for video connected to a particular report, investigation or contact with law enforcement. The request may sometimes ask for all reports and videos involving certain people as well.

That request is processed by the records department and then forwarded to the legal advisor for initial review of the videos.

Legal does the initial review as the decision on what can legally be redacted is based upon public records law, including statutes and case law that needs to be interpreted and applied to each individual case. If there is a challenge to what has been redacted the requestor can file an action in court against the City claiming the City improperly withheld public information. Once the initial review is conducted then a list of legally defensible and necessary redactions is provided to the Records Supervisor to redact from the videos prior to their being released to the requestor.

The redactions are usually done by the records manager or the records lead technician. The time it takes to make redactions depends on how many are necessary on a given video. The more redactions that are needed results in more time taken to redact the videos. The employees making the redactions will take the list and review the portions of the video before and after the necessary redactions to ensure all the information that should be legally redacted is removed. Redactions can include removing audio from the videos as well as blurring or blacking out the picture. (we blur or black out images that show deceased or injured individuals, juveniles or where protected information can be seen)

It is estimated it takes about 75% of the length of the video to complete the redactions. For example, it will take approximately 45 minutes to redact a video that is an hour long. Once redactions are made then the redacted videos are downloaded and placed on CD's or a thumb drive depending on the length and number of videos. It takes considerably longer to download and burn a video to a CD. For an hour-long video, it takes approximately 20 minutes to download to a CD whereas it takes about 3 minutes to transfer downloads to a thumb drive. Both the Records Supervisor and Lead Records technician have had their disc drives replaced in their computers due to overuse.

The approximate labor cost of the Police Department's Records Lead is $37.06/hour, the Records Supervisor approximate labor cost is $42.53/hour, and the Legal Advisor's approximate labor cost is $118.53/hr. The total approximate hourly cost of reviewing, redacting, and copying body-camera videos is between 155.59/hour to $161.06/hour. This does not include any other costs related to the use of equipment or digital media. Therefore, setting the fee at the maximum allowed under the law at $46.00 per hour which is reasonable as is required under the statue.

## Conclusion

The fee for the reviewing, redacting and copying of body camera videos will be set at the maximum allowed under the law of $46.00 per hour of body camera video. Further the current fee of $30.00 for cassette tapes that is in the City Ordinance will be revised to be $30.00 for digital media to include CDs, thumb drives, or other digital storage media that may become available in the future.

# BODY CAMERA VIDEO REVIEW AND REDACTION FEE

Council Meeting
January 16, 2024

# Body Camera Review and Redaction Fee

## Overview

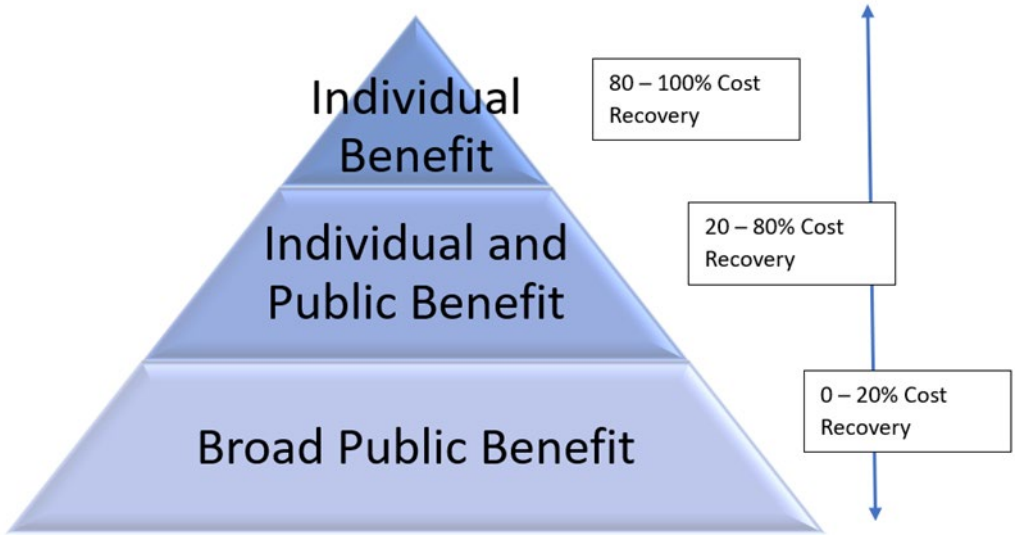
- State Statute allows Cities to charge a body camera review and redaction fee at a maximum $46.00 per hour
- The City has completed the state requirements for adopting new fees
  - Post a 60 Notice on the City Website, posted October 20,2023
  - Provide a written report on the proposed fee, included with posting
- The fee adoption requires a public hearing and an Ordinance to update City Code
- If Council approves the new fee at the February 6th meeting, the fee will be effective March 8, 2024

# Body Camera Review and Redaction Fee

## Cost Recovery

- Cost of service determined to be in excess of $46.00 per hour
- Service aligned with Individual Benefit
- Recommend 100% cost recovery
- State Statute only allows up to

  $46.00 per hour



# Body Camera Review and Redaction Fee

## ARS § 39-129 Local Law Enforcement Video Recording Fees

- Arizona State Legislature enacted a new law allowing local law enforcement to charge fees for reviewing and redacting body camera videos.
- Prior to the enactment of § 39-129, local law enforcement agencies were prohibited from charging fees for the reviewing and redacting of body camera footage when requests were made under public records law. The new statute sets the maximum amount for the hourly fee at $46.00 per hour.

# Body Camera Review and Redaction Fee

## ARS § 39-129 Local Law Enforcement Video Recording Fees

- Except as provided in § 39-127, a county, a city, a town or any political subdivision of this state may establish a onetime fee per copy, not to exceed $46 per video-hour reviewed, that is charged to a person who submits a public records request to a local law enforcement agency for a copy of a video recording. A county, a city, a town or any political subdivision of this state may take into consideration the following information when determining the amount of the onetime fee per copy:
  1. The reasonable cost of reviewing, transmitting, making a copy of and, as necessary, redacting the video recording.
  2. Any other relevant information.

# Body Camera Review and Redaction Fee

## Body Camera Videos and Public Records Requests

- In 2014 the Flagstaff City Council approved in the Budget money for the purchase and use of Body Cameras by the Flagstaff Police Department.
- It was unknown at the time what the demand would be for copies of these videos by the public. No additional funding was contemplated nor provided to cover costs for the reviewing and redacting of body camera videos.
- Public records law allows government entities to charge fees for the cost of copying public records only, but not for the time it takes to search, locate, review or redact the records.

# Body Camera Review and Redaction Fee

## Body Camera Videos and Public Records Requests

- In 2021 the Arizona State Legislature passed A.R.S.§ 41-1734 allowing the Department of Public Safety (DPS) to charge fees for reviewing and redacting body camera videos.
- DPS charges $21.33 per 30 minutes of video reviewed and redacted.
- This law only applied to DPS and not to local law enforcement.
- In 2023 the new law was passed to allow local law enforcement to also charge fees to review and redact videos.

# Body Camera Review and Redaction Fee

## Flagstaff Police Department Procedures to Review and Redact

- A request is made by the public either online or in person for video connected to a particular report or investigation. The Records department processing the request and forwards it to the legal advisor for initial review.
- Legal does the initial review as the decision on what can legally be redacted is based upon public records law, including statutes and case law. If there is a challenge to what has been redacted the requestor can file an action in court against the City claiming the City improperly withheld public information.

# Body Camera Review and Redaction Fee

## Flagstaff Police Department Procedures to Review and Redact

- Once the initial review is conducted a list of legally defensible and necessary redactions is provided to the Records Supervisor to redact from the videos.
- The time it takes to make redactions depends on how many are necessary on a given video. The more redactions that are needed results in more time needed to redact the videos.
- Redactions can include removing audio from the videos as well as blurring or blacking out the picture.

# Body Camera Review and Redaction Fee

## Flagstaff Police Department Procedures to Review and Redact

- It is estimated it takes about 75% of the length of the video to complete the redactions. For example, it will take approximately 45 minutes to redact a video that is an hour long.
- Once redactions are made the videos are downloaded and placed on CDs or a thumb drive depending on the number of videos. It takes considerably longer to download and burn a video to a CD. For an hour-long video, it takes approximately 20 minutes to download to a CD whereas it takes about 3 minutes to transfer downloads to a thumb drive.

# Body Camera Review and Redaction Fee

## Flagstaff Police Department Procedures to Review and Redact

- The hourly salary costs for review by Legal and redactions by the Records Supervisor or Lead Records Technician well exceed the cap under the state statute of $46.00 per hour of video reviewed.
- Under Flagstaff Police Department policy Officers are required to have their cameras activated at all times they are interacting with the public. Examples of this include interviewing victims, witnesses, and suspects, conducting searches of people, homes and cars, and while transporting arrested individuals.

# Body Camera Review and Redaction Fee

## Flagstaff Police Department Procedures to Review and Redact

- In the last fiscal year from July 2022 to June 2023, the Flagstaff Police Department received approximately 136 public records requests involving body camera videos. Some reports can contain one video, and some can contain 10 or more videos.
- The length of the videos can also vary from 10 to 30 minutes to up to over an hour. Of those 136 requests the time it took just to review to the videos to determine what should be redacted took over 200 hours (this is just reviewing time and does not include redacting and downloading the videos).

# Body Camera Review and Redaction Fee

## Flagstaff Police Department Procedures to Review and Redact

- Requests mostly come from private citizens, insurance companies, and attorneys.
- The media makes up a small portion of requests for videos.
- Costs for videos can be managed by making requests for specific videos, such as one where a person was arrested, or ones where a particular people were interviewed as opposed to all videos in each case.
- The Flagstaff Police Department posts videos of critical incidents on their transparency page that are then used by the public at no charge.

# Body Camera Review and Redaction Fee

## Staff Recommendation

- Based upon the new state law that now allows for local law enforcement to charge an hourly fee for the time it takes to review and redact body camera videos, the Flagstaff Police Department is requesting changes to the fees set forth in the Flagstaff City Code Section 3-10-001-0004 as follows:
  - A fee of $46.00 per video hour reviewed and redacted.
  - A fee of $30.00 for digital media storage to include CDs, thumb drives, or other digital storage media that may become available in the future.

# Body Camera Review and Redaction

- Staff recommends Council
  - Read Ordinance 2024-02 for the first time at this meeting,
  - Read Ordinance 2024-03 for the second time at the February 6, 2023 meeting,
  - Adopt Ordinance 2024-03 at the February 6, 2024 meeting

QUESTIONS/COMMENTS

**11. A.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Anja Wendel, Senior Assistant City Attorney AW |
| **Co-Submitter:** | Rick Tadder, Management Services Director |
| **Date:** | 01/09/2024 |
| **Meeting Date:** | 01/16/2024 |

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**TITLE:**

**Consideration and Adoption of Resolution No. 2024-04:** A resolution of the Flagstaff City Council, approving an intergovernmental agreement between the City and the State of Arizona Department of Revenue for the administration, collection, audit, and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and uses taxes and rental occupancy taxes imposed by the State, cities or towns

**STAFF RECOMMENDED ACTION:**

1) Read Resolution No. 2024-04 by title only
2) City Clerk reads Resolution No. 2024-04 by title only (if approved above)
3) Adopt Resolution No. 2024-04

**Executive Summary:**

The proposed intergovernmental agreement with the Arizona Department of Revenue (the 2023 IGA) requires ADOR to administer local tax administration for cities and towns and establishes the responsibilities of the parties. It also includes specific operational processes related to tax collection, protection of taxpayer confidentiality, and information security.

The 2023 IGA will replace the existing 2019 IGA and constitutes a complete rewrite of the prior agreement.

**Financial Impact:**

The IGA itself has no financial impact. However, the previous years the State has required the City local tax administration until FY 2020-21. Currently the City is funding a share of the ADOR Integrated Tax System Modernization Project.

**Policy Impact:**

None.

**Connection to PBB Priorities/Objectives, Carbon Neutrality Plan & Regional Plan:**

This is a State requirement and does not directly tie to Priority Based Budgeting, Carbon Neutrality Plan, Housing Plan or Regional Plan.

**Has There Been Previous Council Decision on This:**

The City Council previously approved an IGA with the ADOR dated June 4, 2019, City Contract #IGA-2019-279-AG4.

**Options and Alternatives:**

1. Approve the IGA.
2. Do not approve the IGA.

**Background/History:**

ADOR has managed the City of Flagstaff local tax administration since January 2017.

All Arizona cities and towns are expected to enter into this IGA, pursuant to Arizona Revised Statutes (ARS) Section 42-6001.A, which provides that: "The department [ADOR] shall collect and administer any transaction privilege and affiliated excise taxes, including use tax, severance tax, jet fuel excise and use tax, and rental occupancy tax, imposed by any city or town. The department and each city or town shall enter into an intergovernmental contract or agreement to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the state or cities or towns pursuant to title 11, chapter 7, article 3. The contract or agreement shall include criteria for the denial of a request from a city or town for an audit of a taxpayer that is engaged in business in more than one city or town."

<u>City Responsibilities:</u>

- Provide to ADOR:
  - List of employees authorized to receive taxpayer information to ADOR and keep it updated,
  - A primary point of contact to ADOR,
  - Any employment or other contract for local tax audits (within 10 days from approval of this IGA & any new contract),
  - A copy of any new ordinance affecting the tax code (within 10 days from approval of the ordinance - this means immediately after the second read),
  - A copy of any new annexation ordinance (within 15 days from adoption),
  - Any other relevant information requested by ADOR,
  - Notice of any breach in security of tax information.
- Review the ADOR's website to confirm City's profile is current,
- Review ADOR's website to identify any changes to the Model City Tax Code, and then update the City tax code,
- Protect taxpayer confidentiality,
- Cooperate with ADOR in tax litigation.

<u>ADOR responsibilities:</u>

- Issue transaction privilege tax (TPT licenses and collect local license fee,
- Perform audits per the ADOR's "Standard Audit Life Cycle Process Map" (not part of the IGA),
- Perform local tax audits if requested by City, and ADOR agrees:
  - The IGA lists numerous reasons why ADOR may refuse to conduct an audit, including but not limited to lack of funding or not wanting to spend ADOR resources on the audit. There is an appeal process for City to appeal ADOR's decision to not audit.
- Collect and remit local taxes,
- Provide training to all City supervisors, auditors, and desk reviewers (desk review is a lesser type of audit),
- Protect taxpayer confidentiality,
- Provide copies of administrative hearing level decisions as to taxpayer appeals, if City requests,
- Represent City in tax litigation.

Changes from 2019 IGA (summary provided by ADOR and the League of Arizona Cities and Towns):

The new IGA adds or clarifies the definitions of various terms including City Services, Collection, Development Fees, Options Chart, Primary Point of Contact (PPOC), Profile, Independent Contractor, State Tax, Tax Information, Authorized Access Lists, and Qualified Recipients of Information, and all defined terms are now capitalized throughout the Agreement for easy recognition.

Taxpayer confidentiality measures have been significantly strengthened, placing additional emphasis on the protection of Tax Information provided under Arizona statutes, and refining the details surrounding authorized access, disclosure restrictions, and remedies for improper disclosure such as the possible suspension of Tax Information sharing.

New procedures have been established for both the cities and the Department to regularly maintain the Authorized Access Lists that control who can see detailed taxpayer information, including clarifying confidentiality training requirements and adding that all responsibilities and restrictions apply to Independent Contractors in the same manner as they apply to regular employees.

The new IGA addresses the developing scope of city assistance offered to the Department with the addition of delinquent tax collection activities and new collections reports along with new language that covers cities assisting with reviews of selected refund claims. In addition to the services that have long been provided by city and town auditors, these new areas expand the ways that we can partner with the Department, leveraging our personnel to help the DOR achieve more efficient operations.

The 2023 IGA also provides new or improved coverage for several miscellaneous topics including the City's responsibility for reviewing its City Profile and the Model City Tax Code website; workers' compensation issues when sharing office space with other jurisdictions; the expiration, termination, or amendment of the Agreement; and the disclosure of aggregated financial information.

Finally, this version rewrote much of Appendix A regarding the handling and protection of confidential taxpayer information. Changes were made relative to identifying retention requirements and authorized disposal methods, critical information security protocols, and various software system requirements that cities and towns must follow to protect any confidential taxpayer data stored on their computer systems.

**Key Considerations:**

Approving the 2023 IGA benefits both the City and ADOR, as the new IGA improves the existing local tax administration system.

**Community Benefits and Considerations:**

City taxpayers benefit from a uniform method of state and local tax collection. The 2023 IGA provides for this. The community as a whole benefits from local tax collection, as it funds governmental services.

**Community Involvement:**

City of Flagstaff was not actively involved with negotiation of the 2023 IGA. The 2023 IGA was negotiated by representatives from ADOR, the Attorney General’s office, the City Tax Administrators Council (CTAC) Rulings Group, which includes the League of Arizona Cities and Towns, several city attorneys, and "a multitude of tax and IT experts from many municipalities."

**Expanded Options and Alternatives:**

When ADOR assumed local tax administration in January 2017, the City reduced its staffing and no longer employs a local tax auditor. The City has contracted for some local tax audits on an annual basis. ADOR generally does not conduct local tax audits, unless the City requests. As a result of reduced oversight, it is conceivable there are businesses who are not remitting taxes, whether due to lack of understanding of local tax obligations, financial or health troubles, or disregard of the law. Both revenue losses and fairness are concerns.

Under the 2023 IGA the City retains supplemental local tax audit authority. The City is able to:
a. Employ local tax auditors and collections staff, so long as they receive ADOR training and oversight;
b. Contract for local tax audit services, so long as the contractor receives ADOR training and oversight;
c. Request ADOR to audit specific local taxpayers, subject to ADOR approval;
d. Provide additional funding to ADOR for local tax audits;
e. Provide ADOR with a satellite office at City Hall or another city building for the auditor to work on local audits.

City Council has the option, during the next budget cycle, to appropriate funding and provide direction as to any of these options to improve local tax compliance.

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**Attachments:** Res. 2024-04
2023 IGA with ADOR
2019 IGA with ADOR

**RESOLUTION NO. 2024-04**

**A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL, APPROVING AN INTERGOVERNMENTAL AGREEMENT BETWEEN THE STATE OF ARIZONA DEPARTMENT OF REVENUE AND THE CITY OF FLAGSTAFF FOR THE ADMINISTRATION, COLLECTION, AUDIT, AND LICENSING OF TRANSACTION PRIVILEGE TAXES, USE TAXES, SEVERANCE TAXES, JET FUEL EXCISE AND USE TAXES, AND RENTAL OCCUPANCY TAXES IMPOSED BY THE STATE, CITIES OR TOWNS; PROVIDING FOR DELEGATION OF AUTHORITY; EXPIRATION OF THE EXISTING AGREEMENT BETWEEN THE PARTIES; AND ESTABLISHING AN EFFECTIVE DATE**

**RECITALS:**

WHEREAS, the City of Flagstaff has adopted local transaction privilege taxes, use taxes, severance taxes, and/or other excise taxes consistent with the Flagstaff City Charter (including requirements for voter approval) and state laws, all as set forth in the Flagstaff City Code, Division 3-05 Privilege and Excise Taxes; and

WHEREAS, Arizona Department of Revenue ("ADOR") is required to provide for a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the state, cities, and towns, as contemplated by A.R.S. § 42-6001 et seq.; and

WHEREAS, the City of Flagstaff and ADOR have authority to enter into this intergovernmental agreement pursuant to A.R.S. § 11-952.

**ENACTMENTS:**

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:**

SECTION 1. In General.

The City hereby approves the Intergovernmental Agreement between the City of Flagstaff and the State of Arizona Department of Revenue attached hereto as Exhibit A ("the New IGA") for the administration, collection, audit and licensing of transaction privilege taxes, use taxes, severance taxes, jet fuel excise and use taxes and rental occupancy taxes imposed by the State, cities or towns.

SECTION 2. Delegation of Authority.

The Flagstaff City Council hereby authorizes the Mayor to execute the Intergovernmental Agreement between the State of Arizona Department of Revenue and the City of Flagstaff, Arizona, which shall become effective upon the date first executed by both parties, and execute any other documents or amendments as may be necessary to effectuate this agreement.

SECTION 3. Expiration of Existing Agreement.

The existing Intergovernmental Agreement between the City of Flagstaff and the State of Arizona Department of Revenue dated June 4, 2019, City Contract# IGA-2019-279-AG4, shall expire when the New IGA has become effective.

SECTION 3. Effective Date.

This resolution shall be immediately effective upon adoption.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 16th day of January, 2024.

MAYOR

ATTEST:

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

Exhibits:
IGA

# INTERGOVERNMENTAL AGREEMENT BETWEEN THE ARIZONA DEPARTMENT OF REVENUE AND THE CITY/TOWN OF _____

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") is entered into this _____ day of _____, 2023, by and between the Arizona Department of Revenue ("Department") and the City/Town of _____, an Arizona municipal corporation ("City/Town"). This Agreement shall supersede and replace all previous intergovernmental agreements, including amendments thereto, entered into by the Department and City/Town regarding the administration, collection, audit, and/or licensing of transaction privilege tax, use tax, severance tax, jet fuel excise and use taxes, and rental occupancy taxes (collectively referred to as "Taxes") imposed by the State, City/Town, and other Arizona municipalities.

RECITALS

WHEREAS, A.R.S. Title 11, Chapter 7, Article 3 (A.R.S. § 11-952 *et seq.*) authorizes two (2) or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies.

WHEREAS, A.R.S. § 42-6001 *et seq.* was amended effective January 1, 2015 to provide that the Department shall collect and administer any transaction privilege and affiliated excise taxes imposed by any Arizona municipality and that the Department and each municipality shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit, and licensing of transaction privilege and affiliated excise taxes imposed by the State and Arizona municipalities.

WHEREAS, City/Town has taken appropriate action by ordinance, resolution, or otherwise, pursuant to the laws applicable to the governing body of City/Town, to approve and authorize City/Town to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the Department and City/Town enter into this Agreement as follows:

## 1. Definitions

**1.1** **A.R.S.** means the Arizona Revised Statutes.

**1.2** **Adoption of an Ordinance** means final approval by majority vote of the City/Town council.

**1.3** **Ambassador Program** means the Department's provided structure and support of curriculum related to tax administration and compliance education.

**1.4** **Arizona Management System** means the State's professional, results-driven management system that focuses on customer value and vital mission outcomes for citizens. The system is based on principles of Lean, a proven people-centered approach that has delivered effective results in both public and private sectors. Lean focuses on customer value, continuous improvement and engaged employees to improve productivity, quality, and service.

**1.5** **Audit** means an examination and verification of accounts and records to determine taxpayer compliance with A.R.S. Title 42 and the Model City Tax Code, or any other assessment issued pursuant to A.R.S. § 42-1108.

**1.6** **City Services** means the Department's team or successor unit thereof that assists Arizona municipalities with administrative functions and all other activities related to transaction privilege tax licensing, collection, and compliance of any kind. In this Agreement, all references to electronic communications with City Services shall be directed to the team's address at citiesunit@azdor.gov.

**1.7** **Closing Agreement** means an agreement to settle a tax liability pursuant to A.R.S. § 42-1113.

**1.8** **Collection** means activities to collect established liabilities for transaction privilege taxes, fees, and related penalties and interest that are due and owing.

**1.9** **Confidentiality Standards** means the standards set forth in A.R.S. § 42-2001 *et seq*., Model City Tax Code § 510, Appendix A of this Agreement, and such other written standards mutually agreed to by the Department and City/Town, and which will be incorporated into Appendix A of this Agreement.

**1.10** **Development Fees** has the same meaning prescribed in A.R.S. § 42-5075(B).

**1.11** **Desk Review** means any assessment issued pursuant to A.R.S. § 42-1109(B).

**1.12** **Federal Tax Information ("FTI")** means Federal income tax returns or return information the Department receives from the Internal Revenue Service, including any information created by the Department derived from that information. Documents obtained from a taxpayer or State income tax returns are not considered Federal Tax Information. The scope of this Agreement does not permit the Department to share FTI with any Arizona municipality.

**1.13** **Independent Contractor** means any individual or entity with which City/Town may enter into an agreement to perform transaction privilege tax administration, collection, audit, licensing, and any other related duties described in this Agreement or A.R.S. § 42-6001 *et seq*.

**1.14** **Model City Tax Code** means the document defined in A.R.S. § 42-6051.

**1.15** **Municipal Tax** or **Municipal Taxes** means collectively the transaction privilege and affiliated excise taxes, including use tax, severance tax, jet fuel excise and use tax, and rental occupancy tax imposed by City/Town in accordance with the Model City Tax Code and similar taxes imposed by City/Town pursuant to a City/Town code section outside the Model City Tax Code that are collected via the standard transaction privilege tax return. Unless the context provides otherwise, this definition includes municipal privilege tax, municipal privilege tax license fees, and all related penalties, interest and other similar charges collected by the Department on behalf of an Arizona municipality.

**1.16** **Options Chart** means any chart contained in a section of the Model City Tax Code which identifies the various approved standard Options adopted by an Arizona municipality.

**1.17** **Primary Point of Contact ("PPOC")** means a designated City/Town representative with the primary responsibility for communicating with the Department and their respective staff on any matters described within this Agreement. The PPOC must be an individual qualified to receive Tax Information under Section 2.1 of this Agreement and be included on the Master Authorization List referenced in Section 2.3 of this Agreement.

**1.18** **Profile** means a dedicated section of the Model City Tax Code that provides specific information for each Arizona municipality, including contact information, applicable tax rates, and amendments and provisions unique to City/Town.

**1.19** **Standard Audit Life Cycle Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities from the assignment of audits through final resolution consistent with this Agreement and the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Audit Life Cycle Process Map shall be referred to SMART for resolution.

**1.20** **Standard Authorization List Update Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities to keep an updated list of current employees and contractors who are authorized to receive Tax Information consistent with this Agreement and with the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Authorization List Update Process Map shall be referred to SMART for resolution.

**1.21** **Standard Inter-Jurisdictional Transfer Process Map** means a document containing the decisions and procedures adopted by the Department and Arizona municipalities to document and authorize the transfer of erroneously reported or

allocated tax from one (1) municipality to another based upon a municipality's request or during the audit process consistent with this Agreement and with the Arizona Management System principle of continuous improvement. This document shall be reviewed by the Department and Arizona municipalities as needed, not less than annually, with any changes memorialized in a revised map. In the event of a disagreement regarding proposed changes, the Standard Inter-Jurisdictional Transfer Process Map shall be referred to SMART for resolution.

**1.22** **State** means the State of Arizona.

**1.23** **State & Municipal Audit Resolution Team ("SMART")** means an advisory committee responsible for resolving issues as set forth in Section 15 of this Agreement.

**1.24** **State Tax** or **State Taxes** means transaction privilege tax and affiliated excise taxes, including use tax, severance tax, and jet fuel excise and use taxes imposed by the State of Arizona or its counties.

**1.25** **Tax Information** means information deemed confidential taxpayer information protected from disclosure pursuant to A.R.S. § 42-2001 *et seq*. or Model City Tax Code § 510 concerning the business financial affairs or operations of a taxpayer as it relates to Municipal Taxes or State Taxes. Tax Information includes all financial information related to transaction privilege taxes obtained from any source related to an individual taxpayer and all such aggregate financial information related to any group of identified or identifiable taxpayers.

(a) Examples of Tax Information include without limitation:

(1) Any information provided by the Department to City/Town derived from any source including tax returns, reports, tax license applications, and the New License Report or License Update Report; and

(2) Any information received by, recorded by, prepared by, furnished to, or collected by the Department or City/Town with respect to a transaction privilege tax return or the termination or possible existence of liability of any person for any transaction privilege tax and related penalty or interest, such as the taxpayer's identity; the nature, source, or amount of the taxpayer's income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, taxes withheld, deficiencies, over-assessments, or tax payments; or whether the taxpayer's account was, is being, or will be examined or subject to audit, desk review, investigation, collection, or processing.

(b) Taxpayer identifying information obtained by City/Town from any source not identified in Section 1.25(a) of this Agreement is not Tax Information for purposes of this Agreement.

**1.26 Voluntary Disclosure Agreement** means a document used in a voluntary disclosure program designed for eligible taxpayers with exposure for tax liability and/or civil penalties arising from a failure to report and/or pay all Taxes due which allows the taxpayer to come into voluntary compliance.

## 2. Authorized Access Lists

**2.1 Statutory Authority:** The disclosure of information relating to State Taxes and Municipal Taxes is governed by A.R.S. § 42-2001 *et seq*., and, for reporting periods prior to January 1, 2015, by Model City Tax Code § 510.

**2.2 Qualified Recipients of Information:** The Department and City/Town shall only disclose Tax Information related to State Tax and Municipal Tax pursuant to this Agreement to individuals authorized by law as described in Section 2.1 of this Agreement, including those authorized persons listed on the Authorized Access Lists provided by the Department and Arizona municipalities. Questions related to a listed Department recipient may be directed to City Services at citiesunit@azdor.gov. Questions related to a listed Arizona municipal recipient may be directed to the PPOC of the pertinent Arizona municipality.

**2.3 Department's Authorized Access List:** Pursuant to Section 2.4(c) of this Agreement, the Department shall maintain, update, and provide a current statewide Master Authorization List of names, job titles, and contact information of the Department staff and Arizona municipal representatives who are authorized by law as described in Section 2.1 of this Agreement to receive State Tax and Municipal Tax information from the Department or Arizona municipalities, as defined in the Standard Authorization List Update Process Map. Updates shall be provided on not less than a monthly basis. The Department shall promptly notify Arizona municipalities of any individual whose authorization to receive State Tax and Municipal Tax information has been revoked for any reason.

**2.4 City/Town's Authorized Access List:** City/Town shall maintain, update, and provide a current Authorized Access List of names, job titles, and contact information for all persons acting on behalf of City/Town authorized by law as described in Section 2.1 of this Agreement to receive State Tax and Municipal Tax information as defined in the Standard Authorization List Update Process Map.

(a) City/Town shall indicate one PPOC on the Authorized Access List to resolve any administrative issues with the Authorized Access List. At its discretion, City/Town may also indicate an additional individual as a back-up or alternate PPOC.

(b) City/Town shall ensure all personnel on the Authorized Access List meet the requirements indicated in the Confidentiality Standards (Appendix A) including completing all required confidentiality training certification and recertification as required from time to time, within the time required by the Department.

(c) Upon execution of this Agreement and on the first day of each calendar quarter thereafter, City/Town shall email to City Services at citiesunit@azdor.gov a current Authorized Access List of its staff and representatives authorized to receive State Tax and Municipal Tax information from the Department and Arizona municipalities, including additions and deletions, changes in job titles, and contact information. City/Town's PPOC shall promptly notify the Department of any person whose authorization to receive State Tax and Municipal Tax information is revoked for any reason.

(d) The Department shall review City/Town's Authorized Access List. If the Department finds that any person on the list has not completed the required confidentiality training in a timely manner or does not meet the Confidentiality Standards in Appendix A of this Agreement, the Department shall notify the City/Town PPOC to resolve the issue. The Department shall not include that person on the Master Authorization List until the issues have been resolved to the satisfaction of the Department.

**2.5 Independent Contractors:**

(a) City/Town may at times choose to enter into a contract with an Independent Contractor to perform the transaction privilege tax administration, collection, audit, desk review, licensing, and other duties described in this Agreement or A.R.S. § 42-6001 *et seq.*

(b) In accordance with A.R.S. §§ 42-1004 and 42-6002, no contract with an Independent Contractor may be entered into on a contingency fee basis for the performance of any transaction privilege tax related functions, including but not limited to license inspections, audits, desk reviews, or collections.

(c) Within ten (10) business days of ratification of this Agreement, or subsequent execution of such a contract between City/Town and an Independent Contractor, City/Town shall provide a copy of each such contract to the City Services electronically at citiesunit@azdor.gov.

(d) City/Town shall notify the Department of the expiration, termination, or amendment of any agreement with such Independent Contractors within ten (10) business days of such event.

(e) In this Agreement it is presumed that any reference to a municipal employee such as a license inspector, auditor, desk reviewer, collector, supervisor, etc., also refers to an Independent Contractor performing that function on behalf of the Department or City/Town.

(f) An Independent Contractor is subject to all training requirements, authorization limitations, and other privileges and restrictions incorporated into this Agreement or provided in statute in the same form and manner as

such conditions apply to an employee performing the same function on behalf of the Department or City/Town.

(g) When an Independent Contractor issues any correspondence to a taxpayer on behalf of the Department or City/Town, the Independent Contractor shall expressly identify all of the following on such correspondence: the Independent Contractor's name; the name of the Independent Contractor's firm, if applicable; the Independent Contractor's status as a license inspector, auditor, desk reviewer, or collector acting on behalf of the Department or City/Town; the Independent Contractor's mailing address, telephone number, and e-mail address; and the telephone number and e-mail address of a specific person who is an employee of the Department or City/Town capable of responding to the issues raised in the correspondence for the Department or City/Town.

(h) The Department and/or City/Town may pursue any remedy authorized by this Agreement or by statute for a violation of this Section by an Independent Contractor.

**2.6 Sharing of Authorized Access Lists:** The Department shall share the Department's Authorized Access List and the Authorized Access Lists for all Arizona municipalities provided to the Department on the Core SFTP site. The Department shall update the lists on a monthly basis with information provided by each Arizona municipality, or as needed to immediately remove any person whose authorized access has been revoked by the Department or an Arizona municipality.

## 3. Disclosure of Information by City/Town to the Department or Another Arizona Municipality

**3.1 Disclosure and Use of Municipal Tax Information:** Any Tax Information released by City/Town to the Department or another Arizona municipality may only be used by persons authorized to receive such Tax Information for tax administration and collection purposes and may not be disclosed to the public in any manner that does not comply with A.R.S. § 42-2003, and/or Model City Tax Code § 510 for reporting periods prior to January 1, 2015. All Tax Information shall be stored and destroyed in accordance with the Confidentiality Standards (Appendix A).

**3.2 Municipal Ordinances:** City/Town shall provide the Department with a copy of its Municipal Tax Code or any City/Town ordinances imposing the taxes to be collected hereunder within ten (10) calendar days of a request for such information from the Department. This information shall be sent to City Services electronically at citiesunit@azdor.gov.

(a) Tax Code Changes: City/Town shall provide notice to the Department of any tax code change with a copy of any ordinance adopted by City/Town that imposes or modifies the Municipal Taxes or municipal privilege tax

license fees to be collected hereunder within ten (10) calendar days of adoption of the ordinance. This information shall be sent to City Services electronically at citiesunit@azdor.gov.

(1) City/Town agrees that any ordinance that changes a tax rate, Option selection, or includes the addition or removal of a unique Model City Tax Code exception shall take effect on the first day of the month that is at least sixty (60) calendar days after the City/Town council adopts the change. City/Town and the Department recognize there may be occasions when the City/Town council establishes an effective date less than sixty (60) calendar days after adoption. If City/Town chooses to propose an ordinance with an effective date that is less than sixty (60) calendar days after adoption, City/Town shall notify the Department as soon as possible after that choice is made.

(2) The Department shall incorporate all ordinance changes into the official copy of the Model City Tax Code within ten (10) calendar days of receipt of notice from City/Town. The copy provided to the Department may be an electronic copy but shall reflect the identical language contained in the version adopted by the City/Town and shall contain the required signatures indicating council approval.

(3) The Department shall notify City/Town when the tax code change has been incorporated and City/Town is responsible for confirming the change has been correctly entered in the official copy of the Model City Tax Code.

(4) Pursuant to A.R.S. § 42-6052, if City/Town fails to notify the Department of a tax code change within ten (10) calendar days after City/Town council approval, the ordinance shall be considered null and void. All tax code changes described in this Section shall have no effect until reflected in the official copy of the Model City Tax Code.

(b) Annexation Ordinances: Within fifteen (15) calendar days following the adoption of an annexation ordinance, one (1) copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department via email at GIS@azdor.gov and City Services at citiesunit@azdor.gov. City/Town may provide the Department with a list of businesses subject to Municipal Taxes known to be located in the annexed area.

(c) Review of the Model City Tax Code: City/Town shall be responsible for reviewing the information contained on its Profile, the Options Charts, tax rates for City/Town, and other information specific to City/Town contained in the official copy of the Model City Tax Code and ensuring it is correct.

City/Town affirms that it has an ongoing obligation to notify City Services of any changes needed to such information at citiesunit@azdor.gov.

**3.3** **Development Fees:** Upon request by the Department to City/Town's PPOC, City/Town shall provide to the Department any information regarding Development Fees imposed by City/Town under A.R.S. § 9-463.05 to assist the Department with the auditing of taxpayers and the ordinary billing and collection of taxes.

**3.4** **Prior Audits:** Upon request by the Department, City/Town shall allow inspections and copies of any City/Town tax audits conducted prior to January 1, 2015.

**3.5** **Other Information:** City/Town shall provide other relevant information necessary for tax administration and collection purposes as requested by the Department.

## 4. Disclosure of Information by Department to City/Town

**4.1** **Statutory Authority:** The Department may disclose information relating to State Taxes and Municipal Taxes to City/Town pursuant to A.R.S. § 42-2003 if the information relates to a taxpayer who is or may be taxable by a county, city, or town or who may be subject to audit by the Department pursuant to A.R.S. § 42-6002.

**4.2** **Restrictions on Use and Disclosure to Unauthorized Parties:** Any Tax Information disclosed by the Department to City/Town is subject to all restrictions provided for in A.R.S. § 42-2003. Tax Information shall only be used by persons authorized to receive such Tax Information for internal tax administration purposes, including audit, desk review, collection, and licensing activity, and may not be disclosed to the public or any unauthorized party in any manner that does not comply with the Confidentiality Standards (Appendix A).

**4.3** **Liability for Improper Disclosure:** The disclosure of confidential information concerning Arizona taxes is governed by A.R.S. § 42-2001 *et seq.*, which strictly controls the accessibility and use of this information. Individuals who receive confidential information relating to State Taxes and Municipal Taxes from the Department are subject to the penalties provided in A.R.S. § 42-2004 and other applicable statutes if they misuse or improperly disclose this information to unauthorized individuals.

**4.4** **Reporting Potential Disclosure Violations/Incidents:** The Department shall not withhold Tax Information from City/Town provided that City/Town complies with A.R.S. § 42-2001 *et seq*., and the Confidentiality Standards (Appendix A).

(a) If City/Town or the Department has information to suggest City/Town or any of its duly authorized representatives has violated A.R.S. § 42-2001 *et seq*. or the Confidentiality Standards (Appendix A), City/Town or the Department shall immediately notify City Services at citiesunit@azdor.gov, the Department's Disclosure Officer at DisclosureOfficer@azdor.gov, and the Department's Information Security Team at InfoSec@azdor.gov.

(b) City/Town and the Department shall fully cooperate with the Department's Disclosure Officer and Information Security Team in investigating the alleged violation and shall promptly address any identified issues.

(c) The Department's Disclosure Officer and Information Security Team:

(1) Shall send written notice to City/Town's PPOC detailing the alleged breach as understood by the Department and request a response to the allegation within twenty (20) calendar days of the date of the letter, and

(2) May inspect City/Town's records, facilities, and equipment to determine whether there has been a violation, and

(3) Shall review the written response from City/Town and consider the information contained therein and all relevant circumstances surrounding the alleged violation prior to issuing any determination, and

(4) Shall issue a written determination delivered by certified mail to City/Town regarding the alleged violation within sixty (60) calendar days of the date of City/Town's response letter. If the Department determines that a violation has occurred, the Department shall indicate whether a suspension of information is warranted and the length of the suspension. During the period of suspension, City/Town shall not access information maintained or created by the Department related to City/Town.

(d) If the Department makes a written determination to suspend sharing of information, City/Town may, within ten (10) calendar days of receiving the written determination, submit a written request to SMART requesting the group review the determination as provided in Section 15 of this Agreement.

(e) If there is a suspension of Tax Information sharing with City/Town, the Department shall maintain all information collected or created during the suspension period related to City/Town that would otherwise have been shared with City/Town and shall assist City/Town with accessing the accumulated information for City/Town immediately upon termination of the suspension.

(f) Under no circumstances shall the suspension of any right to receive Tax Information adversely impact the Department's delivery or transfer of any City/Town revenues in any manner.

**4.5 Information to be Provided:** The Department shall provide information pursuant to A.R.S. § 42-6001(B). The Department shall provide such information as outlined

in Appendix B and elsewhere in this Agreement, which shall only be modified in accordance with Section 4.7 of this Agreement.

(a) The Department shall not provide Federal Tax Information to City/Town.

(b) In addition to the information detailed in Appendix B of this Agreement, the Department shall disclose, upon request, the following information to City/Town:

(1) Department tax audits, including all information related to all Arizona municipalities included in the tax audit; and

(2) Other relevant information necessary for City/Town's tax administration and collection purposes, including all information necessary to verify that City/Town received all revenues collected by the Department on behalf of City/Town.

**4.6 Storage and Destruction of Tax Information:** All Tax Information provided by the Department to City/Town shall be managed, stored, protected, and destroyed in accordance with the Confidentiality Requirements (Appendix A).

**4.7 Specificity of Data:** Pursuant to A.R.S. § 42-6001, the Department and City/Town agree that the data fields identified in Appendix B of this Agreement and the JT-1, TPT-2, and TPT-EZ forms in Appendix C of this Agreement (also provided online at www.azdor.gov) meet the specificity requirements of City/Town. The data fields identified in Appendix B and the forms in Appendix C may be revised or replaced only by mutual agreement of the Department and Arizona municipalities, with any unresolved issues being referred to SMART for final determination.

**4.8.** Notwithstanding any provision to the contrary, nothing in this Section shall prevent the Department from complying with state information security requirements in the situation of a data breach or similar event.

## 5. Audit

The Department shall administer audit functions with City/Town in accordance with the Standard Audit Life Cycle Process Map and with the following provisions.

**5.1 Training:** All auditors, desk reviewers, and supervisors shall be trained in accordance with the policies of the Department. Auditors and desk reviewers who have not completed the training may only work in conjunction with a trained auditor or supervisor and cannot be the only auditor or desk reviewer assigned to the audit or desk review. The Department shall do all the following:

(a) Provide semi-annual audit and desk review training in accordance with A.R.S. § 42-6002(C) and be responsible for the costs of the training, limited to any cost for procuring the site and training materials;

(b) Notify City/Town of any training sessions at least thirty (30) calendar days before the date of the training session;

(c) Permit City/Town auditors, desk reviewers, and supervisors to attend any scheduled training as space permits at any designated training location;

(d) Provide additional training, as needed, to inform auditors, desk reviewers, and supervisors regarding changes in State law, the Model City Tax Code, audit and desk review procedures, or Department policy.

**5.2 Conflicts of Interest:**

(a) An auditor, desk reviewer, supervisor, or Independent Contractor trained and authorized to conduct an audit or desk review, in addition to the restrictions provided under A.R.S. Title 38, Chapter 3, Article 8, § 38-501 *et seq.*, shall not conduct any of the following prohibited acts:

(1) Represent a taxpayer in any tax matter against the Department or City/Town while employed by or in an Independent Contractor relationship with the Department or City/Town.

(2) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.

(3) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one year after he/she ends employment or the Independent Contractor relationship with the Department or City/Town.

(4) Use information he/she acquires in the course of the official duties as an auditor, desk reviewer, supervisor, or Independent Contractor in a manner inconsistent with his/her official duties without prior written approval from the Department.

(5) For a period of one (1) calendar year after he/she ends employment by or an Independent Contractor relationship with the Department or City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes a formal screen or ethical wall to prevent any sharing of information between the person and the remainder of the firm. Documentation of such formal screen or ethical wall shall be provided by the firm to the Department or City/Town upon request.

(6) Receive compensation from a source other than City/Town or pursuant to an agreement with City/Town for the performance of any work or transaction performed expressly on behalf of City/Town.

(7) Make any representation of being an employee or contractor of City/Town or the Department in marketing and promotional materials soliciting work or transactions to be performed on behalf of a taxpayer or potential taxpayer.

(b) In addition to any other remedies available to the Department and City/Town by statute and under the terms of this Agreement, the Department may revoke an individual's authority to audit or perform desk reviews on behalf of the Department or City/Town and prohibit the use of any auditor, desk reviewer, supervisor, or Independent Contractor who violates this provision.

**5.3 Audits and Desk Reviews:**

(a) City/Town may request the Department conduct an audit or desk review of any taxpayer engaged in business in City/Town, including a taxpayer whose business activity is subject to tax by City/Town but is not subject to tax by the State. The Department and Arizona municipalities shall collaboratively establish and maintain minimum justification standards and procedures City/Town shall adhere to when submitting an audit or desk review request.

(b) City/Town may conduct an audit or desk review of a taxpayer engaged in business only in City/Town. Before commencing such audit, City/Town shall submit a Field Audit Request Form. Before commencing such desk review, City/Town shall submit the request using the Desk Review Approval Excel Sheet. The Department shall provide City/Town with a determination of approval or denial of the request within ten (10) calendar days of the notice from City/Town.

(c) Except as permitted below, the Department shall conduct all audits and desk reviews of taxpayers having locations in two (2) or more Arizona municipalities. A City/Town auditor may participate in any audit or desk review City/Town requested the Department to perform.

(d) City/Town shall notify the Department if it wants to conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose business activity is subject to tax by City/Town but is not subject to tax by the State. The Department shall authorize such audits or desk reviews, to be overseen by the Department, unless there is already an audit or desk review of the taxpayer in process, scheduled, or planned, or the Department determines the audit or desk review selection is discriminatory, an abuse of process, or poses other similar defects. The Department shall notify City/Town of its determination within ten (10) calendar days. No initial audit or desk review contact may occur between City/Town and a taxpayer until the Department approves the audit or desk review notice.

(e) In the case of taxpayers doing business in more than one (1) Arizona municipality:

(1) City/Town may request the Department conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose primary business is subject to both Municipal Taxes and State Taxes.

(2) City/Town may request authorization from the Department for City/Town to conduct an audit or desk review of a taxpayer having locations in two (2) or more Arizona municipalities and whose primary business is subject to both Municipal Taxes and State Taxes.

(3) Requests pursuant to (e)(1) or (e)(2) shall be made using the Department's Field Audit Request Form or the Desk Review Approval Excel Sheet, as appropriate. The Department shall notify City/Town of its decision regarding the request within ten (10) calendar days of receipt of the request.

(f) The Department may deny, in writing, City/Town's request for the Department to conduct an audit or desk review within ten (10) calendar days of receiving the request for any of the following reasons:

(1) An audit or desk review is already in process or is scheduled or planned for the taxpayer within six (6) months of the request;

(2) The requested audit or desk review would interfere with strategic tax administration planning;

(3) The audit or desk review selection is discriminatory, an abuse of process, or poses other similar defects;

(4) The request lacks sufficient information for the Department to determine whether it is appropriate;

(5) The Taxpayer was audited within the previous two (2) years;

(6) The Department lacks sufficient resources to conduct the audit or desk review;

(7) The scope or subject of the audit or desk review does not justify the use of Department resources.

(g) If the Department denies a request to conduct an audit or desk review for the reasons provided in (f)(6) or (f)(7), and the audit or desk review is not for a taxpayer that only has a business location in City/Town, then City/Town may request to conduct the audit or desk review itself under the

supervision of the Department. No initial audit or desk review contact may occur between City/Town and a taxpayer until City/Town receives written Department approval.

(h) Any decision by the Department denying City/Town's request to conduct any audit or desk review may be referred to SMART in accordance with Section 15 of this Agreement.

(i) All audits or desk reviews conducted by City/Town shall be in accordance with standard audit procedures defined in the Department audit manual and the Standard Audit Life Cycle Process Map. All auditors and desk reviewers shall be trained in accordance with Section 5.1 of this Agreement.

(j) The Department may appoint a Department manager to supervise any audit or desk review conducted by City/Town.

(k) All audits shall include all taxing jurisdictions in the State regardless of which jurisdiction's auditors participate in the audit. All desk reviews must include all taxing jurisdictions for which there is information provided by the taxpayer.

(l) The Department shall issue all audit or desk review assessments on behalf of all affected taxing jurisdictions in a single notice to the taxpayer.

(m) The Department shall issue amendments to audit or desk review assessments on behalf of all affected taxing jurisdictions in a single notice to the taxpayer.

**5.4 Claims for Refund:**

(a) When a taxpayer files a request for refund, including refunds requested by filing amended returns, the Department shall process the request and review it for mathematical errors or for the failure of the taxpayer to properly compute the tax based on the taxable income reported on the return or refund request.

(b) The Department shall notify City/Town of all refund requests that are reviewed and approved involving City/Town's Municipal Taxes within thirty (30) calendar days of processing the refund. City/Town may request an audit of the taxpayer as set forth in Section 5.3 of this Agreement.

(c) The Department may assign a Department auditor to review requests for refunds. The Department shall notify City/Town of all refunds under review by an auditor pertaining to a taxpayer who engages in business within City/Town within thirty (30) calendar days of initiating the review and may request that City/Town assist with such reviews, with acceptance of such request at the discretion of City/Town. The Department may assign a refund request to a City/Town for review, with acceptance of such assignment at

the discretion of City/Town. The Department may only assign refund requests to City/Town if taxes paid to City/Town are included in the refund request.

(d) City/Town is responsible for payment of all amounts to be refunded to taxpayers for Municipal Tax incorrectly paid to City/Town. The Department may offset a remittance to City/Town under this Agreement to cover the amounts of allowed Municipal Tax refunds paid by the Department.

(e) The Department shall issue refund approvals/denials on behalf of all taxing jurisdictions in a single notice to the taxpayer. City/Town may request copies of such determinations.

**5.5** **Protests:** Taxpayer protests of audit assessments, desk review assessments, and refund denials shall be directed to the Department. Protests of audit assessments, desk review assessments, and refund denials shall be administered pursuant to A.R.S. Title 42, Chapter 1, Article 6. The Department shall notify City/Town of any protests within thirty (30) calendar days of receipt of the protest.

**5.6** **Status Reports**: The Department shall keep all Arizona municipalities apprised of the status of each protested matter involving the imposition of Municipal Taxes. City/Town may request to be on a distribution list for monthly status reports by contacting City Services at citiesunit@azdor.gov.

## 6. Voluntary Disclosure Agreements

The Department may enter into a Voluntary Disclosure Agreement with a taxpayer. A Voluntary Disclosure Agreement may limit the years subject to audit and waive penalties. If the taxpayer discloses to the Department that it owes Municipal Taxes to City/Town, the Department shall notify City/Town of the Department's intent to enter into a Voluntary Disclosure Agreement and the Department shall provide the taxpayer's identity within thirty (30) calendar days of the identity being disclosed to Department. City/Town may subsequently request an audit of a taxpayer subject to a Voluntary Disclosure Agreement pursuant to Section 5.3 of this Agreement.

## 7. License Compliance

**7.1** **License Issuance and Renewal:** The Department shall issue new municipal privilege tax licenses and shall annually renew such licenses for City/Town Municipal Tax. The Department shall provide City/Town with information about all persons obtaining and renewing municipal privilege tax licenses as set forth in Appendix B of this Agreement.

**7.2** **License Checks:** The Department and City/Town shall coordinate efforts to conduct mutual tax license compliance checks through canvassing and other compliance methods.

**7.3** **Confidentiality:** Any tax license information City/Town obtains from the Department is confidential and may only be disclosed as authorized by A.R.S. § 42-2003. Any tax license information City/Town obtains through its own efforts may be disclosed as allowed by City/Town ordinance or policy.

**7.4** **Changes to License Fees:** Within ten (10) business days following the adoption of an ordinance (or official acknowledgment of an ordinance approved by voters in an election) creating or modifying a municipal privilege tax license fee, one (1) copy of the ordinance and notification of the effective date of such ordinance shall be sent to City Services at citiesunit@azdor.gov. The Department shall not be obligated to begin collection of the new or modified tax license fee any sooner than sixty (60) calendar days after the date the Department received the ordinance from City/Town.

## 8. Closing Agreements

The Department shall notify City/Town before entering into a Closing Agreement and shall seek a range of settlement authority from City/Town related to the tax levied and imposed by City/Town in accordance with the Standard Audit Life Cycle Process.

## 9. Responsibility for Representation in Litigation

**9.1** **Administrative Proceedings:** Pursuant to A.R.S. § 42-6002, the Department shall coordinate the litigation and defense of assessments and refund denials in any administrative appeals before the Office of Administrative Hearings or the Director of the Department regardless of the jurisdiction that conducted the audit, desk review, or refund review in accordance with the Standard Audit Life Cycle Process Map. The Department shall diligently defend the interests of City/Town and City/Town shall assist the Department in such representation as requested by either party.

**9.2** **Further Appeals:** The Arizona Attorney General is responsible for defending the assessment or refund denial at the Board of Tax Appeals, the Arizona Tax Court, and all higher courts. City/Town shall assist the Attorney General in such representation and litigation as requested by the Attorney General's Office in accordance with the Standard Audit Life Cycle Process Map.

**9.3** **Mutual Cooperation:** The Department and City/Town agree they shall cooperate in the appeal and litigation processes and shall ensure their auditors, desk reviewers, supervisors, and other necessary employees are available to assist the Department and the Attorney General through informal interviews, providing documents and records, preparing for depositions, attending depositions and trial as witnesses, and assisting in trial/hearing preparation, as needed.

**9.4** **Administrative Decisions:** The Department shall provide a copy of all administrative hearing level decisions regarding State Taxes and Municipal Taxes, including Director's decisions issued by the Department, to City/Town within ten (10) business days after issuance of the decision if City/Town requests to be

included on a distribution list created by the Department for the purposes of disseminating such decisions. City/Town may request to be on the distribution list by contacting City Services at citiesunit@azdor.gov. Administrative decisions contain Tax Information and must be stored and destroyed in accordance with the Confidentiality Standards (Appendix A).

## 10. Collection of Municipal Taxes

**10.1 Tax Returns:** Taxpayers who are subject to City/Town Municipal Taxes are required to pay such taxes to the Department utilizing a form prescribed by the Department.

**10.2 Delinquent Tax Collections:** Pursuant to A.R.S. § 42-6001, the Department shall collect any delinquent Municipal Tax imposed by City/Town recorded on the Department's tax accounting system. In the event this Agreement is terminated, the Department shall continue to collect delinquent Municipal Taxes recorded on the Department's accounting system on behalf of City/Town and distribute any such amounts collected to City/Town.

**10.3 City/Town Assistance in Delinquent Tax Collections:** To expand the Department's State Tax and Municipal Tax collection efforts by leveraging City/Town resources, City/Town may choose to provide collection efforts by deploying City/Town collectors to work in conjunction with the Department on the following terms:

(a) **Training:** All City/Town collectors authorized to collect obligations in cooperation with the Department shall be trained in accordance with the policies of the Department. Training shall be provided in the same manner as set forth in Section 5.1 of this Agreement.

(b) **Conflict of Interest:** A collector trained and authorized under this provision to perform collections activity shall not conduct any of the following prohibited acts:

(1) Represent a taxpayer in any tax matter against the Department or City/Town while employed by City/Town.

(2) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.

(3) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one (1) calendar year after he/she ends employment with City/Town.

(4) Use information he/she acquires in the course of the official duties as a collector in a manner inconsistent with his/her official duties without prior written approval from the Department.

(5) For a period of one (1) calendar year after he/she ends employment with City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes formal barriers to prevent any sharing of information between the trained collector and the remainder of the firm.

(c) **Revocation:** The Department may revoke the authorization of City/Town or of any individual City/Town employee to collect obligations under this Section. A revocation determination may be subject to review by SMART upon request by the individual or City/Town.

**10.4 State of Arizona Liquor License Affidavit:** City/Town may request that the Department issue a liquor license affidavit. The Department shall respond to the request via secured e-mail to indicate the status of completion of the request with a note stating complete, in-process, or unable to complete.

**10.5 Uncollectible/Discretionary Write-offs:** The Department shall share the annual list of uncollectible/discretionary write-offs of City/Town's Municipal Taxes prior to the write-off event at the end of the fiscal year. City/Town shall have forty-five (45) calendar days to submit feedback.

**10.6 Remittance:** All amounts collected by the Department for City/Town's Municipal Taxes under this Agreement shall be remitted to City/Town weekly on the basis of actual collections. To the extent possible, the Department shall initiate the electronic payment by Noon on the Monday after the end of the week in which the collections were received by the Department. If the Monday falls on a holiday, payment will be initiated by Noon on the Tuesday after the end of the week in which the collections were received by the Department. Remittance shall be made in the form of immediately available funds transferred electronically to the bank account designated by City/Town.

**10.7 Abatement:** Pursuant to A.R.S. § 42-1004, the Department, with the approval of the Attorney General, may abate tax under certain circumstances including Municipal Taxes. During the ordinary course of business, the Department may determine that certain taxpayer accounts shall be closed or cancelled. The Department shall seek input from City/Town or SMART before abating Municipal Taxes or closing accounts with Municipal Taxes due. The Department may request a telephonic meeting of SMART if time or circumstances require immediate action.

**10.8 Funds Owed to City/Town:** At all times and under all circumstances, payments remitted by a taxpayer to the Department for City/Town Municipal Taxes shall be considered property of City/Town. The Department may not retain or fail to remit such funds to City/Town for any reason not specifically set forth in this Agreement including, but not limited to, during the course of a dispute between City/Town and the Department.

**10.9 Adjustments to Reported Taxes:** If the Department determines that a payment remitted by a taxpayer incorrectly identifies the city or town to which the payment should be made, the Department may temporarily hold the payment until the distribution of the payment is corrected to ensure the appropriate city or town receives the payment. If a payment by the Department has been made to an incorrect City/Town, the Department and affected Arizona municipalities shall follow the Standard Inter-Jurisdictional Transfer Process Map.

**10.10 Collection Reports**: The Department shall keep all Arizona municipalities apprised of the status of every open case in a collection status involving the imposition of Municipal Taxes. City/Town may request to be on a distribution list for monthly status reports by contacting Cities Collections at citiescollection@azdor.gov.

## 11. Taxpayer Rulings and Uniformity

The Department shall be responsible for issuing the official responses to taxpayer ruling requests and requests for interpretation of the Model City Tax Code. City/Town acknowledges that pursuant to A.R.S. § 42-6005(B), when the state statutes and Model City Tax Code are the same and where the Department has issued written guidance, the Department's interpretation is binding on Arizona municipalities and interpretation of Model City Tax Code. The Department acknowledges that in all other situations, interpretation of the Model City Tax Code is the sole purview of Municipal Tax Code Commission or its designee. This Section is not intended to affect procedures for appeals and litigation as outlined in Section 5.5 and Section 9 of this Agreement.

## 12. Financing Collection of Taxes

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department. This provision does not relieve City/Town of any financial obligation imposed by statute.

## 13. Inter-Jurisdictional Transfers ("IJTs")

The Department shall administer Inter-Jurisdictional Transfers of Municipal Tax monies in accordance with the Standard Inter-Jurisdictional Transfer Process Map. The affected Arizona municipalities shall agree on any amounts to be transferred before notifying the Department of such amounts to be transferred under this Section.

## 14. Education and Outreach Efforts

To further its focus on serving taxpayers and its commitment to funding Arizona's future through enhanced customer service, continuous improvement, and innovation, the Department is expanding its outreach and education program to connect with all citizens of Arizona by strategically working with taxpayer and industry groups, tax practitioners, and Arizona's municipalities to ensure consistent tax education is widely available.

Any City/Town may further this mission, at its own expense, in providing education and outreach to taxpayers. Education and outreach programs and content shall be consistent with applicable law and the Department's written guidance.

Increased education and outreach efforts undertaken by the Department and Arizona municipalities will ensure collaborative partnerships beneficial to both parties, emphasize an ongoing two-way exchange of information, enhance communication on issues of common interest, and promote cooperation in areas of overlapping special projects. Therefore, upon request, City/Town shall provide information to the Department concerning such education and outreach efforts.

The Department shall implement an Ambassador Program, whereby the Department provides curriculum, structure, and support for education related to tax administration and compliance. City/Town shall be provided a standard work process when participating in Department-led educational events.

## 15. State & Municipal Audit Resolution Team ("SMART")

**15.1 Members:** The SMART committee shall consist of four (4) primary (voting) members representing municipal taxing jurisdictions and four (4) primary (voting) members representing the Department. There shall also be two (2) alternate members representing each party, who are non-voting representatives unless required to vote due to the absence, recusal, or disqualification of a primary (voting) member. All primary and alternate members are required to attend all meetings unless excused.

**15.2 Selection:** The Director of the Department shall appoint Department employees to serve as primary and alternate members representing the Department. Arizona municipalities shall collectively appoint municipal employees to serve as primary and alternate members representing the Arizona municipalities. The members representing either party may be changed at any time following the standard work process agreed upon by both parties.

**15.3 Meetings:** SMART shall meet monthly unless there is no business to be conducted. Additional meetings can be scheduled as necessary to timely discuss issues presented.

**15.4 Issues:** The Department or City/Town may refer issues to SMART for resolution including but not limited to:

(a) Decisions by the Department to not audit a taxpayer;

(b) Amendments to Department audit procedures or manuals;

(c) Closing Agreements or a range of settlement authority;

(d) Abatement or account closure in collections;

(e) Suspension of disclosure of Tax Information to City/Town;

(f) Disagreements regarding proposed changes to the process maps defined in Sections 1.19, 1.20, and 1.21 of this Agreement;

(g) Revocation of collection authority; and

(h) Other issues as authorized by the Director of the Department or agreed upon by the parties, subject to the limitations described in Section 29 of this Agreement.

**15.5 Recommendations:** SMART shall make recommendations to the Director of the Department or Director's designee. If the recommendation is approved by at least five (5) members of SMART, the Director shall accept the recommendation of SMART. If SMART cannot reach a recommendation agreeable to at least five (5) members of the group, the Director or Director's designee may act as they deem to be in the best interests of all parties. Notwithstanding the above, upon request by City/Town, the Director shall submit their decision to the Attorney General's Office for review.

**15.6 Voting:** Any voting member of the committee may request the vote be held by secret ballot.

**15.7 Procedures:** SMART shall develop procedures concerning the operation of the committee consistent with this Agreement.

## 16. Funding of Additional Auditors by City/Town

**16.1 Funding:** At the sole discretion of City/Town, City/Town may contribute funding to the Department to pay for additional auditors to assist the Department in the performance of audits of Municipal Tax owed to City/Town. Such additional auditors funded by City/Town shall at all times be deemed to be employees of the Department and under no circumstances shall be deemed to be employees or agents of City/Town. It is the Parties' intention that any City/Town funding provided pursuant to this Section shall be used to increase the resources and capabilities of the Department to perform Municipal Tax audits and not to subsidize or replace State funding required for audit and collection of taxes.

**16.2 Use of Funds:** City/Town funding for additional auditors under this Section shall be used to fund the auditors' salaries and related expenses and shall not be used to pay for Department office space, utilities, equipment, supplies, or similar kinds of overhead.

**16.3 Pool of Funds:** The Department may pool any City/Town funding with any other similar funding provided by other Arizona municipalities to pay for additional auditors dedicated to serving those jurisdictions. The Department shall separately account for such funds in its annual budget.

**16.4** **Accounting:** The Department shall provide an annual accounting to City/Town, by August 31 each year describing how City/Town funding was used during the prior fiscal year.

## 17. Satellite Offices for Department Auditors

**17.1** **Funding:** City/Town, at its own expense and at its sole discretion, may provide one (1) or more satellite offices and associated amenities for use by Department employees to provide audit and/or customer service to taxpayers. Use of such facilities by Department employees shall be at the sole discretion of the Department. Nothing in this Section shall require the Department to make use of such facilities provided by City/Town.

**17.2** **Requirements:** Any Department employee using a City/Town satellite office must meet reasonable requirements of City/Town related to the use of the facility. City/Town shall be responsible for notifying the Department of any concerns and the Department shall be responsible for taking appropriate actions to resolve those concerns.

**17.3** **Termination:** Once a satellite office is established, City/Town shall provide at least one hundred eighty (180) calendar days' written notice to the Department prior to the termination or relocation of a satellite office. The Department may discontinue the use of a satellite office at any time upon notice to City/Town and shall promptly remove all Department property.

**17.4** **License:** All requirements of City/Town and the Department related to the satellite office shall be outlined in a mutually acceptable form of license and subject to separate approval.

**17.5** **Workers' Compensation for Satellite Offices and Certain Site Visits:** If employees of City/Town or Department are working at the facility of the other public agency pursuant to this Agreement, it is agreed that:

(a) Each employee will be deemed an employee of both public agencies for the purposes of A.R.S. § 23-1022(D) and Arizona workers' compensation laws.

(b) Each employee's primary employer (*i.e.*, the State of Arizona for a Department employee, and City/Town for a City/Town employee or Independent Contractor) shall be solely liable for the payment of workers' compensation benefits.

(c) Each public agency for which employees of City/Town or Department are working at the facility of the other public agency under this Agreement shall post a notice complying with A.R.S. § 23-1022(E).

(d) In all circumstances other than as provided in the foregoing, nothing in this Agreement shall be construed to result in any person being the officer,

agent, employee, or servant of either party when such person, absent this Agreement and the performance thereof, would not in law have such status.

**18. Non-availability of Funds**

Every payment obligation of the Department and City/Town pursuant to this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation, except for the rendering of funds to City/Town paid by a taxpayer for Municipal Taxes or municipal privilege tax license fees of City/Town. If funds are not appropriated, allocated, and available, or if the appropriation is changed resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated at the end of the period for which funds are available. No liability shall accrue to the State or City/Town, as applicable, in the event this provision is exercised and the State or City/Town, as applicable, shall not be obligated or liable for any future payments or for any damages as a result of termination under this Section. The termination of this Agreement shall not entitle the Department to retain any Municipal Tax collected on behalf of City/Town pursuant to this Agreement.

**19. Waiver**

Nothing in this Agreement should be interpreted as City/Town relinquishing its legal rights under the Arizona Constitution or other applicable law, nor that City/Town is conceding the administration and collection of its Municipal Tax is not of a local interest or should not be under local control.

**20. Cancellation**

The requirements of A.R.S. § 38-511 apply to this Agreement. The Department or City/Town may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the Department or City/Town is, at any time while this Agreement or any extension is in effect, an employee, agent, or consultant of the other party with respect to the subject matter of this Agreement. The obligation of the Department to remit City/Town taxes shall survive cancellation.

**21. Notice**

(a) When any Notice to City/Town is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to:

_____

(b) When any Notice to the Department is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to City Services at citiesunit@azdor.gov.

## 22. Non-discrimination

ADOR and City/Town shall comply with Executive Order 2023-01, which prohibits discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status, by persons performing state contracts or subcontracts. ADOR and City/Town also agree to comply with Executive Orders 2003-22 and 2009-09 as amended by Executive Order 2023-01, all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act of 1990. ADOR and the City/Town shall also comply with Executive Order 2023-09 prohibiting race-based hair discrimination.

## 23. Compliance with Immigration Laws and A.R.S. § 41-4401

**23.1** The Department and City/Town shall comply with all Federal immigration laws and regulations relating to employees and warrants compliance with A.R.S. § 23-214 which reads in part: "After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program."

**23.2** A breach of compliance with immigration laws and regulations shall be deemed a material breach of this Agreement and may be grounds for the immediate termination of this Agreement.

**23.3** The Department and City/Town retain the legal right to confirm the authorized presence and work authorization of any employee who works under this Agreement to ensure the Department and City/Town are complying with the applicable Federal immigration laws and regulations, and State statutes as set forth above.

## 24. Audit of Records

City/Town and the Department shall retain all data, books, and other records ("Records") relating to this Agreement for at least six (6) years

(a) after termination of this Agreement, and

(b) following each annual renewal thereof.

All Records shall be subject to inspection by the Department at reasonable times. Upon request, the Department and City/Town shall produce any or all such records. This Agreement is subject to A.R.S. § 35-214 and A.R.S. § 35-215.

## 25. Amendments

Any amendments to the enumerated provisions or Appendices A, B, and C of this Agreement must be executed in writing in accordance with the provisions of this

Agreement. The Standard Process Maps described within certain enumerated provisions are not themselves part of this Agreement.

## 26. Mutual Cooperation

In the event of a disagreement between the parties regarding the terms, provisions, and requirements of this Agreement, or in the event of the occurrence of any circumstances bearing upon or affecting this Agreement, parties hereby agree to mutually cooperate to resolve the said disagreement or deal with the said circumstance.

## 27. Arbitration

To the extent required by A.R.S. § 12-1518 and as provided for in A.R.S. § 12-133, the parties agree to resolve any dispute arising out of this Agreement by arbitration. The parties agree that any lawsuit filed by City/Town relating to the issues outlined in Section 19 of this Agreement is not considered to be a dispute arising out of this Agreement.

## 28. Implementation

The implementation and execution of the provisions of this Agreement shall be the responsibility of the Director of the Department or his/her designee and the Mayor of City/Town, his/her designee, or another party with designated authority pursuant to applicable law or City/Town charter to act on behalf of City/Town.

## 29. Limitations

Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of the parties in performing functions beyond those granted to them by law, or as requiring the parties to expend any sum in excess of their appropriations.

## 30. Duration

**30.1** The term of this Agreement shall commence from the latest date as indicated in Section 33 of this Agreement and continue in force through December 31st of the following calendar year unless canceled or terminated as provided herein. The term of this Agreement shall automatically be extended for successive one (1) year terms commencing on January 1st and ending on December 31st of each year thereafter unless canceled or terminated as provided herein.

**30.2** Amendments to this Agreement that are negotiated and agreed to by a simple majority of the review committee referenced in Section 30.9 of this Agreement shall thereafter be executed by the parties hereto by a separate signed amendment and incorporated herein to be effective during the term of this Agreement and any extensions.

**30.3** This Agreement may be canceled or terminated effective on December 31st of any year by either party by providing written notice no later than sixty (60) calendar days prior to the expiration of the term then in effect.

**30.4** This Agreement shall expire on December 31st of any year the Department is subject to sunset review by the legislature. Upon expiration, cancellation, or termination, any subsequent Agreement must be ratified through signature by both parties.

**30.5** If State legislation enacted subsequent to the date of this Agreement substantially affects the performance of this Agreement by either party or substantially diminishes the benefits either party would receive under this Agreement, either party may then terminate this Agreement by giving at least thirty (30) calendar days' notice to the other party. The termination shall become effective immediately upon the expiration of the notice period unless otherwise agreed to by the parties.

**30.6** Notwithstanding any provision to the contrary herein, both parties may by mutual agreement provide for the termination of this Agreement upon such terms and at such time as is mutually agreeable to them.

**30.7** Any notice of termination shall be mailed and served on the other party in accordance with Section 21 of this Agreement.

**30.8** In the event of a partial or complete termination of this Agreement, if the parties have shared or exchanged property the parties will return the property to its original owner or dispose of it in a manner required by the original owner as described in this Agreement.

**30.9** During the term of this Agreement, the terms and conditions of this Agreement shall undergo an annual review to be initiated no later than June 1st of each year. The review shall be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

## 31. Choice of Law

The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Agreement, and any disputes arising from this Agreement.

## 32. Entire Agreement

This document, including the specific appendices attached hereto, and any approved subcontracts, amendments, and modifications made thereto, shall constitute the entire Agreement between the parties and shall supersede all other understandings, oral or written.

## 33. Signature Authority

**33.1** By signing below, the signer certifies he or she has the authority to enter into this Agreement on behalf of his or her respective party, and he or she has read the foregoing and agrees to accept the provisions herein on said party's behalf.

**33.2** This Agreement may be executed in counterpart.

| For the Department: | For City/Town: |
|---|---|
| | |
| Signature Date | Signature Date |
| Robert Woods, Director | |
| Typed Name and Title | Typed Name and Title |
| Arizona Department of Revenue | |
| Entity Name | Entity Name |
| 1600 W. Monroe St. | |
| Address | Address |
| Phoenix Arizona 85007 | |
| City State Zip | City State Zip |
| **RESERVED FOR THE ATTORNEY GENERAL:** | **RESERVED FOR CITY/TOWN ATTORNEY:** |
| This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General.<br><br>**KRIS MAYES**<br>The Attorney General<br><br>BY: _____ Signature<br>Assistant Attorney General<br><br>Date: _____ | This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned City/Town Attorney who has determined, on behalf of the City/Town only, that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the City/Town.<br><br>APPROVED AS TO FORM AND AUTHORITY:<br><br>BY: _____<br>CITY/TOWN ATTORNEY<br><br>Date: _____ |

# APPENDIX A

## ARIZONA DEPARTMENT OF REVENUE
## CONFIDENTIALITY REQUIREMENTS

**1. Confidential Information**

1.1 "Confidential Information" is defined in A.R.S. § 42-2001. Confidential Information may not be disclosed except as provided by statute. A.R.S. §§ 42-2001 through 42-2004.

1.2 "Tax Information" as defined in this Agreement is Confidential Information.

1.3 **Disclosure of aggregated financial information.** Under no circumstance shall aggregated financial information related to transaction privilege taxes allow any person who is not authorized to receive Tax Information to identify or discover the financial information of an individual taxpayer.

(a) Except as provided in Section 1.3(b) of this Appendix, City/Town will disclose aggregated financial information in accordance with the Department's standard:

(1) City/Town shall only disclose aggregated financial information from not less than ten (10) taxpayers within the political boundaries of City/Town.

(2) No individual taxpayer's financial information should be discernible due to its relative size compared to other members of the aggregated group. For example, if one of the taxpayers in the data set represents 90% or more of the data point, then that data point must not be disclosed, regardless of the number of taxpayers.

(b) City/Town may disclose its aggregated financial information from less than ten (10) taxpayers provided City/Town first determines the aggregated data could not potentially reveal the financial information of an individual taxpayer. Such a determination shall take all the following into consideration:

(1) *Ownership*. All taxpayers with common ownership entities shall be considered a single taxpayer for aggregation purposes; and

(2) *Proportionality*. No individual taxpayer's financial information should be discernible due to its relative size compared to other members of the aggregated group; and

(3) Any other factor that might allow any person who is not authorized to receive Tax Information to identify or discover the financial information of an individual taxpayer.

## 2. Protecting Information

2.1 City/Town must identify all places, both physical and logical, where City/Town receives, processes, and stores Tax Information and create a plan to adequately secure those areas.

2.2 Tax Information must be protected during transmission, storage, use, and destruction. City/Town must have written policies, standards, and procedures to document how it protects its information systems, including Tax Information so that it conforms to the State of Arizona statutes A.R.S. §§ 42-2001 through 42-2004 and policies, standards, and procedures found on the Arizona Strategic Enterprise Technology ("ASET") website at aset.az.gov/resources/policies-standards-and-procedures or ASET's successor agency or website and Arizona Department of Homeland Security's website at https://azdohs.gov/information-security-policies-standards-and-procedures.

2.3 Department staff and authorized City/Town staff are prohibited from inspecting Tax Information unless they have a business reason. Browsing through Tax Information concerning friends, neighbors, family members, or people in the news is strictly prohibited.

2.4 All removable media, including paper and CDs, containing Tax Information must be secured when not in use and after normal business hours by placing all materials in a locked drawer or cabinet. During use, Tax Information must be protected so that it is not visible to members of the public or anyone without a business need for the information.

2.5 All individuals accessing or storing Tax Information from an alternative work site must enter into a signed agreement that specifies how the Tax Information will be protected while at that site. Only trusted employees shall be permitted to access Tax Information from alternative sites. Tax Information may not be accessed while in public places such as restaurants, lounges, or pools.

2.6 Tax Information may not be discussed in elevators, restrooms, the cafeteria, or other public areas. Terminals should be placed in such a manner that prohibits public viewing of Tax Information.

2.7 When transporting confidential materials, the materials should be covered so that others cannot see the Tax Information. When sending Tax Information by fax, a cover sheet should always be used.

2.8 Any person with unsupervised access to Tax Information shall receive training on the confidentiality laws and requirements to protect such information before being given access to such information and annually thereafter. They must sign

certificates after the training acknowledging that they understand their responsibilities. City/Town must keep records to document this training and certification and submit a copy of the certification to the Department.

## 3. Disclosure of Information

3.1 Tax Information may only be disclosed as permitted by A.R.S. § 42-2003.

3.2 Tax Information is protected by statute and, therefore, shall not be disclosed in response to a public records request except as authorized by law. A state agency, including political subdivisions (City/Town), may deny inspection of public records if the records are deemed confidential by statute. *Berry v. State,* 145 Ariz. 12, 13 699 P.2d 387, 388 (App. 1985).

3.3 A taxpayer may designate a person to whom Tax Information may be disclosed by completing an Arizona Department of Revenue Form 285 or Form 285B, or such other form that contains the authorizing information included in those forms. City/Town may contact the Department's Disclosure Officer at DisclosureOfficer@azdor.gov if there are any questions concerning this requirement.

## 4. Retention and Disposal of Information

4.1 All records received from the Department must be kept for the duration of the records retention period as listed in the official records retention schedules approved by the Secretary of State Library Archives and Public Records Division ("LAPR") published on the LAPR website.

(a) The Department's custom records retention schedule is published on the LAPR website at apps.azlibrary.gov/records/schedules.aspx.

(b) In the event of a legal hold (such as a litigation hold or investigative hold), Department and/or City/Town may be required to retain records beyond the retention period.

4.2 The Department and City/Town shall follow the legal requirements for reporting the disposition and destruction of records to the Arizona State Library Archives, & Public Records Division under A.R.S. § 41-151.19. Certificate of Records Destruction Forms are found at: azlibrary.gov/arm/forms.

4.3 All removable media containing Tax Information must be returned to the Department or sanitized before disposal or release from the control of City/Town.

4.4 Tax Information must be destroyed by shredding or burning the materials when the retention period has been met and no legal holds are in place. Tax Information may not be disposed of by placing the materials in the garbage or recycle bins. Destruction of Tax Information may be performed by a third-party vendor.

City/Town must take appropriate actions to protect the Tax Information in transit and storage before it is destroyed, such as periodic inspections of the vendor.

4.5 Computer system components and devices, such as copiers and scanners, which have been used to store or process Tax Information may not be repurposed for non-tax administration uses unless the memory or hard drive of the device is sanitized to ensure under no circumstances Tax Information can be restored or recovered.

## 5. Information Security

5.1 Systems containing Tax Information must be protected in accordance with the State of Arizona Policies, Standards, and Procedures that govern State data found at https://azdohs.gov/information-security-policies-standards-and-procedures, particularly Policies and Standards 8000-8410 and the Arizona NIST Security Baseline Controls.

5.2 City/Town is responsible for creating architectural diagrams of any systems connecting to the Department's systems and depicting the flow of State Tax Information. Architectural diagrams for systems connecting to the ADOR shall be shared with the ADOR and updated after any architectural changes.

5.3 Incident Reporting. City/Town is required to notify the Department in the event of a suspected or actual unauthorized disclosure of Tax Information, data loss, breach, or other security concern regarding Tax Information by reporting the incident to the Department's: 1) City Services Manager by email at citiesunit@azdor.gov, 2) Disclosure Officer by email at DisclosureOfficer@azdor.gov, and 3) Chief Information Security Officer's Information Security Team by email at InfoSec@azdor.gov.

5.4 The Department may send employees or auditors to inspect any of City/Town information systems and/or facilities used to process, store, or transmit any Department data at any time to ensure that Department information is adequately protected. City/Town shall provide audit records and evidence of system and application hardening to the department's information security team upon request. Hardening evidence can include, but is not limited to: RiskSense, CIS benchmarks, SCSEMs, STIGs, or other security best practices. If City/Town hires a third-party for any system or information support, all security provisions apply.

## 6. Wireless Access (if accessing State Confidential Information from a wireless network)

City/Town must:

6.1 Establish restrictions, configuration/connection requirements, and implementation guidance for wireless access.

6.2 Authorize wireless access to the information system prior to allowing such connections.

6.3 Employ a wireless intrusion detection system to identify rogue wireless devices and to detect attack attempts and potential compromises/breaches to the information system.

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# APPENDIX B

## REQUIRED REPORTS AND DATA FIELDS

At a minimum, the Department of Revenue shall provide the following reports which display all of fields identified below, per report:

**NEW LICENSE REPORT** and **LICENSE UPDATE REPORT**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- Update Date
- ID Type
- ID
- Account ID
- Entity Name
- Ownership Type
- License ID
- OTO/Applied For indicator
- Bankruptcy Indicator
- Filing Frequency
- Issue Date
- Account Start Date
- Business Start Date
- Arizona Start Date
- Doc Loc Nbr
- Accounting Method
- Close Date
- Close Code
- Business Description
- NAICS1
- NAICS2
- NAICS3
- NAICS4
- Mailing Street1
- Mailing Street2
- Mailing Street3
- Mailing City
- Mailing State
- Mailing ZIP
- Mailing Country
- Mailing Phone Number
- Mailing Address Add date
- Mailing Address End Date

- Audit Street1
- Audit Street 2
- Audit Street 3
- Audit City
- Audit State
- Audit Zip
- Audit Country
- Audit Phone Number
- Audit Address Add Date
- Audit Address End Date
- Location Code
- Business Codes
- Location Name (DBA)
- Number of Units
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- Location Phone Number
- Location Start Date
- Location End Date
- Primary Location Street 1
- Primary Location Street 2
- Primary Location Street 3
- Primary Location City
- Primary Location State
- Primary Location Zip Code
- Primary Location Country
- Primary Location Phone Number
- Primary Location Start Date
- Primary Location End Date
- Owner Name
- Owner Title
- Owner Name 2
- Owner Title 2
- Owner Name 3
- Owner Title 3

**CITY PAYMENT JOURNAL**

- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period

- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype
- Rev Type

**CITY PAYMENT JOURNAL SUMMARY**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Business Code
- Number of Accounts
- Collections

**NO MONEY REPORT**

- Region Code
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date

- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype

**DEDUCTION REPORT**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Deduction Code
- Deduction Amount
- Tran Type
- Tran Subtype
- Rev Type

**FUND DISTRIBUTION REPORT**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment Received Date
- Return Received Date
- Payment Processed Date
- Return Processed Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Fund Allocation Code
- Amount Distributed

**FUND DISTRIBUTION SUMMARY REPORT**

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Fund Allocation Code
- Amount Distributed

# APPENDIX C

## REQUIRED FORMS

1. **JT-1 Joint Tax Application for a TPT License**

   ADOR Form 10196

2. **TPT-2 Transaction Privilege, Use and Severance Tax Return (filing periods beginning on or AFTER June 1, 2016)**

   ADOR Form 11249

3. **TPT-EZ Transaction Privilege, Use and Severance Tax Return**

   ADOR Form 11263

# INTERGOVERNMENTAL AGREEMENT BETWEEN THE STATE OF ARIZONA AND THE CITY/TOWN OF FLAGSTAFF

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") is entered into this 4TH day of JUNE, 2019, by and between the Arizona Department of Revenue, hereinafter referred to as Department, and the City/Town of Flagstaff, an Arizona municipal corporation, hereinafter referred to as City/Town. This Agreement shall supersede and replace all previous intergovernmental agreements, including amendments thereto, entered into by the Department and City/Town regarding the administration, collection, audit and/or licensing of transaction privilege tax, use tax, severance tax, jet fuel excise and use taxes and rental occupancy taxes imposed by the State, cities or towns.

## RECITALS

WHEREAS, Title 11, Chapter 7, Article 3 (A.R.S. § 11-952) authorizes two or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies.

WHEREAS, A.R.S. § 42-6001 et seq. was amended effective January 1, 2015 to provide that the Department shall collect and administer any transaction privilege and affiliated excise taxes imposed by any city or town in Arizona and that the Department and each city or town shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the State, cities or towns.

WHEREAS, City/Town has taken appropriate action by ordinance, resolution or otherwise, pursuant to the laws applicable to the governing body of City/Town, to approve and authorize City/Town to enter into this Agreement.

## AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the Department and City/Town enter into this intergovernmental agreement as follows:

## 1. Definitions

**1.1** **A.R.S.** means the Arizona Revised Statutes.

**1.2** **Adoption of an Ordinance** means final approval by majority vote of the City/Town council.

**1.3** **Ambassador Program** means the Department's provided structure and support of curriculum related to tax administration and compliance education.

1.4 **Audit** means examination and verification of accounts and records to determine taxpayer compliance with title 42 of A.R.S. and the Model City Tax Code, or any other assessment issued pursuant to A.R.S. § 42-1108.

1.5 **Closing Agreement** means an agreement to settle a tax liability pursuant to A.R.S. § 42-1113.

1.6 **Confidential Information** means all such information as defined in A.R.S. § 42-2001.

1.7 **Confidentiality Standards** means the standards set forth in Appendix A or such other written standards mutually agreed to by the Department and City/Town.

1.8 **Desk Review** means any assessment issued pursuant to A.R.S. § 42-1109(B).

1.9 **Federal Tax Information** means federal tax return or return information the Department receives from the Internal Revenue Service including any information created by the Department derived from that information. Documents obtained from a taxpayer or State records are not considered Federal Tax Information.

1.10 **Model City Tax Code** means the document defined in A.R.S. § 42-6051.

1.11 **Modification** means a change to an assessment required or authorized by statute.

1.12 **Municipal Tax(es)** means transaction privilege and affiliated excise taxes, including use tax, severance tax, jet fuel excise and use tax, and rental occupancy tax, imposed by City/Town in accordance with the Model City Tax Code. Unless the context provides otherwise, this definition includes tax, license fees, penalties, interest and other similar charges.

1.13 **State** means the State of Arizona.

1.14 **State & Municipal Audit Resolution Team ("SMART")** means an advisory group comprised of four representatives from municipal taxing jurisdictions and four representatives of the Department as set forth in Section 14 below.

1.15 **Taxpayer Information** means information protected from disclosure pursuant to Model City Tax Code § 510.

1.16 **Standard Audit Life Cycle Process Map:** A document containing the decisions and procedures adopted by the Department and City/Town from the point of audit assignments until resolution consistent with this Agreement and the Arizona Management System principle of continuous improvement. This document will be reviewed by the Department and City/Town as needed, not less than annually, with any changes memorialized in a revised map. In the event of unresolved disagreement regarding proposed changes, this Map will be referred to SMART for resolution.

1.17 **Standard Authorization List Update Process Map:** A process containing the decisions and procedures adopted by the Department and City/Town to keep an updated list of current employees and contractors who are authorized to receive confidential information consistent this Agreement and with the Arizona Management System principle of continuous improvement. This document will be reviewed by the Department and cities/towns as needed, not less than annually, with any changes memorialized in a revised map. In the event of unresolved disagreement regarding proposed changes, this Map will be referred to SMART for resolution.

1.18 **Standard Inter-Jurisdictional Transfer Process Map:** A process containing the decisions and procedures adopted by the Department and City/Town to transfer tax from one City/Town to another City/Town upon a City/Town's request or during the audit process consistent with this Agreement and with the Arizona Management System principle of continuous improvement. This document will be reviewed by the Department and City/Town as needed, not less than annually, with any changes memorialized in a revised map. In the event of unresolved disagreement regarding proposed changes, this Map will be referred to SMART for resolution.

1.19 **Voluntary Disclosure Agreement:** A program that is designed for eligible taxpayers with exposure for tax liability and /or civil penalties due to a failure to report and/or pay all tax due.

## 2. Disclosure of Information by City/Town to Department

2.1 **Qualified Recipients of Information:** The Department shall provide a list of names and job titles of duly authorized representatives acting on behalf of the Department authorized to request and receive Taxpayer Information from City/Town as defined in the Standard Authorization List Update Process Map. This information shall be sent to City/Town as defined in the Standard Authorization List Update Process Map. The City/Town will not disclose Taxpayer Information to a Department employee whose name is not included on this list. The City/Town may contact the Department with any questions related to qualified recipients by contacting the Cities Services Unit.

2.2 **Use of Information:** Any Taxpayer Information released by City/Town to the Department may only be used by the Department for tax administration and collection purposes, and may not be disclosed to the public in any manner that does not comply with the Model City Tax Code. All Taxpayer Information shall be stored and destroyed in accordance with the Confidentiality Standards.

2.3 **Municipal Ordinance:**

(a) City/Town shall provide the Department with a copy of its Municipal Tax Code or any City/Town ordinances imposing the taxes to be collected hereunder within ten calendar days of a request for such information from the

Department. This information shall be sent to the Cities Services Unit electronically.

(b) City/Town shall provide the Department with a copy of any ordinance adopted by City/Town after execution of this Agreement that imposes or modifies the Municipal Taxes or license fees to be collected hereunder, including a new or different tax rate as defined by A.R.S. § 42-6053(E), within ten calendar days of adoption of an ordinance. This information shall be sent to the Cities Services Unit electronically. No such ordinance shall take effect on a date other than the first day of the month that is at least sixty calendar days after City/Town provides notice to the Department unless City/Town and the Department agree otherwise. The Department shall add the change to the official copy of the Model City Tax Code within ten business days of receipt of notice from City/Town. The Department will notify City/Town when the change has been made, and City/Town is responsible for confirming the change. Pursuant to A.R.S. § 42-6053(E)(2), changes in tax rates have no effect unless reflected in the official copy of the Model City Tax Code.

(c) Within fifteen calendar days following the adoption of an annexation ordinance, one copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department via email at GIS@azdor.gov. City/Town shall also include with the notice a list of businesses City/Town knows to be located in the annexed area. The Department shall not be obligated to begin collection of Municipal Tax any sooner than the first day of the month that is at least sixty calendar days after the date the Department received notice from City/Town of the annexation.

**2.4 Development and Impact Fees:** Upon request, City/Town shall provide to the Department any information regarding development and impact fees to assist the Department with the auditing of taxpayers and billing and collection of taxes.

**2.5 Prior Audits:** Upon request by the Department, City/Town shall allow inspections and copies of any City/Town tax audits conducted prior to January 1, 2015.

**2.6 Other Information:** City/Town shall provide other relevant information necessary for tax administration and collection purposes as requested by the Department.

**2.7 Statutory Authority:** The disclosure of confidential City/Town tax information is governed by A.R.S. § 42-2001 et seq., or Model City Tax Code Section 510 for all reporting periods prior to January 1, 2015.

## 3. Disclosure of Information by Department to City/Town

**3.1 Qualified Recipients of Information:** City/Town shall provide a list of the names and job titles of duly authorized representatives acting on behalf of City/Town authorized to receive Confidential Information as defined in the Standard

Authorization List Update Process Map. The Department will not disclose any Confidential Information to any representative whose name is not included on this list. The Department may contact City/Town with any questions related to authorized recipients.

3.2 **Suspension of Information:** The Department will not withhold Confidential Information from City/Town so long as City/Town complies with A.R.S. § 42-2001 et seq. and the Confidentiality Standards.

(a) If the Department has information to suggest City/Town or any of its duly authorized representatives violated A.R.S. § 42-2001 et seq. or the Confidentiality Standards (Appendix A), the Department will send written notice to City/Town detailing the alleged breach as understood by the Department and requesting a response to the allegation within twenty calendar days of the date of the letter.

(b) The Department will review the written response from City/Town and consider the information contained therein and all relevant circumstances surrounding the alleged violation before making a written determination as to whether a suspension of information is warranted and the length of the suspension.

(c) If City/Town is dissatisfied with the Department's determination, it may within ten calendar days, submit a written request to SMART requesting the group review the determination pursuant to Section 14.

(d) If the Department has information to suggest City/Town violated the Confidentiality Standards, the Department may inspect City/Town's records, facilities, and equipment to confirm whether there has been a violation upon notification to City/Town.

3.3 **Information to be Provided:** Within the restrictions outlined in this Section, the Department shall provide all of the information detailed in Appendix B, which may be modified by the mutual agreement of the parties. The Department shall not provide Federal Tax Information to City/Town. In addition to the information detailed in Appendix B, City/Town may obtain upon request:

(a) Inspections and/or copies of Department tax audits, including all information related to all cities and towns included in the tax audit; and

(b) Other relevant information necessary for tax administration and collection purposes, including all information necessary to verify City/Town received all revenues collected by the Department on behalf of City/Town.

3.4 **Storage and Destruction of Confidential Information:** All Confidential Information provided by the Department to City/Town shall be stored, protected, and destroyed in accordance with the Confidentiality Standards.

**3.5** **Statutory Authority:** The Department may disclose Confidential Information to City/Town pursuant to A.R.S. § 42-2003(G) if the information relates to a taxpayer who is or may be taxable by a county, city or town. Any Confidential Information released to City/Town:

(a) May only be used for internal tax administration purposes as defined in A.R.S. § 42-2001(4); and

(b) May not be disclosed to the public in any manner that does not comply with the Confidentiality Standards.

A.R.S. § 42-2003(G) provides that any release of Confidential Information that violates the Confidentiality Standards will result in the immediate suspension of any rights of City/Town to receive taxpayer information pursuant to Section 3.2 of this agreement. Under no circumstances shall the suspension of any right to receive taxpayer information adversely impact the delivery or transfer of any City/Town revenues in any manner.

**3.6** **Specificity of Data:** Pursuant to A.R.S. § 42-6001, the Department and City/Town agree that the data fields identified in Appendix B and the JT-1, TPT-2 and TPT-EZ forms provided in Appendix C meet the specificity requirements of City/Town. The forms provided in Appendix C may be revised and replaced as needed by mutual agreement of the Department and City/Town based on approval by SMART.

## 4. Audit

The Department shall administer the audit functions with City/Town in accordance with the Standard Audit Life Cycle Process Map and with the following provisions.

**4.1** **Training:** All auditors and supervisors shall be trained in accordance with the policies of the Department. Auditors who have not completed the training may only work in connection with a trained auditor and cannot be the only auditor assigned to the audit. The Department shall:

(a) Provide semi-annual audit training in accordance with A.R.S. § 42-6002(C) and be responsible for the costs of the training, limited to the site and training materials;

(b) Notify City/Town of any training sessions at least thirty calendar days before the date of the training session;

(c) Permit City/Town auditors and supervisors to attend any scheduled training as space permits at any designated training location; and

(d) Provide additional training, as needed, to inform auditors and supervisors regarding changes in State law, the Model City Tax Code, Audit Procedures or Department policy.

**4.2 Conflict of Interest:** An auditor or supervisor trained and authorized to conduct an audit may not conduct any of the following prohibited acts:

(a) Represent a taxpayer in any tax matter against the Department or City/Town while employed or in an independent contractor relationship with the Department or City/Town.

(b) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.

(c) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one year after he/she ends employment or the independent contractor relationship with the Department or City/Town.

(d) Use information he/she acquires in the course of the official duties as an auditor or supervisor in a manner inconsistent with his/her official duties without prior written approval from the Department.

(e) For a period of one year after he/she ends employment or an independent contractor relationship with the Department or City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes formal barriers to prevent any sharing of information between the trained auditor or supervisor and the remainder of the firm.

The Department may revoke an individual's authority to audit and prohibit the use of any auditor or supervisor who violates this provision.

**4.3 Audits and Refunds:**

(a) City/Town may request the Department conduct an audit or review of any taxpayer engaged in business in City/Town, including a taxpayer whose business activity is subject to tax by the City/Town but is not subject to tax by the State. The Department and the cities and towns shall collaboratively establish and maintain minimum justification standards and procedures City/Town shall adhere to when submitting an audit request.

(b) City/Town may conduct an audit of a taxpayer engaged in business only in City/Town. Before commencing such audit, City/Town shall submit a Field Audit Request Form. The Department will provide City/Town with a determination to proceed or not within ten calendar days of the notice from City/Town.

(c) Except as permitted below, the Department shall conduct all audits of taxpayers having locations in two or more cities or towns. A City/Town auditor may participate in any audit City/Town requested the Department to perform.

(d) City/Town shall notify the Department if it wants to audit a taxpayer having locations in two or more Arizona cities or towns and whose business activity is subject to tax by the City/Town but is not subject to tax by the State. The Department will authorize such audits, to be overseen by the Department, unless there is already an audit of the taxpayer scheduled, or the Department determines the audit selection is discriminatory, an abuse of process or poses other similar defects. The Department will notify City/Town of its determination within fifteen (15) calendar days. No initial audit contact may occur between City/Town and a taxpayer until the Department approves the audit notice.

(e) In the case of taxpayers doing business in more than one city/town:

(1) City/Town may either request the Department conduct an audit of a taxpayer having locations in two or more Arizona cities or towns and whose primary business is subject to both city and state tax, or

(2) City/Town may request to conduct an audit of a taxpayer having locations in two or more Arizona cities or towns and whose primary business is subject to both cities' and state tax.

(3) Requests pursuant to (e)(1) or (e)(2) shall be made using the Department's Field Audit Request Form. The Department shall notify City/Town of its decision regarding the request within fifteen (15) calendar days of receipt of the request.

(f) The Department may deny a request for an audit in writing within 15 days of city/town request for the following reasons:

(1) An audit is already scheduled or planned for the taxpayer within six months of the request;

(2) The requested audit would interfere with strategic tax administration planning;

(3) The audit selection is discriminatory, an abuse of process or poses other similar defects;

(4) The request lacks sufficient information for the Department to determine whether it is appropriate;

(5) The Taxpayer was audited within the previous two years;

(6) The Department lacks sufficient resources to conduct the audit; or

(7) The scope or subject of the audit does not justify the use of Department resources.

(g) If the Department denies a request to conduct an audit because it either lacks resources to conduct the audit itself or the scope or subject of the audit does not justify the use of Department resources, then City/Town shall notify the Department if it wants to conduct the audit under the supervision of the Department. No initial audit contact may occur between City/Town and a taxpayer until the Department's supervisor is appointed to the audit.

(h) Any decision by the Department denying City/Town's request to conduct any audit may be referred to SMART in accordance with Section 14 of this Agreement.

(i) All audits conducted by City/Town shall be in accordance with standard audit procedures defined in the Department Audit Manual and the Standard Audit Life Cycle Process Map. All auditors shall be trained in accordance with Section 4.1 above.

(j) The Department may appoint a Department manager to supervise any audit conducted by City/Town.

(k) All audits shall include all taxing jurisdictions in the State regardless of which jurisdiction's auditors participate in the audit. All desk reviews must include all taxing jurisdictions for which there is information provided by the taxpayer.

(l) The Department shall issue all audit assessments on behalf of all taxing jurisdictions in a single notice to the taxpayer.

(m) The Department shall issue amendments to audit assessments on behalf of all taxing jurisdictions in a single notice to the taxpayer.

**4.4 Claims for Refund:**

(a) When a taxpayer files a request for refund, including refunds requested by filing amended returns, the Department shall process the request and review it for mathematical errors or for the failure of the taxpayer to properly compute the tax based on the taxable income reported on the return or refund request.

(b) The Department will notify City/Town of all refund requests that are processed involving City/Town's Municipal Taxes within thirty calendar days of processing the refund. City/Town may request an audit of the taxpayer as set forth in Section 4.3 above.

(c) The Department may assign an auditor to review requests for refunds. The Department will notify City/Town, within thirty calendar days of initiating a review, of all refunds under review by an auditor pertaining to a taxpayer who engages in business within City/Town's taxing jurisdiction and may request that City/Town assist with such reviews. The Department may assign a refund request to a City/Town auditor for review. The Department may only assign refund requests to a City/Town auditor if the City/Town is involved in the refund request.

(d) City/Town is responsible for payment of all amounts to be refunded to taxpayers for Municipal Tax incorrectly paid to City/Town. The Department may offset a remittance to City/Town under this Agreement to cover the amounts of allowed refunds paid to the Department. If there are insufficient funds available to pay the refund, City/Town must pay the Department within sixty days of written demand from the Department.

(e) The Department shall issue refund approvals/denials on behalf of all taxing jurisdictions in a single notice to the taxpayer. City/Town may request copies of such determinations.

**4.5 Protests:** Taxpayer protests of audit assessments and desk review assessments and refund denials shall be directed to the Department. Appeals of audit assessments, desk review assessments and refund denials shall be administered pursuant to A.R.S. Title 42, Chapter 1, Article 6. The Department shall notify City/Town of any appeals within 30 days of receipt of the protest.

**4.6 Status Reports:** The Department shall keep SMART apprised of the status of each protested matter involving the imposition of Municipal Taxes. City/Town may request to be on a distribution list for monthly status reports by contacting the Department.

## 5. Voluntary Disclosure Agreements

The Department may enter into a voluntary disclosure agreement with a taxpayer. A voluntary disclosure agreement may limit the years subject to audit and waive penalties. The Department will notify City/Town of the Department's intent to enter into an agreement and the Department will provide the taxpayer's identity within thirty (30) calendar days of disclosure. City/Town may request an audit of a taxpayer subject to a voluntary disclosure agreement pursuant to Section 4.3 above.

## 6. License Compliance

**6.1 License Issuance and Renewal:** The Department shall issue new Municipal Tax licenses and renew such licenses for City/Town Municipal Tax. The Department of

Revenue shall provide City/Town with information about all persons obtaining and renewing tax licenses as set forth in Appendix B.

6.2 **License Checks:** The Department and City/Town shall coordinate efforts to conduct tax license compliance checks through canvassing and other compliance methods.

6.3 **Confidentiality:** Any tax license information City/Town obtains from the Department is considered Confidential Information and may only be disclosed as authorized by A.R.S. § 42-2003. Any tax license information City/Town obtains through its own efforts may be disclosed as allowed by applicable City/Town laws.

6.4 **Changes to License Fees:** Within ten (10) business days following the adoption of an ordinance (or official acknowledgment of approval of an ordinance by voters in an election of a charter city) issuing or modifying a tax license fee, one copy of the ordinance and notification of the effective date of such ordinance shall be sent to the Department's City Services Unit. The Department shall not be obligated to begin collection of the new or modified fee any sooner than sixty calendar days after the date the Department received the ordinance from City/Town.

## 7. Closing Agreements

The Department shall notify City/Town before entering into a Closing Agreement and shall seek a range of settlement authority from City/Town related to the tax levied and imposed by City/Town in accordance with the Standard Audit Life Cycle Process.

## 8. Responsibility for Representation in Litigation

8.1 **Administrative Proceedings:** The Department shall be responsible for coordinating the litigation and defending the assessment or refund denial in any administrative appeals before the Office of Administrative Hearings or the Director of the Department regardless of the jurisdiction that conducted the audit in accordance with the Standard Audit Life Cycle Process Map. The Department shall be diligent in defending the interests of City/Town and City/Town shall assist in such representation as may be requested by the Department or by City/Town.

8.2 **Further Appeals:** The Arizona Attorney General is responsible for defending the assessment or refund denial at the Board of Tax Appeals, the Arizona Tax Court and all higher courts. City/Town shall assist the Attorney General in such representation and litigation as requested by the Attorney General's Office in accordance with the Standard Audit Life Cycle Process Map.

8.3 **Mutual Cooperation:** The Department and City/Town agree they shall cooperate in the appeal and litigation processes and shall ensure their auditors, supervisors,

and other necessary employees are available to assist the Department and the Attorney General for informal interviews, providing documents and computer records, preparing for depositions, attending depositions and trial as witnesses, and assisting in trial/hearing preparation, as needed.

**8.4** **Administrative Decisions:** The Department shall provide a copy of any and all administrative hearing level decisions, including Director's decisions issued by the Department to all jurisdictions on a distribution list. City/Town may request to be on the distribution list by contacting the Department's Cities Unit. Administrative decisions are Confidential Information and must be stored and destroyed in accordance with the Confidentiality Standards.

## 9. Collection of Municipal Taxes

**9.1** **Tax Returns:** Taxpayers who are subject to City/Town Municipal Taxes shall pay such taxes to the Department. Tax payments shall be accompanied by a return prepared by taxpayer on a form prescribed by the Department.

**9.2** **Collections:** The Department shall collect any Municipal Tax imposed by City/Town recorded on the Department's tax accounting system. Amounts the Department collects for delinquent City/Town Municipal Tax accounts after the termination of this Agreement shall be forwarded to City/Town. The Department and City/Town may enter into an additional agreement to provide joint collection efforts on the following terms:

(a) **Training:** All City/Town collectors authorized to collect obligations in cooperation with the Department shall be trained in accordance with the policies of the Department. Training shall be provided in the same manner as set forth in Section 4.1 of this Agreement.

(b) **Conflict of Interest:** A collector authorized under this provision may not:

(1) Represent a taxpayer in any tax matter against the Department or City/Town while employed by the City/Town.

(2) Attempt to use his/her official position to secure any valuable thing or valuable benefit for himself/herself or his/her family members.

(3) Represent a taxpayer before the Department or City/Town concerning any matter in which he/she personally participated for a period of one year after he/she ends employment with the City/Town.

(4) Use information he/she acquires in the course of the official duties as a collector in a manner inconsistent with his/her official duties without prior written approval from the Department.

(5) For a period of one year after he/she ends employment with the City/Town, work in the same firm as a person who represents a taxpayer against the Department or City/Town unless the firm institutes formal barriers to prevent any sharing of information between the trained collector and the remainder of the firm.

(c) **Revocation:** The Department may revoke an individual's or City/Town's authority to collect obligations under this section, subject to review by SMART upon request by the individual or City/Town.

**9.3** **State of Arizona Liquor License Affidavit:** City/Town may request that the Department issue a liquor license affidavit. The Department will respond to the request via secured e-mail with a note stating complete, in-process, or unable to complete. When the City/Town request liquor license affidavits, they will need to elect the prescribed method if they are willing to pay for the Arizona Department of Liquor Licenses and Control (ADOLLC) hearing if the license is held for renewal until balance paid in full. The Department and City/Town will negotiate how the cost of the hearing will be shared between the Department and City/Town on a case by case basis.

**9.4** **Uncollectible/Discretionary Write-offs:** The Department will share the annual list of uncollectible/discretionary write-offs prior to the end of fiscal year write-off event. City/Town will have 45 days to submit feedback.

**9.5** **Remittance:** All amounts collected by the Department for Municipal Taxes, penalties and interest under this Agreement shall be remitted to City/Town weekly on the basis of actual collections. To the extent possible, the Department shall initiate the electronic payment by noon on the Monday after the end of the week in which the collections were made. Remittance shall be made in the form of immediately available funds transferred electronically to the bank account designated by City/Town.

**9.6** **Abatement:** The Department, with the approval of the Arizona Attorney General, may abate tax under certain circumstances. During the ordinary course of business, the Department may determine for various reasons that certain accounts shall be closed or cancelled. The Department shall seek input from City/Town or SMART before abating tax or closing accounts. The Department may request a telephonic meeting of SMART if time or circumstances require immediate action.

**9.7** **Funds Owed to City/Town:** At all times and under all circumstances payments remitted by a taxpayer to the Department for City/Town Municipal Taxes will be considered property of City/Town. The Department may not retain or fail to remit such funds to City/Town for any reason not specifically set forth in this Agreement including, but not limited to, during the course of a dispute between City/Town and the Department.

9.8 **Adjustments to Reported Taxes:** If the Department determines that a payment remitted by a taxpayer incorrectly identifies the city or town to which the payment should be made, Department may temporarily hold the payment until the distribution of the payment is corrected to ensure the appropriate city or town receives the payment. If a payment by the Department has been made to an incorrect city or town, the Department and affected cities or towns shall follow the Standard Inter-Jurisdictional Transfer Process Map.

## 10. Taxpayer Rulings and Uniformity

The Department shall be responsible for issuing taxpayer ruling requests and interpretations of the Model City Tax Code. City/Town acknowledges that pursuant to A.R.S. 42-6005(B), when the state statutes and Model City Tax Code are the same and where the Department has issued written guidance, the Department's interpretation is binding on City/Town. The Department acknowledges that in all other situations, interpretation of the Model City Tax Code is the sole purview of Municipal Tax Code Commission or its designee. Designated persons must be authorized to receive confidential information as authorized by Section 3.1 of this agreement. The Department shall include at least two representatives of the municipalities as regular members of any group established to respond to taxpayer ruling requests and to issue uniform interpretations and guidance promulgated by the Department. This section is not intended to affect procedures for appeals and litigation as outlined in Section 4.5 and Section 8 of this agreement.

## 11. Financing Collection of Taxes

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department. This provision does not relieve City/Town of any financial obligation imposed by statute.

## 12. Inter-Jurisdictional Transfers

The Department shall administer the inter-jurisdictional transfers of Municipal Tax monies in accordance with the Standard Inter-Jurisdictional Transfer Process Map.

## 13. Education and Outreach Efforts

To further its focus on serving taxpayers and to commitment of funding Arizona's future through enhanced customer service, continuous improvement, innovation, the Department is also expanding its Education and Outreach program to connect with all citizens of

Arizona, strategically working with taxpayer and industry groups, tax practitioners and Arizona's Cities and Towns to ensure tax education of individual and business taxpayers.

Any City/Town may further this mission, at its own expense, in providing education and outreach to taxpayers and business. The Department's Education and Outreach efforts shall be consistent with applicable law and Department written guidance.

Increased Education and Outreach efforts among the Department and the Cities/Towns will ensure collaborative partnerships that are beneficial to both that emphasizes an ongoing two-way exchange of information and communication on issues of common interest and is meant to promote cooperation in areas of overlapping special projects. Therefore, upon request, City/Town shall provide information to the Department concerning such education and outreach efforts.

The Department shall implement the workings of an Ambassador Program where the Department provides structure/support of curriculum for education related to tax administration and compliance. The City/Town will have a standard work process when participating in ADOR-led educational events.

The City/Town shall have a dedicated primary point of contact (PPOC) on its list of duly authorized representatives, who is located in Arizona and is tasked with sending and receiving communications between ADOR and the City/Town.

## 14. State & Municipal Audit Resolution Team ("SMART")

**14.1 Members:** The members shall consist of four seats representing municipal taxing jurisdictions and four seats representing the Department. Member seats may be split so some people fill the position for only certain issues, such as audit selection or collection abatement. There shall also be a list of alternate members, who may be asked by a regular member who is unable to attend a meeting to take that member's place at a SMART meeting.

**14.2 Selection:** The Director of the Department shall appoint people to serve as members of SMART. Municipal taxing jurisdictions shall nominate members from municipal taxing jurisdictions.

**14.3 Meetings:** SMART shall meet monthly unless there is no business to be conducted. Additional meetings can be scheduled as necessary to timely discuss issues presented. Alternate members may attend meetings but cannot vote unless filling the seat of a regular member.

**14.4 Issues:** The Department or City/Town may refer issues to SMART to include, but not limited to:

(a) Decisions by the Department to not audit a taxpayer;

(b) Amendments to Department audit procedures or manuals;

(c) Closing Agreements or a range of settlement authority;

(d) Abatement or account closure in collections;

(e) Suspension of disclosure of information from the Department;

(f) Unresolved disagreement regarding proposed changes to process maps listed in Sections 1.16, 1.17 and 1.18;

(g) Revocation of collection authority; and

(h) Other issues as authorized by the Director of the Department or agreed upon by the parties.

**14.5 Recommendations:** SMART shall make recommendations to the Director of the Department or Director's designee. If the recommendation is approved by at least five members of SMART, the Director will accept the recommendation of SMART. If SMART cannot reach a recommendation agreeable to at least five members of the group, the Director or Director's designee may act as he deems to be in the best interests of all parties. Notwithstanding the above, upon request by a City/Town, the Director will submit his decision to the Arizona Attorney General's Office for review.

**14.6 Voting:** Any voting member of the committee may request the vote be held by secret ballot.

**14.7 Procedures:** SMART shall develop procedures concerning the operation of the group consistent with this Agreement.

## 15. Funding of Additional Auditors by City/Town

**15.1 Funding:** In its sole discretion, City/Town may contribute funding to the Department to pay for additional auditors to assist the Department in the performance of audits of Municipal Tax owed to City/Town. Such additional auditors funded by City/Town shall at all times be deemed to be employees of the Department and under no circumstances shall be deemed to be employees or agents of City/Town. It is the parties' intention that City/Town funding be used to increase the capabilities of the Department to perform Municipal Tax audits and not to subsidize or replace State funding required for audit and collection of taxes.

**15.2 Use of Funds:** City/Town funding for additional auditors under this Section shall be used to fund the auditors' salaries and related expenses and shall not be used to pay for Department office space, utilities, equipment, supplies, or similar kinds of overhead.

15.3 **Pool of Funds:** The Department may pool any City/Town funding with any other similar funding provided by other municipal taxing jurisdictions to pay for additional auditors dedicated to serving those jurisdictions. The Department shall separately account for such funds in its annual budget.

15.4 **Accounting:** The Department shall provide an annual accounting to City/Town, by August 31 each year describing how City/Town funding was used during the prior fiscal year.

## 16. Satellite Offices for Department Auditors

16.1 **Funding:** City/Town, at its own expense and at its sole discretion, may provide one or more satellite offices and associated amenities for use by Department employees to provide audit and/or customer service to taxpayers. Use of such facilities by Department employees shall be at the sole discretion of the Department. Nothing in this section shall require the Department to make use of such facilities provided by City/Town.

16.2 **Requirements:** Any Department employee using a City/Town satellite office must meet reasonable requirements of City/Town related to the use of the facility. City/Town shall be responsible for notifying the Department of any concerns, and the Department shall be responsible for taking appropriate actions to resolve those concerns.

16.3 **Termination:** Once a satellite office is established, City/Town shall provide at least 180 calendar days written notice to the Department prior to the termination or relocation of a satellite office. The Department may discontinue the use of a satellite office at any time upon notice to City/Town and shall promptly remove all Department property.

16.4 **License:** All requirements of City/Town and the Department related to the satellite office shall be outlined in a mutually acceptable form of license and subject to separate approval.

## 17. Non-availability of Funds

Every payment obligation of the Department and the City/Town pursuant to this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation, except for the rendering of funds to City/Town paid by a taxpayer for Municipal Taxes or tax license fees of City/Town. If funds are not appropriated, allocated and available or if the appropriation is changed resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated at the end of the period for which funds are available. No liability shall accrue to the State in the event this provision is exercised, and the State shall not be obligated or liable for any future payments

or for any damages as a result of termination under this Section. The termination of this Agreement shall not entitle the Department to retain any Municipal Tax collected on behalf of City/Town pursuant to this Agreement.

## 18. Waiver

Nothing in this Agreement should be interpreted as City/Town relinquishing its legal rights under the Arizona Constitution or other applicable law, nor that City/Town is conceding the administration and collection of its Municipal Tax is not of a local interest or should not be under local control.

## 19. Cancellation

The requirements of A.R.S. § 38-511 apply to this Agreement. The Department or City/Town may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Department or City/Town is, at any time while this Agreement or any extension is in effect, an employee, agent or consultant of the other party with respect to the subject matter of this Agreement. The obligation of the Department to remit City/Town taxes shall survive cancellation.

## 20. Notice

(a) When any Notice to City/Town is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to:

bgoodrich@flagstaffaz.gov, BARBARA GOODRICH, CITY MANAGER

(b) When any Notice to the Department is required under the terms of this Agreement, such Notice shall be sent by electronic correspondence to: cityservices@azdor.gov.

## 21. Non-discrimination

The Department and City/Town shall comply with Executive Order 2009-9, which mandates all persons, regardless of race, color, religion, sex, age, or national origin, shall have equal access to employment opportunities, and all other applicable State and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Department and City/Town shall take affirmative action to ensure applicants for

employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

## 22. Compliance with Immigration Laws and A.R.S. § 41-4401

**22.1** The Department and City/Town shall comply with all Federal immigration laws and regulations relating to employees and warrants compliance with A.R.S. § 23-214(A) which reads in part: "After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the e-verify program."

**22.2** A breach of compliance with immigration laws and regulations shall be deemed a material breach of this Agreement and may be grounds for the immediate termination of this Agreement.

**22.3** The Department and City/Town retain the legal right to inspect the papers of any employee who works on the Agreement to ensure the Department and City/Town is complying with the applicable Federal immigration laws and regulations and State statutes as set forth above.

## 23. Audit of Records

City/Town and the Department shall retain all data, books, and other records ("Records") relating to this Agreement for at least six (6) years (a) after termination of this Agreement, and (b) following each annual renewal thereof. All Records shall be subject to inspection by the Department at reasonable times. Upon request, the Department and City/Town shall produce any or all such records. This Agreement is subject to A.R.S. §§ 35-214 and -215.

## 24. Amendments

Any amendments to the enumerated provisions or Appendices A, B, and C of this Agreement must be executed in writing in accordance with the provisions of this Agreement. The Standard Process Maps described within certain enumerated provisions are not themselves part of the Agreement.

## 25. Mutual Cooperation

In the event of a disagreement between the parties with regard to the terms, provisions and requirements of this Agreement or in the event of the occurrence of any circumstances

bearing upon or affecting this Agreement, parties hereby agree to mutually cooperate in order to resolve the said disagreement or deal with the said circumstance.

## 26. Arbitration

To the extent required by A.R.S. § 12-1518(B) and as provided for in A.R.S. § 12-133, the parties agree to resolve any dispute arising out of this Agreement by arbitration. The parties agree that any lawsuit filed by City/Town relating to the issues outlined in Section 17 of this Agreement is not considered to be a dispute arising out of this Agreement.

## 27. Implementation

The implementation and execution of the provisions of this Agreement shall be the responsibility of the Director of the Department or his representative and the Mayor his/her designee, or another party with designated authority pursuant to applicable law or City/Town charter on behalf of City/Town.

## 28. Limitations

Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of the parties in performing functions beyond those granted to them by law, or as requiring the parties to expend any sum in excess of their appropriations.

## 29. Duration

**29.1** The term of this Agreement shall commence from the latest date as indicated in Section 32 and continue in force through December 31st of that same year unless canceled or terminated as provided herein. The term of the Agreement shall automatically be extended for successive one (1) year terms commencing on January 1st and ending on December 31st of each year thereafter unless canceled or terminated as provided herein. Amendments to this Agreement that are negotiated and agreed to by a simple majority of the review committee referenced in Section 29.5 shall thereafter be executed by the parties hereto by a separate, signed amendment and incorporated herein to be effective during the term of the Agreement and any extensions.. This Agreement may be canceled or terminated effective on December 31st of any year by either party by providing written notice no later than sixty (60) calendar days prior to the expiration of the term then in effect. This Agreement shall expire on December 31st of any year the Department is subject to sunset review. Upon expiration, cancellation or termination, any subsequent Agreement must be ratified through signature by both parties.

**29.2** If State legislation enacted subsequent to the date of this Agreement substantially affects the performance of this Agreement by either party or substantially diminishes the benefits either party would receive under this Agreement, either party may then terminate this Agreement by giving at least thirty calendar days' notice to the other party. The termination will become effective immediately upon the expiration of the notice period unless otherwise agreed to by the parties.

**29.3** Notwithstanding any provision to the contrary herein, both parties may by mutual agreement provide for the termination of this contract upon such terms and at such time as is mutually agreeable to them.

**29.4** Any notice of termination shall be mailed and served on the other party in accordance with Section 20 of this Agreement.

**29.5** During the term of this Agreement, the terms and conditions of this Agreement will undergo an annual review to be initiated no later than June 1st of each year. The review will be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

## 30. Choice of Law

The laws and regulations of the State of Arizona shall govern the rights of the parties, the performance of this Agreement, and any disputes arising from this Agreement.

## 31. Entire Agreement

This document, including the specific appendices attached hereto, and any approved subcontracts, amendments and modifications made thereto, shall constitute the entire Agreement between the parties and shall supersede all other understandings, oral or written.

## 32. Signature Authority

**32.1** By signing below, the signer certifies he or she has the authority to enter into this Agreement on behalf of his or her respective party, and he or she has read the foregoing and agrees to accept the provisions herein on said party's behalf.

**32.2** This Intergovernmental Agreement may be executed in counterpart.

| | |
|---|---|
| 12 July 2019<br>Signature Date | 7/3/2019<br>Signature Date |
| Grant Nülle, Deputy Director<br>Typed Name and Title | Barbara Goodrich, City Manager<br>Typed Name and Title |
| Arizona Department of Revenue<br>Entity Name | City of Flagstaff<br>Entity Name |
| 1600 W. Monroe<br>Address | 211 West Aspen Avenue<br>Address |
| Phoenix Arizona 85007<br>City State Zip | Flagstaff Arizona 86001<br>City State Zip |
| **RESERVED FOR THE ATTORNEY GENERAL:** | **RESERVED FOR CITY/TOWN ATTORNEY:** |
| This agreement between public agencies has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General.<br><br>**MARK BRNOVICH**<br>The Attorney General<br><br>Signature<br>Assistant Attorney General<br><br>Date: 8/9/19 | APPROVED AS TO FORM AND AUTHORITY:<br><br>BY: Angie Wendel/fm<br>CITY/TOWN ATTORNEY<br><br>Date: 6/21/2019 |

City of Flagstaff
Intergovernmental Agreement for Local Tax Administration
Arizona Department of Revenue

ATTEST:

Stacy Saltzburg
CITY CLERK

## APPENDIX A

## ARIZONA DEPARTMENT OF REVENUE
## CONFIDENTIALITY REQUIREMENTS

1. Confidential Information

1.1 Confidential Information is defined in A.R.S § 42-2001. Confidential Information may not be disclosed except as provided by statute. A.R.S. § 42-2001(B).

1.2 License information obtained from the Department of Revenue is Confidential Information and may only be disclosed as authorized by A.R.S. § 42-2003. License information obtained from other sources is not Confidential Information.

1.3 Information about a taxpayer's identity obtained from the Department of Revenue is Confidential information and may only be disclosed as authorized by A.R.S. § 42-2003. Identity information obtained from other sources is not Confidential Information.

1.4 Confidential Information includes information about a single taxpayer and also aggregated information about a group of identified or identifiable taxpayers. Aggregated information from fewer than three taxpayers in a grouping on a statewide basis or fewer than ten taxpayers in a grouping for an area that is less than state level (city or town) may be Confidential Information. Such information may not be released unless the City/Town Administrator reviews the relevant information concerning the aggregate data and makes a determination in writing that the aggregate data does not reveal information about any specific taxpayer. Such determination should take into consideration the following:

a. The proportionality of the tax information applicable to individual members of the group of taxpayers; no individual taxpayer's information should be discernable due to its relative size/taxable sales, compared to other members of the group;

b. The total aggregated tax information; the aggregate information cannot allow viewers to draw conclusions about individual taxpayers (e.g., there are 6 car dealers in the city and the total aggregate sales were $900,000 and none of them reported individual sales above the $20,000 mark, which would have qualified for the lower tax rate on large purchases)

c. Any other factor that could cause the aggregate data to be used to determine information specific to a single taxpayer.

2. Protecting Information

2.1 City/Town must identify all places, both physical and logical, where Confidential Information is received, processed and stored and create a plan to adequately secure those areas.

2.2 Confidential Information must be protected during transmission, storage, use, and destruction. City/Town must have policies and procedures to document how it protects its information systems, including Confidential Information contained therein. An example of appropriate protection standards is set forth in National Institute of Standards and Technology Special Publication 800-53. The publication may be found at http://nvlpubs.nist.gov/nistpubs/SpecialPublications/NIST.SP.800-53r4.pdf

2.3 Employees are prohibited from inspecting information unless they have a business reason for the information. Browsing information concerning friends, neighbors, family members, or people in the news is strictly prohibited.

2.4 All removable media, including paper and CDs, containing Confidential Information must be secured when not in use and after normal business hours by placing all materials in a locked drawer or cabinet. During use, Confidential Information must be protected so that it is not visible to members of the public or anyone without a business need for the information.

2.5 All individuals accessing or storing Confidential Information from an alternative work site must enter into a signed agreement that specifies how the Confidential Information will be protected while at that site. Only trusted employees shall be permitted to access Confidential Information from alternative sites. Confidential Information may not be accessed while in public places such as restaurants, lounges, or pools.

2.6 Confidential Information may not be sent outside the local area network by unencrypted email. City/Town is responsible for ensuring in-flight email communications containing Confidential Information are sent through a secure process. This may include encryption of the email message, a secure mailbox controlled by City/Town, an encrypted point-to-point tunnel between the correspondents or use of Transport Layer Security (TLS) between correspondents.

2.7 Confidential Information may not be discussed in elevators, restrooms, the cafeteria, or other public areas. Computer terminals should be placed in such a manner that prohibits public viewing of Confidential Information.

2.8 When transporting confidential materials the materials should be covered so that others cannot see the Confidential Information. When sending Confidential Information by fax a cover sheet should always be used.

2.9 Any person with unsupervised access to Confidential Information shall receive training on the confidentiality laws and requirements to protect such information before being given access to such Information and annually thereafter. They must sign certificates after the training acknowledging that they understand their responsibilities. City/Town must keep records to document this training and certification.

3. Disclosure of Information

3.1 Confidential Information may only be disclosed as permitted by A.R.S. § 42-2003.

3.2 Confidential Information is confidential by statute and, therefore, does not have to be disclosed in response to a public records request. A state agency may deny inspection of public records if the records are confidential by statute. *Berry v. State,* 145 Ariz. 12, 13 699 P.2d 387, 388 (App. 1985).

3.3 A taxpayer may designate a person to whom Confidential Information may be disclosed by completing a Department of Revenue Form 285, or such other form that contains the information included in the Form 285. City/Town may contact the Department of Revenue's Disclosure Officer if there are any questions concerning this requirement.

4. Disposal of Information

4.1 All removable media containing Confidential Information must be returned to the Department of Revenue or sanitized before disposal or release from the control of City/Town.

4.2 Paper copies of Confidential Information must be destroyed by shredding or burning the materials when no longer needed. Confidential Information may not be disposed of by placing the materials in the garbage or recycle bins. Destruction of Confidential Information may be performed by a third party vendor. City/Town must take appropriate actions to protect the Confidential Information in transit and storage before it is destroyed, such as periodic inspections of the vendor.

4.3 Computer system components and devices such as copiers and scanners that have been used to store or process Confidential Information may not be repurposed for non-tax administration uses unless the memory or hard drive of the device is sanitized to ensure under no circumstances Confidential Information can be restored or recovered.

5. Storing Data

5.1 Confidential Information may be stored on hard disks only if agency approved security access control devices (hardware/software) have been installed, are receiving regularly scheduled maintenance including upgrades, and are being used. Access controls must include password security, an audit trail, encryption, virus detection, and data overwriting capabilities.

6. Encryption Requirements and Cryptographic Module Authentication

6.1 The City/Town information system must implement mechanisms for the authentication to a cryptographic module that meets the requirements of applicable federal laws, Executive Orders, directives, policies, regulations, standards, and guidance for such authentication.

6.2 Validation provides assurance that when an agency implements cryptography to protect Confidential Information, the encryption functions have been examined in detail and will operate as intended.

6.3 All electronic transmissions of Confidential Information must be encrypted using FIPS 140-2 validated cryptographic modules. A product does not meet the FIPS 140-2 requirements by simply implementing an approved security function. Only modules tested and validated to FIPS 140-2 meet the applicability requirements for cryptographic modules to protect sensitive information. NIST maintains a list of validated cryptographic modules on its website http://csrc.nist.gov/

6.4 Confidential Information is required to be protected in transit and at rest. City/Town is requested to adhere to the following guidelines to use encryption:

- Encrypt the compressed file using Advanced Encryption Standard.
- Compress files in .zip or .zipx formats.
- Use a strong 256-bit encryption key string.
- Ensure a strong password or pass phrase is generated to encrypt the file.
- Communicate the password or pass phrase with the Department of Revenue through a separate email or via a telephone call to your DOR contact person. Do not provide the password or passphrase in the same email containing the encrypted attachment.

6.5 Refer to your specific file compression software user guide for instructions on how to compress and encrypt files. Known compatible products with DOR include but are not limited to WinZip and Secure Zip.

6.6 Please remember, while the attachment is encrypted, the content of the email message will not be encrypted, so it is important that any sensitive information be contained in the attachment (encrypted document).

7. Wireless Access (if accessing State Confidential Information from a wireless network)

7.1 City/Town must:

- Establish restrictions, configuration/connection requirements, and implementation guidance for wireless access.
- Authorize wireless access to the information system prior to allowing such connections.
- Employ a wireless intrusion detection system to identify rogue wireless devices and to detect attack attempts and potential compromises/breaches to the information system.

8. Interconnection Security Agreement

8.1 Trusted Behaviors. The City/Town system and users are expected to protect ADOR's data in accordance with applicable state and federal laws.

8.2 Data Flows. The City/Town is responsible for creating architectural diagrams of any systems connecting to ADOR systems and depicting the flow of State Confidential Information.

8.3 Audit Trail Responsibilities. City/Town is responsible for auditing application processes and user activities involving any information interconnection. Activities that will be recorded include event type, date and time of event, user identification, workstation identification, success or failure of access attempts, and security actions taken by system administrators or security officers. Audits, and/or security actions taken by system administrators or security officers will be recorded and available for review by ADOR.

8.4 Incident Reporting. City/Town is required to notify ADOR in the event of data loss, breach, or security concern regarding ADOR's Confidential Information by reporting the incident to the ADOR Information Security Team by phone at (602) 716-6166 or email at InfoSec@azdor.gov.

8.5 DOR may send employees or auditors to inspect any of City/Town information systems and/or facilities used to process, store or transmit any ADOR data at any time to ensure that ADOR information is adequately protected.

## APPENDIX B

From the effective date of this Agreement until the new functionalities set forth below are implemented, the Department of Revenue will provide the following reports:

City Payment Journal Detail;
City Payment Journal Summary;
New License Report

Within 30 days after the first month's implementation of the JT2, the Department of Revenue will provide a new License Report and License Update Report containing at least the following fields:

NEW LICENSE REPORT AND LICENSE UPDATE REPORT

Fields displayed:

- Region Code
- Run Date
- Report Start Date
- Report End Date
- Update Date
- ID Type
- ID
- Account ID
- Entity Name
- Ownership Type
- License ID
- OTO/Applied For indicator
- Bankruptcy Indicator
- Filing Frequency
- Issue Date
- Account Start Date
- Business Start Date
- Arizona Start Date
- Doc Loc Nbr
- Accounting Method
- Close Date
- Close Code
- Business Description
- NAICS1
- NAICS2
- NAICS3
- NAICS4
- Mailing Street1
- Mailing Street2

- Mailing Street3
- Mailing City
- Mailing State
- Mailing ZIP
- Mailing Country
- Mailing Phone Number
- Mailing Address Add date
- Mailing Address End Date
- Audit Street1
- Audit Street 2
- Audit Street 3
- Audit City
- Audit State
- Audit Zip
- Audit Country
- Audit Phone Number
- Audit Address Add Date
- Audit Address End Date
- Location Code
- Business Codes
- Location Name (DBA)
- Number of Units
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- Location Phone Number
- Location Start Date
- Location End Date
- Primary Location Street 1
- Primary Location Street 2
- Primary Location Street 3
- Primary Location City
- Primary Location State
- Primary Location Zip Code
- Primary Location Country
- Primary Location Phone Number
- Primary Location Start Date
- Primary Location End Date
- Owner Name
- Owner Title
- Owner Name 2
- Owner Title 2

- Owner Name 3
- Owner Title 3

Within 30 days of the implementation of the TPT2, the Department of Revenue will provide the following reports with at least the fields indicated below:

CITY PAYMENT JOURNAL

- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype
- Rev Type

CITY PAYMENT JOURNAL SUMMARY

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period

- Business Code
- Number of Accounts
- Collections

Within 30 days after the first month's implementation of the TPT2, the following reports with at least the fields indicated below:

NO MONEY REPORT

- Region Code
- GL Accounting Period
- Period End Date
- Payment received date
- Return received date
- Payment process date
- Return process date
- Filing Frequency
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Location Street 1
- Location Street 2
- Location Street 3
- Location City
- Location State
- Location Zip
- Location Country
- NAICS
- Business Code
- Doc Loc Nbr
- Pmt Loc Nbr
- Gross Receipts
- Total Deductions
- Tax or Fee Collected
- P & I Collected
- Audit Collections
- Tran Type
- Tran Subtype

DEDUCTION REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date

- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Deduction Code
- Deduction Amount
- Tran Type
- Tran Subtype
- Rev Type

Within 30 days after taxes (subject to fund distributions) are collected, the Department of Revenue will provide the following report with at least the fields indicated below:

FUND DISTRIBUTION REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Period End Date
- Payment Received Date
- Return Received Date
- Payment Processed Date
- Return Processed Date
- License ID
- Entity Name
- Location Code
- Location Name (DBA)
- Business Code
- Doc Loc Nbr
- Fund Allocation Code
- Amount Distributed

FUND DISTRIBUTION SUMMARY REPORT

- Region Code
- Run Date
- Report Start Date
- Report End Date
- GL Accounting Period
- Fund Allocation Code
- Amount Distributed

# ARIZONA JOINT TAX APPLICATION (JT-1)

Customer Care and Outreach
ARIZONA DEPARTMENT OF REVENUE
PO BOX 29032
Phoenix, AZ 85038-9032

**IMPORTANT!** Incomplete applications WILL NOT BE PROCESSED.

- Please read form instructions while completing the application. Additional information and forms available at www.azdor.gov
- Required information is designated with an asterisk (*).
- Return completed application AND applicable license fee(s) to address shown at left.
- For licensing questions regarding transaction privilege tax, call Customer Care and Outreach: (602) 255-3381

**You can register, file and pay for this application online at www.AZTaxes.gov. It is fast and secure.**

## SECTION A: Business Information

1* Federal Employer Identification Number or Social Security Number, *required if sole proprietor with no employees*

2* License Type – *Check all that apply:*

☐ Transaction Privilege Tax (TPT) ☐ Use Tax
☐ Withholding/Unemployment Tax (*if hiring employees*) ☐ TPT for Cities ONLY

3* Type of Organization/Ownership – *Tax exempt organizations must attach a copy of the Internal Revenue Service's letter of determination.*

☐ Individual/Sole Proprietorship ☐ Subchapter S Corporation ☐ Government ☐ Joint Venture
☐ Corporation ☐ Association ☐ Estate ☐ Receivership
State of Inc. _____ ☐ Partnership ☐ Trust
Date of Inc. M,M,D,D,Y,Y,Y,Y ☐ Limited Liability Company ☐ Limited Liability Partnership

4* Legal Business Name

5* Mailing Address – number and street | City | State | ZIP Code

County/Region | Country

6* Business Phone No. (*with area code*) | 7 Email Address | 8 Fax Number (*with area code*)

9* Description of Business: *Describe merchandise sold or taxable activity.*

10* **NAICS Codes:** Available at www.azdor.gov

11* Did you acquire or change the legal form of an existing business?
☐ No ☐ Yes ➔ You must complete Section F.

12* Are you a construction contractor?
☐ No ☐ Yes (*see bonding requirements*)

**BONDING REQUIREMENTS:** Prior to the issuance of a Transaction Privilege Tax license, new or out-of-state contractors are required to post a Taxpayer Bond for Contractors unless the contractor qualifies for an exemption from the bonding requirement. The primary type of contracting being performed determines the amount of bond to be posted. Bonds may also be required from applicants who are delinquent in paying Arizona taxes or have a history of delinquencies. Refer to the publication, Taxpayer Bonds, available online at www.azdor.gov or in Arizona Department of Revenue offices.

## WITHHOLDING LICENSE ONLY

13* Withholding Physical Location
Number and street (*Do not use PO Box, PMB or route numbers*) | City | State | ZIP Code

County/Region | Country

Continued on page 2 ➔

| FOR AGENCY USE ONLY | | |
|---|---|---|
| | ACCOUNT NUMBER | DLN |
| ☐ New | START | TRANSACTION PRIVILEGE TAX |
| ☐ Change | S/E DATE | WITHHOLDING / SSN / EIN |
| ☐ Revise | COMPLETED DATE | EMPLOYEE'S NAME |
| ☐ Reopen | LIABILITY | LIABILITY ESTABLISHED |

CASHIER'S STAMP ONLY. DO NOT MARK IN THIS AREA.

| Name (as shown on page 1) | FEIN or SSN (as shown on page 1) |
|---|---|
| | |

## SECTION B: Identification of Owners, Partners, Corporate Officers Members/Managing Members or Officials of this Employing Unit

*If you need more space, attach Additional Owner, Partner, Corporate Officer(s) form available at www.azdor.gov.* If the owner, partners, corporate officers or combination of partners or corporate officers, members and/or managing members own more than 50% of or control another business in Arizona, attach a list of the businesses, percentages owned and unemployment insurance account numbers or provide a Power of Attorney (Form 285) which must be filled out and signed by an authorized corporate officer.

| | | | | | | |
|---|---|---|---|---|---|---|
| Owner 1 | *Social Security No. | *Title | *Last Name | First Name | Middle Intl. | |
| | *Street Address | | *City | *State | * % Owned | |
| | *ZIP Code | *County | *Phone Number (*with area code*) | *Country | | |
| Owner 2 | *Social Security No. | *Title | *Last Name | First Name | Middle Intl. | |
| | *Street Address | | *City | *State | * % Owned | |
| | *ZIP Code | *County | *Phone Number (*with area code*) | *Country | | |
| Owner 3 | *Social Security No. | *Title | *Last Name | First Name | Middle Intl. | |
| | *Street Address | | *City | *State | * % Owned | |
| | *ZIP Code | *County | *Phone Number (*with area code*) | *Country | | |

## SECTION C: Transaction Privilege Tax (TPT)

| 1* Date Business Started in Arizona | 2* Date Sales Began | 3 What is your Estimated Tax Liability for your first twelve months of business? |
|---|---|---|
| M,M,D,D,Y,Y,Y,Y | M,M,D,D,Y,Y,Y,Y | |

4 Filing Frequency ☐ Monthly ☐ Quarterly ☐ Seasonal ☐ Annual If seasonal filer, *check the months for which you intend to do business:*

☐ JAN ☐ FEB ☐ MAR ☐ APR ☐ MAY ☐ JUN ☐ JUL ☐ AUG ☐ SEP ☐ OCT ☐ NOV ☐ DEC

| 5 Does your business sell tobacco products? | 6 TPT Filing Method | 7 Does your business sell new motor vehicle tires or vehicles? |
|---|---|---|
| ☐ Yes ➔ ☐ Retailer OR ☐ Distributor | ☐ Cash Receipts<br>☐ Accrual | ☐ Yes ➔ You will have to file Motor Vehicle Tire Fee form available at www.azdor.gov |

| 8* Tax Records Physical Location – number and street (*Do not use PO Box, PMB or route numbers*) | City | State | ZIP Code |
|---|---|---|---|
| | | | |
| County | Country | | |
| 9* Name of Contact | * Phone Number (*with area code*) | Extension | |

## SECTION D: Transaction Privilege Tax (TPT) Physical Location

| 1* Business Name, "Doing Business As" or Trade Name at this Physical Location | | 2* Phone Number (*with area code*) |
|---|---|---|
| 3* Physical Location of Business or Commercial/Residential Rental Number and street (*Do not use PO Box, PMB or route numbers*) | City | State ZIP Code |
| County/Region | Country | |
| Residential Rental Only – Number of Units | Reporting City *(if different than the physical location city)* | |

4* Additional County/Region Indian Reservation/City: County/Region Indian Reservation and City Codes available at www.azdor.gov

| County/ Region | | | | | City | | | | |
|---|---|---|---|---|---|---|---|---|---|

Business Codes (Include all codes that apply): See instructions. Complete list available at www.azdor.gov

| State/ County | | | | | City | | | | |
|---|---|---|---|---|---|---|---|---|---|

*If you have more locations, attach Additional Business Locations form available at www.azdor.gov*

| Name (as shown on page 1) | FEIN or SSN (as shown on page 1) |
|---|---|
| | |

## SECTION E: Withholding & Unemployment Tax Applicants

| | |
|---|---|
| 1* *Regarding THIS application*, Date Employees First Hired in Arizona M,M\|D,D\|Y,Y,Y,Y | 2 Are you liable for Federal Unemployment Tax? ☐ Yes ➔ First year of liability: Y,Y,Y,Y |
| 3 Are individuals performing services that are excluded from withholding or unemployment tax? ☐ Yes ➔ *Describe services:* | 4 Do you have an IRS ruling that grants an exclusion from Federal Unemployment Tax? ☐ Yes ➔ *Attach a copy of the Ruling Letter.* |

5 Do you have, or have you previously had, an Arizona unemployment tax number?
☐ No
☐ Yes ➔ Business Name: _____ Unemployment Tax Number: _____

| | Hired Year | Hired Quarter | Paid Year | Paid Quarter |
|---|---|---|---|---|
| 6 First calendar quarter Arizona employees were/will be hired and paid *(indicate quarter as 1, 2, 3, 4)*: | Y,Y,Y,Y | Q | Y,Y,Y,Y | Q |

| | Year | Quarter |
|---|---|---|
| 7 When did/will you first pay a total of $1,500 or more gross wages in a calendar quarter? *(indicate quarter as 1, 2, 3, 4)* Exceptions: $20,000 gross cash wages Agricultural; $1,000 gross cash wages Domestic/Household; not applicable to 501(c)(3) Non-Profit. | Y,Y,Y,Y | Q |
| 8 When did/will you first reach the 20th week of employing 1 or more individuals for some portion of a day in each of 20 different weeks in the same calendar year? *(indicate quarter as 1, 2, 3, 4)* Exceptions: 10 or more individuals Agricultural; 4 or more individuals 501(c)(3) Non-Profit; not applicable to Domestic/Household. | Y,Y,Y,Y | Q |

## SECTION F: Acquired Business Information

*If you answered "Yes" to Section A, question 11, you must complete Section F.*

| | | |
|---|---|---|
| 1* Did you acquire or change all or part of an existing business? ☐ All ☐ Part | 2* Date of Acquisition M,M\|D,D\|Y,Y,Y,Y | 3* EIN of Business Under Previous Owner |
| 4* Previous Owner's Telephone Number | 5* Name of Business Under Previous Owner | 6* Name of Previous Owner |
| 7* Did you change the legal form of all or part of the Arizona operations of your existing business? (e.g., change from sole proprietor to corporation or etc.) ☐ All ☐ Part | 8* Date of Change M,M\|D,D\|Y,Y,Y,Y | 9* EIN of Previous Legal Form |

## SECTION G: AZTaxes.gov Security Administrator

Visit www.AZTaxes.gov (the Arizona Department of Revenue's online customer service center) to register for online services. The authorized individual will have full online access to transaction privilege, use, withholding and corporate tax account information and services. The authorized individual will be able to add or delete users and grant user privileges. Online services include viewing tax account information, filing tax returns, signing returns electronically with a Self-Select Personal Identification Number (PIN) and remitting tax payments.

## SECTION H: Required Signatures

This application must be signed by either a sole owner, at least two partners, managing member or corporate officer legally responsible for the business, trustee or receiver or representative of an estate that has been listed in Section B.

| | |
|---|---|
| 1 Print or Type Name | 2 Print or Type Name |
| Title | Title |
| Date | Date |
| Signature | Signature |

**This application must be completed, signed, and returned as provided by A.R.S. § 23-722.**

Equal Opportunity Employer/Program
This application is available in alternative formats at Unemployment Insurance Tax Office.

**PLEASE COMPLETE SECTION I: STATE/COUNTY & CITY LICENSE FEE WORKSHEET TO CALCULATE AND REMIT TOTAL AMOUNT DUE WITH THIS APPLICATION.**

| Name (as shown on page 1) | FEIN or SSN (as shown on page 1) |
|---|---|
| | |

## SECTION I: State/County & City License Fee Worksheet

ALL FEES ARE SUBJECT TO CHANGE. Check for updates at www.azdor.gov.

To calculate **CITY FEE:** Multiply **No. of Locations** by the **License Fee** and enter sum in **License Subtotal.**

| City/Town | Code | No. of Loc's | License Fee | License Subtotal | City/Town | Code | No. of Loc's | License Fee | License Subtotal | City/Town | Code | No. of Loc's | License Fee | License Subtotal |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Apache Junction | AJ | | $2.00 | | Goodyear | GY | | $5.00 | | Sahuarita | SA | | $5.00 | |
| Avondale | AV | | $0.00 | | Guadalupe | GU | | $2.00 | | San Luis | SU | | $2.00 | |
| Benson | BS | | $5.00 | | Hayden | HY | | $5.00 | | Scottsdale | SC | | $50.00 | |
| Bisbee | BB | | $1.00 | | Holbrook | HB | | $1.00 | | Sedona | SE | | $2.00 | |
| Buckeye | BE | | $2.00 | | Huachuca City | HC | | $2.00 | | Show Low | SL | | $2.00 | |
| Bullhead City | BH | | $2.00 | | Jerome | JO | | $2.00 | | Sierra Vista | SR | | $1.00 | |
| Camp Verde | CE | | $2.00 | | Kearny | KN | | $2.00 | | Snowflake | SN | | $2.00 | |
| Carefree | CA | | $10.00 | | Kingman | KM | | $2.00 | | Somerton | SO | | $2.00 | |
| Casa Grande | CG | | $2.00 | | Lake Havasu | LH | | $5.00 | | South Tucson | ST | | $2.00 | |
| Cave Creek | CK | | $20.00 | | Litchfield Park | LP | | $2.00 | | Springerville | SV | | $5.00 | |
| Chandler | CH | | $2.00 | | Mammoth | MH | | $2.00 | | St. Johns | SJ | | $2.00 | |
| Chino Valley | CV | | $2.00 | | Marana | MA | | $5.00 | | Star Valley | SY | | $2.00 | |
| Clarkdale | CD | | $2.00 | | Maricopa | MP | | $2.00 | | Superior | SI | | $2.00 | |
| Clifton | CF | | $2.00 | | Mesa | ME | | $20.00 | | Surprise | SP | | $10.00 | |
| Colorado City | CC | | $2.00 | | Miami | MM | | $2.00 | | Taylor | TL | | $2.00 | |
| Coolidge | CL | | $2.00 | | Nogales | NO | | $0.00 | | Tempe | TE | | $50.00 | |
| Cottonwood | CW | | $2.00 | | Oro Valley | OR | | $12.00 | | Thatcher | TC | | $2.00 | |
| Dewey/Humboldt | DH | | $2.00 | | Page | PG | | $2.00 | | Tolleson | TN | | $2.00 | |
| Douglas | DL | | $5.00 | | Paradise Valley | PV | | $2.00 | | Tombstone | TS | | $1.00 | |
| Duncan | DC | | $2.00 | | Parker | PK | | $2.00 | | Tucson | TU | | $20.00 | |
| Eagar | EG | | $10.00 | | Patagonia | PA | | $0.00 | | Tusayan | TY | | $2.00 | |
| El Mirage | EM | | $15.00 | | Payson | PS | | $2.00 | | Wellton | WT | | $2.00 | |
| Eloy | EL | | $10.00 | | Peoria | PE | | $50.00 | | Wickenburg | WB | | $2.00 | |
| Flagstaff | FS | | $46.00 | | Phoenix** | PX | | $50.00 | | Willcox | WC | | $1.00 | |
| Florence | FL | | $2.00 | | Pima | PM | | $2.00 | | Williams | WL | | $2.00 | |
| Fountain Hills | FH | | $2.00 | | Pinetop/Lakeside | PP | | $2.00 | | Winkelman | WM | | $2.00 | |
| Fredonia | FD | | $10.00 | | Prescott | PR | | $5.00 | | Winslow | WS | | $10.00 | |
| Gila Bend | GI | | $2.00 | | Prescott Valley | PL | | $2.00 | | Youngtown | YT | | $10.00 | |
| Gilbert | GB | | $2.00 | | Quartzsite | QZ | | $2.00 | | Yuma | YM | | $2.00 | |
| Glendale | GE | | $35.00 | | Queen Creek | QC | | $2.00 | | | | | | |
| Globe | GL | | $2.00 | | Safford | SF | | $2.00 | | | | | | |
| Subtotal City License Fees (column 1) | | | $ | | Subtotal City License Fees (column 2) | | | $ | | Subtotal City License Fees (column 3) | | | $ | |

**AA TOTAL City License Fee(s) (column 1 + 2 + 3)** ..... $

| | No. of Loc's | Fee per Location | TOTAL |
|---|---|---|---|
| **BB TOTAL State License Fee(s):** Calculate by multiplying number of business locations by $12.00 | | $12.00 | $ |

**Residential Rental License Fees - Only Chandler, Phoenix, and Scottsdale**
Multiply the number of units per locations by $2.00 ($50.00 Annual Cap per license).

| | No. of Units | No. of Loc's | City Fee |
|---|---|---|---|
| Residential Rental License-Chandler | | | $ |
| Residential Rental License-Phoenix | | | $ |
| Residential Rental License-Scottsdale | | | $ |

**ONLY** CHANDLER, PHOENIX, and SCOTTSDALE should use this section.
**DO NOT** use the fee chart above to calculate license fees.
The amount for each city CANNOT EXCEED $50.00

**CC TOTAL City Residential Rental License Fees (Add Chandler, Phoenix, & Scottsdale)** ..... $

**DD TOTAL DUE (Add lines AA + BB + CC)** ..... $

- Make check payable to Arizona Department of Revenue.
- Include FEIN or SSN on payment.
- Do not send cash.
- License will not be issued without full payment of fee(s).

**If your only business is under Class 213, Commercial Lease, there is no license fee due.

ARIZONA DEPARTMENT OF REVENUE

# GENERAL INSTRUCTIONS FOR ARIZONA JOINT TAX APPLICATION (JT-1)

## Online Application

Go to www.AZTaxes.gov

**Notice for Construction Contractors: Due to bonding requirements, construction contractors are not permitted to license for transaction privilege tax online. For more information, please contact us.**

## Mailing Address

Arizona Department of Revenue
PO Box 29032
Phoenix, AZ 85038-9032

## Customer Service Center Locations

8:00 a.m. – 5:00 p.m.
Monday through Friday
(Except legal Arizona state holidays)

### Phoenix Office

1600 West Monroe
Phoenix, AZ 85007

### Mesa Office

1840 South Mesa Drive
Building #1352
Mesa, AZ 85201
(This office does not handle billing or account disputes)

### Tucson Office

400 West Congress
Tucson, AZ 85701

## Customer Service Telephone Numbers

Licensing questions on Transaction Privilege, Withholding or Use Tax
(Arizona Department of Revenue)
(602) 255-3381

Unemployment Tax
(Arizona Department of Economic Security)
(602) 771-6602
E-mail: uitstatus@azdes.gov

The Arizona Joint Tax Application (JT-1) is used to apply for Transaction Privilege Tax, Use Tax, and Employer Withholding and Unemployment Insurance. The Application is called "Joint" because it is used by both the Department of Revenue and Economic Security.

## USE THIS APPLICATION TO:

- **License New Business:** If you are selling a product or engaging in a service subject to transaction privilege tax, you will most likely need to obtain the state transaction privilege tax license (TPT) license.

- **Change Ownership:** If acquiring or succeeding to all or part of an existing business or changing the legal form of your business (sole proprietorship to corporation, etc.).

**IMPORTANT:** To avoid delays in processing of your application, we recommend you read these instructions and refer to them as needed to ensure you have accurately entered all the required information. **This application must be completed, signed, and returned as provided by A.R.S. § 23-722.**

- Please read form instructions while completing the application. Additional information and forms are available at www.azdor.gov.

- Required information is designated with an asterisk (*).

- Please complete Section I: State/County & City License Fee Worksheet to calculate and remit **Total Amount Due** with this application.

When completing this form, please **print or type in black ink**. Legible applications are required for accurate processing. The following numbered instructions correspond to the numbers on the Form JT-1.

***If you need to update a license, add a business location, get a copy of your license, or make other changes***: Complete a Business Account Update form and include a State fee of $12 per location and any applicable fees related to locations within the City/Town jurisdictions. Additional information and forms are available at www.azdor.gov.

## Section A: BUSINESS INFORMATION

1. Provide your **Federal Employer Identification No.** (FEIN) or Social Security No. (SSN) if you are a sole proprietor without employees. Taxpayers are required to provide their taxpayer identification number (TIN) on all returns and documents. A TIN is defined as the federal employer identification number (EIN) or SSN, depending upon how income tax is reported. The EIN is required for all employers. A penalty of $5 will be assessed by the Department of Revenue for each document filed without a TIN.
2. **License Type (Check all that apply):**

   **Transaction Privilege Tax (TPT):** Anyone engaged in a business taxable under the TPT statutes must apply for a TPT License before engaging in business. For TPT, you are required to obtain and display a separate license certificate for each business or rental location. This may be accomplished in one of the following ways:
   - Each location may be licensed as a separate business with a separate license number for purposes of reporting transaction privilege and use taxes individually. Therefore, a separate application is needed for each location.
   - Multiple locations may be licensed under a consolidated license number, provided the ownership is the same, to allow filing of a single tax return. If applying for a new license, list the various business locations as instructed below. If already licensed and you are adding locations, **do not use this application to consolidate an existing license. Please submit a Business Account Update form, available at www.azdor.gov.**

   **Withholding & Unemployment Taxes:** Employers paying wages or salaries to employees for services performed in the State must apply for a Withholding number & Unemployment number.

   **Use Tax:** Out-of-state vendors (that is, vendors with no Arizona location) making direct sales into Arizona must obtain a Use Tax Registration Certificate. In-state business not required to be licensed in Arizona for TPT purposes, making out-of state purchases for their own use (and not for resale) must also obtain the Use Tax registration.

   **TPT for cities only:** This type of license is needed if your business activity is subject to city TPT which is collected by the state, but the activity is not taxed at the state level.
3. **Type of Organization/Ownership:** Check as applicable. A corporation must provide the state and date of incorporation.
4. Provide the **Legal Business Name** or owner or corporation as listed in its articles of incorporation, or individual and spouse, or partners, or organization owning or controlling the business.
5. Provide the **Mailing Address** (number and street) where all correspondence is to be sent. You may use your home address, corporate headquarters, or accounting firm's address, etc. If mailing address differs for licenses (for instance withholding and unemployment insurance), please send a cover letter with completed application to explain.
6. Provide the **Business Phone Number** including the area code.
7. Provide the **Email Address** for the business or contact person.
8. Provide the **Business Fax Number** including the area code.
9. Provide the **Description of Business** by describing the major taxable business activity, principle product you manufacture, commodity sold, or services performed. Your description of business is very important and MUST link to the appropriate **NAICS Code** and **Business Code.**
10. Provide all **North American Industries Classification System (NAICS) Code(s)** that apply. The NAICS is identified for your business, based on your major business activity, principle product you manufacture, commodity sold, or services performed. You must indicate at least one NAICS code. A current listing is available at www.azdor.gov.
11. If you acquired or changed the legal name of an existing business, you must complete Section F of this application. If you check NO, proceed to number 12.
12. If you are a construction contractor, read bonding requirements and submit the appropriate bonding paperwork with this application. If you check NO, proceed to number 13.
13. Provide the **Withholding Physical Location** of the business. This address cannot be a PO Box or Route Number.

## Section B: IDENTIFICATION OF OWNERS, PARTNERS, CORPORATE OFFICERS, MEMBERS/ MANAGING MEMBERS OR OFFICIALS OF THIS EMPLOYING UNIT

Provide the full name, social security number and title of all Owners, Partners, Corporate Officers, Members/ Managing Members or Officials of the Employing Unit. If you need additional space, attach Additional Owners, Partners, Corporate Officer(s) Addendum available at www.azdor.gov. If the owner, partners, corporate officers or combination of partners or corporate officers, members and/ or managing members own more than 50% of, or control another business in Arizona, attach a list of the businesses, percentages owned and unemployment insurance account numbers or provide a General Disclosure/ Power of Attorney (Form 285) which must be filled out and signed by an authorized corporate officer.

## Section C: TRANSACTION PRIVILEGE TAX (TPT)

1. Provide the **Date Business Started** in Arizona.
2. Provide the **Date Sales Began** in Arizona or estimate when you plan to begin selling in Arizona.
3. **Tax Liability:** Provide the amount of gross income you can reasonably expect to generate in your first twelve months of business. You will be set up for monthly filing unless your Estimated Tax Liability will result in a tax liability of less than $8,000, which will require you to file quarterly.
4. Based on your tax liability, provide your filing frequency. If your total estimated annual combined Arizona, county and municipal TPT liability is:
   - Less than $2,000, you may file and pay **annually.**
   - Between $2,000 and $8,000, you may file and pay **quarterly**.
   - Otherwise, your transaction privilege taxes are due **monthly**.

   If your business is **Seasonal** or you are a transient **vendor**, indicate the months in which you intend to do business in Arizona.
5. Indicate whether your business sells **tobacco products.** If you checked yes, check the box to indicate if you are a retailer or distributor of tobacco products.
6. **TPT Filing Method:** Check which filing method your business uses for determining tax liability. Cash basis requires the payment of tax based on sales receipts actually received during the period covered on the tax return. When filing under the accrual basis the tax is calculated on the sales billed rather than actual receipts.
7. If you sell new **Motor Vehicle Tires or Vehicles**, you must file the Motor Vehicle Waste Tire Fee form (TR-1) available at www.azdor.gov. Sellers of new motor vehicles and motor vehicle tires in the state, for on-road use, are required to report and pay a waste tire fee to the Department of Revenue.

8. through 9. **Tax Records Physical Location** indicate the physical address where your tax records are located. Include the contact person's name and phone number.

## Section D: TRANSACTION PRIVILEGE TAX (TPT) PHYSICAL LOCATION

1. Provide the Business Name, **"Doing Business As" (DBA).** DBA is the name of a business other than the owner's name or, in the case of a corporation, a name that is different from the legal or true corporate name. If it is the same as the **Legal Business Name** enter "same".
2. Provide the **Business Phone Number** including the area code.
3. Provide the **Physical Location** of the business. This address cannot be a PO Box or Route Number. Provide:
   - County/Region
   - Residential Rentals ONLY - Number of Units
   - Reporting City, if different from the **Physical Location** city. For example, if the location for the listed address is listed in an adjacent city, such as Scottsdale, but the location of the business is actually within the city of Phoenix. See "TPT Rate Look Up" on www.AZTaxes.gov .
4. Provide if your business is located on an Indian Reservation; provide the **Additional County/Region Indian Reservation Code(s).** A current listing is available at www.azdor.gov.

   Provide the **Business Code(s)** including all State and City Business Code(s) that apply; based on your major business activity, principle product you manufacture, commodity sold, or services performed. You must indicate at least one business code. A current listing is available at www.azdor.gov.

   If you have more locations, attach Additional Business Locations form available at www.azdor.gov.

## Section E: WITHHOLDING & UNEMPLOYMENT TAX APPLICANTS

1. Provide the **Date Employees First Hired** in Arizona.
2. If you are liable for Federal Unemployment Tax, check YES and enter the first year of liability.
3. If individuals in your business are performing services that are excluded from withholding or unemployment tax, check YES and describe the services these individuals are performing.
4. If your business has an IRS ruling that grants an exclusion from Federal Unemployment Tax, check YES and you must attach a copy of the Ruling Letter to this application.
5. If you have, or previously had an Arizona unemployment tax number, check YES and provider the business name you used and the unemployment number.
6. Provide the first calendar quarter Arizona employees were or will be hired and paid.
7. When do you anticipate or did you first pay a total of $1,500 or more in gross wages in a calendar quarter? Indicate the year and quarter in which this occurred or will occur.
8. When do you anticipate or did you first reach the 20th week of employing 1 or more individuals for a full or partial day within the same calendar year? Indicate the year and quarter in which this occurred or will occur.

## Section F: ACQUIRED BUSINESS INFORMATION

1. Did you acquire or change all or part of an existing business? If part, to obtain an unemployment tax rate based on the business's previous account, you must request it no later than 180 days after the date of acquisition or legal form of business change; contact the Unemployment Tax Office Experience Rating Unit for an Application & Agreement for Severable Portion Experience Rating Transfer (form UC-247; printable version available online at www.azui.com).

2. Provide the date you acquired the previous owner's business or changed the legal form of your existing business (sole proprietor to corporate, etc.).
3. through 6. Complete as indicated if you know the previous owner's information.
7. through 9. If you merely changed the legal form of your existing business, indicate whether or not you changed all or part of the business, the date of change and EIN of previous Legal Form of Business.

## Section G: AZTAXES.GOV SECURITY ADMINISTRATOR

Visit www.AZTaxes.gov (the Arizona Department of Revenue's online customer service center) to register for online services. The authorized individual will have full online access to transaction privilege, use, withholding and corporate tax account information and services. The authorized individual will be able to add or delete users and grant user privileges. Online services include viewing tax account information, filing tax returns, signing returns electronically with a Self-Select Personal Identification Number (PIN) and remitting tax payments.

## Section H: REQUIRED SIGNATURES

This application must be signed only by either a sole owner, at least two partners, managing member or corporate officer legally responsible for the business. This application CANNOT be signed by agents or representatives.

## Section I: STATE/COUNTY & CITY LICENSE FEE WORKSHEET

There are no fees for Withholding/Unemployment Insurance, or Use Tax registrations. State license fees are calculated per business location. To calculate the city license fees, use the listing of cities on page 4, Section I of this application. City fees are subject to change. Check for updates at www.azdor.gov.

- AA: TOTAL City License Fees – To calculate the city fees, multiply No. of Locations in the city by the license fee and enter sum in Subtotal City License Fees. Then calculate and enter the sum of columns 1 + 2 + 3. If you have a location in Phoenix and the business is only under Class 213, Commercial Lease, there is no license fee due.
- BB: TOTAL State License Fees – To calculate the state fees, multiply the No. of locations in the state by $12.
- CC: TOTAL City Residential Rental License Fee – USE THIS SECTION FOR CHANDLER, PHOENIX AND SCOTTSDALE ONLY. These cities WILL NOT use the larger fee chart. To calculate Residential Rental license fee, multiple the No. of units by the No. of locations by $2.00 ($50.00 Annual Cap per license). The amount for each city CANNOT EXCEED $50.00.
- DD: TOTAL DUE – Add lines AA + BB + CC.

Please send your payment for this amount. Failure to include your payment with this application will result in a delay in processing your license. Licenses are not issued until all fees have been paid.

**Make checks payable to the Arizona Department of Revenue.** Be sure to return all pages of the application with your payment. Retain a copy of the application for your records.

- DO NOT SEND CASH
- Include your EIN or SSN on payment

## State/County Business Codes

| Codes | Taxable Activities | Codes | Taxable Activities | Codes | Taxable Activities |
|---|---|---|---|---|---|
| 002 | Mining - Nonmetal | 014 | Personal Property Rental | 051 | Jet Fuel Use Tax |
| 004 | Utilities | 015 | Contracting - Prime | 053/055 | Rental Car Surcharge |
| 005 | Communications | 017 | Retail | 129 | Use Tax Direct Payments |
| 006 | Transporting | 019 | Severance -Metalliferous Mining | 153 | Rental Car Surcharge - Stadium |
| 007 | Private (Rail) Car | 023 | Recreational Vehicle Surcharge | 315 | MRRA Amount |
| 008 | Pipeline | 025 | Transient Lodging | 911 | 911 Telecommunications |
| 009 | Publication | 029 | Use Tax Purchases | 912 | E911 Prepaid Wireless |
| 010 | Job Printing | 030 | Use Tax from Inventory | | |
| 011 | Restaurants and Bars | 033 | Telecommunications Devices | | |
| 012 | Amusement | 041 | Municipal Water | | |
| 013 | Commercial Lease | 049 | Jet Fuel Tax | | |

## City Business Codes

| Codes | Taxable Activities | Codes | Taxable Activities | Codes | Taxable Activities |
|---|---|---|---|---|---|
| 004 | Utilities | 020 | Timbering & Other Extraction | 116 | Feed Wholesale |
| 005 | Communications | 027 | Manufactured Buildings | 144 | Hotel/Motel (additional tax) |
| 006 | Transporting | 029 | Use Tax | 213 | Commercial Rental, Licensing for Use |
| 009 | Publication | 030 | Use Tax from Inventory | 214 | Rental, Leasing and Licensing for Use of Tangible Personal Property |
| 010 | Job Printing | 037 | Contracting - Owner Builder | 244 | Lodging-Extended Stay |
| 011 | Restaurants and Bars | 040 | Rental Occupancy | 313 | Commercial Lease (additional tax) |
| 012 | Amusement | 044 | Hotels | 315 | MRRA Amount |
| 015 | Contracting - Prime | 045 | Rental Residential | | |
| 016 | Contracting Spec Builder | 049 | Jet Fuel Tax | | |
| 017 | Retail | 051 | Jet Fuel Use | | |
| 018 | Advertising | 062 | Retail Sales Food for Home Consumption | | |
| 019 | Severance - Metalliferous Mining | 111 | Additional Restaurants & Bars | | |

# TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)

**Arizona Department of Revenue**
PO Box 29010 - Phoenix, AZ 85038-9010
*For assistance out of state or in the Phoenix area: (602) 255-2060 or*
*Statewide, toll free area codes 520 and 928: (800) 843-7196*

**TPT-2 return is due the 20th day of the month following the month in which the transactions were conducted**

| | |
|---|---|
| TAXPAYER IDENTIFICATION NUMBER ☐ SSN ☐ EIN | |
| LICENSE NUMBER | |
| PERIOD BEGINNING | PERIOD ENDING |
| REVENUE USE ONLY. DO NOT MARK IN THIS AREA | |
| POSTMARK DATE | RECEIVED DATE |

**TAXPAYER INFORMATION**

☐ AMENDED RETURN ☐ FINAL RETURN (Cancel License) ☐ CHECK HERE AND SIGN BELOW IF YOU HAVE NO GROSS RECEIPTS TO REPORT

| | | |
|---|---|---|
| BUSINESS NAME | | |
| C/O | | |
| MAILING ADDRESS | | |
| CITY | STATE | ZIP CODE |
| ☐ ADDRESS CHANGED (MAILING ADDRESS ONLY) | BUSINESS PHONE NUMBER | |

| | | |
|---|---|---|
| AA | NET AZ/COUNTY TAX (PAGE 2, LINE MM, COLUMN (M)) | |
| BB | NET CITY TAX (PAGE 3, LINE RR, COLUMN (M)) | |
| CC | NET TAX DUE ON THIS RETURN (LINE AA + LINE BB = LINE CC) | |
| DD | TPT ESTIMATED PAYMENTS TO BE USED ON THIS RETURN (JUNE RETURN ONLY, DUE IN JULY) | |
| EE | TAX DUE NET OF TPT ESTIMATED PAYMENTS (LINE CC - LINE DD = LINE EE) | |
| FF | TOTAL AMOUNT REMITTED WITH THIS RETURN | $ |

**NOTE: A TRANSACTION DETAIL PAGE IS REQUIRED OR THE RETURN WILL NOT PROCESS CORRECTLY AND PENALTIES MAY APPLY.**

**Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.**

☐ The taxpayer designates the individual listed below as the person to contact to schedule an audit of this return and authorize the disclosure of confidential information to this individual.

TAXPAYER PRINTED NAME

TAXPAYER SIGNATURE DATE PAID PREPARER'S SIGNATURE (OTHER THAN TAXPAYER)

TAXPAYER PHONE NO. TITLE PAID PREPARER'S TIN PAID PREPARER'S PHONE NO.

**PLEASE MAKE CHECK PAYABLE TO ARIZONA DEPARTMENT OF REVENUE**

**TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)** **LICENSE NUMBER:** _____ 

**STATE (AZ) /COUNTY TRANSACTION DETAIL (See Table 1 on the Tax Rate Table, www.azdor.gov)**

| | (A) | (B) REG. CODE | (C) NAME OF REGION | (D) BUS. CODE | (E) DESC. OF BUS. ACTIVITY | (F) GROSS RECEIPTS | (G) DEDUCTIONS FROM SCHEDULE A | (H) (F) - (G) = (H) NET TAXABLE | (I) AZ / COUNTY TAX RATE | (J) (H) X (I) = (J) TOTAL TAX | (K) ACCTNG CREDIT RATE | (L) (H) X (K) = (L) ACCOUNTING CREDIT | (M) (J) - (L) = (M) AZ/COUNTY TAX DUE |
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| GG | SUBTOTAL | | | | | | | | | | | | |
| HH | TOTALS FROM ADDITIONAL AZ/COUNTY PAGE(S) | | | | | | | | | | | | |
| II | TOTAL (LINE GG + LINE HH = LINE II) | | | | | | | | | | | | |
| JJ | EXCESS TAX COLLECTED | | | | | | | | | | | | |
| KK | EXCESS TAX ACCOUNTING CREDIT: (SEE INSTRUCTIONS) | | | | | | | | | | | | |
| LL | NET AZ/COUNTY EXCESS TAX COLLECTED (LINE JJ, COLUMN (M) - LINE KK, COLUMN (M)) | | | | | | | | | | | | |
| MM | NET AZ/COUNTY TAX (LINE II, COLUMN (M) + LINE LL, COLUMN (M)) | | | | | | | | | | | | |

**TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)** **LICENSE NUMBER:** _____ 

**CITY TRANSACTION DETAIL (See Table 2 on the Tax Rate Table, www.azdor.gov)**

| | (A) LOC. CODE | (B) CITY CODE | (C) NAME OF CITY | (D) BUS. CODE | (E) DESC. OF BUS. ACTIVITY | (F) GROSS RECEIPTS | (G) DEDUCTIONS FROM SCHEDULE A | (H) (F) - (G) = (H) NET TAXABLE | (I) CITY TAX RATE | (J) (H) X (I) = (J) TOTAL TAX | (K) | (L) CITY CREDIT | (M) (J) - (L) = (M) CITY TAX DUE |
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| NN | CITY SUBTOTAL | | | | | | | | | | | | |
| OO | CITY SUBTOTALS FROM ADDITIONAL CITY PAGE(S) | | | | | | | | | | | | |
| PP | CITY TOTAL (LINE NN + LINE OO = LINE PP) | | | | | | | | | | | | |
| QQ | CITY EXCESS TAX COLLECTED | | | | | | | | | | | | |
| RR | NET CITY TAX (LINE PP, COLUMN (M) + LINE QQ, COLUMN (M)) | | | | | | | | | | | | |

**TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)**
ADDITIONAL TRANSACTIONS

**LICENSE NUMBER:** _____ PAGE 2A OF _____

**STATE (AZ) /COUNTY TRANSACTION DETAIL (See Table 1 on the Tax Rate Table, www.azdor.gov)**

| | (A) | (B) REG. CODE | (C) NAME OF REGION | (D) BUS. CODE | (E) DESC. OF BUS. ACTIVITY | (F) GROSS RECEIPTS | (G) DEDUCTIONS FROM SCHEDULE A | (H) (F) - (G) = (H) NET TAXABLE | (I) AZ / COUNTY TAX RATE | (J) (H) X (I) = (J) TOTAL TAX | (K) ACCTNG CREDIT RATE | (L) (H) X (K) = (L) ACCOUNTING CREDIT | (M) (J) - (L) = (M) AZ/COUNTY TAX DUE |
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**ADD SUBTOTALS OF AZ/COUNTY ADDITIONAL TRANSACTIONS TO THE 2ND PAGE OF RETURN**

**TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX RETURN - (TPT-2)**
ADDITIONAL TRANSACTIONS

**LICENSE NUMBER:** _____ PAGE 3A OF _____

**CITY TRANSACTION DETAIL (See Table 2 on the Tax Rate Table, www.azdor.gov)**

| | (A) LOC. CODE | (B) CITY CODE | (C) NAME OF CITY | (D) BUS. CODE | (E) DESC. OF BUS. ACTIVITY | (F) GROSS RECEIPTS | (G) DEDUCTIONS FROM SCHEDULE A | (H) (F) - (G) = (H) NET TAXABLE | (I) CITY TAX RATE | (J) (H) X (I) = (J) TOTAL TAX | (K) | (L) CITY CREDIT | (M) (J) - (L) = (M) CITY TAX DUE |
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| CITY SUBTOTAL ..... | | | | | | $ | $ | | | | | $ | $ |

**ADD SUBTOTALS OF CITY ADDITIONAL TRANSACTIONS TO THE 3RD PAGE OF RETURN**

**TPT-2 – SCHEDULE A DEDUCTIONS – STATE/COUNTY TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX**

**LICENSE NUMBER:** _____ Page _____ of _____

**STATE (AZ) /COUNTY DEDUCTIONS DETAIL**

| | (A) | (B) REGION CODE | (C) BUSINESS CODE | (D) DEDUCTION CODE | (E) DEDUCTION AMOUNT | (F) DESCRIPTION OF DEDUCTION CODE |
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| AA | SUBTOTAL OF DEDUCTIONS..... | | | | $ | |
| BB | DEDUCTION TOTALS FROM ADDITIONAL AZ/COUNTY PAGE(S) ... | | | | $ | |
| CC | TOTAL DEDUCTIONS (LINE AA + LINE BB = LINE CC)..... | | | | $ | |

**TOTAL MUST EQUAL TOTAL ON PAGE 2, LINE II, COLUMN G**

**TPT-2 – SCHEDULE A DEDUCTIONS – CITY**
**TRANSACTION PRIVILEGE, USE, AND SEVERANCE TAX**

**LICENSE NUMBER:** _____ Page _____ of _____

**CITY DEDUCTIONS DETAIL**

| | (A) LOCATION CODE | (B) CITY CODE | (C) BUSINESS CODE | (D) DEDUCTION CODE | (E) DEDUCTION AMOUNT | (F) DESCRIPTION OF DEDUCTION CODE |
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| AA | SUBTOTAL OF DEDUCTIONS..... | | | | $ | |
| BB | DEDUCTION TOTALS FROM ADDITIONAL CITY PAGE(S)..... | | | | $ | |
| CC | TOTAL DEDUCTIONS (LINE AA + LINE BB = LINE CC)..... | | | | $ | |

**TOTAL MUST EQUAL TOTAL ON PAGE 3, LINE PP, COLUMN G**

**12. A.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Sarah Darr, Housing Director |
| **Co-Submitter:** | Kristine Pavlik |
| **Date:** | 01/11/2024 |
| **Meeting Date:** | 01/16/2024 |

**TITLE**

**Continuation of discussion regarding the allocation of Homeless Shelter and Services Funds provided by the Arizona Department of Housing**

**STAFF RECOMMENDED ACTION:**

Continuation of City Council discussion as necessary, concluding with direction regarding allocations for Homeless Shelter and Services Funds provided by the Arizona Department of Housing.

Staff will seek City Council's consideration of approval of grant agreements for the recommended projects through consent agendas at future meeting dates, TBD.

**EXECUTIVE SUMMARY:**

In June 2023, the City of Flagstaff received $840,000.00 of Homeless Shelter and Services Funds (HSSF) from the Arizona Department of Housing (ADOH). HSSF are for programs that provide shelter and services to unsheltered persons who are experiencing homelessness. Allowable activities include but are not limited to operating support; motel and hotel vouchers; supportive services; and other quick occupancy housing solutions. Awarded applicants are required to report the number of unsheltered persons served monthly.

The City of Flagstaff issued a Notice of Funding Availability (NOFA) on September 20th for $700,000.00 for HSSF eligible programs. Applications were due to the City by October 10th. A ranking committee reviewed and evaluated the received applications and provided preliminary funding recommendations that were presented to the Housing Commission on October 26th. The Housing Commission voted unanimously to forward the allocations presented with a recommendation to City Council for approval. City Council discussed the recommended allocations on December 19, 2023 and January 9, 2024.

**INFORMATION:**

The City of Flagstaff Housing Section received six (6) applications **(attached)** in response to a Notice of Funding Availability (NOFA) released on September 20th, 2023 **(attached)**. Housing staff conducted a risk assessment of all six (6) applying agencies and their proposed program. Additionally, a Ranking Committee comprised of one (1) community representative, one (1) member of the Housing Commission and three (3) City Staff members met to review the proposals and rank them, with individual scores being averaged to arrive at an overall score for each proposal. Rankings primarily serve as a risk and benefit assessment and are the guiding input for Staff recommendations of Homeless

Shelter and Services Funds allocations. **A consolidated ranking form is included with each attached proposal.** Staff presented the recommended allocations to the Housing Commission at the October meeting and the Housing Commission voted unanimously to forward them to Council with a recommendation for approval.

On December 19, 2023, with $700,000.00 in HSSF funding available for allocation, staff recommended fully funding the three (3) highest ranking applications and allocating partial funding to the remaining three (3) applications based on minimum requested amounts indicated in their submitted application (where provided), available funds and the similar scores. All of the programs are still able to proceed with partial funding.

At the January 9, 2024 Council meeting, staff recommended lowering the amount for grant administration to 10% of the overall award, resulting in an additional $56,000 available to be allocated to the proposed projects. The chart below includes the additional funding divided equally between the three proposals recommended for partial funding, increasing each by $18,666.67 / .66.

The recommendations have not been altered outside of adding the additional funding discussed immediately above, as it is staff's responsibility to convey the recommendations made by the ranking committee and staff, as approved by the Housing Commission. City Council has final authority over how the funds are allocated.

Per Counicl's request, Staff has contacted each agency and asked that detailed beneficiary numbers be provided. This information will be shared with Council once it has been received from all agencies.

---

**Attachments:**

Catholic Charities Proposal and Ranking Sheet
CATS Proposal and Ranking Sheet
FSS Proposal and Ranking Sheet
HYC Proposal and Ranking Sheet
HSNA Proposal and Ranking Sheet
NFHC Proposal and Rankfor hyperlink to fileing Sheet
Staff Presentation
CoF HSSF NOFA

CITY OF
FLAGSTAFF

**FOR CITY STAFF / RANKING COMMITTEE USE ONLY**

## Attachment E – Ranking Form and Evaluation Criteria

City staff and the Ranking Committee will use this form to evaluate proposals. Consideration is given to past performance of the submitting applicant.

**Applicant (Organization's Legal Name):**

Catholic Charities Community Services

**Program Name:**

Cedar Rose Emergency Shelter and PATH Outreach

**Funding Request:** *$144,920.00* **Total Program Cost:** *$436,613.00*

**Does the application meet the threshold criteria for review? YES/NO**

**Average Score:** **Average of all evaluator scores based on Total Points – 80**

**Points Possible: 90**

**Comments:**

208 unduplicated clients from 68 households / 4,755 bed nights (13 beds per night per year)

Cedar Rose Shelter Operations and PATH Outreach plus Motel/Hotel Vouchers

+Motel/Hotel Vouchers for overflow/winter shelter plus "mental health appropriate" placement outside of congregate shelters when necessary due to SMI, etc.
+ Organization is well established and risk of funding very low
+ Has a variety of funding sources for their programs

CITY OF
FLAGSTAFF

## Applicant Information (18/20 points)

1. Does the applicant provide an overview of the entity and provide evidence demonstrating a history of and experience carrying out similar programs?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. How well does the answer explain how the entity collects data and measures outcomes?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

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3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? Is evidence included?

   (No) 0 5 (Yes)

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## Proposed Program (35/40 points)

1. How well does the answer provide a detailed description of the program? Does the description include program specifics as well as highlight how the program might serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

2. How well does the answer justify the local need for the proposed program? Does the answer provide a clear description of the proposed beneficiaries and performance metrics?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

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3. Does Attachment C (Schedule of Completion) include a narrative summary describing the expenditure of funds and the predicted progress of the proposed schedule?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

4. Does Attachment D (Budget) include a comprehensive budget for this proposed Program? Is a narrative summary describing exactly what Local Recovery Funds will pay for included?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

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**Fiscal Management and Applicant Capacity (17/20 points)**

1. Does the applicant demonstrate a history and realistic capacity for administering these funds and undertaking this Program?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

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2. Has the applicant received City of Flagstaff funding in the past? Is the Applicant in good standing to receive federal and/or another City of Flagstaff funding?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under)

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**General Criteria (10/10 points)**

1. How realistic is the schedule of completion? Was the correct format used in creating the schedule? How realistic is the program budget and is the program cost effective? Was the correct format used?

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

---

2. Has the applicant exhibited competence in preparing the application? Are the applicant's answers complete, thorough, well-written, correct grammar, easy to follow format, etc.
   (Not at all) 0 1 2 3 4 5 (Very)
   Comments (required for scores 2 and under):

CITY OF
FLAGSTAFF

## Attachment A – Applicant Information

**Applicant (Organization's Legal Name):**

Catholic Charities Community Services, Inc.

**Executive Director/CEO/Etc. Name, Phone and Email:**

Paul S. Mulligan, (602) 650-4835, pmulligan@cc-az.org

**Program Manager Name, Phone and Email:**

Sandra Flores, (928) 699-2289, SFlores@cc-az.org

**Mailing Address:**

2101 N 4th St.

Flagstaff, AZ 86004

**Physical Address:**

2101 N 4th St.

Flagstaff, AZ 86004

**Is the applicant a 501 (c) 3 non-profit organization, for-profit entity, developer, business, government entity or other (please explain)?**

501 (c) 3 non-profit organization

**Federal EIN/TIN #:** 86-0223999

**Unique Entity ID:** D7RJACF7GJU6

**Registered in the Federal System for Award Management (SAM)?** YES

**Participating member of the Coconino County Continuum of Care?** YES

**Funding Request:** $144,920.00

**Total Program Cost:** $436,613.00

**Program Name:**

Catholic Charities Cedar Rose Emergency Shelter and PATH Outreach

EQUAL HOUSING OPPORTUNITY

CITY OF
FLAGSTAFF

**Brief Description of Program (2-3 sentences):**

Catholic Charities is requesting City of Flagstaff funding to support our Cedar Rose Emergency Family Shelter and our PATH Homeless Outreach Program. Cedar Rose serves all family types including two-parent and single fathers, assisting clients in obtaining the life skills necessary to successfully obtain and maintain permanent housing in the future. PATH Outreach saves lives by searching out individuals experiencing homelessness, distributing life-sustaining supplies and connecting clients with community resources including hotel assistance.

**If the program already exists, explain how funding creates an increase in services?**

To increase the reach to those who are unsheltered in Flagstaff, funds will be used for crucial Shelter and Outreach staffing as well as hotel vouchers. Due to inclement weather conditions, as well as the current economic challenges, persons are in greater need in our community. These funds will allow us to support our outreach efforts with additional shelter support options.

**Beneficiary Description:**

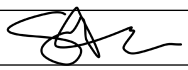
*Example: Low-income households – 60% AMI and below*
Low-income, unsheltered individuals/families experiencing homelessness – under 81% AMI

**Proposed Outcomes:**

4,755 bed nights provided

**AUTHORIZED SIGNATURE OF APPLICANT:**

The signatory declares that he/she is an authorized official of the applicant organization, is authorized to make this application, is authorized to commit the organization in financial matters, and will assure that any funds received as a result of this application are used for the purposes set forth herein and the organization will comply with all contractual obligations.

| Sandi Flores, Sr. Programs Director | Catholic Charities |
|---|---|
| **Name and Title** | **Organization** |
|  | 10-10-23 |
| **Signature** | **Date** |

**Please attach:**

**Authorization to Request Funds/Authorized Signature Authority**
Documentation of formal authorization from applicant to request Local Recovery Funds and documentation of authorized signature authority (e.g., bylaws, official resolution, or a copy of the minutes of the meeting in which an action was taken)

# CORPORATE SECRETARY'S CERTIFICATE

I, CarrieLynn A. Mascaro, certify that:

a) I am the incumbent Corporate Secretary of Catholic Charities Community Services, Inc., an Arizona corporation ("CCCS").

b) Exhibit A to this Certificate is a true and complete copy of resolutions which (i) were duly adopted by the Board of Directors of CCCS at its Board Meeting on February 10, 2022 ; (ii) remain in full force and effect; and (iii) authorize Paul S. Mulligan, President and Chief Executive Officer; Karen A. Bisko, Vice President of Philanthropy; CarrieLynn A. Mascaro, Vice President of Central Program Operations, Corporate Secretary; Stephen E. Capobres, Vice President, Business Development; Catherine A. Brummet-Peterson, Executive Director Northern AZ. Region; to submit proposals, apply for grants; enter into contracts and other agreements; execute and deliver promissory notes, conveyances, documents creating or perfecting liens and security interests (the "Authorized Actions").

Executed this 10 day of February, 2022.

CarrieLynn A. Mascaro
Corporate Secretary, Catholic Charities Community Services, Inc.

## EXHIBIT A

## CORPORATE RESOLUTION

WHEREAS, the following individuals have been elected or appointed to the positions within Catholic Charities Communities Services, Inc. (this "Corporation") which are set forth next to their names:

| Name | Position |
|---|---|
| Paul S. Mulligan | President and Chief Executive Officer |
| CarrieLynn A. Mascaro | Vice President of Central Program Operations, Corporate Secretary |
| Karen A. Bisko | Vice President of Philanthropy |
| Stephen E. Capobres | Executive Director, Vice President, Business Development |
| Catherine A. Brummet-Peterson | Executive Director Northern AZ Region |

RESOLVED, that each individual (an "Authorized Signer") who is either identified above or who succeeds to the position currently held by an individual identified above, either acting alone or with one or more of the other Authorized Signers, has authority on behalf of this Corporation to submit proposals; apply for grants; enter into contracts and other agreements; execute and deliver promissory notes, conveyances, documents creating or perfecting liens and security interests; (the "Authorized Actions");

RESOLVED FURTHER that third persons relying on this resolution may also rely on an incumbency certificate signed by the Corporate Secretary of this Corporation in regards to the individuals who at the time of the Corporate Secretary's incumbency certificate are Authorized Signers and as to the authenticity of the signatures of Authorized Signers; provided, however, that any incumbency certificate in regards to the Corporate Secretary or certificate in regards to the authenticity of the Corporate Secretary's signature must be signed or attested by the President-Chief Executive even if signed by the Corporate Secretary;

RESOLVED FURTHER that nothing in this resolution is intended to permit Authorized Signers to take the Authorized Actions other than in accordance with the policies of this Corporation; and

RESOLVED FURTHER that this resolution is effective as of February 10, 2022 with respect to actions taken by Authorized Signers on or after that date and supersedes and revokes that resolution adopted by the Board of Directors on August 13, 2020; that the authority given to Authorized Signers by this resolution shall expire at the end of the day on June 30, 2022; and that the Board ratifies all actions which were taken by the Authorized Signers from February 10, 2022 through June 30, 2023 and qualify as Authorized Actions had this resolution been in effect during that period.

## Attachment B – Program Narrative Questions

Each proposal must include responses to the questions below. Proposal information should be presented in narrative form but may include tables or graphics to convey pertinent information.

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### Applicant Information (20 points)

1. **(10 points)**
   Please provide a description of the applicant entity, including a brief history, mission statement, and an overview of programs and services provided. Explain why the applicant is qualified to provide the proposed services or undertake the proposed program.

Catholic Charities Community Services (Catholic Charities) is committed to our long-standing mission of "helping the community's most vulnerable with solutions that permanently improve lives." We help people transition out of at-risk situations and into stable living environments where they can thrive and achieve the long-term benefits of self-sufficiency. Our goals are to protect and nurture children, strengthen and reunify families, shelter individuals experiencing homelessness or abuse, welcome and assist refugees, aid those in crisis, and help those in poverty. Providing non-sectarian services to the community at-large, we welcome anyone in need, regardless of their religion, background or abilities.

Catholic Charities was founded in Phoenix, Arizona in 1933 at the height of the Great Depression to advocate for vulnerable children. The organization's leadership was instrumental in the development of foster care in Arizona and in the creation of the state's welfare laws. Over the past 90 years, our work has broadened in response to changing community needs, and we have improved the quality of life for countless individuals. In the process, Catholic Charities has developed deep roots in the communities in which we work and has earned a reputation for truly helping people help themselves to reach their maximum potential.

Catholic Charities serves more than 18,000 persons annually through 20+ programs. Our services for children and families include foster care, adoption, pregnancy counseling, and early childhood education. We provide life-saving services to shelter the homeless, protect and nourish children, strengthen families, empower veterans, welcome refugees, support survivors of sex-trafficking, assist those in crisis, and help the impoverished. Catholic Charities follows the highest standards of best practices and services and leverages partnerships to create the greatest impact possible for permanent solutions in an effective manner.

With over 28 years of experience helping individuals experiencing homelessness achieve long-term housing stability, Catholic Charities is well qualified to undertake the proposed project. Additionally, the agency has an adequate administrative system and staffing capacity available to carry out the proposed activity as well as comply with all funding regulations.

2. **(5 points)**
   Describe how the entity collects and maintains data, measures activities versus outcomes and how data is used for program planning, evaluation, and improvement.

Catholic Charities has an extensive Performance Quality Improvement (PQI) process that ensures programs follow policy and procedures set forth regarding data collection and service delivery. Every program participates in quarterly case file reviews. There are seven standard file review indicators required for all programs and up to five program specific indicators for each program. Quarterly progress of program service delivery and individual participant progress is tracked and reported through Catholic Charities' Program Dashboards. Quarterly case record reviews are submitted to the PQI committee responsible for oversight of the program. The PQI team meets to evaluate the data and make recommendations to improve service delivery. The data from these reports is also presented to the Board of Directors for analysis and recommendations for improvements.

Beyond any reporting requirements of this grant funding, outputs and outcomes for the proposed project will be measured on a monthly and quarterly basis and reviewed regularly by Catholic Charities leadership. The agency also conducts an Annual Client Satisfaction Survey.

3. **(5 points)**
   Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? To what extent does the applicant participate? An MOU with or letter from the CoC confirming entity participation is required.

Catholic Charities operates as one of two entry points in Coconino County's Front Door coordinated entry system which includes over 20 agencies working together to address homelessness in our community. This collaboration seeks to streamline the process for clients experiencing homelessness by creating one community waitlist, providing real time and intervention appropriate resources, as well as reducing the time an individual or family is unsheltered.

Catholic Charities is an active member of the Coconino County Continuum of Care (CoC). We participate in bi-monthly local CoC meetings, have representation on steering committees, and attend bi-monthly Executive Committee meetings to participate in

strategic planning and Arizona Department of Housing reporting. Our Director of Homeless Services for Northern Arizona is a CoC Co-Chair and a Coconino County representative for the Arizona Balance of State Continuum of Care.

---

**Proposed Program (50 points)**

1. **(15 points)**
   Describe how the proposed program will provide shelter and/or services to unsheltered persons who are experiencing homelessness.

   Highlight any shelter or service programs designed to serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities.

   The description should also include program specifics such as the requested funding amount, program start date, program end date (if applicable), and anticipated number of persons served during the period of performance.

Catholic Charities is requesting $144,920 to support Cedar Rose Emergency Family Shelter and PATH Homeless Outreach, both of which are ongoing, year-round programs. From July 1, 2023 through June 30, 2024, we anticipate serving 208 unduplicated individuals from 68 households.

Catholic Charities serves extremely vulnerable populations including those who have exited from sober living and incarceration. Additionally, the agency serves the immigrant population through programs such as Familias Unidas (Families United). Complementing and enhancing these services, our shelter and outreach programs will serve those impacted by the court decision to clear The Zone; the expiration of the Public Health Act as it pertains to the border between Arizona and Mexico; and the closure of sober living homes and residential facilities.

Cedar Rose serves families experiencing homelessness for up to four months, with a target exit of 60 days. With common areas and three separate bedroom/living room/bath units, this approximately 3,000 sq. ft. shelter supports three families at a time. Residents receive weekly case management geared towards income and permanent housing; and are required to participate in financial education consisting of budgeting, saving and basic banking skills. These clients are expected to gain or maintain income, save money, and seek out additional resources as necessary to ensure stability beyond our program. In

addition to providing safe shelter, Cedar Rose assists clients in obtaining the life skills necessary to successfully obtain and maintain permanent housing in the future. These life skills are geared toward increasing the economic opportunities of our clients and preparing them to successfully reside in housing beyond the program.

Catholic Charities also operates the PATH Homeless Outreach Program, whose teams search Flagstaff streets, alleys, dumpsters, forests, and anywhere else individuals experiencing homelessness may frequent. The teams distribute life-sustaining supplies; provide handouts detailing available social services and the latest COVID-19 information; educate people on local camping rules and regulations; and transport clients to detoxification centers, medical treatment, and psychiatric care. Outreach is routinely conducted after hours and during dangerous weather events. PATH serves all individuals experiencing homelessness and enrolls those who have a serious mental illness and/or chronic substance use disorder. Enrolled clients have access to move-in assistance, bus-passes, clothing vouchers, motel assistance, eviction prevention funds, and more. They are also connected to services such as counseling, financial education, and ID acquisition. The ultimate goal is to help households achieve stable housing and self-sufficiency.

Catholic Charities utilizes a strengths-based approach to providing services for individuals and families experiencing homelessness and implements evidence-based practices such as mental health first aid, trauma-informed care, Housing First and crisis intervention techniques.

2. **(15 points)**
   Describe the proposed beneficiaries the program will serve. Include local statistics/data or other information to demonstrate the need for this program. Provide information regarding performance metrics- identify and list specific measures that will be reported to demonstrate the impact of this funding. Example: Number of individuals served, shelter nights provided, move in assistance, etc. evaluation, including how the program evaluates services and the impact on clients.

The January 2023 Point in Time Count found 859 men, women and children were experiencing homelessness in Coconino County, 39 of whom were unsheltered. However, the City of Flagstaff Five-Year Consolidated Plan issued in May 2021, notes, "The number of unsheltered homeless people in Flagstaff in the summer months is more than double the number during the winter months." This indicates that, while there were 39 unsheltered neighbors recorded in the 2023 Point in Time Count, the number was likely over 80 at other times during the year. As of October 2, 2023, the Front Door “By Name List” shows 684 households currently experiencing homelessness, 189 of which are reporting chronic homelessness. This data continues to fluctuate up and down

weekly, however it has not fallen below 600 in the last three years, further demonstrating the need for additional outreach, shelter and support services in our community.

The proposed project will provide shelter and services for low-income, unsheltered individuals and families experiencing homelessness. Catholic Charities believes addressing root causes of housing instability, including mental and physical health, is critical to improving the wellbeing of vulnerable populations in Flagstaff. Services provided will allow unsheltered populations to address the issues that resulted in their housing instability and provide critical tools for their future. These services will facilitate long-term recovery by helping individuals and families experiencing homelessness achieve long-term housing stability.

Cedar Rose is just one of two short-term emergency shelters in Flagstaff that serve all family types including two-parent and single fathers. Most other community programs require families to separate, accommodating men in one location and women and children in another. Additional gaps occur when families have older male children and are not allowed to stay in traditional women's shelters. Other local shelters may offer nightly emergency assistance, but families are required to exit during the day. Since inception in June 2006, Cedar Rose has provided stable housing for families including nearly 55% consisting of two-parent or single father households. Approximately 41% of families served since inception were single father families.

Catholic Charities utilizes the Homeless Management Information System (HMIS) for both PATH Outreach and Cedar Rose. We track and report on the number of households served, average length of stay for emergency shelter, and the number of individuals reported sleeping on the streets during the annual Point in Time Count. We also track the number of outreach contacts and clients enrolled as well as services provided such as supplies given, housing and treatment obtained and referrals to other resources. Reports are generated quarterly and will be used to track outcomes, demonstrating the impact of this funding.

3. **(10 points)**
   Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024. This narrative should align with the timeline provided in Attachment C.

Catholic Charities currently provides the emergency shelter and outreach services for which we are requesting funding. Therefore, all staff and facilities are ready and available for implementation/continuation of the funded services immediately upon award. All

funding will be expended by June 30, 2024 for shelter and services provided since July 1, 2023.

4. **(10 points)**
   Provide budget details including a line-item budget for the program that includes the following categories as applicable: personnel, fringe benefits, administration, supplies, equipment, nightly stays, and other. This narrative should align with the budget provided in Attachment D.

This budget supports 3.5 FTE Shelter staff and .5 Outreach staff including ERE at 36% and indirect at 30% of the combined salary and ERE total per Catholic Charities' Federally approved rate. The budget also includes $30,000 for hotel vouchers to support outreach and shelter overflow as needed. In order to save lives, critical winter outreach relies on the ability to hotel individuals in crisis who refuse traditional shelter. Additionally, we have met with the Cares Team and are working toward a pilot project of utilizing housing vouchers when it is necessary through their encounters on the street and when a mental health crisis warrants hotel versus traditional shelter.

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**Fiscal Management and Applicant Capacity (20 points)**

1. **(10 points)**
   What is the applicant's current annual operating budget? Does the applicant undergo an annual audit? Please attach the applicant's audit and financial statement from the most recent fiscal year.

Catholic Charities manages an annual budget of over $49 million which includes over $33 million in city, county, state, and federal grants and contracts. The agency's accounting systems, policies, procedures and internal controls ensure compliance with Generally Accepted Accounting Principles (GAAP), and Office of Management and Budget (OMB) Circulars A-110 and A-122. Catholic Charities is audited annually by an independent certified public accounting firm. Catholic Charities' Board of Directors, management, and other personnel contribute to the organization's ability to safeguard its assets, use its resources economically and efficiently, and produce accurate and reliable financial information. The Chief Financial Officer and his team are responsible for the ongoing monitoring of financial operations, ongoing communication with the Board of Directors, and resolving any issues that may be identified through the annual audit.

2. **(10 points)**
   Briefly describe the applicant's history and realistic capacity for administering these funds. Has the applicant received City of Flagstaff funding in the past?

Catholic Charities has been serving people of all faiths, backgrounds, and abilities throughout central and northern Arizona for 90 years. Our 22 programs are designed to, and staff are skilled at, moving individuals and families out of crisis and at-risk situations and into stable living conditions where they can thrive. The agency has more than 28 years of experience helping individuals experiencing homelessness find permanent, affordable housing. Catholic Charities has adequate administrative system and staffing capacity available to carry out the proposed activity as well as comply with all funding regulations. The agency currently holds over 20 state and federal grants/contracts spanning programs across Central and Northern Arizona including homeless services, veteran services, Head Start, refugee programs, foster care, and more.

Catholic Charities currently administers the following programs in northern Arizona:

-Emergency Shelter: A three-unit facility (Cedar Rose) serves as emergency shelter for families for up to four months in Coconino County. A 57-bed shelter in Mohave County houses three families, eight Veterans and 40 individuals for up to 90 days. Case management and referrals are also offered.

-Homeless Outreach: Outreach teams search streets and forests for persons experiencing homelessness and a serious mental illness, substance use disorder, or co-occurring disorder, connecting them with life-sustaining supplies, healthcare, other services and ultimately housing.

-Supportive Services for Veteran Families: This program provides case management, rapid rehousing options and ongoing services for very low-income veterans and their families who are experiencing homelessness or are at risk of homelessness.

-Permanent Supportive Housing: Over 100 apartment units in Flagstaff, Winslow and Page are available for families and individuals with a HUD qualifying disability. Many of these clients experienced chronic homelessness.

-Rapid Rehousing: This program provides temporary financial assistance and case management to individuals and families experiencing homelessness and in need of shorter-term assistance (i.e., rent, deposits, utility set up or back pays).

-Community Jail Re-entry Housing Program: Four homes in Coconino County and one in Yavapai County provide safe, stable housing for individuals exiting jail. Additionally, Catholic Charities has two homes in Northern Arizona for individuals with chronic substance use issues.

-Financial Education: Provides financial literacy education and behavior change strategies to help families and individuals move out of poverty.

-Families FIRST/In-Home Programs: Provides services to families referred by the Arizona Department of Child Safety for help with substance misuse and family support.

-Foster Care/Adoption: Facilitates training for proposed foster parents and counseling services for pregnancy, parenting and adoption.

Catholic Charities has received both CDBG and City of Flagstaff funding and we are proud to report all prior year awards have been expended as awarded. Past funding was for various programs including Front Door, homeless services operations, and acquisition of a house to provide shelter and services for individuals with chronic substance use issues. Catholic Charities has complied with federal statutes associated with each contract and the agency has never been asked to return awarded funds. Catholic Charities has requested a budget amendment for some state and federal grants. These amendments were due to budgeted items costing less or more than anticipated and needing to redirect funds to/from other areas within the scope of work.

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**General Criteria (10 points)**

These questions are included for your information. Do not include answers to these questions in your submitted application.

1. **(5 points)**
   How realistic is the 12-month Schedule of Completion? How realistic is the program budget and is the program cost effective? Was the correct format used?

2. **(5 points)**
   Has the applicant exhibited competence in preparing the application? Are the applicants answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

---

**Unscored Questions**

1. What is the minimum amount of funding needed for the program to proceed?

It is critical to increase the reach to those who are unsheltered in Flagstaff. Therefore, Catholic Charities requests a minimum of $100,000 for Cedar Rose Emergency Family

Shelter and PATH Homeless Outreach to be able to save lives and put individuals and families experiencing homelessness on a path to stability.

2. Is there any other information you would like the Ranking Committee to know about your program or organization that is not already covered?

Due to inclement weather conditions as well as current economic challenges, individuals and families are in greater need in our community and these funds will support Catholic Charities' efforts to address this increase in needs.

**EXHIBIT C**
**PROJECT BUDGET**

| | |
|---|---|
| **Project Budget** | |
| **City of Flagstaff** | **Homeless Shelter and Services** |
| | July 1, 2023 - June 30, 2024 |
| **Project Description:** | Cedar Rose Emergency Shelter and Outreach |
| **Implementing Agency:** | Catholic Charities Community Services, Inc. |
| **CoF Project Number:** | N/A |
| **Persons Served:** | 208 Individuals, 68 Households |
| **Date Submitted:** | 10/10/2023 |

| Item/Activity Identifier | Item/Activity Desription | Source 1 | Source 2 | Leverage | In-Kind | Project |
|---|---|---|---|---|---|---|
| | | City of Flagstaff | Federal/State/ Local Funding | Agency Financing | Donations | TOTALS |
| **1** | **Program or Project Related Expenses** | | | | | |
| A | Salaries | $ 65,000.00 | $ 64,520.00 | | $ 13,424.00 | **$142,944** |
| B | Employee Related Expenses | $ 23,400.00 | $ 23,227.00 | | $ 4,833.00 | **$51,460** |
| C | Occupancy (includes maint, utilities, network/data, office support) | | $ 34,595.00 | $ 19,219.00 | $ 23,063.00 | **$76,877** |
| D | Auto Expenses | | $ 4,000.00 | | $ 7,924.00 | **$11,924** |
| E | Bldg Depreciation | | | $ 19,977.00 | | **$19,977** |
| F | Program Supplies | | $ 18,000.00 | | | **$18,000** |
| G | Agency Insurance | | $ 7,110.00 | | | **$7,110** |
| H | | | | | | |
| I | | | | | | |
| J | Hotel Vouchers/nightly stays | $ 30,000.00 | $ 20,000.00 | | | **$50,000** |
| **2** | **Administration** | | | | | |
| A | Agency Approved Indirect Cost Rate (30%) | $ 26,520.00 | $ 26,339.00 | | $ 5,462.00 | **$58,321** |
| B | | | | | | |
| C | | | | | | |
| **3** | **Facility Value** | | | | | |
| A | | | | | | |
| B | | | | | | |
| **Totals** | | $ 144,920.00 | $ 197,791.00 | $ 39,196.00 | $ 54,706.00 | **$436,613** |

**EXHIBIT E**

**SCHEDULE OF COMPLETION**

| **Project Schedule of Completion** | |
|---|---|
| **City of Flagstaff** | **Homeless Shelter and Services** |
| | July 1, 2023 - June 30, 2024 |
| **Project Description:** | Cedar Rose Emergency Shelter/Outreach |
| **Implementing Agency:** | Catholic Charities Community Services, Inc. |
| **CoF Project Number:** | N/A |
| **Persons Served:** | |
| **Date Submitted:** | 10/10/2023 |

| **Action Items:** | **Item Description** | **Program Year: 2023/2024** | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th | 9th | 10th | 11th | 12th | 13th |
| 1 | Execute Contract | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 2 | Operation of shelter/outreach(serve clients) | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3 | Close out | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | |
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| 5 | | | | | | | | | | | | | | | |
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| 7 | | | | | | | | | | | | | | | |
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| 8 | | | | | | | | | | | | | | | |

Kristine Pavlik
Housing and Grants Administrator
City of Flagstaff Housing Section
3481 N Fanning Drive
Flagstaff, Arizona 86004

October 9, 2023

Dear Ms. Pavlik,

Catholic Charities (CC) is an active member of the Coconino County Continuum of Care to End Homelessness (CoC), working in partnership with other services providers to develop and implement strategies to prevent and end homelessness in northern Arizona. CC participates in bi-monthly local CoC meetings, has representation on steering committees, attends bi-monthly Executive Committee meetings to participate in strategic planning and Arizona Department of Housing reporting, participates as a Flagstaff Front Door intake site, and the CC Director of Homeless Services for Northern Arizona, Camie Rasband is a CoC Co-Chair and a Coconino County representative for the Arizona Balance of State Continuum of Care (AZBOSCOC). The Mission of the CoC is to be a united coalition of community systems, to assist community members who experience homelessness and/or near homelessness to obtain housing, achieve economic stability, and enjoy enhanced quality of life through the delivery of coordinated and comprehensive services.

Sincerely,

Heather Marcy
Co-Chair - Coconino County Continuum of Care to End Homelessness
Deputy Director, Northland Family Help Center
928-233-4306
hmarcy@northlandfamily.org

CITY OF
FLAGSTAFF

**FOR CITY STAFF / RANKING COMMITTEE USE ONLY**

## Attachment E – Ranking Form and Evaluation Criteria

City staff and the Ranking Committee will use this form to evaluate proposals. Consideration is given to past performance of the submitting applicant.

**Applicant (Organization's Legal Name):**

Community Assistance Teams of Flagstaff

**Program Name:**

Mobile Outreach and Shower Bus

**Funding Request:** *$99,800.00* **Total Program Cost:** *$224,200.00*

**Does the application meet the threshold criteria for review? YES/NO**

**Average Score:** **Average of all evaluator scores based on Total Points – 83**

**Points Possible: 90**

**Comments:**

500 unduplicated individuals in 1 year / 123 unduplicated individuals per month

Outreach and Mobile Shower Bus Operations/Program Expenses

+ Meets a very unique needs in the community
+ Budget was very detailed
+ Application was informative and well written

- Newer organization
- Concern about demographic data collection being too informal
(Agency does currently require clients to provide this information in an attempt to be respectful)

CITY OF
FLAGSTAFF

## Applicant Information (18/20 points)

1. Does the applicant provide an overview of the entity and provide evidence demonstrating a history of and experience carrying out similar programs?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. How well does the answer explain how the entity collects data and measures outcomes?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? Is evidence included?

   (No) 0 5 (Yes)

---

## Proposed Program (38/40 points)

1. How well does the answer provide a detailed description of the program? Does the description include program specifics as well as highlight how the program might serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

2. How well does the answer justify the local need for the proposed program? Does the answer provide a clear description of the proposed beneficiaries and performance metrics?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

3. Does Attachment C (Schedule of Completion) include a narrative summary describing the expenditure of funds and the predicted progress of the proposed schedule?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

4. Does Attachment D (Budget) include a comprehensive budget for this proposed Program? Is a narrative summary describing exactly what Local Recovery Funds will pay for included?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

**Fiscal Management and Applicant Capacity (17/20 points)**

1. Does the applicant demonstrate a history and realistic capacity for administering these funds and undertaking this Program?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. Has the applicant received City of Flagstaff funding in the past? Is the Applicant in good standing to receive federal and/or another City of Flagstaff funding?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under)

---

**General Criteria (10/10 points)**

1. How realistic is the schedule of completion? Was the correct format used in creating the schedule? How realistic is the program budget and is the program cost effective? Was the correct format used?

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

---

2. Has the applicant exhibited competence in preparing the application? Are the applicant's answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

CITY OF
FLAGSTAFF

## Attachment A – Applicant Information

**Applicant (Organization's Legal Name):**

Community Assistance Teams of Flagstaff

**Executive Director/CEO/Etc. Name, Phone and Email:**

Darrell Marks, Board Chair, 928-298-4900, darrell@cats-of-flagstaff.org

**Program Manager Name, Phone and Email:**

Wendy White, Treasurer 928-699-1786 wendy@cats-of-flagstaff.org

**Mailing Address:**

1124 Mountainaire Rd

Flagstaff, AZ 86005

**Physical Address:**

**Is the applicant a 501 (c) 3 non-profit organization, for-profit entity, developer, business, government entity or other (please explain)?**

501(c)3 non-profit organization

**Federal EIN/TIN #:**

87 1996568

**Unique Entity ID:**

**Registered in the Federal System for Award Management (SAM)?** YES / NO

**Participating member of the Coconino County Continuum of Care?** YES / NO

**Funding Request:** *$99,800*

**Total Program Cost:** $ 224,200

**Program Name:**

*Mobile Outreach and Shower Bus*

Housing Flagstaff

EQUAL HOUSING OPPORTUNITY

CITY OF
FLAGSTAFF

**Brief Description of Program (2-3 sentences):**

Community Assistance Teams of Flagstaff provides mobile outreach services to individuals experiencing homelessness including free showers, hygiene supplies, clothing, food, first aid and referrals to other agencies including those who have been displaced by Freddy Brown v. City of Phoenix and the closure of sober living homes and rehab facilities.

**If the program already exists, explain how funding creates an increase in services?**

Funding from this grant will allow C.A.Ts to continue its services, increase organizational capacity and increase hours and days of operations.

**Beneficiary Description:**

All beneficiaries are individuals experiencing homelessnes.

**Proposed Outcomes:**

Number of engagements with individuals, showers taken, supplies provided.

**AUTHORIZED SIGNATURE OF APPLICANT:**

The signatory declares that he/she is an authorized official of the applicant organization, is authorized to make this application, is authorized to commit the organization in financial matters, and will assure that any funds received as a result of this application are used for the purposes set forth herein and the organization will comply with all contractual obligations.

| Wendy White | Community Assistance Teams of Flagstaff |
|---|---|
| **Name and Title** | **Organization** |
| [signature] | 10. 9. 2023 |
| **Signature** | **Date** |

**Please attach:**

**Authorization to Request Funds/Authorized Signature Authority**
Documentation of formal authorization from applicant to request Local Recovery Funds and documentation of authorized signature authority (e.g., bylaws, official resolution, or a copy of the minutes of the meeting in which an action was taken)

**Community Assistance Teams of Flagstaff**
**d/b/a CATs of Flagstaff**
Mailing Address:
1124 Mountainaire Rd
Flagstaff, Arizona 86005
Phone: 928-298-4900
Email: info@cats-of-flagstaff.org
Website: www.cats-of-flagstaff.org

CORPORATE RESOLUTION

WHEREAS, Community Assistance Teams of Flagstaff (the "Corporation") is legally incorporated as a not-for-profit corporation in and in accordance with the laws of the State of Arizona; and

WHEREAS, the Board of Directors of the Corporation has determined that it is in the best interests of the Corporation to allow the Chair and Treasurer to seek grant funds on behalf of the Corporation as long as the funds align with the mission and goals of the Corporation.

BE IT THEREFORE RESOLVED THAT:

1. Both the Chair, Darrell Marks, and Treasurer, Wendy White, are authorized to apply for any amount of grant funds they deem appropriate on behalf of the Corporation as long as the funds align with the mission and goals of the Corporation.
2. The Chair and Treasurer shall regularly inform the Board of all grants applied for and of those that are approved.

Adopted by the Board of Directors on July 12, 2023.

CERTIFICATION

I, Tyler Cooper, duly elected Secretary of the Corporation, certify that the above Resolution was duly adopted by the vote of all members of the Board of Directors present at its regular meeting on July 12, 2023.

Secretary, Community Assistance Teams of Flagstaff

## Attachment B – Program Narrative Questions

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### Applicant Information

Community Assistance Teams of Flagstaff was co-founded in August 2021 by local attorney Wendy White and Indigenous advocate Darrell Marks with input from other community members. Our mission is to reach out, engage, empower and transform the lives of our unsheltered relatives living in Flagstaff. We value k'e which is the Diné term for relationships and indicates that we are all related; to each other and with the natural world. It conveys love, cherishing, caring, esteem, as well as the simple acknowledgement of the inherent value of others.

We started the organization by acquiring a decommissioned 20-year old school bus and retrofitting it into a mobile outreach bus including a full bathroom with shower. Our "grand opening" was on July 16, 2022 and we started providing services in August 2022.

We grew quickly from providing services one day a week to five days a week by November. In January 2023 we experienced a set-back when our bus engine needed significant repairs. While the Bus was out of service, our staff member engaged in outreach in his personal vehicle, so that we could still provide food, hygiene supplies and clothing to those in need despite the mechanical problem. By February the Bus was back on the road and we were able to start full services again, although for only 4 days a week.

Until June 2023, we were averaging around 20 visitors per day and 10-15 showers. In June 2023 we began to experience a large upswing in visitation corresponding to the Forest camping closures and the forceable removal of "homeless encampments" elsewhere. In September 2023, the number of visits increased to 50-60 per day.

In April 2023, we expanded our Board of Directors to include 3 more community members. We maintain a strong focus on delivering services to unsheltered Indigenous persons who are sometimes forgotten by traditional homeless service providers, or who simply distrust those services. We have Indigenous Board members and staff, as well as non-Indigenous, to ensure that our services are culturally appropriate and that we are meeting the unique needs of Indigenous community members.

We are the only agency in town that provides mobile services to those who are experiencing homelessness. We are also the only place in town where people who are not living in one of Flagstaff's shelters can obtain a free shower

The Bus acts not only as a place to receive needed supplies and showers but as a place to experience a sense of belonging and community. People who come to the Bus describe it as a place where they feel welcome and cared about. As one of our P@W employees and frequent Bus visitor stated, "the people who work on the Bus are some of the best people I have ever had the pleasure of meeting. They are my definition of real heroes. They assist people that are in their worst times and make them feel human and like they matter. Their assistance is there solely to help an individual's life to improve."

Our mobile approach allows us to meet people where they are rather than requiring them to search for services-often being frustrated and disappointed. Our approach has also been embraced by other agencies. The Flagstaff Family Food Center co-locates with us one day a week

to distribute food. The Assistance League of Flagstaff provides us with used and new clothing to distribute from the Bus. Sonoran Prevention Works and Coconino County Community Services set up tables outside the Bus to provide harm reduction supplies. TRIO Educational Services has tabled at the Bus to give out information to those who might want to pursue additional education.

In addition to our general Outreach program, we operate a work program called People at Work (P@W). We started the P@W pilot program in September 2022 with the EEE Grant from the City Sustainability office. With the P@W program, we employ people experiencing homelessness to pick up litter around the City of Flagstaff. The pilot program lasted 3 months during which we provided income to over 30 individuals and removed over 7,000 cubic feet of litter from Flagstaff's streets. The grant was reissued in July 2023 and to date we have employed 16 individuals who have removed over 3,000 cubic feet of litter from our streets. The people we employ for the P@W program also use the other services that we provide on the Bus and receive enhanced assistance through personalized "case management."

We are also planning to expand the P@W program with the addition of a workshop and art room that will provide economic opportunities for those experiencing homelessness while simultaneously reducing construction waste and are developing plans for a Sleeping Pod Village similar to those in other communities.

We have been able to run these programs with very minimal staff and funding. Our founders and Board members invest significant unpaid hours to ensure our success. We believe that we have proven both the value and need for the unique programs we operate and are more than qualified to continue the unique Outreach program we have developed.

**Data Collection**

Our approach to the provision of services is different than other agencies as it is very low barrier. We collect basic data regarding the people who use the Bus and the services provided, by maintaining a daily visitor log. Without being invasive we collect the first name of each visitor on each visit, note whether they are returning or new, note the approximate time of entry, whether they take a shower, and what general types of supplies they take with them. If we refer them to another agency, we attempt to make a note of that. We note basic demographics using visual cues so as not to make visitors uncomfortable. The demographics we collect are gender, estimated age range, likely race/ethnicity, veteran status, and any behavioral health issues we notice.

We transfer the hand-written visitation logs to a spreadsheet from which we aggregate the data. We review the data regularly and use it to determine when our services seem to be most needed, what services are most needed and to engage with people on an individual basis to help direct them to other services that they might need. We also engage in conversation with people to find out more about the needs of those who are unsheltered although we do not conduct formal surveys.

From our logs we were able to determine that the number of showers we provided increased from 51 in the month of April 2023 to 220 in the month of August. Our monthly service encounters increased from 238 to 500 during the same period. During that time, we provided services to at least 123 unduplicated individuals. The majority of visits and showers occur between 11am (when we open) and 2pm. From this data, we are considering opening the Bus earlier in the day to reduce the crush during the busy hours. Our logs and experience also tell us that Mondays are the busiest days, although it doesn't tell us why.

As we grow, we expect to improve our data collection methods without creating more barriers to obtaining needed services.

**Continuum of Care Participation**

C.A.Ts participates in the Continuum of Care. We attend the bi-monthly meeting of the COC. A letter of participation is attached.

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**Proposed Program – Mobile Outreach and Shower Bus**

C.A.Ts provides services to unsheltered relatives in Flagstaff primarily by using our retrofitted mobile outreach bus to reach people where they are. We park at different locations on different days around the City. Our current schedule is Sunday, Monday, Wednesday and Thursday from 11 to 5. Our current locations are downtown on the Southside, near the Family Food Kitchen on 2nd and in the parking lot of Coconino Community College/Eastside Library on 4th Street.

The mobile approach makes it easier for people in need to get basic survival, hygiene and health supplies. We distribute hygiene items such as toothbrushes, toothpaste, shampoo, soap, feminine products and PPE. Free showers are available to all. We provide clean clothes and will even wash and recycle clothes after a shower. There isn't much worse than taking a shower and having only filthy clothes to put back on.

We provide socks and underwear thus helping reduce the spread of disease. We maintain first aid kits and provide basic first aid care on the Bus. We have transported people in need of more significant care to the Emergency Room and call Terros or 911 for true emergencies. We distribute harm reduction supplies provided by Sonoran Prevention Works.

An integral component of our outreach program is collaboration with other agencies. Agencies are invited to do outreach on or next to the Bus when we are out. The Flagstaff Family Food Center co-locates with us every Monday for an hour to distribute food. The Assistance League of Flagstaff provides us with used and new clothing to distribute from the Bus. Sonoran Prevention Works and Coconino County Community Services set up tables outside the Bus to provide harm reduction supplies and opioid overdose education. TRIO Educational Services has tabled at the Bus to give out information to those who might want to pursue additional education. Nation's Finest will be working with us to reach more veterans in need by spending a few hours a month on the Bus.

Our program is on-going: it commenced in August 2022. There is no expected end date. As noted in the previous sections, we have seen a large increase in the number of people seeking our services since April 2023. While we have no specific data to tie the increase to the ruling in *Freddy Brown v City of Phoenix* or the closure of sober living homes and residential facilities, the timing of the increase suggests that it is at least in part a result of those policy and program changes. Based on our data and experience we anticipate that we will continue to see an increase in requests for services adjusted for the seasonal differences in the overall population of unsheltered persons in Flagstaff.

We are requesting $99,800 with this application. Based upon the number of unduplicated persons served between April 1 and August 30, 2023 we expect to serve at least 500 individuals

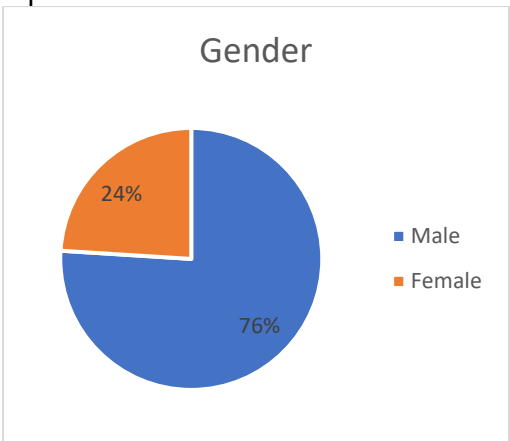
between July 1, 2023 and June 30, 2024. We anticipate that we will provide at least 3,600 service interactions in that time period with 2,400 showers, 1,600 hygiene, 2,200 food and 2,000 clothes distributions. The distributions are per person per visit, not the number of items provided. Most people receive multiple items of each category per visit. In addition, we expect to provide basic first aid to at least 70 people.

**Beneficiaries and Need**

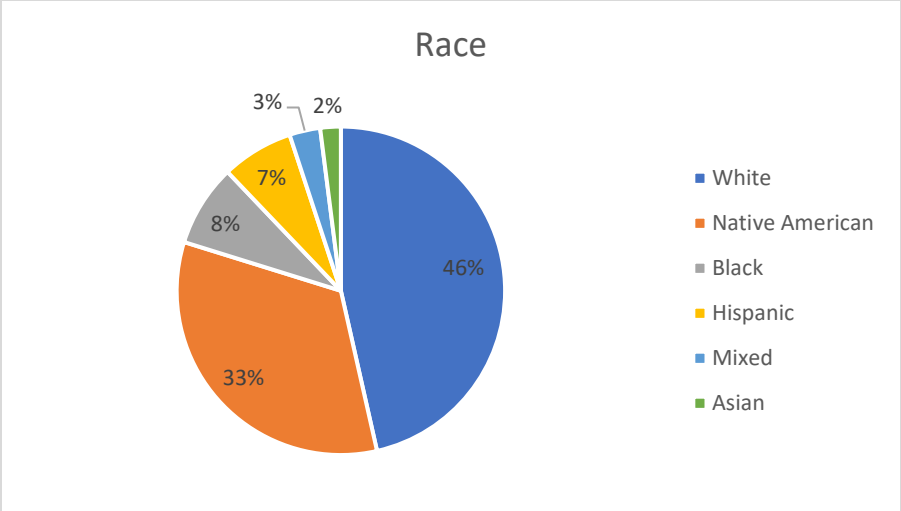
The people we serve are almost entirely unsheltered. Some live outdoors, some in vehicles and some stay in emergency shelters. A significant number are employed but not sheltered.

We formally measure outcomes based on the number of visitors, number of service encounters, number of showers, and the number of survival products distributed. Informally we measure outcomes based on the positive changes that our visitors report back to us. We celebrate those successes with mentions on Facebook and on Instagram. However, because the people we serve have a learned suspicion of bureaucracy, government and service providers we have deemed it to conflict with our philosophy to push formal surveys on our unsheltered relatives. If we are able to develop a non-invasive method to administer surveys, we will do so.

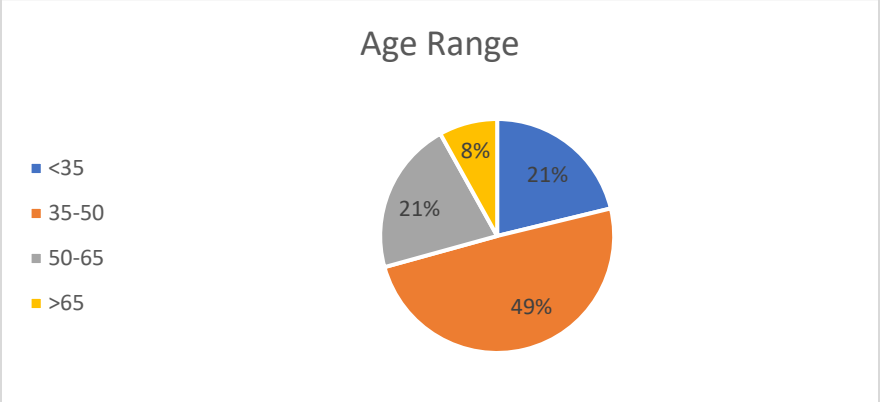
Based on data we collected from April 1 through August 29, 2023 we served at least 123 unduplicated visitors in 1,848 interactions. Seventy six percent of those served were male and 24% female. A few were two-spirits.



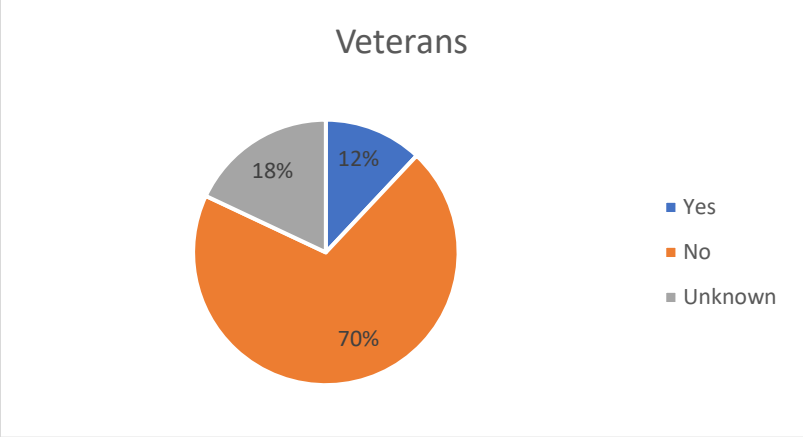

The racial breakdown for that time period was forty-six percent White, thirty-three percent Native American, eight percent Black, seven percent Hispanic, three percent mixed race and two percent Asian.




We created a simplistic age category and estimate that the approximate age range of our visitors was 21% under 35, 49% between 35 and 50, 21% between 50 and 65, and 8% over 65.




We do inquire, when time permits, whether visitors are veterans. Based on the collected data, at least twelve percent of those who received services served in the military while 70% did not. The remaining 18% were unknown.



During the 1,848 interactions from April through August 2023, we provided at least 670 showers, gave out hygiene supplies 660 times, food, snacks and hydration were provided 917 times, clothes were provided at least 803 times and basic first aid administered to 28 people.

We saw over twice as many people in August as in April, with visits increasing from 238 to 500. The number of showers taken in April was 51 compared to 220 in August. The average number of monthly visits was 370. We have not compiled our September data yet but had the highest number of visits on a single day on September 18, with 61 people seeking services.

In comparison, during our first 4 months of operations in 2022 (August 1-December 31) we had 624 engagements with unsheltered relatives in which we provided 160 showers, 189 hygiene supplies to-go, 478 food distributions, 272 clothing and 9 first aid administrations. In 2022 the average number of monthly visits was 156, which was 42% of the monthly average between April and September of 2023.

In addition to the services that we provide directly, we make regular referrals to other local agencies including the Front Door program, Coconino County Community Services, NACA, Goodwill, Phoenix Indian Center, Catholic Charities and more. We were recently able to refer one woman who hadn't been able to get an eye exam or new glasses for nine years to a local eyewear company who provided her with an exam and glasses for free. She was ecstatic!

There is an overwhelming need for the mobile services we provide, particularly in the manner with which we provide them: non-judgmental, low barrier, friendly, caring and with the spirit of k'é. There are no places to get free showers in Flagstaff, no day centers, no free laundry facilities, limited food, clothing and hygiene supplies. Most importantly, there is no place in Flagstaff that welcomes our unsheltered relatives to spend time and connect with community.

**Time Line (Attachment C)**

The funding we are requesting is for our on-going mobile outreach program. The budget includes expenses incurred between July 1, 2023 and September, 30 as well as projected expenses between October 1, 2023 through June 30, 2024. Our current monthly expenses are approximately $6,500. The requested funding includes funds to expand our organizational capacity as well as our program services. Funding will be used to hire an executive assistant for 30 hours a week and to secure premises for the purpose of parking the Bus when not in use, doing maintenance on the Bus as needed, winterizing the Bus to prevent freezing, consolidating our offices, storing goods and supplies for distribution, doing Bus laundry, and providing suitable space for staff to meet and receive training.

The Budget is based on the expectation that we will hire the assistant director and lease premises by mid November to early December. We will increase the number of days and hours that we operate the Bus by or before January 1, 2024 and will increase wages for existing staff on that date as well. All funds will be expended by June 30, 2024.

**Budget** (**Attachment D)**

The attached Budget does not include our separate budget for the City funded People at Work program. The P@W Budget was submitted with our grant application for the EEE Grant. This Budget is for our Mobile Outreach Program only.

| Item/Activity | Item/Activity Desription | Source 1 | Source 2 | Leverage | Donations | Project |
|---|---|---|---|---|---|---|
| | | City of Flagstaff | Federal/State/ Local | Agency | In-kind & Funds | TOTALS |
| **1** | **Program or Project Related Expenses** | | | | | |
| A | Homeless Navigators Payroll | $43,000 | | $8,000 | | **$51,000** |
| B | Driver | $18,300 | | | | **$18,300** |
| C | Program Supplies/Bus Operating Costs | $1,500 | | | $4,000 | **$5,500** |
| D | Direct Client Assistance | | $2,000 | | $8,000 | **$10,000** |
| E | Fuel | $2,500 | | | | **$2,500** |
| F | Vehicle Maintenance | $2,500 | | | $5,000 | **$7,500** |
| G | 1 intern | | | $9,800 | | **$9,800** |
| H | Program/executive director-volunteer | | | $63,000 | | |
| **2** | **Administration** | | | | | |
| A | Salaries* | $17,000 | $8,000 | | | **$25,000** |
| C | Agency Indirect | $5,000 | | | | **$5,000** |
| | | | | | | |
| **3** | **Facility Value** | | | | | |
| A | Facilities | $10,000 | $4,500 | $10,000 | | **$24,500** |
| B | Operating | | $2,100 | | | **$2,100** |
| **Totals** | | $99,800 | $16,600 | $90,800 | $17,000 | **$224,200** |

## Budget Narrative

*Line1A*- .65 FTE from July 1-October 31, 2023 to increase to 1 FTE from November 1 2023 through June 30, 2024. The current hourly rate is $19 hourly which we will increase to $20 hourly corresponding to minimum raise hike on Jan 1, 2024. The Navigators provide services on the Bus and assist visitors with referrals to other agencies. The increased hours will allow C.A.Ts to expand operations from 4 to 5 days a week and from 6 to 7 hours per day. C.A.Ts is working with Phoenix Indian Center to hire an assistant navigator in a training position to be paid for by Phoenix Indian Center on a temporary basis. The value of the assistant navigator position will be approximately $8,000.

*Line 1B*-We employ a driver who himself is living unsheltered, but he has a CDL. He currently works 3 to 3.5 hours a day at a rate of $20 hourly for 4 days a week. His responsibilities are to drive the Bus to and from its parking locations, fill the fresh-water tank for the bathroom and empty the waste-water tanks every day, refill fuel, wash the Bus, check fluid levels and tire pressure. The budget anticipates an increase in his hours from 4 to 5 days per week, and to 4 hours per day.

*Line 1C*-Program supplies include propane, wastewater dump fees, cleaning supplies, Bus insurance and registration, bathroom supplies, laundry, and storage space for donations.

*Line 1D*-Direct assistance includes distributed food, clothing, hygiene supplies, first aid, and hydration. We receive the majority of the items from Cedar Closet, NACA, Flagstaff Family Food Center and individual in-kind donations. We purchase bottled water and supplement hygiene supplies through funding from other sources.

*Line 1E*-Diesel Fuel for Bus

*Line 1F*-Vehicle maintenance is difficult to predict. The Bus is over 20 years old. The costs of maintaining it are much more than a typical family car. For example, we replaced a windshield

wiper arm in August at a cost of $500. Other costs we anticipate include replacement of the water heater, and windows.

*Line 1G*-We were selected to participate in the NAU Social Work department's internship program this fall, and an intern was assigned to us. She works 15 hours a week, and is paid by AmeriCorps. At minimum wage the value of her work will be approximately $9,800. She will be with us through the end of the NAU academic year in May 2024.

*Line 1H*-The value of the time and services volunteered by co-founder White to manage the Outreach program and organization. The value attributed to volunteer hours does not include time expended by White to supervise and manage the P@W program, approximately 12 hours weekly.

*Line 2A*-This line item represents the costs of hiring a part time executive assistant to assist with bookkeeping and payroll, office administration, social media, shopping for supplies, recruiting and scheduling volunteers, resupplying the Bus, writing letters, picking up donations and more. The budget amount is based on 30 hours per week, $22 hourly with a 10% salary burden for taxes and worker's comp. The total is based on a start date of December 1 for 8 months.

*Line 2C*- Agency indirect is 5% of the total requested to defray costs associated with administration of the grant as well as general operating expenses including telephone, website, general liability insurance, office supplies, software subscriptions, professional services (including an audit) and other general expenses.

*Line 3A*-Facilities. In October 2022, City Council directed staff to find a suitable location on City property where C.A.Ts could park the outreach bus when not in use. Staff was unable to do so. We currently park the Bus behind the FFFC warehouse. This was to be a temporary location while City staff located other space. It is provided free of charge however we need a different space with better access and indoors. Our offices are spread between the living room of co-founder White, in Mountainaire, a shared space on Milton and the Bus itself. We also need storage space for in-kind and purchased clothing, food and hygiene supplies. We currently launder the towels from showers at Board member's homes. We would like to consolidate the various aspects of the operations into a single leased space. During the winter months we need to park the Bus inside to prevent freezing of the water and waste-water systems or we will need to close the bathroom for the winter. We have identified a suitable space that will cost $3500 monthly that will accommodate all of our needs and will allow us to expand. The space is available as of November 1. The line item is based on one half of 8 months of rent. We also plan to use half the space for our next program-economic opportunities for the unsheltered, to be funded separately.

*Line 3B*-Facility operations. This is an estimate for the utility costs for the leased premises for 8 months.

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**Fiscal Management and Applicant Capacity**

**Current Budget**

Our annual budget for 2023, excluding the P@W program, is $88,667. The budget for the P@W program is $60,000 with $45,000 allocated to wages for the litter pick up crew. We have not obtained an audited financial statement yet because we have not yet completed a full calendar year of providing services. We plan to obtain an audit for calendar year 2023.

We filed a 990N postcard return for calendar year 2021. Our income in 2021 was $8,379.22. All of the income was used to retrofit the school bus, which was donated to the organization by co-founder White.

We filed a 990EZ for 2022. Total revenues in 2022 were $79,834 ($30,000 specifically for the P@W pilot program) and total expenses were $51,852 ($18,000 for wages to P@W program participants). In 2022 we completed the retrofit of the Bus spending approximately $20,000 ($4,500 was a BIA grant specifically for muralizing the exterior). Our mobile outreach program expenses were $21,550 while management and administration was $1,132 for the year.

**History, Capacity & Past Funding**

Community Assistance Teams of Flagstaff was incorporated in August 2021 by co-founders Wendy White and Darrell Marks. White previously co-founded Flagstaff Shelter Services in 2006 and was the Board Chair and de-facto Executive Director until February 2010.

C.A.Ts obtained its 501(c)(3) letter of recognition on February 22, 2022 effective August 3, 2021 and recognition by the Arizona Department of Revenue that it is a Qualified Charitable Organization in early 2023.

We acquired a 2001 decommissioned school bus in September 2021 and commenced retrofitting it in November 2021 with the assistance of a Neighborhood Sustainability grant of $5,000. In the spring of 2022, we received a City Beautification in Action grant for $4,500 to paint murals on the exterior of the Bus which was accomplished on June 24-26, 2022. Before we completed the retrofit, we were awarded the City Sustainability office EEE grant in the amount of $30,000 to establish a pilot project to employ unsheltered persons to pick up litter. We completed all grant responsibilities including final reports for all previous grants.

We were again awarded the EEE grant in the amount of $60,000 in June 2023 with an option to renew at $30,000 annually for the ensuing 4 years. We are currently running the P@W program with the EEE funds and provide monthly reports and invoices in compliance with the terms of the grant.

In October 2022, City Council approved a one time allocation of $40,000 to C.A.Ts to help us establish the program, with funds distributed in March 2023.

We have expanded our Board of Directors from 2 to 5 and plan to add 2 additional members. We have developed a volunteer base, have three part time employees to operate the bus program, and a part time intern provided by the NAU School of Social Work and AmeriCorps. We have upgraded our bookkeeping system from a simple Spreadsheet to a Desktop version of QuickBooks to QuickBooks Online. We have a payroll account for P@W employees separate from our regular bank account. A portion of the funds requested would be used to employ an executive assistant to help with bookkeeping functions and other administrative matters. A portion of the “indirect” line item will be used to retain a CPA to conduct our first audit.

**Minimum Funding Needed**

We need at least $56,000 in order to operate at current service and expense levels through June 30, 2024. In order to sustain the organization and expand as described we need the full amount of $99,800 requested.

**Other Information**

We actively seek grant funds from other sources and have a goal of submitting at least three grant applications monthly. We received a grant of $10,000 from the Arizona Community Foundation in August. We have letters of support from several other agencies including Native Americans for Community Action, Nation's Finest, the Episcopal Church of the Epiphany, Flagstaff Family Food Center, and Assistance League of Flagstaff. Co-founders White and Marks are also involved with the Indigenous Circle of Flagstaff. Board member Pam Jensen works for Phoenix Indian Center, Board member Joelle LeMer is the Director of the Center for Science, Teaching and Learning at NAU, Board member Tyler Cooper is a graduate student of Physical Therapy at NAU. We are also hosting 4 NAU students doing their capstone project in Public Health this semester.

**EXHIBIT C**

**PROJECT BUDGET**

| | |
|---|---|
| **Project Budget** | **$224,200** |
| **City of Flagstaff** | **HSSF 2023** |
| | |
| **Project Description:** | Outreach & Shower Bus |
| **Implementing Agency:** | Community Assistance Teams of Flagsaff |
| **CoF Project Number:** | |
| **Persons Served:** | 500 individuals/3600 service encounters |
| **Date Submitted:** | 10/10/2023 |

| Item/Activity | Item/Activity Desription | Source 1 | Source 2 | Leverage | Donations | Project |
|---|---|---|---|---|---|---|
| | | City of Flagstaff | Federal/State/ Local Funding | Agency | In-kind & Funds | TOTALS |
| **1** | **Program or Project Related Expenses** | | | | | |
| A | Homeless Navigators Payroll | $43,000 | | $8,000 | | **$51,000** |
| B | Driver | $18,300 | | | | **$18,300** |
| C | Program Supplies/Bus Operating Costs | $1,500 | | | $4,000 | **$5,500** |
| D | Direct Client Assistance | | $2,000 | | $8,000 | **$10,000** |
| E | Fuel | $2,500 | | | | **$2,500** |
| F | Vehicle Maintenance | $2,500 | | | $5,000 | **$7,500** |
| G | 1 intern | | | $9,800 | | **$9,800** |
| H | Program/executive director-volunteer | | | $63,000 | | |
| **2** | **Administration** | | | | | |
| A | Salaries* | $17,000 | $8,000 | | | **$25,000** |
| C | Agency Indirect | $5,000 | | | | **$5,000** |
| | | | | | | |
| **3** | **Facility Value** | | | | | |
| A | Facilities | $10,000 | $4,500 | $10,000 | | **$24,500** |
| B | Operating | | $2,100 | | | **$2,100** |
| **Totals** | | $99,800 | $16,600 | $90,800 | $17,000 | **$224,200** |

**CITY OF FLAGSTAFF**
211 W Aspen Ave | Flagstaff, AZ 86001
(928) 213-2749 | Kristine.Pavlik@FlagstaffAZ.gov

## PROJECT SCHEDULE OF COMPLETION

| | | |
|---|---|---|
| **Subrecipient Name** | | |
| **Contact Person** | **Phone #** | **E-mail** |
| **Project Title** | **Project #** | **Grant #** |
| **Summary of Project (e.g., goals, approaches, timetables)** | | |

| **Activities Timeline** | **Month 1** | **Month 2** | **Month 3** | **Month 4** | **Month 5** | **Month 6** | **Month 7** | **Month 8** | **Month 9** | **Month 10** | **Month 11** | **Month 12** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1.** | | | | | | | | | | | | |
| **2.** | | | | | | | | | | | | |
| **3.** | | | | | | | | | | | | |
| **4.** | | | | | | | | | | | | |
| **5.** | | | | | | | | | | | | |
| **6.** | | | | | | | | | | | | |
| **7.** | | | | | | | | | | | | |
| **8.** | | | | | | | | | | | | |
| **9.** | | | | | | | | | | | | |
| **10.** | | | | | | | | | | | | |



EQUAL HOUSING OPPORTUNITY

CITY OF
FLAGSTAFF

**FOR CITY STAFF / RANKING COMMITTEE USE ONLY**

## Attachment E – Ranking Form and Evaluation Criteria

City staff and the Ranking Committee will use this form to evaluate proposals. Consideration is given to past performance of the submitting applicant.

**Applicant (Organization's Legal Name):**

Flagstaff Shelter Services

**Program Name:**

Emergency Shelter Program

**Funding Request:** *$550,000.00* **Total Program Cost:** *$4,660,000.00*

**Does the application meet the threshold criteria for review? YES/NO**

**Average Score:** **Average of all evaluator scores based on Total Points – 79**

**Points Possible: 90**

**Comments:**

2400 unduplicated individuals / 104938 bed nights/287 beds per night for 1 year

Emergency Shelter and Transitional Housing Operations – 3 sites

+ Offers the most bed nights of all applicants
+ Experience with federal and state grants
+ Thoroughly audited

- Exponential growth in liabilities/ accounts payable can be hard to manage
- Some confusion about how bed nights vs. unduplicated client count is calculated
- How will this level of funding be maintained long term?
- Programs cost (19 million) vs. Annual operating costs (4 million) made budget confusing
- Lantern construction delays are possible – concern about rate of spend down

## Applicant Information (19/20 points)

1. Does the applicant provide an overview of the entity and provide evidence demonstrating a history of and experience carrying out similar programs?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

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2. How well does the answer explain how the entity collects data and measures outcomes?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

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3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? Is evidence included?

   (No) 0 5 (Yes)

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## Proposed Program (34/40 points)

1. How well does the answer provide a detailed description of the program? Does the description include program specifics as well as highlight how the program might serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

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2. How well does the answer justify the local need for the proposed program? Does the answer provide a clear description of the proposed beneficiaries and performance metrics?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

3. Does Attachment C (Schedule of Completion) include a narrative summary describing the expenditure of funds and the predicted progress of the proposed schedule?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

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4. Does Attachment D (Budget) include a comprehensive budget for this proposed Program? Is a narrative summary describing exactly what Local Recovery Funds will pay for included?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

**Fiscal Management and Applicant Capacity (18/20 points)**

1. Does the applicant demonstrate a history and realistic capacity for administering these funds and undertaking this Program?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. Has the applicant received City of Flagstaff funding in the past? Is the Applicant in good standing to receive federal and/or another City of Flagstaff funding?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under)

---

**General Criteria (8/10 points)**

1. How realistic is the schedule of completion? Was the correct format used in creating the schedule? How realistic is the program budget and is the program cost effective? Was the correct format used?

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

---

2. Has the applicant exhibited competence in preparing the application? Are the applicant's answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

CITY OF FLAGSTAFF

## Attachment A – Applicant Information

**Applicant (Organization's Legal Name):**

Flagstaff Shelter Services

**Executive Director/CEO/Etc. Name, Phone and Email:**

Ross Schaefer, 928-225-2533 x303, ross@flagshelter.org

**Program Manager Name, Phone and Email:**

Holly Creager, 928.225.2533, ext. 308, holly@flagshelter.org

**Mailing Address:**

PO Box 1808

Flagstaff, AZ 86002

**Physical Address:**

4185 E. Huntington Drive

Flagstaff, AZ 86004

**Is the applicant a 501 (c) 3 non-profit organization, for-profit entity, developer, business, government entity or other (please explain)?**

501 (c) 3 non-profit organization

**Federal EIN/TIN #:** 20-4921369

**Unique Entity ID:** QFJTWE947KS6

**Registered in the Federal System for Award Management (SAM)?** YES

**Participating member of the Coconino County Continuum of Care?** YES

**Funding Request:** *$550,000*

**Total Program Cost:** *$19,912,041*

**Program Name:**

Flagstaff Shelter Services' Emergency Shelter Program

EQUAL HOUSING OPPORTUNITY

CITY OF
FLAGSTAFF

**Brief Description of Program (2-3 sentences):**

Flagstaff Shelter Services is respectfully requesting funding to support our growing Emergency Shelter program, which is comprised of a 163 congregate shelter beds and 161 units of non-congregate shelter spread across three sites in Flagstaff. Open 24/7/365, our emergency shelter is intentionally low-barrier, serving diverse unsheltered individuals and families regardless of faith, mental health, criminal record, sobriety, or COVID-19 status. In addition to providing safe shelter to anyone in need, this program offers the supportive services that improve heath and housing outcomes.

**If the program already exists, explain how funding creates an increase in services?**

Funds will support the opening of 103 new units of non-congregate shelter for unsheltered community residents. This means every night 103 people who would otherwise be unsheltered or in a congregate setting will have safe shelter and wrap-around support services that promote long-term housing security.

**Beneficiary Description:**

The program will serve diverse, low-income individuals and families experiencing homelessness.

**Proposed Outcomes:**

This unique Emergency Shelter Program anticipates providing 104,938 bed nights to an estimated 2,400 people across three shelter sites from July 1, 2023 – June 30, 2024.

**AUTHORIZED SIGNATURE OF APPLICANT:**

The signatory declares that he/she is an authorized official of the applicant organization, is authorized to make this application, is authorized to commit the organization in financial matters, and will assure that any funds received as a result of this application are used for the purposes set forth herein and the organization will comply with all contractual obligations.

| Ross Schaefer, Executive Director | Flagstaff Shelter Services |
|---|---|
| **Name and Title** | **Organization** |
| Ross Schaefer | October 8, 2023 |
| **Signature** | **Date** |

**Please attach:**

**Authorization to Request Funds/Authorized Signature Authority**

Documentation of formal authorization from applicant to request Local Recovery Funds and documentation of authorized signature authority (e.g., bylaws, official resolution, or a copy of the minutes of the meeting in which an action was taken).

**Flagstaff Shelter Services**
**September Board Meeting Minutes**
**Date: September 18, 2023**

**Board Members in Attendance**: Jacki Lenners, Jessica Drum, Julie Roddy, Ted MacMahon, Lauren Lauder, Sarah Erlinder, Aaron Secakuku, Joanna Carr, David Hayward, Khara House, Cat Williams, Moses Milazzo, Mike Thomas

**Staff in Attendance**: Ross Schaefer

Board Meeting Convened at 3:31 p.m.

**Meeting Summary Report**

**Monthly Business**

*Minutes*

- Lauren made a motion to accept the August Minutes, seconded by Julie. The Board approved the August Meeting Minutes.

*Financials*

- This was the first month using the new spreadsheet and Ross believes that some of the larger numbers are not reflected, which means they are potentially incomplete. Expenses are accurate, but income may not be. It was suggested that the Board table voting on the Financials until next month with accurate information. The Board discussed and agreed to vote on August and September Financials in the October meeting.
- AMENDED on October 8, 2023, via email to include Board approval via email: FSS Board of Directors gives permission to Ross Schaefer to apply to the City of Flagstaff for Local Recovery Funds to serve many of the unsheltered neighbors in our community.

**Programs Update**

*Crown Railroad Café*

- The owners of the Crown Railroad Cafe put a note on the door (without prior notice to FSS) that the restaurant was permanently closed.
- Ross spoke with the owner and notified her they would be abandoning the lease.
- FSS had the locks changed on the property due to multiple employees having access.
- Attorneys gave legal advice on how to handle the process related to access to the premises and furnishings/fixtures within the premises.
- A 60-day process has started where the tenant has the opportunity to cure the defaults, after which time we will proceed to public auction.
- The tenant has two lienholders related to the furnishings and fixtures who have priority over FSS.
- Ross will put together a small group to discuss the future of this building.

*Staff Update*

- Hired HR Director – Zach Nelson.
- There are many job postings on the website, including a deputy director. Board members are asked to share these opportunities with their networks.
- Bebe Ortega has moved from the Crown to Huntington as the shelter manager.
- Natalia Pina is the new Crown manager.
- One of the FSS coordinators passed away last night. Staff are working on supporting his family and a memorial.

*Lantern Update*

- Asbestos abatement is complete and painting is in final stages.
- Replacing railings is the last big thing that needs to happen. FSS has applied for funding and hopes to hear soon. When funding is available, things can move quickly.
- Replacing the interior of the elevator to make it feel safer.

- FSS is working to get the Lantern staffed.

*Crown Capital Update*

- Initial projects include:
    - The roof needs to be replaced across the entire building.
    - Working to increase the height of the exterior fence around the property for security and aesthetics purposes.
    - The pool will be filled to also help with safety and security.

*Huntington and Crown Services*

- The challenges with overdoses continue and FSS is working with staff and partners to increase education and resources.

**Updates – Committees and General**

*Committee Updates*

- JEDI: C4 Innovations is changing their name to Arc for Justice. They will be delivering their findings report in a virtual session. Ross will share the invitation with the Board. Creating a Race Equity committee to continue the work.
- Fund Development: Ted will reach out to Board members to continue acknowledgement of new donors. The committee is meeting next week to discuss a long-term fundraising plan.
- Events: Gearing up to put on a larger fundraiser this fall. Let Ross know if you are interested in joining the committee.

*FSS Policy Review Committee – Gift Policy*

- FSS has been approached about the possibility of someone leaving the shelter a house as a gift. There needs to be a policy that outlines how gifts of this nature are accepted and what is considered in the process.
- Jessica will convene a committee to discuss.

*City Council Update*

- FSS has been invited to give an update to Flagstaff City Council in October. Ross will update the Board when it is confirmed and invite members to attend.
- Moses suggested also presenting to FUSD Board.

*Board Retreat*

- Ross is working on details for a winter Board Retreat. She will communicate with the Board when she knows more.

The meeting adjourned at 4:13 p.m.

**October Board Meeting**
**October 23, 2023 at 3:30 p.m.**
**Location: Virtual**

## Attachment B – Program Narrative Questions

Each proposal must include responses to the questions below. Proposal information should be presented in narrative form but may include tables or graphics to convey pertinent information.

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### Applicant Information (20 points)

1. **(10 points)**
   Please provide a description of the applicant entity, including a brief history, mission statement, and an overview of programs and services provided. Explain why the applicant is qualified to provide the proposed services or undertake the proposed program.

Without Flagstaff Shelter Services, **2,400 additional community members would be unsheltered** each year.

But at Flagstaff Shelter Services, we firmly believe safe shelter and housing is a right, not a privilege. As such, we are the community safety net for our neighbors in crisis, welcoming those who have been turned away by other local service providers due to substance use, mental health challenges, previous stays, criminal record, or COVID-19 status. Since 2006, Flagstaff Shelter Services has filled a critical gap in services by providing shelter to vulnerable, unsheltered, diverse Flagstaff residents without preconditions or barriers. Our mission is to provide individuals and families experiencing homelessness with crisis stabilization (via low-barrier emergency shelter) and the tools needed to achieve housing stability; regardless of faith, mental health, or sobriety.

Flagstaff Shelter Services is well qualified to provide inclusive and accessible emergency shelter and supportive services to our unsheltered neighbors. Our agency has a long history of responding to identified community needs by successfully developing, implementing, and administering projects that directly address those needs. For the first eight years of its existence, Flagstaff Shelter Services operated a seasonal shelter designed to shield individuals from Flagstaff's extreme winter temperatures and inclement weather. Then in 2014, when the community identified the need for a year-round shelter, executive leadership and the Board of Directors made the commitment to keep Flagstaff Shelter Services' 86-bed emergency shelter open 365 nights a year.

Our services expanded again in 2015 when we identified a community need for services that promote long-term housing stability. To address this, Flagstaff Shelter Services began offering a range of supportive housing services aimed at quickly and successfully connecting individuals experiencing homelessness to safe, affordable, permanent housing. By providing these services, we have successfully shortened stays in homelessness, prevented returns to homelessness, and helped over 900 diverse individuals secure permanent housing (86% of whom remain stably housed one year later).

In January 2017, in collaboration with Catholic Charities, Flagstaff Shelter Services began Front Door, Coconino County's coordinated entry process. This collaborative project ensures individuals and families experiencing homelessness are referred to the most appropriate agency,

thus ending their experience in homelessness faster and more effectively. To this day, Flagstaff Shelter Services serves as one of Coconino County's two "front doors" to coordinated entry.

In 2019, Flagstaff Shelter Services expanded our congregate emergency shelter by adding on a second story to our existing building. This brought our nightly capacity up to 163, and the added space of this expansion allowed us to begin better addressing housing and health outcomes by partnering with physical and behavioral health providers to design and implement the innovative *Housing as Healthcare Program*. Implemented in late 2019, no one could have ever imagined how timely this program would be in light of the COVID-19 pandemic. The global public health crisis hit Flagstaff just four months later and further highlighted the connection between health and housing as individuals experiencing homelessness were found to be at increased risk of contracting and dying from the Coronavirus.

In response to COVID-19's rampant transmission within congregate shelter facilities nationwide, Flagstaff Shelter Services swiftly moved shelter guests into rented motel rooms in March 2020 to provide adequate opportunity for social distancing. Temporarily sheltering Flagstaff's most vulnerable residents in private motel rooms through this Center for Disease Control-recommended model of emergency shelter was costly, but it addressed the immediate needs of our community while also minimizing virus transmission rates. In recognition of our swift pandemic response and innovative *Housing as Healthcare Program*, Flagstaff Shelter Services was awarded the 2021 Housing Hero Award for an Innovative Housing Program by the Arizona Department of Housing.

Because of our ground-breaking work and the work of other agencies across the country to blaze a trail for using motels to provide safely shelter and house vulnerable populations, the federal government made a meaningful financial investment in the purchase and renovation of motel properties nationwide. As a result, Flagstaff Shelter Services has been able to acquire two former motels in Flagstaff to provide non-congregate shelter: an historic 58-unit property (*The Crown*) which has been open and operating at capacity since April 2022 and a 103-unit property (*The Lantern*) which will open in the next 90 days.

Now, with three and a half years of experience providing emergency shelter via private motel rooms, Flagstaff Shelter Services' Emergency Shelter Program is well prepared to grow once again. Our organizational success with past shelter program expansions, our strong community partnerships, and our experience successfully administering federal and state funds position us well to successfully administer this expanding program, which will soon span three sites (our original congregate shelter and the two non-congregate shelters).

2. **(5 points)**
   Describe how the entity collects and maintains data, measures activities versus outcomes and how data is used for program planning, evaluation, and improvement.

Flagstaff Shelter Services has nearly two decades of experience in meticulous record keeping. Careful records are kept regarding who stays at our shelter locations each night. We also use the web-based, nationally utilized Homeless Management Information System (HMIS), and staff are well-versed in collecting, entering, and updating data at guests' point of program entry, at time of change, and at exit. Using HMIS, staff document clients' progress toward case plan objectives, exit destination, and referrals to mainstream services. Other data collected includes but is not

limited to income and sources, non-cash benefits, and health insurance. Data entered in HMIS is reviewed quarterly by our Director of Programs and Executive Director for efficiency, accuracy, and completeness. Based on data captured, we can easily determine how many unsheltered individuals and families are provided emergency shelter each year and how many successfully transition to permanent housing. Additionally, we have Memoranda of Understanding (MOUs) with Native Americans for Community Action, The Guidance Center, Southwest Behavioral & Health Services, and North Country HealthCare to track improvements in physical and behavioral health and connection to housing. We are also in the process of standing up an MOU with Flagstaff Medical Center's Emergency Department to track rates of emergency service usage among shelter guests (unsheltered and congregate shelter guests vs. non-congregate shelter guests). Data is reviewed by Flagstaff Shelter Services' management team on a bi-weekly basis and the Board of Directors on a monthly basis. Data is evaluated carefully to guide necessary program modifications and improvements.

3. **(5 points)**
   Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? To what extent does the applicant participate? An MOU with or letter from the CoC confirming entity participation is required.

Flagstaff Shelter Services is one of the two entry points for Flagstaff's coordinated entry program, Front Door, and we currently hold an executed Memorandum of Understanding (MOU) with Front Door. We are also an active member of the local Continuum of Care (CoC), now known as the Coconino Local Coalition to End Homelessness (See attached letter from the CoC). Our Executive Director, Ross Schaefer, also holds the following relevant positions:

- Co- Chair, Coconino County Local Coalition to End Homelessness (2018 – Present)
- Appointed Council Member, Governor's Interagency and Community Council on Homelessness and Housing (June 2023 – Present)
- Chair, Governor's Interagency and Community Council on Homelessness and Housing – Innovative and Best Practices Workgroup (June 2023 – Present)
- Elected Commissioner, City of Flagstaff Housing Commission (October 2019 – Present)
- Board Member, Southwest Fair Housing Council (August 2022 – Present)
- Member, Arizona Balance of State Social Justice and Race Equity Committee (December 2021 - Present)
- Board Member, Arizona Balance of State Continuum of Care Governance Board of Directors (2018 – Present)

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## Proposed Program (50 points)

1. **(15 points)**
   Describe how the proposed program will provide shelter and/or services to unsheltered persons who are experiencing homelessness.

   Highlight any shelter or service programs designed to serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The

Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities.

The description should also include program specifics such as the requested funding amount, program start date, program end date (if applicable), and anticipated number of persons served during the period of performance.

Flagstaff Shelter Services is respectfully requesting $550,000 in support of our growing Emergency Shelter program, which provides low-barrier shelter and supportive services to diverse, unsheltered individuals and families experiencing homelessness in Flagstaff. This is a long-standing program that has grown significantly over the past 18 months with the addition of non-congregate shelter units. Expanding upon its original 163-bed congregate shelter, Flagstaff Shelter Services purchased a blighted motel property (now called *The Crown*) in April 2022 to provide 58 units of non-congregate shelter for families. Now, the program is growing once again to keep up with the demand for shelter and services for unsheltered persons who are experiencing homelessness. This increased demand is a result of a number of factors such as COVID-19 and resulting inflation; the Freddy Brown, et al. v. City of Phoenix court decision to clear and clean The Zone; and the closure of sober living homes and residential facilities. To effectively respond, in the next 90 days, Flagstaff Shelter Services will open an additional 103 non-congregate shelter units at a second former motel location, purchased in April 2023 (called *The Lantern*). The opening of *The Lantern* means this unique Emergency Shelter program will soon operate three shelters (one congregate and two non-congregate) comprised of 163 congregate shelter beds and 161 non-congregate shelter units.

The program is expected to serve a total of 2,400 unsheltered individuals over the course of the performance period. Guests of all three shelter locations will have access to nutritious meals, warm showers, laundry facilities, coordinated medical and behavioral healthcare, clothing, shoes, hygiene supplies, day services, budgeting support, and evidence-based housing services. These services are intentionally designed to improve long-term health and housing outcomes. As a low-barrier organization, Flagstaff Shelter Services does not focus on time limits to shelter stays but rather on helping guest move to permanent, affordable housing as quickly as possible.

2. **(15 points)**
   Describe the proposed beneficiaries the program will serve. Include local statistics/data or other information to demonstrate the need for this program. Provide information regarding performance metrics- identify and list specific measures that will be reported to demonstrate the impact of this funding. Example: Number of individuals served, shelter nights provided, move in assistance, etc. evaluation, including how the program evaluates services and the impact on clients.

Homelessness is a significant challenge in Flagstaff. In the most recently published Point in Time count, 414 Coconino County residents were unsheltered (39) or in emergency shelter (375) on a single night. This has been exacerbated by the COVID-19 pandemic, inflation, the court decision

in Phoenix to clear and clean The Zone, and the closure of local sober living homes and residential facilities. Despite an array of services for households experiencing homelessness, the number of those in need still far outweighs the supply.

Flagstaff Shelter Services growing Emergency Shelter program will address this need. The program serves any individual, couple, or family experiencing a housing crisis, regardless of their faith, mental health status, sobriety, criminal record, or COVID-19 status. At Flagstaff Shelter Services, we firmly believe safe shelter and housing is a right, not a privilege. As such, this program serves as the community safety net for our neighbors in need, welcoming those who have been turned away by other local service providers.

Flagstaff Shelter Services is requesting funding to support the growth of this longstanding Emergency Shelter program to further address glaring community needs. *The Lantern's* 103 units of non-congregate shelter will be Flagstaff's only non-congregate emergency shelter for individuals. More of this type of safe shelter space is needed to successfully operate under the Centers for Disease Control and Prevention-recommended model of emergency shelter. Additionally, opening *The Lantern* will enable our other non-congregate shelter, *The Crown,* to serve strictly families, thereby addressing the community need for family shelter space. Prior to *The Crown* opening in April 2022, there were only three emergency/transitional shelter units in Flagstaff for families that included a father or second head-of household (two-parent households and single fathers with minor children). For two-parent households, the lack of adequate family space meant fathers (and sometimes boys over the age of 12) were often separated and sent to one shelter while a mother and children were sent to another. Not only is this a traumatizing solution for a family experiencing homelessness, but it is an extremely costly intervention for multiple agencies to be serving one family. By providing non-congregate family shelter at *The Crown*, however, Flagstaff Shelter Services' Emergency Shelter Program keeps parents and children in crisis safely together.

This program represents a more impactful, cost-effective, and sustainable model than providing hotel vouchers to unsheltered community members, particularly as it offers households onsite, wrap-around, supportive services. This has profoundly positive impacts on guests' housing *and* health outcomes. This is evidenced by improved housing stability, increased adherence to medical and behavioral health treatment plans, and reduced usage of community crisis services. As a result, unnecessary strain on emergency medical services, law enforcement, and the criminal justice system is alleviated.

Over the course of the performance period (July 1, 2023 – June 30, 2024), this unique program is expected to provide 104,938 bed nights to an estimated 2,400 unduplicated, low-income neighbors experiencing a housing crisis. All shelter guests are extremely low-income and are served without preconditions or barriers. The community served by this program is about 56% Indigenous, 28% White, 7% Hispanic/Latino, 5% multiracial and 4% Black. Over half struggle with chronic mental or physical health issues, and about 10% are veterans.

3. **(10 points)**
   Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024. This narrative should align with the timeline provided in Attachment C.

While Flagstaff Shelter Services' non-congregate shelter at *The Crown* and our congregate shelter are already operational, our Emergency Shelter program will grow in the next 90 days with the opening of our second non-congregate shelter site, *The Lantern*. Upon notice of grant award, Flagstaff Shelter Services will begin spending down awarded funds on program staff salaries and wages as well as shelter operations expenses across the three shelter properties. Funds will be spent down monthly, and the grant will be fully expended by June 30, 2024, with close-out and monitoring taking place by July 31, 2024. See attached Schedule of Completion.

4. **(10 points)**
   Provide budget details including a line-item budget for the program that includes the following categories as applicable: personnel, fringe benefits, administration, supplies, equipment, nightly stays, and other. This narrative should align with the budget provided in Attachment D.

This Emergency Shelter program is budgeted at $19,912,0421 for fiscal year 2023-2024. **The majority of this ($16,122,646) is the value of the three facilities that serve as shelter sites.**

Program expenses total $3,450,150, with the vast majority of this ($2,958,950) being personnel costs associated with staffing the three locations (salaries/wages + fringe benefits). Each site has a full-time Shelter Manager and is staffed by qualified Shelter Coordinators around the clock every day of the year. Well-staffed shelter sites are key to programmatic success and ultimately public health, which is why we are requesting significant support for this line item. Also included in personnel is the salaries of three full-time Housing Case Managers who work alongside shelter guests on budgeting, connecting to other eligible resources/benefits, and identifying and securing permanent housing. The majority of funds awarded through this grant opportunity will support crucial program staff salaries and wages.

Other program expenses include the following:

- Three meals are provided daily to all shelter guests through in-kind support from Flagstaff Family Food Center (valued at $150,000), and an additional $4,800 is budgeted for kitchen supplies and other food needs that arise.
- Shelter operation expenses across the three sites are budgeted at $294,100 and will be partially supported by funds awarded by the City of Flagstaff. These expenses include utilities, insurance, phone, internet, property maintenance, and repairs.
- Client transportation expenses ($8,700) includes mileage, auto expenses and bus passes to ensure shelter guests can get to/from health- and housing-related appointments.
- Client hygiene items and supplies are budgeted at $12,600 and will ensure all shelter guests have their most basic needs met.
- Office supplies across all three shelter sites are expected to cost $9,000.
- Shelter supplies for the three locations are budgeted at $12,000 and include things like trash bags, cleaning products, paper products, etc.

Lastly, 10% of program expenses ($339,245) has been budged for program administrative support, which covers things like human resources, the annual audit, accounting expenses, and website/IT services.

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## Fiscal Management and Applicant Capacity (20 points)

1. **(10 points)**
   What is the applicant's current annual operating budget? Does the applicant undergo an annual audit? Please attach the applicant's audit and financial statement from the most recent fiscal year.

Flagstaff Shelter Services' 2023-2024 operating is $4,660,000. We undergo an annual single audit by an independent certified public accounting firm. Please see attached our most recent (FY21) single audit attached. We are currently finishing up our FY222 single audit and will gladly share this with the City of Flagstaff once it's complete. We also undergo annual monitoring with every major funding, such as the Arizona Departments of Economic Security and Housing and the City of Flagstaff.

2. **(10 points)**
   Briefly describe the applicant's history and realistic capacity for administering these funds. Has the applicant received City of Flagstaff funding in the past?

Flagstaff Shelter Services has extensive experience administering various government funding, dating back to 2014. Our success in complying with all funding regulations demonstrates our organizational capacity to administer the requested funds. We have successfully administered the following federal, state, and county funding without issue:

- 2022-2023 – Over $15 million of federal ARPA funds from the Arizona Department of Housing for the purchase of two former motel properties to better care for our vulnerable neighbors.
- 2021 - $400,000 in emergency funds from the Arizona Governor's office and $50,000 from Coconino County to support our COVID-mitigation work.
- 2020 - $534,116.59 from the Arizona Department of Emergency & Military Affairs in support of non-congregate, emergency shelter operations.
- 2014-2022: $1,068,000 of Arizona Department of Housing Trust Fund monies.
- 2016-2023: $3,705,070 from the Arizona Department of Economic Security

Additionally, Flagstaff Shelter Services has successfully administered the following City of Flagstaff/CDBG/CARES Act grants, spending all funds without issue and complying with all statutes:

- 2023 - $130,779.50 awarded (but not yet received/expended) for renovations of *The Lantern*, our second non-congregate shelter site
- 2022 - $242,000 awarded (but not yet received/expended) for renovations of *The Crown*, our first non-congregate shelter site
- 2022 - $135,592.57 awarded (not yet fully expended) for non-congregate shelter operations

- 2021 - $562,248 fully expended for Front Door Coordinated Entry & motel sheltering for COVID-19 prevention
- 2020 - $100,000 fully expended on COVID-response operations
- 2019 - $60,000 fully expended on workforce development services for individuals experiencing homelessness
- 2018 - $332,768 fully expended on emergency shelter renovation (facility expansion)
- 2018* - $60,000 fully expended to hire a new staff member, the Director of Shelter and Housing Services, to guide program expansion
- 2017 - $57,794 fully expended to support Front Door Coordinated Entry
- 2016 - $89,800 fully expended on overflow shelter services and a laundry facility project
- 2015 - $50,000 fully expended in support of housing services
- 2014 - $38,911 fully expended for the provision of emergency shelter for vulnerable women

*While we have never had to return awarded funds at any point, we did receive a contract extension for less than $5,000 of the 2018 CDBG funds awarded due to staffing and hiring challenges.

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## General Criteria (10 points)

These questions are included for your information. Do not include answers to these questions in your submitted application.

1. **(5 points)**
   How realistic is the 12-month Schedule of Completion? How realistic is the program budget and is the program cost effective? Was the correct format used?

2. **(5 points)**
   Has the applicant exhibited competence in preparing the application? Are the applicants answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

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## Unscored Questions

1. What is the minimum amount of funding needed for the program to proceed?

While Flagstaff Shelter Services would be grateful for any support offered through this funding opportunity, growing this proven Emergency Shelter program will require significant, new resources. Therefore, we are respectfully requesting $550,000 to proceed with this programmatic growth, mainly by supporting well-qualified, around the clock staffing.

At Flagstaff Shelter Services, we are seeing increased severity of the devastating effects of homelessness as a result of the following:

- Increases in substance use, the need for Narcan administration, and overdose deaths, namely as a result of fentanyl laced with xylazine

- Human trafficking
- Violence
- Gaps in communication and collaboration with local emergency response systems
- Reduction in affordable housing inventory as a result of the COVID pandemic
- Climate-related increase in demand for service (wildfires, floods, subzero temperatures)
- Racial disparities

While each of these on its own results in dire consequences, all of these factors working together result in an extremely volatile situation that requires well-trained, trauma-informed staff and programs.

**2.** Is there any other information you would like the Ranking Committee to know about your program or organization that is not already covered?

Flagstaff Shelter Services centers its work in equity, and as such, our Board of Directors and staff (including executive team) are representative of the community we serve. Over half bring valuable lived experience as formerly homeless, veterans, justice-involved, and survivors of domestic violence. Their experiences and perspectives are instrumental in guiding the growth of this Emergency Shelter program and agency culture in general.

**EXHIBIT C**
**PROJECT BUDGET**

| | |
|---|---|
| **Project Budget** | |
| **City of Flagstaff** | **Homeless Shelter and Services** |
| | July 1, 2023 - June 30, 2024 |
| **Project Description:** | Congregate & Non-congregate Emergency Shelter |
| **Implementing Agency:** | Flagstaff Shelter Services |
| **CoF Project Number:** | N/A |
| **Persons Served:** | 2,400 |
| **Date Submitted:** | 10/9/2023 |

| Item/Activity Identifier | Item/Activity Desription | City of Flagstaff Housing Section | Federal/State/ Local Funding | United Way, Foundation & Corporate Funding | Agency Financing | In-Kind Donations | TOTALS |
|---|---|---|---|---|---|---|---|
| **1** | **Program Related Expenses** | | | | | | |
| A | Personnel: Program Staff Salaries/Wages | $ 504,286 | $ 602,923 | $ 1,270,000 | $ 452,799 | | **$ 2,830,008** |
| B | Fringe Benefits | | $ 7,491 | $ 35,000 | $ 86,451 | | **$ 128,942** |
| C | Kitchen Supplies & Food for Shelter Guests | | | $ 4,800 | | $ 150,000 | **$ 154,800** |
| D | Shelter Operation Expenses | $ 45,714 | $ 190,686 | $ 57,700 | | | **$ 294,100** |
| E | Client Transportation | | | $ 8,700 | | | **$ 8,700** |
| F | Client Hygiene Items & Supplies | | | $ 12,600 | | | **$ 12,600** |
| G | Office Supplies | | | $ 9,000 | | | **$ 9,000** |
| H | Shelter Supplies | | | $ 12,000 | | | **$ 12,000** |
| **2** | **Administration** | | | | | | |
| A | Federal de Minimus (10% of Program Related | | $ 17,375 | | $ 321,870 | | **$ 339,245** |
| **3** | **Facility Value** | | | | | | |
| A | Huntington: Congregate Shelter | | | | $ 982,646 | | **$ 982,646** |
| B | The Crown: Non-Congregate Shelter | | | | $ 6,190,000 | | **$ 6,190,000** |
| C | The Lantern: Non-Congregate Shelter | | | | $ 8,950,000 | | **$ 8,950,000** |
| **Totals** | | $550,000 | $818,475 | $1,409,800 | $16,983,766 | $150,000 | **$19,912,041** |

Narrative: See attachment B

**EXHIBIT E**

**SCHEDULE OF COMPLETION**

| Project Schedule of Completion | |
|---|---|
| **City of Flagstaff** | **Homeless Shelter and Services** |
| | July 1, 2023 - June 30, 2024 |
| **Project Description:** | Congregate & Non-Congregate Emergency Shelter |
| **Implementing Agency:** | Flagstaff Shelter Services |
| **CoF Project Number:** | N/A |
| **Persons Served:** | 2,400 |
| **Date Submitted:** | 10/9/2023 |

| **Action Items:** | **Item Description** | **Program Year: 2023/2024 1st Month Begins with the Notice to Proceed** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th | 9th |
| 1 | Program Site 3 (The Lantern) Opes | | | | | | | | | |
| 2 | Shelter Operations Expeneses Paid | | | | | | | | | |
| 3 | Shelter Staff Salaries & Wages Paid | | | | | | | | | |
| 4 | Close Out & Monitoring | | | | | | | | | |

Narrative: Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024.

While Flagstaff Shelter Services' non-congregate shelter at *The Crown* and our congregate shelter are already operational, our Emergency Shelter program will grow in the next 90 days with the opening of our second non-congregate shelter site, *The Lantern*. Upon grant award, Flagstaff Shelter Services will begin spending down awarded funds on program staff salaries and wages and shelter operations expenses across the three shelter properties. Funds will be spent down monthly, and the grant will be fully expended by June 30, 2024, with close-out and monitoring taking place by July 31, 2024.

Kristine Pavlik
Housing and Grants Administrator
City of Flagstaff Housing Section
3481 N Fanning Drive
Flagstaff, Arizona 86004

February 21, 2023

Dear Ms. Pavlik,

Flagstaff Shelter Services (FSS) is an active member of the Coconino County Continuum of Care to End Homelessness (CoC), working in partnership with other services providers to develop and implement strategies to prevent and end homelessness in Northern Arizona. FSS participates in bi-monthly local CoC meetings, has representation on steering committees, attends bi-monthly Executive Committee meetings to participate in strategic planning and Arizona Department of Housing reporting, participates as a Flagstaff Front Door intake site, Executive Director, Ross Schaefer, is a CoC Co-Chair and a Coconino County representative for the Arizona Balance of State Continuum of Care (AZBOSCOC). The Mission of the CoC is to be a united coalition of community systems, to assist community members who experience homelessness and/or near homelessness to obtain housing, achieve economic stability, and enjoy enhanced quality of life through the delivery of coordinated and comprehensive services.

Sincerely,

Heather Marcy
Co-Chair - Coconino County Continuum of Care to End Homelessness
Deputy Director, Northland Family Help Center
928-233-4306
hmarcy@northlandfamily.org

# Flagstaff Shelter Services, Inc.

Financial Statements

For The Year Ended June 30, 2021

Together With Independent Auditor's Report

BRADLEY C. SCOTT, CPA, PLLC

# Flagstaff Shelter Services, Inc.

June 30, 2021

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# BRADLEY C. SCOTT, CPA, PLLC

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Bradley C. Scott, MBA, CPA

Member:
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Arizona Society of Certified Public Accounts


## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Flagstaff Shelter Services, Inc.
Flagstaff, Arizona

**Report on the Financial Statements**

I have audited the accompanying financial statements of Flagstaff Shelter Services, Inc (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement on the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Flagstaff Shelter Services, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

I have previously audited the Flagstaff Shelter Services, Inc.'s June 30, 2020 financial statements, and I expressed an unmodified audit opinion on those financial statements in my report dated February 4, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the financial statements from which it has been derived.

**Other Matters**

*Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report August 8, 2022 on my consideration of Flagstaff Shelter Services, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Flagstaff Shelter Services, Inc.'s internal control over financial reporting and compliance.

Flagstaff, Arizona
August 8, 2022

Heinfeld, Gaff, PLLC

## Flagstaff Shelter Services, Inc.

Statement of Financial Position
June 30, 2021
With Comparative Totals At June 30, 2020

### Assets

| | Without Donor Restrictions | With Donor Restrictions | Total 6/30/2021 | Total 6/30/2020 |
|---|---|---|---|---|
| Current Assets: | | | | |
| Cash & Cash Equivalents (Note 2) | $ 21,065 | | $ 21,065 | $ 6,638 |
| Deposits (Note 9) | 2,351 | | 2,351 | 2,351 |
| Prepaid Expenses | 383 | | 383 | 567 |
| Total Current Assets | 23,799 | 0 | 23,799 | 9,556 |
| Property And Equipment: (Notes 1, 3,4) | | | | |
| Land | 215,000 | | 215,000 | 215,000 |
| Building | 645,000 | | 645,000 | 645,000 |
| Furniture and Equipment | 44,187 | | 44,187 | 42,582 |
| Building Renovation & Improvements | 1,175,250 | | 1,175,250 | 1,175,250 |
| | 2,079,437 | 0 | 2,079,437 | 2,077,832 |
| Less Accumulated Depreciation | (406,379) | 0 | (406,379) | (334,800) |
| Net Property And Equipment | 1,673,058 | 0 | 1,673,058 | 1,743,032 |
| Other Assets: | | | | |
| Refinance Costs | 6,546 | | 6,546 | 6,546 |
| Less Accumulated Amortization | (1,915) | 0 | (1,915) | (1,648) |
| Net Other Assets | 4,631 | 0 | 4,631 | 4,898 |
| **Total Assets** | $ 1,701,488 | $ 0 | $ 1,701,488 | $ 1,757,486 |

### Liabilities And Net Assets

| | | | | |
|---|---|---|---|---|
| Current Liabilities: | | | | |
| Accounts Payable | $ 569,903 | $ | $ 569,903 | $ 76,131 |
| Accrued Payroll | 31,605 | | 31,605 | 36,649 |
| Accrued Paid Leave | 15,415 | | 15,415 | 15,366 |
| Payroll Taxes Payable | 14,199 | | 14,199 | 19,193 |
| Interest Payable | 1,084 | | 1,084 | 7,829 |
| Accrued Expenses | 7,750 | | 7,750 | 7,750 |
| Short Term Liabilities | 150,000 | | 150,000 | 134,600 |
| Current Portion of Long Term Debt | 13,233 | | 13,233 | 12,181 |
| Total Current Liabilities | 803,189 | 0 | 803,189 | 309,699 |
| Long Term Liabilities: | | | | |
| Mortgage Payable (Note 7) | 478,423 | | 478,423 | 490,575 |
| Less Current Portion | (13,233) | | (13,233) | (12,181) |
| Net Long Term Liabilities | 465,190 | 0 | 465,190 | 478,394 |
| Total Liabilities | 1,268,379 | 0 | 1,268,379 | 788,093 |
| Net Assets | 433,109 | 0 | 433,109 | 969,393 |
| **Total Liabilities And Net Assets** | $ 1,701,488 | $ 0 | $ 1,701,488 | $ 1,757,486 |

See accompanying notes to financial statements and auditor's report.

## Flagstaff Shelter Services, Inc.

Statement of Activities And Changes In Net Assets
Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

| Changes in Net Assets: | Without Donor Restrictions | With Donor Restrictions | Total 6/30/2021 | Total 6/30/2020 |
|---|---|---|---|---|
| Support And Revenues: | | | | |
| Contributions | $ 693,859 | $ | $ 693,859 | $ 1,666,410 |
| Grants | 3,919,210 | | 3,919,210 | 838,830 |
| In-Kind Donations (Notes 1, 4) | 491,350 | | 491,350 | 554,084 |
| Special Event Income | 10,026 | | 10,026 | 11,704 |
| Other Revenue | 0 | | 0 | 1,295 |
| Total Support And Revenues | 5,114,445 | 0 | 5,114,445 | 3,072,323 |
| Net Assets Released From Restrictions: | | | | |
| Satisfaction of Contribution Restrictions | | | 0 | 0 |
| Total Support, Revenue, And Assets Released | 5,114,445 | 0 | 5,114,445 | 3,072,323 |
| Operating Expenses: | | | | |
| Program Services | 5,464,052 | | 5,464,052 | 2,537,840 |
| Support Services | 166,593 | | 166,593 | 113,579 |
| Total Operating Expenses | 5,630,645 | 0 | 5,630,645 | 2,651,419 |
| Change in Net Assets From Operations | (516,200) | 0 | (516,200) | 420,904 |
| Other Changes: | | | | |
| Interest Revenue | 16 | | 16 | 216 |
| Interest Expense | (20,100) | | (20,100) | (27,698) |
| Net Other Income/(Expenses) From Other Changes | (20,084) | 0 | (20,084) | (27,482) |
| **Increase (Decrease) in Net Assets** | (536,284) | 0 | (536,284) | 393,422 |
| Net Assets at Beginning of Year | 969,393 | | 969,393 | 575,971 |
| **Net Assets at End of Year** | $ 433,109 | $ 0 | $ 433,109 | $ 969,393 |

See accompanying notes to financial statements and auditor's report.

## Flagstaff Shelter Services, LLC

Statement of Functional Expenses
Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

| | Program Services | Support Services | Total 6/30/2021 | Total 6/30/2020 |
|---|---|---|---|---|
| Expenses: | | | | |
| Advertising and Promotion | $ | $ | $ 0 | $ 400 |
| Amortization Expense | 246 | 21 | 267 | 267 |
| Bank & Merchant Fees | 3,394 | | 3,394 | 3,958 |
| Cleaning Supplies | | | 0 | 181 |
| Client Services | 3,291,690 | | 3,291,690 | 828,432 |
| Computer Expense | 15,649 | | 15,649 | 34,697 |
| Depreciation Expense | 65,877 | 5,701 | 71,578 | 54,156 |
| Dues & Subscriptions | 4,281 | | 4,281 | 2,244 |
| Food and Food Supplies | 456,748 | | 456,748 | 458,458 |
| Fundraising and Special Event Expense | 5,682 | | 5,682 | 38,710 |
| Insurance | 43,197 | 3,738 | 46,935 | 13,725 |
| Meetings & Receptions | 2,187 | | 2,187 | 6,073 |
| Office Supplies | 10,206 | 884 | 11,090 | 5,468 |
| Payroll Taxes & Employee Related Expenses | 282,153 | 30,445 | 312,598 | 282,260 |
| Postage & Delivery | 1,240 | | 1,240 | 905 |
| Professional Fees | 87,648 | 7,585 | 95,233 | 85,705 |
| Program Supplies | 10,380 | | 10,380 | 17,367 |
| Rent Expense | 2,829 | | 2,829 | 62,600 |
| Repairs & Maintenance | 5,660 | | 5,660 | 7,702 |
| Salaries & Wages | 1,142,171 | 115,605 | 1,257,776 | 695,255 |
| Taxes & Licenses | 278 | | 278 | 363 |
| Telephone & Internet Expense | 1,708 | 148 | 1,856 | 2,795 |
| Travel Expense | 574 | | 574 | 12,747 |
| Utilities | 28,494 | 2,466 | 30,960 | 17,361 |
| Vehicle Expense | 1,760 | | 1,760 | 10,460 |
| Workers' Compensation Insurance | | | 0 | 9,130 |
| **Total Expenses** | $ 5,464,052 | $ 166,593 | $ 5,630,645 | $ 2,651,419 |

See accompanying notes to financial statements and auditor's report.

# Flagstaff Shelter Services, Inc.

Statement of Cash Flows
Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

| | 2021 | 2020 |
|---|---|---|
| Cash Flows From Operating Activities: | | |
| Change in Net Assets | $ (536,284) | $ 393,422 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 71,578 | 54,156 |
| Amortization | 267 | 267 |
| (Increase) Decrease in current assets: | | |
| Prepaid Expenses | 184 | (109) |
| Employee Advances | 0 | 497 |
| Increase (Decrease) in current liabilities: | | |
| Accounts Payable | 493,772 | (17,986) |
| Accrued Payroll | (5,044) | 22,854 |
| Accrued Paid Leave | 49 | 3,267 |
| Payroll Taxes Payable | (4,994) | 16,237 |
| Interest Payable | (6,745) | 6,621 |
| Accrued Expenses | 0 | 500 |
| Short term liabilities | 15,400 | 134,600 |
| Total Adjustments | 564,467 | 220,904 |
| Net Cash Provided by (Used in) Operating Activities | 28,183 | 614,326 |
| Cash Flows From Investing Activities: | | |
| Cash From The Disposal of Property And Equipment | 0 | 0 |
| Purchases of Property And Equipment | (1,604) | (778,523) |
| Net Cash Provided by (Used in) Investing Activities | (1,604) | (778,523) |
| Cash Flows From Financing Activities: | | |
| Principle Payments on Long-Term Debt | (12,152) | (8,670) |
| Net Cash Provided by (Used in) Financing Activities | (12,152) | (8,670) |
| Net Increase (Decrease) in Cash | 14,427 | (172,867) |
| Cash at Beginning of Period | 6,638 | 179,505 |
| **Cash at End of Period (Note 1)** | $ 21,065 | $ 6,638 |
| Supplementary Disclosures of Cash Flow Information: | | |
| Cash Payments for Interest | $ 26,845 | $ 21,077 |
| Cash Payments for Income Tax | $ 0 | $ 0 |

See accompanying notes to financial statements and auditor's report.

# Flagstaff Shelter Services, Inc.

Notes to Financial Statements
Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

## NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Flagstaff Shelter Services, Inc. (the Organization) have been prepared on the accrual basis of accounting. The significant policies followed are described below to enhance the usefulness of the financial statements to the reader.

### Nature of the Organization

Flagstaff Shelter Services, Inc. was incorporated in the State of Arizona on May 1, 2006, In accordance with Section 501(c)(3) of the Internal Revenue Code. The Organization is located in Flagstaff, Arizona and is dedicated to providing emergency shelter to homeless men and women in Coconino County and the services needed to overcome the problems underlying homelessness. The Organization's mission is to provide homeless men and women shelter and services and to assist them in obtaining stable housing. The Organization is also dedicated to establishing a permanent shelter in a location that will allow the program to expand and provide the option for extended stays. Flagstaff Shelter Services offers five different programs for homeless men and women; Emergency Shelter, Temporary Shelter, Transitional Shelter, Day Drop-in Shelter, and Free Health Clinic services.

### Financial Statement Presentation

The financial statements of The Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require The Organization. to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions*: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of The Organization's management and the board of directors.

*Net assets with donor restrictions*: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

### Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges to Give

Contributions are recognized when the donor makes a written pledge to give to the Organization that is, in substance, unconditional. Restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. Unconditional pledges to give that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, discounted using low-risk interest rates applicable to the year in which the pledge was received. An allowance for uncollectible pledges is provided based on Management's evaluation of potential uncollectible pledges receivable at year-end. The balance of uncollectible accounts amounted to $0, for the years ending June 30, 2021 and 2020.

Discounted or Donated Goods and Services

The Organization records discounted or donated goods and services in accordance with the requirements of SFAS No. 116. The Organization values discounted or donated goods and services at their fair market values at the date of the discount or donation.

Discounted or Donated Goods and Services (continued)

The fair market value of some donated goods and services is not readily available at the date of donation and as a result have not been included in the financial statements. For the years ended June 30, 2021 and 2020 the Organization recorded the following in-kind contributions:

| | 2021 | 2020 |
|---|---|---|
| Services | $ 35,100 | $ 35,100 |
| Donated Use of Facilities | 0 | 62,000 |
| Food | 456,250 | 456,984 |
| Total | $ 491,350 | $ 554,084 |

The statements do not reflect the fair value of non-specialized contributed services provided by volunteers to the Organization, who provide significant services for program events and fundraising, because they did not meet the criteria for recognition under SFAS No. 116.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Managements' Review of Subsequent Events

In the preparation of the financial statements, management's review of subsequent events were evaluated through August 8, 2022 the date the financial statements were available to issue.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization qualifies and tax-exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201 of the Arizona Revised Statutes. Therefore, the Organization's financial statements contain no provision of liability for income taxes.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Organization had only bank accounts and petty cash to be considered as cash equivalents as of June 30, 2021 and 2020 respectively.

Property and Equipment

Purchases of property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the strait-line method over the estimated useful lives of the assets, which range from five to thirty years.

NOTE 2 – CASH

The total cash held by the Organization as of June 30, 2021:

| | 2021 | 2 020 |
|---|---|---|
| Cash in Bank - Unrestricted | $ 21,065 | $ 6,638 |
| Cash in Bank – Temporarily Restricted | 0 | 0 |
| Total | $ 21,065 | $ 6,638 |

# Flagstaff Shelter Services, Inc.

Notes To Financial Statements
Year Ended June 30, 2021
With Comparative Totals for the Year Ended June 30, 2020

## NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment as June 30, 2021 and 2020 consists of the following:

| | 2021 | 2020 |
|---|---|---|
| Land | $ 215,000 | $ 215,000 |
| Building | 645,000 | 645,000 |
| Furniture and Equipment | 44,187 | 42,582 |
| Building Expansion & Improvements | 1,175,250 | 1,175,250 |
| Total | 2,079,437 | 2,077,832 |
| Less accumulated depreciation | (406,379) | (334,800) |
| Property and equipment, net | $ 1,673,058 | $ 1,743,032 |

Depreciation expense was $78,578 and $54,156 for the years ended June 30, 2021 and 2020 respectively.

## NOTE 4 –DONOR RESTRICTION ON NET ASSETS

During the June 30, 2019 fiscal year, the Organization commenced construction on a new shelter addition and expansion. Specified contributions of $477,768 were received during the current fiscal year to fund the addition. In addition, $144,365 of unexpended contributions remained at the end of the June 30, 2019 fiscal year to expend on the expansion. During the fiscal year ended June 30, 2020, $592,133 of those contributions were expended on the addition. At June 30, 2021 there were no remaining donor restricted funds to expend.

## NOTE 5 – CONCENTRATION RISK

The Federal Deposit Insurance Corporation insures accounts up to $250,000 per institution for the years ended June 30, 2021 and 2020. As of June 30, 2021 and 2020, the Organization did not maintain cash balances in excess of this amount.

## NOTE 6 – RELATED PARTY TRANSACTIONS

Certain professional services are provided by members of the board and have been properly reflected in the financial statements in accordance with generally accepted accounting principles. In addition, significant pledges have been made by members of the board to the Organization.

## NOTE 7 – MORTGAGE PAYABLE

The Organization maintains a mortgage on their Huntington Drive Shelter property with a balance of $478,423 at June 30, 2021. The mortgage payable, which is collateralized by the Shelter property, carries an interest rate of 5.44% and requires monthly payments of $3,244 for a term of 25 year. The mortgage interest rate is reset every 5 years and has a call provision at the end of 10 years in May 2024.

NOTE 7 – MORTGAGE PAYABLE (Continued)

Future minimum cash payments required by the mortgage for the fiscal years ending June 30 are as follows:

| | |
|---|---|
| 2022 | $38,933 |
| 2023 | 38,933 |
| 2024 | 38,933 |
| 2025 | 38,933 |
| 2026 | 38,933 |
| Thereafter | 597,309 |
| Total | 791,974 |
| Less Mortgage Interest | (313,551) |
| Mortgage Payable – June 30, 2021 | $478,423 |

NOTE 8 – SHELTER EXPANSION

During the previous fiscal year, the Organization built a new shelter addition to their existing shelter facilities. The expansion was financed through contributions. The Organization expended a total of $890,758 on the expansion. The new addition was completed and placed into service in November 2020.

NOTE 9 – AVAILABILITY AND LIQUIDITY

The Organization has financial resources consisting of cash, and other assets of $21,065 as of June 30, 2021. All these financial resources are available to meet the Organization's cash needs for general expenditures for the upcoming fiscal year.

The Organization's goal is to generally maintain financial assets to meet 60 days of operating expenses which on the average, amount to approximately $940,000. The Organization has a policy to structure its financial resources to be available as its general expenditures, liabilities, and other obligations become due. As part of its liquidity plan, The Organization may invest excess resources and seek short term credit to better manage and meet its obligations.

# Flagstaff Shelter Services, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| Federal Grantor/Pass-through Grantor Program or Cluster Title | Federal CDFA Number | Pass-through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| Pass-through Programs from: | | | |
| U.S. Department of Housing and Urban Development: | | | |
| Pass-through programs from: | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | 792,248 |
| Emergency Solutions Grant Program | 14.231 | | 1,875,095 |
| Total Expenditures of Federal Awards | | | $ 2,667,343 |

Notes to the Schedule of Expenditures of Federal Awards

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity Flagstaff Shelter Services, Inc. under programs of the federal government for the year ended June 30, 2021 The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and audit Requirements. for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operatio of Flagstaff Shelter Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Flagstaff Shelter Services, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

NOTE C - INDIRCT COST RATE

Flagstaff Shelter Services, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying notes to the schedule of expenditures of federal awards

# Flagstaff Shelter Services, Inc.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

U.S. Department Housing and Urban Development

None – first year audit – Year Ended June 30, 2021.

# BRADLEY C. SCOTT, CPA, PLLC

Certified Public Accountant

804 North Beaver Street
Flagstaff, Arizona 86001
(928) 774-6164
Fax (928) 774-6379

Bradley C. Scott, MBA, CPA

Member:
American Institute of Certified Public Accountants
Arizona Society of Certified Public Accounts


## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Flagstaff Shelter Services, Inc.
Flagstaff, Arizona

I have audited, in accordance with the auditing standards general accepted in the United Stated of America and the standards applicable to financial audits contained in Government Auditing Standards issued by Comptroller General of the United Stated, the financial statements of Flagstaff Shelter Services, Inc. (a nonprofit organization), which comprise the statements of position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated August 8, 2022.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Flagstaff Shelter Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Flagstaff Shelter Services, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Flagstaff Shelter Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe that a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Flagstaff Shelter Services, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Flagstaff Shelter Services, Inc.'s Response to Findings**

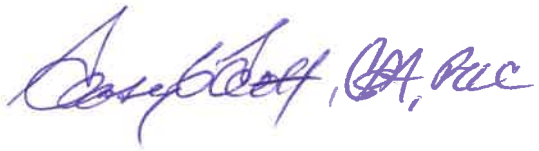
Flagstaff Shelter Services, Inc.'s response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Flagstaff Shelter Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to prove an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Flagstaff, Arizona

August 8, 2022



# BRADLEY C. SCOTT, CPA, PLLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Flagstaff Shelter Services, Inc.
Flagstaff, Arizona

### Report on Compliance for Each Major Federal Program

I have audited Flagstaff Shelter Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct material effect on each of Flagstaff Shelter Services, Inc.'s major federal programs for the year ended June 30, 2021. Flagstaff Shelter Services, Inc.'s major federal programs are identified in the summary of auditor's results sections of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to is federal programs.

### Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Flagstaff Shelter Services, Inc.'s major federal programs based on my audit of the types of compliance requirements to above. I conducted my audit of compliance in accordance with auditing standards general accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles,* and *Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Flagstaff Shelter Services, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Flagstaff Shelter Services, Inc.'s compliance.

**Unmodified Opinion on Compliance for Each of the Other Major Federal Programs**

In my opinion, Flagstaff Shelter Services, Inc. compiled, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Other Matters**

The results of my auditing procedures did not disclose other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance in the accompanying schedule of findings and questioned costs.

**Report on Internal Control Over Compliance**

Management of Flagstaff Shelter Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Flagstaff Shelter Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Flagstaff Shelter Services, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governess.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. I did not identify any deficiencies in ternal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

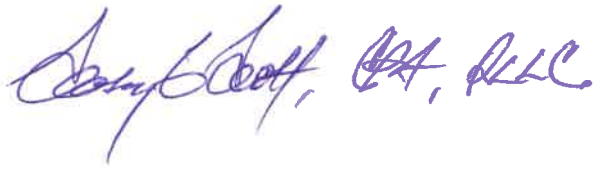
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a

deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-001 to be a significant deficiency.

The purpose of this report on the internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Flagstaff, Arizona

August 8, 2022



## Flagstaff Shelter Services, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

**Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Flagstaff Shelter Services, Inc.

2. No significant deficiencies were disclosed during the audit of the financial statements. No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of Flagstaff Shelter Services, Inc. were disclosed during the audit.

4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award programs for Flagstaff Shelter Services, Inc. expresses an unmodified opinion on all major programs.

6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516 (a) are reported in this Schedule.

7. The programs tested as major programs are: Community Development Block Grants/Entitlement Grants and Emergency Solutions Grant Program.

8. The threshold for distinguishing Types A and B programs was $750,000.

9. Flagstaff Shelter Services, Inc. was determined to be a high-risk auditee.

CITY OF
FLAGSTAFF

**FOR CITY STAFF / RANKING COMMITTEE USE ONLY**

## Attachment E – Ranking Form and Evaluation Criteria

City staff and the Ranking Committee will use this form to evaluate proposals. Consideration is given to past performance of the submitting applicant.

**Applicant (Organization's Legal Name):**

Homeless Youth Connection

**Program Name:**

Empowering Youth For the Future

**Funding Request:** *$50,000.00* **Total Program Cost:** *$2,231,672.00*

**Does the application meet the threshold criteria for review?** **YES/NO**

**Average Score:** **Average of all evaluator scores based on Total Points – 81**

**Points Possible: 90**

**Comments:**

50 unduplicated youth in 1 year

Case management and other services

+ Will be opening transitional housing in Flagstaff soon
+ Meets a very unique need – congregate shelter is not always appropriate for 18-21 year old
+ Experience with federal and state grants

- No CoC Letter confirming participation
- Schedule/Timeline is unclear
- Majority of the data and program information is statewide or Phoenix-specific
- Missing local data

CITY OF
FLAGSTAFF

**Applicant Information (15/20 points)**

1. Does the applicant provide an overview of the entity and provide evidence demonstrating a history of and experience carrying out similar programs?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. How well does the answer explain how the entity collects data and measures outcomes?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? Is evidence included?

   (No) 0 5 (Yes)

---

**Proposed Program (37/40 points)**

1. How well does the answer provide a detailed description of the program? Does the description include program specifics as well as highlight how the program might serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

   Comments (required for scores 5 and under):

---

2. How well does the answer justify the local need for the proposed program? Does the answer provide a clear description of the proposed beneficiaries and performance metrics?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

   Comments (required for scores 5 and under):

---

3. Does Attachment C (Schedule of Completion) include a narrative summary describing the expenditure of funds and the predicted progress of the proposed schedule?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

4. Does Attachment D (Budget) include a comprehensive budget for this proposed Program? Is a narrative summary describing exactly what Local Recovery Funds will pay for included?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

**Fiscal Management and Applicant Capacity (19/20 points)**

1. Does the applicant demonstrate a history and realistic capacity for administering these funds and undertaking this Program?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. Has the applicant received City of Flagstaff funding in the past? Is the Applicant in good standing to receive federal and/or another City of Flagstaff funding?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under)

---

**General Criteria (10/10 points)**

1. How realistic is the schedule of completion? Was the correct format used in creating the schedule? How realistic is the program budget and is the program cost effective? Was the correct format used?

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

---

2. Has the applicant exhibited competence in preparing the application? Are the applicant's answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

CITY OF FLAGSTAFF

## Attachment A – Applicant Information

**Applicant (Organization's Legal Name):**

Homeless Youth Connection, Inc.

**Executive Director/CEO/Etc. Name, Phone and Email:**

Dawn Bogart, Co-CEO, 602-565-3218, dbogart@hycaz.org

**Program Manager Name, Phone and Email:**

Lisa Miller, Director of Youth Services, 602-847-4300 lmiller@hycaz.org

**Mailing Address:**

224 East Hatcher Road

Phoenix, AZ 85020

**Physical Address:**

224 East Hatcher Road

Phoenix, AZ 85020

**Is the applicant a 501 (c) 3 non-profit organization, for-profit entity, developer, business, government entity or other (please explain)?**

yes

**Federal EIN/TIN #:**

27-3182999

**Unique Entity ID:**

LZ2MY14LGGM7

**Registered in the Federal System for Award Management (SAM)?** YES / NO

**Participating member of the Coconino County Continuum of Care?** YES / NO

**Funding Request:** $50,000

**Total Program Cost:** $2,231,672

**Program Name:**

Empowering Youth For The Future

EQUAL HOUSING OPPORTUNITY

CITY OF
FLAGSTAFF

**Brief Description of Program (2-3 sentences):**

Homeless Youth Connection (HYC) eliminates barriers to education so that youth experiencing homelessness can graduate and create lasting solutions for a sustainable future. HYC partners with 130 high schools and colleges in Maricopa County and Flagstaff to provide 700 youth with basic needs, comprehensive social services and housing so they can stay in school and complete their education.

**If the program already exists, explain how funding creates an increase in services?**

In the past, 70% of the youth who participated in the HYC program primarily needed assistance with basic needs throughout the year. They needed some case management and coordination of additional resources. Post-pandemic, we have seen the needs of our youth increase and require more intense case management from our youth coaches.

The greater demand required a shift in our case management model. The youth coach team was now spending more time with their youth, providing additional resources including referrals for counseling, assistance with employment, and help with obtaining shelter through our housing program or in collaboration with other community shelter providers.

**Beneficiary Description:**

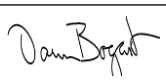
HYC serves youth ages 13 to 21 who are experiencing homelessness and enrolled in high school or college.

**Proposed Outcomes:**

HYC will provide 50 youth experiencing homelessness who are enrolled in high school or college in Flagstaff with basic needs and resources so they can stay in school and complete their education.

**AUTHORIZED SIGNATURE OF APPLICANT:**

The signatory declares that he/she is an authorized official of the applicant organization, is authorized to make this application, is authorized to commit the organization in financial matters, and will assure that any funds received as a result of this application are used for the purposes set forth herein and the organization will comply with all contractual obligations.

| Dawn Bogart, Co-CEO | Homeless Youth Connection |
|---|---|
| **Name and Title** | **Organization** |
|  | October 9, 2023 |
| **Signature** | **Date** |

**Please attach: Authorization to Request Funds/Authorized Signature Authority**

Documentation of formal authorization from applicant to request Local Recovery Funds and documentation of authorized signature authority (e.g., bylaws, official resolution, or a copy of the minutes of the meeting in which an action was taken)

## NONPROFIT CORPORATE AUTHORIZATION RESOLUTION

I certify that I am the Secretary of Homeless Youth Connection, Inc., a Corporation ("HYC"), organized under the laws of Arizona, Tax Identification Number 27-3182999, engaged in business under the trade name of Homeless Youth Connection, Inc. HYC maintains nonprofit status with the Internal Revenue Service, and that the resolutions on this document are a true and correct copy of the resolutions adopted at a meeting of the Board of Directors of HYC held on November 18, 2021.

BE IT RESOLVED THAT, the Board of Directors of HYC appoint Dawn Bogart, Co-Chief Executive Officer (Co-CEO) and Dana Bailey, Co-Chief Executive Officer (Co-CEO) [Authored Signer(s)] to exercise the powers listed below:

(1) Open, close, maintain and operate savings, checking, and money market accounts at Bank of America and FirstBank.

(2) Endorse and deposit checks and orders for the payment of money or otherwise, and to sign checks or orders for payment of money, withdraw or transfer funds in HYC's accounts at Bank of America and FirstBank;

(3) Enter into and execute any preauthorized electronic transfer agreements for automatic withdrawals or transfers initiated through an ATM, point-of-sale terminal, telephone, computer using an access device like a debit card, code, or similar means; and

(4) Enter into and execute wire transfer agreements that authorize transfers by telephone or other communication systems permitted by HYC.

(5) Enter into and execute payment services agreements that allow for electronic bill payment and other electronic transfer services provided by Bank of America and FirstBank;

(6) If eligible per bank policies, enable this business account to be connected via online digital banking to other accounts held at the bank.

(7) Register the business to use online digital banking, so long as such Authorized Signer is either the owner of the business, a beneficial owner, or the controlling manager of the business (as set forth below).

BE IT RESOLVED THAT, the Board of Directors of HYC further appoint Dawn Bogart, CEO and Dana Bailey, COO to have the authority to do the following:

(8) Sign, execute and deliver promissory notes or other evidence of indebtedness, and request credit cards.

BE IT RESOLVED THAT, the Board of Directors of HYC certify the following information for one individual with significant responsibility for managing HYC. (Can be the same a signer listed above or can be an executive officer or senior manager.)



| NAME | BIRTH DATE | ADDRESS | FOR U.S. PERSONS | FOR FOREIGN PERSONS |
|---|---|---|---|---|

| | | | Social Security # | Passport # and Country of Issuance or Other Similar Foreign Country Issued Identification Document |
|---|---|---|---|---|
| Dawn Bogart | 03/21/1962 | 14540 W. Indianola Avenue Goodyear, AZ 85395 | 527-67-6758 | |

BE IT RESOLVED THAT, this resolution shall continue to have effect until express written notice of its rescission or modification has been received by Bank of America or FirstBank. Any revocation, modification or replacement of a resolution must beaccompanied by documentation satisfactory to Bank of America or FirstBank, establishing the authority for the changes.

BE IT RESOLVED THAT, all transactions, if any, with respect to any deposits, withdrawals, and borrowings by or on behalf of HYC with Bank of America and FirstBank prior to the adoption of this resolution are hereby ratified, approved and confirmed.

BE IT RESOLVED THAT, should HYC change entity form or ownership, the undersigned shall promptly notify Bank of America and FirstBank in writing.

CERTIFICATION OF AUTHORITY

I further certify that the Executive Committee of the Board of Directors of HYC has, and at the time of adoption of the above resolution had, full power and lawful authority to adopt the resolutions and confer the powers granted above to the persons named who have full power and lawful authority to exercise the same. (Apply corporate seal if applicable.)

In witness whereof, I have subscribed my name to this document and affixed the seal of HYC where applicable.

Signature: _____

Name: Deb Charlesworth

Title: Treasurer

Date: November 18, 2021

ATTEST BY ONE OTHER OFFICER

Signature: _____

Name: Cyndi Tercero

Title: President

Date: November 18, 2021

**Attachment B – Program Narrative Questions**
Each proposal must include responses to the questions below. Proposal information should be presented in narrative form but may include tables or graphics to convey pertinent information.

**Applicant Information (20 points)**
**(10 points)**

1. **(10 points)**
   Please provide a description of the applicant entity, including a brief history, mission statement, and an overview of programs and services provided. Explain why the applicant is qualified to provide the proposed services or undertake the proposed program.

Homeless Youth Connection's (HYC) mission is to eliminate barriers to education so that youth experiencing homelessness can graduate and create lasting solutions for a successful future.

HYC was founded in 2010 to meet the needs of homeless youth who wish to remain in high school but may be forced to drop out because they lack a safe or stable home. Beginning in one school with a goal of providing for their basic needs, the organization has grown to serve more than 130 schools throughout Maricopa County and Flagstaff, and now provides services and programs designed to help youth experiencing homelessness who are enrolled in high school achieve a successful, self-sufficient future.

HYC serves homeless youth between the ages of 13 and 21. The Arizona Department of Education reported more than 8,700 homeless youth, in 9th-12th grade, are living in Arizona and more than 1,100 are unaccompanied youth. These youth face numerous barriers to education, keeping many of them from completing high school or achieving post-secondary education. Most individuals are unaware of the youth we serve because they are invisible. They are not part of the child welfare system, and they do not ask for help. Homeless youth are identified by their teachers, counselors, and coaches.

HYC partners with more than 130 high schools and colleges in Maricopa County and Flagstaff to serve 700 homeless youth annually. We anticipate serving 50 homeless youth in Flagstaff.

HYC's Empowering Youth For The Future (EYFTF) program is a comprehensive social services program that engages high-school-age youth experiencing homelessness in trauma-informed, client-led, strengths-based interventions. Youth coaches work together with youth to identify needs related to academics, health, housing, hygiene, employment, and independent living skills. Youth then identify their strengths and goals, and partner with the youth coach to establish a plan to meet those needs and goals. HYC believes that youth will succeed and reach their highest potential through authentic youth engagement and positive youth development. All services are provided at no cost to the youth, high school, school district or state.

Program success is measured by the number of youth who complete the school year, increase independent living skills, establish a plan for after high school, and have a healthy support network in their life.

HYC is proud to report a number of accomplishments related to program goals including 95% of youth experiencing homelessness who participated in the program, stayed in school and completed their education.

This past year, HYC experienced an increase in the number of youth identified as homeless and referred for services. Since August, 716 youth experiencing homelessness have participated in the program this year; that is 116 more than the goal of serving 600 youth.

In May, 463 youth were actively participating in the program. Of those youth, 162 were high school seniors. Of the 162 seniors, 126 graduated, one youth obtained their GED, 33 youth are attending summer school or will enroll in the fall and two youth are undecided. It is widespread among this vulnerable population to have many youth enroll for a second senior year.

Of the 126 graduating seniors, 98% enrolled in college, entered the workforce, or enlisted in the military. This success was accomplished because HYC youth coaches maintained lower caseloads, allowing them to spend more time with youth addressing their education and housing instability needs and helping them develop a post-graduation plan to provide them with a sustainable future without homelessness.

This success was accomplished because of HYC's goal to lower caseloads so that youth coaches were able to spend more time with youth addressing their needs related to education, housing instability, and important for their sustainability helping the youth develop a plan for post-graduation that creates lasting solutions for the future.

In the past, 70% of the youth who participated in the HYC program primarily needed assistance with basic needs throughout the year. They needed some case management and coordination of additional resources. Post-pandemic, we have seen the needs of our youth increase and require more intense case management from our youth coaches.

The greater demand required a shift in our case management model. The youth coach team was now spending more time with their youth, providing additional resources including referrals for counseling, assistance with employment, and help with obtaining shelter through our housing program or in collaboration with other community shelter providers. As a result, we added an additional youth coach to help with the referrals and case management, as well as had our two program managers provide additional support with case management services. We see this trend for greater needs of service continuing and have hired additional youth coaches to support the need for more extensive case management in the upcoming year.

HYC has two options to address unaccompanied youth's housing needs: the Hatcher Transitional Living Program and the Host Home model. HYC began operating the Hatcher Transitional Living Program earlier this year. Currently there are ten youth participating in the program. Since 2015, more than 250 unaccompanied homeless youth have participated in the Host Home program. Of those, 95% have graduated and 78% have gone on to post-secondary education.

In November 2022, HYC received an award from the Arizona Department of Housing to purchase a home for transitional housing for youth experiencing homelessness. The home was purchased, however, their was a flood which damaged the majority of the property. The repairs will be completed the end of October 2023. We are in the process of hiring staff to provide supervision in the evenings. Once staff is in place we will be able to move youth into the home.

**2. (5 points)**
Describe how the entity collects and maintains data, measures activities versus outcomes and how data is used for program planning, evaluation, and improvement.

For HYC's Empowering Youth For The Future (EYFTF) program, youth coaches use evidence-based practices to work with youth to identify and address needs related to academics, health, social-emotional wellness, housing, hygiene, employment, and independent living skills. Motivational interviewing techniques are tools used by the youth coach to help guide the youth through the process of identifying the goals that are most important to them, as well as the steps that will lead to the successful attainment of those goals.

Each youth's plan is individualized to their strengths, goals, and vision. HYC's youth coaches connect weekly with the youth in person at their schools or through how they prefer, which may include online meetings, phone contact, or meetings in the community.

In addition to the individualized case plan, HYC utilizes a life skills curriculum that helps the youth identify and achieve a series of short-term goals that assist them in attaining the longer-term goal of self-sufficiency. Youth coaches maintain documentation notes on each visit and youth activity to track progress and needs in a wide range of life skill areas, including money management, employment, wellness, and building a healthy social network.

HYC also uses an online database called the Homeless Management Information System (HMIS). This database stores digital records and progress for all youth participating in HYC. The database allows the youth coaches and HYC's management team to evaluate data department-wide to compare with HYC's program goals.

HYC's quality improvement process ensures quality services and continued program improvement. The youth coaches and resident assistants are part of a multi-disciplinary team that meets weekly with the housing manager and the manager of youth services to review the progress and needs of the youth enrolled in the program and to ensure that documentation and data entry is complete and accurate. All team members are made aware of the key activities and outputs and how they are measured to ensure that the program is implemented as designed, and outputs are delivered, and outcomes are achieved. HMIS data reports, client file reviews, and student surveys are used to track progress on logic model outcomes. Outcome reports are reviewed by the leadership team on a weekly basis, and successes and areas of concern are identified and discussed.

Quarterly evaluation will be conducted by identifying and comparing logic model outcome goals with outputs, including project end-of-year closing (October 30, January 30, April 30, July 30). Progress toward outcomes will be reviewed and compared to previous quarters to determine trends, and adjustments to service delivery are made in order to meet projected goals. These reviews and discussions, conducted by the director of youth services, program managers, and youth coaches, generate lessons learned from the project including identifying any areas where outputs are on track to meet goals, or opportunities for improvement in areas that are projected goals.

**3. (5 points)**

Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? To what extent does the applicant participate? An MOU with or letter from the CoC confirming entity participation is required.

HYC's director of youth services and Flagstaff youth coach attend the Continuum of Care meetings. They are not official members of the committee; however, we are researching the possibility when it becomes available.

HYC does not participate in the coordinated entry process because the majority of youth who are homeless are part of an entire family that is homeless and already a part of the system.

Additionally, through HYC's Host Home Housing program and the Flagstaff Transitional Living Program, we can provide unaccompanied homeless youth with housing options without taking any inventory from Flagstaff's Front Door.

**Proposed Program (50 points)**

**1. (15 points)**

Describe how the proposed program will provide shelter and/or services to unsheltered persons who are experiencing homelessness. The description should also include program specifics such as the requested funding amount, program start date, program end date (if applicable), and anticipated number of persons served during the period of performance.

HYC is requesting $50,000 to cover the cost of 1FTE youth coach that serves youth attending schools in Flagstaff. The program start date is July 1st and the end date is June 30th. We anticipate serving 50 youth experiencing homelessness ages 13 to 21 who attend high school or college in Flagstaff.

The most effective types of interventions for homeless youth engage the youth early in the cycle of homelessness. When services are provided at a separate facility, youth may not be able to find transportation to and from appointments, which greatly limits their ability to benefit from these programs. HYC alleviates this by providing youth with basic needs and by stabilizing them in appropriate and supportive environments. HYC uses an innovative approach to helping homeless youth stay in school and complete their education by meeting youth “where they are.”

As mentioned, the EYFTF program is a comprehensive social services program that engages high-school-age youth experiencing homelessness in trauma-informed, client-led, strengths-based interventions. Youth coaches work together with youth to identify needs related to academics, health, housing, hygiene, employment, and independent living skills. Youth then identify their strengths and goals, and partner with the youth coach to establish a plan to meet those needs and goals. HYC believes that youth will succeed and reach their highest potential through authentic youth engagement and positive youth development. All services are provided at no cost to the youth, high school, school district or state.

In addition to the individualized case plan, HYC utilizes a life skills curriculum that helps the youth identify and achieve a series of short-term goals that assist them in attaining the longer-term goal of self-sufficiency. Youth coaches maintain documentation notes on each visit and youth activity to track progress and needs in a wide range of life skill areas, including money management, employment, wellness, and building a healthy social network.

Basic needs, such as food, clothing, transportation, and hygiene supplies are provided, and educational resources such as computers, hotspots, and calculators are also supplied when needed. Fees for class supplies and scholastic activities are also covered when appropriate. Youth coaches assist youth with the FAFSA and other funding opportunities when they are available. HYC provides up to one year of aftercare support after a youth completes the program and exits to safe and stable housing in order to support them in their transition to independent living.

As mentioned above, HYC has two options to address unaccompanied youth's housing needs: the Hatcher Transitional Living Program and the Host Home model. The HYC Hatcher Transitional Living Program provides up to 20 beds in single-floor dormitory-style accommodations. There are ten rooms with two beds and a shared bathroom per room. There is a shared kitchen, community area, and laundry accommodations. This program is centrally located in Phoenix, providing close access to public transportation, employment, and schools. This site is supervised by trained and qualified staff full-time and offers a rich array of programming and life skill development opportunities.

The Host Family program is a low-cost, community-engagement strategy involving faith-based communities, service organizations, school parent organizations, and nurturing individuals. The Host Family program connects homeless youth with caring adults from their communities willing to provide safe and stable housing, while HYC provides the youth with comprehensive support.

The host family provides the youth with shelter, food, transportation, and emotional support, while the organization delivers case management, counseling assessments, and other services.

As mentioned, HYC has a transitional home in Flagstaff for unaccompanied homeless youth. We are in the process of hiring staff to provide supervision in the evenings. Once staff is in place we will be able to move youth into the home.

**2. (15 points)**

Describe the proposed beneficiaries the program will serve. Include local statistics/data or other information to demonstrate the need for this program. Provide information regarding performance metrics- identify and list specific measures that will be reported to demonstrate the impact of this funding. Example: Number of individuals served, shelter nights provided, move in assistance, etc. evaluation, including how the program evaluates services and the impact on clients.

HYC serves youth between the ages of 13 and 21 who are experiencing homelessness and enrolled in school. HYC partners with 130 high schools and colleges in Maricopa County and Flagstaff to serve more than 700 youth annually. We anticipate serving 50 youth in Flagstaff.

The Arizona Department of Education identified 8,700 high school students experiencing homelessness as of May of 2022, at least 1,116 of whom are unaccompanied. These youth face numerous barriers to education, keeping many of them from completing high school or achieving post-secondary education. They are not part of the child welfare system, and they are not represented in the Maricopa County Continuum of Care Point in Time Count, which count 1,240 children under the age of 17 who are also members of a family experiencing homelessness and the 624 unaccompanied youth experiencing homelessness. These youth are often not easily identified as they remain under the radar, couch surfing or having no regular nighttime residence. The runaway and homeless youth served by HYC are identified by their teachers, counselors, and coaches. The youth who participate in the HYC program are referred by homeless education liaisons in each high school, other shelters, and youth service providers, or are self-referred.

Homeless youth are at a greater risk than their non-homeless peers of being chronically absent from school. Chronic absenteeism is associated with lower academic achievement and higher dropout rates. Homeless youth have lower high school graduation rates than their peers. Approximately 40% of youth participating in the HYC program are seniors or second-year seniors between the ages of 17 and 21. Based on intake reports, these youth frequently lack basic needs (clothing, food, hygiene), are behind academically, have not developed basic life skills, and lack resources to obtain gainful employment.

They are at greater risk of developing emotional, mental health, and medical issues; many have not been to the doctor or dentist in several years. They often lack access to reliable transportation, and their housing has been unstable for most of their high school experience.

Over 30% of the homeless youth served by HYC are unaccompanied, who may find themselves in a position to do what they have to in order to survive, such as sleeping in cars, bartering sex for shelter, couch surfing from one friend’s house to another, or residing with abusive family members.

Since 2010, HYC has served more than 4,600 homeless youth. The population is made up equally of males and females, with approximately 20% of the population identifying as LGBTQ. Over 75% served by HYC are youth of color, our most recent demographics represent 51% Hispanic/Latino, 18% Caucasian, 23% African American, 6% Native American, and 2% Asian/Pacific Islander.

**Statement of Need**
Research consistently shows that youth experiencing homelessness are much more likely to drop out of school than those who are stably housed (nsba.org, 2021), and the Chapin Hall Voices of Youth study (2019) found those without a high school diploma are 4.5 times more likely to experience homelessness as they grow older. Studies have estimated that 1 in 10 young adults ages 18 to 25 and at least 1 in 30 adolescents ages 13 to 17 experience some sort of unaccompanied homelessness over the course of a year.

Homeless youth experience greater school mobility than their non-homeless peers. School mobility can cause interruptions to a child's education, and higher school mobility is associated with lower academic achievement and an increased risk of dropping out of school. Homelessness can have significant negative impacts on children academically, socially, and emotionally.

HYC is needed in our community to provide homeless youth between the ages of 13 and 21 with housing, basic needs, case management and resources so they can stay in school, graduate, and create lasting solutions for a successful future. HYC's program prevents chronic adult homelessness through wraparound supports which enables the completion of high school and transition to college, trade school, employment, or military service. By alleviating concerns regarding housing and basic needs, homeless youth thrive, graduate, and succeed.

In Maricopa County and Flagstaff, the few programs available to serve homeless youth focus primarily on those who are not attending high school. There are few options that focus on the prevention of youth homelessness or early intervention services. Unfortunately, once youth have reached the age of 18, many jurisdictions struggle to appropriately define the different roles and responsibilities of local child welfare systems and private nonprofit agencies in providing family preservation services. While these youth have aged out of the child welfare system, they typically lack the maturity, experience, education, and other resources necessary to secure employment with sufficient wages to allow them to live independently as adults.

HYC offers a program to help youth with this transition by filling the gaps in available services and providing effective interventions that meet the needs of youth experiencing homelessness while they are attending secondary or their first year of post-secondary education or training. Our youth coaches meet with youth to build their strengths and resiliency, giving them tools for success and independence, and offers an additional year of follow-up support once they have completed the program.

As mentioned above, program success is measured by the number of youth who complete the school year, increase independent living skills, establish a plan for after high school, and have a healthy support network in their life.

Expected outcomes include:

700 homeless youth will be served through case management.
- 90% of homeless youth will remain enrolled and complete the school year.
- 80% of homeless youth will be fluent in public transportation.
- 75% of homeless youth will self-report an increase in their independent living skills.
- 80% of homeless youth will have health insurance, food assistance, and vital documents.
- 90% of homeless youth will complete a Permanent Connections graph.

150 homeless youth who are seniors will graduate high school.
- 90% of homeless youth who are seniors will remain enrolled or graduate.
- 90% of homeless youth who are seniors will develop a plan for post-graduation.
- 30% of homeless youth who are seniors will be employed.

50 unaccompanied homeless youth will receive safe and stable housing.

- 100% of youth will have housing stability through the school year.
- 100% of youth will participate in a clinical assessment with a licensed professional counselor.
- 90% of youth will develop a plan for post-graduation.
- 90% of youth will exit to a safe and stable housing destination.
- 75% of youth will be employed or looking for work.

3. **(10 points)**
   Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024. This narrative should align with the timeline provided in Attachment C.

HYC can begin drawing down funds July 1, 2024. During the month of July, HYC's youth coach continues to provide services to youth who participated in the prior school year. Additionally, the youth coach will be working with the homeless school liaison to requalify the youth for services based on the McKinney-Vento criteria.

Youth are identified as homeless throughout the school year. Once identified, the homeless school liaison sends a referral form to the youth coach. The youth coach meets with the youth at their school. Youth coaches work together with youth to identify needs related to academics, health, housing, hygiene, employment, and independent living skills. Youth then identify their strengths and goals, and partner with the youth coach to establish a plan to meet those needs and goals.

The youth coach connects weekly with the youth in person at their schools or through how they prefer, which may include online meetings, phone contact, or meetings in the community. The youth coach will continue to meet with the youth throughout the school year. The youth coach will continue to provide basic needs, such as food, clothing, transportation, and hygiene supplies, and educational resources, such as computers, hotspots, and calculators, are also supplied when needed. Fees for class supplies and educational activities are also covered when appropriate.

If the youth are seniors the youth coaches will assist the youth with the FAFSA and other funding opportunities when they are available. Additionally, the youth coach will assist the youth with creating a plan for post-graduation.

HYC provides up to one year of aftercare support after a youth completes the program and exits to safe and stable housing to support them in their transition to independent living.

4. **(10 points)**
   Provide budget details including a line-item budget for the program that includes the following categories as applicable: personnel, fringe benefits, administration, supplies, equipment, nightly stays, and other. This narrative should align with the budget provided in Attachment D.

The EYFTF budget includes:

**Personnel – Salaries and Benefits**
1 FTE director of youth services
13 FTE youth coaches
3 program managers
2 community engagement managers
1 FTE resident manager
5 FTE resident assistants
4 part-time resident assistants

**Staff Expenses**
Travel reimbursement to youth coaches, phones, and hotspots.

**Staff Training**
The HYC youth coach receives training in best practices that help support the resilience and self-efficacy of the youth we serve. These training areas include trauma informed care, strengths-based approach, motivational interviewing, positive youth development, harm-reduction, and resiliency theory.

**Counseling**
HYC employs or contracts with counselors with independent and master's level licensure through the Arizona Board of Behavioral Health Examiners (AZBBHE) who have experience and knowledge working with youth experiencing homelessness.

**Stipends**
HYC pays a $400 monthly stipend to Host Families. On average, youth stay with a host family for nine months.

**Student Assistance**
HYC pays for numerous items to help youth stay in school including educational fees not covered by the school, school supplies including computers, hots spots and calculators, medical co-pays, prescriptions, eye exams, glasses, vital documents, and transportation.

**HMIS**
HYC records youth information in the Homeless Management Information System (HMIS). Each youth coach has a subscription that is renewed annually.

**Youth Advisory Counsil**
To ensure that youth have a voice in their participation and success in the program, HYC established the Youth Advisory Council. The council is made up of current youth and youth that have completed the program. We pay a stipend to the youth for their time.

**Emergency Housing**
Goodyear Transitional Home – rent, utilities, security, and food
Flagstaff Transitional Home – utilities, security, and food
Hatcher Transitional Living Program - utilities, security, and food

**Facilities**
Rent for administrative offices, utilities, security, and maintenance

**Operating**
Insurance, IT, conference travel, legal

**Fiscal Management and Applicant Capacity (20 points)**

**1. (10 points)**
What is the applicant's current annual operating budget? Does the applicant undergo an annual audit? Please attach the applicant's audit and financial statement from the most recent fiscal year.

HYC's annual operating budget is $2,862,337. We contract with Heinfeld Meech to complete an audit each year. Please find attached our FY22 audit. We are in the process of finalizing the FY23 audit and we will forward it to you once it is complete.

**2. (10 points)**
Briefly describe the applicant's history and realistic capacity for administering these funds. Has the applicant received City of Flagstaff funding in the past?

HYC has received government funding for the past 12 years including city, county, state, and federal funds. This year, we have contracts with ten municipalities, the Runaway and Homeless Youth TLP federal grant, and a recent contract with the Arizona Department of Education. For each funding source, we must complete monthly or quarterly reports including numbers served, demographic information, and goals, as well as invoices for services.

HYC has received funding from the City of Flagstaff for the past three years. We have completed monthly reports and CAPERS.

**Unscored Questions**

**1.** What is the minimum amount of funding needed for the program to proceed?
HYC would request at least $30,000 to proceed.

**2.** Is there any other information you would like the Ranking Committee to know about your program or organization that is not already covered?

HYC is working on a minor consent bill that would allow unaccompanied youth experiencing homelessness to consent for their own housing and social services. We are working with numerous community partners on this initiative and hope to present the bill to legislators in January 2024.

Additionally, we are sincerely grateful for the support HYC has received from the City of Flagstaff for the past three years. Thanks to community partners like you, HYC can provide the resources and services youth experiencing homelessness need to stay in school and complete their education. Of the youth participating in the program, 95% complete their education. On average, 87% of youth experiencing homelessness drop out of school. Together we are making an impact in the lives of homeless youth so that they have a chance at a brighter future.

**EXHIBIT C**
**PROJECT BUDGET**

| | |
|---|---|
| **Project Budget** | |
| **City of Flagstaff** | CDBG 2023/2024 |
| | |
| **Project Description:** | Empowering Youth For The Future |
| **Implementing Agency:** | Homeless Youth Connection |
| **CoF Project Number:** | |
| **Persons Served:** | 50 individuals |
| **Date Submitted:** | 10/10/2023 |

| Item/Activity | Item/Activity Desription | Source 1 | Source 2 | Leverage | In-Kind | Project |
|---|---|---|---|---|---|---|
| | | City of Flagstaff CDBG | Federal/State/ Local Funding | Agency Financing | Donations | TOTALS |
| **1** | **Program or Project Related Expenses** | | | | | |
| A | Monthly stipends for 30 host families (approx $400 x 30 families x 7 months) | | | 70,000 | | 70,000 |
| B | Counseling | | | 25,000 | | 25,000 |
| C | Student assistance(clothing, food, beds, vital documents, hotspots, computers, wi-fi, healthcare copays, prescriptions, educational assistance, household items, bikes, bus passes, | | | 50,000 | | 50,000 |
| D | HMIS/student database | | | 3,500 | | 3,500 |
| E | Youth Advisory Council | | | 5,000 | | 5,000 |
| F | Program Supplies - includes printer ink @ 120 pyc per year and 3 computers | | | 5,000 | | 5,000 |
| G | Emergency/Transitional Host Home Goodyear | | | 42,281 | | 42,281 |
| H | Emergency/Transitional Host Home Flagstaff | | | 23,352 | | 23,352 |
| I | Emergency/Transitional Housing Hatcher (food) | | | 73,000 | | 73,000 |
| J | In-kind donations and gift cards | | | | 100,000 | 100,000 |
| **2** | **Administration** | | | | | |
| A | Salaries | 50,000 | 365,076 | 968,730 | | 1,383,806 |
| B | Taxes and benefits | | | 235,247 | | 235,247 |
| C | Staff expenses (travel reimbursement cms, | | | 59,900 | | 59,900 |
| **3** | **Facility Value** | | | | | |
| A | Facilities | | | 83,736 | | 83,736 |
| B | Operating | | | 71,850 | | 71,850 |
| **Totals** | | **50,000** | **365,076** | **1,716,596** | **100,000** | **2,231,672** |

Empowering Youth For The Future

Schedule of Completion

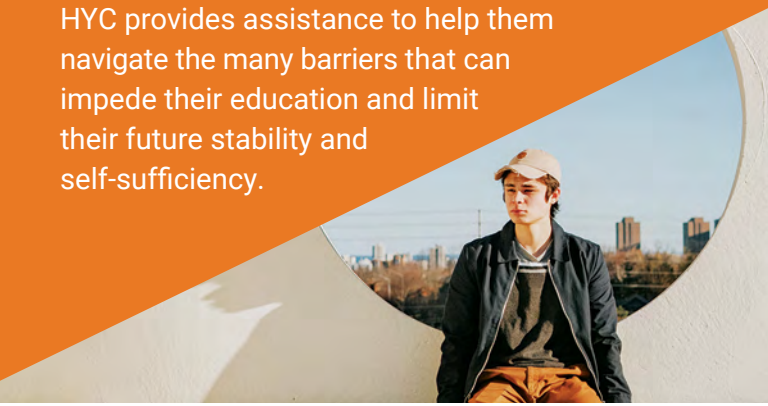
| | | | | |
|---|---|---|---|---|
| **Project Schedule** | | | | |
| **Project Description** | Empowering Youth For the Future | | | |
| **Implementing Agency** | Homeless Youth Connection | | | |
| **Persons Served** | 700 homeless youth | | | |
| | | | | |
| **Action Items** | **Item Description** | **Timeline** | **Completion** | **Billing/Expenditure** |
| Youth are identified as homeless by the homeless school liaison utilizing the McKinney-Vento criteria. | Case management | August through June | June 1, 2024 | Nov 1, 2023<br>Feb. 1, 2024<br>April 1, 2024<br>June 1, 2024 |
| Youth are referred to HYC youth coach. Youth coach meets with youth at their school. | Case management | August through June | June 1, 2024 | Nov 1, 2023<br>Feb. 1, 2024<br>April 1, 2024<br>June 1, 2024 |
| Youth coach completes an assessment for basic needs and resources with the youth. | Case management | August through June | June 1, 2024 | Nov 1, 2023<br>Feb. 1, 2024<br>April 1, 2024<br>June 1, 2024 |
| Youth coach work together with youth to identify needs related to academics, health, housing, hygiene, employment, and independent living skills. | Case management | August through June | June 1, 2024 | Nov 1, 2023<br>Feb. 1, 2024<br>April 1, 2024<br>June 1, 2024 |
| Youth graduates from high school. | Case management | August through June | June 1, 2024 | Nov 1, 2023<br>Feb. 1, 2024<br>April 1, 2024<br>June 1, 2024 |
| HYC provides youth with After Care Service. | Case management | August through June | June 1, 2024 | Nov 1, 2023<br>Feb. 1, 2024<br>April 1, 2024<br>June 1, 2024 |

Homeless youth enter the program throughout the entire school year. The steps listed above are the order in which services are provided, once the youth enters the program.

Eliminates Barriers
Empowers Youth
Creates Lasting Solutions

HOMELESS YOUTH
connection

**Homeless Youth Connection (HYC)** serves youth ages 13 to 21 who are experiencing homelessness as they try to stay in high school and graduate. HYC provides assistance to help them navigate the many barriers that can impede their education and limit their future stability and self-sufficiency.



## HYC Eliminates Barriers to Graduation

- Provides ***essential needs*** including clothing, hygiene products, vital documents, health insurance enrollment and access to medical care including co-pays, vision, dental and prescriptions as well as counseling services
- Provides ***educational resources*** including class and club fees, school supplies including laptops and Wi-Fi access
- Provides ***housing resources*** including HYC's Host Family Housing program and Transitional Living Program
- Provides ***employment resources and preparation*** during and after high school graduation

## HYC Empowers Youth with Life Skills and Adult Preparedness

- Teaches life skills including banking and financial literacy, independent shopping, and accessing public transportation
- Establishes techniques for decision-making skills
- Develops skills for interviewing and securing employment
- Guidance with Free Application for Federal Student Aid (FAFSA®) and post-secondary education scholarship opportunities
- The youth identify goals and design their Plan for the Future©

**HYC provides services for youth who are experiencing homelessness using a trauma-informed approach.**

## HYC Creates Lasting Solutions

- Develops and executes implementation of Plan for the Future©
- Partners with employers for sustainable employment with training and growth opportunities (after graduation)
- Identifies permanent connection resources
- Continues HYC services for youth attending post-secondary education
- Provides after-care services for one year after high school graduation

## About the HYC Program

- On average, HYC provides services to more than 650 youth annually.
- HYC partners with more than 130 high schools in Maricopa County and in Flagstaff, AZ.
- Each youth is assigned a youth coach to guide and support them through graduation.
- On average, 90% of HYC seniors will graduate or enroll for a second senior year.
- Youth are identified as homeless under the McKinney-Vento Homeless Assistance Act.
- HYC provides services at no cost to the youth, schools, districts or the state.

- **HYC is a solution to homelessness** — recent research states that without a high school diploma, youth are 4.5 times more likely to experience homelessness later in life.*

**Chapin Hall VOYC National Report*

## DID YOU KNOW?

**Nationally, 87% of youth experiencing homelessness are more likely to drop out of school than their stably-housed peers.***

Youth who don't complete their high school education can impact the community through lost earnings, extra health care costs, increased crime, higher welfare spending, and lost worker productivity.** **HYC plays an important role in ending youth homelessness and preventing chronic homelessness as these youth become adults.**

**Hidden in Plain Sight report **Helios Arizona Mayors Education Round Table*

# GET INVOLVED TODAY!

*Your support makes a huge difference in the lives of youth experiencing homelessness.*

**There are many ways to get involved to support the youth in HYC's program. Below are just a few of the opportunities available:**

- Host a donation drive with your company, service organization, community or church
- Volunteer individually or as a group
- Become a host family and have the opportunity to work with HYC youth
- Coordinate a community fundraiser
- Become a monthly donor and support a youth in the program
- Participate in the Arizona Charitable Tax Credit program
- Sponsor a youth during the holidays
- Serve as an HYC advocate in your community
- Follow and support HYC on social media

HOMELESS YOUTH connection

**For more information, call (602) 847-4300 or visit:**

**hycaz.org**

4-2023

# Homeless Youth Connection, Inc.
# Financial Statements
## for the Year Ended June 30, 2022

**HOMELESS YOUTH CONNECTION, INC.**
**YEAR ENDED JUNE 30, 2022**

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# INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Homeless Youth Connection, Inc.

## Report on Audit of Financial Statements

### *Opinion*

We have audited the accompanying financial statements of Homeless Youth Connection, Inc. (HYC), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homeless Youth Connection, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Homeless Youth Connection, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HYC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HYC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HYC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Summarized Comparative Information***

We have previously audited Homeless Youth Connection, Inc.'s 2021 financial statements, and our report dated September 20, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Scottsdale, Arizona
September 23, 2022

**HOMELESS YOUTH CONNECTION, INC.**
**STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2022**
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

| **Assets** | 2022 | 2021 |
|---|---|---|
| Cash and cash equivalents | $ 1,241,551 | $ 941,895 |
| Contributions receivable | 50,000 | |
| Government grants receivable | 30,529 | 66,389 |
| Refund receivable | 117,620 | |
| Donated inventory | 85,690 | 70,485 |
| Deposits | 4,556 | 4,556 |
| Prepaid expenses | 4,357 | 2,337 |
| Property and equipment, net | 22,786 | 1,396 |
| Total assets | $ 1,557,089 | $ 1,087,058 |
| **Liabilities** | | |
| Accounts payable | $ 9,707 | $ 5,693 |
| Accrued payroll | 40,982 | 39,763 |
| Total liabilities | 50,689 | 45,456 |
| **Net assets** | | |
| Without donor restrictions: | | |
| Undesignated | 1,456,400 | 1,041,602 |
| With donor restrictions: | | |
| Time restricted | 50,000 | |
| Total net assets | 1,506,400 | 1,041,602 |
| Total liabilities and net assets | $ 1,557,089 | $ 1,087,058 |

**See accompanying notes to financial statements.**

**HOMELESS YOUTH CONNECTION, INC.**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2022**
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

| | | | Totals | |
|---|---|---|---|---|
| **Revenue, support, and gains:** | Without Donor Restrictions | With Donor Restrictions | 2022 | 2021 |
| Contributions | $ 1,604,043 | $ 50,000 | $ 1,654,043 | $ 1,067,716 |
| Contributions - in kind | 304,325 | | 304,325 | 263,443 |
| PPP loan forgiveness | | | | 163,122 |
| Government grants | 390,699 | | 390,699 | 330,817 |
| Interest and dividends | 2 | | 2 | 8 |
| Total revenue, support, and gains | 2,299,069 | 50,000 | 2,349,069 | 1,825,106 |
| **Expenses and losses:** | | | | |
| Program services | 1,643,173 | | 1,643,173 | 1,319,597 |
| Total program expenses | 1,643,173 | | 1,643,173 | 1,319,597 |
| Supporting services | | | | |
| Management and general | 98,333 | | 98,333 | 120,049 |
| Fundraising | 142,765 | | 142,765 | 152,441 |
| Total supporting services | 241,098 | | 241,098 | 272,490 |
| Total expenses and losses | 1,884,271 | | 1,884,271 | 1,592,087 |
| **Change in net assets** | 414,798 | 50,000 | 464,798 | 233,019 |
| **Net assets, beginning of year** | 1,041,602 | | 1,041,602 | 808,583 |
| **Net assets, end of year** | $ 1,456,400 | $ 50,000 | $ 1,506,400 | $ 1,041,602 |

**See accompanying notes to financial statements.**

**HOMELESS YOUTH CONNECTION, INC.**
**STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2022**
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

| | | Supporting Services | | Totals | |
|---|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | 2022 | 2021 |
| Salaries and wages | $ 852,945 | $ 48,463 | $ 67,848 | $ 969,256 | $ 814,674 |
| Payroll taxes | 64,544 | 3,667 | 5,134 | 73,345 | 64,475 |
| Employee benefits | 55,026 | 3,126 | 4,377 | 62,529 | 50,217 |
| Staff expenses | 33,656 | 1,912 | 2,677 | 38,245 | 47,229 |
| Youth empowerment services | 207,739 | | | 207,739 | 172,857 |
| In-kind donations distributed | 318,495 | | | 318,495 | 262,143 |
| Facilities costs | 67,756 | 3,850 | 5,390 | 76,996 | 67,478 |
| Accounting and tax services | | 26,321 | | 26,321 | 27,362 |
| Advertising and promotion | | 809 | 5,936 | 6,745 | 7,436 |
| Bank charges | | 2,310 | 2,310 | 4,620 | 5,044 |
| Meetings, conventions, etc. | | | | | 1,340 |
| Dues and subscriptions | 1,185 | 67 | 94 | 1,346 | 893 |
| Insurance - Officers and Directors | 22,632 | 1,286 | 1,800 | 25,718 | 20,442 |
| Information technology | 8,130 | 2,323 | 18,584 | 29,037 | 22,811 |
| Supplies and equipment | 3,440 | 195 | 274 | 3,909 | 2,785 |
| Postage and printing | 1,790 | 2,387 | 25,663 | 29,840 | 14,863 |
| Depreciation | | 836 | | 836 | 465 |
| Travel | 170 | | | 170 | 4,573 |
| Other | 5,665 | 781 | 2,678 | 9,124 | 5,000 |
| Total expenses | $ 1,643,173 | $ 98,333 | $ 142,765 | $ 1,884,271 | $ 1,592,087 |

**See accompanying notes to financial statements.**

**HOMELESS YOUTH CONNECTION, INC.**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2022**
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

| | 2022 | 2021 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Change in net assets | $ 464,798 | $ 233,019 |
| Adjustments to reconcile change in net assets to net cash provided by/used for operating activities: | | |
| Depreciation expense | 836 | 465 |
| Changes in assets and liabilities: | | |
| Contributions receivable | (50,000) | 12,500 |
| Government grants receivable | 35,860 | (66,389) |
| Refund receivable | (117,620) | |
| Donated inventory | (15,205) | (42,872) |
| Prepaid expenses | (2,020) | 86 |
| Accounts payable | 4,014 | (5,313) |
| Accrued payroll | 1,219 | 8,943 |
| Refundable advance | | (4,331) |
| **Net cash provided by/used for operating activities** | 321,882 | 136,108 |
| **Cash flows from investing activities:** | | |
| Purchase of equipment | (22,226) | |
| **Net cash provided by/used for investing activities** | (22,226) | |
| **Net increase/decrease in cash and cash equivalents** | 299,656 | 136,108 |
| **Cash and cash equivalents, beginning of year** | 941,895 | 805,787 |
| **Cash and cash equivalents, end of year** | $ 1,241,551 | $ 941,895 |

**See accompanying notes to financial statements.**

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Activities

Homeless Youth Connection, Inc. (HYC) is an Arizona nonprofit organization. HYC was formed in 2010. HYC's mission is to eliminate barriers to education so that youth experiencing homelessness can graduate and create lasting solutions for a successful future. The majority of HYC's efforts are made possible through contributions. HYC serves homeless youth ages 13 to 21. These youth face numerous barriers to education, keeping many of them from completing high school or achieving post-secondary education. HYC partners with 130 high schools and serves 600 homeless youth annually.

HYC's Empowering Youth for the Future (EYFTF) program is a comprehensive social services program that engages high-school-age youth experiencing homelessness in trauma-informed, client-led, strengths-based interventions. Youth coaches work to gather with youth to identify needs related to academics, health, housing, hygiene, employment, and independent living skills.

HYC provides two options to address the housing needs of unaccompanied youth, transitional living and the host home model. The transitional living program provides dormitory style living accommodations which are supervised by trained and qualified staff on a full-time basis. The host family program is a low-cost, community engagement strategy involving faith-based communities, service organizations, school parent organizations, and nurturing individuals. The host family program connects homeless youth with caring adults from their own communities who are willing to provide safe and stable housing while HYC provides youth with comprehensive support.

### Basis of Accounting

The financial statements of HYC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

### Basis of Presentation

The financial statements of HYC have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. HYC is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of HYC and changes therein are classified as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of HYC and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

### Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

### Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the HYC's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, HYC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

### Concentrations of Credit and Market Risk

Financial instruments that potentially expose HYC to concentrations of credit and market risk consist primarily of cash equivalents. HYC maintains its cash and cash equivalents in bank deposit accounts. The Federal Deposit Insurance Corporation (FDIC) insures $250,000 for substantially all depository accounts. For short periods of time, HYC's deposits may exceed FDIC limits. At year end, the carrying amount of HYC's deposits was $1,241,551 and the bank balance was $1,283,023. At year end, $783,023 of HYC's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution.

### Contributions Receivable

HYC recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unconditional promises to give that are expected to be collected in less than one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in periods greater than one year are recorded at net present value of expected cash flows. The discount used to determine the present value of contributions receivable is computed using risk-free rates applicable to the years in which the promises were received, which was determined to be immaterial. Management does not believe an allowance for uncollectible amounts is necessary based on historical experience with donors, and accordingly has made no allowance for doubtful accounts.

### Government Grants Receivable

A portion of HYC's revenue is derived from federal and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when HYC has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position. HYC was awarded cost-reimbursable grants of $14,471 that have not been recognized at fiscal year end because qualifying expenditures have not yet been incurred.

Government grants receivable are considered by management to be collectible in full and, accordingly, an allowance for doubtful accounts is not considered necessary. All government grants receivable at June 30, 2022 are expected to be collected in less than one year.

### Property and Equipment

All acquisitions of property and equipment with a cost in excess of $1,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets which is five years for furniture and equipment. Leasehold improvements, if any, are amortized over the term of the lease agreement. Depreciation expense for the current fiscal year was $836.

### Compensated Absences

Employees are entitled to personal time off (PTO), depending on job classification, length of service, and other factors. It is HYC's policy to recognize the cost of compensated absence when leave is earned by employees.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Donated Services and In-Kind Contributions

Donations of property, equipment and other non-cash goods are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, HYC reports expirations of donor restrictions when the donated or acquired assets are placed in service. HYC reclassifies net assets with donor restrictions to net assets without restrictions at that time.

Volunteers contribute significant amounts of time to HYC's program services, administration, and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed in generally accepted accounting principles.

### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| Expense | Method of Allocation |
|---|---|
| Salaries and wages, payroll taxes, employee benefits and staff expenses | Time and effort |
| Facilities costs | Time and effort |

### Advertising

HYC uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the current fiscal year, advertising costs totaled $6,745.

### Income Tax Status

HYC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. In addition, HYC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). HYC's Form 990, *Return of Organization Exempt from Income Taxes*, is generally subject to examination by the Internal Revenue Service for three years after the date filed.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

**New Accounting Pronouncement**

During the fiscal year, HYC adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The update increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The adoption did not have a significant impact on HYC's financial statements.

**Recent Accounting Pronouncements Issued Not Yet Effective**

In February 2016, the FASB issued ASU Update 2016-02, *Leases* (Topic 842). The ASU will require entities to recognize assets and liabilities for both capital and operating leases with lease terms of more than 12 months on the Statement of Financial Position. This ASU is effective for fiscal years beginning after December 15, 2021. HYC is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

## NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents HYC's financial assets at fiscal year end:

| | |
|---|---|
| Financial assets at year end: | |
| Cash and cash equivalents | $ 1,241,551 |
| Contributions receivable | 50,000 |
| Government grants receivable | 30,529 |
| Total financial assets | 1,322,080 |
| | |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | 50,000 |
| Less: Net assets with time restrictions to be met in less than a year | 25,000 |
| Financial assets available to meet general expenditures over the next twelve months | $ 1,297,080 |

HYC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. HYC's goal is generally to maintain financial assets to meet six months of operating expenses.

## NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is defined as the price that HYC would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting standards establish a three-tier fair value hierarchy that prioritizes the inputs to valuation techniques. Inputs refer broadly to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Observable inputs are those that reflect the assumptions that market participants would use in pricing the asset and are based on market data obtained from independent sources. Unobservable inputs reflect HYC's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1: Quoted prices in active markets for identical investments.

Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The level of fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Certain items included as donated inventory may be Level 3 as the values may not be observable. The majority of items donated are new, therefore inputs used in the valuation of donated inventory include average per unit values that are based on retail values for like items.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) are as follows:

| | Donated Inventory |
|---|---|
| Beginning of year | $ 70,485 |
| In-kind donations | 304,325 |
| Distributions | (289,120) |
| End of year | $ 85,690 |

## NOTE 4 – REFUND RECEIVABLE

HYC is eligible for the Employee Retention Credit (ERC) under the CARES and Consolidated Appropriations Acts. The total credit is equal to 70 percent of qualified wages paid to employees during calendar year 2021 for a maximum credit of $7,000 per employee. During the fiscal year ended, June 30, 2022, HYC claimed credits of $117,620 which have been reported as a refund receivable on the Statement of Financial Position and as governmental grant revenue on the Statement of Activities.

## NOTE 5 – NET ASSETS

Net assets with donor restrictions are as follows:

| | |
|---|---|
| Passage of Time | |
| Contribution receivable due in 2023 | $ 25,000 |
| Contribution receivable due in 2024 | 25,000 |
| Total | $ 50,000 |

## NOTE 6 – OPERATING LEASE COMMITMENTS

HYC leases office space and buildings used in the transitional living program under noncancelable operating leases with terms of one to five years. Total rent expense incurred under operating leases totaled $84,357 during the fiscal year. At June 30, 2022, the future minimum rental payment required under the operating lease, due in fiscal year 2023, is $80,584.

## NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following.

| | |
|---|---|
| Tenant improvements | $ 19,693 |
| Furniture and equipment | 4,859 |
| Total property and equipment | 24,552 |
| Less: Accumulated depreciation and amortization | (1,766) |
| Net property and equipment | $ 22,786 |

## NOTE 8 – PAYCHECK PROTECTION PROGRAM (PPP) LOAN

HYC received a second Payroll Protection Program (PPP) loan on February 12, 2021 in the amount of $158,791. HYC applied for forgiveness of the loan on August 17, 2021. On September 21, 2021, HYC received notice that the loan was forgiven in full.

## NOTE 9 – CONTRIBUTED NONFINANCIAL ASSETS

HYC received the following contributions of nonfinancial assets during the fiscal year:

| | |
|---|---|
| Clothing and household supplies | $ 292,717 |
| Gift cards | 11,608 |
| Total | $ 304,325 |

HYC maintains an inventory of donated non-cash goods such as clothing, backpacks, hygiene, school supplies and similar merchandise. HYC youth coaches assist in distributing these goods to teems in need and HYC also distributes the goods to school districts in which HYC provides services, so that they may set up resource closets where teens can take what they need free of charge. HYC utilized two inventory valuation methods during the year based on whether the items were new or used. For new items, the valuation is based on average per unit values that are based on retail values for like items. For used items, the value is based on a percentage of the price located on a publicly available website for like items. HYC also maintains an inventory of donated gift cards in small values for local fast food restaurants, grocery and clothing stores where teens visit. These cards are distributed on an as needed basis by youth coaches for the Empowering Youth for the Future Program and are valued at face value.

## NOTE 10 - CONCENTRATIONS

For the year ended June 30, 2022, HYC received $250,000 from one donor, which represents 11 percent of HYC's total revenue.

## NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 23, 2022, which is the date the financial statements were available to be issued.

In July 2022, HYC received notice that they have been approved to receive a $1.0 million grant from the Arizona Department of Housing to purchase a transitional housing facility in Flagstaff.

Effective July 1, 2022, HYC expanded the transitional living program by entering into a new lease for a facility in Central Phoenix that will provide up to 20 beds. The new facility will also house administrative operations.

CITY OF
FLAGSTAFF

**FOR CITY STAFF / RANKING COMMITTEE USE ONLY**

## Attachment E – Ranking Form and Evaluation Criteria

City staff and the Ranking Committee will use this form to evaluate proposals. Consideration is given to past performance of the submitting applicant.

**Applicant (Organization's Legal Name):**

Housing Solutions of Northern Arizona

**Program Name:**

Homeless Transitional Housing Services

**Funding Request:** *$276,089.40* **Total Program Cost:** *$1,013,192.00*

**Does the application meet the threshold criteria for review?** **YES/NO**

**Average Score:** **Average of all evaluator scores based on Total Points – 80**

**Points Possible: 90**

**Comments:**

73 Units – 82 households based on avg. turnover

Transitional Housing Operations and Move-In Assistance

+ Transitional Housing that can serve families is greatly needed
+ Experience with federal and state grants
+ Great financial status – Low risk
+ Thoroughly audited

- Concern about construction delays at JoJo's Place

CITY OF
FLAGSTAFF

## Applicant Information (18/20 points)

1. Does the applicant provide an overview of the entity and provide evidence demonstrating a history of and experience carrying out similar programs?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. How well does the answer explain how the entity collects data and measures outcomes?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? Is evidence included?

   (No) 0 5 (Yes)

---

## Proposed Program (34/40 points)

1. How well does the answer provide a detailed description of the program? Does the description include program specifics as well as highlight how the program might serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

2. How well does the answer justify the local need for the proposed program? Does the answer provide a clear description of the proposed beneficiaries and performance metrics?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

3. Does Attachment C (Schedule of Completion) include a narrative summary describing the expenditure of funds and the predicted progress of the proposed schedule?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

4. Does Attachment D (Budget) include a comprehensive budget for this proposed Program? Is a narrative summary describing exactly what Local Recovery Funds will pay for included?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

**Fiscal Management and Applicant Capacity (18/20 points)**

1. Does the applicant demonstrate a history and realistic capacity for administering these funds and undertaking this Program?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. Has the applicant received City of Flagstaff funding in the past? Is the Applicant in good standing to receive federal and/or another City of Flagstaff funding?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under)

---

**General Criteria (10/10 points)**

1. How realistic is the schedule of completion? Was the correct format used in creating the schedule? How realistic is the program budget and is the program cost effective? Was the correct format used?

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

---

2. Has the applicant exhibited competence in preparing the application? Are the applicant's answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

HOUSING SOLUTIONS OF NORTHERN ARIZONA

**Homeless Shelter & Services**

## Attachment A – Applicant Information

**Applicant (Organization's Legal Name):**

Housing Solutions of Northern Arizona, Inc.

**Executive Director/CEO/Etc. Name, Phone and Email:**

Devonna McLaughlin; (928) 214-7456; devonnam@housingnaz.org

**Program Manager Name, Phone and Email:**

Kelly Wells, Sharon Manor; (928) 853-3525; kellyw@sharonmanor.org; Vacant, JoJo's Place

**Mailing Address:**

PO Box 30134

Flagstaff, AZ 86003

**Physical Address:**

2304 N. 3rd St.

Flagstaff, AZ 86004

**Is the applicant a 501 (c) 3 non-profit organization, for-profit entity, developer, business, government entity or other (please explain)?**

501c3 nonprofit organization

**Federal EIN/TIN #:**

86-0732457

**Unique Entity ID:**

J1DTBNWXNZ99

**Registered in the Federal System for Award Management (SAM)?** (YES) / NO

**Participating member of the Coconino County Continuum of Care?** (YES) / NO

**Funding Request:** *$276,089.40*

**Total Program Cost:** *$1,013,192.00*

**Program Name:**

*Homeless Transitional Housing Services*

**Brief Description of Program (2-3 sentences):**

*Housing Solutions of Northern Arizona, Inc. (HSNA) will provide transitional housing services to an estimated 82 households experiencing homelessness in the Flagstaff area. Specifically, services will be offered at Sharon Manor and JoJo's Place, our transitional housing programs. 100% of beneficiaries will be low-income, earning less than 80% of the area median income, and will be experiencing homelessness at the time they begin their stay with HSNA.*

**If the program already exists, explain how funding creates an increase in services?**

*Funds will be used to provide operating support at Sharon Manor and JoJo's Place; as JoJo's Place is a new transitional housing program in our community, we will increase our transitional housing supply by 151%, serving an additional 44 households during the grant period.*

**Beneficiary Description:**

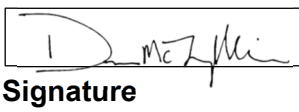
*Low-income households experiencing homelessness; 100% of clients served will earn 80% AMI and below.*

**Proposed Outcomes:**

*After taking average turnover into consideration, 73 units of transitional housing will serve an estimated 82 households in the greater Flagstaff area with transitional housing – combining safe, decent and affordable housing with support services, enabling homeless households to transition to permanent, safe, affordable housing.*

**AUTHORIZED SIGNATURE OF APPLICANT:**

The signatory declares that he/she is an authorized official of the applicant organization, is authorized to make this application, is authorized to commit the organization in financial matters, and will assure that any funds received as a result of this application are used for the purposes set forth herein and the organization will comply with all contractual obligations.

| Devonna McLaughlin, CEO | Housing Solutions of NAZ |
|---|---|
| **Name and Title** | **Organization** |
|  | 10/9/2023 |
| **Signature** | **Date** |

**Please attach:**

**Authorization to Request Funds/Authorized Signature Authority**

Documentation of formal authorization from applicant to request Local Recovery Funds and documentation of authorized signature authority (e.g., bylaws, official resolution, or a copy of the minutes of the meeting in which an action was taken)

HOUSING SOLUTIONS
OF NORTHERN ARIZONA

**Mail** PO Box 30134, Flagstaff, AZ 86003 **Office** 2304 N 3rd St, Flagstaff, AZ 86004
**Phone** (928) 214-7456 **Fax** (928) 774-6937
**Relay Service for Hearing Impaired** 711

**BOARD RESOLUTION**
**APPROVING HOUSING SOLUTIONS OF N. ARIZONA, Inc.'s**
**APPLICATION FOR**
**HOMELESS SHELTER AND SERVICES**
**FUNDING FROM THE CITY OF FLAGSTAFF**

**WHEREAS**, Homeless Shelter and Services funding is available through the City of Flagstaff to benefit households in the Flagstaff community experiencing homelessness, and

**WHEREAS**, Housing Solutions of N. Arizona, Inc., a local nonprofit organization, has successfully utilized federal, state and local funding to provide shelter and supportive services to households experiencing homelessness for 25 years, and

**WHEREAS**, one of the primary goals of these Homeless Shelter and Services funding dollars is to provide safe, decent and affordable housing resources to households experiencing homelessness in Flagstaff,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HOUSING SOLUTIONS OF N. ARIZONA, INC. AS FOLLOWS:**

The Board of Directors of Housing Solutions of N. Arizona, Inc. directs staff to apply for Homeless Shelter and Services funding through the City of Flagstaff to be used for to support Sharon Manor Transitional Housing and JoJo's Place Transitional Housing programs. Both programs provide shelter and support to households experiencing homelessness in the greater Flagstaff area. All households served under this grant funding will be under 80% of the area median income, based on household size, during the compliance period.

**PASSED AND ADOPTED** by the Housing Solutions of N. Arizona, Inc. Board of Directors Executive Committee at a special meeting where a quorum was present, held on October 2, 2023.

Kathy Gimenez, Housing Solutions of N. Arizona Board President

Jennifer Sharp, Housing Solutions of N. Arizona Board Secretary

## Attachment B – Program Narrative Questions

Each proposal must include responses to the questions below. Proposal information should be presented in narrative form but may include tables or graphics to convey pertinent information.

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## Applicant Information (20 points)

1. **(10 points) Please provide a description of the applicant entity, including a brief history, mission statement, and an overview of programs and services provided. Explain why the applicant is qualified to provide the proposed services or undertake the proposed program.**
   Housing Solutions of Northern Arizona (HSNA) was founded in 1990 as the Affordable Housing Coalition. The Mission of HSNA is to build opportunity for sustainable, affordable housing in northern Arizona. The Vision of the organization is that all residents will have access to safe, decent and affordable housing with an opportunity for upward mobility. HSNA meets its mission through a myriad of programs, focused on helping low- and moderate-income households to meet their housing needs and remain safely and stably housed. Specifically, HSNA administers the following housing programs:

   - Sharon Manor Transitional Housing – Sharon Manor is a 29-unit apartment complex located in Flagstaff, AZ. Units are leased to low-income households experiencing homelessness with a history of domestic violence. Sharon Manor combines safe, decent and affordable housing with critical on-site support services. Our case managers work with residents to help them access community resources, increase income, access educational resources, improve health and learn skills/resources to remain from abusive relationships and break the generational cycle of domestic violence. Children victims of domestic violence living at Sharon Manor access tutoring/educational resources, children' group activities weekly, quarterly special events and field trips. Our case managers work with parents to help children access resources within the school district, helping with developmental delays and learning disabilities. The goal of Sharon Manor is to enable victims of domestic violence to transition from homelessness and abuse to permanent housing with healthy and safe futures. Sharon Manor opened in 1999 and expanded in 2001 and 2021.
   - Permanent Rental Housing – HSNA owns and operates 24 scattered-site affordable permanent housing rental properties. These homes are rented to low-income households. The vast majority of our permanent housing units benefit victims of domestic violence, households on fixed incomes/disability or single-parent households. We partner with Catholic Charities, leasing four rental properties to CC, who serve chronically homeless households and individuals exiting the criminal justice system. On these properties, HSNA provides ongoing property management support while Catholic Charities provides case management services to residents, ensuring they are stable and have access to resources. HSNA is working to expand its inventory of permanent affordable rental units so we can help additional households struggling with high housing costs in our community. We are under contract to purchase two condo units in Flagstaff when construction is complete. We will utilize CDBG funds and private financing to purchase the units, which will be leased to low-income households, earning less than 80% of the area median income.

- HUD-Approved Housing Counseling – HSNA is a HUD-approved housing counseling agency. We provide pre-purchase, foreclosure mitigation, financial literacy and rental counseling to households in our community, helping them to prepare for homeownership and understand housing options. HSNA counselors are trained and certified through HUD to provide housing counseling and education services to households in northern Arizona. HSNA has adopted the National Housing Counseling Industry Standards; our program meets both HUD guidelines and National Industry Standards, ensuring clients needs are met and that we follow industry best practices.
- Administration of Financial Assistance for First-Time Homebuyers – HSNA works with several partners to administer down payment/closing cost assistance to help first-time, income-eligible homebuyers open the door to homeownership. Since 1999, we have provided financial assistance to nearly 450 households in northern Arizona, helping to open the door to homeownership. This is a critical workforce housing tool, stabilizing our workforce and supporting economic development. When employees have an opportunity to purchase their first home, they are more likely to stay in the community and less likely to be housing cost burdened. HSNA has administered $8.2 million in direct financial assistance, leveraging $68 million in mortgage financing and $3.7 million in client contributions. Average AMI of households served is 82.1%. 38% of program buyers are female-headed households.
- JoJo's Place Transitional Housing – JoJo's Place is the first hotel we purchased utilizing federal recovery/Covid dollars. We utilized federal, local and private-sector funding to convert the hotel property into 44 studio apartments which will provide transitional housing to households experiencing homelessness. JoJo's Place will open for leasing in January/February 2024, after extensive remodel of the property. HSNA has completed the following remodel work: (1) addition of a sprinkler system to the property for safety and to meet fire code regulations; (2) removal of asbestos-containing drywall; (3) addition of kitchens to each of the units; (4) ADA accessibility upgrades to units on the property, as well as the office building; (5) addition of on-site laundry services; (6) upgrades to electrical, plumbing and HVAC. JoJo's Place will provide transitional housing resources to households experiencing homelessness in Flagstaff. We have partnered with Catholic Charities, who will provide on-site housing case management support to residents, helping them to identify and secure permanent, safe and affordable housing.
- Affordable Housing Development – HSNA is a Community Housing Development Organization (CHDO), which means one of our main goals is to create affordable housing through development (new construction and rehabilitation). We have constructed 60+ single family and townhomes in Flagstaff, which have been sold to low-income first-time homebuyers or leased to low-income households. We recently received notification of a HOME-ARP grant from the Arizona Dept. of Housing to construct 11 3-bedroom apartments on land owned by the City of Flagstaff. We hope to begin construction in 2024. Rental units will be leased to extremely-low income households or those experiencing homelessness or those with a history of domestic violence. We have also purchased a second hotel property, located in Cottonwood, AZ. Rehabilitation of the property has started; we expect rehab to be completed in 2024. The property will then provide 32 units of transitional housing, supporting households experiencing homelessness in the Verde Valley area.

HSNA is qualified to provide transitional housing support to households experiencing homelessness in the greater Flagstaff area, as proposed through this grant application, as we have been providing these services for the past 24 years at Sharon Manor.

Through this grant application, we propose to continue to provide critical transitional housing resources at Sharon Manor, as well as expanding services to assist an additional estimated 44 households through our JoJo's Place Transitional Housing program. HSNA case managers and property managers are experts in working with households experiencing homelessness, helping individuals and families to navigate housing resources, increase household self-sufficiency and remain stable in housing. We partner with community services providers to ensure clients are able to meet their immediate and long-term needs.

2. **(5 points) Describe how the entity collects and maintains data, measures activities versus outcomes and how data is used for program planning, evaluation, and improvement.**
HSNA has extensive experience in collecting, analyzing and sharing data with the community about our program impacts and community housing conditions. Specifically, we report data and outcomes to various grant funders on quarterly and annual basis. This includes reports to government funders such as the Arizona Department of Economic Security, the federal Department of Housing and Urban Development, the AZ Department of Public Safety (for Victims of Crime Act funding) and the City of Flagstaff. We also report to the public, sharing data through our social media, website and annual reports.

   In addition to data, HSNA solicits feedback from the clients we serve. We conduct monthly and quarterly client surveys for residents who live at Sharon Manor. This optional and anonymous survey gives residents an opportunity to share feedback about the program, staff interactions, property conditions, etc. We report client feedback and data to our Sharon Manor Oversight Committee, which works with staff to make changes to the program, as appropriate, based on client feedback. For example, we utilized client feedback regarding our visitor policy at Sharon Manor to revise the visitor policy last year. In addition to the surveys, we conducted focus groups with current and former residents to gain additional feedback, as we worked to balance property safety with flexibility for residents. The resulting visitor policy allows more leniency for visitor hours, length of stay and overnight visits, but still requires visitor check-in and background checks for safety. Once JoJo's Place begins serving households in early 2024, we will implement similar client feedback strategies, helping with program design and implementation.

   HSNA is prepared to provide outcomes, data, client survey results and client impact stories to the City of Flagstaff to demonstrate the impact of this grant for households experiencing homelessness served by our agency.

3. **(5 points) Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? To what extent does the applicant participate? An MOU with or letter from the CoC confirming entity participation is required.**
Yes. HSNA is an active member of the Coconino County Continuum of Care. HSNA's leadership (CEO) serves as the chair of the Continuum of Care's Advocacy Committee and is a member of the CoC Executive Committee. HSNA staff attend CoC meetings every other month. We also are active participants in weekly case conferencing, which is part of the Front Door Coordinated Entry system. HSNA's Sharon Manor Program Manager and/or Case Manager attends case conferencing weekly, receiving referrals from the Front Door staff for Sharon Manor, our existing transitional housing program. We commit to having the housing case manager and/or the property manager at JoJo's Place participate in weekly case conferencing meetings.

Kristine Pavlik
Housing and Grants Administrator
City of Flagstaff Housing Section
3481 N Fanning Drive
Flagstaff, Arizona 86004

February 22, 2023

Dear Ms. Pavlik,

Housing Solutions of Northern Arizona (HSNA) is an active member of the Coconino County Continuum of Care to End Homelessness (CoC), working in partnership with other services providers to develop and implement strategies to prevent and end homelessness in Northern Arizona. HSNA participates in bi-monthly local CoC meetings, has representation on steering committees, and attends bi-monthly Executive Committee meetings to participate in strategic planning and Arizona Department of Housing reporting. CEO, Devonna McLaughlin also chairs the Advocacy Committee. The Mission of the CoC is to be a united coalition of community systems, to assist community members who experience homelessness and/or near homelessness to obtain housing, achieve economic stability, and enjoy enhanced quality of life through the delivery of coordinated and comprehensive services.

Sincerely,

Heather Marcy
Co-Chair - Coconino County Continuum of Care to End Homelessness
Deputy Director, Northland Family Help Center
928-233-4306
hmarcy@northlandfamily.org

## Proposed Program (50 points)

1. **(15 points) Describe how the proposed program will provide shelter and/or services to unsheltered persons who are experiencing homelessness. Highlight any shelter or service programs designed to serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities. The description should also include program specifics such as the requested funding amount, program start date, program end date (if applicable), and anticipated number of persons served during the period of performance.**
   Homeless Shelter and Services funding through the City of Flagstaff will provide transitional housing to an estimated 82 households in the greater Flagstaff area who are experiencing homelessness. Households will access transitional housing resources through our ongoing Sharon Manor Transitional Housing program, or through our new JoJo's Place Transitional Housing Program, scheduled to open in January 2024. HSNA will identify potential residents for both programs through partnerships with the Coordinated Entry Front Door Program, operated by Catholic Charities and Flagstaff Shelter Services.

   While it's possible that some clients on the Coconino County By Name List who are participating in the Front Door Coordinated Entry program have impacted by the ruling on Freddy Brown, et al. v. City of Phoenix, it's not likely that a high percentage of households experiencing homelessness in our community have been impacted by this court decision or the expiration of the Public Health Act as it pertained to the border between Arizona and Mexico. We may see folks on our local By Name List who are impacted by the closure of sober living homes and residential facilities, but we have no way of knowing how many existing clients on the local list would meet this criteria.

   HSNA is requesting $276,089.40 in funding support through the Homeless Shelter and Services grant. Funding would support Sharon Manor Transitional Housing program, which is an ongoing program, as well as JoJo's Place Transitional Housing program, which is a new/expansion program for our organization. Start date for Sharon Manor (for grant billing purposes) would be July 1, 2023 and the start date for JoJo's Place is estimated to be in January 2024. We will hire staff for JoJo's Place in the next 60 days and expect to begin leasing units in mid-January, once we get our Certificate of Occupancy from the City of Flagstaff. Construction/rehab completion has been delayed as our electrical panels for the property are on back order (since last December). We've requested delivery to be expedited, but are unsure if that request will be honored. While both programs are ongoing, the end date for billing under this grant is June 30, 2024 and that will be honored.

   We anticipate serving 82 households under the grant program (196.8 persons, based on an average household size of 2.4 people).

   Both programs will provide critical transitional housing support to households experiencing homelessness. Transitional housing is defined by the length of stay (24 months) and the provision of wrap-around support services, which are offered to clients in a victim-centered, client-driven manner, helping residents to increase resources, build

stability and identify and secure safe, decent and affordable permanent housing. HSNA has a track record of success in operating transitional housing through its ongoing Sharon Manor Program. Sharon Manor will celebrate its 25th anniversary in 2024. JoJo's Place is a critical expansion of transitional housing resources in our community, an increase of 44 units.

2. **(15 points) Describe the proposed beneficiaries the program will serve. Include local statistics/data or other information to demonstrate the need for this program. Provide information regarding performance metrics- identify and list specific measures that will be reported to demonstrate the impact of this funding. Example: Number of individuals served, shelter nights provided, move in assistance, etc. evaluation, including how the program evaluates services and the impact on clients.**

Both JoJo's Place and Sharon Manor serve households experiencing homelessness in the greater Flagstaff area. Sharon Manor, specifically, serves households experiencing homelessness with a history of domestic violence. JoJo's Place will serve all households experiencing homelessness regardless of past DV experience. 100% of households served will be homeless. 100% of households served will be low-income. At JoJo's Place, household income cannot exceed 60% of the area median income (AMI) as defined annually by HUD. At Sharon Manor, 16 units serve households under 60% AMI and 13 units serve households under 80% AMI.

During the reporting period, HSNA projects we will provide transitional housing to 82 households experiencing homelessness in the greater Flagstaff area.

The need for transitional housing resources in our community is ongoing and increasing. Most recent By Name List data indicates there are 684 households in the greater Flagstaff area experiencing homelessness (10/2/2023). Of those households, 44 (6% are veterans), 28% are chronically homeless and 14% have a history of domestic violence. The number of households experiencing homelessness has increased over the past 9 months. In January, 620 households were on the By Name List as experiencing homelessness. Most recent data indicates there are 684 households in our area experiencing homelessness – a 10% increase over the past 9 months.

The answer to solving homelessness is housing. JoJo's Place and Sharon Manor both provide housing resources to households experiencing homelessness. Clients sign 12-month leases, which can be renewed for an additional 12-month period. Although transitional housing is not permanent housing, it does provide stability to households, which benefit from the longer-term stability and wrap around support services.

HSNA will report on the following metrics during the grant funding period:

- Number of households (and individuals) accessing transitional housing.
- Demographic information for households accessing transitional housing.
- Amount of move-in and rental assistance provided to households accessing transitional housing. This includes totals, as well as averages. It also will include the number of households receiving move-in assistance.
- Number of households who access permanent housing during the grant funding period, as well as information on household length of stay in transitional housing.
- Number and percentage of households who increase income during their time in transitional housing.

- Number and percentage of households who improve health (mental and physical health) during their time in transitional housing (as reported by clients and case managers and documented in case notes).
- Number and percentage of households who access community resources (food support, mental health and physical health support, employment services, resources for children experiencing homelessness, etc.).
- Client feedback and satisfaction, as documented through quarterly client surveys (anonymous and optional).

3. **(10 points) Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024. This narrative should align with the timeline provided in Attachment C.**
HSNA will spend all funds awarded during the grant period ending June 30, 2024. We are seeking funding for operating costs for our ongoing Sharon Manor program. We will bill for Sharon Manor expenses incurred July 1, 2023 through June 30, 2024, including partial wages for our Sharon Manor Program Manager and associated EREs; maintenance personnel during the time they have worked at Sharon Manor and associated EREs; utilities, insurance, technology and phone/internet expenses associated with the Sharon Manor program.

   We have been working to complete renovation of our JoJo's Place Transitional Housing property and expect the property to open for client service in January 2024. We have experienced a construction delay with back-ordered electrical panels. We've been working with the national supplier to see if the panels can be expedited for delivery. If not, they are expected to be delivered in December with installation and our Certificate of Occupancy to be issued in January. The timeline provided reflects this implementation timeline and 5-6 months of operation at JoJo's Place. We will lease-up all 44 of the transitional housing units during the grant compliance period, expanding our service delivery to an additional 44 households experiencing homelessness. This reflects a 151% increase in service delivery during the grant reporting period.

   The timeline provided represents ongoing operations of Sharon Manor Transitional Housing throughout the grant funding time period and new/expanded operations at JoJo's Place Transitional Housing mid-year.

4. **(10 points) Provide budget details including a line-item budget for the program that includes the following categories as applicable: personnel, fringe benefits, administration, supplies, equipment, nightly stays, and other. This narrative should align with the budget provided in Attachment D.**
We have provided a line-item budget documenting the use of proposed grant funding and leverage secured for the programs. Specifically, we are requesting the following funding support through the Homelessness Shelter and Services grant:
   - Personnel support to help pay for a portion of the Program Manager's salaries at both Sharon Manor and JoJo's Place. We are asking for 75% of the Sharon Manor Program Manager's salary and 64% of the JoJo's Place Program Manager's salary. Payment for these staff members will help us to build internal capacity, enabling us to afford the ongoing salary costs in the future.
   - Personnel support to help pay for maintenance staff costs for maintenance staff support at Sharon Manor and JoJo's Place. We are requesting grant

funding to cover 50% of projected maintenance staffing costs for Sharon Manor and JoJo's Place during the grant funding period.

- We calculated EREs @ 20% of salary expenses. We are requesting grant funding support to pay for associated EREs, based on salary expenses outlined above.
- One of our largest operating expenses is utilities. At Sharon Manor, all utilities for tenants in Building 1 are paid by HSNA. In Buildings 3 & 4, tenants pay gas and electric. At JoJo's Place, all utilities will be paid by HSNA. When tenants have utilities in their name, they can apply for utility cost reductions, as they are low-income and qualify for assistance programs through APS and UniSource. When utilities are paid by HSNA (a corporation), we do not qualify for utility cost reductions even though we continue to benefit low-income residents. At Sharon Manor Building 1 and JoJo's Place, it would be cost-prohibitive to put in individual meters for gas and electricity for each unit. Because the up-front costs were unreasonable, HSNA now pays for all utilities for these residents. HSNA also pays for water, sewer and trash service at all of our rental properties.
- We are asking for grant funding to help offset some of our insurance expenses. In 2023, property insurance premiums increased by more than 50%. Many insurance providers are leaving our market, due to increased risk of loss from wildfires and flooding. Despite the fact that we have not had an insurance claim in 10+ years, we are facing increased insurance rates to continue to insure the properties we own and manage. Grant funding will help off-set the increased insurance costs for Sharon Manor and JoJo's Place.
- Finally, we are requesting operating support for technology and telephone/ internet expenses. We must fund these expenses in order to operate the properties safely and successfully. Lower rents at both properties impact our ability to pay for these operating expenses.
- We are also proposing to fund move-in expenses through the Homeless Shelter and Services grant. We know from our operating history at Sharon Manor that even our low rents and security deposits create a barrier for households with limited or low incomes. We are asking for security deposit assistance for an estimated 53 households who will move in to transitional housing after the notice to proceed is issued, as well as first month's rental assistance for those 53 households. We calculated the break-down of security deposit and rental assistance based on actual security deposits to be charged and average rents paid at Sharon Manor, adjusted for unit size.

| Unit Size | Security Deposit | Average Rent | # of Units | Total |
|---|---|---|---|---|
| JoJo's Studio | $250 | $500 | 44 | $33,000 |
| SM Studio | $200 | $500 | 3 | $2,100 |
| 2-bed | $300 | $700 | 3 | $3,000 |
| 3-bed | $400 | $750 | 3 | $3,450 |

- We know we will need to provide basic furniture necessities for households moving in to transitional housing after the notice to proceed. We calculated providing basic furniture items to 54 households, with an average furniture cost per household of $600. This will pay for a mattress, bed frame and dresser/armoire. Total furniture costs are $32,400. We are requesting

furniture assistance through the Homelessness Shelter and Services grant in the amount of $12,000. Additional costs will be funded through leveraged grant support.

HSNA has documented in the attached budget leverage for our transitional housing programs. Leverage comes in many forms, including CDBG funding (for JoJo's Start-up), rental income, private grants and donations and public sector funding such as DES transitional housing funding and Victims of Crime Act victim services dollars. All budgeted leverage is based on actual funding awards or from historic donation levels.

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## Fiscal Management and Applicant Capacity (20 points)

1. **(10 points) What is the applicant's current annual operating budget? Does the applicant undergo an annual audit? Please attach the applicant's audit and financial statement from the most recent fiscal year.**
   HSNA's annual operating budget for FY24 is $2,604,000. HSNA undergoes an annual audit. We are in the process of completing our FY23 financial audit (year ending 6/30/2023) and expect audited financial statements from our independent auditing company in November 2024, for approval by our Board of Directors. We are attaching FY22 audited financial statements, as those are the most recent audited financial statements our organization has at this time. Once the FY23 audited financial statements are finalized and approved by the board of directors, we will forward those documents to the City of Flagstaff. HSNA, as a recipient of federal funds, undergoes a single audit annually.

2. **(10 points) Briefly describe the applicant's history and realistic capacity for administering these funds. Has the applicant received City of Flagstaff funding in the past?**
   HSNA has successfully administered federal, state and local funding for many projects and programs, including new construction, rehabilitation and general operations. Specifically, we get funding annually from the Arizona Department of Public Safety to provide victim-centered case management support at Sharon Manor and funding from the Arizona Department of Economic Security to provide transitional housing services to victims of domestic violence at Sharon Manor. We have received significant federal funding passed through the Arizona Department of Housing, to purchase and rehab the JoJo's Place property, adding safety features, critical amenities and ADA accessibility. We are familiar with federal statutes and federal regulations for grant monies. Please see a listing of federal and CDBG funding below:

| Date of Funding | Award Amount | Project |
|---|---|---|
| 3/2006 | $100,00 | City of Flagstaff CDBG Acq/Rehab (91C-05) |
| 7/2006 | $30,000 | City of Flagstaff CDBG Individual Development Accounts (101C-06) |
| 7/2007 | $107,000 | City of Flagstaff CDBG Acq/Rehab (90C-06) |

| | | |
|---|---|---|
| 10/2007 | $142,000 | City of Flagstaff CDBG Housing Subsidy Grants (101C-07) |
| 10/2007 | $24,031 | City of Flagstaff CDBG Minor Rehab at Sharon Manor (121C-07) |
| 11/2008 | $150,000 | City of Flagstaff CDBG Acq/Rehab (91C-08) |
| 1/2010 | $160,000 | City of Flagstaff CDBG Housing Subsidy (101C-09) |
| 6/2010 | $150,000 | City of Flagstaff CDBG Rehab (91C-10) |
| 6/2011 | $200,000 | City of Flagstaff CDBG Down Payment Assist (101C-10) |
| 6/2011 | $100,000 | City of Flagstaff CDBG Down Payment Assist (101C-11) |
| 6/2012 | $120,000 | City of Flagstaff CDBG Down Payment Assist (101C-12) |
| 6/2012 | $60,000 | City of Flagstaff CDBG Rehab (91C-12) |
| 5/2013 | $138,404 | City of Flagstaff CDBG Down Payment Assist (101C-13) |
| 5/2013 | $70,337 | City of Flagstaff CDBG Job Creation (201C-13) |
| 11/2014 | $150,000 | City of Flagstaff CDBG Down Payment Assist (101c-14 |
| 11/2017 | $120,000 | City of Flagstaff CDBG Sharon Manor Apartment Rehab |
| 6/6/2020 | $258,232.67 | City of Flagstaff CDBG Sharon Manor Expansion |
| 3/18/2021 | $244,400 | City of Flagstaff CDBG Sharon Manor Communal Living Rehab |
| 7/1/2022 | $90,288 | Department of Economic Security – Transitional Housing Support for Victims of Domestic Violence |
| 7/7/2022 | $307,875.33 | City of Flagstaff CDBG Owner Occupied Housing Rehab |
| 10/1/2022 | $145,000 | Victims of Crime Act – Sharon Manor Operations |
| 1/15/2023 | $35,000 | HUD-Housing Counseling Pass-through RCAC |

| | | |
|---|---|---|
| 4/11/2023 (NTP not issued) | $250,000 | Purchase of two condo units, for permanent, affordable rental housing |
| 4/11/2023 (NTP not issued) | $98,000 | Operating support for JoJo's Place Transitional Housing |
| 7/1/2023 | $93,904.51 | Department of Economic Security – Transitional Housing Support for Victims of Domestic Violence |
| 10/1/2023 | $145,000 | Victims of Crime Act – Sharon Manor Operations |

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## Unscored Questions

1. **What is the minimum amount of funding needed for the program to proceed?**
   In order to offset increased and ongoing operating expenses at JoJo's Place and Sharon Manor, HSNA would need a minimum of $150,000 in funding through the City's Homeless Shelter and Services grant.

2. **Is there any other information you would like the Ranking Committee to know about your program or organization that is not already covered?**
   HSNA continues to work to expand services and housing resources for households experiencing homelessness in our northern Arizona communities. We know additional housing units are critical to meet the ongoing needs of homeless households in our community and we're thrilled to be adding additional housing resources to benefit the most vulnerable in our community.

   In addition to expanding programs, it is critical to continue to invest in ongoing programs that have a proven track record of success, like Sharon Manor. We see increased operating expenses at Sharon Manor as we work to keep staffing levels high (having expanded units at Sharon Manor 3 years ago, we increased staff shortly before expansion to employ two full-time adult case managers. We also increased staffing for our children's program, moving our children's program coordinator from a part-time to full-time position approximately five years ago.)

   We know that client success is dependent not only on access to housing, but access to wrap around support services. This is why we have invested heavily in providing case management support to clients at Sharon Manor and JoJo's Place. Case managers work holistically with clients to meet client-driven goals for success. We operate with a client-focused, trauma-informed care approach where clients have choices in the services they receive. We find this to be empowering for clients, driving higher rates of success.

**Project Budget**
**City of Flagstaff**
**Community Development Block Grant (CDBG) Program**

**Project Description: HSNA Homeless Shelter & Services**
**Implementing Agency: Housing Solutions of N. Arizona**
**Project No.:**
**Date: 10/3/2023**

| Households Served: 60 household | | SOURCE 1 | SOURCE 2 | SOURCE 3 | SOURCE 4 | SOURCE 4 | |
|---|---|---|---|---|---|---|---|
| Item and Activity | Item / Activity Description | City of Flagstaff Homeless Shelter & Services | City of Flagstaff CDBG | Rental Income | Private-sector grant funding & donations | Public-sector grant funding | Totals |
| 1 | **Operating Costs** | | | | | | |
| A | Personnel: SM Property/Program Manager (1 FTE) | $ 50,212.50 | | | | $ 16,737.50 | $ 66,950.00 |
| B | Personnel: JoJo's Property/Program Manager (1 FTE for 6 mos) | $ 20,585.00 | $ 11,500.00 | | | | $ 32,085.00 |
| C | Personnel: Maintenance Personnel (2 FTE) | $ 54,652.00 | | $ 54,652.00 | | | $ 109,304.00 |
| D | Personnel: Chief Operating Officer (0.5 FTE) | | | | $ 25,000.00 | $ 17,500.00 | $ 42,500.00 |
| E | Personnel: Chief Executive Officer (0.25 FTE) | | | | $ 12,875.00 | $ 12,875.00 | $ 25,750.00 |
| F | EREs @ 20% | $ 25,089.90 | $ 2,300.00 | $ 10,930.40 | $ 7,575.00 | $ 9,422.50 | $ 55,317.80 |
| G | Utilities | $ 50,000.00 | | $ 10,000.00 | | | $ 60,000.00 |
| H | Insurance | $ 12,000.00 | | $ 30,000.00 | | | $ 42,000.00 |
| I | Technology | $ 5,000.00 | | $ 5,000.00 | | | $ 10,000.00 |
| J | Audit & Accounting | | | $ 20,000.00 | | | $ 20,000.00 |
| K | Telephone & Internet | $ 5,000.00 | | $ 6,800.00 | | | $ 11,800.00 |
| L | Dues & Subscriptions | | | | $ 3,000.00 | | $ 3,000.00 |
| M | Training & Travel | | | | $ 3,500.00 | | $ 3,500.00 |
| N | Repairs & Maintenance (supplies & contractors) | | | $ 150,000.00 | $ 50,000.00 | | $ 200,000.00 |
| 2 | **Direct Client Benefit** | | | | | | |
| A | Move-in Assistance: Deposits & 1st Month's Rent | $ 41,550.00 | | | | | $ 41,550.00 |
| B | Furnishings | $ 12,000.00 | | | $ 11,400.00 | $ 9,000.00 | $ 32,400.00 |
| C | Direct Client Assistance (holidays, emergency, bus passes) | | | | $ 16,000.00 | | $ 16,000.00 |
| D | Direct Client Assistance (Move-out assistance) | | | | | $ 8,000.00 | $ 8,000.00 |
| 3 | **Case Management** | | | | | | |
| A | Contract: Housing-based Case Manager (1 FTE for 6 months) | | $ 37,500.00 | | | | $ 37,500.00 |
| B | Personnel: Sharon Manor Case Managers (2 FTE) | | | | $ 31,446.00 | $ 80,000.00 | $ 111,446.00 |
| C | Personnel: Sharon Manor Youth Program Coord. (1 FTE) | | | | $ 12,875.00 | $ 38,625.00 | $ 51,500.00 |
| D | EREs @ 20% | $ - | $ - | $ - | $ 8,864.20 | $ 23,725.00 | $ 32,589.20 |
| | **CDBG Totals** | $ 276,089.40 | | | | | |
| | **Totals** | $ 276,089.40 | $ 51,300.00 | $ 287,382.40 | $ 182,535.20 | $ 215,885.00 | $ 1,013,192.00 |

**Project Schedule**
**City of Flagstaff**
**Project Description: Homeless Shelter & Services**
**Implementing Agency: Housing Solutions NAZ, Inc.**
**Project No.:**
**Date: 10/9/2023**
**Households Served: 82 households (196.8 people)**

| Item No. | Item Description | YEAR 1st month begins with notice to proceed | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th | 9th | 10th | 11th | 12th |
| 1 | Provide transitional housing resources and case management support to homeless victims of domestic violence through Sharon Manor | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 2 | Complete renovation/construction of JoJo's Place Transitional Housing facility | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 3 | Hire JoJo's Place Property Manager | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 4 | Create JoJo's Place policies and procedures (intake & operating) in partnership with Catholic Charites (as CC will provide ongoing housing case management) | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 5 | Lease-up JoJo's Place Transitional Housing | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 6 | Provide transitional housing resources and case management support to homeless households through JoJo's Place | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 7 | Report progress to City staff | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 8 | Close out report and monitoring | | | | | | | | | | | | |

# Housing Solutions of Northern Arizona, Inc.
# and Subsidiary
# Report to the Board of Directors
# June 30, 2022

FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

November 17, 2022

To the Board of Directors of
Housing Solutions of Northern Arizona, Inc. and Subsidiary
Flagstaff, Arizona

We have audited the consolidated financial statements of Housing Solutions of Northern Arizona, Inc. and Subsidiary (the Organization) for the year ended June 30, 2022 and have issued our report thereon dated November 17, 2022**.** Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> The costs of providing various program and supporting activities have been presented on a functional basis in the consolidated statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Certain costs have been allocated among the program and supporting services benefited based on management's estimate of employee hours and other factors devoted to each activity.

We evaluated management's methodology for determining that the allocations are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of mortgages payable in Note 8 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have included a schedule of management's post-closing journal entries for reference (CAJE 01-04).

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 17, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements as listed in the table of contents, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting standards generally accepted in the United States of America and the Uniform Guidance, as applicable, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, noting no material inconsistencies.

We are required to communicate any audit risks that we identify to those charged with governance. We have identified the risks of management override of controls, improper revenue recognition, related party transactions, and intercompany payroll allocation as audit risks, and we have addressed those risks during the normal course of our audit.

This information is intended solely for the use of the Board of Directors and management of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Fester & Chapman, PLLC

## Housing Solutions of Northern Arizona

**Year End: June 30, 2022**

**Client Adjusting Journal Entries**

| Number | Date | Name | Account No | Debit | Credit |
|---|---|---|---|---|---|
| CAJE 01 | 6/30/2022 | Accounts Receivable | 1201 | 2,178 | |
| CAJE 01 | 6/30/2022 | VOCA | 4100-52 | | 2,178 |
| | | To adjust accounts receivable. | | | |
| CAJE 02 | 6/30/2022 | Travelodge Motel Acquisition and Rehab Costs | 1896.1 | | 43,000 |
| CAJE 02 | 6/30/2022 | Developer Fee | 4100-48 | 43,000 | |
| | | To adjust architect fees. | | | |
| CAJE 03 | 6/30/2022 | Construction Income-Intercomp | 4170 | 211,108 | |
| CAJE 03 | 6/30/2022 | Contract Labor | 5020 | | 8,305 |
| CAJE 03 | 6/30/2022 | Materials | 5050 | | 50,069 |
| CAJE 03 | 6/30/2022 | Subcontractor | 5070 | | 146,829 |
| CAJE 03 | 6/30/2022 | Waste | 5090 | | 1,532 |
| CAJE 03 | 6/30/2022 | Utilities-Construction | 5110 | | 1,760 |
| CAJE 03 | 6/30/2022 | Workers Comp | 5010.5 | | 2,613 |
| | | To adjusted intercompany income. | | | |
| CAJE 04 | 6/30/2022 | Accounts Receivable | 1201 | 805 | |
| CAJE 04 | 6/30/2022 | RCAC | 4100-28 | | 805 |
| | | To adjust accounts receivable. | | | |
| | | | | **257,091** | **257,091** |

# HOUSING SOLUTIONS OF NORTHERN ARIZONA, INC.
# AND SUBSIDIARIES

## Consolidated Financial Statements,
## Supplementary Information and Single Audit Reports
## June 30, 2022
## (with comparative totals as of and for the year ended of June 30, 2021)

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FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Housing Solutions of Northern Arizona, Inc. and Subsidiaries
Flagstaff, Arizona

## Opinion

We have audited the accompanying consolidated financial statements of Housing Solutions of Northern Arizona, Inc. (an Arizona nonprofit corporation) and affiliates, AHC Construction, L.L.C. and Lending Solutions of Northern Arizona, L.L.C. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Housing Solutions of Northern Arizona, Inc. and affiliates as of June 30, 2022, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Housing Solutions of Northern Arizona, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Fester & Chapman, PLLC

November 17, 2022

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2022
(with comparative totals as of June 30, 2021)

| | 2022 | 2021 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash | $ 1,067,278 | $ 921,046 |
| Grants and other receivables | 485,375 | 71,756 |
| Other current assets | 9,247 | 9,768 |
| Total current assets | 1,561,900 | 1,002,570 |
| Property and equipment, net | 10,288,028 | 6,111,030 |
| Total assets | $11,849,928 | $ 7,113,600 |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 134,289 | $ 116,108 |
| Mortgages payable, current portion | 248,542 | 98,479 |
| Total current liabilities | 382,831 | 214,587 |
| Mortgages payable, net of current portion | 3,551,577 | 3,851,161 |
| Obligations to be forgiven | 5,198,050 | 1,163,105 |
| Total liabilities | 9,132,458 | 5,228,853 |
| Net assets without donor restrictions | 2,717,470 | 1,884,747 |
| Total liabilities and net assets | $11,849,928 | $ 7,113,600 |

The accompanying notes are an integral part of these financial statements.

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF ACTIVITIES
Year Ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)

| | 2022 | 2021 |
|---|---|---|
| Support, revenue and gains: | | |
| Grant revenue | $ 787,494 | $ 1,098,213 |
| Contributions | 905,622 | 700,910 |
| Construction revenue | 265,940 | 45,933 |
| Sharon's Attic sales | 179,430 | 188,377 |
| Silent second mortgage payments received | 15,180 | |
| Rental income | 593,398 | 448,806 |
| Paycheck Protection Program | | 76,943 |
| In-kind donations | 26,289 | 28,983 |
| Miscellaneous income | | 48,739 |
| Total support, revenue and gains | 2,773,353 | 2,636,904 |
| Expenses: | | |
| Program expenses: | | |
| Transitional Housing | 617,930 | 557,512 |
| Development of Affordable Housing | 56,334 | 28,400 |
| Homebuyer Assistance Program | 299,676 | 356,536 |
| Lending Solutions | 29,638 | 64,541 |
| Rental property | 448,091 | 424,038 |
| Sharon's Attic | 245,144 | 216,988 |
| Total program expenses | 1,696,813 | 1,648,015 |
| Management and general | 159,134 | 104,680 |
| Fundraising | 84,683 | 78,971 |
| Total expenses | 1,940,630 | 1,831,666 |
| Change in net assets | 832,723 | 805,238 |
| Net assets, beginning of year | 1,884,747 | 1,079,509 |
| Net assets, end of year | $ 2,717,470 | $ 1,884,747 |

The accompanying notes are an integral part of these financial statements.

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)

| | Transitional Housing | Development of Affordable Housing | Homebuyer Assistance Program | Lending Solutions | Rental Property | Sharon's Attic | Total Program Expenses | Management and General | Fundraising | Total 2022 | Total 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries | $ 278,558 | $ 16,087 | $ 87,164 | $ 16,217 | $ 60,623 | $ 110,742 | $ 569,391 | $ 38,330 | $ 31,747 | $ 639,468 | $ 596,160 |
| Employee related | 50,554 | 2,402 | 15,615 | 2,325 | 10,999 | 21,027 | 102,922 | 17,599 | 5,575 | 126,096 | 121,586 |
| Professional fees | 13,945 | 3,943 | 12,688 | 6,283 | 1,183 | 2,421 | 40,463 | 3,876 | 2,026 | 46,365 | 36,774 |
| Construction | 24,322 | 6,685 | 6,104 | | 7,822 | 1,349 | 46,282 | | 154 | 46,436 | 39,455 |
| Insurance | 13,627 | 6,123 | | 722 | 15,332 | 5,701 | 41,505 | 4,670 | | 46,175 | 56,550 |
| Office supplies | 16,210 | | 10,863 | 146 | 1,966 | 5,310 | 34,495 | 23,409 | 3,765 | 61,669 | 47,104 |
| Rent | | | | | | 75,536 | 75,536 | 20,480 | | 96,016 | 88,291 |
| Security | 1,968 | 229 | | | | | 2,197 | | | 2,197 | 908 |
| Utilities | 20,402 | 6,749 | | | 36,723 | 10,062 | 73,936 | | | 73,936 | 55,236 |
| Telephone | 10,040 | 1,534 | 2,157 | 218 | 1,393 | 1,177 | 16,519 | 2,643 | 205 | 19,367 | 13,494 |
| Travel | 1,239 | | 1,750 | | 3,516 | | 6,505 | 853 | | 7,358 | 1,600 |
| Repairs and maintenance | 81,984 | 1,680 | 24 | | 48,598 | 3,244 | 135,530 | 769 | 148 | 136,447 | 141,202 |
| Other program expenses | 27,441 | | 63,005 | | | | 90,446 | 21 | | 90,467 | 29,932 |
| Other fundraising expenses | | | | | | | | | 927 | 927 | 4,265 |
| Licenses and permits | | 520 | | 8 | 25 | | 553 | | | 553 | 770 |
| Advertising | | 154 | 1,541 | | | | 1,695 | 408 | 15,695 | 17,798 | 11,431 |
| Postage and delivery | 635 | 35 | 284 | | 247 | 68 | 1,269 | 613 | 12,782 | 14,664 | 13,769 |
| Printing and reproduction | 194 | | 2,022 | 118 | | 372 | 2,706 | 2,022 | 119 | 4,847 | 3,357 |
| Assistance payments | | | 92,500 | | 500 | | 93,000 | | | 93,000 | 230,376 |
| Interest | | | | 3,000 | 133,917 | | 136,917 | | | 136,917 | 125,236 |
| Other | 5,360 | 2,493 | 3,959 | 601 | 3,485 | 4,208 | 20,106 | 40,868 | 11,540 | 72,514 | 42,022 |
| Total expenses before depreciation and bad debt | 546,479 | 48,634 | 299,676 | 29,638 | 326,329 | 241,217 | 1,491,973 | 156,561 | 84,683 | 1,733,217 | 1,659,518 |
| Depreciation | 70,745 | | | | 121,762 | 3,927 | 196,434 | 2,573 | | 199,007 | 169,929 |
| Bad debt | 706 | 7,700 | | | | | 8,406 | | | 8,406 | 2,219 |
| Total expenses | $ 617,930 | $ 56,334 | $ 299,676 | $ 29,638 | $ 448,091 | $ 245,144 | $ 1,696,813 | $ 159,134 | $ 84,683 | $ 1,940,630 | $ 1,831,666 |

The accompanying notes are an integral part of these financial statements.

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Year Ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)

| | 2022 | 2021 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 832,723 | $ 805,238 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 199,007 | 169,929 |
| Changes in assets and liabilities: | | |
| Grants and other receivables | (413,619) | (15,922) |
| Other current assets | 521 | 5,527 |
| Accounts payable and accrued expenses | 18,181 | 9,882 |
| Refundable advances | | (76,943) |
| Net cash provided by operating activities | 636,813 | 897,711 |
| Cash flows from investing activities: | | |
| Acquisition of fixed assets | (341,060) | (1,522,375) |
| Net cash used by investing activities | (341,060) | (1,522,375) |
| Cash flows from financing activities: | | |
| Proceeds from note payable | | 1,152,504 |
| Payments on mortgages payable | (149,521) | (122,133) |
| Net cash (used) provided by financing activities | (149,521) | 1,030,371 |
| Net increase in cash | 146,232 | 405,707 |
| Cash, beginning of year | 921,046 | 515,339 |
| Cash, end of year | $ 1,067,278 | $ 921,046 |
| Supplemental cash flow disclosure: | | |
| Cash paid during the year for interest | $ 136,917 | $ 125,236 |
| Non-cash investing activity: | | |
| Fixed assets acquired with mortgages payable | | $ 339,729 |
| Fixed assets acquired with obligations to be forgiven | $ 4,034,945 | |
| Non-cash financing activity: | | |
| Debt incurred to purchase fixed assets | $ 4,034,945 | $ 339,729 |
| Refinanced note payable | | $ 1,931,767 |

The accompanying notes are an integral part of these financial statements.

## NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Housing Solutions of Northern Arizona, Inc. (the Organization) is a nonprofit organization incorporated in the State of Arizona. The Organization's vision is for all residents to have access to safe, decent, and affordable housing with an opportunity for upward mobility in Flagstaff, Arizona and the surrounding areas. The Organization's mission is to build opportunities for sustainable, affordable housing in northern Arizona through the following programs:

Transitional Housing: Provides support services and housing facilities for victims who have survived domestic violence or abuse, and their children, to transition tenants to self-sufficiency living.

Development of Affordable Housing: Purchases land and constructs homes to sell or rent to low- and moderate-income households. The Organization also purchases existing homes, rehabilitates and sells or rents them to low-income homebuyers.

Homebuyer Assistance Program (HAP): Provides education and counseling to first-time homebuyers; provides post-purchase foreclosure mitigation counseling; administers matched savings programs and down payment/closing cost assistance programs for first-time homebuyers; and sells Organization-owned homes to low- and moderate-income first-time homebuyers.

Lending Solutions: Provides affordable, reasonable financial services and lending opportunities to predominately low- and moderate-income persons and other targeted, under-served populations.

Rental Property: Provides low-income rental homes to low-income families.

Sharon's Attic: Operates a thrift store which benefits and grows awareness for the Organization's other programs.

AHC Construction, L.L.C. (AHC) is a limited liability company formed for the purpose of carrying out the mission of the Organization. As a general contractor, it holds an Arizona Class B Residential Contractor's license and an Arizona Class B Commercial Contractor's license in order to build and rehabilitate residential housing for low and moderate income families. The Organization is the sole member of AHC, which is managed by the Organization's Executive Director, President of the Board of Directors, and Chairman of the Development Committee.

Lending Solutions, L.L.C. (Lending Solutions; along with AHC, the Companies) is a limited liability company formed to provide affordable small-dollar fairly-priced loans to working individuals. The Organization is the sole member of Lending Solutions, which is managed by two of the Organization's board members and two outside managers.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies:

Principles of Consolidation: The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiaries: the Companies. All material interentity accounts and transactions have been eliminated in consolidation.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As of June 30, 2022 and 2021, the Organization's Board has designated net assets without donor restrictions of $13,211 and $15,558, respectively, for operations and $13,840 and $16,263, respectively, for Sharon Manor.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the restricted stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization did not have any net assets with donor restrictions at June 30, 2022 and 2021.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes: The Organization is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Companies are considered to be disregarded entities for income tax purposes since the Organization is their sole member.

Grants and Other Receivables: Receivables consist primarily of reimbursable grant expenditures. Management believes that all grant receivables are collectible based on historical results and management's evaluation of the individual receivables outstanding. Therefore, no allowance for doubtful accounts is recognized.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, Buildings, Improvements and Equipment: The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of $2,500. Land, buildings, improvements and equipment are carried at cost or, if donated, at estimated fair value at the date of donation. Depreciation is computed on the straight-line basis over the useful lives of the assets as follows:

| | |
|---|---|
| Buildings and improvements | 20 - 28 years |
| Equipment | 5 - 10 years |

State of Arizona funding sources may maintain equitable interest in the property constructed by the Organization and funded by them.

Refundable Advances: The Organization records funds received from grant awards classified as conditional contributions as refundable advances until the related funds are expended and/or the services related to the awards are performed, at which time funds are recognized as revenue. See Note 5.

Economic Dependency: The Organization receives a substantial amount of its support from government grants. A significant reduction in the level of support from these sources could have a material effect on the Organization's continuing operations.

Contributions: The Organization follows the FASB ASC subtopic of *Revenue Recognition* for *Not-for-Profit Entities*. Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Contributed Services, Materials, and Facilities: Contributions of services, materials, and facilities are recognized in accordance with the provisions of FASB ASC's topic of *Not-for-Profit Entities* at their estimated fair value as of the date of the donation. The Organization recognized revenues and expenses totaling $26,289 and $28,983 for donated rent and silent auction items for the years ended June 30, 2022 and 2021, respectively.

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocations: The costs of providing the various programs and other activities are presented on a functional basis in the Consolidated Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and employee related are allocated based on time and effort. Professional fees, insurance and technology (reported in office supplies) are allocated based on salaries.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. Organization has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations:

| | 2022 | 2021 |
|---|---|---|
| Financial assets included in current assets: | | |
| Cash | $ 1,067,278 | $ 921,046 |
| Grants and other receivables | 485,375 | 71,756 |
| Total financial assets included in current assets | 1,552,653 | 992,802 |
| Less amounts unavailable for general expenditure within one year: | | |
| Board-designated funds - operations | (13,211) | (15,558) |
| Board-designated funds - Sharon Manor | (13,840) | (16,263) |
| Cash reserved for Lending Solutions loan pool | (133,132) | (144,688) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 1,392,470 | $ 816,293 |

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting contributions, grants, construction revenue, and other income.

NOTE 3 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at June 30,

| | 2022 | 2021 |
|---|---|---|
| Land | $ 2,146,539 | $ 1,221,539 |
| Buildings | 6,228,211 | 5,998,903 |
| Building improvements | 427,826 | 359,501 |
| Equipment | 115,880 | 115,880 |
| Construction in progress | 3,177,672 | 24,300 |
| Accumulated depreciation | (1,808,100) | (1,609,093) |
| Total | $ 10,288,028 | $ 6,111,030 |

Depreciation expense for the years ended June 30, 2022 and 2021 was $199,007 and $169,929, respectively.

## NOTE 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located throughout northern Arizona. The balances, at times, may exceed the federally insured limits of $250,000 at a single institution. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.

## NOTE 5 - REFUNDABLE ADVANCES/PAYCHECK PROTECTION PROGRAM

On April 17, 2020, the Organization was approved for a loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan was forgiven by the SBA in April 2021, and accordingly, $76,943 was recognized as revenue in the Consolidated Statements of Activities during the year ended June 30, 2021.

## NOTE 6 - SILENT SECOND MORTGAGE INCOME

The Organization holds promissory notes in the amount of the difference between the sales price and the appraised value of the homes sold to low- and moderate- income families, which are first-time homebuyers. The terms of these notes state that if the buyer sells the home, they will be responsible for paying the second mortgage. The difference between the sale price of a home and its appraised value at the time of sale by the Organization is recorded as a "silent second mortgage". The mortgage is recorded for the benefit of the Organization. If the house is sold or ceases to be the primary residence, the Organization would collect the second mortgage. At June 30, 2022 and 2021, silent second mortgages totaling $207,607 and $222,787, respectively, were recorded for the benefit of the Organization. Revenue from the second mortgages is deferred until the time of sale. During the years ended June 30, 2022 and 2021, revenue from silent second mortgages was $15,180 and $0, respectively.

## NOTE 7 - DEED RESTRICTIONS

The Organization utilizes the Affordable Housing Restrictive Covenant and Agreement (the Agreement) on its property sold to first-time homebuyers, in order to assure permanent affordability. The Agreement identifies the amount of Housing Subsidy Grant being given to the homebuyer; restricts any resale to a formula for equity sharing; and identifies the maximum household income of any new buyer. The Housing Subsidy Grant is a combination of the difference in the market value, sales price, and cash provided by the Organization to the homebuyer.

## NOTE 8 - MORTGAGES PAYABLE

Mortgages payable at June 30, consists of the following:

| | 2022 | 2021 |
|---|---|---|
| On May 6, 2013, the Organization borrowed $40,000 from the City of Flagstaff, secured by a deed of trust on the property (East Street). The note is an interest free, payment-deferred loan. The balance is payable at the earlier of 1) date the property is conveyed, sold, transferred, subjected to a mortgage or deed of trust, 2) date of default under the Subordinated Security Instrument executed in connection with the note or 3) date of default on senior liens and/or covenants, conditions and restrictions (CC&Rs) recorded on the property as part of the funding requirement through the Arizona Department of Housing. | $ 40,000 | $ 40,000 |
| On April 18, 2013, the Organization borrowed $70,000 from Sunwest Bank, secured by a deed of trust on the property (East Street). The promissory note has a interest rate of 6.50% and a maturity date of October 18, 2033. Principal and interest payments of $542 were due monthly. The note was repaid during the year ended June 30, 2022. | | 54,497 |
| On July 6, 2012, the Organization borrowed $40,000 from the City of Flagstaff, secured by a deed of trust on the property, which was subsequently purchased on July 6, 2012 (Main Street). The note is an interest free, payment-deferred loan. The balance is payable at the earlier of 1) date the property is conveyed, sold, transferred, subjected to a mortgage or deed of trust, or 2) date of default under the Subordinated Security Instrument executed in connection with the note. | 40,000 | 40,000 |
| On September 5, 2019, the Organization borrowed $62,160 from USDA, secured by a deed of trust on the property (3265 N Clark Street). The promissory note has an interest rate of 3.625%, and a maturity date of September 5, 2049. Principal and interest payments of $283 are due monthly. | 58,952 | 59,784 |
| On November 15, 2019, the Organization borrowed $150,000 from another nonprofit organization to fund Lending Solutions. The promissory note has an interest rate of 2% and a maturity date of November 15, 2022. Interest payments of $750 are due quarterly with a balloon payment of unpaid principal and interest due at maturity. This agreement is unsecured. | 150,000 | 150,000 |

NOTE 8 - MORTGAGES PAYABLE (CONTINUED)

| | 2022 | 2021 |
|---|---|---|
| On April 15, 2020, the Organization borrowed $231,000 from USDA, secured by a deed of trust on the property (165 Pinecrest Trail). The promissory note has an interest rate of 2.375%, and a maturity date of April 15, 2050. Principal and interest payments of $920 are due monthly. | $ 224,439 | $ 230,076 |
| On July 31, 2020, the Organization borrowed $400,000 from a private lender. The promissory note has an interest rate of 3.25%, and a maturity date of July 31, 2027. Principal and interest payments of $1,949 are due monthly. This agreement is unsecured. | 380,397 | 391,234 |
| On September 28, 2020**,** the Organization borrowed $172,000 from a private lender secured by a deed of trust on the Main Street property. The promissory note has an interest rate of 4%, and a maturity date of October 30, 2040. Principal and interest payments of $821 are due monthly. | 166,337 | 169,740 |
| On November 1, 2020, the Organization borrowed $2,680,000 from a private lender, secured by deeds of trust on 12 properties. The promissory note has an interest rate of 3.25%, and a maturity date of November 1, 2027. Principal and interest payments of $13,028 are due monthly. | 2,572,867 | 2,644,320 |
| On November 25, 2020**,** the Organization borrowed $172,000 from a private lender secured by a deed of trust on the First Street property. The promissory note has an interest rate of 4%, and a maturity date of November 30, 2040. Principal and interest payments of $821 are due monthly. | 167,127 | 169,989 |
| Total | 3,800,119 | 3,949,640 |
| Less current maturities | (248,542) | (98,479) |
| | $ 3,551,577 | $ 3,851,161 |

NOTE 8 - MORTGAGES PAYABLE (CONTINUED)

Interest expense on the mortgages payable for the years ended June 30, 2022 and 2021 was $136,917 and $125,236, respectively.

Future maturities of mortgages payable as of June 30, 2022 are as follows:

| Years ending June 30: | |
|---|---|
| 2023 | $ 248,542 |
| 2024 | 101,797 |
| 2025 | 105,159 |
| 2026 | 108,633 |
| 2027 | 112,221 |
| Thereafter | 3,123,767 |
| Total | $ 3,800,119 |

## NOTE 9 - OBLIGATIONS TO BE FORGIVEN

| | 2022 | 2021 |
|---|---|---|
| On May 6, 2013, the Organization entered into a borrowing agreement with the Arizona Department of Housing for the construction of permanent rental housing (East Street). The note is secured by a deed of trust on the property. The promissory note has a special interest rate of zero percent (0%) and a maturity date of December 31, 2033. The note contains restrictions that the property be used for affordable rental housing in accordance with the federal requirements of the HOME Investment Partnerships Program (HOME). The note payable will be forgiven upon maturity if the Organization complies with restrictions of the note. | $ 483,105 | $ 483,105 |
| The Organization assumed a $400,000 note payable to the Arizona Department of Housing when it acquired a transitional housing development (Sharon Manor) in 2013. The note is secured by a deed of trust on the property. The promissory note has a special interest rate of zero percent (0%) and a maturity date of December 31, 2025. The note contains restrictions that the property be used for affordable rental housing in accordance with the federal requirements of the HOME program. The note payable will be forgiven upon maturity if the Organization complies with restrictions of the note. | 400,000 | 400,000 |
| On March 4, 2014, the Organization borrowed $56,000 from the City of Flagstaff, secured by a deed of trust on the Center Street property. The note is an interest free, payment-deferred loan. The balance is payable at the earlier of 1) date the property is conveyed, sold, transferred, subjected to a mortgage or deed of trust, 2) date of default under the Subordinated Security Instrument executed in connection with the note or 3) date of default on senior liens and/or CC&Rs recorded on the property as part of the funding requirement through the Arizona Department of Housing. Upon expiration of the CC&Rs, the note shall be deemed satisfied and no payments on the note would be required. | 56,000 | 56,000 |

NOTE 9 - OBLIGATIONS TO BE FORGIVEN (CONTINUED)

| | 2022 | 2021 |
|---|---|---|
| On March 4, 2014, the Organization borrowed $19,000 from the City of Flagstaff, secured by a deed of trust on the Center Street property. The note is an interest free, payment-deferred loan. The balance is payable at the earlier of 1) date the property is conveyed, sold, transferred, subjected to a mortgage or deed of trust, 2) date of default under the Subordinated Security Instrument executed in connection with the note or 3) date of default on senior liens and/or CC&Rs recorded on the property as part of the funding requirement through the Arizona Department of Housing. Upon expiration of the CC&Rs, the note shall be deemed satisfied and no payments on the note would be required. | $ 19,000 | $ 19,000 |
| On October 28, 2015, the Organization borrowed $205,000 from the City of Flagstaff, secured by a deed of trust on the 2nd Street property. The note is an interest free, payment-deferred loan. The balance is payable at the earlier of 1) date the property is conveyed, sold, transferred, subjected to a mortgage or deed of trust, 2) date of default under the Subordinated Security Instrument executed in connection with the note or 3) date of default on senior liens and/or CC&Rs recorded on the property as part of the funding requirement through the Arizona Department of Housing. Upon expiration of the CC&Rs, the note shall be deemed satisfied and no payments on the note would be required. | 205,000 | 205,000 |
| On September 13, 2021, the Organization obtained a loan of up to $5,854,369 from federal grant proceeds under Federal Assistance Listings number 14.228, passed through Arizona Department of Housing, secured by a deed of trust on JoJo's Place property. The promissory note has a special interest rate of zero percent (0%) and a maturity date of September 13, 2028. The note contains restrictions that the property be used for affordable rental housing in accordance with the federal requirements of the CDBG program. The note payable will be forgiven upon maturity if the Organization complies with restrictions of the note. | 4,034,945 | |
| Total | $ 5,198,050 | $ 1,163,105 |

## NOTE 10 - PENSION PLAN

The Organization sponsors a SIMPLE IRA plan (the Plan) for the benefit of all employees who choose to participate. The Organization matches up to 3% of the employee's salary. The Organization's contributions to the Plan totaled $11,115 and $10,986 during the years ended June 30, 2022 and 2021, respectively.

## NOTE 11 - IN-KIND DONATIONS

The Organization receives the use of donated facilities for its management and general activities. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the Organization's service area. The total amount recognized for donated facilities was approximately $20,480 for each of the years ended June 30, 2022 and 2021, respectively.

The Organization also receives donated silent auction items for fundraising activities. The items are valued based on amounts assigned by donors, or for the estimated amounts that could be received in an open market for similar items. The Organization received donated auction items totaling $5,809 and $8,503 during the years ended June 30, 2022 and 2021, respectively.

## NOTE 12 – CONDITIONAL CONTRIBUTIONS AND GRANTS

The Organization received conditional contributions and grants during the fiscal years ending June 30, 2022 and 2021. Conditional contributions and grants are recorded when the donor-imposed conditions are substantially met.

Certain conditions are required to be met by the Organization in order to earn and receive these amounts. As of June 30, 2022 and 2021, amounts awarded but not yet received or earned totaled $183,184 and $440,698, respectively. While management believes that the Organization will meet these conditions, they had not been met as of the years ended June 30, 2022 and 2021. Accordingly, no amounts have been recorded for these conditional contributions and grants in these financial statements.

## NOTE 13 – SUBSEQUENT EVENTS

The Organization evaluated all events or transactions that occurred after June 30, 2022, through November 17, 2022, the date the Organization issued these financial statements, and has concluded that there were no events that would have a material effect on the financial statements.

In July 2022, the Organization purchased a 32-unit motel for $3,500,000 to be used for low-income housing by obtaining a forgivable loan for $5,336,928 from the Arizona Department of Housing.

**Supplementary Information**

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
SCHEDULE OF HOMES SOLD
Year Ended June 30, 2022

| | Date of Purchase | Date of Sale | Purchase Price | Project Costs | Grant Income | Sale Price | Project Gain |
|---|---|---|---|---|---|---|---|
| DEVELOPMENT OF AFFORDABLE HOUSING PROJECT | | | | | | | |
| HOMEBUYER ASSISTANCE PROGRAMS | | | | | | | |
| Net profit on projects | | | | | | | |

There were no homes sold which were constructed by the Organization during the year ended June 30, 2022 or 2021.

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
SCHEDULE OF RENTAL PROPERTY OPERATIONS
Year Ended June 30, 2022

| Property | Rental Income | Rental Expenses | Net Rental Income |
|---|---|---|---|
| Main Street | $ 22,974 | $ (6,733) | $ 16,241 |
| East Street | 27,241 | (32,975) | (5,734) |
| Center Street | 20,435 | (8,477) | 11,958 |
| Second Street | 42,673 | (21,377) | 21,296 |
| First Avenue | 16,913 | (11,696) | 5,217 |
| 1725 N. First Street | 18,898 | (8,326) | 10,572 |
| Fort Mohave | 15,540 | (13,925) | 1,615 |
| Rio Homes | 45,990 | (24,923) | 21,067 |
| Zuni | 22,800 | (15,392) | 7,408 |
| Izabel | 21,250 | (22,654) | (1,404) |
| 1717 N. First Street | 17,550 | (20,889) | (3,339) |
| Rose Street | 58,714 | (27,419) | 31,295 |
| Clark Street | 16,320 | (10,276) | 6,044 |
| Pinecrest | 24,000 | (14,176) | 9,824 |
| 1729 N. First Street | 19,030 | (9,838) | 9,192 |
| 1724 N. Main Street | 15,760 | (10,002) | 5,758 |
| | $ 406,088 | $ (259,078) | $ 147,010 |

This schedule does not include all rental income and expenses.

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

| Federal Assistance Listing Number | Federal Grantor/Pass-Through Grantor/Program Title | Cluster Title | Pass-Through Grantor's Number | Expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|---|
| U.S. Department of Housing and Urban Development: | | | | | |
| 14.169 | Housing Counseling Assistance Program | N/A | N/A | $ 37,303 | $ |
| 14.218 | Community Development Block Grants/Entitlement Grants, passed through City of Flagstaff, Arizona | CDBG - Entitlement Grants Cluster | None | 341,000 | |
| 14.228 | COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, passed through Arizona Department of Housing | N/A | None | 4,034,945 | |
| 14.239 | Home Investment Partnerships Program, passed through Arizona Department of Housing | N/A | None | 883,105 | |
| | Total U.S. Department of Housing and Urban Development | | | 5,296,353 | |
| U.S. Department of Justice | | | | | |
| 16.575 | Crime Victim Assistance | N/A | N/A | 145,677 | |
| U.S. Department of Health and Human Services | | | | | |
| 93.558 | Temporary Assistance for Needy Families, passed through Arizona Department of Economic Security | N/A | ADES17-00007014 | 90,293 | |
| Total expenditures of federal awards | | | | $ 5,532,323 | $ |

See accompanying notes to this schedule.

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

## NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Housing Solutions of Northern Arizona, Inc. and Subsidiaries (the Organization), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## NOTE 2 - FEDERAL ASSISTANCE LISTING NUMBERS

The program titles and Federal Assistance Listing numbers were obtained from federal or pass-through grantors, or the 2022 *Catalog of Federal Domestic Assistance*. When no Federal Assistance Listing numbers had been assigned to a program, the two digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the 2-digit federal agency identifier and the word "unknown" were used.

## NOTE 3 - INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

## NOTE 4 - SUBRECIPIENTS

The Organization did not pass any funds on to subrecipients during the year ended June 30, 2022.

## NOTE 5 - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LOANS

The Arizona Department of Housing and the City of Flagstaff, Arizona loaned funds to the Organization as a part of a U.S. Department of Housing and Urban Development (HUD) program to assist in the purchase of land and construction of transitional housing. The outstanding balances on these loans as of June 30, 2022 totaled $883,105 (Federal Assistance Listing number 14.239), $4,034,945 (Federal Assistance Listing number 14.228) and $341,000 (Federal Assistance Listing number 14.218) and they are included in the Schedule of Expenditures of Federal Awards, as there are ongoing compliance requirements related to these awards.

FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of
Housing Solutions of Northern Arizona, Inc. and Subsidiaries
Flagstaff, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Housing Solutions of Northern Arizona, Inc. (an Arizona nonprofit corporation) and its subsidiaries (AHC Construction, L.L.C. and Lending Solutions of Northern Arizona, L.L.C.) (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 17, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.



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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fester & Chapman, PLLC

November 17, 2022

FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors of
Housing Solutions of Northern Arizona, Inc. and Subsidiaries
Flagstaff, Arizona

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Housing Solutions of Northern Arizona, Inc. (an Arizona nonprofit corporation) and its subsidiaries (AHC Construction, L.L.C. and Lending Solutions of Northern Arizona, L.L.C.), (the Organization)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Housing Solutions of Northern Arizona, Inc. and its subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.



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***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fester & Chapman, PLLC

November 17, 2022

Housing Solutions of Northern Arizona, Inc. and Subsidiaries
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

## Section I - Summary of Auditors' Results

| | | | |
|---|---|---|---|
| Financial Statements: | | | |
| Type of auditors' report issued: | Unmodified | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified in internal control over financial reporting? | ____ yes | X no | |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | ____ yes | X none reported | |
| Noncompliance material to the financial statements noted? | ____ yes | X no | |
| Federal Awards: | | | |
| Internal control over major programs: | | | |
| Material weakness(es) identified? | ____ yes | X no | |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | ____ yes | X none reported | |
| Type of auditors' report on compliance for major programs: | Unmodified | | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ____ yes | X no | |

Identification of major programs:

| Federal Assistance Listing Number | Name of Federal Programs or Cluster |
|---|---|
| 14.228 | COVID-19 Community Development Block Grants/State's Program and Non-Entitlements Grant in Hawaii |

| | | | |
|---|---|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 | | |
| Auditee qualified as low-risk auditee? | ____ yes | X no | |

Other Matters:

| | | |
|---|---|---|
| Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with 2 CFR 200.511(b)? | ____ yes | X no |

## Section II - Findings - Financial Statements Audit

None

## Section III - Findings and Questioned Costs - Major Federal Award Programs' Audit

None

CITY OF
FLAGSTAFF

**FOR CITY STAFF / RANKING COMMITTEE USE ONLY**

## Attachment E – Ranking Form and Evaluation Criteria

City staff and the Ranking Committee will use this form to evaluate proposals. Consideration is given to past performance of the submitting applicant.

**Applicant (Organization's Legal Name):**

Northland Family Help Center

**Program Name:**

Supporting Youth Experiencing Homelessness

**Funding Request:** *$100,000.00* **Total Program Cost:** *$736,567.00*

**Does the application meet the threshold criteria for review? YES/NO**

**Average Score:** **Average of all evaluator scores based on Total Points – 83**

**Points Possible: 90**

**Comments:**

65 unduplicated youth in 1 year

Youth Shelter Operations

+ Financially stable – thoroughly audited
+ Meeting a unique need for youth under 18
+ Expanding a program

- Concerns about ongoing funding sources

CITY OF
FLAGSTAFF

## Applicant Information (18/20 points)

1. Does the applicant provide an overview of the entity and provide evidence demonstrating a history of and experience carrying out similar programs?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. How well does the answer explain how the entity collects data and measures outcomes?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? Is evidence included?

   (No) 0 5 (Yes)

---

## Proposed Program (36/40 points)

1. How well does the answer provide a detailed description of the program? Does the description include program specifics as well as highlight how the program might serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

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2. How well does the answer justify the local need for the proposed program? Does the answer provide a clear description of the proposed beneficiaries and performance metrics?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

3. Does Attachment C (Schedule of Completion) include a narrative summary describing the expenditure of funds and the predicted progress of the proposed schedule?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

4. Does Attachment D (Budget) include a comprehensive budget for this proposed Program? Is a narrative summary describing exactly what Local Recovery Funds will pay for included?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

**Fiscal Management and Applicant Capacity (19/20 points)**

1. Does the applicant demonstrate a history and realistic capacity for administering these funds and undertaking this Program?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. Has the applicant received City of Flagstaff funding in the past? Is the Applicant in good standing to receive federal and/or another City of Flagstaff funding?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under)

---

**General Criteria (10/10 points)**

1. How realistic is the schedule of completion? Was the correct format used in creating the schedule? How realistic is the program budget and is the program cost effective? Was the correct format used?

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

---

2. Has the applicant exhibited competence in preparing the application? Are the applicant's answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

## Attachment A – Executive Summary

**Applicant (Organization's Legal Name):**

Northland Family Help Center

**Executive Director/CEO/Etc. Name, Phone and Email:**

Shaleen Seward, 928-233-4303, sseward@northlandfamily.org

**Project Manager Name, Phone and Email:**

Shaleen Seward, 928-233-4303, sseward@northlandfamily.org

**Mailing Address:**

2532 N 4th St #506, Flagstaff, AZ 86004

**Physical Address:**

2100 N Walgreens St, Flagstaff, AZ 86004

**Is the applicant a 501 (c) 3 non-profit organization, for-profit entity, developer, business, government entity or other (please explain)?**

501 (c) 3 non-profit organization

**Federal EIN/TIN #:**

86-0351566

**Unique Entity ID:**

EZWEG3LEZVL7

**Registered in the Federal System for Award Management (SAM)? YES / NO**
**Yes**

**Participating member of the Coconino County Continuum of Care? YES / NO**
**Yes**

**New or Existing Program:** Existing

**If the program already exists, explain how funding creates an increase in services?**

Northland Family Help Center (NFHC) is requesting funding for operations in the emergency Youth Shelter program. The program is currently at a deficit as we continue to recover from COVID-19. During COVID-19 the Youth Shelter program experienced a low census and for a couple of years only served 40 unduplicated youth annually, last year that number grew to 50, and this year we have already served 60 youth. Prior to COVID-19 the Youth Shelter would serve 80-100 unduplicated youth annually. Many of the grant contracts are structured to provide funding for per diem bedspaces utilized so when bedspaces are not used NFHC does not receive the anticipated full contract amount but often must stay double staffed per contract. This funding will ensure we can operate and provide all necessary services while we continue to see census levels rise to previous levels.

**Funding Request:** *$100,000*

**Total Project Cost:** *$100,000*

**Project Name:**

Northland Family Help Center Supporting Youth Experiencing Homelessness

**Brief Description of Project (2-3 sentences):**

Northland Family Help Center (NFHC) will continue operations in the emergency Youth Shelter program.

**Beneficiary Description & Total Number of Households/Persons to be Assisted:**

Estimated 65 unduplicated youth will be served that report one or more of the following: 80% AMI Households, Abused Children, Victims of Domestic Violence, and Persons Experiencing Homelessness.

**Type of Project:**

Public Service/Operations

**Area of Service/Project:**

The project will benefit residents Citywide and is not in a target neighborhood.

**AUTHORIZED SIGNATURE OF APPLICANT:**

The signatory declares that he/she is an authorized official of the applicant organization, is authorized to make this application, is authorized to commit the organization in financial matters, will assure that any funds received as a result of this application are used for the purposes set forth herein and the organization will comply with all contractual obligations.

| Shaleen Seward, Executive Director | Northland Family Help Center |
|---|---|
| **Name and Title** | **Organization** |
| | 10/8/2023 |
| **Signature** | **Date** |

**Please attach:**

**Authorization to Request Funds/Authorized Signature Authority**
Documentation of formal authorization from applicant to request Local Recovery Funds and documentation of authorized signature authority (e.g., bylaws, official resolution, or a copy of the minutes of the meeting in which an action was taken)

Northland Family Help Center

10/9/2023
Kristine Pavlik
Housing and Grants Administrator
City of Flagstaff Housing Section
211 W Aspen Ave.
Flagstaff, AZ 86001
RE: Homeless Shelter and Services NOFA

Dear Ms. Pavlik,

Northland Family Help Center's Executive Board of Directors has authorized the agency's application for the City of Flagstaff's Homeless Shelter and Services grant and the Executive Director, Shaleen Seward, was approved as the authorized signor on behalf of Northland Family Help Center.

Sincerely,

Noah Stalvey
NFHC Board of Director President

Applicant Information:

1. Please provide a description of the applicant entity, including a brief history, mission statement, and an overview of programs and services provided. Explain why the applicant is qualified to provide the proposed services or undertake the proposed program.

In 1978, Northland Crisis Nursery opened its doors for the first time with five beds for children under the age of four. At the same time, the Women's Resource Center became a non-profit organization. These two organizations are the roots of Northland Family Help Center. Through the 1980s, each agency provided many services to northern Arizona. From the Women's Resource Center's passion to end Domestic Violence to Northland's Crisis Nursery developing the "Time-Out" program, their strengths and ideas gave life to Northland Family. In 1991, the two became one central organization. Then in 1999, with the help of community donors and grant funders Northland Family Help Center opened what was named at the time "H.A.L.O. House" (Haven for Advocacy and Learning Opportunities), a unique facility housing our two separate shelters for women and children.

Northland Family Help Center has continued to grow and evolve over the years. Our Mission is to provide safe haven, advocacy, counseling, and education to promote and restore healthy relationships. We currently have 40 beds in our dual Domestic Violence and Sexual Assault Shelter and our Youth Shelter combined. Our shelters are gender inclusive, and the dual Domestic Violence and Sexual Assault shelter can accommodate any family composition. Our Counseling, Legal Advocacy, and Community Education programs serve residents in both shelters, in addition to the larger northern Arizona community. In 2017, Northland began housing the local collaborative Flagstaff Initiative Against Trafficking (FIAT), to intervene in human trafficking and exploitation. Northland Family Help Center is proudly celebrating 45 years of service this year!

NFHC administers approximately 23 awards each year, including federal grants Victims of Crime Act (VOCA) and U.S. Department of Health and Human Services Runaway and Homeless Youth (RHY) Basic Center Program, which we have received for decades. NFHC has also been funded for many years by the Arizona Department of Economic Security, Arizona Department of Health Services, and the Navajo Nation. Major funders conduct site visits and require financial and program reports on a regular basis (monthly, quarterly, or annually). NFHC has successfully completed four CDBG projects and one ARPA project since 1999, refer to the Fiscal Management and Applicant Capacity section question 2 for more detail on those projects.

2. Describe how the entity collects and maintains data, measures activities versus outcomes and how data is used for program planning, evaluation, and improvement.

Northland Family Help Center's (NFHC) Youth Shelter track extensive data for federal and state reporting requirements. Data includes services provided, demographics, number of clients served, and client outcomes for a number of performance indicators. Performance indicators are measured through client surveys and discharge evaluations. Client surveys, safety plans, treatment plans, individual goals and progress made are recorded in client files and an Osnium database, which is software specifically developed for NFHC's Youth Shelter. The Youth Shelter Case Manager completes discharge summary evaluations when youth leave the shelter that captures progress made towards program and self-identified goals. Clinical consultants from

NFHC's Counseling Department supervise weekly clinical meetings to discuss client interactions, client goals, and utilizing trauma-informed care while working with clients that have experienced abuse.

Youth indicators of program success include reduction in substance use, increase in school attendance, and decrease of stress and anxiety. All activities and outcomes are tracked based on specific grants and are reported back to funders.

3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? To what extent does the applicant participate? An MOU with or letter from the CoC confirming entity participation is required.

NFHC actively participates in the Coconino Continuum of Care (CoC) and the Flagstaff Front Door coordinated entry system. NFHC's Deputy Director is one of the co-Chairs of the CoC and is a member of the coordinated entry steering committee which created and oversees the Flagstaff Front Door program. As co-Chair the Deputy Director manages the 200+ member listserv and coordinates the schedule, agenda, and spotlight presentations for the local bi-monthly meetings. NFHC Deputy Director is a member of the Executive Committee, which meets bi-monthly and participates in statewide strategic planning and reporting necessary for the state of Arizona to receive HUD funding allocations. NFHC's Runaway and Homeless Youth Outreach Coordinator helped lead the Point-In-Time Count in 2022 and served as a volunteer in 2023. NFHC program staff regularly attend CoC meetings to learn about local services and network with other providers. The Domestic Violence Shelter Case Manager attends weekly Flagstaff Front Door case conferencing meetings, where NFHC accepts referrals to shelter from other providers, gives updates and advocates for NFHC clients seeking permanent housing, and shares how many open units are available within the shelter. Please find our letter of support attached in the Additional Project Support Documents section.

<u>Program Information:</u>

1.) Describe how the proposed program will provide shelter and/or services to unsheltered persons who are experiencing homelessness. The description should also include program specifics such as the requested funding amount, program start date, program end date (if applicable), and anticipated number of persons served during the period of performance.

Northland Family Help Center is the only local emergency housing provider for unaccompanied youth in Flagstaff and Coconino County. Unaccompanied youth means that children and youth enter the shelter without a parent or guardian. However, once youth are at NFHC our staff work with the youth's family to assist with many components of family reunification. The shelter provides 24/7 supervision and has 15 beds. The program is guided by trauma informed care, positive youth development, strength-based approaches, addressing health disparities, and creating protective factors for youth and their families. All basic needs are provided free of charge including food, clothing, medical care, transportation, and toiletries. Youth have access to holistic wrap around services including initial health assessments, case management, educational groups, trauma therapy. Youth Shelter staff assist with additional services to meet the physical and mental well-being needs of youth, including scheduling physicals and dental appointments, and making referrals for mental health support. When youth enter shelter our

NFHC Trauma Therapists assess youth for substance misuse, suicidality, and mental health issues. Therapists provide individual therapeutic and supportive services throughout the duration of a youth's stay and can continue providing services after discharge.

The Youth Shelter offers a variety of programming designed to address negative coping skills often developed after traumatic events, such as an evidenced based substance abuse curriculum, an Outdoor Recreation Program, yoga, fruit and vegetable gardening, meditation, and recreational activities. Youth are offered skill-based education to such as learning to cook, learning to sew, doing laundry, writing resumes, creating a daily schedule, applying to college, and caring for pet fish and snails in the shelter aquarium. The shelter is designed to feel like a home for youth of all ages and genders. Youth have access to a large backyard with covered seating, picnic area, sports equipment, swings, and a basketball court. The living room has gaming consoles, radio, DVD's, games, puzzles, and art supplies. The Youth Shelter aims to provide fun activities to help youth feel as normal as possible while separated from their parents/guardians.

NFHC is requesting $100,000 for staff salaries and EREs to keep the Youth Shelter program and services fully operational. This is an existing project therefore there is no program start date or program end date. NFHC anticipates 60 unduplicated youth will be served through the emergency shelter program.

2.) Describe the proposed beneficiaries the program will serve. Include local statistics/data or other information to demonstrate the need for this program. Provide information regarding performance metrics- identify and list specific measures that will be reported to demonstrate the impact of this funding. Example: Number of individuals served, shelter nights provided, move in assistance, etc. evaluation, including how the program evaluates services and the impact on clients.

Youth in Flagstaff need emergency shelter, appropriate support, and resources to overcome trauma and break multigenerational cycles of poverty and violence. NFHC has assisted runaway and homeless youth since the early 1980s. Pre-pandemic NFHC served 80-100 unduplicated youth a year, to date this year we have served 60 unduplicated youth thus far. Per the Department of Child Safety (DCS) semiannual reports in 2022, 622 cases of child abuse were investigated in Coconino County, 307 were for neglect and 127 were for physical abuse. At least one in thirty adolescents aged 13-17 experience homelessness over the course of a year. As a result, 69% of homeless youth report mental health problems and 50% have been in the juvenile justice system (National State Legislators Conference, 2021). In 2022, Coconino County Juvenile Court Services reported the following annual statistics: 172 youth began diversion, 207 were justice involved, and 64 were on probation. An additional 104 families were served through the Hope Center totaling 547 contacts with youth. In academic year 21-22, Flagstaff Unified School District's McKinney-Vento Homeless Education Liaison served 201 students experiencing homelessness.

The 2022 joint report from DCS and First Things First shared why Adverse Childhood Experience Study (ACEs) leads to negative outcomes later in life. People who experience a combination of adverse experiences in childhood have increased levels of toxic stress and this can disrupt brain development. "This may result in social, emotional and cognitive impairment, which then increases the likelihood the individual will adopt risky behaviors as well as

developing diseases, disabilities or social problems." Additionally, the report included data from the 2018-2019 National Survey on Children's Health that showed Arizona was one of the top ten states with the highest proportion of children birth to 5 who have experienced at least one ACE.

Northland Family Help Center's (NFHC) Youth Shelter provides an immediate response and intervention to youth homelessness and family discord. The Youth Shelter operates 24 hours a day, 365 days a year. Youth stay in the program until appropriate, safe, long-term housing is found, and stays can range from days to months. NFHC Trauma Therapists begin professional assessment within 72 hours of youth entering shelter. Youth Shelter Staff begin a Service Plan with youth to establish goals upon entry into shelter. Our holistic services support youth in establishing healthy relationships by finding positive coping skills after experiencing trauma. Without NFHC's Youth Shelter, children and youth experiencing abuse or homelessness in Flagstaff would have no other option but to be placed far from their home in areas that have the housing services needed, such as Phoenix and Tucson. Placement outside of a youth's support network is stressful as they do not have access to family and other support systems which often makes reunification more difficult.

NFHC's Youth Shelter is located in Flagstaff and primarily serves youth who reside in Flagstaff. The shelter is gender inclusive and can support youth aged birth-18 who are in the custody of the Department of Child Safety, involved with Coconino County Juvenile Court Services through detention or respite, or are Runaway or Homeless youth. The Youth Shelter is a designated "Safe Place" and can take self-referrals. The shelter actively seeks to connect with unhoused youth through street outreach. The NFHC Youth Shelter Runaway and Homeless Outreach Coordinator spends time going out to areas where unhoused youth are known to be in the community bringing support and resources. In 2022, the Outreach Coordinator had contact with 400 youth and young adults who were assisted with resources, clothing, and hygiene supplies. The Youth Shelter is also able to serve teens that are parents. Almost all youth report experiencing domestic violence and child abuse in the home and most youth report experiencing substance use and/or poverty. The shelter predominantly serves youth aged 13-18. The Youth Shelter added intake questions to assess if youth have experienced human trafficking in 2017, responses vary annually and range from 4-30% of youth indicating they have experienced exploitation.

NFHC plans to track the number of unduplicated youth that stay in the shelter, the number of bed nights utilized, and the number that participate in the Mindfulness-Based Substance Abuse Treatment (MBSAT) group curriculum. In terms of outcomes, we anticipate that 50% of MBSAT participants that report a decrease in substance use and 70% of youth with demonstrate progress in social and emotional development in the areas of self-control, empathy, teamwork, problem-solving, and mindfulness.

Adjustments to programing are created based on client evaluations that are anonymously administered weekly and monthly. Monthly formal program evaluations are completed with program supervisors, key staff, and the Executive Director. This data is all used during strategic planning every two years to assess new agency goals to better serve the community.

3.) Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024. This narrative should align with the timeline provided in Attachment C.

Northland Family Help Center (NFHC) is requesting funds for salaries and EREs. If NFHC receives an award the agency would back bill to July 1, 2023, and would expend the funds within 11 months of receiving the grant. NFHC's payroll schedule is bi-weekly.

4.) Provide budget details including a line-item budget for the program that includes the following categories as applicable: personnel, fringe benefits, administration, supplies, equipment, nightly stays, and other. This narrative should align with the budget provided in Attachment D.

Funds will be used to pay for staff salaries and EREs. Below please find the list of staff included in the budget and the percentage of their total salary and EREs that are being allocated to this grant based upon time spent within the Youth Shelter program.

Youth Shelter Advocates will be budgeted at 22%
Youth Shelter Case Manager 25%
Youth Shelter Manager 25%
Facilities Specialist 6%
Executive Director 4%
Deputy Director 3%

The Youth Shelter Advocates, Case Manager, and Manager are responsible for daily shelter operations and directly care for the youth residing the in shelter. This includes meal preparation, transportation, scheduling and accompaniment to health and legal appointments, and recreational activities. The Facilities Specialist ensures that maintenance issues in the shelter are addressed in a timely manner to ensure safe and decent housing for the youth. The Executive Director oversees the shelter licensing and annual life and safety inspections that keep the shelter operational, and the Deputy Director is responsible for tracking grant outcomes and grant reporting.

Fiscal Management and Applicant Capacity:

1.) What is the applicant's current annual operating budget? Does the applicant undergo an annual audit? Please attach the applicant's audit and financial statement from the most recent fiscal year.

Northland Family Help Center's current annual operating budget is $2,599,490. Our Youth Shelter program's annual operating budget is $728,087. Northland Family Help Center is required to complete an OMB Circular A1-333 which is administered by Fester & Chapman, PLLC annually. Please find NFHC's most recent audit and financial statement in the Required Organizational Documents section.

2.) Briefly describe the applicant's history and realistic capacity for administering these funds. Has the applicant received City of Flagstaff funding in the past?

Northland Family Help Center (NFHC) has operated successfully as a local non-profit since 1978. NFHC administers approximately 23 awards each year, including federal Victims of Crime Act

(VOCA), and U.S. Department of Health and Human Services Runaway and Homeless Youth (RHY) and Basic Center Programs grants, which we have received for decades. NFHC has also been funded for years by the Arizona Department of Economic Security, Arizona Department of Health Services, and the Navajo Nation. NFHC's major funders conduct site visits and require financial and program reports on a regular basis (monthly, quarterly, or annually). Monitoring summaries from site visits generally meets or exceeds grant requirements.

Northland Family Help Center has received funding from the City of Flagstaff in the past, please find summary of those projects below.

In 1998-99, the agency was awarded $293,450 in City CDBG funds for land acquisition for the shelter. HALO House was also built with a grant award from AZ Department of Housing – Housing Trust funds. In 2007, NFHC was awarded $93,000 in CDBG funds to remodel HALO House and consolidate all agency operations – Women's and Youth Shelters, Counseling, Legal Advocacy, Community Education and Administration – in one secure location. This was a significant, $120,000 undertaking that resulted in better coordination of services and greatly increased efficiency, including an approximate $30,000 reduction in overhead costs annually.

These funds were awarded in November 2007. In January 2008 the Board of Directors chose a contractor from 6 competitive bids obtained by NFHC staff. Construction began February 2008. Construction was completed in early April 2008. All project funds were expended by August 2008.

On December 7, 2015, NFHC was awarded $25,408 in City CDBG funds to replace kitchen cabinets and counter tops in both the Domestic Violence Shelter and the Residential Youth Shelter. The renovation was completed in March 2016. NFHC made a budget amendment in June to expend the final $1,525.31. The spend down of the amendment suffered a delay when the contractor that replaced the tile in the Domestic Violence shelter took two months to come back and finish the Youth Shelter despite NFHC's attempts to have the company finish the project much earlier. All project funds were expended by September 2016.

In January 2018, NFHC was awarded $36,217 in City CDBG funds to replace carpeting in both the Youth Shelter and Domestic Violence Shelter. The installation was complete on September 5, 2018. On March 6, 2019, NFHC was approved by the City of Flagstaff to de-obligate $3,357.80 which fully expended the rest of the project funding.

In April of 2022, NFHC was awarded, $75,873.43, in City American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds to upgrade the HVAC system and support shelter employees' salaries and EREs. The full project was completed in April of 2023.

**EXHIBIT C**
**PROJECT BUDGET**

| | |
|---|---|
| **Project Budget** | **$100,000.00** |
| **City of Flagstaff** | **CDBG / ARPA CLFRF 2023/2024** |
| | |
| **Project Description:** | Emergency shelter for youth experiecing homelessness |
| **Implementing Agency:** | Northland Family Help Center |
| **CoF Project Number:** | |
| **Persons Served:** | 60 |
| **Date Submitted:** | 10/10/2023 |

| Item/Activity Identifier | Item/Activity Desription | Source 1 | Source 2 | Leverage | In-Kind | Project |
|---|---|---|---|---|---|---|
| | | City of Flagstaff CDBG | Federal/State/Local Funding | Agency Financing | Donations | TOTALS |
| **1** | **Program or Project Related Expenses** | | | | | |
| A | Client Assistance | $0.00 | $0.00 | $0.00 | $0.00 | **$0** |
| B | Program Supplies | $0.00 | $1,000.00 | $4,000.00 | $0.00 | **$5,000** |
| C | Vital records | $0.00 | $0.00 | $0.00 | $0.00 | **$0** |
| D | Fuel | $0.00 | $0.00 | $0.00 | $0.00 | **$0** |
| E | Program Supplies | $0.00 | $1,800.00 | $5,760.00 | $0.00 | **$7,560** |
| F | Bus Passes | $0.00 | $0.00 | $0.00 | $0.00 | **$0** |
| G | Emergency Hotel/Motel Vouchers | $0.00 | $0.00 | $0.00 | $0.00 | **$0** |
| H | HMIS/student database | $0.00 | $0.00 | $0.00 | $0.00 | **$0** |
| I | Interns | $0.00 | $0.00 | $0.00 | $5,120.00 | **$5,120** |
| J | In-kind donations and gift cards | $0.00 | $0.00 | $0.00 | $3,360.00 | **$3,360** |
| **2** | **Administration** | | | | | **$0** |
| A | Salaries | $100,000.00 | $248,900.00 | $189,674.00 | $0.00 | **$538,574** |
| B | Staff expenses (travel reimbursement cms, phone, training) | $0.00 | $550.00 | $1,210.00 | $0.00 | **$1,760** |
| C | Agency Indirect | $0.00 | $0.00 | $0.00 | $0.00 | **$0** |
| **3** | **Facility Value** | | | | | **$0** |
| A | Facilities | $0.00 | $35,617.00 | $67,665.00 | $0.00 | **$103,282** |
| B | Operating | $0.00 | $28,169.00 | $43,742.00 | $0.00 | **$71,911** |
| **Totals** | | $100,000 | $316,036 | $312,051 | $8,480 | $736,567 |

**EXHIBIT E**

**SCHEDULE OF COMPLETION**

| Project Schedule of Completion | |
|---|---|
| **City of Flagstaff** | **CDBG/ARPA CLFRF 2023/2024** |
| | |
| **Project Description:** | Public Service/Operations |
| **Implementing Agency:** | Northland Family Help Center |
| **CoF Project Number:** | |
| **Persons Served:** | 60 unduplicated youth |
| **Date Submitted:** | 10/10/2023 |

| **Action Items:** | **Item Description** | **Program Year: 2022/2023** | | | | | **1st Month Begins with the Notice to Proceed** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th | 9th | 10th | 11th | 12th | 13th |
| 1 | Obtain award notice | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 2 | Complete back billing | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 3 | Bill for pay roll expenses - ongoing | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 4 | Reporting progress to City Staff | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| 5 | Close out report and monitoring | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

Kristine Pavlik
Housing and Grants Administrator
City of Flagstaff Housing Section
3481 N Fanning Drive
Flagstaff, Arizona 86004

February 21, 2023

Dear Ms. Pavlik,

Northland Family Help Center (NFHC) is an active member of the Coconino County Continuum of Care to End Homelessness (CoC), working in partnership with other services providers to develop and implement strategies to prevent and end homelessness in Northern Arizona. NFHC participates in bi-monthly local CoC meetings, has representation on steering committees, attends bi-monthly Executive Committee meetings to participate in strategic planning and Arizona Department of Housing reporting, participates as a Flagstaff Front Door member, and Deputy Director, Heather Marcy, is a CoC Co-Chair. The Mission of the CoC is to be a united coalition of community systems, to assist community members who experience homelessness and/or near homelessness to obtain housing, achieve economic stability, and enjoy enhanced quality of life through the delivery of coordinated and comprehensive services.

Sincerely,

Ross Schaefer
Co-Chair - Coconino County Continuum of Care to End Homelessness
Executive Director Flagstaff Shelter Services
928.225.2533, ext. 303 (Office)
ross@flagshelter.org

# NORTHLAND FAMILY HELP CENTER

**Financial Statements,**
**Supplementary Information**
**and**
**Single Audit Reports**

**June 30, 2022 and 2021**

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FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

# Independent Auditors' Report

To the Board of Directors of
Northland Family Help Center
Flagstaff, Arizona

## Opinion

We have audited the accompanying financial statements of Northland Family Help Center (the Center, a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022 and 2021 and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated February 21, 2023, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Fester & Chapman, PLLC

February 21, 2023

NORTHLAND FAMILY HELP CENTER

Statements of Financial Position

June 30,

| | 2022 | 2021 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash | $ 714,270 | $ 672,238 |
| Investments | 219,590 | 237,279 |
| Grants and contracts receivable, net | 292,428 | 141,152 |
| Prepaid expenses | 235 | 6,673 |
| Total current assets | 1,226,523 | 1,057,342 |
| Endowment investments | 923,769 | 998,179 |
| Property and equipment, net | 867,611 | 908,874 |
| Total assets | $ 3,017,903 | $ 2,964,395 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | $ 21,239 | $ 8,323 |
| Salaries and benefits payable | 90,159 | 112,932 |
| Total current liabilities | 111,398 | 121,255 |
| Net assets: | | |
| Without donor restrictions: | | |
| Available for operations | 1,466,049 | 1,468,641 |
| Board designated | 936,510 | 870,553 |
| Total without donor restrictions | 2,402,559 | 2,339,194 |
| With donor restrictions | 503,946 | 503,946 |
| Total net assets | 2,906,505 | 2,843,140 |
| Total liabilities and net assets | $ 3,017,903 | $ 2,964,395 |

The accompanying notes are an integral part of these statements.

NORTHLAND FAMILY HELP CENTER

Statements of Activities

Years Ended June 30,

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Operating support and revenues: | | | | | | |
| Contributions | $ 97,379 | | $ 97,379 | $ 142,037 | | $ 142,037 |
| Contracts and grants | 1,862,861 | | 1,862,861 | 1,596,930 | | 1,596,930 |
| Other revenue | 44 | | 44 | 3,157 | | 3,157 |
| Total operating support and revenues | 1,960,284 | | 1,960,284 | 1,742,124 | | 1,742,124 |
| Operating expenses: | | | | | | |
| Program services: | | | | | | |
| Women's shelter | 608,904 | | 608,904 | 508,041 | | 508,041 |
| Children's shelter | 645,001 | | 645,001 | 650,856 | | 650,856 |
| Counseling services | 348,691 | | 348,691 | 369,870 | | 369,870 |
| Community education | 111,068 | | 111,068 | 83,062 | | 83,062 |
| Total program services | 1,713,664 | | 1,713,664 | 1,611,829 | | 1,611,829 |
| Supporting services: | | | | | | |
| General and administrative | 61,868 | | 61,868 | 82,380 | | 82,380 |
| Fundraising | 29,289 | | 29,289 | 26,358 | | 26,358 |
| Total supporting services | 91,157 | | 91,157 | 108,738 | | 108,738 |
| Total operating expenses | 1,804,821 | | 1,804,821 | 1,720,567 | | 1,720,567 |
| Change in net assets from operations | 155,463 | | 155,463 | 21,557 | | 21,557 |
| Other (losses) gains and releases from restrictions: | | | | | | |
| Net (loss) gain on ACF investments | (17,688) | | (17,688) | 50,152 | | 50,152 |
| Net (loss) gain on endowment investments | (74,410) | | (74,410) | 70,650 | $ 140,377 | 211,027 |
| Released from purpose restrictions | | | | 140,377 | (140,377) | |
| Total other (losses) gains and releases | (92,098) | | (92,098) | 261,179 | | 261,179 |
| Change in net assets | 63,365 | | 63,365 | 282,736 | | 282,736 |
| Net assets, beginning of year | 2,339,194 | $ 503,946 | 2,843,140 | 2,056,458 | 503,946 | 2,560,404 |
| Net assets, end of year | $ 2,402,559 | $ 503,946 | $ 2,906,505 | $ 2,339,194 | $ 503,946 | $ 2,843,140 |

The accompanying notes are an integral part of these statements.

NORTHLAND FAMILY HELP CENTER

Statement of Functional Expenses

Year Ended June 30, 2022

| | Program Services | | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Women's Shelter | Children's Shelter | Counseling Services | Community Education | Total Program Services | General and Administration | Fund-Raising | Total Supporting Services | Total Expenses |
| Salaries and wages | $ 389,719 | $ 436,524 | $ 247,767 | $ 66,969 | $ 1,140,979 | $ 34,811 | $ 18,393 | $ 53,204 | $ 1,194,183 |
| Employee related expenses | 57,826 | 64,770 | 36,763 | 9,937 | 169,296 | 5,165 | 2,729 | 7,894 | 177,190 |
| Total personnel expenses | 447,545 | 501,294 | 284,530 | 76,906 | 1,310,275 | 39,976 | 21,122 | 61,098 | 1,371,373 |
| Activities | | 756 | | 40 | 796 | | | | 796 |
| Communications | 4,624 | 7,196 | 2,261 | 991 | 15,072 | 629 | 203 | 832 | 15,904 |
| Equipment rental | 2,562 | 2,894 | 1,466 | 474 | 7,396 | 291 | 116 | 407 | 7,803 |
| Food | 14,828 | 12,688 | | | 27,516 | | | | 27,516 |
| Insurance | 9,700 | 10,960 | 5,552 | 1,796 | 28,008 | 1,109 | 445 | 1,554 | 29,562 |
| Interest and fiscal charges | | | | | | 1,374 | 572 | 1,946 | 1,946 |
| Licenses, fees and memberships | 1,878 | 1,523 | 2,816 | 311 | 6,528 | 48 | 520 | 568 | 7,096 |
| Postage and printing | 90 | 209 | 100 | 73 | 472 | 85 | 10 | 95 | 567 |
| Professional services | 28,307 | 30,932 | 8,981 | 13,291 | 81,511 | 12,010 | 1,385 | 13,395 | 94,906 |
| Professional staff development and certification | 5,502 | 7,719 | 7,288 | 916 | 21,425 | | 14 | 14 | 21,439 |
| Public relations | | | | | | | 2,223 | 2,223 | 2,223 |
| Repairs and maintenance | 34,213 | 27,414 | 11,930 | 7,368 | 80,925 | | 907 | 907 | 81,832 |
| Small equipment and furnishings replacement | 13,110 | | 80 | | 13,190 | 254 | | 254 | 13,444 |
| Storage rental | 366 | 412 | 190 | 68 | 1,036 | 60 | 17 | 77 | 1,113 |
| Supplies | 11,512 | 7,560 | 2,090 | 1,511 | 22,673 | 2,603 | 132 | 2,735 | 25,408 |
| Transportation | 4,327 | 3,337 | | | 7,664 | | 111 | 111 | 7,775 |
| Travel | 165 | 52 | | 238 | 455 | | | | 455 |
| Utilities | 9,129 | 10,260 | 4,655 | 2,075 | 26,119 | 1,172 | 415 | 1,587 | 27,706 |
| Depreciation | 21,046 | 19,795 | 16,752 | 5,010 | 62,603 | 2,257 | 1,097 | 3,354 | 65,957 |
| Total expenses | $ 608,904 | $ 645,001 | $ 348,691 | $ 111,068 | $ 1,713,664 | $ 61,868 | $ 29,289 | $ 91,157 | $ 1,804,821 |

The accompanying notes are an integral part of these statements.

NORTHLAND FAMILY HELP CENTER

Statement of Functional Expenses

Year Ended June 30, 2021

| | Program Services | | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Women's Shelter | Children's Shelter | Counseling Services | Community Education | Total Program Services | General and Administrative | Fund-raising | Total Supporting Services | Total Expenses |
| Salaries and wages | $ 339,085 | $ 429,134 | $ 261,202 | $ 48,676 | $ 1,078,097 | $ 51,062 | $ 16,632 | $ 67,694 | $ 1,145,791 |
| Employee related expenses | 53,235 | 79,171 | 38,851 | 5,929 | 177,186 | 409 | 2,487 | 2,896 | 180,082 |
| Total personnel expenses | 392,320 | 508,305 | 300,053 | 54,605 | 1,255,283 | 51,471 | 19,119 | 70,590 | 1,325,873 |
| Activities | | | | | | | | | |
| Communications | 4,669 | 6,364 | 2,439 | 910 | 14,382 | 699 | 255 | 954 | 15,336 |
| Equipment rental | 2,491 | 2,871 | 1,401 | 522 | 7,285 | 402 | 147 | 549 | 7,834 |
| Food | 10,429 | 10,902 | | | 21,331 | | | | 21,331 |
| Insurance | 10,845 | 12,499 | 6,097 | 2,274 | 31,715 | 1,747 | 639 | 2,386 | 34,101 |
| Interest and fiscal charges | | | | | | 1,390 | 361 | 1,751 | 1,751 |
| Licenses, fees and memberships | 3,984 | 1,588 | 2,476 | 98 | 8,146 | 75 | 327 | 402 | 8,548 |
| Postage and printing | 57 | 228 | 111 | 73 | 469 | 169 | 12 | 181 | 650 |
| Professional services | 22,455 | 33,228 | 10,559 | 12,743 | 78,985 | 15,187 | 1,674 | 16,861 | 95,846 |
| Professional staff development and certification | 917 | 16,035 | 13,114 | 570 | 30,636 | 170 | 21 | 191 | 30,827 |
| Public relations | | | | | | | 1,138 | 1,138 | 1,138 |
| Repairs and maintenance | 17,646 | 20,038 | 10,548 | 3,760 | 51,992 | 6,049 | 1,000 | 7,049 | 59,041 |
| Small equipment and furnishings replacement | 3,060 | 1,590 | 322 | | 4,972 | 344 | | 344 | 5,316 |
| Storage rental | 308 | 355 | 173 | 65 | 901 | 50 | 18 | 68 | 969 |
| Supplies | 6,728 | 4,923 | 1,115 | 490 | 13,256 | 1,145 | 117 | 1,262 | 14,518 |
| Transportation | 1,153 | 1,434 | | | 2,587 | | | | 2,587 |
| Travel | 34 | | | | 34 | | | | 34 |
| Utilities | 8,228 | 9,483 | 4,626 | 1,725 | 24,062 | 1,326 | 485 | 1,811 | 25,873 |
| Depreciation | 22,717 | 21,013 | 16,836 | 5,227 | 65,793 | 2,156 | 1,045 | 3,201 | 68,994 |
| Total expenses | $ 508,041 | $ 650,856 | $ 369,870 | $ 83,062 | $ 1,611,829 | $ 82,380 | $ 26,358 | $ 108,738 | $ 1,720,567 |

The accompanying notes are an integral part of these statements.

NORTHLAND FAMILY HELP CENTER

Statements of Cash Flows

Years Ended June 30, 2022

| | 2022 | 2021 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 63,365 | $ 282,736 |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | | |
| Depreciation | 65,957 | 68,994 |
| Net loss (gain) on endowment investments | 74,410 | (211,027) |
| Net loss (gain) on other investments | 17,688 | (50,192) |
| Change in: | | |
| Grants and contracts receivable, net | (151,276) | 86,701 |
| Prepaid expenses | 6,438 | (4,013) |
| Accounts payable | 12,916 | (2,561) |
| Salaries and benefits payable | (22,773) | 12,722 |
| Net cash provided by operating activities | 66,725 | 183,360 |
| Cash flows from investing activities: | | |
| Purchases of fixed assets | (24,693) | (13,690) |
| Collections of note receivable | | 94,649 |
| Net cash (used) provided by investing activities | (24,693) | 80,959 |
| Net changes in cash | 42,032 | 264,319 |
| Cash, beginning of year | 672,238 | 407,919 |
| Cash, end of year | $ 714,270 | $ 672,238 |

The accompanying notes are an integral part of these statements.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Northland Family Help Center (the Center) was incorporated in Arizona in 1978 as a nonprofit organization. The Center's primary programs are the operation of a women's shelter and a children's shelter in Flagstaff, Arizona. In addition, the Center provides counseling, advocacy, community education, and referrals for individuals and families affected by domestic violence and abuse.

The Center received approximately 95% and 92% of its unrestricted operating revenue from federal and state grants and contracts for the years ended June 30, 2022 and 2021, respectively.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) topic of *Not-for-Profit Entities*. The Center is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Center's Board of Directors has set aside an amount equal to the accumulated depreciation on its property and equipment as board designated net assets, which is included in net assets without donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the restricted stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Center reports gifts of land, buildings, and equipment as net assets without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Expenses: In the statements of functional expenses, directly identifiable expenses are charged to programs and supporting services of the Center. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Certain costs have been allocated among the programs and supporting services benefited based on management's estimate of employee hours and facility usage devoted to each function. The expenses that are allocated include: depreciation, insurance, repairs and maintenance, equipment replacement, equipment rental, storage rental, and utilities, which are allocated based on a facility usage; personnel expenses, activities, communications, food, interest, licenses and fees, postage and printing, professional services, staff development and training, public relations, supplies, transportation, and travel are allocated on the basis of estimates of time and effort.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Grants and Contracts Receivable: The Center recognizes grants and contracts as support when eligible costs are incurred or services are provided. Grants receivable are recorded when grant and contract expenses are incurred or contracted services have been provided, but reimbursement has not been received by the Center. Management has not recorded an allowance for doubtful grants and contracts receivable at June 30, 2022 and 2021, based on an analysis of the outstanding receivables and on historical collections.

Investments: The Center follows the provisions of FASB ASC's topic of *Not-for-Profit Entities* regarding its investments. Management has estimated the fair value of its investments using available market information and other valuation methodologies as described in Note 7. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Center could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2022 and 2021. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions: Contributions are reported in accordance with FASB ASC's topic of *Not-for-Profit Entities*. Contributions received are recorded as without donor restrictions and with donor restrictions support, depending on the existence and/or nature of any donor restrictions. When restrictions are met in the same period as the restricted contributions are received, they are reported as net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When net assets with donor restrictions expires, they are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Property and Equipment: Acquisitions of property and equipment in excess of $1,000 are capitalized. Property and equipment are stated at cost, or estimated fair value if donated. Depreciation is computed using the straight-line method based on estimated economic lives of the assets as follows:

| | |
|---|---|
| Buildings and improvements | 5-40 years |
| Computers and equipment | 3-5 years |
| Furniture and equipment | 3-10 years |
| Vehicles | 7 years |

Income Taxes: The Center is exempt from federal and state income taxes as an organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

## NOTE 2 - LIQUIDITY AND AVAILABILITY

The Center monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Center has the following financial assets that could readily be made available within one year of each fiscal year end to fund expenses without limitations:

| | 2022 | 2021 |
|---|---|---|
| Financial assets included in current assets: | | |
| Cash | $ 714,270 | $ 672,238 |
| Investments | 219,590 | 237,279 |
| Grants and contracts receivable, net | 292,428 | 141,152 |
| Total financial assets included in current assets | 1,226,288 | 1,050,669 |
| Less amounts unavailable for general expenditure within one year: | | |
| Board-designated net assets | (936,510) | (870,553) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 289,778 | $ 180,116 |

In addition to financial assets available to meet general expenditures over the year, the Center operates with a balanced budget and anticipates covering its general expenditures by collecting contributions, grants, and other revenues; and by utilizing donor-restricted resources from current and prior year gifts. The Center's Board of Directors may choose to remove designations of net assets with a majority vote from its members at any time.

## NOTE 3 - CONCENTRATION OF RISK

The Center maintains its cash and investments in various accounts at financial institutions. Accounts are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC), or covered under Securities Investor Protection Corporation (SIPC). The Center has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash or investments.

## NOTE 4 - PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at June 30:

| | 2022 | 2021 |
|---|---|---|
| Land and improvements | $ 317,265 | $ 316,160 |
| Buildings and improvements | 1,191,169 | 1,186,530 |
| Computers and equipment | 174,783 | 155,833 |
| Furniture and equipment | 52,693 | 52,693 |
| Vehicles | 68,211 | 68,211 |
| | 1,804,121 | 1,779,427 |
| Less accumulated depreciation | (936,510) | (870,553) |
| | $ 867,611 | $ 908,874 |

## NOTE 5 - ENDOWMENT FUND

In June 2003, the Center entered into an agreement with Arizona Community Foundation to establish an endowment fund for the Center. The Center has adopted investment and spending policies based on the requirements of the State Prudent Management of Institutional Funds Act (SPMIFA). As a result of the Center's interpretation of SPMIFA, and in accordance with donor restrictions, contributions to the endowment fund are classified as net assets with donor restrictions. Investment earnings available for distribution are recorded as net assets with donor restrictions until appropriated by the Board of Directors for expenditure. In accordance with SPMIFA, the Center considers the following factors in making a determination to appropriate endowment funds for expenditures: the duration and preservation of the fund; general economic conditions; the possible effect of inflation and deflation of endowment investments; the expected total return from income and appreciation of endowment investments; other financial resources of the Center; and the investment policies of the Center. The Center has adopted a spending policy that ten percent of the fair value of the endowment investments is available to be distributed annually by approval from seventy-five percent of the Center's Board members.

A summary of endowment fund activity follows for the years ended June 30:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | $ 494,233 | $ 503,946 | $ 998,179 | $ 283,206 | $ 503,946 | $ 787,152 |
| Net realized and unrealized (losses)/gains | (64,753) | | (64,753) | 78,888 | 140,377 | 219,265 |
| Investment expenses | (9,657) | | (9,657) | (8,238) | | (8,238) |
| Allocated for expenditures | | | | 140,377 | (140,377) | |
| Endowment net assets, end of year | $ 419,823 | $ 503,946 | $ 923,769 | $ 494,233 | $ 503,946 | $ 998,179 |

## NOTE 6 - INVESTMENTS WITH THE ARIZONA COMMUNITY FOUNDATION (ACF)

The Board of Directors has designated assets, which are invested in a fund managed by ACF, for the purpose of securing the Center's long-term financial viability. ACF invests funds on behalf of the Center, in return for which the Center pays a management fee. These investments had a fair value of $219,590 and $237,279 at June 30, 2022 and 2021, respectively, and are included in the investment balance on the statement of financial position.

## NOTE 7 - FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. At June 30, 2022 and 2021, the Center did not have any financial instruments it valued based on Level 1 inputs.

Level 2 inputs generally are available indirect information, such as quoted prices for similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 inputs are the most subjective, and are generally based on the entity's own assumptions on how knowledgeable parties would price assets or liabilities, and are developed using the best information available in the circumstances. At June 30, 2022 and 2021, the Center did not have any financial instruments it valued based on Level 3 inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

*Pooled investments:* Valued at the net asset value (NAV) of shares held by the Center at year end.

NOTE 7 - FAIR VALUE MEASUREMENTS - Continued

The fair value of assets measured on a recurring basis at June 30, 2022, was as follows:

| | Level 2 |
|---|---|
| Endowment investments: | |
| Arizona Community Foundation Endowment | $ 923,769 |
| Investments: | |
| Arizona Community Foundation Reserve | 219,590 |
| | $ 1,143,359 |

The fair value of assets measured on a recurring basis at June 30, 2021, was as follows:

| | Level 2 |
|---|---|
| Endowment investments: | |
| Arizona Community Foundation Endowment | $ 998,179 |
| Investments: | |
| Arizona Community Foundation Reserve | 237,279 |
| | $ 1,235,458 |

NOTE 8 - CONDITIONAL CONTRIBUTIONS

The Center received conditional contributions during the fiscal years ending June 30, 2022 and 2021. Conditional contributions are recorded as refundable advances until the donor-imposed conditions are substantially met. Certain conditions are required to be met by the Center in the subsequent years in order to earn and receive these amounts. Conditional contributions received and earned in the same fiscal year are recognized as net assets without donor restrictions.

As of June 30, 2021, amounts awarded, but not received or earned totaled $917,159, and were subsequently earned in the year ended June 30, 2021. As of June 30, 2022, amounts awarded, but not received or earned totaled $1,655,401. While management believes that the Center will meet the conditions, they had not been met as of the year ended June 30, 2022. Accordingly, no amounts have been recorded as revenue or receivables for these conditional contributions in these financial statements.

NOTE 9 - SUBSEQUENT EVENTS

The Center has evaluated subsequent events through February 21, 2023, the date which the financial statements were available to be issued, and has concluded that no events have occurred since June 30, 2022, that would require an adjustment to or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

NORTHLAND FAMILY HELP CENTER

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

| Federal Assistance Listings Number | Federal Program Name | Cluster Title | Pass-Through Grantor | Pass-Through Grantor's Number | Expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|---|---|
| **U.S. Department of Agriculture** | | | | | | |
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | SNAP Cluster | Arizona Community Action Association dba Wildfire | None | $ 12,853 | $ |
| | **Total U.S. Department of Agriculture** | | | | 12,853 | |
| **U.S. Department of Housing and Urban Development** | | | | | | |
| 14.231 | COVID-19: Emergency Solutions Grant Program | N/A | Arizona Department of Economic Security | DES-HMLS-2A10 | 15,255 | |
| | **Total U.S. Department of Housing and Urban Development** | | | | 15,255 | |
| **U.S. Department of Justice** | | | | | | |
| 16.575 | Crime Victim Assistance | N/A | Arizona Department of Public Safety | VOCA-2021-NFHC-00100, VOCA-2021-NFHC-00231 | 447,672 | |
| | **Total U.S. Department of Justice** | | | | 447,672 | |
| **U.S. Department of the Treasury** | | | | | | |
| 21.027 | COVID-19: Coronavirus State and Local Fiscal Recovery Funds | N/A | City of Flagstaff, Arizona | 024-09-402-6321-1-4273 | 58,873 | |
| | **Total U.S. Department of the Treasury** | | | | 58,873 | |
| **U.S. Department of Health and Human Services** | | | | | | |
| 93.136 | Injury Prevention and Control Research and State and Community Based Programs | N/A | Arizona Department of Health Services | RFGA2020-02-05 | 100,725 | |
| 93.243 | Substance Abuse and Mental Health Services Projects of Regional and National Significance | N/A | N/A | N/A | 207,022 | |
| 93.558 | Temporary Assistance for Needy Families | N/A | Arizona Foundation for Legal Services & Education | ADES18-202037 | 4,611 | |
| 93.558 | Temporary Assistance for Needy Families | N/A | Arizona Department of Health Services | ADES17-178651 | 51,699 | |
| | *Total 93.558* | | | | 56,310 | |
| 93.623 | Basic Center Grant | N/A | N/A | N/A | 201,681 | |
| 93.658 | Foster Care Title IV-E | N/A | Arizona Department of Economic Security | CTR041682 | 64,623 | |
| 93.667 | Social Services Block Grant | N/A | Arizona Department of Health Services | ADHS17-178651 | 13,490 | |
| 93.671 | Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services | N/A | Northern Arizona Regional Behavioral Health Authority | CO14789, CO15347 | 164,118 | |
| | **Total U.S. Department of Health and Human Services** | | | | 807,969 | |
| | **Total Expenditures of Federal Awards** | | | | $ 1,342,622 | $ |

The accompanying notes are an integral part of this schedule.

NORTHLAND FAMILY HELP CENTER

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

## NOTE 1 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant transactions of Northland Family Help Center for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

## NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

## NOTE 3 - FEDERAL ASSISTANCE LISTINGS NUMBER

The program titles and Federal Assistance Listings numbers were obtained from the federal or pass-through grantors or the *2022 Federal Assistance Listings*. When no Federal Assistance Listings numbers had been assigned to a program, the two digit federal agency identifier and the federal contract number were used. When there was no federal contract number, the two digit federal agency identifier and the word "unknown" were used.

## NOTE 4 - INDIRECT COST RATE

The Center did not elect to use the 10 percent de minimis indirect cost rate as covered in 2 CFR §200.414.

## NOTE 5 - SUBRECIPIENTS

The Center did not pass through any funds to subrecipients during the fiscal year ended June 30, 2022.

SINGLE AUDIT REPORTS

FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of
Northland Family Help Center
Flagstaff, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northland Family Help Center (the Center, a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.


**Address** • 9019 East Bahia Drive Suite 100 • Scottsdale, AZ 85260 | **Phone** • (602) 264-3077 | **Fax** • (602) 265-6241

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fester & Chapman, PLLC

February 21, 2023

FESTER & CHAPMAN PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors of
Northland Family Help Center
Flagstaff, Arizona

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Northland Family Help Center's (the Center, a nonprofit organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2022. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.


**Address** • 9019 East Bahia Drive Suite 100 • Scottsdale, AZ 85260 | **Phone** • (602) 264-3077 | **Fax** • (602) 265-6241

***Auditors' Responsibilites for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Fester & Chapman, PLLC

February 21, 2023

NORTHLAND FAMILY HELP CENTER

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

## Section I - Summary of Auditors' Results

**Financial Statements:**

| | | | |
|---|---|---|---|
| Type of auditors' report issued: | Unmodified | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified? | ____ yes | X no | |
| Significant deficiency(ies) identified? | ____ yes | X none reported | |
| Noncompliance material to the financial statements noted? | ____ yes | X no | |

**Federal Awards:**

| | | | |
|---|---|---|---|
| Internal control over major programs: | | | |
| Material weakness(es) identified? | ____ yes | X no | |
| Significant deficiency(ies) identified? | ____ yes | X none reported | |
| Type of auditors' report on compliance for major programs: | Unmodified | | |
| Any audit findings disclosed that are required to be reported in accordance 2 CFR §200.516(a)? | ____ yes | X no | |

Identification of major programs:

| Federal Assistance Listings Number | Name of Federal Programs or Cluster |
|---|---|
| 16.575 | Crime Victim Assistance |

| | | | |
|---|---|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $750,000 | | |
| Auditee qualified as low-risk auditee? | X yes | ____ no | |

**Other Matters:**

| | | | |
|---|---|---|---|
| Auditee's Summary Schedule of Prior Audit Findings required to be reported in accordance with 2 CFR §200.511(b)? | ____ yes | X no | |

## Section II - Financial Statement Findings

None noted.

## Section III - Federal Award Findings and Questioned Costs

None noted.

City of Flagstaff

# Homeless Shelter and Services Funds Allocation Recommendations

Kristine Pavlik, Housing & Grants Administrator

January 16th, 2024

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# Homeless Shelter & Services Funds

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Arizona Department of Housing

## State Acts Quickly and Awards Millions to Address Homelessness

Published on June 7, 2023 by Arizona Department of Housing

Arizona Department of Housing

***FY 2023 allocation of New Homeless Shelter and Services Fund fully committed***

**PHOENIX, AZ** – Today, the Arizona Department of Housing (ADOH) awarded nearly $20 million in grants to local governments from the newly-created Homeless Shelter and Services (HSS) Fund to provide shelter and other services to people experiencing homelessness. The new budget signed by Governor Hobbs included $60 million for the new fund with $20 million to be allocated immediately before June 30th.

**ADOH** created Homeless Shelter and Services Funds program to respond to challenges faced by homeless service providers and unsheltered persons.

HSSF can be used to support programs that provide shelter and/or services to unsheltered persons experiencing homelessness.

# Homeless Shelter & Services Fund

| | | |
|---|---|---|
| **Homeless Shelter and Services Funds** | **$840,000.00** | |
| *City Administration & Indirect* | ***$84,000.00*** | ~~*$140,000.00*~~ |
| *Program Related Expenses* | ***$756,000.00*** | ~~*$700,000.00*~~ |

# HSSF NOFA Process

**Notice of Funding Availability**

- NOFA Released on September 20th
- Public Notice in Arizona Daily Sun – September 22nd
- Online Submissions Due October 10th

**Points awarded:**

- CoC Participation
- Program Impact
- Applicant Capacity
- Fiscal Management
- Realistic Timeline and Budget
- Status of Current City of Flagstaff Contracts, Etc.

# HSSF NOFA Process

**Ranking Committee**

- 2 Housing Section Employees
- 1 Grants and Contracts Employee
- 1 Housing Commission Member
- 1 Community Member with Grant, Nonprofit and/or Social Service Experience

Scores are averaged and proposals are discussed in depth – with extra time spent on low-scoring sections/questions

# Community Action Teams

- Project: Mobile Outreach and Shower Bus
- Beneficiaries: 500 individuals
- Amount Requested: $99,800
- Project Description: Community Assistance Teams of Flagstaff provides mobile outreach services to individuals experiencing homelessness including free showers, hygiene supplies, clothing, food, first aid, and referrals to other agencies including those who have been displaced by the closure of sober living homes and rehab facilities.
- Additional Info: Funding from this grant will allow C.A.T's to continue its services, increase organizational capacity, and increase hours and days of operations.

# Northland Family Help Center

- Project: Supporting Youth Experiencing Homelessness
- Beneficiaries: 65 individuals
- Amount Requested: $100,000
- Project Description: Northland Family Help Center (NFHC) will continue operations in the emergency Youth Shelter program.
- Additional Info: Funding for operations in the emergency Youth Shelter program. Since COVID-19 the program has been at a deficit. During COVID-19 the Youth Shelter program experienced a low census and for a couple of years only served 40 unduplicated youth annually, last year that number grew to 50, and this year we have already served 60 youth. Prior to COVID-19 the Youth Shelter would serve 80-100 unduplicated youth annually. Many of the grant contracts are structured to provide funding for per diem bedspaces utilized so when bedspaces are not used NFHC does not receive the anticipated full contract amount but often must stay double staffed per contract. This funding will ensure we can operate and provide all necessary services while we continue to see census levels rise to previous levels.

# Homeless Youth Connection

- Project: Empowering Youth For the Future
- Beneficiaries: 50 individuals
- Amount Requested: $50,000
- Project Description: Homeless Youth Connection (HYC) eliminates barriers to education so that youth experiencing homelessness can graduate and create lasting solutions for a sustainable future. HYC partners with 130 high schools and colleges in Maricopa County and Flagstaff to provide 700 youth with basic needs, comprehensive social services and housing so they can stay in school and complete their education.
- Additional Info: In the past, 70% of the youth who participated in the HYC program primarily needed assistance with basic needs throughout the year. They needed some case management and coordination of additional resources. Post-pandemic, we have seen the needs of our youth increase and require more intense case management from our youth coaches. The greater demand required a shift in our case management model. The youth coach team was now spending more time with their youth, providing additional resources including referrals for counseling, assistance with employment, and help with obtaining shelter through our housing program or in collaboration with other community shelter providers.

# Housing Solutions of NA

- Project: Homeless Transitional Housing
- Beneficiaries: 82 households
- Amount Requested: $276,089.40
- Project Description: Housing Solutions of Northern Arizona, Inc. (HSNA) will provide transitional housing services to an estimated 82 households experiencing homelessness in the Flagstaff area. Specifically, services will be offered at Sharon Manor and JoJo's Place, our transitional housing programs. 100% of beneficiaries will be low-income, earning less than 80% of the area median income, and will be experiencing homelessness at the time they begin their stay with HSNA.
- Additional Info: Funds will be used to provide operating support at Sharon Manor and JoJo's Place; as JoJo's Place is a new transitional housing program in our community, we will increase our transitional housing supply by 151%, serving an additional 44 households during the grant period.

# Catholic Charities

- Project: Cedar Rose Shelter/PATH Outreach
- Beneficiaries: 208 individuals
- Amount Requested: $144,920
- Project Description: Catholic Charities is requesting City of Flagstaff funding to support our Cedar Rose Emergency Family Shelter and our PATH Homeless Outreach Program. Cedar Rose serves all family types including two-parent and single fathers, assisting clients in obtaining the life skills necessary to successfully obtain and maintain permanent housing in the future. PATH Outreach saves lives by searching out individuals experiencing homelessness, distributing life-sustaining supplies, and connecting clients with community resources including hotel assistance.
- Additional Info: To increase the reach to those who are unsheltered in Flagstaff, funds will be used for crucial Shelter and Outreach staffing as well as hotel vouchers. Due to inclement weather conditions, as well as the current economic challenges, persons are in greater need in our community. These funds will allow us to support our outreach efforts with additional shelter support options.

# Flagstaff Shelter Services

- Project: Emergency Shelter Program
- Beneficiaries: 2400 individuals
- Amount Requested: $550,000
- Project Description: Flagstaff Shelter Services is respectfully requesting funding to support our growing Emergency Shelter program, which is comprised of 163 congregate shelter beds and 161 units of non-congregate shelter spread across three sites in Flagstaff. Open 24/7/365, our emergency shelter is intentionally low-barrier, serving diverse unsheltered individuals and families regardless of faith, mental health, criminal record, sobriety, or COVID-19 status. In addition to providing safe shelter to anyone in need, this program offers the supportive services that improve health and housing outcomes.
- Additional Info: Funds will support the opening of 103 new units of non-congregate shelter for unsheltered community residents. This means every night 103 people who would otherwise be unsheltered or in a congregate setting will have safe shelter and wrap-around support services that promote long-term housing security.

# Funding Recommendations

| Agency | Program | Individuals Served | Average Score | Min Request | Full Request | Recommended Allocation |
|---|---|---|---|---|---|---|
| **Community Action Teams** | Mobile Outreach and Shower Bus (Services) | 500 individuals | 83 | $56,000.00 | $99,800.00 | **$99,800.00** |
| **Northland Family Help Center** | Supporting Youth Experiencing Homelessness (Emergency Shelter) | 65 youth | 83 | Not answered | $100,000.00 | **$100,000.00** |
| **Homeless Youth Connection** | Empowering Youth for the Future (Services) | 50 youth | 81 | $30,000.00 | $50,000.00 | **$50,000.00** |
| **Housing Solutions of Northern Arizona** | Homeless Transitional Housing (Transitional Shelter) | 82 households | 80 | $150,000.00 | $276,089.40 | **$168,666.67** |
| **Catholic Charities** | Cedar Rose Shelter/PATH Outreach (Emergency Shelter and Services) | 208 individuals | 80 | $100,000.00 | $144,920.00 | **$118,666.67** |
| **Flagstaff Shelter Services** | Emergency Shelter Program (Emergency & Transitional Shelter and Services) | 2400 individuals | 79 | Not answered | $550,000.00 | **$218,866.66** |
| | | | | **Total Funding Allocated = $756,000.00** | | |

# Kristine Pavlik

Housing &
Grants Administrator

## City of Flagstaff

Kristine.Pavlik@flagstaffaz.gov

(928) 213-2749

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# City of Flagstaff
## Housing Section

# Notice of Funding Availability

## Homeless Shelter and Services

**City of Flagstaff - Housing Section**
3481 N Fanning Dr, Flagstaff, Arizona
(928) 213-2749 (phone)
TTY/TDD (800) 367-8939

Issue Date: September 20, 2023 Response Date: October 10, 2023

Period of Performance: Date of Award to June 30, 2024

Eligible applicants interested in applying are encouraged to read this NOFA thoroughly to understand the Program eligibility and application submission requirements.

Applicants must submit all required information and documents in this application including the attachments found in this funding opportunity.

EQUAL HOUSING OPPORTUNITY

CITY OF
FLAGSTAFF

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CITY OF
FLAGSTAFF

## Notice of Funding Availability Overview

**Grantor:** City of Flagstaff (the "City")

**Issue Date:** September 20, 2023 **Response Date:** October 10, 2023

**Anticipated Performance Period:** July 1, 2023 to June 30, 2024

**Contact:** Kristine Pavlik, Housing and Grants Administrator, Kristine.Pavlik@flagstaffaz.org

**Announcement Type:** Notice of Funding Availability ("NOFA") for Homeless Shelter and Services Funds ("HSSF")

**Funding Availability Title:** Homeless Shelter and Services

### Funding Availability Description:

Homeless Shelter and Services Funds, made available by the City of Flagstaff with funding from the Arizona Department of Housing ("ADOH"), are for programs that provide shelter and services to unsheltered persons who are experiencing homelessness. The City of Flagstaff ("City") will prioritize proposals serving unsheltered persons who are impacted by one of the following challenges: the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean "The Zone"); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities.

### Anticipated Timeline:

| | |
|---|---|
| **NOFA and Application Release** | September 20, 2023 |
| **Application Submission Period** | No later than 4 pm October 10, 2023 |
| **Application Review and Evaluation** | October 11, 2023 – October 31, 2023 |
| **Anticipated Council Approval** | November 7, 2023 |

### Submission:

The application for Homeless Shelter and Services Funds and all required documents and attachments should be submitted electronically, through the City's website no later than 4 pm on October 10, 2023. A link to the online portal will be posted at: https://www.flagstaff.az.gov/4695/Funding-Opportunities. To submit a proposal, a username and password will be required. Registration can be completed by the applicant. All documents will be submitted utilizing the upload file option and submission fields located at the link above.

### Questions:

Any questions pertaining to this NOFA shall be submitted in writing to Kristine Pavlik, Housing and Grants Administrator via email to Kristine.Pavlik@flagstaffaz.org on or before October 5, 2023. Questions will be answered in writing and posted to the website.

CITY OF
FLAGSTAFF

## Introduction

The City of Flagstaff (the "City") is pleased to announce a Notice of Funding Availability ("NOFA") for $700,000 in Homeless Shelter and Services Funding ("HSSF"). The HSSF grant funds will be allocated in one funding round. Proposal submissions are due Tuesday, October 10, 2023, at 4pm.

## Eligible Applicants and Activities

Entities eligible to apply include nonprofit, tax-exempt 501(c)(3), U.S. organizations, units of state or local government agencies, or federally recognized tribal communities or tribes.

Funding must be used for programs that provide shelter and services to unsheltered persons who are experiencing homelessness. The City will prioritize proposals serving unsheltered persons who are impacted by one of the following challenges: the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean "The Zone"); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities. Allowable activities include but are not limited to operating support; motel and hotel vouchers; supportive services; and other quick occupancy housing solutions. Awarded applicants are required to report the number of unsheltered persons served monthly.

## Public Notice

In addition to providing required notification via the City's publication of record, The Arizona Daily Sun, the City will provide notification to all known interested parties, and to other organizations and individuals currently on the Coconino County Continuum of Care and Housing Section's e-mail distribution lists. Any individual or organization wishing to be added to the Housing Section's e-mail distribution list in order to receive future notices of funding opportunities can make such a request by contacting Kristine Pavlik at kristine.pavlik@flagstaffaz.gov.

A copy of this NOFA will be posted to the Housing Section website at: https://www.flagstaff.az.gov/4695/Funding-Opportunities. Failure of the City to notify any interested party or parties directly regarding the availability of these funds shall not void or otherwise invalidate the NOFA process.

## Questions from Applicants and Response by the City

Inquiries regarding the content of this NOFA must be submitted to the City in writing, no later than the date and time indicated in the Anticipated Timeline section. Questions received after this date and time will not be answered. Questions must be submitted electronically to the contact person identified in the Contact Section of this NOFA. The City will provide a written response to each question received no later than the date indicated in the Anticipated Timeline section of the NOFA, and, as applicable, will issue any resulting amendments to this NOFA. A response will be provided electronically via email to the applicant, and simultaneously to any other interested parties who have provided the City with a valid email address. Responses will also be posted on the City of Flagstaff Housing Section webpage located at: https://www.flagstaff.az.gov/4695/Funding-Opportunities.

## Application Threshold Review

Applications submitted that are not responsive to the requirements of the NOFA are unacceptable and shall not be considered. Unacceptable applications are those that are subject to the following shortcoming:

- Does **not** meet the deadline for submittal nor the threshold requirements.

City staff will review applications to ensure the minimum eligibility requirements are met. All applications that meet the minimum threshold will be presented to the Ranking Committee, which will evaluate all acceptable applications and make funding recommendations.

## Availability of Funds

The City has made available funds from the Arizona Department of Housing Homeless Shelter and Services Funds.

| PROGRAM | Anticipated Funding |
|---|---|
| Homeless Shelter and Services Funds | $ 700,000.00 |

At its discretion, the City reserves the right to adjust the source and amounts of funding in this NOFA.

## Anticipated Timeline

The following anticipated timeline is subject to change, at the discretion of the City:

**September 19, 2023:** Public Notice of the NOFA is published in the Arizona Daily Sun

**September 20, 2023:** Notification of Funding Availability issued to known interested parties and posted on the City of Flagstaff Housing Section website at: https://wwwflagstaff.az.gov/2467/Affordable-Housing

**October 5, 2023:** Questions from prospective applicants are due via email no later than 4:00 p.m. City staff cannot answer any questions as it relates to this NOFA after this time. Please see Questions from Applicants and Response by the City section of the NOFA for additional information.

**October 6, 2023**: The City's written response to each question submitted will be sent to all known prospective applicants for whom the City has a valid e-mail address. The responses will also be posted on the City of Flagstaff Housing Section website at: https://wwwflagstaff.az.gov/2467/Affordable-Housing

**October 10, 2023:** **Application submission deadline. Applications must be digitally submitted to the City no later than 4:00 p.m.**

**November 7, 2023:** Expected date for City Council Grant Agreement Approval

## Submittal Due Date and Instructions for Application Submittal

The application materials can be downloaded at the City of Flagstaff Housing Section webpage located at: https://www.flagstaff.az.gov/4695/Funding-Opportunities.

**The complete NOFA and Application includes**:

1. Notice of Funding Availability
2. Attachment A: Applicant and Program Information
3. Attachment B: Narrative Questions
4. Attachment C: Schedule of Completion Template
5. Attachment D: Budget Template
6. Attachment E: Ranking Form and Evaluation Criteria
7. Attachment F: Sample Agreement, Grant Provision and Reporting Documents

**A completed application submission will include the following:**

1. Attachment A: Applicant and Program Information Form **Signed** with attached Authorization to Request Funds/Authorized Signature Authority
2. Attachment B: Completed Program Narrative Questions
3. Attachment C: Completed Schedule of Completion
4. Attachment D: Completed Budget

## Electronic Submission

Application and required attachments must be submitted electronically, through the City's website by 4 pm on October 10, 2023. A link to the online portal will be posted at: https://www.flagstaff.az.gov/4372/Housing-Section.

To submit, a username and password will be required. Registration can be completed by the applicant. Applications should be submitted in .pdf and .doc format utilizing the upload file option and submission fields located at the link above.

The application and its attachments should be uploaded as follows (referencing the submission format outlined above):

1. Applicant and Program Information and Authorization (.pdf) (Attachment A)
2. Program Narrative Questions (.doc) (Attachment B)
3. Schedule of Completion (.doc) (Attachment C)
4. Budget (.doc) (Attachment D)
5. Financial Audit and Management Letter (.pdf)

## Access to Referenced Documents

This document contains active hyperlinks. Prospective applicants who are unable to access the Internet may request copies of the documents referenced in this NOFA by contacting Kristine Pavlik by email: kristine.pavlik@flagstaffaz.gov or by phone: (928) 213-2749, (800) 367-8939 (TTY/TTD) or 711 (TRS). All documents will be available on the City of Flagstaff Housing Section webpage located at: https://www.flagstaff.az.gov/4695/Funding-Opportunities.

## Ownership of Material

Responses, applications, and other materials submitted in response to this request become the property of the City, are documents of public record, and will not be returned. By applying, applicants acknowledge and agree that they and/or their organization claim no proprietary rights to the ideas or approaches contained in the applications.

## Requests for Reasonable Accommodation

The City of Flagstaff Housing Section will provide reasonable accommodation to allow for equal participation in the NOFA application process. To request a reasonable accommodation, please contact Kristine Pavlik: email kristine.pavlik@flagstaffaz.gov or call (928) 213-2749, (800) 367-8939 (TTY/TTD) or 711 (TRS). This document will be provided in alternate formats, upon request.

## Acceptance of Terms and Conditions

By submitting a response to this NOFA, the applicant acknowledges and accepts all terms and conditions of this request and all City, State and Federal regulations and requirements related to the delivery of the eligible activities. If the applicant is awarded a contract, the applicant's application will become part of the contract agreement. The applicant is bound by the terms of the application unless the City agrees that specific parts of the application are not part of the agreement. The City reserves the right to introduce different or additional terms and/or conditions during final contract negotiations. Applicants will be required to enter into a formal written agreement with the City of Flagstaff.

## City of Flagstaff Sub-Grant Agreement – Insurance Requirements

The applicant, and any of its sub-contractors, shall procure and maintain insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the applicant, its agents, representatives, employees, or sub-contractors, until all of their obligations have been discharged, including satisfaction of any warranty periods under this Agreement. The insurance requirements outlined in Attachment F are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in the Agreement. The City in no way warrants that the minimum limits contained herein are sufficient to protect the applicant from liabilities that might arise out of the performance of the work under this Agreement by the applicant, its agents, representatives, employees, or sub-contractors, and the applicant is free to purchase additional insurance as may be determined necessary.

## Application Costs and Payment of Contingent Fees

The City is not liable for any costs incurred by an applicant prior to the issuance of a contract. All costs incurred in response to this NOFA are the responsibility of the applicant, including travel costs to attend workshops, presentations, public meetings, and/or contract negotiation sessions. In the event the applicant's application was developed with the assistance of other individuals (i.e., non-employees) and/or organizations, the applicant understands and agrees that no contingent fees will be paid under any resulting award.

## Commitment to Fair Housing and Racial Equity

To address equitable access to housing, the City will take meaningful actions to combat discrimination, overcome patterns of segregation, and foster inclusive communities free from barriers that restrict access to opportunity. The City is committed to taking meaningful actions to address housing disparities, including replacing segregated living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

## Limited English Proficiency

The City of Flagstaff Housing Section ("CFHS") is a recipient of federal funds, and therefore required to comply with Executive Order 13166. On August 11, 2000, **Executive Order 13166** was implemented to clarify existing Title VI responsibilities for entities that receive federal funds. The goal of the order is to improve access to federal programs and activities for persons who have Limited English Proficiency ("LEP") due to their national origin and may be limited in their ability to speak, read, write, or understand the English language.

CFHS is committed to reducing barriers and ensuring equal opportunity for all persons who apply for any program or activity administered by the section. **Title VI, 42 U.S.C. § 2000d, of the 1964 Civil Rights Act** specifies that "No person in the United States shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance."

As an entitlement community receiving an annual allocation of Community Development Block Grant (CDBG) funds from the Department of Housing and Urban Development (HUD), Executive Order 13166 applies to all CFHS programs and activities as well as community partners receiving grant funds. The CFHS Limited English Proficiency Language Access Plan can be found on the City of Flagstaff webpage.

## Right to Reject or Negotiate

The City reserves the right to reject any or all applications if such a rejection is in the City's best interest. This NOFA is a solicitation for applicants and shall not be construed as an offer, a guarantee, or a promise that the solicited services will be purchased by the City. The City may withdraw this NOFA at any time and for any reason without liability to applicants for damages, including, but not limited to, bid preparation costs.

Additionally, the City reserves the right to negotiate with selected applicants and may request additional information or modification from an applicant. When deemed advisable, and before a contract is issued, the City reserves the right to arrange an on-site visit/review to determine the applicant's ability to meet the terms and conditions described in this NOFA.

## Contract Awards and Notification to Selected Applicants

Contracts become effective after approval by the Flagstaff City Council and on the date signed by the City Manager or his/her representative. Notifications of funding award decisions will be provided electronically to the applicant's current e-mail address on record on the dates indicated in the Anticipated Timeline.

## Cancellation of Application

The City reserves the right, with or without cause, to cancel any contract resulting from this NOFA with a thirty-calendar day written notice sent by certified mail, return receipt requested, to the applicant's address of record, as indicated on the applicant's application to this NOFA (or last known address on file).

## Contact

Kristine Pavlik, Housing and Grants Administrator
**City of Flagstaff – Housing Section**
3481 N Fanning Dr, Flagstaff, Arizona
(928) 213-2749 (phone)
TTY/TDD (800) 367-8939
Kristine.pavlik@flagstaffaz.gov

CITY OF
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## Attachment A – Applicant Information

**Applicant (Organization's Legal Name):**

**Executive Director/CEO/Etc. Name, Phone and Email:**

**Program Manager Name, Phone and Email:**

**Mailing Address:**

**Physical Address:**

**Is the applicant a 501 (c) 3 non-profit organization, for-profit entity, developer, business, government entity or other (please explain)?**

**Federal EIN/TIN #:**

**Unique Entity ID:**

**Registered in the Federal System for Award Management (SAM)?** YES / NO

**Participating member of the Coconino County Continuum of Care?** YES / NO

**Funding Request:** $

**Total Program Cost:** $

**Program Name:**

*Example: Homeless Support Services*

EQUAL HOUSING OPPORTUNITY

**Brief Description of Program (2-3 sentences):**

*Example: Housing Help, Inc will provide emergency shelter, motel vouchers and supportive services including transportation to individuals experiencing homelessness and displaced by the close of sober living homes and residential facilities.*

**If the program already exists, explain how funding creates an increase in services?**

*Example: Funds will be used to hire 1 additional case work and serve 500 additional, unduplicated clients for 1 year.*

**Beneficiary Description:**

*Example: Low-income households – 60% AMI and below*

**Proposed Outcomes:**

*Example: Number of shelter nights provided*

**AUTHORIZED SIGNATURE OF APPLICANT:**

The signatory declares that he/she is an authorized official of the applicant organization, is authorized to make this application, is authorized to commit the organization in financial matters, and will assure that any funds received as a result of this application are used for the purposes set forth herein and the organization will comply with all contractual obligations.

| | |
|---|---|
| **Name and Title** | **Organization** |
| **Signature** | **Date** |

**Please attach:**

**Authorization to Request Funds/Authorized Signature Authority**
Documentation of formal authorization from applicant to request Local Recovery Funds and documentation of authorized signature authority (e.g., bylaws, official resolution, or a copy of the minutes of the meeting in which an action was taken)

CITY OF
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## Attachment B – Program Narrative Questions

Each proposal must include responses to the questions below. Proposal information should be presented in narrative form but may include tables or graphics to convey pertinent information.

---

### Applicant Information (20 points)

1. **(10 points)**
   Please provide a description of the applicant entity, including a brief history, mission statement, and an overview of programs and services provided. Explain why the applicant is qualified to provide the proposed services or undertake the proposed program.

2. **(5 points)**
   Describe how the entity collects and maintains data, measures activities versus outcomes and how data is used for program planning, evaluation, and improvement.

3. **(5 points)**
   Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? To what extent does the applicant participate? An MOU with or letter from the CoC confirming entity participation is required.

---

### Proposed Program (50 points)

1. **(15 points)**
   Describe how the proposed program will provide shelter and/or services to unsheltered persons who are experiencing homelessness.

   Highlight any shelter or service programs designed to serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities.

   The description should also include program specifics such as the requested funding amount, program start date, program end date (if applicable), and anticipated number of persons served during the period of performance.

2. **(15 points)**
   Describe the proposed beneficiaries the program will serve. Include local statistics/data or other information to demonstrate the need for this program. Provide information regarding performance metrics- identify and list specific measures that will be reported to demonstrate the impact of this funding. Example: Number of individuals served, shelter nights provided, move in assistance, etc. evaluation, including how the program evaluates services and the impact on clients.

3. **(10 points)**
   Provide information about the timeline for program implementation and expenditure of funds. Keep in mind all funds need to be expended by June 30, 2024. This narrative should align with the timeline provided in Attachment C.

4. **(10 points)**
   Provide budget details including a line-item budget for the program that includes the following categories as applicable: personnel, fringe benefits, administration, supplies, equipment, nightly stays, and other. This narrative should align with the budget provided in Attachment D.

---

## Fiscal Management and Applicant Capacity (20 points)

1. **(10 points)**
   What is the applicant's current annual operating budget? Does the applicant undergo an annual audit? Please attach the applicant's audit and financial statement from the most recent fiscal year.

2. **(10 points)**
   Briefly describe the applicant's history and realistic capacity for administering these funds. Has the applicant received City of Flagstaff funding in the past?

---

## General Criteria (10 points)

These questions are included for your information. Do not include answers to these questions in your submitted application.

1. **(5 points)**
   How realistic is the 12-month Schedule of Completion? How realistic is the program budget and is the program cost effective? Was the correct format used?

2. **(5 points)**
   Has the applicant exhibited competence in preparing the application? Are the applicants answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

---

## Unscored Questions

1. What is the minimum amount of funding needed for the program to proceed?

2. Is there any other information you would like the Ranking Committee to know about your program or organization that is not already covered?

# Attachment C – Schedule of Completion Template

Click to Download Schedule of Completion Template

## Schedule of Completion (Example)

| Project Schedule | |
|---|---|
| City of Flagstaff | |
| | |
| Project Description: | Flagstaff Homebuyer Assistance Program |
| Implementing Agency: | |
| Project Number: | |
| Persons Served: | 9 |
| Date Submitted: | 10/9/2007 |

| Action Items: | Item Desription | YEAR | 1st month begins with the Notice To Proceed | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th | 9th | 10th | 11th | 12th | 13th |
| 1 | Homebuyer Education Workshop | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 2 | Counsel/Prepare Homebuyers | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 3 | Conduct Outreach and Marketing | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 4 | Assist Buyers in Location Affordable Housing | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 5 | Processs Applications | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 6 | Approve and Fund Loans | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 7 | Monthly CDBG Reporting | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 8 | Close Loans | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| 9 | Contract Monitoring and Close Out | | | | | | | | | | | | | |

## Schedule of Completion Narrative (Refer to Attachment B)

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# Attachment D – Budget Template

Click to Download Program Budget Template

## Budget (Example)

| | | | | | | |
|---|---|---|---|---|---|---|
| **Project Budget** | | | | | | |
| **City of Flagstaff** | | | | | | |
| **Community Development Block Grant (CDBG) Program** | | | | | | |
| | | | | | | |
| **Project Description: Flagstaff Homebuyer Assistance Program** | | | | | | |
| **Implementing Agency:** | | | | | | |
| **Project No.:** | | | | | | |
| **Date: 1/10/13** | | | | | | |
| **Persons Served: 6** | | **SOURCE 1** | **SOURCE 2** | **SOURCE 3** | **SOURCE 4** | |
| **Item and** | | | **Other Grant** | **PRIVATE** | **IN-KIND** | **PROJECT** |
| **Activity** | **Item / Activity Description** | **CDBG** | **FUNDING** | **FINANCING** | | **TOTALS** |
| **1** | **Down Payment and Closing Cost Loans** | | | | | $ 140,200.00 |
| A | Loan Principal | $ 70,200.00 | $ 70,000.00 | | | |
| **2** | **Homebuyer Assistance Services** | | | | | $ 72,190.00 |
| A | Housing Staff Salary | $ 20,190.00 | $ 52,000.00 | | | |
| **3** | **Program Related Expenses** | | | | | $ 2,265.00 |
| A | Office Supplies | $ 600.00 | $ 950.00 | | | |
| B | Telephone | $ 180.00 | $ 250.00 | | | |
| C | Postage | $ 110.00 | $ 175.00 | | | |
| **4** | **Professional Services** | | | | | $ 600.00 |
| A | Audit | $ 80.00 | $ 520.00 | | | |
| **5** | **Administration** | | | | | $ 12,232.00 |
| A | Director Oversight | $ 1,700.00 | $ 3,640.00 | | | |
| B | Agency Indirect (Per Health & Human Services approval of 8.9% salaries and ERE) (Includes accounting) | $ 1,940.00 | $ 4,952.00 | | | |
| **6** | **Leveraged Funding Sources** | | | | | $ 518,000.00 |
| A | Mortgage Financing | | | $ 518,000.00 | | |
| | **CDBG Totals** | $ 95,000.00 | | | | |
| | **Totals** | | $ 132,487.00 | $ 518,000.00 | $ - | $ 745,487.00 |

***NOTE***
Identify all funding sources for this project separating CDBG from other sources. Assign dollar amounts for any in-kind contributions. Provide narratives about what the CDBG funds will be used for.

For financial leverage to be counted, include letters of award from other funding sources (including in-kind) AND make sure that the letters match the budget amounts outlined in the budget. Make sure that the leverage is for the same program year you are applying for.

## Budget Narrative (Refer to Attachment B)

CITY OF
FLAGSTAFF

**FOR CITY STAFF / RANKING COMMITTEE USE ONLY**

## Attachment E – Ranking Form and Evaluation Criteria

City staff and the Ranking Committee will use this form to evaluate proposals. Consideration is given to past performance of the submitting applicant.

**Applicant (Organization's Legal Name):**

**Program Name:**

**Funding Request:** $ **Total Program Cost:** $

**Does the application meet the threshold criteria for review? YES/NO**

**If not, please explain:**

**Total Score:**

**Points Possible: 100**

**Comments:**

**Evaluator Name and Title:** _____

**Evaluator Signature:** _____ **Date:** _____

## Applicant Information (20 points)

1. Does the applicant provide an overview of the entity and provide evidence demonstrating a history of and experience carrying out similar programs?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. How well does the answer explain how the entity collects data and measures outcomes?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

3. Is the applicant participating in the Front Door of Coconino County and/or a participating member of the Continuum of Care? Is evidence included?

   (No) 0 5 (Yes)

---

## Proposed Program (50 points)

1. How well does the answer provide a detailed description of the program? Does the description include program specifics as well as highlight how the program might serve persons impacted by the ruling on Freddy Brown, et al. v. City of Phoenix (court decision to clear and clean The Zone); the expiration of the Public Health Act (Title 42) as it pertained to the border between Arizona and Mexico; or the closure of sober living homes and residential facilities?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

2. How well does the answer justify the local need for the proposed program? Does the answer provide a clear description of the proposed beneficiaries and performance metrics?

(Not at all) 0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 (Very much)

Comments (required for scores 5 and under):

---

3. Does Attachment C (Schedule of Completion) include a narrative summary describing the expenditure of funds and the predicted progress of the proposed schedule?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

4. Does Attachment D (Budget) include a comprehensive budget for this proposed Program? Is a narrative summary describing exactly what Local Recovery Funds will pay for included?

   (Not at all) 0 1 2 3 4 5 (Very much)

   Comments (required for scores 2 and under):

---

**Fiscal Management and Applicant Capacity (20 points)**

1. Does the applicant demonstrate a history and realistic capacity for administering these funds and undertaking this Program?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under):

---

2. Has the applicant received City of Flagstaff funding in the past? Is the Applicant in good standing to receive federal and/or another City of Flagstaff funding?

   (Not at all) 0 1 2 3 4 5 6 7 8 9 10 (Very much)

   Comments (required for scores 5 and under)

---

**General Criteria (10 points)**

1. How realistic is the schedule of completion? Was the correct format used in creating the schedule? How realistic is the program budget and is the program cost effective? Was the correct format used?

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

---

2. Has the applicant exhibited competence in preparing the application? Are the applicant's answers complete, thorough, well-written, correct grammar, easy to follow format, etc.

   (Not at all) 0 1 2 3 4 5 (Very)

   Comments (required for scores 2 and under):

**Attachment F – Sample Agreement and Reporting Documents**

AGREEMENT BETWEEN THE CITY OF FLAGSTAFF
and
AGENCY
for the
PROJECT

THIS AGREEMENT (the "Agreement") is made and entered into by and between the City of Flagstaff, a municipal corporation (the "City"), and **AGENCY**, an Arizona nonprofit corporation with offices at **FULL ADDRESS** (the "Agency" or "Subrecipient").

RECITALS

A. Reserved

B. Reserved

C. Reserved

D. Reserved

NOW, THEREFORE, it is mutually agreed by and between the parties as follows:

## 1 AGENCY'S SCOPE OF SERVICES

1.1 Scope of Services. Agency agrees to be a subrecipient of the HSSF funds and complete the Project as described in the Special Conditions of the Agreement attached as Exhibit A and incorporated by reference into this Agreement in a manner that is satisfactory to the City. The term "Program" as used in this Agreement means **NAME OF PROGRAM** project. **AGENCY** (the "Agency") **PROGRAM** (the "Project") will provide services as set forth in detail in its February 22nd, 2022 proposal submitted in response to the City of Flagstaff Program Year 2022 HSSF Notice of Funding Available, hereby incorporated by reference, and as described herein. The Agency will utilize HSSF dollars for **SCOPE OF WORK**. The term "low and moderate-income" shall be defined as households earning equal to or below eighty percent (80%) of the most current HUD Area Median Income adjusted for family size for the area as defined in Section 102 of the Housing and Community Development Act of 1974, as amended.

1.2 Changes in Scope of Services. No change(s) shall be made to the Scope of Services except by written Agreement amendment. To obtain an Agreement amendment, Agency must submit a revised Scope of Services with a written request for authorization for a Scope of Services amendment. If authorized, an Agreement amendment must be approved by the City Council, and executed by duly authorized signatories, before the amendment will become effective.

## 2 AMOUNT AND NATURE OF ASSISTANCE BY CITY

2.1 Agreement Amount. Subject to all of the terms, covenants and conditions of this Agreement, the City will enter into an Agreement with the Agency for a subaward amount not to exceed **_____ ($_____)** in HSSF funds for the services described in Exhibit A. The City shall serve as the fiscal agent for the CDBG grants. Agency agrees to be responsible for all sums in excess of this amount necessary to complete the Project. The Subrecipient agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available. Agency shall not use the funds received from the City in any other manner except as provided in this Agreement. Wrongful expenditure of funds will constitute a breach of this Agreement and the City shall have the right to terminate this Agreement under the terms and conditions specified in this Agreement.

2.1.1. The City shall:

Clearly identify every subaward to the Agency as a subaward and include the following information at the time of the subaward and include any changes in subsequent subaward modifications. When the information is not available, the City must provide the best information available to describe the Federal award and subaward:

A) Federal Award Identification;

(1) Recipient name (which must match the name associated with its unique entity identifier as defined at 2 CFR 25.315).

(2) Recipient's unique entity identifier;

(3) Unique Federal Award Identification Number (FAIN);

(4) Federal Award Date (see Federal award date in § 200.201);

(5) Period of Performance Start and End Date;

(6) Budget Period Start and End Date;

(7) Amount of Federal Funds Obligated by this action;

(8) Total Amount of Federal Funds Obligated;

(9) Total Approved Cost Sharing or Matching, where applicable;

(10) Total Amount of the Federal Award including approved Cost Sharing or Matching;

(11) Budget Approved by the Federal Awarding Agency;

(12) Federal award description, (to comply with statutory requirements (e.g., FFATA));

(13) Name of Federal awarding agency and contact information for awarding official,

(14) Assistance Listings Number and Title;

(15) Identification of whether the award is R&D; and

(16) Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414).

B) Any additional requirements that the pass-through entity imposes on the Subrecipient. In order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports.

C) Any approved federally recognized indirect cost rate negotiated between the Subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the Subrecipient or a de minimis indirect cost rate as defined in the CFR.

D) A requirement that that Subrecipient permit the pass-through entity and auditors to have access to the Subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of 2 CFR §200.331, §§200.300 Statutory and national policy requirements through 200.309 Period of performance, and Subpart F- Audit Requirements: and

E) Appropriate terms and conditions concerning closeout of the subaward.

2.2 Payments. Payment by the City to the Agency shall be made on both reimbursement basis and an advance basis. Funds for services and other expenses related to the administration of the Project will be provided on a reimbursement basis. Reimbursement may be requested as frequently as monthly, but not less than quarterly. Reimbursement will be paid in dollar amounts approved by the City for work complete. To request advances and reimbursements, Agency shall submit a Request for Payment and Disbursement Form, which is attached as Exhibit B and incorporated by reference in this Agreement. The Agency must submit a final reimbursement request for expenses received and invoiced prior to the end of the termination of this Agreement no more than forty-five (45) days after the end of the Agreement. Requests for reimbursement received later than the forty-five (45) days after the Agreement termination will not be paid. The final reimbursement request as submitted shall be marked FINAL and include a copy of the Property Control Form. All reports shall be submitted to the contact person as described in Section 23.3 of this Agreement. All payment requests must be submitted by line item and activity in conformance with the Budget attached as Exhibit C and incorporated by reference in this Agreement. All claims against this Agreement shall be made only for expenses incurred within the Agreement time period defined in Section 4. Final payment invoices must be received no later than sixty (60) days after completion of the scope of work or Agreement time period, whichever comes first. No payments shall be made on invoices received after that date.

2.3 Changes in Budget. Agency's variances from the Budget require a budget amendment. To obtain a budget amendment, Agency must submit a new budget to the City with a written request for authorization for a budget amendment. The City Housing Director or her designee is authorized to approve budget amendments as long as the amendment does not increase the total budget of the Project.

2.4 Program Income. The Agency shall retain program income, defined per 24 C.F.R. 570.500(a), generated from the total or partial use of CDBG funds. Program income shall only be used for activities allowed under this Agreement and listed in the Budget and the terms of this Agreement shall apply to the use of the program income. Agency shall report program income in the Request for Payment and Disbursement Form within thirty (30) day of receipt. Request for Payment disbursements shall be reduced by the amount of program income received by the Agency thereby reducing the amount of CDBG funds disbursed by the City for this Agreement. All program income that has not been expended by the time this Agreement expires or received after this Agreement has expired shall be returned to the City.

2.5 Indirect Costs. If indirect costs are charged, the Agency will develop an indirect cost allocation plan for determining the appropriate Agency's share of administrative costs and shall submit such plan to the City for approval, in a form specified by the City.

2.6 Travel. The Agency shall obtain written approval from the City for any travel outside the metropolitan area with funds provided under this Agreement.

# 3 CERTIFICATION OF COMPLETION

Upon satisfactory completion of the Close-Out Report and submission of all required documentation, the City shall provide the Agency with a letter that certifies completion. The certification is conclusive determination that the Agency has satisfactorily completed its contractual obligations. The City shall not unreasonably withhold such certification.

## 4 AGREEMENT REQUIREMENTS

4.1 Agreement Administration. The Agency has obtained official authorization from its governing body in the form of a resolution, motion, or similar action authorizing the person identified in Section 25 to administer this Agreement and perform the required duties for the administration of this Agreement. Such authorization is attached as Exhibit D and incorporated by reference in this Agreement.

4.2 Agreement Commencement, Completion and Renewal. Specific authorization to proceed with the work described in the Scope of Work will be provided by the City in the form of a Notice to Proceed within reasonable time after the effective date of this Agreement. The Agency cannot request reimbursement without such authorization. The Agency agrees to complete the Project by three hundred sixty-five (365) days from the Issuance of the Notice to Proceed per the Schedule of Completion attached as Exhibit E and incorporated by reference in this Agreement. This Agreement may be renewed in writing for a time period not to exceed three hundred sixty-five (365) days at the City's discretion. The Housing Director may execute the written agreement to renew without further City Council action. Notwithstanding any other language in this Agreement, this Agreement shall remain in effect during any period that the Agency has control over CDBG funds, including program income.

4.3 Agreement Extension. No payments will be made to the Agency for cost incurred after the Agreement time period. To obtain a time extension, Agency must submit a new Schedule of Completion to the City with a written request for authorization for an Agreement time extension. The City, through the Housing Director or her designee, will respond to such written request within ten (10) business days.

## 5 ADMINISTRATIVE REQUIREMENTS

5.1 Accounting. The Agency shall comply with the requirements and standards of OMB and guidance in subparts A through F of 2 CFR 200, and shall adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred. The Agency's financial management system shall include, at a minimum, accurate, current, and complete disclosures of the grant program; records which adequately identify the source and application of funds provided for financially assisted activities; effective control over and accountability for grant cash, real and personal property, and other assets; comparison of actual outlays with budgeted amounts; and records supported by source documentation. The Agency shall maintain funds received under this Agreement in separate ledger accounts and not mix funds with other sources; manage funds according to applicable Federal regulations for administrative requirements, cost principles, and audits; and maintain adequate business systems to comply with Federal requirements. The business systems that must be maintained are: Financial Managements, Procurement, Personnel, Property and Travel. A system is adequate if it is written, followed consistently (it applies to similar items), and consistently applied (it applies to all sources of funds).

5.2 Procurement. The Agency shall procure all materials, property, or services in accordance with the requirements of OMB guidance in subparts A through F of 2 CFR Part 200, Subpart D Procurement Standards and the standards set forth in 24 C.F.R. Part 85.36 except with respect to price limits. Agency procurement outreach and documentation shall be governed by the price limits set forth in the City of Flagstaff Procurement Manual, notwithstanding OMB Circular A-110 and 24 C.F.R. Part 85.36. All procurement undertakings must use best efforts to afford Minority and Women Owned Business Enterprises The maximum practicable opportunity to participate in the performance of this agreement. The Agency shall maintain an inventory of all equipment, furniture, and non-expendable personal property purchased with CDBG funds.

5.3 Internal Controls. The City will evaluate the Agency to determine if there is a risk that the Agency will not comply with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate Subrecipient monitoring including the factors listed in 2 CFR §200.331(b)(1-4). The Agency will operate according to a written set of policies and procedures that define staff qualifications and duties, lines of authority, separation of functions, and access to assets and sensitive documents. Included in these policies and procedures will be written accounting procedures for approving and recording transactions and the control of cash receipts, disbursements, and cash balances. Agency financial policies and lines of authority shall be reviewed during monitoring visits defined in Section 5.4.

5.4 Monitoring. The City shall monitor the CDBG Grants, including reviewing financial and programmatic reports provided by the Agency. The City shall follow-up and ensure that the Agency takes timely and appropriate action on all deficiencies pertaining to the Federal award detected through audits, on-site reviews, and other means. The City shall issue a management decision for audit findings pertaining to the CDBG grants provided to the Agency from the City as required by 2 CFR §200.521 Management decision. The Agency agrees to cooperate and provide all information necessary for the City to monitor the Agency periodically to ensure compliance with this Agreement, compliance with federal regulations and laws, fiscal responsibility, adequate performance, and any other item of concern relating to the use of HSSF funds and the provisions defined in this Agreement, including by permitting the pass-through entity and auditors to have access to the Subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of 2 CFR §200.331, §§200.300 Statutory and national policy requirements through 200.309 Period of performance, and Subpart F- Audit Requirements. The monitoring will take the form of at least one site visit of Agency's place of business and/or construction site and other various requests for information. During the term of this Agreement, the Agency shall be monitored periodically by the City, both programmatically and financially, to ensure that the program's goals, objectives, performance requirements, timelines, milestone completion, budgets, and other related program criteria, are being met. Monitoring will be accomplished through a combination of office-based reviews and onsite monitoring visits. Monitoring can involve aspects of the work involved under this contract including but not limited to the review and analysis of the financial, programmatic, performance, and administrative issues relative to each program, and will identify areas where technical assistance and other support may be needed. All on-site monitoring shall take place during normal business hours, upon advance written notice, on dates and at times as mutually agreed upon by the Agency and the City.

5.5 Documentation and Record-Keeping. The Agency shall maintain all records required by the Federal Regulations specified in 24 C.F.R. Part 570.506 that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

5.5.1 Records providing a full description of each activity undertaken;

5.5.2 Records demonstrating that each activity undertaken meets one of the National Objectives of the HSSF program;

5.5.3 Records required to determine the eligibility of activities;

5.5.4 Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with HSSF assistance;

5.5.5 Records documenting compliance with the fair housing and equal opportunity components of the HSSF program, including, but not limited to, data on the racial, ethnic, and gender characteristics of persons who are applicants, participants, or beneficiaries of the HSSF Program;

5.5.6 Financial records as required by 24 C.F.R. Part 570.502;

5.5.7 Other records necessary to document compliance with Subpart K of 24 C.F.R. 570; and

5.5.8 Records as required to comply with the requirements of the Community Planning and Development Outcome Performance Measurement System as published in the Federal Register on March 7, 2006 and associated HUD guidance.

5.6 Records Retention. The Agency will retain all records pursuant to the City's record retention policy and Federal requirements, whichever period is longer. Records must be retained longer if any litigation, claim, or audit is started before the expiration of the record retention period. Other extensions to the record retention period may apply as specified in 2 CFR §200.333.

5.7 Client Data. The Agency shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, ethnicity, gender characteristics, special needs, family size, elderly status, and description of service provided. Such information shall be made available to City monitors or their designees for review upon request.

5.8 Disclosure. The Agency understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the City's or Agency's responsibilities with respect to services provided under this Agreement, is prohibited by Arizona State law unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent or guardian.

5.9 Property Records. The Agency shall maintain real property inventory records that clearly identify properties purchased, improved, or sold. Properties retained shall continue to meet eligibility criteria and shall conform to the "changes in use" restrictions specified in 24 C.F.R. Parts 570.503(b)(7), as applicable, or the City must be reimbursed in accordance with this

regulation.

5.10 Audits and Inspections. All Agency records with respect to any matters covered by this Agreement shall be made available to the City, grantor agency, their designees, or the Federal Government (including but not limited to HUD, the Comptroller General of the United States, or any of their duly authorized representatives), unless otherwise protected by law, at any time during normal business hours, as often as the City or grantor agency deems necessary until all required records are turned over to the City of Flagstaff to audit, examine, and make excerpts or transcripts of all relevant data, provided. Any deficiencies noted in audit reports must be fully cleared by the Agency within thirty (30) days after receipt by the Agency. Failure of the Agency to comply with the above audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments. The Agency agrees to have an annual Agency financial audit conducted in accordance with current City policy and, as applicable, subject to the Single Audit act of 1984 and all relevant OMB guidance including 2 CFR 200, Subpart F, or the related HSSF provisions as specified in 24 C.F.R. 570.502(b). The Agency will conduct an annual audit conducted in accordance with 2 CFR 200, Subpart F, if the Agency expends more than seven hundred fifty thousand dollars ($750,000) from Federal awards, in compliance with the Federal Single Audit Act (31 U.S.C. par. 7501-7507), as amended by the Single Audit Act Amendments of 1996 (P.L. 104 to 156). If the Agency has expended more than seven hundred fifty thousand dollars ($750,000) in Federal funds, a copy of the Agency's audit report for the previous fiscal year must be submitted to the City for review within thirty (30) days of signing this Agreement.

5.11 Monthly Reports to City. During the entire Agreement period, the Agency shall prepare and submit to the City by the second (2nd) Friday of each month a Monthly Performance Report, a form for which is attached as Exhibit F and incorporated by reference in this Agreement. If the scope of the Project has been fully completed and implemented, and there will be no further updates, then the quarterly programmatic report for the month in which the Project was completed will be sufficient as the final report. The report should be marked as final and should be inclusive of all necessary and pertinent information regarding the Project as deemed necessary by the City. Notwithstanding anything to the contrary, the Agency shall not be required to provide any of the Agency's confidential or proprietary information in reports provided to the City, including without limitation, any information regarding research collaborators, research plans or any data, results or other information resulting from Agency's performance of research or any other activities relating thereto. The Agency agrees to submit other reports and records as may be required by the City from time to time, which are related to the implementation of the Project, adherence to the Agreement, and adherence to federal, state, and local laws and regulations.

5.12 Reports to HUD. The Agency agrees to submit reports to HUD and the City as required, including but not limited to litigation reports, financial management reports required by Federal Management Circular 74-7, equal opportunity reports as may be necessary pursuant to the rules and regulations under Title VI, Civil Rights Act of 1964; Title VIII, Civil Rights Act of 1968; Section 3 of the Housing and Urban Development Act of 1968; Section 109 of the Act, Executive Order

11246, as amended; and Executive Order 11053, or any reports as may be further required.

5.13 Close-Out Report. The Agency is responsible for the close out of the HSSF Grants. The Agency's obligation to the City shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the City), and determining the custodianship of records. The City will send the Agency written notification that a Close-Out Report is due when one of the following contractual obligations have been met, and the Agency shall submit the Close-Out Report attached in that letter within sixty (60) days of receiving this notification:

5.13.1 The HSSF funds stated in Section 2 have been expended and the Scope of Work has been completed;

5.13.2 The Agreement period stated in Section 4 has expired; or

5.13.3 The Scope of Work has been completed.

5.14 Subrecipient Obligations. The Agency shall perform all obligations required of subrecipients under the HSSF Grants, except, however, that the Agency does not assume the environmental responsibilities or the responsibility for initiating the environmental review process under 24 CFR Part 52.

## 6 POLITICAL/INHERENTLY RELIGIOUS ACTIVITIES

The Agency shall not use HSSF funds to engage in political activities including but not limited to candidate forums, voter transportation, or voter registration. The Agency further shall not use HSSF funds to engage in inherently religious activities, as defined in 24 CFR 570.200(j), or for lobbying, political patronage, or nepotism activities.

## 7 DRUG-FREE WORKPLACE ACT OF 1988

The Agency certifies that it will maintain a drug-free workplace in accordance with the requirements of 24 C.F.R. Part 24, Subpart F.

## 8 REVERSION OF ASSETS

The use and disposition of real property and equipment under this Agreement shall be in compliance with the requirements of 2 CFR 200 and 24 CFR 570.502, 570.503, and 570.504, as applicable, which include but are not limited to the following:

1. The Agency shall transfer to the City any HSSF funds on hand and any accounts receivable attributable to the use of funds under this Agreement at the time of expiration, cancellation, or termination.

2. Real property under the Agency's control that was acquired or improved, in whole or in part, with funds under this Agreement in excess of $25,000 shall be used to meet one of the HSSF National Objectives pursuant to 24 CFR 570.208 until five (5) years after expiration of this Agreement [or such longer period of time as the City deems appropriate]. If the Agency fails to use HSSF-assisted real property in a manner that meets a HSSF National Objective for the prescribed period of time, the Agency shall pay the City an amount equal to the current fair market value of the property less any portion of the value attributable to expenditures of non-HSSF funds for acquisition of, or improvement to, the property. Such payment shall constitute program income to the City. The Agency may retain real property acquired or improved under this Agreement after the expiration of the five-year pe- riod [or such longer period of time as the City deems appropriate].

In all cases in which equipment acquired, in whole or in part, with funds under this Agreement is sold, the proceeds shall be program income (prorated to reflect the extent to that funds received under this Agreement were used to acquire the equipment). Equipment not needed by the Agency for activities under this Agreement shall be (a) transferred to the City for the HSSF program or (b) retained after compensating the City [an amount equal to the current fair market value of the equipment less the percentage of non-HSSF funds used to acquire the equipment].

## 9 ACKNOWLEDGEMENT

Agency shall acknowledge during the term of the Agreement the contribution of the City of Flagstaff HSSF funds toward the Project in all instances where the Project is mentioned. All activities, facilities and items utilized pursuant to this Agreement shall be prominently labeled as to funding source. In addition, Agency will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

## 10 PROJECT IMPLEMENTATION

Agency shall have responsibility for day-to-day management and implementation of the Project.

## 11 UNFORESEEN DELAY IN PERFORMANCE

Neither the Agency nor the City shall be considered in breach or default of its obligations to make satisfactory progress toward the completion of the Project in the event of unforeseen delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence. The time for performance of the obligations and length of period of restriction on use shall

be extended for the period of the unforeseen delay, as determined by the City, if the party seeking the extension shall request it in writing of the other party within ten (10) days after the beginning of the unforeseen delay.

## 12 INSURANCE

The Agency and its sub-agencies shall procure and maintain insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Agency, its agents, representatives, employees, or sub-agencies, until all of their obligations have been discharged, including satisfaction of any warranty periods under this Agreement.

The insurance requirements herein are minimum requirements for this Agreement and in no way limit the indemnity covenants contained in this Agreement. The City in no way warrants that the minimum limits contained herein are sufficient to protect the Agency from liabilities that might arise out of the performance of the work under this Agreement by the Agency, its agents, representatives, employees, or sub-agencies, and the Agency is free to purchase additional insurance as may be determined necessary.

12.1 Minimum Scope and Limits of Insurance. The Agency shall provide coverage at least as broad and with limits of liability not less than those stated below.

12.1.1 Commercial General Liability - Occurrence Form

| | |
|---|---|
| General Aggregate | $ 2,000,000 |
| Products-Completed Operations Aggregate | $ 1,000,000 |
| Each Occurrence | $ 1,000,000 |

12.1.2 Umbrella Coverage $ 2,000,000

12.1.3 Automobile Liability - Any Auto or Owned, Hired, and Non-Owned Vehicles

| | |
|---|---|
| Combined Single Limit Per Accident or Bodily Injury and Property Damage | $ 1,000,000 |

12.1.4 Workers' Compensation and Employer's Liability

| | |
|---|---|
| Workers' Compensation | Statutory |
| Employer's Liability: Each Accident | $ 500,000 |
| Disease-Each Employee | $ 500,000 |
| Disease-Policy Limit | $ 500,000 |

12.1.4 Sexual Abuse and Molestation (if applicable*) $2,000,000

*For all programs providing direct services to individuals under the age of 18. As a separate line of coverage or included under the General Liability portion of the policy)

12.2 Self-Insured Retentions/Deductibles. Any self-insured retentions and deductibles shall be declared to and approved by the City. If not approved, the City may require that the insurer

reduce or eliminate such self-insured retentions with respect to the City, its officers, agents, employees, and volunteers. The Agency shall be solely responsible for any self-insured retention amounts. City at its option may require the Agency to secure payment of such self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

12.3 Other Insurance Requirements. The policies are to contain, or be endorsed to contain, the following provisions:

12.3.1 Commercial General Liability and Automobile Liability Coverages

12.3.1.1 The City of Flagstaff, its officers, officials, agents, employees, and volunteers are to be listed as additional insureds with respect to liability arising out of: activities performed by, or on behalf of, the Agency, including the City's general supervision of the Agency; products and completed operations of the Agency; and automobiles owned, leased, hired, or borrowed by the Agency.

12.3.1.2 The Agency's insurance shall contain broad form contractual liability coverage.

12.3.1.3 The Agency's insurance coverage shall be primary insurance with respect to the City, its officers, officials, agents, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, agents, employees, or volunteers shall be in excess to the coverage of the Agency's insurance and shall not contribute to it.

12.3.1.4 The Agency's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

12.3.1.5 Coverage provided by the Agency shall not be limited to the liability assumed under the indemnification provisions of this Agreement.

12.3.1.6 The policies shall contain a waiver of subrogation against the City, its officers, officials, agents, employees, and volunteers for losses arising from work performed by the Agency for the City.

12.3.2 Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, agents, employees, and volunteers for losses arising from work performed by the Agency for the City.

12.3.3 Notice of Cancellation. Each insurance policy required by the insurance provisions of this Agreement shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the City. Such notice shall be sent directly to: Risk Manager, 211 W. Aspen Avenue, Flagstaff, AZ, 86001, and shall be sent by certified mail, return receipt requested.

12.3.4 Acceptability of Insurers. Insurance shall be placed with insurers duly licensed or approved unlicensed companies in the State of Arizona and with a "Best's" rating of not less than A-: VII. The City in no way warrants that the above-required minimum insurer rating is sufficient to protect the Agency from potential insurer insolvency.

12.3.5 Verification of Coverage. The Agency shall furnish the City with Certificates of Insurance as required by this Agreement. The certificates for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. Any policy endorsements that restrict or limit coverage shall be clearly noted on the Certificate of Insurance. The Project name/description and City contract number shall be noted on the certificates of insurance. The City must receive and approve all certificates of insurance and endorsements before the Agency commences work.

12.3.5.1 Each insurance policy required by this Agreement shall be in effect at or prior to commencement of work under this Agreement and remain in effect for the duration of this Agreement. Failure to maintain the insurance policies as required by this Agreement or to provide evidence of renewal shall be a material breach of Agreement.

12.3.5.2 All Certificates of Insurance required by this Agreement shall be sent directly to: Stacey Brechler-Knaggs, Grants, Contracts, and Emergency Management Director, 211 West Aspen Avenue, Flagstaff, Arizona, 86001. The City reserves the right to require complete, certified copies of all insurance policies and endorsements required by this Agreement, at any time.

12.3.6 Sub-agencies. The Agency's Certificates of Insurance shall include all sub-agencies as insureds under its policies, or the Agency shall furnish to the City separate Certificates of Insurance for each sub-agency. All coverages for sub-agencies shall be subject to the minimum requirements identified above.

12.3.7 Approval. Any modification or variation from the insurance requirements in this Agreement shall have prior approval from the Flagstaff City Attorney's Office and the Risk Manager, whose decision shall be final. Such action shall not require a formal Agreement Amendment but may be made by administrative action.

## 13 INDEBTEDNESS TO INTERNAL REVENUE SERVICE OR OTHER PUBLIC ENTITY

13.1 Delinquent Taxes. Any judgment, lien, levy or outstanding amount owed to the Internal Revenue Service, State, County, City, or other public entity by the Agency may constitute an event of default or breach of this Agreement, unless previously approved by the City in writing, and may constitute sufficient reason for cancellation of this Agreement by the City according to the procedures contained in this Agreement.

13.2 Disclosure of Delinquent Taxes. Before entering into this Agreement, and during the time period covered by this Agreement, the Agency shall disclose any information related to this Section 13. This shall also include the immediate reporting of breaches in payback arrangements or breaches in other Agreements related to the above. Failure to comply with

any disclosure provision in this Section may also constitute sufficient reason for cancellation of this Agreement by the City according to the procedures contained in this Agreement.

## 14 DEFAULT/REMEDIES

14.1 Agreement Default. In the event of any default in or breach of this Agreement or any of its terms or conditions by either party, such party shall, upon written notice from the other, proceed immediately to cure or remedy such default or breach. In any event, such breach or default shall be remedied within thirty (30) days after receipt of such notice. In case such action is not taken or not diligently pursued, or the default or breach not cured or remedied within thirty (30) days, the aggrieved party may terminate this Agreement or institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such default or breach, including, but not limited to, proceedings to compel specific performance by the party in default or breach of its obligations. Notwithstanding the foregoing, in the event of a breach of any term of this Agreement by Agency, the City, at its sole election and in addition to any other remedy, may immediately withhold payment of funds until such default is cured and may initiate suspension or termination as set forth below.

## 15 INDEPENDENT AGENCY STATUS

Agency is an independent entity in the performance of all activities and functions pursuant to this Agreement. Agency and City are not and shall not be considered as joint ventures, partners or agents of each other and neither shall have the power to bind or obligate the other. Agency's officers, employees, agents and subcontractors shall not be considered as officers, employees, agents or subcontractors of the City. Agency hereby agrees not to represent to anyone that Agency is an agent of the City or has any authority to act on behalf of the City. Agency shall be responsible for all employment compensation claims for Workman's Compensation benefits, or other claims by employees arising as a result of activities funded in whole or in part from the proceeds of this Agreement, and the Agency shall hold the City harmless for any and all such claims.

## 16 INDEMNIFICATION AND HOLD HARMLESS PROVISIONS

To the fullest extent permitted by law, the Agency shall defend, indemnify and hold harmless the City, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, and the cost of appellate proceedings), relating to, arising out of, or alleged to have resulted from the acts, errors, mistakes, omissions, work or services of the Agency, its employees, agents, or any tier of subcontractors in the performance of this Agreement. Agency's duty to defend, hold harmless and indemnify the City, its agents, representatives, officers, directors, officials and employees shall arise in connection with the claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property including loss of use resulting therefrom, caused by any acts,

errors, mistakes, omissions, work or services in the performance of this Agreement including any employee of the Agency or any tier of subcontractors or any other person for whose acts, errors, mistakes, omissions, work or services the Agency may be legally liable.

## 17 NONDISCRIMINATION AND AFFIRMATIVE ACTION REGARDING EMPLOYMENT

17.1 Nondiscrimination. Contractor shall not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, disability, genetic information, veteran's status, pregnancy, familial status and represents and warrants that it complies with all applicable federal, state and local laws and executive orders regarding employment. In addition, any Contractor located within City of Flagstaff limits shall comply with the City Code, Chapter 14-02 Civil Rights which also prohibits discrimination based on sexual orientation, or gender identity or expression.

17.2 Incorporation of Nondiscrimination Clause in Agency Activities. The Agency further agrees that the Section 17.1 clause will be incorporated in all supplier or Agency agreements entered into in connection with this Agreement.

17.3 Certifications from Subcontractors and Suppliers. The Agency assures that its authorized agent will obtain all supplier and subcontractor certifications contained in the City Agreement documents and that those suppliers and contractors will adhere to all affirmative action requirements.

## 18 COMPLIANCE WITH ALL LAWS

18.1 Federal, State, and Local Laws. The Agency shall give all notices and comply with all laws, ordinances, rules, building codes, regulations and lawful orders of any public authority bearing on the performance of activities pursuant to this Agreement. If the Agency observes that any of the Agreement documents are in conflict with any laws, statutes, building codes or regulations, it shall promptly notify the City, in writing, and the parties shall execute any appropriate written modification.

18.2 Liability. Should the Agency perform any work knowing it to be contrary to applicable laws, ordinances, rules, building codes or regulations, and not give proper notice to the City, it shall assume full responsibility therefore and shall bear all cost incurred due to its negligence.

18.3 Agency Adherence to Federal Regulations and Laws. The Agency agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning Community Development Block Grants (HSSF)) including subpart K of these regulations, and Part 85, "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments," as modified by 24 CFR 570.502(a). Agency agree to comply, as applicable, with 2 CFR 200, Uniform Administrative Requirements, Cost Principle, and Audit Requirements for

Federal Awards. The Agency shall comply with the following laws related to the receipt of HSSF funds:

18.3.2 Agency shall carry out its responsibilities in compliance with Public Law 88-352 and Public Law 90-284, in order to further fair housing; and to comply with the requirements of Executive Order 11063, as amended by Executive Order 12259; Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); the prohibitions against age discrimination under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07); and the prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973 (19 U.S.C. 794).

18.3.3 Agency shall comply, as applicable, with the requirements of the Davis-Bacon Act (40 U.S.C. 276a-276a-5), as supplemented by Department of Labor regulations (29 C.F.R. Part 5); and comply with Sections 103 and 107 of the Agreement Work Hours and Safety Standards Act (40 U.S.C. 327-330), as supplemented by Department of Labor regulations (29 C.F.R. Part 5).

18.3.4 Agency shall comply with the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106). Agency shall assure that for activities located in an area identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards, flood insurance under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

18.3.5 Agency shall comply, as applicable, with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, and with residential anti-displacement and relocation requirements set forth in 24 C.F.R. 570.606.

18.3.6 Agency shall comply with Executive Order 11246 of September 24, 1965, entitled “Equal Employment Opportunity”, as amended by Executive Order 11375 of October 13, 1967, and as supplemented in Department of Labor regulations (41 C.F.R. chapter 60).

18.3.7 Agency shall comply with the prohibitions against the use of lead-based paint pursuant to the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821, et seq.), and the regulations issued thereunder, as set forth at 24 C.F.R. 35.

18.3.8 Agency agrees that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the transaction evidenced by this Agreement by any federal department or Agency, and agrees to comply with the requirements of 24 C.F.R. 24. Agency agrees to comply with federal debarment and suspension requirements.

18.3.9 Agency agrees to comply with the conflict of interest provisions of 24 C.F.R. 570.611.

18.3.10 Agency agrees to comply with the Copeland "Anti-Kick Back" Act (18 U.S.C.874), as supplemented in Department of Labor regulations (29 C.F.R. part 3).

18.3.11 Agency agrees to comply with all applicable standards, orders or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h)), section 508 of the Clean

Water Act (33 U.S.C. 1368m Executive Order 11738), and Environmental Protection Contract regulations (40 C.F.R. part 15).

18.3.12 Agency agrees to comply with all applicable standards, order or regulations issued under Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contractors that apply or bid for an award exceeding $100,000 must file the required certification.

18.3.13 Agency agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act, as amended, and Environmental Protection Agency regulations pursuant to 40 CFR 50, as amended. Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency.

18.3.14 The Agency agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR 800, Advisory Council on Historic Preservation Procedures for Protection of Historic Properties.18.4 Suspension or Debarment. Submittal of an offer or execution of a contract shall attest that the Subrecipient or contractor is not currently suspended or debarred. If the Subrecipient or any of its contractors become suspended or debarred, the Subrecipient shall immediately notify the City. The City may, by written notice to the Subrecipient, immediately terminate this Agreement if the City determines that the Subrecipient or their contractors have been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body.

18.5 Contracts and Subawards to Debarred and Suspended Parties. Pursuant to Code of Federal Regulations 2 CFR Subpart C §200.213, grantees and subrecipients must not make an award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, “Debarment and Suspension”. By entering into this agreement Subrecipient agrees to comply with all relevant codes including 2 CFR Subpart C, “Responsibilities of Participants Regarding Transactions”. When entering into a covered transaction with another person at the next lower tier, Subrecipient must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

(a) Checking the SAM Exclusions: System for Award Management (SAM) – www.sam.gov

(b) Collecting a certification from that person

(c) Adding a clause or condition to the covered transaction with that person.

## 19 CONTRACT PROVISIONS FOR NON-FEDERAL ENTITY CONTRACTS UNDER FEDERAL AWARDS

In addition to other provisions required by the Federal agency or non- Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

19.1 Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

19.2 All contracts in excess of $10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be affected and the basis for settlement.

19.3 Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of "federally assisted construction contract" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

19.4 Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

19.5 Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of $100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is

permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

19.6 Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

19.7 Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended - Contracts and subgrants of amounts in excess of $150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

19.8 Debarment and Suspension (Executive Orders 12549 and 12689) - A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

19.9 Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) - Contractors that apply or bid for an award exceeding $100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

19.10 Procurement of recovered materials. A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity

acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

19.11 Prohibition on certain telecommunications and video surveillance services or equipment. Recipients and sub recipients are prohibited from obligating or expending loan or grant funds to:

19.11.1 Procure or obtain;

19.11.2 Extend or renew a contract to procure or obtain; or

19.11.3 Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

19.11.4 For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

19.11.5 Telecommunications or video surveillance services provided by such entities or using such equipment.

19.11.6 Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

19.12 In implementing the prohibition under Public Law 115-232, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained. See Public Law 115-232, section 889 for additional information.

19.13 Telecommunication costs and video surveillance costs. Costs incurred for telecommunications and video surveillance services or equipment such as phones, internet, video surveillance, cloud servers are allowable except for the following circumstances:

19.13.1 Obligating or expending covered telecommunications and video surveillance services or equipment or services as described in §200.216 to:

1) Procure or obtain, extend or renew a contract to procure or obtain;

2) Enter into a contract (or extend or renew a contract) to procure; or

3) Obtain the equipment, services, or systems.

19.14 Domestic preferences for procurements. As appropriate and to the extent consistent with law, the non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award. For purposes of this section:

19.14.1 "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

19.14.2 "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

19.15 "Section 3" Clause. Compliance with the provisions of Section 3 of the HUD Act of 1968, as amended, and as implemented by the regulations set forth in 24 CFR 135, and all applicable rules and orders issued hereunder prior to the execution of this contract shall be a condition of the Federal financial assistance provided under this contract and binding upon the City, the Agency and any of the Agency's subrecipients and subcontractors. Failure to fulfill these requirements shall subject the City, the Agency, and any of the Agency's sub- recipients and subcontractors, their successors and assigns, to those sanctions specified by the Agreement through which Federal assistance is provided. The Agency certifies and agrees that no contractual or other disability exists that would prevent compliance with these requirements.

19.15.1 The Agency further agrees to comply with these "Section 3" requirements and to include the following language in all subcontracts executed under this Agreement: "The work to be performed under this Agreement is a project assisted under a program providing direct Federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701). Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to low- and very low-income residents of the project area, and that contracts for work in connection with the project be awarded to business concerns that provide economic opportunities for low- and very low-income persons residing in the metropolitan area in which the project is located."

19.15.2 The Agency further agrees to ensure that opportunities for training and employment arising in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project are given to low- and very low-income persons residing within the metropolitan area in which the HSSF-funded project is located; where feasible, priority should be given to low- and very low-income persons within the service area of the project or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs; and award contracts for work undertaken in connection with a housing rehabilitation (including reduction and abatement of lead-based paint hazards), housing construction, or other public construction project to

business concerns that provide economic opportunities for low- and very low-income persons residing within the metropolitan area in which the HSSF-funded project is located; where feasible, priority should be given to business concerns that provide economic opportunities to low- and very low-income residents within the service area or the neighborhood in which the project is located, and to low- and very low-income participants in other HUD programs.

19.15.3 The Agency certifies and agrees that no contractual or other legal incapacity exists that would prevent compliance with these requirements.

## 20 DISPUTES

The laws of the State of Arizona, without regard to any otherwise applicable choice or conflict of law provisions, will govern this Agreement.

## 21 AVAILABILITY OF FUNDS

It is expressly understood by the parties hereto that this Agreement has been negotiated and executed in anticipation of receipt of funds by the City from ADOH, under the HSSF Program, and that the terms, conditions and sums payable under this Agreement are subject to any changes or limitations which may be required by the terms of the City's grant Agreement with ADOH.

## 22 CONSULTATION

The Agency and the City hereby agree to consult one another on a timely basis regarding the applicability of this Agreement to any condition which may impact the execution of this Agreement and which may arise during the Agreement period.

## 23 CONTINUING LIABILITY

Agency shall have continuing liability after the term of this Agreement for any breach of this Agreement, including failure to perform in accordance with required Federal law, rules, and regulations until after all complaints, investigations, and sanctions, including those arising out of audits performed by the City, ADOH, or other authorized agencies are resolved. Agency shall be liable for any sanctions or requirements imposed at any time upon the City arising out of Agency's activities performed pursuant to this Agreement.

## 24 WAIVER

The City's failure to act with respect to a breach by the Agency does not waive its right to act with respect to subsequent or similar breaches. The failure of the City to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

## 25 TERMINATION

24.1 Transactional Conflicts of Interest. The parties acknowledge that this Agreement is subject to cancellation by the City of Flagstaff under the provisions of Section 38-511, Arizona Revised Statutes.

24.2 Termination. In accordance with 24 C.F.R. 85.43 and 2 CFR part 200, subpart D, City may suspend or terminate this Agreement if Agency materially fails to comply with any term or condition of this Agreement, or if Agency fails to maintain a good faith effort to carry out the purpose of this Agreement. The Agency's failure to materially comply with any term of the award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, City may take one or more of the following actions, as appropriate in the circumstances:

(1) Temporarily withhold cash payments pending correction of the deficiency by the grantee or subgrantee or more severe enforcement action by the awarding agency,

(2) Disallow (that is, deny both use of funds and matching credit for) all or part of the cost of the activity or action not in compliance,

(3) Wholly or partly suspend or terminate the current award for the grantee's or subgrantee's program,

(4) Withhold further awards for the program, or

(5) Take other remedies that may be legally available.

Appeal rights are as set forth in 24 C.F.R. 85.43(b). Termination of this Agreement may also occur as set forth below.

24.3 Termination for Convenience. City or Agency may terminate this Agreement for convenience in accordance with 24 C.F.R. 85.44 if both parties agree upon the termination and termination conditions. The party initiating the termination shall notify the other party in writing stating the reasons for such termination. The Agency may unilaterally terminate this Agreement upon written notification to the City setting forth the reasons for such termination, the effective date, and in the case of partial termination the portion to be terminated. However, if, in the case of a partial termination the City determines that the remaining portion of the award will not accomplish the purposes for which the award was made, the City may terminate the award in its entirety pursuant to 24 CFR 85.43.

## 26 LAND COVENANTS

This contract is subject to the requirements of Title VI of the Civil Rights Act of 1964 (P. L. 88-352) and 24 CFR 570.601 and 570.602. In regard to the sale, lease, or other transfer of land acquired, cleared, or

improved with assistance provided under this contract, the Agency shall cause or require a covenant running with the land to be inserted in the deed or lease for such transfer, prohibiting discrimination as herein defined, in the sale, lease or rental, or in the use or occupancy of such land, or in any improvements erected or to be erected thereon, providing that the City and the United States are beneficiaries of and entitled to enforce such covenants. The Agency, in undertaking its obligation to carry out the program assisted hereunder, agrees to take such measures as are necessary to enforce such covenant, and will not itself so discriminate.

## 27 ASSIGNABILITY

The Agency shall not assign or transfer any interest in this Agreement without the prior written consent of the Grantee thereto; provided, however, that claims for money due or to become due to the Agency from the City under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the CIty.

## 28 NOTICE

Notice shall be provided as follows:

**City of Flagstaff**
City Manager
211 W Aspen Ave
Flagstaff, AZ 86001

**Agency**
Agency Contact and Title
Mailing Address
(Phone Number)

Copy to:

Housing and Grants Administrator
2323 N Walgreens St, Ste 2
Flagstaff, AZ 86004
(928) 213-2749

And

Housing Director
3481 N Fanning Dr
Flagstaff, AZ 86004

Such written notices, demands, and communications may be sent to such other addresses as either party may from time to time designate by mail as provided in this Section.

## 29 ENTIRE AGREEMENT

This agreement constitutes the entire agreement between the City and the Agency for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the City and the Agency with respect to this Agreement.

## 30 SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

## 31 CANCELLATION FOR CONFLICT OF INTEREST

Under Arizona law, rules, and regulations, no member, official, or employee of the City shall have a personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested. This Agreement is subject to the cancellation provisions of A.R.S. § 38-511.

## 32 LIST OF EXHIBITS

Exhibit A: Special Conditions of the Agreement

Exhibit B: Request for Payment and Disbursement Form

Exhibit C: Budget

Exhibit D: Agency Authorization to Execute Agreement

Exhibit E: Schedule of Completion

Exhibit F: Monthly Performance Report

Exhibit G: Monthly Demographic Report

Exhibit G-1: 2022 Area Median Income Chart

IN WITNESS WHEREOF, the parties acknowledge that they have read, understand, approve, and accept all of the provisions of this Agreement and the attached Exhibits.

DATED this _____ day of _____, 20___.

| **City of Flagstaff** | **Agency** |
| --- | --- |
| _____ | _____ |
| Greg Clifton, City Manager | Agency Contact and Title |
| Attest: | Attest: |
| _____ | _____ |
| City Clerk | Corporate Secretary |
| Approved as to form: | |
| _____ | |
| City Attorney | |

Arizona Department of Housing

**SFRF** **ATTACHMENT B**

## ADOH PERFORMANCE REPORT/SCHEDULE OF COMPLETION



| | | | |
|---|---|---|---|
| Recipient | City of Flagstaff | Date | |
| Contract No | 801-23 Contract Period: from July 1, 2023 to June 30, 2024 | | |
| Activity | Homeless Shelter Services - Vouchers and Case management | Month | |
| Recipient Address | 211 W. Aspen Ave | City | Flagstaff |
| Contact Person | Kristine Pavlik | Zip Code | 86001 |
| Phone | 928-213-2749 Email kristine.pavlik@flagstaffaz.gov | County | Coconino |
| Program Specialist | Email | | |

**Indicate adherence to contract or schedule changes quarterly. Due by the 15th of month following the end of the quarter.**

| | Unduplicated | | | Duplicated | | | BED Nights | |
|---|---|---|---|---|---|---|---|---|
| **Race** | # | % | YTD # | # | % | YTD # | # | YTD # |
| 11- White | | | | | | | | |
| 12- Black or African American | | | | | | | | |
| 13 - Asian | | | | | | | | |
| 14 – American Indian or Alaska Native | | | | | | | | |
| 15 – Native Hawaiian or Other Pacific Islander | | | | | | | | |
| 16 – Alaska Native and White | | | | | | | | |
| 17 – Asian and White | | | | | | | | |
| 18 –African American and White | | | | | | | | |
| 19- American Indian or Alaska Native and African American | | | | | | | | |
| 20 – Other Multi Racial | | | | | | | | |
| | | | | | | | | |
| **Ethnicity** | | | | | | | | |
| Hispanic/Latino | | | | | | | | |
| Non-Hispanic/Latino | | | | | | | | |
| Not Specified | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Gender** | | | | | | | | |
| Male | | | | | | | | |
| Female | | | | | | | | |
| Transgender | | | | | | | | |
| | | | | | | | | |
| **AMI** | | | | | | | | |
| 0-30% AM | | | | | | | | |
| 31-50% AMI | | | | | | | | |
| 51-80% AMI | | | | | | | | |
| 81% + AMI | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Metrics** | | | | | | | | |
| BSHN Households Served | | | | | | | | |
| HIRS Households served | | | | | | | | |
| SCB Organizations served | | | | | | | | |
| | | | | | | | | |
| **Age Group** | | | | | | | | |
| 18-29 | | | | | | | | |
| 30-39 | | | | | | | | |
| 40-49 | | | | | | | | |
| 50-59 | | | | | | | | |
| 60 Plus | | | | | | | | |
| Unknown | | | | | | | | |
| | | | | | | | | |
| **Totals** | 0 | | 0 | 0 | | 0 | 0 | 0 |

**13. A.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Stacy Saltzburg, City Clerk |
| **Date:** | 01/09/2024 |
| **Meeting Date:** | 01/16/2024 |

**TITLE:**

**Future Agenda Item Request (F.A.I.R.):** A request by Councilmember Sweet to place on a future agenda a discussion regarding commission member eligibility when receiving city funding.

**STAFF RECOMMENDED ACTION:**

Council direction.

**Executive Summary:**

Rule 4.01, Procedures for Preparation of Council Agendas, of the City of Flagstaff City Council Rules of Procedure outlines the process for bringing items forward to a future agenda. Councilmember Sweet has requested this item be placed on an agenda under Future Agenda Item Requests (F.A.I.R.) to determine if there are two other members of Council interested in placing it on a future agenda.

**Financial Impact:**

**Policy Impact:**

**Connection to PBB Key Community Priorities/Objectives & Regional Plan:**

**Previous Council Decision on This:**

**Attachments:**

**13. B.**

# CITY OF FLAGSTAFF

## STAFF SUMMARY REPORT

| | |
|---|---|
| **To:** | The Honorable Mayor and Council |
| **From:** | Stacy Saltzburg, City Clerk |
| **Date:** | 01/09/2024 |
| **Meeting Date:** | 01/16/2024 |

**TITLE:**

**Future Agenda Item Request (F.A.I.R.):** A request by Councilmember House to place on a future agenda a discussion to consider establishing a reporting structure or engagement strategy for board and commission updates to Council

**STAFF RECOMMENDED ACTION:**

Council direction.

**Executive Summary:**

Rule 4.01, Procedures for Preparation of Council Agendas, of the City of Flagstaff City Council Rules of Procedure outlines the process for bringing items forward to a future agenda. Councilmember House has requested this item be placed on an agenda under Future Agenda Item Requests (F.A.I.R.) to determine if there are two other members of Council interested in placing it on a future agenda.

**Financial Impact:**

**Policy Impact:**

**Connection to PBB Key Community Priorities/Objectives & Regional Plan:**

**Previous Council Decision on This:**

**Attachments:**