



MEMORANDUM CITY MANAGER'S OFFICE

DATE: Wednesday, July 17, 2013

TO: Mayor and Council

FROM: Kevin Burke

COPY: Leadership Team

RE: Report on City Council Goals – FY 2013

In September 2012, City Council adopted a mission, vision, guiding principles and goals for the following two years. I am proud to submit to you the attached report on the progress made toward achieving these Council's goals. The report includes accomplishments and achievements that occurred during FY 2013.

As directed at the June 25th Council Work Session, I will work to schedule a Council strategy retreat in the fall to revisit Council goals.

Report on City Council Goals July 1, 2012 - June 30, 2013

City Council Mission Statement

To protect and enhance the quality of life of its citizens

City Council Vision Statement

The City of Flagstaff is a safe, diverse, vibrant, and innovative community with a unique character and high quality of life. The City fosters and supports a balance of economic, environmental, educational and cultural opportunities.

City Council Guiding Principles

Things to consider when making decisions:

- Should the City be providing this service? Can someone else do it?
- Is it the appropriate use of tax dollars?
- Does this best leverage city dollars, labor and commodities (in kind)?
- How will this affect fees and taxes?
- Can we use existing before creating new?
- Is this Council's role?
- Is this the appropriate time for this issue (political capital)?
- Are we planning for the future?
- Is this an issue we should be looking at in detail or big picture?
- Has there been appropriate public input?
- Is it equitable?
- What is the effect on predictability?
- Is this an appropriate regulation?
- Have we been provided enough information to make a decision?
- Does it empower employees?
- Will it improve the livability or quality of life for the community?
- How does it maintain small town charm?
- Is this an appropriate balance of economic, environmental and social considerations?
- Is it consistent with the Regional Plan?

Council Goal: Repair, Replace, and Maintain Infrastructure

Street and Utilities Bond Program

The Capital Improvements Program has coordinated with Public Works and Utilities to identify, develop and implement specific pavement rehabilitation and utility replacement projects to be funded by the authorized bonds. Project prioritization has been based on a combination of pavement condition rating, age and condition of water and sewer infrastructure, relative visibility within the community and ability to complete the projects within a short timeframe.

Projects completed in FY 2013:

- Franklin Avenue / Mohawk Drive – Completed in summer 2012. Improvements included replacement of water and sewer mains, new curb-gutter, sidewalk and pavement on Franklin Avenue between Beaver Street and Lone Tree Road, and on Mohawk Dr. between Walapai Drive and Lake Mary Road. (Cost \$1,508,214)
- Fourth Street Overlay – Completed in July 2012. Improvements included re-paving the roadway and miscellaneous replacements between Route 66 and Cedar Ave. and between Butler Ave. and Interstate I-40. (Cost: \$ 1,371,292)
- Dodge Avenue – Completed in October 2012. Improvements included water service replacements, miscellaneous curb-gutter and sidewalk replacements and pavement resurfacing from Empire Ave. north to Trails End Dr. (Cost: \$1,101,396)
- Cherry Avenue – Completed in November 2012. Improvements included sewer main replacement, miscellaneous curb-gutter and sidewalk replacements and re-paving between Thorpe Rd. and Humphreys St. (Cost: \$1,217,942)

Projects currently under construction:

- Coconino/Elden/Humphreys/Cottage –
 - The project on Coconino Avenue (Walnut St. to Park St.) includes new sanitary sewer main, water main, asphalt pavement and sidewalk replacement and new sanitary sewer services.
 - The project on Coconino Avenue (Wilson Street – West end) includes new sanitary sewer main, water main, curb-gutter, sanitary sewer and water services, and asphalt pavement replacement.
 - The project on Elden Street (Route 66 to Cherry Ave.) includes new water main, water services, sanitary sewer services, new curb-gutter and sidewalk, and asphalt pavement replacement.
 - The project on Humphreys Street (Cottage Ave. to Butler Ave.) includes new water main, new sanitary sewer services, water services, curb-gutter, and asphalt pavement replacement.
 - The project on Cottage includes replacement of water and sewer infrastructure along the north side of the street and repaving the north half of the roadway. Construction is scheduled to be completed in summer 2013. (Cost: \$2,078,773)

- Beaver Street, South / Leroux Street, South – Improvements include sewer main replacement and pavement re-surfacing on Beaver Street between Butler Avenue and Franklin Avenue. Leroux Street improvements, between Benton Avenue and Franklin Avenue include water/sewer main replacement and pavement reconstruction. Construction is scheduled to be completed in fall 2013. (Cost: \$2,696,391)
- La Plaza Vieja – The project is in the La Plaza Vieja Neighborhood includes new water and sewer mains with new services to the ROW line, new ADA handicap ramps at the intersections, 2” mill and asphalt overlay, full depth street reconstruction and a full width chip seal for the streets within the neighborhood. Construction is scheduled to be completed in the fall 2013. (Cost: \$2,118,044)
- Cedar Avenue Overlay – Improvements include asphalt mill and overlay, infill and repair of sidewalk/curb/gutter, ADA related curb return modifications, replacement of water and sewer services, a minor waterline connection and two new sections of sanitary sewer mains from West St. to Fourth St. (Cost: \$1,189,169)

Projects under design and scheduled to be completed in fall 2014:

- Rose Avenue – Improvements include water and sanitary sewer main replacements, fire hydrant replacements, sanitary service line replacements, ADA compliant access ramps and sidewalks, driveways and new pavement structure. (Cost: \$ 1,606,525)

Utilities Capital Projects

- Switzer Canyon Transmission Line – Plans were prepared and construction contract awarded. Project is currently in construction and all work is scheduled to be completed by November 2013.
- Lake Mary Well Field LM#2 12" DI Pipeline – City has received 100% plans and ADEQ approval for construction. Forest Service approval is still pending. Construction is scheduled for spring 2014.
- Walapai Dr. Alley Waterline – 90% plans are under review with City staff. Construction is scheduled for spring 2014.

Annual Sewerline Replacement Program

- Hillside Sewer Replacement – Improvements include water and sewer lines. Project is currently in construction; all work is scheduled to be completed by October 2013.

FY13 Wastewater Treatment Projects

- Temporary Solids Handling – Plans for SSB Geotube Project were prepared and submitted to ADEQ for approval on July 5, 2013. This project will be bid in August with construction scheduled for this fall. All work is scheduled to be completed by November 2013.
- Wildcat Blower Replacement – Completed an energy audit and determined the aeration blowers were very inefficient. The existing blowers operate at 35-40% efficiency and cost the City an additional 1,860,000 kWh/year compared to more efficient equipment. Replacing these blowers with new high efficiency blowers will result in annual electrical savings of \$161,820 per year at Wildcat Hill WWTP. Arizona Public Service will rebate \$167,400 for replacement of this equipment. All work is scheduled to be completed by June 2014.

Evaluate Condition of Critical City Infrastructure

In FY 2013, staff completed an analysis on the condition of critical City infrastructure. Through this effort, the current and targeted conditions of infrastructure (including facilities, parks, fleet, streets, stormwater and utilities) were assessed. The purpose of this assessment was to help fully understand how to maintain the City's critical infrastructure and projected infrastructure needs in three distinct ways:

1. Maintain the Current Condition of our Critical Infrastructure

To better understand the current condition of infrastructure, staff assessed, "If we keep funding this component of infrastructure at the FY 2013 level, will the condition of the infrastructure get better, worse or remain the same?" In no instance would the condition of the infrastructure get better. In most instances, the condition would get worse. So we then asked, "What will it cost to stop the bleeding and maintain the current condition of our infrastructure?" The answer is \$1.6 million in ongoing dollars across all funds including \$390,000 from the General Fund. However, this number did not include pavement preservation which would require an additional \$26 million in ongoing dollars.

2. Upgrade the Condition of our Critical Infrastructure

To better understand targets for infrastructure, staff assessed, "Once we stop the bleeding and maintain the current condition, what will it cost to upgrade the City's critical infrastructure to the generally accepted standard?" Combining both one-time and ongoing dollars, the answer was an intimidating \$135 million, including almost \$52 million in street maintenance and \$9 million from the General Fund.

3. Maintain the Upgraded Condition of our Critical Infrastructure

To better understand the projected need to maintain the desired condition of City infrastructure, staff assessed, "If we were to achieve the generally accepted standard, what will it cost annually to maintain the infrastructure component at that target condition while also stopping it from failing back into disrepair?" That answer was \$8 million City-wide including approximately \$4.3 million in street construction and \$750,000 per year from the General Fund.

Highlights for FY 2014 Budget

- Increased on-going pavement preservation from \$1.2 million to \$2.2 million
- Increased one time pavement preservation from \$0 to \$1 million
- Funded maintenance of General Funded Parks, Facilities and Fleet quality infrastructure – in the amount of \$390,000

Council Goal: Fund Existing and Consider Expanded Recreational Services

All parks to level 2 in 2 years

Beginning in FY 2014, BBB – Recreation funded parks will be funded at a service level 2. The General Funded parks are currently at a service level 3. To increase these parks to service level 2 would take an estimated \$108,000 in ongoing funding. Capital replacements pose a challenge as there is a back log of projects that unless funded will increase the maintenance costs in all parks.

Expand Recreation Services

All service levels of Recreation Services have been maintained with the exception of the Aquaplex and Flagstaff Recreation Center which will see a reduction in hours in FY 2014 by 1 hour a day Monday through Friday.

Proposed User Fees will help overall General Fund balance with the goal maintaining current level of service.

Transferred Cogdill Recreation Center operations to Boys and Girls Club. The partnership was effective July 1, 2012.

Review and Approve Parks Master Plan

As of June 2013 the plan has been thoroughly reviewed and adopted by Council. This is now a “living” document which will be utilized for short and long term strategic planning.

Council Goal: Address Core Services Maintenance Facility

- Successful passage of the bond for a new facility in November.
- Initial site selection unable to reach agreement. (January 2013)
- Public outreach and bidding outreach for this facility completed during FY 2013 and will be ongoing in FY 2014.
- Staff completed environmental assessments of the current Public Works Yard.
- RFP drafted and will be distributed in the first quarter of FY 2014.

Council Goal: Complete Rio de Flag

Significant project elements have been completed:

- Feasibility study completed and project cooperation agreement executed.
- Completed construction of Butler Ave. Tunneling in September 2010.
- Thorpe Bridge completed in December 2012.
- Reconstruction of the Clay Avenue Basin failures is scheduled to be complete in fall 2013.
- Draft LLR (Limited Re-evaluation Report) was submitted by South Pacific Division to USACE Headquarters.

The following project elements are ongoing:

- Re-started Reconstruction of the Clay Avenue Basin failures is scheduled to be completed in fall 2013.
- The Limited Re-evaluation Report (LRR) is currently undergoing a final review at the U.S. Army Corps of Engineers South Pacific Division office and is expected to be submitted to Congress in September 2013.

The project currently has \$2.5 million from the FY 2012 work plan. The funds are planned to be used for the following project elements:

- Complete Clay Avenue Wash Detention Basin in fall 2013 - \$1.2 million
- Complete the Limited Reevaluation Report in fall 2013 - \$200,000.
- Project Management – \$175,000.
- Total uncommitted - \$925,000.

The available funds could be used to complete 100% design plans. However, the USACE are not comfortable releasing any funds for design until the Clay Avenue Wash Detention Basin reconstruction and the Limited Reevaluation Report are completed.

In March 2013, Mayor and Council travelled to Washington, DC and met with representatives of the Office of Management and Budget and the Army Corps of Engineers to lobby for the completion of the Limited Reevaluation Report and continued funding.

City staff met with the USACE on June 12, 2013 to discuss the status of the project and the next steps. USACE stated that they are working on the Federal FY 2014 Work Plan which starts October 1, 2013. The Work Plan has the capability in the amount of \$12.5 million and the funds could be used as follows:

- Finish design review and initiate construction of phase 2A (\$2.5 million)
- Design and initiate construction of phase 2B (\$3.5 million)
- Design and initiate construction of phase 3 (\$5 million)
- Finalize design for the remainder of the project to 100% (\$1.5 million)

On June 24th, 2013 the USACE notified the City that there will be no funding in the Corps FY 2013 work program for the project. City staff will continue to lobby for continued and

accelerated funding for the project, completion of the Limited Reevaluation Report, completion of the 100% plans, and delivery of the project.

At the same time, City staff will continue to pursue Self Administration of the project. The current Water Resources Development Act 2013 bill, section 2025, includes provisions for a self administration pilot program. If approved, and the Rio de Flag project is selected, this would allow the City to self administer the project. At this time the WRDA 2013 bill has passed the Senate. The bill currently sits before the House for review and approval. It is anticipated that the bill will be presented to the President for his approval or veto by the end of the year 2013. Should the President approve the bill, and the Rio de Flag project be accepted, this would allow the City to take the lead role in the design and delivery of the project.

On July 9, 2013 Council gave direction to hire a firm to complete a preliminary design and cost estimate of Rio de Flag Flood Control Project based upon Federal Emergency Management Agency.

Council Goal: Retain, Expand, and Diversify Economic Base

- Increased passenger enplanements by 3% as compared to previous calendar year.
- Completed two Federal Aviation Administration/Arizona Department of Transportation grant funded projects (taxiway reconstruction, joint seal replacement); and, obtained FAA grant funding for FY 2014 project (aircraft storage area pavement reconstruction)
- Increased BBB revenues by 6.25% FY to date (through May).
- Secured multiple national and international conferences which are anticipated to generate nearly \$1.5 million in economic impact to our community.
- Increased travel trade/group tour bookings approximately 9-14% based on segment.
- Increased public relations presence nationally and internationally, generating over \$1.1 million in advertising equivalency value.
- Successfully launched re-imaged branding campaign, including new CVB consumer website.
- Assisted 89,320 visitors in FY 2013 at Flagstaff Visitor Center.
- Increased outbound business attraction efforts by re-positioning Flagstaff as a business-friendly city through a full redesign of the City of Innovation website, outreach and marketing engagements, expanded Buxton data and analytics, creation of real estate and capital networking groups to increase business connectivity, successful positioning of Flagstaff's competitive advantages to various retailers (including eight assists to new retailers in our market), and responded to over 21 inbound non-retail inquiries.
- Created a strong business environment that retains and expands local businesses through grant facilitation (received \$100,000 award from Arizona Commerce Authority Rural Grant Program for Joy Cone), continued staff support of Northern Arizona Center

for Emerging Technologies creating 40 high wage/low impact jobs, trend analysis utilizing Building Bridges to Business program, creation of Business Assistance Kiosk at City Hall, business advocacy efforts and outreach.

- Received \$4 million Economic Development Agency grant for development and construction of the Business Accelerator on Innovation Mesa.
- Secured more than \$800,000 in grants and donations to supplement Community Design and Redevelopment programs.
- Furthered community outreach by launching innovative web-based site (VisionFlagstaff.com) and Flagstaff “Quality of Life” survey (conducted quarterly).

Flag 40 STEM (Science, Technology, Engineering, & Math) Initiative

Founding members and contributors to STEM consortium, facilitated Council adopted STEM resolution, established STEM gateway signage with ADOT, provided support for STEM coordinator position, advancing workforce development through enhanced curriculums with public, private, and educational agencies, and currently working with numerous local STEM related businesses on expansion opportunities, collaborative initiatives and relocating a science based center in Flagstaff.

Economic Development Collaborative of Northern Arizona (ECoNA)

Continued staff participation and leadership support for ECoNA in the areas of Business Retention and Expansion, Business Attraction, and Redevelopment, as well as participation on Executive Committee which also includes Council representation; staff facilitated numerous outreach and marketing engagements as part of Collaborative.

Secure 2nd Airline

Participated in three airline networking conferences establishing strong relationships with airline route planners, created video that showcases the airport and region in an effort to better showcase the business and visitor markets, as well as community “buy-in” for a second airline, continued with marketing and outreach efforts in support of the SCASDP grant and anticipated release/award of RFP in FY 2014.

Increase arts and culture tourism (support arts incubator and FCP)

Continued with financial and staff support for Flagstaff Cultural Partners and the development of an Arts Incubator; consultant provided update to Council in the spring on the advancement and feasibility of incubator, currently pursuing educational programming and curriculum based certification(s) rather than a facility at this time in an effort to establish a more sustainable model.

Development of adequate infrastructure to support current and expanding economic base

Primarily conducted through Community Development programming; however, Community Investment staff continue to advance the development of an APS Substation to provide additional power to the Airport Business Park to support commercial and industrial business expansion; determined site location, in process of completing design renderings, and easement approval anticipated in early FY 2014.

Council Goal: Complete Water Policy

Settlement v. Non-Settlement

Since the Settlement was voted down by the Navajo and Hopi, staff has been pursuing water policies based upon the “non-Settlement” outcome.

Red Gap

Staff has met with Arizona Department of Water Resources Director, Arizona State Land Department Commissioner, Arizona Department of Transportation Director and the Governor’s Office over the past year in an attempt to move the I-40 Right-of-Way issue forward. In accordance with the City’s Designation of Adequate Water Supply issued in April 2013, water supply from Red Gap needs to be operational no later than 2038. This operational date is based on assumptions related to growth rates, climate change, water usage, etc. Staff plans to focus on the funding topic once the Right-of-Way problem is solved.

Reclaimed Water

In FY 2013 the City Manager established an Advisory Panel on Compounds of Emerging Concerns to address a variety of topics. The topics include but are not limited to; sampling of the reclaimed water quality within the distribution system as well as issues surrounding future additional treatment options. Interim report issued in July 2013.

Sale and Use of Water Inside/Outside City Limits, Funding Sources Separate Policy on Reclaimed and Potable Water

Staff started working with City Council in December 2012 regarding the Principles of Sound Water Management and continued in January, February and June, 2013. Hopefully in FY 2014 staff will bring back a “final” version of the policies for Council’s consideration and adoption.

Set Specific Milestones in Order to Accomplish in 2 years

Council recently decided to meet on separate nights to focus solely on water policies.

Coordination with Regional Partners

Utilities staff have been actively engaged with the Northern Arizona Water Users Association (NAMWUA) and the Coconino Plateau Water Advisory Council (CPWAC). Staff was also involved in the Arizona Department of Environmental Quality’s (ADEQ’s) state-wide Advisory Panel on Emerging Contaminants and the Arizona Department of Water Resources (ADWR) Water Resources Development Commission sub-committee and their state-wide Strategic Vision Committee.

Council Goal: Review Financial Viability of Pensions

Highlights from Fiscal Year 2013

Alan Maguire, President of the Phoenix-based economic analysis and public policy consulting firm, The Maguire Company, presented to Council on December 11, 2012.

Mr. Maguire is past Economic Advisor to the Arizona Senate and Chief Deputy Treasure of the State Treasury. Alan has been intimately involved in the State pension system including recent legislative efforts to reform ASRS and PSPRS. Mr. Maguire defined and analyzed the problems as well as presented pros and cons of new amendments.

Council adopted a pilot project for FY 2014 to fill a vacancy in the Fire Department with 2 part-time employees rather than full-time in order to reduce pension costs.

Council Goal: Review all Commissions

On May 14, 2013, Council reviewed this goal and the process it will take and questions to be asked in order to accomplish this task. Council agreed to dedicate a special work session towards this topic in the latter half of Calendar Year 2013.

City Manager will schedule Council Work Sessions to evaluate the following as it relates to Commissions:

- Number of commissions
- Roles
- Scope
- Reports/Recommendations
- Use of Ad Hoc committees

Council Goal: Zoning Code Check-in and Analysis of the Process and Implementation

Since the adoption of the Flagstaff Zoning Code in November 2011, ideas for amendments to the Code have been compiled based on suggestions offered by Flagstaff residents, design professionals, and City staff. Early in 2013, the City Council held three work sessions to discuss the process for adopting amendments to the Zoning Code. In the final work session the Council agreed on what amendments were “policy” and what were “technical” in nature, and provided direction to staff on a path forward. Also, three special work sessions were held in April, May and July to specifically discuss the zone change process which resulted in specific direction being provided to staff.

Staff continues to receive ideas for Zoning Code amendments and they are being compiled into a comprehensive document. These amendments are offered based on practical application of the code (real-life testing), staff discussion, and if agreement is reached, documentation of the amendments for future consideration by the Planning and Zoning Commission and Council. The vast majority of the amendments are truly minor technical amendments to clarify and correct the Code. Outreach continues to such groups as Northern Arizona Builders Association (NABA), Northern Arizona Association of Realtors (NAAR), Friends of Flagstaff's Future (F3), etc. requesting ideas and suggestions for possible amendments. In the fall staff will hold a public meeting in the Council Chambers to present the proposed amendments, most of which, as noted previously, are minor and technical in nature. The most significant changes will be made in the zone change process section of the Code based on Council's final direction and the sign code (specifically with regard to temporary signs). At the same time staff will attend monthly meetings with local stake holder groups (NABA, NAAR, F3, Chamber, etc.) to solicit their comments and ideas on the proposed changes. The original Focus Groups established to assist with evaluating the strengths and weaknesses of the former Land Development Code have been disbanded. However, staff has contacted members of the Zoning Code Citizens Advisory Group (former chair persons of the Focus Groups), and a majority of them are willing to meet to review the proposed amendments. This will occur sometime after the public meeting described above.

Pursuant to the text amendment process defined in the Zoning Code (and ARS), the Planning and Zoning Commission will hold a work session to review the amendments to which the public will be invited, as well as a subsequent public hearing for a final recommendation on the proposed amendments. Thereafter, the City Council will conduct at least one work session, followed by a public hearing, and first and second reading of the ordinance to adopt the amendments to the Zoning Code. The proposed amendments to Division 10-20.50 regarding the City's zone change process may be forwarded to the Planning and Zoning Commission and City Council for review and approval separately from the other amendments to the Zoning Code.

Council Goal: Develop an Ongoing Budget Process

Highlights from FY 2014 Budget Development

Council identified objectives to ensure the adequate frequency and agenda topics necessary for the development of the FY 2014 Budget. These objectives were achieved by an ongoing process that incorporated full budget context at key decision points.

- All budget retreats were recorded and posted on the website.
- Several mini retreats were conducted between the November and April Budget Retreats. Topics discussed during several mini budget retreats included: Graffiti, Library, FUTS Signage, Consultants, Fire Administration, Environmental Management Fee, Contribution and Contracts for Services, Economic Vitality, General Administration, Stormwater Management, Recreation Fees, Community Development – Cost Recovery and Housing.
- Targets and priorities for the FY 2014 Budget were determined by Council at February retreat and executed as part of the City Manager’s Recommended Budget presented at the April retreat.