

## MINUTES

### 1. Call to Order

Mayor Daggett called the meeting of the Flagstaff City Council held April 25, 2024, to order at 8:31 a.m.

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

*Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, the City Council may vote to go into executive session, which will not be open to the public, for discussion and consultation with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).*

### 2. Roll Call

*NOTE: One or more Councilmembers may be in attendance through other technological means.*

Present: Mayor Becky Daggett  
Vice Mayor Austin Aslan  
Councilmember Khara House  
Councilmember Lori Matthews  
Councilmember Jim McCarthy  
Councilmember Miranda Sweet  
Absent: Councilmember Deborah Harris

Staff Present: City Manager Greg Clifton; City Attorney Sterling Solomon

Councilmember House arrived at 12:15 p.m.

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

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

#### **MISSION STATEMENT**

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

#### **LAND ACKNOWLEDGEMENT**

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

#### 4. City Council FY 2024-2025 Budget Retreat

City Manager Greg Clifton offered opening comments and introduced Jeff Kennedy who facilitated the retreat.

A PowerPoint presentation was provided that covered the following:

BUDGET RETREAT APRIL 25TH & 26TH, 2024  
WELCOME AND OVERVIEW  
RETREAT PROTOCOL  
AGENDA -- DAY 1  
AGENDA -- DAY 2

Assistant Finance Director Heidi Derryberry continued the presentation.

BUDGET OVERVIEW  
BUDGET TIMELINE  
BUDGET APPROACH  
COLOR OF MONEY

Management Services Director Rick Tadder continued the presentation.

REVENUE UPDATES  
REVENUE UPDATE -- GENERAL FUND  
GENERAL FUND SALES TAX REVENUES  
GENERAL FUND STATE SHARED REVENUES  
REVENUE UPDATE -- GENERAL FUND

Interim Deputy HR Director Jen Caputo and Interim Class and Compensation Manager Jessica Vigorito continued the presentation.

INVESTING IN EMPLOYEES  
STAFFING HISTORY (FULL-TIME EQUIVALENTS)  
STAFFING INCREASES  
RECLASSIFICATIONS  
RETENTION TRENDS -- TURNOVER COMPARISON  
FY 2024-2025 PROPOSED BUDGET BY CATEGORY  
RETENTION TRENDS -- EXIT INTERVIEW SUMMARY  
ATTRACTION TRENDS  
RETENTION TRENDS -- I'M COMPENSATED FAIRLY  
ATTRACTION TRENDS  
BUDGET APPROACH  
COMPENSATION AND BENEFITS  
BENEFIT RECOMMENDATIONS  
COMPENSATION RECOMMENDATIONS  
TOTAL EMPLOYEE INVESTMENT

Council discussed employee retention, compensation, and workforce capacity, with an emphasis on interpreting survey data and staffing challenges. It was noted that exit interview data tended to reflect the perspectives of employees who have already chosen to leave, while employee surveys provided insight into why employees remained. Survey results also showed a positive upward trend over time, though overall rankings were still below desired levels, and continued improvement was needed.

Concerns were raised about compensation competitiveness, turnover rates, and the high cost of onboarding new employees. Comparisons to private sector wages highlighted gaps in pay, and there was concern that the pace of improvement had been slow. There was discussion about whether budget priorities were sufficiently aligned with the need to recruit and retain employees, with the understanding that city services could not be delivered without adequate staffing.

Staffing shortages and their impacts on workload, burnout, and overtime were also discussed. Council requested more formal data on how vacancies affected existing employees, including overtime costs and burnout indicators, as well as comprehensive lists of current vacancies, funded and unfunded staffing requests, and positions under active recruitment. It was noted that while staffing needs spanned the organization, filling existing vacancies remained difficult, particularly in a constrained revenue environment.

The conversation also addressed employee development and leadership training. Effective management, clear performance expectations, and professional development pathways to support employee retention and performance were important but while training programs and education reimbursement existed, there was acknowledgment that leadership development and performance management required further strengthening.

Co-Chairs for the Employee Advisory Committee Jessica Vigorito and Seth Gregor continued the presentation.

#### EMPLOYEE ADVISORY COMMITTEE EAC UPDATE

A break was held from 9:58 a.m. through 10:10 a.m.

Finance Director Brandi Suda continued the presentation.

#### NEW BUDGET APPROPRIATIONS SUMMARY -- TOTAL BUDGET REQUESTS EMPLOYEE INVESTMENTS -- GENERAL FUND INFRASTRUCTURE -- GENERAL FUND PRIORITY BASED BUDGET QUARTILES SUMMARY -- GENERAL FUND TOTAL BUDGET REQUESTS -- ALL FUNDS OPERATING REQUESTS BY QUARTILE RECOMMENDATIONS BY QUARTILE REQUESTS AND RECOMMENDATIONS

Senior Deputy City Manager Shannon Anderson and Deputy City Manager Joanne Keene continued the presentation

#### QUARTILE 1 -- MOST ALIGNED

Council discussion focused on clarifying budget items related to Street Maintenance, Streets Administration, and Water Production. Staff explained that most of the funding was one-time rather than ongoing, with ongoing costs primarily tied to day-to-day operations. Questions were raised about specific line items, including funding for building design and a separate allocation for street maintenance, which staff described as covering increased costs for materials, supplies, and general maintenance.

Additional questions addressed increases in electricity, water production, and treatment plant expenses. Staff explained that the costs were largely driven by higher prices for utilities, chemicals, and maintenance items, with some impact from both usage and rate increases. Similar explanations were provided for water operations, where higher costs were associated with parts, pump maintenance and rebuilding, oils, grease, and other routine maintenance needs.

It was noted that the expenses were shown as one-time funding because the budget was aligned with the existing rate model while rate adjustments were still under review. Once final approvals were completed, many of the maintenance costs were expected to transition to ongoing, rate-funded expenditures.

#### QUARTILE 2 -- MORE ALIGNED

There were questions about CDBG management funding and whether it came from CDBG net funds. Staff clarified that the \$177,000 referenced was not a separate city expense, but program income being reallocated within the CHAP (Community Homebuyer Assistance Program). While the CHAP contract was managed similarly to CDBG contracts, the funds were strictly program money for CHAP, not general CDBG management costs.

Additional questions were raised regarding city facilities capital funding. The funding supported two main projects: \$2 million for new windows at the downtown library, and \$1.5 million for City Hall improvements, including space reconfiguration to better accommodate staff and ADA-compliant upgrades to the downstairs bathrooms.

Economic Vitality Director Heidi Hansen continued the presentation.

#### QUARTILE 3 -- LESS ALIGNED

Council asked whether the Airport Visitor Center position would be self-funded through retail or enterprise funds. Staff clarified that it would be funded through the Tourism BBB fund, as part of a partnership with the airport, which would manage the former cafe space.

Mr. Clifton explained that the airport cafe had been vacant for nearly two years after two failed RFPs, with local restaurant owners indicating the business model was not viable due to inconsistent passenger traffic, post-COVID impacts, and the loss of a major carrier. Rather than pursuing another traditional cafe, the airport would implement an upscale grab-and-go model, based on research into successful approaches at other airports.

The space would include grab-and-go food and coffee service along with an express Visitor Center. The Visitor Center component, funded by tourism, would provide travel information and sell items similar to the downtown Visitor Center, along with typical airport convenience items such as travel accessories. The airport was also pursuing a liquor license to allow the sale of bottled beer for on-site consumption.

Public Works Director Scott Overton continued the presentation.

#### QUARTILE 4 -- LEAST ALIGNED

Mr. Tadder continued the presentation.

#### SERVICE PARTNER CONTRACTS

Councilmember Matthews suggested that, given recent discussions about warming centers, it may be more logical for shelter services to remain open during the day, so people were not dispersed into town, especially for those with mobility challenges. Chief Musselman shared that they met with shelter leadership recently and explained that daytime closures were primarily necessary to allow for cleaning and linen turnover, particularly due to past bed bug outbreaks. The shelter was currently limited by space, lacking a separate area where people could stay during the day while cleaning occurs. Although additional facilities were coming online, neither the Lantern nor the Crown was configured to function as a daytime center. During extreme cold periods, the shelter had occasionally allowed people to remain inside by rotating occupants between sections of the building during cleaning, but that approach was logistically challenging long term.

Mark Cox, CEO of Boys and Girls Club of Flagstaff, submitted a written comment that noted a correction to their request and expressed appreciation for the support of the Boys and Girls Club of Flagstaff.

Sustainability Specialist Tia Hatton continued the presentation.

FUNDING APPLICATION FOR SERVICE PARTNER CONTRACT REQUESTS  
PAST CHALLENGES AND EXAMPLES OF PREVIOUS SERVICE PARTNER CONTRACT REQUESTS  
FUNDING APPLICATION FOR SERVICE PARTNER CONTRACT REQUESTS  
FUNDING APPLICATION AND GUIDELINES OVERVIEW

FUNDING APPLICATION -- A GLIMPSE AT THE APPLICATION QUESTIONS  
INTERNAL PROCESS OVERVIEW  
CLIMATE ACTION: INVESTING IN OUR FUTURE  
CLIMATE ACTION NEW FUNDING

Housing Director Sarah Darr continued the presentation.

HOUSING 10 YEAR PLAN INVESTMENTS

Mayor Daggett asked about unit preservation, particularly for LIHTC projects at risk of losing affordability. Staff explained that the proposed \$500,000 preservation fund was intentionally flexible and meant to be leveraged, not to fully solve the problem. It could be used to prevent permanently affordable homes from being lost to foreclosure or to help another agency acquire a property nearing market-rate conversion. The fund was designed to respond to needs as they arise.

Additional investments include about \$31,000 for community education and branding, to better communicate housing as both infrastructure and health care. The Housing Navigator position was working closely with Front Door and case conferencing. While no new permanent housing staff position was funded, \$25,000 was set aside for temporary administrative support.

A break was held from 11:38 a.m. through 12:19 p.m.

Ms. Keene, Assistant Parks and Recreation Director Amy Hagin, and Indigenous Affairs Administrator Rose Toehe continued the presentation.

CAPITAL IMPROVEMENT PROGRAM  
SUMMARY  
CAPITAL RETREAT FOLLOW-UP  
INDIGENOUS COMMUNITY CULTURAL CENTER

Council asked about the expected timeline for the Indigenous Community Cultural Center. Staff outlined a phased timeline for the work. A facility systems assessment (water, sewer, HVAC, building conditions) was expected to be completed by mid-May, with the report used to define the scope of work for an RFP. The goal was to issue the RFP by the end of the current fiscal year, though procurement timelines may push it into early summer. The initial \$100,000 allocation was sufficient, with any remaining funds carried forward.

Looking ahead, \$200,000 would become available July 1, and options for the use of those funds included holding funds for future repairs or remodeling, using it as seed money for a partnership that may emerge from the RFP, or exploring interim activation ideas such as temporary outdoor uses.

Staff emphasized balancing short-term activation with avoiding investments that conflicted with the long-term, permanent plan, which was still to be determined. There was strong interest in keeping momentum and community enthusiasm, particularly among youth, while recognizing the building was not yet ready for interior occupancy. Staff described youth engagement already underway, including use of an on-site greenhouse, mobile planter boxes, and outdoor activities coordinated with Sustainability and volunteer programs. The focus remained on completing the assessment and RFP, gathering partner interest, and using interim strategies to sustain engagement without undermining the permanent vision.

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

EXTERNAL FUNDING OPPORTUNITIES  
OVERVIEW

Fire Chief Mark Gaillard continued the presentation.

FOREST HEALTH/WILDFIRE PROTECTION

A question was raised about whether the coalition had a timeline to return to insurance companies with evidence of fire-risk mitigation. Chief Gaillard responded that the coalition was still in the formation stage, so there was no established timeline yet for presenting data. He noted that a key challenge was that insurance companies relied on third-party data providers that primarily focused on historical losses, not on current or proactive mitigation efforts, which made it difficult to get insurers to recognize and account for the extensive risk-reduction work being done by state and local governments.

City Engineer Paul Mood continued the presentation.

TRANSPORTATION  
DOWNTOWN MILE  
LOCKETT CEDAR ROUNDABOUT  
BUTLER AVENUE COMPLETE STREET

Water Services Director Shannon Jones continued the presentation.

DRINKING WATER  
INNER BASIN ROAD AND WATERLINE PROJECT  
STORMWATER

Mayor Daggett asked if the projects would be completed when the money was received. Staff explained that the listed projects were intended to be completed, but their timing depended heavily on when grant funding was received. Many grants, especially Army Corps grants, could take two to four years, so if funding did not align with project schedules, the city must pivot by reprioritizing projects, delaying some, or finding alternative funding such as city match funds or debt. Some projects may move forward without grants if they were urgent, while others were shifted to remain eligible for future funding. Most of the grants discussed had not yet been awarded and were still in the application process, with some decisions expected soon.

Airport Director Brian Gall continued the presentation.

AIRPORT  
GRANTS  
CONGRESSIONALLY DIRECTED SPENDING REQUESTS

Climate Section Director Jenny Niemann continued the presentation.

SUSTAINABILITY -- SECURED FUNDING  
SUSTAINABILITY -- PROPOSED FUNDING

Ms. Keene continued the presentation.

CONGRESSIONALLY DIRECTED SPENDING REQUESTS  
CONGRESSIONALLY DIRECTED SPENDING REQUESTS -- SUBMITTED  
PUBLIC PARTICIPATION  
DAY 1 WRAP UP

Mr. Clifton offered closing remarks and concluded the presentation.

## 5. Public Comment Related to the FY2024-2025 Budget

Steve Puhr addressed Council and spoke about population growth, how it was slowing down, and how that related to the water rate discussions.

**6. Adjournment**

The City Council Budget Retreat of April 25, 2024, adjourned at 1:50 p.m.

ATTEST:

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MAYOR

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CITY CLERK