

MINUTES

**CITY COUNCIL SPECIAL BUDGET WORK SESSION
WEDNESDAY, DECEMBER 4, 2013
FLAGSTAFF AQUAPLEX
1702 NORTH FOURTH STREET
8:00 A.M.**

1. Call to Order

Mayor Nabours called the Special Budget Work Session to order at 8:04 a.m.

2. Roll Call

NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.

Present:

MAYOR NABOURS

VICE MAYOR EVANS (arrived at 9:22 a.m.)

COUNCILMEMBER BAROTZ (arrived during lunch break)

COUNCILMEMBER ORAVITS

COUNCILMEMBER OVERTON

COUNCILMEMBER BREWSTER

COUNCILMEMBER WOODSON

Others present: City Manager Kevin Burke; City Attorney Michelle D'Andrea.

3. City of Flagstaff FY2015 Budget

City Manager Kevin Burke began the PowerPoint which addressed:

•AGENDA

Purpose and Overview

Revenue Forecast

Fixed Cost Forecast

CIP

Priorities for FY15 Budget

Council Discussion

•PURPOSE AND OVERVIEW

Revenue Director Andy Wagemake reviewed the following items:

•REVENUE AND FIXED COSTS FORECASTS

•DISCLAIMER

•REVENUE FORECAST

•CITY SALES TAX REVENUE 1%

- BBB COLLECTIONS
- ASSESSED VALUATION – PROPERTY TAX (Primary and Secondary)
- FRANCHISE FEE REVENUE
- STATE SHARED REVENUES – SALES TAX
- STATE SHARED – URBAN REVENUE (Income Tax)
- STATE SHARED – AUTO LIEU (Vehicle Registration)
- HIGHWAY USER REVENUE FUND (HURF)
- SALARY TRIGGERS – See Handout
- PROJECTED/POSSIBLE GENERAL
- FUND REVENUE INCREASES IN FY2015
- PROJECTED/POSSIBLE GENERAL FUND REVENUE INCREASES IN FY15
- SALES TAX OPTIONS
- USE TAX INFORMATION
- WASTEWATER SERVICES
- TAX CLASSIFICATION INCREASES

Management Services Director Barbara Goodrich reviewed the following:

- FIXED COSTS FORECASTS
- ASRS
- PSRS
- MARKET OR MERIT
- WORKERS COMPENSATION
- FIXED COSTS
- TOTAL FIXED COSTS

Vice Mayor Evans arrived at this time (9:22 a.m.)

A break was held from 9:23 a.m. to 9:39 a.m.

Capital Improvements Engineer Mo El-Ali then reviewed the following:

- CAPITAL IMPROVEMENTS PROGRAM
- CIP – INTRODUCTION
- CIP – PLANNING PYRAMID
- CIP – ELEMENTS
- CIP- GENERAL GOVERNMENT
- CITIZEN PARTICIPATION
- PROGRAM GOALS
- CRITERIA
- 2010 STREET/UTILITY PROJECTS
- GENERAL GOVERNMENT – CORE SERVICES MAINTENANCE FACILITY
- 1996 PARKS & RECREATION BOND \$1.1M
- 2004 PARKS AND RECREATION BOND \$2.8M
- SOLAR PANEL PROJECTS
- OBSERVATORY MESA
- TRANSPORTATION TAX PROGRAM OVERVIEW
- TRANSPORTATION TAX PROGRAM
- FUNDING SOURCES
- EXPENDITURES
- CITIZEN PARTICIPATION GUIDING DOCUMENTS

- PROJECT SELECTION AND PRIORITY CRITERIA
- FIVE YEAR PLAN PROJECTS
- TRANSIT SERVICE ENHANCEMENT – NAIPTA

FMPO Manager David Wessel then reviewed the following:

- FUTS OVERVIEW
- FUTS FUNDING SOURCES
- MILEAGE BY FUNDING SOURCE
- COMMITTEES AND COMMISSIONS
- CITIZEN INVOLVEMENT
- PROGRAM GOALS
- PRIORITY EVALUATION
- CRITERIA
- PROJECTS

At this time Public Works Director Erik Solberg reviewed the following:

- PARKS & RECREATION CAPITAL UNFUNDED
- HURF

Brief discussion was held on the ability to add a property owner's half of sidewalk repair costs to their water bill. Ms. D'Andrea said that with the way the ordinance is currently written it would not be permitted as it could be interpreted as gifting; however, the ordinance could be amended.

Staff was asked that this be considered for a future agenda item to allow for possible funding of these repairs through the Land Trust.

- SOLID WASTE – LANDFILL

Councilmember Overton asked why there were such large numbers in the CIP for addressing methane gas when the Council was not aware of it. Mr. Solberg said that those figures of \$1.8 million for infrastructure and \$4 million for wells, have been included in the CIP to address methane gas when it becomes an issue. However, they recently did testing and it came in way under the target so they will be moving those numbers out for five years which is the next time they are required to test.

Councilmember Overton asked for a CCR on this issue.

Karl Eberhard then reviewed the following:

- BBB – BEAUTIFICATION
 - Funding Sources
 - Expenditures
 - How are BPAC recommendations developed?
 - Selection and Priority – BBB Ordinance
 - Selection and Priority – BPAC Guidelines
 - FY14 – Five-year Plans

Brief discussion was held on various projects. Mayor Nabours asked how funds get spent and if they all go before Council for approval. Mr. Eberhard replied that the budget adoption is a blanket approval, but any expenditure over \$50,000 still comes to Council for approval.

Discussion was held on the need for buy-in from the Council on proposed projects of the BPAC before they get down the road with funding. Mr. Burke said that they could do that, possibly through a mini budget retreat each year.

Mayor Nabours said that when it is in the budget and CIP he was not sure that Council understood by approving the budget and CIP, they have approved ten things under beautification and that is where there is a disconnect.

Councilmember Overton said that they do good things with their money. This may be a good place for a joint Council/Commission retreat.

Vice Mayor Evans said that it was a good idea to talk with them. Also, it was important to understand that they do short-term, mid-term and long-term projects.

Councilmember Oravits asked when they would be reviewing the Fourth Street Corridor Study. Mr. Burke said that they were waiting for the end of the calendar year. There had been discussions of a district, and they did not want to confuse the two, but it looks like the Fourth Street District will not happen by the end of the calendar year so they will start scheduling for that discussion. Councilmember Oravits said that he would like to see something done with traffic on Fourth Street.

Airport Manager Barney Helmick reviewed the following:

- AIRPORT CAPITAL IMPROVEMENT FUNDING SOURCES
- INVOLVEMENT IN AIRPORT CAPITAL PROGRAMS
- CITIZEN IDENTIFIED CONCERNS VS. PROFESSIONAL TECHNICAL ASPECTS
- AIRPORT CAPITAL PROJECTS – FUNDED
- AIRPORT CAPITAL PROJECTS – UNFUNDED
- AIRPORT CAPITAL PROGRAM

Mayor Nabours noted that the road out front has gotten really bad and if they were not going to get FAA funding, he asked if it should go into the street rehab program with the OCI rating. Councilmember Overton asked if there was anything on the horizon with the substation going in. Mr. Helmick said that they have a subcommittee looking at the issue and they have discussed possibly outsourcing promotion of the property.

Utilities Engineering Manager Ryan Roberts then reviewed the following:

- UTILITIES
 - Funding Sources
 - Expenditures
 - Citizen Participation
 - Criteria
- FIVE YEAR PLAN MAJOR PROJECTS

Stormwater Manager Malcolm Altar reviewed:

- STORMWATER
- Funding sources
- Improvement Program
- Projects Listing
- Master Plans

Councilmember Oravits left at 11:17 a.m.

Mr. El-Ali said that he wanted to emphasize that in the capital projects each year they look at the unfunded list. It is a very powerful document in that a project is on the list for the next ten years and when funding sources become available they use that list to bring those projects forward.

A lunch break was held from 11:24 a.m. to 12:26 p.m. During this time Councilmember Oravits returned and Councilmember Barotz arrived.

Mr. Burke then reviewed the following:

- THE BIG PICTURE
- Mission
- Vision
- Council Goals
- Strategic Documents
 - Regional Plan
 - Master Plans
 - Council Resolutions

- TAKING CARE OF WHAT WE HAVE
- What's Broken
- What's Behind
- What's on Its Last Leg

- TO ADVANCE THE BIG PICTURE, WE NEED TO THINK DIFFERENTLY
- CUTTING IS LESS OF AN OPTION
- WE ARE NOT GETTING OUT OF ANY BUSINESSES
- WE MAY CHANGE THE WAY WE DELIVER A SERVICE

- BUDGET TOOLS FOR TODAY
- Contracting Out
 - Vacancies
 - New Hires
 - Internal Services
- Marginal Cuts
- Re-Allocation
- New Revenue Sources

- PRIORITIZATION FOR FY15 BUDGET
- Approach A

Catch-up
Maintain
Improve
Approach B
No Cost
Existing Cost
New Cost

•PRIORITIZATION FOR FY 15
Approach C = Categories/A + B

•APPROACH C – CATEGORIES
Competing Pent-up Needs Broken Into Categories
Compensation
Maintenance/Infrastructure
Training
Staffing
IT
Life Safety
Economic Development
Other

Attendees were then broken into three tables and each did the following exercises and shared with the other groups.

EXERCISE #1: COUNCIL DISCUSSION ON CATEGORY NOMENCLATURE

Step 1: Review investment categories
Step 2: Confirm the investment categories are accurate
Step 3: Confirm no need for additional investment categories
Step 4: Can any investment categories be combined?

A break was taken from 1:53 p.m. to 2:02 p.m.

EXERCISE #2: SMALL GROUP DISCUSSION ON BENCHMARKS

For Each Category:
Step 1: How would you define success/progress
Step 2: Group report out
Document group's discussion
Multiple ideas/measures welcome

EXERCISE #3: COUNCIL DISCUSSION TO PRIORITIZE CATEGORIES

•COUNCIL CONSENT

After the above exercises were completed and further discussion was held, the top three areas of focus identified by Council for FY15 were:

•COMPENSATION

- STAFFING (UNDERFILLED POSITIONS)
- INFRASTRUCTURE

The Special Budget Work Session of the Flagstaff City Council held December 4, 2013,
adjourned at 3:58 p.m.

MAYOR

ATTEST:

CITY CLERK