

BUDGET RETREAT
WEDNESDAY – FRIDAY
APRIL 23-25, 2014
COUNCIL CONFERENCE ROOM
CITY HALL – 211 WEST ASPEN
8:00 A.M.

WEDNESDAY, APRIL 23, 2014

1. WELCOME AND COUNCIL EXPECTATIONS

Mayor Nabours called the Retreat to order at 8:02 a.m.

Council present:

Council absent:

Mayor Nabours
Vice Mayor Evans
Councilmember Barotz
Councilmember Brewster
Councilmember Oravits
Councilmember Overton
Councilmember Woodson

None

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

2. OPENING AND ORIENTATION

City Manager Kevin Burke began the PowerPoint presentation (Exhibit A attached hereto and made a part hereof), noting that it had been another challenging year. While the City has had increased revenues, there have also been increased expenditures.

3. FY2015 GOALS (COUNCIL AND BUDGET)

- OVERVIEW – PROPOSED FY15 BUDGET
- FY2015 GOALS – COUNCIL GOALS
- FY2015 GOALS – COUNCIL BUDGET PRIORITIES
- GENERAL FUND - 1% BUDGET REDUCTION

4. FIXED COSTS AND EXPENDITURE OUTLOOK

Finance Director Rick Tadder then continued the presentation, addressing:

•FIXED COSTS AND EXPENDITURE OUTLOOK

- ELECTRIC EXPENSE
- NATURAL GAS EXPENSE
- WATER/SEWER/TRASH/STORMWATER
- GAS AND OIL

Brief discussion was held on the PPA and solar panels. Mr. Tadder noted that for those facilities that have the panels, they expect their expenses to stay flat, but there will be increases to other areas. Mr. Burke noted that the panels are only about 12% of the demand at the City. He also noted that the PPA at Wildcat is none of the City's money; that was done through a third party and the City pays them a fixed rate for 20 years. In the front end it is higher, but it is flat over the course of that time.

Ms. Sayers stated that the third round of renewable energy projects was a lease purchase model. For the ones that went in at the Wildcat, Aquaplex and Rio they did pay their part of the lease/purchase, one-third each. Then there was a second round at Wildcat funded through a lease/purchase. Mr. Burke added that those will be paid from utility rates while the Aquaplex purchase will be paid through the General Fund.

- PENSION EXPENSE
- PENSION RATES
- HEALTH INSURANCE EXPENSE – CITY

Risk Manager Dean Coughenour continued the PowerPoint presentation, reviewing the following:

- WORKER'S COMPENSATION & GENERAL LIABILITY INSURANCE RENEWALS
- WHERE WE ARE TODAY
- PREMIUMS BY YEAR
- WHAT WE DID ABOUT IT
- SIT
- THE RESULTS
- GENERAL LIABILITY
- WHAT DROVE THE INCREASE
- UNBUNDLED OUR PROPERTY INSURANCE COVERAGE
- OTHER COVERAGE PREMIUMS
- THE RESULTS

5. **COMPENSATION AND BENEFITS**

Human Resources Director Shannon Anderson then continued the presentation:

- COMPENSATION AND BENEFITS
- HR - SINGLE BIGGEST CHALLENGE
- CURRENT AREAS OF OUTSOURCING
- BENCHMARK DATA
- PAY ADJUSTMENT HISTORY
- COMPENSATION OUTLOOK
- BENEFIT RENEWALS
- WELLNESS PROGRAM
- NAPEBT
- FUTURE RETIREMENT COSTS

Mr. Burke addressed the Police and Fire Pensions, which are each around \$25 million unfunded. He said that the City will now have to start reporting that as a City liability in its

audits. He said that staff has some concerns with how it may affect the City's rating with rating agencies, but Standard & Poore's is aware of it and it is similar across the country. He said that they have discussed the fact that the pension issue needs to be resolved soon or citizens will bring petitions forward and address it for them.

6. **REVENUE OUTLOOK**

Revenue Director Andy Wagemaker then reviewed the following:

- LOCAL PROJECTIONS
- TOTAL 1% COLLECTIONS – GENERAL FUND
- BBB COLLECTIONS
- PRIMARY AND SECONDARY
- FRANCHISE FEE REVENUE
- STATE SHARED – SALES TAX
- INCOME TAX COLLECTIONS STATE SHARED – URBAN REVENUE
- STATE SHARED – AUTO LIEU – VEHICLE REGISTRATION FEES
- HIGHWAY USER REVENUE FUND (HURF)

B R E A K

A break was then held from 10:05 a.m. to 10:15 p.m.

7. **EMPLOYEE ADVISORY COMMITTEE**

Noah Eismann, Co-Chairman of the Employee Advisory Committee, then continued the PowerPoint presentation which addressed:

- MARKET INCREASE
- MERIT INCREASE
- COMPACTION
- RECOMMENDATION
- WHAT DOES THIS ACCOMPLISH?

8. **GENERAL FUND OVERVIEW**

Mr. Burke continued the presentation:

- NEW REVENUE – ONGOING
- REALLOCATIONS: ONGOING
- REVISED SERVICE LEVELS (RSL)

He said that there were three new positions in the General Fund being recommended, but they also had three reductions, resulting in a net neutral of FTE's for the General Fund.

- GENERAL FUND SUMMARY – ONGOING
- REVENUE – 1X
- REALLOCATIONS 1X
- REVISED SERVICE LEVELS (RSL)

- OPERATING CAPITAL
- GENERAL FUND SUMMARY – 1X RSL SUMMARY
- MAJOR EXPENDITURES
- NEW REVENUE – ONGOING
- CONTINGENCY FUNDING DISCUSSION

Staff was asked by Council when they should be asking questions on particular purchases, such as whether the City needs a new fire engine or what thermal imaging cameras are. Mr. Burke said that in some cases, that is the job they have assigned him to do. In others, the whole idea is to question those decisions. He said that what is being presented is the City Manager's recommended budget. If Council disagrees with the recommendations, then they can put the items on the board (parking lot) and they will discuss those issues at the end.

Mr. Burke said that the fire engines may look clean and shiny on the outside, but they have been putting a lot of money into maintaining them, and at a certain point in time they need to replace them in order to maintain a quality fleet.

Mr. Burke said that ultimately that is where the division of labor comes in. The Council tells the Manager what level of service they want the City to provide (policy decision) and it is then his job to say what the cost is to maintain that level.

Mayor Nabours said that if they are going to the public and asking for additional sales tax, they could possibly react by asking why the City just bought all new computers or why the Fire Department got a new fire truck.

Vice Mayor Evans said that those types of things are basic items in business. It was suggested that more education of the public was needed in conveying the needs of the City to provide a certain level of service. Mr. Burke said that in the private sector those types of questions may go to the CEO, but they would not be taken to the Board of Directors. He said that if they get those types of questions, they could be sent to him.

- POLICE DIVISION
- CURRENT AREAS OF OUTSOURCING

Discussion was held on the use of body cameras and related expenses.

PARKING LOT: Body Cameras for Policy Department

- COCONINO HUMANE SOCIETY

PARKING LOT: Shelter Services

PARKING LOT: Humane Society

- ONGOING

Discussion was held on the Phase II 9-1-1 coordinator request and 8-squad structure. Chief Treadway said that the biggest challenge in getting to the 8-squad structure is improving their staffing numbers. It takes 40 officers to get to a 7-squad structure and 44

officers for an 8-squad. He said that currently they do not have the 40 officers today, but they were hopeful that by July or August they would be able to get it started at the 7-squad.

- FIRE DEPARTMENT

Fire Chief Mark Gaillard said that when he came on board last year the budget was already in place. He began dialogue with the Fire Department labor union and they have been trying to deal with things they just stopped doing. They are not representing any changes in services this year, but focusing on maintaining resources.

- SINGLE BIGGEST CHALLENGE

Chief Gaillard said that their single biggest challenge has been their employee compensation and matching their compensation plan to their mission, as well as maintaining their infrastructure.

- CURRENT OUTSOURCING

Chief Gaillard reviewed the current areas where the division outsources. Staff was asked if there was sufficient funding for the wildland fire prevention. Assistant Fire Chief Bills said that the budget did not include any more funding; they spend about \$120,000 a year for salaries and contract out commodities. He said that they have other resources available through grants and the bond program which gives them enough work to do with their current staffing.

Chief Gaillard said that the existence of the Forest Health and Water Supply Protection Project creates the opportunity to address those concerns. He said that Paul Summerfelt works with City staff to maximize that funding through grants. What is getting in their way at the moment is working through the details of the agreements with the State Land and USFS. When they are able to move forward they may need to have a conversation about resources.

Mr. Burke added that they have some flexibility with the bonds. He said that they will budget for potential grants, etc. within the budget so they are able to spend the funds if awarded. Mr. Bills said that they have three or four grants related to wildland protection and they are able to use that in a 50/50 arrangement.

- WILDFIRE CONTINGENCY

- RSL – ONE-TIME

Chief Gaillard said that there was an urgent need for professional development within the division. He said that while some fire departments may have at some point had training resources, almost all have gotten rid of them to focus on getting service on the street. In conversation with the City's partners, they have identified a way where they might, through an IGA, participate in jointly paying for the cost of a Regional Training Officer to implement training across the region. He said that the approach would be a three-year commitment for one-time dollars to see if it was successful. Mr. Burke added that it would be a contracted, civilian position.

Brief discussion was held on the thermal imaging cameras. Chief Gaillard said that this \$18,000 would buy two and they would anticipate a similar request in the following three years to ultimately replace the existing equipment.

Chief Gaillard said that they were proposing an increase in the overtime budget. The overtime they are spending at the Fire Department is not discretionary; it is just getting firefighters in seats every day.

Chief Gaillard said that the truck they were requesting to be replaced is 25 years old and while it still looks good, they have spent 123% of the cost of it to keep it on the street. He said that this past week they had three front-line trucks out for repair. It is a reflection of the age of the fleet. He said that they cannot keep running in this manner. He said that they will not be requesting a new truck every year, but they have a similar truck with the same circumstances in age and use.

•COURTS

Court Administrator Don Jacobson and Judge Chotena came forward to review their request. Judge Chotena said that they have been working on establishing a Veterans Court and they are almost ready to get it up and running. He said that it was a good way to help link up veterans with services with the VA that they have earned through their service.

Judge Chotena said that they are also ready to institute a new case management process throughout the court system at the City court to address those cases other than DUI's. He said that 8-10 years ago there was a statewide initiative to address the delay in DUI cases and they instituted a good system.

Mr. Jacobson said that their biggest challenge is with staffing. He said that the police department currently has 22 officer vacancies, but they do not anticipate that such vacancies will stay at that level forever. As those officers come on line they anticipate a continued increase in filings, especially in civil traffic. There is no request for additional personnel this year, but they anticipate that they will not be able to be maintained in future years.

He said that they are suffering from several issues associated with the staff level such as workload, staff burnout, absenteeism, cross-training, etc. He said that they have gone from 10 judges down to 7 and reduced their judicial operation staff by 20%, but they cannot continue on with that in the future.

•OUTSOURCING

Mr. Jacobson said that the IGA with the County for the Electronic Document Management System is going away this year so they will be bringing that in house at a cost of \$120,000. He said that they are unable to use the City's current system (Laserfiche) because there are strict guidelines on what can be used for the courts. He said that the City could go to OnBase which is the approved system, but that would be at a substantial expense.

Additionally, he said that the IT infrastructure is funded through the State Supreme Court and they are looking at an entire replacement of all computers.

Mr. Jacobson said that they are looking at using temporary service employees to buffer the impact of staffing levels.

Mr. Jacobson said that last year they collected about \$3.8 million, but they only receive less than \$1 million; the remainder goes to the State.

LUNCH

A lunch break was held from 12:13 p.m. to 12:48 p.m.

•CITY ATTORNEY

Mayor Nabours asked if the Attorney's office figured a certain amount each year for outside counsel. Ms. D'Andrea replied that those expenses did not come out of her budget. Mr. Burke noted that if it is project related it would be through the City's self-insured trust.

•INFORMATION TECHNOLOGY

Information Technology Director Ladd Vagen said that their division's biggest challenge is staffing. He then reviewed current areas of outsourcing and opportunities in the future. Brief discussion was held on outsourcing to the cloud. Mr. Vagen said that Suddenlink does have a dual path to the network, but they have not explored the costs involved there. He said that so far NAU has given the City a great deal for their server, but they will see how that develops. He said that CenturyLink is developing their own path to the internet, but that is still three to five years down the road.

Mr. Vagen said that they still have 150 PC's left on XP so they will be getting those all replace this next year.

9. LIBRARY FUND OVERVIEW

Deputy City Manager Josh Copley then began review of the Library Fund. He said that Phase I of the reorganization was accomplished last year.

Mayor Nabours asked what the Fund Balance-City item was. Mr. Copley replied that was the monies left in the fund available for use in this year's budget. Mr. Burke added that the District funds are those coming in from the County associated with the property tax.

Mr. Copley referred Council to Page 37, the pie chart, indicating that the District funds 2/3 of the Library and the City funds 1/3, or approximately \$1.6 million from the City's General Fund. He said that they were going to increase that by \$387,000 in one-time funds and \$277,000 from the General Fund.

Mayor Nabours said that the end result is that the General Fund is putting in another \$277,000 into the Library, in addition to \$1 million already going. Mr. Burke said that was correct. He added that it was capital associated with the roof and other capital issues.

- REVISED SERVICE LEVELS - 1X

Mr. Copley said that if the Library went to a different roofing material they could accomplish it with the entire \$180,000; however, it would be a change aesthetically. If they went with a metal roof, it would be in excess of \$300,000, or they could a hybrid of metal and shingle for a cost in between the \$180,000 and \$300,000.

Council requested that some artist renderings be provided along with the related life span of the various materials.

- OVERVIEW – 1X

Discussion was held on the ADA fixes. Mr. Copley said that those were for the bathrooms at the main library and the ramp at the library, and they were partial set asides. Mr. Burke said that in the budget request the ramp has a final price tag of \$350,000 and the bathrooms at \$75,000. This is one of seven years, so they will be saving for awhile.

- MANAGEMENT SERVICES

Management Services Director Barbara Goodrich then continued the presentation stating that their biggest challenge in Management Services is staffing levels and compensation. She said that as they recover from the recession there is a nice mix of providing services internally and externally. Even looking just at the Library, it had a huge spike of those going to the Library during the recession, but they have held a flat budget since 2008. They are continually challenged by the numbers coming to the Library.

In the way of procurement, they are restoring to pre-recession levels, and with higher scrutiny it takes more staffing. They are fortunate to be getting a staff member back in customer service. They heard from the public that staffing was cut too deep, so looking forward they will have a dedicated person handling phones. She said that there are new housing developments with people turning on/off services, and one third of all water meters are turned on/off due to the transient nature of the community.

With regard to sales tax, staff is getting nervous because they cannot tell them today, with the Arizona Department of Revenue taking over billing/collection at the end of the calendar year, how they will be affected, but they want to give them adequate notice. She said that there is still a great deal of testing to be done as they're not sure their software can handle all of the cities coming on. She said that in reality they will be administering all of their tax returns through December 2014. There is a much greater oversight trying to provide transparency. It is not uncommon for them to get audited two or three times with federal grants, and that is a huge demand on staff time.

- CURRENT OUTSOURCING:

Ms. Goodrich said that they have been aggressively looking at fixed based metering system so they do not have to have people driving around town. She said that once they are finished with implementation of Innoprise, they would like to look further at a

centralized time keeping system, which will save time for administrative staff across the City.

- REVISED SERVICE LEVELS – 1X

Mayor Nabours said that each division has given the Council a list of one-time or ongoing addition funding, as approved by the budget team. He asked staff to explain further how much they should be studying those numbers and details.

Mr. Burke explained that they get a budget request for the upcoming year and it has the base budget and then it looks at all of the RSL's (Revised Service Levels). The idea is that it is a change to the service or line item within that division's budget. The Budget Team, which consists of the City Manager, two deputy city managers, Management Services Director, Finance Director, Budget Director, Human Resources Director, IT Director, and Assistant to City Manager, then reviews each of those requests and typically there is some give and take.

Mr. Burke said that the items that get the most no's are personnel related items. He has been very skittish in approving personnel as they do not want to have to lay people off in a few years.

10. FMPO FUND OVERVIEW

Deputy City Manager Jerene Watson continued the presentation by reviewing the ongoing and one-time funds of FMPO.

- OVERVIEW – ONGOING
- TRANSPORTATION FUND OVERVIEW
- OVERVIEW

11. HOUSING AND FHA FUNDS OVERVIEW

Ms. Watson said that this contains the federal and state CDBG and HOME funds overseen by Housing, and it carries through the Revolving Loan Fund. This fund is just for activities related to affordable housing

- OVERVIEW – 1X

Ms. Watson said that there is a reallocation from Izabel Homes to Flagstaff Housing Authority due to the Section 8 cutbacks.

The PD Housing Incentives is to find enhancement to recruitments. While it is General Fund they can use it for such incentives for officers and dispatchers.

Councilmember Oravits said that in reviewing the recent CCR re Izabel Homes, there was \$759,000 in the Izabel Homes Fund and he would propose that they take \$70,000 of that for the Humane Society, bump up Wildland Fire to \$20,000, and fund the PD cameras at \$30,000 and \$28,000 ongoing, leaving \$628,000 to continue and/or complete that project.

Vice Mayor Evans said that in preparation for that conversation she would like to know timeliness of getting the project finished. She would hate to see the completion drag out for another ten years.

Housing Manager Sarah Darr said that the current status of the project is they are working to respond to the market. They are looking to issue an RFP to identify a nonprofit, low-cost and quality builder to finish the project and could bring lending with them to eliminate the lending barrier. They have been working with Purchasing on the Request for Statements of Qualifications. She said that this had nothing to do with Loven; they have been a Construction Manager at Risk with the City and have been stewards of funding. What they are trying to do is addressing the lending challenges.

She said that one of the barriers FHA has encountered is access to predevelopment funds. In order to get funding they have to have site plans, etc. These funds could be used to leverage additional grant funding.

Mr. Burke asked if, in reference to "low cost builders," they were referring to something like Habitat for Humanity. Ms. Darr said that Habitat is the model they are looking at, but they have not identified them as the party. She said that the reduction in funds would lengthen the delivery time, depending on who they move forward with. The other issue is capacity in the long run.

Mayor Nabours said that if they still had the \$628,000 they could build at least three units, sell those units, and then they would have money back to build three more units since it does not look like the market is absorbing more than three units at a time. He said that it was not an Izabel account; it was for overall housing and removing the \$260,000 would not keep the project from being complete.

Vice Mayor Evans said that she thought the account was tied to Izabel Homes. Ms. Darr said that the fund was created in 2004 for the purposes of land acquisition or further affordable housing. They have purchased parcels over the years. When Council wished to proceed with the Izabel Homes project and private financing no longer became an option, they looked at using it as a revolving fund.

Mayor Nabours said that they are also moving forward with selling the property at Lonetree and Butler, or doing some kind of lease and those funds would go into affordable housing for use somehow. Ms. Darr replied that was correct.

Ms. Watson said that Mr. Landsiedel will be making a presentation later on the proposed merger of the Housing Division and Flagstaff Housing Authority. She said that the \$240,000 shown for Public Housing Infrastructure is for facility maintenance, roofs, water line, all items detailed in the Annual Plan the Council received a few weeks ago and she said that is all federally funded.

Mayor Nabours said that the \$33,000 transfer from the General Fund is for the raises, etc. and there is a \$22,500 transfer from one-time funds to assist with remodeling for the merger. He said that this is the first time ever that the FHA is receiving money from the General Fund; they have usually been independent of it.

12. COMMUNITY DEVELOPMENT

Community Development Director Mark Landsiedel continued the presentation, starting with an overview of the proposed merger.

He said that they would be taking two sections, Housing and Flagstaff Housing Authority, and putting them under the leadership of a single section head. He said that Mike Gouhin is eligible to retire in July 2015 and this year they would move Sarah Darr's group and Mike's group together, and Sarah would become the Deputy Director for this next year.

Mr. Landsiedel said that they have heard a lot about the budget problems in housing. That is not anything on Mr. Gouhin and his staff, but rather the federal funding. He said that they have developed a road map of how to merge these two divisions this coming year.

Vice Mayor Evans said that it sounds like very little impact in the management structure, but she would like him to talk to the impact of those living in the units. Mr. Landsiedel said that at this point they are not looking at major "out of the box" changes. Over the next year they will be exploring what those abilities are for better synergy to raise levels of service and integrate programs. He said that they are hoping to find deeper connections and enhance service levels.

Vice Mayor Evans said that it was impressive that they have gone almost 30 years without any transfers from the General Fund. She hoped that as they move forward that the people do not experience any change in level of service. Mr. Landsiedel said that is what they would be looking at as well.

Councilmember Brewster, in referring to Section E (actively managing costs), asked how it would be different. Mr. Landsiedel said that is managing retirement payouts. They have a lot of staff in FHA that are eligible to retire in the near future.

Mr. Landsiedel said that Community Development used to do 300 to 350 building permits year, with activities for commercial/multifamily varying every year, as they continue to do today. During the lowest part of the recession they did about 56 and 34 single family. Last year's have been on the upswing and this year they are looking to be well over 200, plus entitlement projects going on. Additionally, they have some fairly large projects – TRAX, Vintage, Canyon Del Rio, Juniper Point coming forward. It is a challenge which they are up for, but they are asking for a little staffing help.

Mr. Landsiedel said that right now Community Development uses the Kiva software program, but it is not supported anymore so they are integrating to the new Innoprise system with a permit tracking module. He said that they are excited about this, but staff is putting a lot of work into it and they are hoping to go live in January. They hope to do a three-month overlap to run both programs at the same time.

He also said that capital projects have continued and if the ballot measure passes in November they will see a big ramp up on delivery.

•CURRENT AREAS OF OUTSOURCING

Mayor Nabours asked Mr. Landsiedel to further discuss the Survey Consultant and explain what they would do. Mr. Landsiedel said that under the direction of the City Engineer they would work as if a staff member. An example would be if they had someone that wanted to do development work and gave them a monument location and it did not exist anymore. The City would call up the consultant and say they need a new monument. It would be a licensed surveyor on an independent contractor consulting basis. He then reviewed the other one-time requests.

•ONGOING

Mr. Landsiedel said that the Traffic Impact Analysis Review was a placeholder and would be paid as used. Right now they have spent a lot of money outsourcing -- \$170,000 sending plan reviews down to Brown. They can add an FTE at \$70,000 and manage and support them, saving about \$50,000. They would still have the ability to send down to Brown if they get an influx of plans and the fees pay for it.

Councilmember Barotz asked about the paramedics pay being below market. Mr. Burke said that the 1% market would be to the base pay for all employees. The increased paramedic pay is an assignment pay and increases for just those people. He said that the \$65,000 would increase paramedic pay overall, getting them closer to market. A market adjustment would move the whole pay plan to get closer to market. Ms. Anderson said that the \$65,000 does get them to the average market.

Councilmember Overton asked for a report from staff on assignment pay across the organization. Vice Mayor Evans added that if they were talking about assignment pay, they need to also consider assignment in the Police Department as well; they need to consider all positions with assignment pay.

B R E A K

A break was taken from 2:30 to 2:45 p.m.

13. ENVIRONMENTAL SERVICES FUND AND SUSTAINABILITY AND ENVIRONMENTAL MANAGEMENT FUND OVERVIEW

Ms. Watson then reviewed the SEMS Fund, noting that 98% of the fund is comprised of user fees on the monthly bills.

She said that they are recommending a \$60,000 transfer out of Solid Waste to the General Fund. Looking at the RSL's they are asking for \$60,000 for open space maintenance, and Code Compliance now is paid for out of SEMS who does a lot of sidewalk clearing and bulky trash.

Mayor Nabours asked if the Environmental Management Fund gets \$1.2 million and then gives \$940,000 to Public Works. Mr. Burke clarified that Public Works is where SEMS is located. Mayor Nabours asked how the \$944,000 was spent. Mr. Burke noted that was listed in the Base Budget on Page 168.

- SOLID WASTE FUND

Ms. Watson said that this fund is at \$12 million plus, and is an enterprise fund where user fees are its major revenue source. It consists of seven major customer service levels.

- OVERVIEW – ONGOING

Ms. Watson said that they were recommending foregoing the bulky pickup in January, February, and March which would save them \$20,000 in overtime and \$10,000 in operating.

Councilmember Oravits asked if they were sure on that. He was concerned that there would be trash sitting there for four months. Mr. Solberg said that they track their monthly pickups. Through those three months they collect less than 100 tons a month—a third of what they normally collect. He said that they will have to do a good communication campaign. He noted that a lot of times when they do get snow a lot of that bulky trash is frozen in the snow. Councilmember Oravits said that he was not sold on that idea.

- ONETIME

- RSL's

Ms. Watson said that this budget includes the reimplementation of the \$2.50/ton tipping fee which will be coming back before Council.

- OPERATING CAPITAL

- MAJOR EXPENDITURES

Mayor Nabours asked if the \$530,000 for MRF was the amount of money the City loses with having recycling. Mr. Burke noted that it is a diversion of material to the landfill. Mr. Solberg said that when they go to sell some of the recycling material they do get a profit from some, but it is not close to offsetting it.

14. HURF (HIGHWAY USER REVENUE FUND)

Public Works Section Head Mike O'Connor continued the presentation.

- ONE TIME USE

- RSL - ONGOING

- OPERATING CAPITAL

- MAJOR EXPENDITURES

Councilmember Oravits asked if the City saved money this last year in snow operations. Mr. O'Connor said that they did not spend the budgeted amount for labor, so there is some savings there, but it balances out because that is how the funds are split out. It is offset in the budget.

Mr. Burke noted that carryovers are due this week, so they may or may not see it in the FY15 budget.

Councilmember Oravits asked if street sweeping fell into that same pot of money. Mr. O'Connor replied that it did; it is all within the HURF. He said that they did have smaller storms and they are still in the evaluation process.

Councilmember Overton said that beyond the storms he would like to see them put service level back into the residential areas for clean up--not storm clean up, but routine clean up. Mr. O'Connor said that they do residential clean up once a month.

Mr. Burke noted that they restored the ongoing \$40,000 last year. Mr. O'Connor said that they were going to reduce the arterials downtown, but they didn't. They just reduced the residential. Councilmember Overton said that he realized they have not seen an increase or restoration of HURF, but he thinks they are getting negative feedback because of it.

Discussion was held on Page 161 of the presentation. Mr. Burke explained that the Fund Balance going into this year is \$2.3 million in HURF. They generally run their minimum fund balance (or reserve) at 10-15%. When they looked at that they saw they were over what they needed for a minimum fund balance, so this is another \$795,000 that could be used as a one-time funding.

Discussion was then held on Page 160, with Mayor Nabours asking why they were transferring money from the General Fund if there was an excess in the HURF. Mr. Burke replied that it was a matter of one time versus ongoing. Mayor Nabours asked if they were not counting any of the temporary restoration of HURF as ongoing. Mr. Burke replied that they were not.

Ms. Watson said that at this point they have a policy decision to make. She said that they double counted the \$108,000 for street lights, and staff is recommending that it be put into pavement preservation. Mr. Burke said he would put that up as a revenue.

•PUBLIC WORKS DIVISION

Public Works Director Erik Solberg said that their biggest challenge is staffing. He said that they use a lot of temporary employees and retention is getting difficult. He said that Recreation uses a lot of temporary employees and they're the ones on the front lines.

He said that their biggest goal this year is to move forward with the Core Services Maintenance Facility. He said that they would be coming to Council on May 20 with an action item, and before that they hope to get on a Work Session agenda to let Council know what they have been doing.

•CURRENT AREAS OF OUTSOURCING

Mr. Solberg reviewed the various areas of outsourcing. He said that parks maintenance would be \$28,000 to contract it out; they can do it in house for \$10,800. He said that they also did a cost analysis on the light duty PM for fleet and found they could do it for half the price, plus they can do a better job and have ownership.

He said that the City provides ice skating lessons, which does not cost them money, but the figure skating club has offered to take that over and they are recommending they do so.

Mr. Solberg said that the City has some leased facilities such as the Hunter House, Phoenix, Building, McCallister Ranch, that they have never had a maintenance budget for, but when something breaks they have to repair it. They have been allocated \$15,000 that they will monitor and carry over if need be.

A break was held from 3:28 p.m. to 3:33 p.m.

- BBB FUNDS OVERVIEW
- BBB – BEAUTIFICATION FUND
- ONE TIME

- BBB - ECONOMIC DEVELOPMENT FUND
- ONE TIME
- RSL

- BBB-TOURISM FUND
- ONETIME

Ms. Watson said that the Tourism Commission is asking for \$40,000 to enhance advertising and marketing programming. She said that the Budget Team did not recommend the contribution, but the Commission asked that it be brought before Council for further consideration. Staff was directed to ask the Chairman of the Tourism Commission to come tomorrow morning to make their case.

Heidi Hansen explained that the prior webcam downtown at Heritage Square was not owned by the City. The current owner asked if the City would like to purchase it, and it is being recommended that a new webcam be purchased. She said that it is widely used, especially during the winter time.

Ms. Hansen then gave some information on the request to fund the Cool Zone, which is between the US Air auditorium and Chase Field in downtown Phoenix. She said that the City was offered the idea to be the first to provide a “cool zone” which would provide an area with misting cool air between the two facilities and allow for advertising the Flagstaff area. She said that it would provide four windows for advertising that stakeholders could sponsor, and then there would be the regular wallpaper in the area that would hit all of the tourism areas that Flagstaff has to offer.

She said that this would stay up the entire year and they could also have staff handing out information during activities. She said that staff has talked with many of the businesses in Flagstaff such as Snowbowl, the Museum of Northern Arizona, Flagstaff Extreme, Lowell Observatory, and they have a lot that said they would like to participate.

Council members thought it was a great idea.

- ARTS AND SCIENCE FUND

Ms. Watson said that this was for what is now called Flagstaff Arts Council (previously Flagstaff Cultural Partners) and the \$29,000 would help moving them toward the numbers they were originally at back in 2009 or 2010. She said that it included \$25,000 toward that and \$4,000 for administrative costs.

- BBB - RECREATION
- ONE TIME

Ms. Watson reviewed the list of operating capital. Mr. Solberg explained that the tennis courts are existing right now, but because of the subsurface water coming out, they cannot resurface them.

Mayor Nabours asked, if they were going to spend \$480,000, if this was the best way to spend it. He asked if they were that popular. Mr. Solberg said that they are highly used. Ms. Watson added that because they are in short supply in the City, they became #1 in the Parks and Recreation Commission recommendation during the Master Plan process.

Mr. Solberg added that the Parks and Recreation Commission did review and vote to approve the list presented as well. He noted that this is also where the high school tennis program is held.

•OVERVIEW – MAJOR EXPENDITURES

Councilmember Oravits asked where the advertising took place. He hears from the lodging industry that they would rather see it spent in Phoenix and Las Vegas. Ms. Hansen said that the majority is spent there. She said that as far as international efforts, they have found it more beneficial to use limited funds to travel to the foreign locations and meet with their tour operators.

Discussion was held on the return on investment for their marketing dollars. Vice Mayor Evans said that she believed that during the recessing they put more money in and it paid off. Ms. Hansen said that they do a lot of co-oping with Arizona Department of Tourism to get better rates. Staff at the CVB do all they can to ensure that the money is invested wisely and leverage it as much as possible.

Ms. Button reported that the Tourism Commission chairman would be at the budget meeting tomorrow morning at 8:00 a.m.

15. PUBLIC PARTICIPATION

None

16. REVIEW REQUESTS FOR ADDITIONAL INFORMATION

Discussion was held on the additional funding request for wildfire mitigation efforts. Councilmember Barotz said that they passed a bond and have \$10 million available that cannot all be spent in one year. She asked why they are requested additional money. Councilmember Oravits said that he was requesting this because the bond was directed to more specific projects; he was talking more about prevention issues within the City.

Councilmember Barotz said that they should leave it up to the professionals to determine where the funding should be focused.

With regard to Flagstaff Shelter Services, Councilmember Oravits said that this ties in with the fire danger. They have \$20,000 contingency fund, but he asked if they were doing enough to prevent people from going in the forest to live and potentially starting fires.

Councilmember Barotz asked for more information on assignment pay across the board.

Mayor Nabours asked for a summary on where they are with funding for street maintenance compared to last year and what is available this year.

The Flagstaff Budget Retreat of April 23, 2014, recessed at 4:20 p.m.

THURSDAY, APRIL 24, 2014

18. OPENING AND OVERVIEW

The Budget Retreat reconvened on April 24, 2014, at 8:03 a.m.

19. BBB FUNDS OVERVIEW

Tourism Commission Chairman Jamey Hasapis said that they were asking for the additional \$40,000 to promote the City of Flagstaff. He said that the stakeholders really depend on the BBB to be used to promote Flagstaff and the surrounding areas and it helps them increase their occupancy rate.

Ms. Hansen said that the Commission had discussed breaking the money out as follows: \$32,500 for marketing and \$7,500 for public relations.

Council agreed to add the \$40,000 for tourism advertising to the PARKING LOT.

Mayor Nabours said that he often has heard that with advertising you have to build the momentum. He was wondering about future years. Ms. Hansen said that this would be a one-time ask and they could put together a good program and hopefully see some results.

Councilmember Brewster arrived at 8:10 a.m.

20. AIRPORT FUND OVERVIEW

Ms. Watson continued the presentation on:

- OVERVIEW – ONGOING
- OVERVIEW - ONE TIME
- MAJOR EXPENDITURES

Airport Manager Barney Helmick said that they are starting work on the Sustainability Master Plan and going to be looking at the large draw downs and determine how to address them.

Councilmember Woodson asked where staff was with the second airline. Ms. Button said that she and Mr. Helmick have made considerable progress. They have attended numerous networking conferences. She said that this year they continue to approach a select few and there is tremendous promise. She said that the grant goes through the end of the calendar year; however, they will be pursuing an extension because it will take at least nine months get the routes into the system and based on when they would like to get the new carrier beginning service, they would be looking at the spring.

Councilmember Woodson asked if staff saw any changes coming with the US Airway and American Airlines merger. Mr. Helmick said that with this changeover he believed they will see immediate results. With American Airlines, they now have 366 destinations. On the longer range they have had some discussion about other hubs, but he does not see them making an immediate move; they still have three years of commitments.

Councilmember Barotz asked for an update on the substation. Ms. Button said that she just got an update and it is moving forward rapidly. They believe the easement issues with the County have been resolved and the plan has been reviewed and she has a 2:00 p.m. call today with APS. Councilmember Barotz noted that being able to provide additional power could help bring in more businesses.

Ms. Button said, in response to a question regarding the airport road, that it is one of many non grant funded airport projects. It does not rise to the priority list and does become a major challenge as far as funding. They keep it on their plan and in the discussion because Pulliam Drive is the first glimpse that passengers see and drive on when they come to Flagstaff, so they are concerned.

21. **ECONOMIC VITALITY DIVISION**

Discussion was held on the staffing problems in Economic Vitality. Ms. Button said that at the CVB over the years they moved from full-time, benefit-eligible employees to 16-hour and it has created high turnover. It is not a sustainable work force, as with the turnover they incur additional training costs.

Ms. Button said that a few years ago they staff at the airport was broad banded and that has provided greater opportunities. They still only have six certified AARF employees, so they have incurred overtime when flights are late. It is difficult for them to manage when they are not at work due to training or vacation, but they do meet the minimum requirements.

She said that Community Design and Redevelopment and Economic Development are both in a similar situation, as they only have two dedicated employees to each of those sections.

•CURRENT OUTSOURCING

Ms. Button said that they do not see any further opportunities to outsource at this time; however, they are always reviewing their program.

Mayor Nabours asked how something like the DPS hangar repairs can get funded but other items do not. Mr. Burke said that it goes back to the one-time versus ongoing. In order to get something funded with ongoing money they need to look at new revenue sources. The closest they have come up with is the decrease in the insurance.

22. **CAPITAL IMPROVEMENT PROGRAM**

Discussion was held on the HURF funds and the inability to care for existing roads with that funding. Mr. Burke said that although they increased the funding last year, they are running at a deficit each year as they do not have an ongoing funding source.

•FIVE YEAR CAPITAL PROGRAM

Capital Projects Manager Mo El-Ali reviewed the FY2015 capital projects and funding sources.

Mr. Burke said that the \$8 million referenced for the magistrate court is what staff believes they could bring forward through fees, etc. that could be leveraged.

On the FWPP, Watershed Protection Project, they spread that \$10 million out over several years based on what they believe they could actually accomplish.

•TRANSPORTATION: \$4.8M

Discussion was held on the Industrial Drive, Huntington to Purina. Mr. El-Ali said that the design is complete; they are working on right of way now. Once that is done, they can move forward as it is funded. Mr. Landsiedel noted that it is in two fiscal years as they are not looking for completion this first year. Mr. Burke noted that the right of way is an important part of that discussion.

City Engineer Rick Barrett said that there were two phases indicated. The phase they plan on moving forward with, pending an acquisition, under the overpass that loops up to Purina. The second phase is primarily in front of Blocklite. That property acquisition has not been successful to date.

Vice Mayor Evans asked how much was going to streets, regardless of what it was called. Mr. Burke said that there were a number of different ways they were approaching streets. Typically the maintenance element is primarily funded by HURF. The transportation tax has been primarily about improving the system, whether a safety aspect or other project, or improving capacity. In terms of total dollars, he does not know that they have that in one place.

- STREETS/TRANSPORTATION
- FUTS
- BBB FUNDS

Mr. Eberhard explained that he serves as staff liaison to the Commission and they have a retreat every year where they hash out different ideas that have come forward every year, either online, through staff, commissioners, etc., and decide which projects move forward and what funding should be used.

Mayor Nabours noted that there was \$1.5 million shown to be spent on Fourth Street in the coming budget. Mr. Eberhard said that was correct. He was not sure that they would spend all of that next year, but the recent direction he received was to spend some money on Fourth Street.

Mr. Burke said that from budget management standpoint, he heard some agreement to address sidewalk improvements, driveway consolidation, pedestrian crossings. While they have not designed those solutions, he wanted to include a placeholder in the budget to do those things as they progress.

Vice Mayor Evans said that Council said they wanted something to happen on Fourth Street, they have put some money in the pot, what they want staff to understand is that before they spend money on the project they should be sure that the entire community has some buy-in as to what the improvements are.

Mr. Burke said that while they were budgeting \$1.5 million, the next step would not be construction; it would be design projects and they will do public outreach on those efforts.

A break was held from 9:49 a.m. to 10:07 a.m.

- WATER

After questioned by Council, Utilities Engineering Manager Ryan Roberts said that they are not asking for any budget transfer from the General Fund; everything funded today is funded through the existing rates.

Mr. Burke added that this next year they will be seeing the rate study consultant. He said that from a policy standpoint, they do about two miles of water line and one mile of sewer line each year and they are getting closer to that fulfillment. When they originally budgeted those it was just the utility, but in some cases they are coordinating the utility as well as the road improvement.

- WASTEWATER
- RECLAIMED WATER

Mr. Roberts said that Wildcat makes more reclaimed water than they can distribute because the pipe from Wildcat to Buffalo tank is too small. Those improvements are widening that pipe so they can get everything they make being distributed. He said that this does leave one key component—an eight inch bottleneck. He said that it does more to address the pressure; they still need to address the pipe.

- WATER FIVE YEAR
- WASTEWATER FIVE YEAR CAPITAL

- AIRPORT

Councilman Woodson asked what the plan was for improvements to Pulliam Drive. Airport Manager Barney Helmick replied that they are still trying to get grants for it. It is eligible, but because of scoring it gets ranked lower than other projects.

- SOLID WASTE

Public Works Section Head Patrick Bourque said that the \$6.3 million was the beginning of their expansion for lining the cells at the landfill. He said that the recent test holes that were dug were to look at the southern portion of the landfill to see if they could dig further down and excavate the rock, but that is not the area they would go into first unless they were able to excavate. He said that the methodology from years ago is that they would borrow the money and pay it back from future fee increases.

Mr. Bourque said that they are currently bringing in more paper sludge for storage than they are using on a daily basis and have started to stockpile that material. In order to keep the integrity of the material to be used they have to move it into an area to store it properly.

Mayor Nabours said that he recalled that the glass being recycled by the city was going to be crushed and used as cover at the landfill. Mr. Bourque said that originally that was what they were going to be using, but they have started recycling with Norton and although it is probably not a break even proposition, it is avoiding operational costs on both sides.

- STORMWATER

Project Manager Kyle Brown reviewed the five-points project, noting that it evolved out of extensive flooding of Route 66 near Natural Grocers. Currently it is in design phase and next year they will be doing construction and opening up the channel on city property to convey flows. They believe this will help with flooding in that area.

23. **QIC - FLEET AND FACILITIES**

- QIC – FACILITIES

Mr. Burke said that he put together a QIC Cabinet because they did not have a good grasp on what it costs to maintain existing infrastructure. Public Works Section Head Rebecca Sayers then reviewed this portion of the presentation.

Ms. Sayers said that facilities are getting a lot of the one-time infrastructure funding. She said that they are doing a good job of “stopping the bleeding” and get to a target condition. This year they are proposing \$2.5 million for facility infrastructure and \$400,000 is in the General Fund.

She said that they have proposed increasing their catastrophic fund by adding \$100,000 in one-time monies. Additionally, they have added a new program budget of \$15,000 for maintenance of leased properties.

Ms. Sayers reminded the Council that the base budget does include \$258,000, and some of that is QIC for basic repairs they do every year.

- QIC - LIBRARY

Ms. Sayer said that after looking at the differences between continuing with the metal roof at the Library or using shingles, they are recommending a hybrid of the two. Discussion was held on the pros and cons of each and staff agreed to do some Photoshop pictures and bring back for further consideration by Council.

- QIC – FLEET

24. UTILITIES AND STORMWATER FUNDS OVERVIEW

- STORMWATER

Mr. Copley then continued the presentation.

Mayor Nabours said that he has heard that the cost of FEMA insurance has tripled suddenly and that there are areas of town that they could get out of the floodplain by remapping. He asked if that issue was being addressed.

Mr. Burke said that there are two issues combined together: 1) mapping; and 2) change in the federal legislation. He said that they are addressing both issues. Map corrections are more within their control to a certain degree. FEMA digitized their maps. They did not do any new study and when they did so they brought a few hundred structures into the floodplain that were not there before. The City has been allocating a portion of funding each year to address that issue.

Stormwater Manager Malcolm Alter said that the City has been successful in getting those two to three hundred homes that were put into the floodplain by the feds corrected. However, there is another aspect, and the \$20,000 is addressing the fact that those maps are at such a scale where they can hardly read them. He said that the thickness of line is 20 feet so last year they went down on Zuni and did elevation certificates. They were very successful in getting a number of homes out of the floodplain. This \$20,000 will allow them to perform that type of effort again.

With regard to insurance rating, Mr. Alter said that Flagstaff residents will be seeing a 20% discount on their insurance within the next few months. Discussion was held on the ability to get many of the properties out of the floodplain if the Rio de Flag project were to go through. Mr. Alter said that they have about 3,000 structures in the floodplain and half of those would come with the Rio de Flag project.

- WATER / WASTEWATER FUND OVERVIEW

Mr. Copley said that they seek to maintain 25% fund balance per past policy, and also spend no more than 20% of the fund on debt service.

- OVERVIEW-ONGOING

•MAJOR EXPENDITURES

Councilmember Woodson asked if anything in the budget was addressing needs for A+ water production. Utilities Director Brad Hill said that some have been put in capital and some in operational. They now are operating seven days a week, 12 hours a day.

Councilmember Barotz asked about the status of the dead bugs. Mr. Hill said that he bugs are slowly healing. They have engaged an outside firm to restart that process and investigate how it happened and ways to prevent it from happening in the future. He said that it happened once before, twelve years ago.

Mr. Burke noted that the is coming up on the one-year anniversary on the Consent Decree and will have a press release to talk about what they have been doing.

•UTILITIES DIVISION

Mr. Hill reviewed the goals of the Utilities Division and what they currently outsource.

•RSLs

Mr. Hill said that they have about two days worth of water in the reservoir and have no backup energy so they have budgeted one-time funds for a back-up generator. It is a large dollar amount, but it is necessary.

Discussion was held on whether it would be better to rent the equipment as needed. Mr. Hill said that they have done some research on this and found that oftentimes when the City may need to rent it, others would be attempting to rent it as well.

Mr. Hill noted that they recently did a reorganization and pulled out all regulatory compliance and put them into its own section.

WORKING LUNCH

A lunch break was held from 11:55 a.m. to 12:40 p.m.

25. **SERVICE PARTNER CONTRACTS DISCUSSION**

Mr. Burke reviewed the proposed budget for service partner contracts. He noted that everyone was held the same as 2014; however, in SEDI they had \$10,000 in going from the General Fund and \$10,000 was one-time from BBB and his recommendation includes the \$10,000 from BBB being moved to Innovation Mesa.

Councilmember Barotz noted that the name for Flagstaff Cultural Partners was now Flagstaff Arts Council.

Brief discussion was held on the request from Humane Society. Ms. D'Andrea noted that she recently sent out some legal advice regarding this request, noting that it would need to include new services being provided by Humane Society.

Assistant Police Chief Dan Musselman reviewed the history of services from Humane Society, noting that the current contract will end in 2015. He said that they came back this year with a one-time request for an additional \$78,000 for additional services they were providing. Additionally, part of the increase was due to added expenses with

After further discussion, a consensus of Council agreed to include a \$50,000 one-time placeholder in the budget and have them provide a formal proposal outlining the additional services.

Vice Mayor Evans asked that they put back the \$10,000 for SEDI on the add/delete list. Mayor Nabours said that he would like to take the \$10,000 ongoing off the list. After further discussion it was suggested that Eric Marcus with SEDI come and further address their request.

Mr. Marcus with SEDI came forward and reviewed their projects and what they have accomplished this past year and the grants they had obtained, some of which he previously outlined in his e-mail.

After lengthy discussion, consensus of the Council was to not provide any funding to SEDI in the next budget, noting it was not a reflection on SEDI but rather a time for them to be out on their own.

Brief discussion was held on the request from the Guidance Center, which Mr. Burke noted did not go before the Budget Team as it was received later.

Lengthy discussion was held on United Way and its services to nonprofits within the community. It was noted that United Way allows the City to assist many of the nonprofits that provide social services which the City would provide individually if they did not work through United Way.

Mr. Burke noted that staff recently went out for a new RFP for social services and United Way was the only one to respond. Discussion was held on why Council was not included in that process. He said that they had requested additional funding for this calendar year, but next year's budget recommended holding flat at the \$293,000.

After further discussion, consensus of the Council was to move forward with recommended funding.

B R E A K

A break was held from 1:55 p.m. to 2:14 p.m.

•NEW REVENUE DISCUSSION

Mr. Burke continued the presentation at this time.

- USE TAX
- JET FUEL
- RECREATION FEE

After a brief discussion on each of the above revenues, consensus of Council was to leave the use tax and recreation fees in the budget and remove the jet fuel.

25. PUBLIC PARTICIPATION

Jim McCarthy said that he would absolutely support the use tax and the jet fuel, but he was not sure about the recreation fee.

26. REVIEW REQUESTS FOR ADDITIONAL INFORMATION

Lengthy discussion was held on increases for paramedic pay and other assignment pay. Councilmember Barotz requested a simple document that explains what the various salary ranges are for the City employees. Vice Mayor Evans requested that it also include temporary employees.

Further discussion was held on additional funding for the \$30,000 to assist with hazardous tree removal. Paul Summerfelt talked about the number of hazardous trees in Flagstaff, noting that not all of them are dead, and that not all dead trees are hazardous. He said that some of them are on private property and some have died because of the de-icer, construction, bark beetles, etc.

Mr. Burke said that Legal and Sales Tax did some research, and they could do just the 1% on use tax.

He also said that in talking with Community Development about code enforcement personnel, if they were setting their goal of dealing with the top five, they could manage that; anything beyond that would require more personnel.

Mr. Bourque addressed the prior discussion regarding the winter bulky trash pick up. He said that they have the City broken into four sections and they actually pick up bulky trash 13 times a year. During the winter months they have issues with snow and materials out there and oftentimes have to wait until the snow is plowed and that in itself buries it even deeper or drags it down the street. With the thawing and freezing, the winter pick up is very unproductive. He said that Flagstaff is the only Arizona city that does this kind of clean up on this basis; some do it quarterly.

After further discussion, consensus of the Council was to eliminate the winter bulky trash pick up.

The Budget Retreat of April 24, 2014, recessed at 4:38 p.m.

FRIDAY, APRIL 25, 2014

The Budget Retreat of April 25, 2014, reconvened at 8:00 a.m.

27. OPENING AND OVERVIEW

29. REVENUE DISCUSSION

30. COUNCIL WRAP UP / ADDS AND DELETES / DIRECTIONS

After further discussion, the consensus of Council was to approve the adds/deletes as outlined on Exhibit B attached hereto and made a part hereof.

A break was held from 9:40 a.m. to 9:55 a.m.

31. CONTINUED DISCUSSION ON BOARDS AND COMMISSIONS

Mr. Burke reviewed some of the issues that had been reviewed at the prior meeting, and submitted a list of additional questions needing to be answered.

Discussion was held on the purpose of the various commissions, and the issue of taking action or making recommendations to the Council. It was noted that some of them, such as Planning and Zoning and Board of Adjustment, are outlined in the state laws.

Councilmember Overton said that they may need to remind the commissions that what they recommend may not be adopted because the Council will consider that recommendation as one consideration, but they have to look at it from a broader stroke.

He said that a good example of that is in past years when Parks and Recreation Commission made a recommendation for certain lights on the fields, but when it got to the Council level and received additional input, such as from the dark skies community, it was looked at from other perspectives as well.

Councilmember Barotz suggested that when a member is appointed to a commission that the staff liaison meet with them and discuss this issue further.

Ms. Burke added that within the Board and Commission Handbook, and additionally covered in training, is the fact that a Commission will make recommendations to the Council, but the Council will be considering that recommendation along with other considerations.

Discussion was held on the process for appointment of members. Consensus of Council was to continue the process as it was being done today.

Councilmember Woodson suggested that when they are considering reappointments

After brief discussion on training, it was agreed that staff should prepare on-line training and require newly-appointed members to view the training within three months of their appointment.

It was noted that currently certificates of appreciation are presented to commission members leaving, but it was suggested that these could also be distributed at a Council meeting.

32. PROPOSED CHANGES TO RULES OF PROCEDURE

Ms. D'Andrea said that she wanted to bring up during this discussion that there has been a recent case that directs staff to pan the audience with the recording equipment if there

a disturbance during the meeting, so that it is apparent when the audience is distressed by some type of action.

Discussion was held on when, and if, translation services should be provided. Some suggested that if it is requested for an agenda item on a regular voting meeting, and if it is requested in adequate time. Staff was asked what other communities provided in the way of best practices regarding translation services. Council also discussed how much time should be permitted for those speaking that were utilizing translation services. Mr. Burke said that right now the Mayor had the discretion to shorten time for speakers if there is a large meeting and they want to be able to hear from everyone. After further discussion, consensus of Council was to postpone any direction on this at this time.

Ms. D'Andrea brought up the issue of letterhead and the two different varieties, one with a disclaimer and one without. Discussion was held on the need to include a disclaimer when a Councilmember is communicating that they are speaking on behalf of themselves, and not necessarily for the entire Council. It was also suggested that this be considered with more and more active social media sites.

Discussion was held on presentations by people or organizations on agenda items. Vice Mayor Evans noted that in the past the public has been told they cannot provide PowerPoint presentations during Public Participation, but the Chamber was recently permitted to provide a presentation and extend their time. After further discussion, it was agreed that if there was to be such a presentation in the future that it be considered during Possible Future Agenda Items so that other groups would know ahead of time if someone was making a presentation and they could request an opportunity to provide one as well.

Discussion was also held on the Mayor's control of the red light for speakers. Mayor Nabours said that he can be more stringent, but he wants to know that the Councilmembers will back him if he limits the speakers who continue to speak after the red light comes on. After further discussion, it was suggested the lights be moved to the podium so that it is more apparent for speakers to see when their time is up.

33. **ADJOURNMENT**

Councilmember Overton said that he has been a part of a lot of budgets, and he does appreciate the effort that goes into them. It helps remind himself that the City does so many good things and it is a credit to the Budget Team, and to the entire organization. Other members of the Council echoed those thoughts and congratulated the Council and staff for another great job.

Mr. Burke gave a tremendous thanks to staff in doing a great job putting it together, and also thanked the Council. He said that the process is very policy-laden and the way they have navigated and made sure everyone was heard, getting issues on the table and working through them, was an accomplishment.

The Budget Retreat of the Flagstaff City Council held April 23-25, 2014, adjourned at 11:52 a.m.

MAYOR

ATTEST:

CITY CLERK