

**JOINT WORK SESSION
FLAGSTAFF CITY COUNCIL/COUNTY BOARD OF SUPERVISORS**

AGENDA

**JOINT WORK SESSION
FEBRUARY 3, 2014
MONDAY - 4:00 P.M.**

**COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
FLAGSTAFF, ARIZONA**

- 1. Call to Order**
- 2. Pledge of Allegiance**
- 3. Roll Call:**

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

CHAIRMAN RYAN
SUPERVISOR ARCHULETA
SUPERVISOR BABBOTT

SUPERVISOR FOWLER
SUPERVISOR METZGER

MAYOR NABOURS
VICE MAYOR EVANS
COUNCILMEMBER BAROTZ
COUNCILMEMBER BREWSTER

COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER WOODSON

- 4. Public Participation:**

Public Participation enables the public to address the Council about an items that are not on the agenda. Public Participation appears on the agenda twice, at the beginning and at the end of the work session. You may speak at one or the other, but not both. Anyone wishing to comment on an item that is on the agenda is asked to fill out a speaker card and submit it to the recording clerk. When the item comes up on the agenda, your name will be called. You may address the Council up to three times throughout the meeting, including comments made during Public Participation. Please limit your remarks to three minutes per item to allow everyone an opportunity to speak.

- 5. Walnut Canyon Study Update**
- 6. Presentation on Flagstaff Unified School District Economic Impact**
- 7. Discussion of Legislative Agendas for City and County**
- 8. Library District Report**
- 9. Public Participation**
- 10. Informational Items To/From Chairman, Supervisors and County Manager/Mayor, Council and City Manager.**

11. Adjournment

CERTIFICATE OF POSTING OF NOTICE

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

Dated this _____ day of _____, 2014.

Elizabeth A. Burke, MMC, City Clerk

Memorandum

5.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
From: Nicole Woodman, Sustainability Manager
Date: 01/30/2014
Meeting Date: 02/03/2014



TITLE:

Walnut Canyon Study Update

DESIRED OUTCOME:

The final Walnut Canyon Study will be released on January 31, 2014. On February 3, 2014, representatives from the U.S. Forest Service and the National Park Service will present an update on the Study to the Flagstaff City Council and Coconino County Board of Supervisors.

INFORMATION:

The Walnut Canyon Study was compiled by the U.S. Forest Service (USFS) and National Park Service (NPS) for purposes of determining how best to manage the USFS lands adjacent to the Walnut Canyon National Monument. The Study was authorized in Section 7201 of the Omnibus Public Land Management Act of 2009, Public Law 111-11, passed by Congress and signed into law by President Obama on March 30, 2009. The text of Section 7201 requests that the Study aim to assess "the suitability and feasibility of designating all or part of the study area as an addition to Walnut Canyon National Monument, continued management of the study area by the Forest Service or any other designation or management option that would provide for (i) protection of resources within the study area; and (ii) continued access to, and use of, the study area by the public."

The Study was supported by the Coconino County Board of Supervisors and Flagstaff City Council in a joint resolution numbered 2002-65 and 2002-92, respectively. In the joint resolution, the City Council and the Board of Supervisor supported a federal authorization for a special resources and land management study of federal lands surrounding Walnut Canyon National Monument for purposes of determining how best to protect these lands from future development.

Attachments: [USFS FANM Presentation](#)
[Summary Comparison Table](#)

Walnut Canyon Study Area

Jennifer Hensiek
Deputy District Ranger
U.S. Forest Service/Coconino National Forest

And

Kayci Cook Collins
Superintendent Flagstaff Area National Monuments

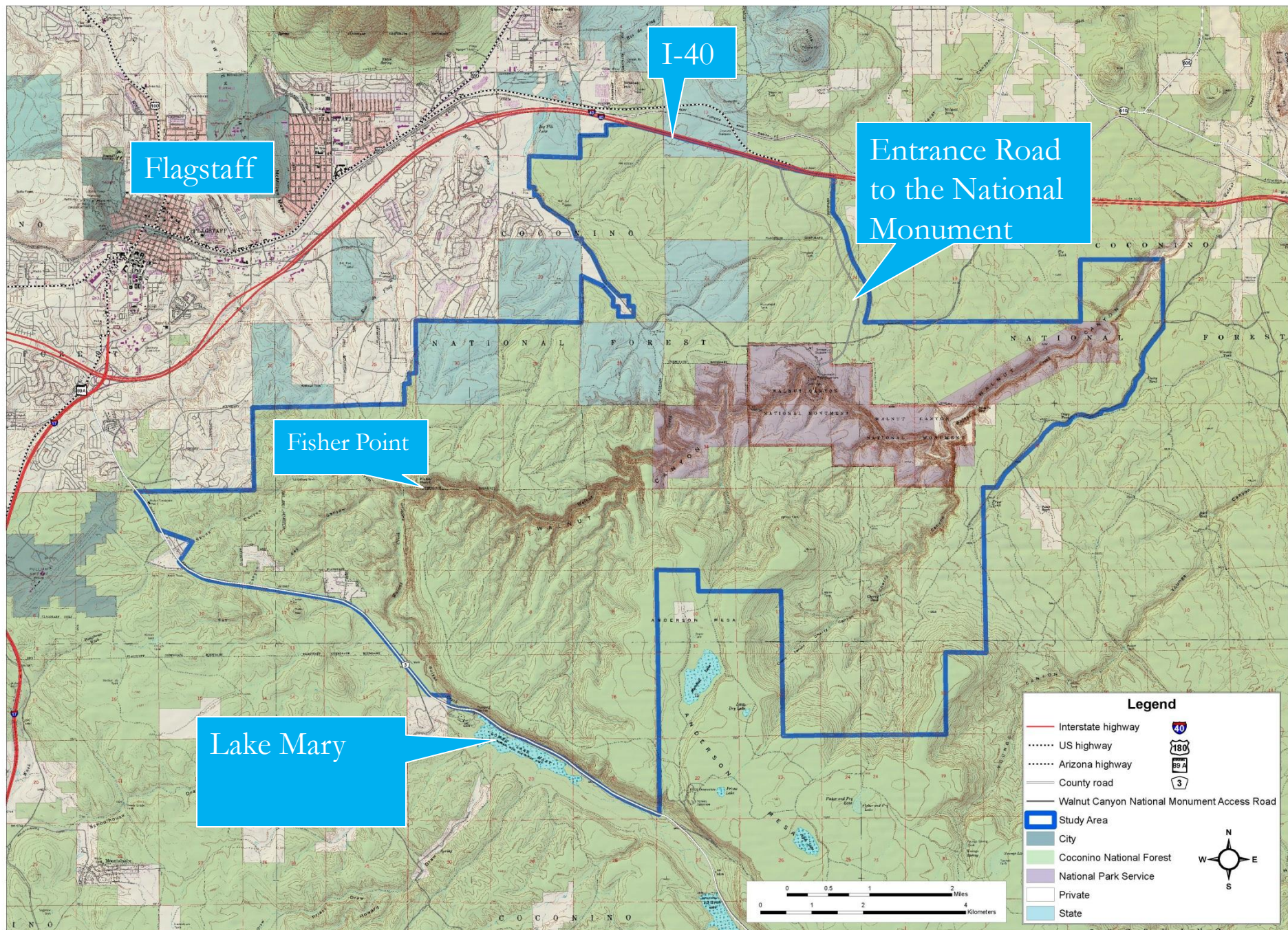
Joint Meeting of the Flagstaff City Council
and Coconino County Board of Supervisors
February 3, 2014



Background

- On March 30, 2009, President Obama signed into law the Omnibus Public Land Management Act of 2009 (the Act).
- The Act directed the Secretaries of Agriculture and Interior to conduct a special study on management options.
- The study area includes approximately 30,000 acres:
 - Mostly federally managed land (USFS)
 - 3 + Sections of State Trust Lands
 - Some Private land

Surface Land Ownership



Act Directs to Assess:

- The suitability, and feasibility of designating all or part of the study area as an addition to Walnut Canyon National Monument (includes “national significance” determination)
- Continued management of the study area by the Forest Service; or
- Any other designation or management option that would provide for
 - protection of resources within the study area; and
 - continued access to, and use of, the study area by the public.

Special Study Process

- Developed a Joint Scope of Work for Contractor
- Public Involvement and Consultations
- Data Collection and Analysis
- Jointly Developed and Assessed the Management Options
- Collected Public Comments on Management Options
- Draft Study Document Published with Final Solicitation for Public Comment
- Final Joint Document Completed



Public Involvement and 2011 Workshop

- Participants:
 - AZ State Forestry
 - AZ State Trust
 - City of Flagstaff
 - Coconino County
 - Coconino NF
 - NPS
 - AARCHER (facilitator)
- Developed a list of management options for study area based a common understanding, public input, preliminary research on land designation options, and discussion between the agencies



Options Distilled from Public Meetings and Comment Periods:

- 1. Continuation of current management by the U.S. Forest Service**
- 2. Congressional action establishing a special designation to the study area**
- 3. Congressional action that prohibits the exchange of lands to other than federal land management agencies**
4. Transfer of the study area as a new unit in the national park system
5. Transfer management responsibility of a selected portion of the study area to Walnut Canyon National Monument, with continuation of current management of the remaining areas by the U.S. Forest Service
6. A recommendation for congressional designation of the study area as wilderness
7. Joint agency management.

National Park Service Management

Land considered for addition to the National Park System must meet **FOUR** criteria:

- **National Significance:** Must be an outstanding example of a resource. For cultural resources, they must meet the National Historic Landmarks criteria.
- **Suitability:** The area represents a resource type not already adequately represented in the NPS or protected by other entities.
- **Feasibility:** Includes analysis of costs for acquisition, development, restoration and operations, threats, condition of resource, staffing, local support, planning and zoning along with socioeconomic impacts.
- **Need for Direct NPS Management**

NPS Boundary Expansion Can Occur if:

- Significant resources or opportunities for public enjoyment related to purposes of the park (must have a substantial relationship to park resources)
- Addresses operational and management issues such as access and boundary identification by topographic or other natural features or roads
- To protect park resources critical to fulfilling the park's purposes (Need for protection must be clearly defined and the threat fully documented. Concerns about changing land uses around parks are not considered justification for boundary change.)

NPS Boundary Expansion Cont.

These three criteria focus on quality and character of resources within or adjacent to current park boundary.

Boundary adjustments may be appropriate for any one of these conditions and all three do not need to be satisfied.

However, the next two criteria must be satisfied prior to NPS park boundary expansion recommendations:

- Must be feasible to administer considering size, configuration, ownerships, costs, and other factors.
- Other alternatives for management and resource protection are not adequate (need for direct NPS management).

Continued FS Management

Option 1

- Continued Multiple Use Management
- Authorized uses like recreation uses, grazing, and forest thinning opportunities expected to continue
- Potential to have area designated as a Regional Forester Special Area



Congressional Special Management

Option 2

- Congress can designate Special Management (SM) Areas. Nearly 100 SM Areas on federal lands.
- Legislation establishing each SM Area is unique, but designations generally are: national monuments, game refuges, scenic areas, recreation areas, and other protected areas.
- Could raise land acquisition/disposal/exchange to requiring an act of Congress if language is in enabling legislation.

Congressional Restriction

Option 3

- Congress could approve legislation for specific land management direction, i.e., restriction on land disposal out of federal ownership.
- If enacted, land disposal actions would require specific act of Congress.
- No concrete examples of this type of option found during study.

TABLE 2. SUMMARY/COMPARISON TABLE (PAGE 57)

	Option 1: Continued Management by USFS	Option 2: Congressional Special Management Designation	Option 3: Congressional Restriction on Disposal
Support current range of multiple uses	Yes	Continued management by the USFS—use emphasis could change, resulting in either increases or decreases in some uses	Same as Option 1 - Continued management by the USFS
Local decision-making to respond to changes in future needs	Yes	More constrained than Option 1	Same as Option 1
Protection of cultural resources	No change; protected by current federal law and regulation	Same as Option 1	Same as Option 1
Recreation and visitor use	Use responds to growth, changes in activities; supports FUTS and Loop Trail	Could increase or decrease depending on designation	Same as Option 1
Land use in the special study area	No change; allowable land use consistent with Forest Service policies and local site and planning considerations	Allowable land uses may be defined by congressional action. Designation could limit agency flexibility to effectively manage for threats to public health and safety	Same as Option 1
USFS management	No proposed change; management objectives are defined under Forest Plan. A Regional Forester designation could be considered in the future	Adds additional layer of planning and staffing responsibility; may change depending on the designation	Same as Option 1
Achieves primary goal of protecting the land from development in perpetuity	Land exchange approved at forest or USFS region level	Land disposal would require act of Congress	Land disposal would require act of Congress

State Trust Lands 10, 20, 22, 28, and 30

- Sections 20 (adjacent to) and 30 (within) have high development potential due to their location and proximity to infrastructure.
- AZ State Lands acknowledges that sections 22 and 28 are appropriate for acquisition by the federal government due to the conservation value and a low likelihood for development. (AZ Prop 119)
- AZ State Lands would consider designating the area in section 10, south of I-40 as open space subject to density considerations in subsequent general plan / zoning actions.

Final Report Available at:

<http://www.nps.gov/waca>

<http://www.fs.usda.gov/goto/coconino>

<http://coconino.az.gov/>

<http://flagstaff.az.gov/>

All Documents formerly on Walnut Canyon Special Study website are posted to:

<http://parkplanning.nps.gov/WalnutCanyonSpecialStudy>

Thank You

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Kayci Cook Collins

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TABLE 2. SUMMARY/COMPARISON TABLE

	Option 1: Continue Management by USFS	Option 2: Congressional Special Management Designation	Option 3: Congressional Restriction on Disposal
Support current range of multiple use	Yes	Continued management by the USFS—use emphasis could change, resulting in either increases or decreases in some use	Same as Option 1 - Continued management by the USFS
Local decision making to respond to changes in future needs	Yes	More constrained than Option 1	Same as Option 1
Protection of cultural resources	No change; protected by current federal law and regulation	Same as Option 1	Same as Option 1
Natural resources	No change; continue to manage resources per regulatory requirements	Same as Option 1	Same as Option 1
Water resources	No change; continue to manage resources per regulatory requirements	Same as Option 1	Same as Option 1
Fire management	No change; continue to manage resources per regulatory requirements	Same as Option 1	Same as Option 1
Threatened, endangered, and species of special concern	No change; protected by current federal law and regulation	Same as Option 1	Same as Option 1
Recreation and visitor use	Use responds to growth, changes in activities; supports FUTS and Loop Trail	Could increase or decrease depending on designation	Same as Option 1
Public access and fees	No change in fees; Coconino Travel Management Plan	Same as Option 1 unless increased emphasis on developed recreation, or restriction to protect resources	Same as Option 1
Land use in the special study area	No change; allowable land use consistent with Forest Service policies and local site and planning considerations	Allowable land uses may be defined by congressional action. Designation could limit agency flexibility to effectively manage for threats to public health and safety.	Same as Option 1
USFS management	No proposed change in; management objectives are defined under Forest Plan. A Regional Forester designation could be consider in the future	Adds additional layer of planning and staffing responsibility; may change depending on the designation	Same as Option 1
Arizona State Trust Lands / private inholdings	No change; Forest plan would be amended to include any acquired lands	Same as Option 1	Same as Option 1
Achieves primary goal of protecting the land from development in perpetuity	Land exchange approved at forest or USFS region level	Land disposal would require act of Congress	Land disposal would require act of Congress

Memorandum

6.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
From: Elizabeth A. Burke, City Clerk
Date: 01/31/2014
Meeting Date: 02/03/2014



TITLE:

Presentation on Flagstaff Unified School District Economic Impact

DESIRED OUTCOME:

Informational

INFORMATION:

Representatives from the Flagstaff Unified School District will present on their economic impact on the community.

Attachments: Impact Study

The Economic Impact of Flagstaff Unified School District #1 on the Flagstaff Area Economy



The Arizona Rural Policy Institute

A Unit of the Center for Business Outreach

Thomas Combrink, Senior Research Specialist

Wayne Fox, Director

Jeff Peterson, Research Associate

August, 2012

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Executive Summary

Flagstaff Unified School District #1 is an educational institution as well as an important economic engine. The district is one of the largest employers in the city and spends over \$100 million each year. This study examines the effects of FUSD's FY2011 budget on the city of Flagstaff and the greater community. The results indicate that the district contributes to a vibrant local economy.

- The money spent locally by the district stimulates more spending and more hiring, yielding a total impact well beyond the district's expenditures and payroll.
- The total economic impact of FUSD during FY2011 (July 2010 – June 2011) was approximately \$132.3 million.
- The total impact on local employment during FY 2011 was nearly 1,800 jobs.
- The value of a high school diploma in the labor market is approximately \$10,000 in annual income, or \$490,000 over a normal working life, between age 18 and 65.
- The graduating class of 2011 at Flagstaff's two high schools will earn an additional \$321 million between the ages of 18 and 65, due to their diplomas.
- If the entire class of 2011 stayed in Arizona until age 65, the state would collect \$13.6 million more in income tax, on the incremental income enabled by the earning power of a diploma.
- Over their working lives, the past 20 graduating classes at FUSD should earn a combined \$8.5 billion in incremental earnings, when compared to taxpayers without a diploma.

Flagstaff Unified School District #1

Despite an emerging tapestry of charter schools, the educational landscape in the Flagstaff area continues to be dominated by Flagstaff Unified School District (FUSD). The district's 15 schools – 10 elementary schools, two middle schools, two high schools, and one alternative education program – educated approximately 9,800 students in FY2011. It is one of the largest geographical school districts in the country, covering 4,500 square miles. It commands a fleet of 93 buses which transport 3,700 students per day from as far away as Cameron and Tolani Lake. The longest bus route is 80 miles one way.

Serving so many children across such a large footprint makes a significant impact on the area economy. The district operates on an annual budget commonly exceeding \$100 million. The Arizona Rural Policy Institute was asked by FUSD to estimate the economic impact of district spending on the region. This document will define that impact in terms of what is quantifiable in dollars spent by the district and the ripple effects of that spending.

IMPLAN, an input-output software program that uses area-specific trade flow data, was used to estimate the total impact of district spending in the area. This software uses spending patterns and local business characteristics to model how dollars spent stimulate further spending as incomes rise and demand is increased among suppliers. In order to limit the district's impact to its constituents – businesses and residents contained within district boundaries – the area of analysis was limited to nine zip codes that together best fit the district geographically:

- 86001
- 86003
- 86004
- 86011
- 86015
- 86017
- 86024
- 86035
- 86038

Figure 1 below shows the boundaries of FUSD and the ZIP codes used in this analysis. Some areas of the district fall outside of the chosen ZIP codes. For simplicity, these areas were intentionally omitted from calculations. They are both sparsely populated and parts of ZIP codes whose population centers lie in other school districts. In addition, the ZIP codes as geographic approximations are only used to estimate economic activity, and such remote rural areas are unlikely to significantly affect the overall impact in those terms.

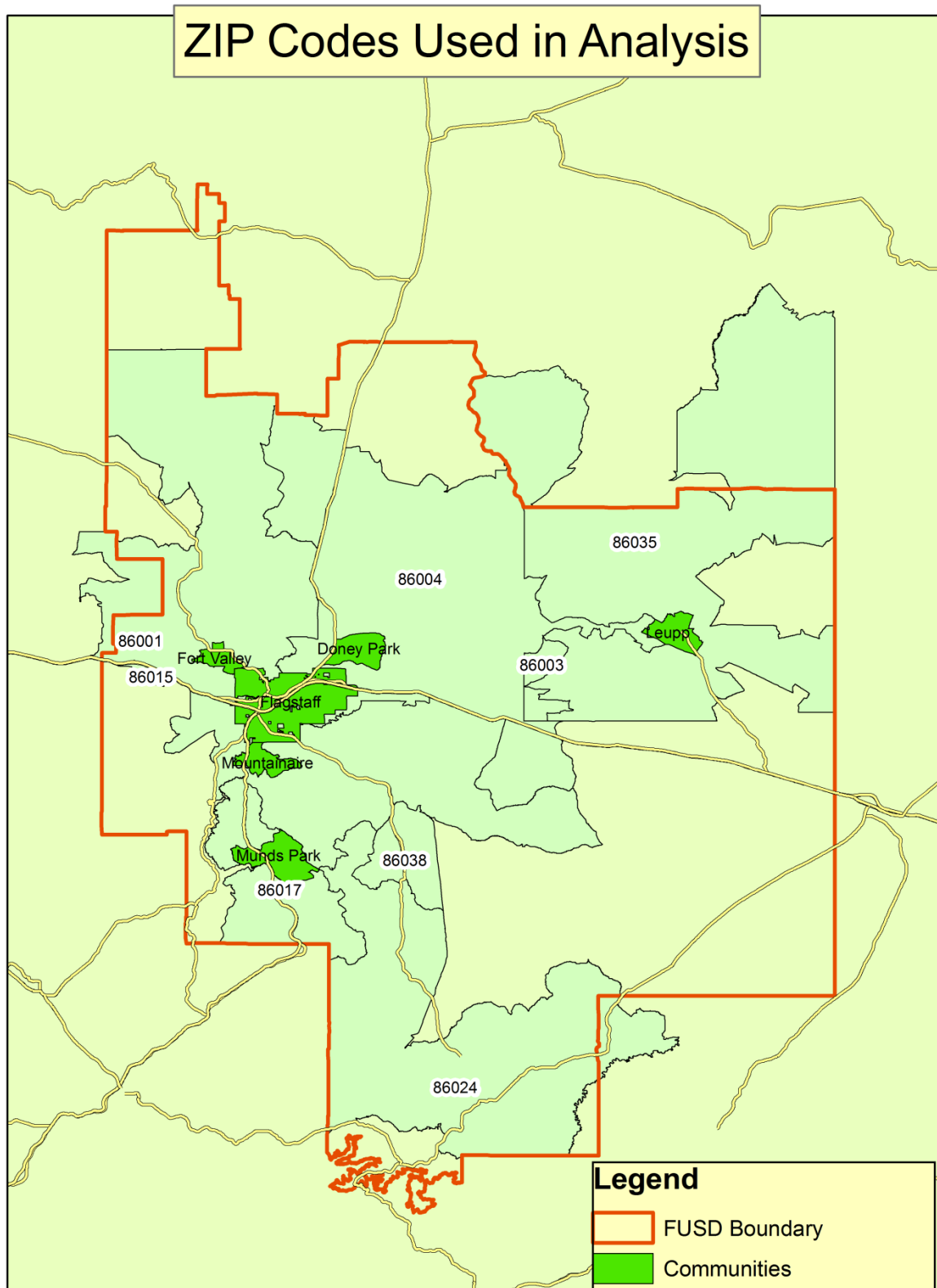


Figure 1: Flagstaff Unified School District Boundaries and ZIP Codes Used in this Analysis

Economic Impact of FUSD's Budget

This study breaks the FUSD budget into two distinct parts – operating budget and capital budget. The operating budget is spending incurred in order to provide for basic annual operations and maintenance. The capital budget consists of construction and non-routine maintenance and capital equipment purchases. Operating budgets are somewhat consistent from year to year. Capital budgets vary depending on need and are thus analyzed separately. Three years of capital budgets are analyzed here in order to reflect their changing nature.

Both budgets are analyzed in terms of the impact they have on employment (number of local jobs created), labor income (wages and salaries paid to local employees), and output (money spent in the local economy). Those three impacts are further divided into three categories quantifying the effects of the initial spending and the ripple effects of that spending. The impact of the initial spending, in this case the actual expenses of the school district, is known as the *direct effects*. Spending, hiring, and wages paid in response to the increased demand generated by direct spending are known as *indirect effects*. Both direct and indirect spending translate to increased household income. When that income is spent locally, the resulting activity is known as *induced effects*. These will be discussed in more specific terms below.

The fiscal year starts and ends in the summer – July 1 to June 30. In FY2011, the district spent approximately \$106 million. Around \$11 million of that was in capital expenditures, which will be analyzed separately below. The remainder – \$95 million – has been analyzed in an attempt to quantify the effects of annual operations on the city economy.

Table 1 lists these effects in terms of employment, labor income, and output. The budget was analyzed using IMPLAN's Public Education Spending Pattern, and it only considers effects on businesses and households within the afore-mentioned ZIP code boundaries. Other stakeholders that live outside of this defined area may benefit from the district spending. While such impacts may be significant, they are mostly ignored in this study in an attempt to localize the impact.

Table 1- IMPLAN Results, FY2011 Operating Budget

Impact Type	Employment	Labor Income	Output
Direct Effect	1,300	\$ 69,600,000	\$ 79,400,000 ¹
Indirect Effect	2	\$ 85,000	\$ 250,000
Induced Effect	349	\$ 12,400,000	\$ 37,700,000
Total Effect	1,651	\$ 82,085,000	\$ 117,350,000

Because the table deals in estimates, the IMPLAN output has been rounded to reflect uncertainty.

¹ Direct output of \$79.4 million is less than the operating budget of \$95 million. This discrepancy is explained on Page 6.

Economic Impact of Flagstaff Unified School District FY2011

As Table 1 shows, the operations budget spends around \$79 million locally, hiring 1,300 workers and paying almost \$70 million in salary and wages. When the ripple effects (indirect and induced effects) of that spending are added, approximately \$117 million was spent within the city. This created 1,651 jobs and \$82 million in earnings that can be traced to district operations.

Direct Effects

The *direct effects* shown above are defined as the impact of the money spent by the district. This includes money spent on wages, health insurance, retirement contributions, gasoline, vehicle maintenance, utility bills, text books, snow removal, and hundreds of other goods and services. The *total output* column in Table 1 indicates a direct effect of only \$79.4 million – significantly less than the operating budget total of \$95 million. This discrepancy is explained by the fact that much of the district’s budget is either spent outside of the defined area (for example, textbooks for 10,000 students are not purchased locally), or spent on retail items that are not made locally (fuel for busses, for example). Money spent outside of the area is considered leakage, and the IMPLAN model estimates that most money spent on retail items is leakage as well. Thus, the model assumes that of a \$95 million budget, only \$79.4 million remains as local output.

Employment and labor income are similarly estimated based on what happens locally. The direct employment effect of 1,300 jobs was calculated using IMPLAN’s trade flow estimates. It omits those employees that may commute from surrounding communities such as Parks or Williams.

Indirect and Induced Effects

The *indirect effects* shown in Table 1 are minimal. The indirect effects of district spending are defined as spending by local businesses in response to the increase in demand from the district’s direct spending. Because most of the district’s local expenditures are either employment-related or high-leakage retail, very little indirect effect results from district spending.

Induced effects are more significant. These are the result of increased household spending due to the higher income that results from the direct and indirect spending. Because of the large employment base of the district, these numbers are high. The employees of the district spend large amounts of money within the community. This creates significant demand for goods and services, supporting an estimated 349 jobs. The total output of \$37.7 million is partially this household spending and partially the ripple effects of it.

Capital Budget

Capital expenditures also contribute an annual boost to the local economy. Table 2 illustrates FUSD's capital expenditures over the fiscal years 2009, 2010, and 2011. During that time, the capital budgets averaged \$13.67 million. Such budgets nearly always focus on construction, renovation, and large purchases.

Table 2 – Approximated Capital Budgets, FY2009-FY2011

2009	2010	2011	3-Year Average
\$ 14,400,000	\$ 15,600,000	\$ 11,000,000	\$ 13,666,667

These expenditures were analyzed using IMPLAN. The financial results are shown in Table 3. The direct effects in Table 3 are smaller than the budget numbers shown in Table 2. The difference reflects leakage in the capital budget – many large purchases, such as new busses, are made in other areas, thus they have no effect on the local economy.

The total effects of the budget were highest in 2010, when \$23.7 million changed hands in the city economy due to FUSD capital spending. Over the three years analyzed, the average total effect was \$19 million. Unlike the operating budget, the capital budget has stimulated a sizeable indirect effect. This indicates that construction and remodeling supplies were purchased locally and therefore increased the business of local suppliers. The induced effect is also important, again reflecting the increase in household income.

Table 3 – IMPLAN Financial Results, Capital Budgets FY2009-FY2011

Output				
	2009	2010	2011	Average
Direct Effect	\$ 12,200,000	\$ 15,600,000	\$ 9,800,000	\$ 12,533,333
Indirect Effect	\$ 2,500,000	\$ 3,200,000	\$ 2,000,000	\$ 2,566,667
Induced Effect	\$ 3,900,000	\$ 4,900,000	\$ 3,000,000	\$ 3,933,333
Total Effect	\$ 18,600,000	\$ 23,700,000	\$ 14,800,000	\$ 19,033,333

Because the table deals in estimates, the IMPLAN output has been rounded to reflect the uncertainty. The direct effects in years 2009 and 2011 differ from the numbers in Table 2 to correct for leakage in the form of retail items purchased outside the study area. Capital purchases in 2010 were considered to all occur within the study area.

Economic Impact of Flagstaff Unified School District FY2011

Table 4 shows the estimated employment impact of the capital budgets over three years. Approximately 117 people, on average, were directly employed each year in capital projects during that time. Considering the multiplier effects of spending, these projects stimulated an average of 178 annual jobs during this period.

Table 4 – IMPLAN Employment Results, Capital Budgets FY2009-FY2011

Employment				
	2009	2010	2011	Average
Direct Effect	112	149	90	117
Indirect Effect	24	29	18	24
Induced Effect	38	46	28	37
Total Effect	173	224	136	178

Total 2011 Impact

To arrive at an overall impact on the community during FY2011, the capital and operations budgets were added together. The results are shown in Table 5.

Table 5 – IMPLAN Results, FY2011 Capital and Operating Budgets

Impact Type	Employment	Labor Income	Output
Direct Effect	1,390	\$ 74,400,000	\$ 89,300,000
Indirect Effect	20	\$ 800,000	\$ 2,200,000
Induced Effect	377	\$ 13,400,000	\$ 40,800,000
Total Effect	1,787	\$ 88,600,000	\$132,300,000

Because the table deals in estimates, the IMPLAN output has been rounded to reflect the uncertainty.

According to Table 5, FUSD activities in FY2011 lead to the employment of 1,787 workers, the payment of \$88.6 million in Labor income, and \$132.2 million in overall spending within the economy.

Tax Impact

IMPLAN also estimates taxes paid to federal, state, and local governments. Table 6 shows where state and local governments benefitted from district spending in FY2011. These revenues combined for almost five million dollars. These taxes are collected from all economic activity – direct, indirect, and induced effects.

Economic Impact of Flagstaff Unified School District FY2011

Table 6 – IMPLAN Results, State and Local Tax Impact, FY2011

State and Local Tax Impact					
Description	Employee Compensation	Proprietor Income	Indirect Business Tax	Households	Corporations
Dividends					\$319,851
Social Ins Tax- Employee Contribution	\$80,492				
Social Ins Tax- Employer Contribution	\$346,301				
Indirect Bus Tax: Sales Tax			\$1,255,250		
Indirect Bus Tax: Property Tax			\$862,367		
Indirect Bus Tax: Motor Vehicle Lic			\$10,598		
Indirect Bus Tax: Severance Tax			\$10,382		
Indirect Bus Tax: Other Taxes			\$78,156		
Indirect Bus Tax: S/L NonTaxes			\$90,880		
Corporate Profits Tax					\$199,154
Personal Tax: Income Tax				\$1,012,331	
Personal Tax: NonTaxes (Fines- Fees				\$453,154	
Personal Tax: Motor Vehicle License				\$42,572	
Personal Tax: Property Taxes				\$36,710	
Personal Tax: Other Tax (Fish/Hunt)				\$26,034	
Total State and Local Tax	\$426,793		\$2,307,634	\$1,570,801	\$519,005

State & Federal Projects – Net Inflows

Millions of dollars within the budget come from state and federal project funds. Although these outside government funds are included in the budget analysis above, they are worth noting here because they are a net gain to the local economy. In the 2011 budget, state and federal monies spent by the district for special projects were \$312,786 and \$9,922,769 respectively. The various projects this money supported are listed in Table 7.

Table 7 – Projects Supported by State and Federal Funds, FY 2011

State	Federal
Vocational Education	Title I – Helping Disadvantaged Children
Early Childhood Block Grant	Title II – Professional Development and Technology
Extended School Year – Pupils with Disabilities	Title IV – 21 st Century Schools
Adult Basic Education	Title V – Promote Informed Parent Choice
Chemical Abuse Prevention Programs	Title III – Limited English & Immigrant Studies
Academic Contests	Title VII – Indian Education
Dropout Prevention Program (grades 4-12)	Title VI – Flexibility and Accountability
Gifted Education	IDEA Part B
Family Literacy Pilot Program	Johnson-O'Malley
Environmental Special Plate	Workforce Investment Act
	Adult Education
	Vocational Education - Basic Grants
	Title X - Homeless Education
	Medicaid Reimbursement
	E-Rate
	Impact Aid

Lifetime Earnings – Tax Implications

In addition to the economic impacts attributed to the expenditures of the district, students themselves create a measurable financial economic benefit. Simply attaining a high school diploma raises earning potential, which equates to higher spending and tax contributions.

High school graduates follow limitless paths, so estimating the financial benefit of a graduating class is impossible to do with precision. But the impact can be approximated using census data. According to the 2010 census, the annual lifetime earnings of high school graduates average \$10,386 higher than those of non-graduates (Table 8)².

Table 8 – Earnings Differential, Highs School Graduates vs. Non-Graduates

	Not a High School Graduate	High School Graduate Only	Δ
Average Earnings	\$ 20,241	\$ 30,627	\$ 10,386

The data in Table 8 are the average of all people, 18 years old and over, who had an income. These figures can be expanded to indicate how much more income a graduate can expect to earn, at a minimum, between the ages of 18 and 65. Over the course of 47 years of earning, this differential adds up to \$488,142. Knowing that in FY2011 the district graduated 658 students, the present value of that education totals over \$321 million. These calculations are shown in Table 9.

Table 9 – Total and Discounted Value of High School Degrees

	Per Student	658 Students
Average Earnings Differential	\$ 10,386	\$ 6,800,000
Estimated Working Career (47 years, 18-64)	\$ 488,142	\$ 321,000,000

Because the table deals in estimates, the figures have been rounded to reflect the uncertainty

² Census 2010. Current Population Survey Table 232. Mean Earnings by Highest Degree Earned: 2009

Aside from the spending benefits stimulated by higher personal wealth, taxes are also collected on the increased wages. A significant amount of FUSD graduates will leave the state, and so these calculations are not considered a bankable benefit. However, this estimate quantifies the potential value of these taxable wages for state governments. Table 10 represents the expected incremental Arizona personal income tax generated by the increase in income due to high school graduation for individuals, for the 2011 graduating class of 658 students, and for 17,357 students who graduated between 1991 and 2011. These are calculated both as annual sums and as the total value of that tax applied over the 47 years between ages 18 and 65. This indicates that each graduate might pay an average of \$440 extra in state taxes annually over his working career. If that rate is applied to the entire graduating class of 2011, the tax averages \$289,761 annually and over \$13.6 million (in 2011 dollars) over 47 years. The impact of all graduates during the past 20 years is \$8.5 billion in incremental earnings and \$359 million in incremental taxes.

Table 10 – Career Earnings Differential, per Student and Entire Class

Average Earnings differential	Annual Earnings Differential	Working Career Earnings Differential	Tax Rate (4.24%)	Annual Incremental Tax	Working Career Incremental Tax
Per Student	\$ 10,386	\$ 488,142	0.0424	\$ 440	\$ 20,697
658 Students	\$ 6,800,000	\$ 321,000,000	0.0424	\$ 289,761	\$ 13,600,000
17,357 Students	\$180,000,000	\$ 8,500,000,000	0.0424	\$ 7,600,000	\$ 359,000,000

Because the table deals in estimates, the figures have been rounded to reflect the uncertainty

Memorandum

7.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
From: Elizabeth A. Burke, City Clerk
Date: 01/31/2014
Meeting Date: 02/03/2014



TITLE:

Discussion of Legislative Agendas for City and County

DESIRED OUTCOME:

Informational

INFORMATION:

Attached are copies of the 2014 Legislative Agenda for the City of Flagstaff and for Coconino County, to be shared/discussed at the joint work session.

Attachments: Flagstaff Legislative Agenda
 Coconino County Legislative Agenda



City of Flagstaff Intergovernmental Affairs Program

2014 LEGISLATIVE AGENDA PRIORITIES

The City of Flagstaff Intergovernmental Affairs program addresses legislative initiatives at the county, state, and federal levels which follow an annual cycle of development, captured on the attached legislative calendar. The program mission is to develop and advocate for the Flagstaff community by fostering and maintaining relationships with individuals and entities that affect the City's interests. As a member of the League of Arizona Cities and Towns, the City of Flagstaff has helped develop and has signed onto the slate of League resolutions (attached) in support of common legislative efforts benefitting Arizona cities. Council adoption of the League resolutions, our identified priorities and guiding principles authorizes staff or City representatives to take positions generally consistent with our legislative priorities.

The attached Guiding Principles of the League of Arizona Cities and Towns is part of our legislative agenda. Additionally, the following objectives strengthen local government, promote City goals and defend the City against legislative actions by the State or Federal governments that would weaken our authority or take away traditional revenue sources. These are presented as part of the 2014 Legislative Agenda for the City of Flagstaff.

Guiding Principles

- Local Control: Protect local revenues and local authority, which reflect core principles for local government. Flagstaff believes local government best represents local communities in the areas of regulatory, finance, and administrative decision-making. This representation requires opposing any unfunded mandates at the Federal and State levels
- Regional Communication & Partnerships: the County has a direct impact upon the quality of life in Flagstaff and it is essential that the City maintain positive relations and direct communications with our County partner to promote mutual legislative actions. This can be accomplished formally through participation in joint meetings with the County as well as The Alliance for the 2nd Century whose membership includes Coconino Community College (CCC), Coconino County, the Flagstaff Unified School District (FUSD), and Northern Arizona University (NAU). Periodic meetings with Hopi and Navajo tribes are also beneficial for partnership on matters of mutual concern as well as membership in Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) to be involved in planning of our regional transportation and the Northern Arizona Council of Governments (NACOG).
- Council Goals: Advancing or defending goals of the City Council and adopted legislative priorities in effect during the 2014 legislative session does not require additional Council action.

State

- **STATE SHARED REVENUES:** Protect state shared revenue to municipalities as a revenue percentage and a revenue source.
- **HURF RESTORATION:** Full lobbying support of League Resolution #11 to stop future sweeps of HURF (Highway User Revenue Funds) dollars and actions that restoring 2008 levels of funding as well as allocate new dollars to transportation.
- **ADOT ROW USE:** Obtain state permission (AZ Dept. of Transportation) to place a water pipeline in the I-40 right-of-way from Red Gap Ranch to Flagstaff, including US Forest Service land.
- **FOREST HEALTH:** Support any state efforts designed to reduce forest fire dangers in the region, encouraging state investment opportunities or matching funds to treat areas in and around cities.
- **PENSION REFORM:** In coordination with the League of AZ Cities and Towns, support efforts studying or implementing pension reforms which obtain greater flexibility to manage pension plans affecting municipal employees. This includes obtaining more control of determining part-time classification.
- **ECONOMIC DEVELOPMENT TOOLS:** Retain and enhance economic development tools that enable cities to compete on a national and international level for business retention and attraction that further the economic viability of Flagstaff and greater Northern Arizona.
- **SALES TAX SYSTEMS INTEGRATION:** Support legislative actions as needed to assist in the AZ Department of Revenue (ADOR) integration of our sales tax systems in time for the January 1, 2015 deadline.
- **ENERGY DISTRICTS:** Seek enabling legislation for 'Energy Districts' that provides flexible financing authority for commercial entities via finance mechanisms for upfront investment capital in energy efficiency and renewable energy improvements to properties.
- **BUILDING CODE TECHNICAL AMENDMENT:** Amend ARS Statute 32-144, A (4) by adding an exception to allow non-registrants to design non-bearing walls in a tenant improvement (Note: This limitation does not apply to non-bearing walls in tenant improvements in existing buildings for assemblies, businesses, or mercantile type occupancies.)
- **GRAFFITI:** Full lobbying support of League Resolution #9 to amend the state criminal code to ensure restitution for graffiti offenses includes all costs of the abatement of the graffiti.
- **DARK SKIES:** Encourage restoration of dark skies protections by eliminating electronic billboards on all lands across the county, including tribal nations.
- **I-11 CORRIDOR:** Seek assistance from ADOT and the state on getting an economic impact study of the proposed I-11 Corridor on northern Arizona cities east of the proposed route.
- **VETERANS AFFAIRS:** Support efforts for the establishment of a VA Home in Bellemont and the financial support needed from the State as matching funds to the federal allocation for the home.

Federal

- Rio de Flag Flood Control Project – Complete the Limited Re-evaluation Report and obtain necessary approvals from the Assistant Secretary of the Army so as to be included in any USACE work plan or report to Congress as an authorized project.
 - Water Resources Development Reauthorization – Protect language in House and Senate bills that allow for self-administration pilot projects
- Transportation – Secure authorization and fiscal resources for the Regional Transportation Plan priorities including Lone Tree Interchange and the 4th Street Bridge over I-40, along with widening of Highway 180.
- Forest Health – Leverage voter approved bonds for forest restoration with federal dollars to maximize acreage to be treated and ensure that resources and funding continue to flow to important regional projects such as 4FRI and ERI.
- Water – Secure easement rights for required water transmission line located within Interstate 40 right-of-way or other Council-approved route.
- FAA (Airport) –
 - Resurface & Restripe Runway which has aged excessively; funding request FY 2015, \$3.3M
 - Construct non-revenue multi-level parking structure to increase passenger parking capacity at the airport terminal; funding request FY 2016 \$4M and FY 2017 \$4M for a total estimated project cost of \$8M.
 - Purchase 167.89 acres of Airport land, which contains Runway Protection Zone, Avigation Easement, Lake Mary Park land and the Water Treatment Plant; funding request FY 2018 in the amount of \$6.7M
- FEMA - Schultz Flooding Inner Basin Pipeline - Timber Retaining Wall appeal letter (to be sent) for \$124,443, the amount declined by ADEM (AZ Dept. of Emergency Management)

Further Collaboration

Support regional, state and federal partnerships that may advance applicable legislation in support of the City of Flagstaff.

Regional	State	National
Coconino County	League of Arizona Cities and Towns	National League of Cities and Towns
Flagstaff Unified School District	Coconino Community College	Conference of Mayors
Northern Arizona Council of Governments (NACOG)	Northern Arizona University	US Forest Service
Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA)	AZ Game and Fish	US Parks Service
Northern Arizona Municipal Water Users Association (NAMWUA)	Arizona State Land Department	Hopi Tribal Nation
Coconino Plateau Water Advisory Council	State Forestry – State Forest Health Council	Navajo Tribal Nation
Greater Flagstaff Forest Partnership	Greater Arizona Mayors' Association (GAMA)	Additional State Agencies
Chamber of Commerce		Additional Federal Agencies

Coconino County State Priorities

2014

The Coconino County Board of Supervisors respectfully requests actions on the following measures:

1. Protect County Fiscal Sustainability by Opposing Revenue Shifts

Coconino County continues to be impacted by the diversion of revenue sources by the Arizona State Legislature. Specifically, the county has received more than \$7.1 million in impacts since fiscal year 2008. Statewide, counties have received more than \$386 million in impacts since fiscal year 2008.

- A diversion of Highway User Revenue Funds (HURF) from the county to fund state agencies has a significant impact on the way our county has managed the impacts of natural disasters and our infrastructure. To date, the state has swept \$4.1 million of Coconino County's HURF revenue.
- We urge the legislature to discontinue the use of HURF resources for purposes other than road activities and restore those funds to state and local governments. Coconino County also encourages the Legislature to work with stakeholders to identify and enact revenue enhancements for the existing HURF distribution system.
- Undo shifts to counties including, eliminating the requirement for counties to make payments for Sexually Violent Persons at the Arizona State Hospital. Counties should not be required to permanently fund the Arizona State Hospital.
- With the increase of emergencies within Coconino County, it's important that current revenue sources are protected, including secondary district revenue. Coconino County's Flood Control District has been key to providing immediate assistance to protect health and public safety in the Schultz Fire-Flood area.
- Permanently restore the County Assistance Fund (CAF), which allocated lottery revenues to support county operations. Historically, the rural counties receive \$550,035 and the urban counties receive \$249,772. This funding is general fund revenue that can be used by a county for their most urgent needs.

2. Support County Local Authority to Manage Local Needs

Coconino County continues to be concerned by acts by the Arizona State Legislature to minimize local control and the authority of the County Boards of Supervisors.

The County also relies on funding from the federal government through different programs. Over the years, due to inflation and other factors, cuts to programs such as Secure Rural Schools (SRS) and Payment in Lieu of Taxes (PILT) have presented new challenges to the county and furthers the need for the county to pursue other ways to recover those loss of funds. Coconino County is requesting the following from the Arizona State Legislature:

- Limit Unfunded Mandates
- Continue to Protect the Budget Authority for the County Boards of Supervisors
- Provide Local Authority to Counties to Address Local Needs, including supporting legislation to regulate the sale of permissible consumer fireworks.
 - Representative Karen Fann has introduced HB 2224 legislation that would provide counties with the ability to regulate the

sale of fireworks in the unincorporated areas of the county when Stage 1 fire restrictions are implemented in any portion of the county.

- o In the 49th Regular Session, legislation was passed and signed into law that would allow the sale and use of *permissible consumer fireworks*, unless otherwise regulated by a governing body. *Note: Permissible consumer fireworks are defined as small firework devices that contain restricted amounts of pyrotechnic composition designed primarily to produce visible or audible effects by combustion and that comply with the construction, chemical composition and labeling regulations as defined in ARS 36-1601. This change does not affect "Display Fireworks" as defined by statute.*
- o HB 2224 amends statute to provide permissive authority to the County Board of Supervisors to regulate the use and sale of fireworks when the Forest Service issues Stage 1 Fire Restrictions.
- o The irreparable damage that fires cause is well substantiated in Coconino County and throughout Arizona. HB 2224 would provide a common sense solution, tying the regulation of permissible consumer fireworks to restrictions that are based on science.

Memorandum

8.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
From: Mason Amelia, Administrative Specialist
Co-Submitter: Heidi Holland, Library Director
Date: 01/30/2014
Meeting Date: 02/03/2014



TITLE:

Library District Report

DESIRED OUTCOME:

Informational

INFORMATION:

As the Coconino County Free Library District Intergovernmental Agreement is up for renewal, staff are presenting information on the IGA as well as other background and statistical information. Staff at the City and County are working toward providing this document for renewal to all the parties of the agreement including Coconino County, City of Flagstaff, City of Page, City of Williams, and the Town of Fredonia before the fiscal year end. This presentation includes an overview of the District IGA including the inter-governmental agreement status and content, the Library District structure as well as the Branches and Affiliates and Library District Council makeup. Also included is a brief look at the Flagstaff Library and the County District's historical time-line; statistical information on the Library District's circulating materials, patron door count, computer usage, and Library card holders; and a revenue and restricted fund balance overview.

Attachments: Library District PPT



Flagstaff City–Coconino County Public Library and the Free Library District 2014

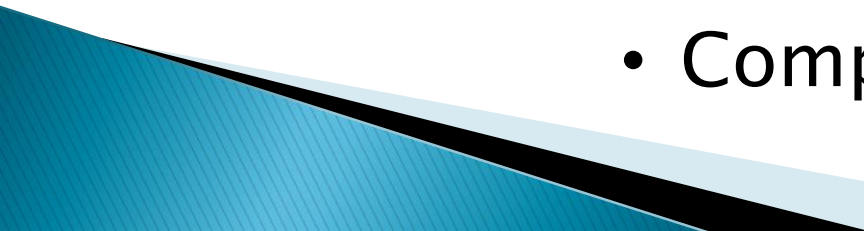
Brief Timeline

- **1890s** Citizens rally to support first Flagstaff Libraries.
D. Riordan donates his personal library of over 600 volumes.
- **1920** Library received its first local tax support.
- **1927** County began contributing to Flagstaff's Library.
- **1977** Coconino County Board of Supervisors established a free library tax district with a primary tax levy on property in unincorporated areas.
- **1982** A committee was formed of representatives from the City of Flagstaff and Coconino County to devise a formula to fund the Flagstaff City-Coconino County Public Library. Costs between them were apportioned based on the circulation usage ratio of City/County residents during the past year.
- **1986** Levy was changed from primary to secondary property tax.

Coconino County Library District

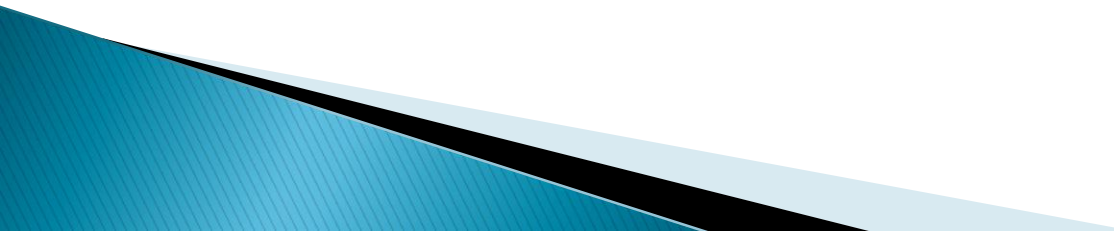
1996 Library Tax Allocation Study; Base Budgets
for libraries, automation & growth –Corbus Report

Allocation – Target Measures Criteria

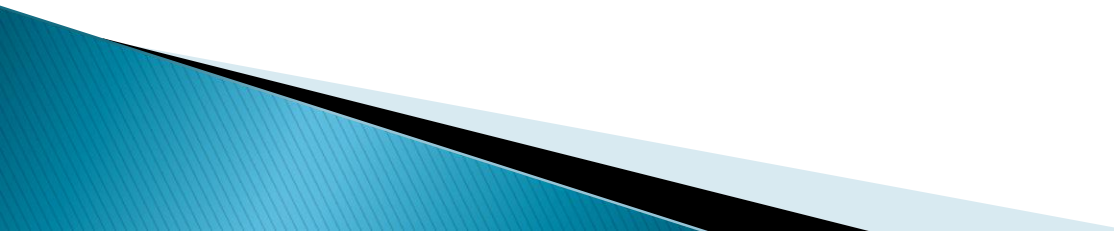
- Circulated Materials
 - Door Count
 - Library Card Holders/Patron Count
 - Reference Questions
 - Programs
 - Computer Usage
- 

City County IGA

Renewal by City and County by June 30,2014

- ▶ Administration of Funds
 - ▶ City of Flagstaff as Fiscal Agent for the Coconino County Library District
 - ▶ Operating Cities
 - ▶ Library District Council
 - ▶ Appointment of County Librarian
 - ▶ Base budgets for libraries
 - ▶ Affiliate, branch and other libraries
- 

The Library District Council advises County Board of Supervisors

- Growth and services
 - Facilities
 - Special needs requests
 - And other matters concerning
administration of the District, and
libraries in the District
- 

The Library District Council

(Formed from the Operating Parties – per IGA)

- ❖ Flagstaff
- ❖ Williams
- ❖ Page
- ❖ Fredonia
- ❖ Sedona
- ❖ Coconino County

Branch Libraries

- ❖ East Flagstaff Community Library
- ❖ Grand Canyon Community Library
- ❖ Forest Lakes Community Library
- ❖ Coconino County Correctional Facility Library
- ❖ Coconino County Bookmobile
- ❖ Tuba City Public Library

Branch libraries are supervised by Flagstaff City–Coconino County Public Library.


Library District Affiliate Libraries

- ❖ Page Public Library
- ❖ Fredonia Public Library
- ❖ Williams Public Library
- ❖ Sedona Public Library

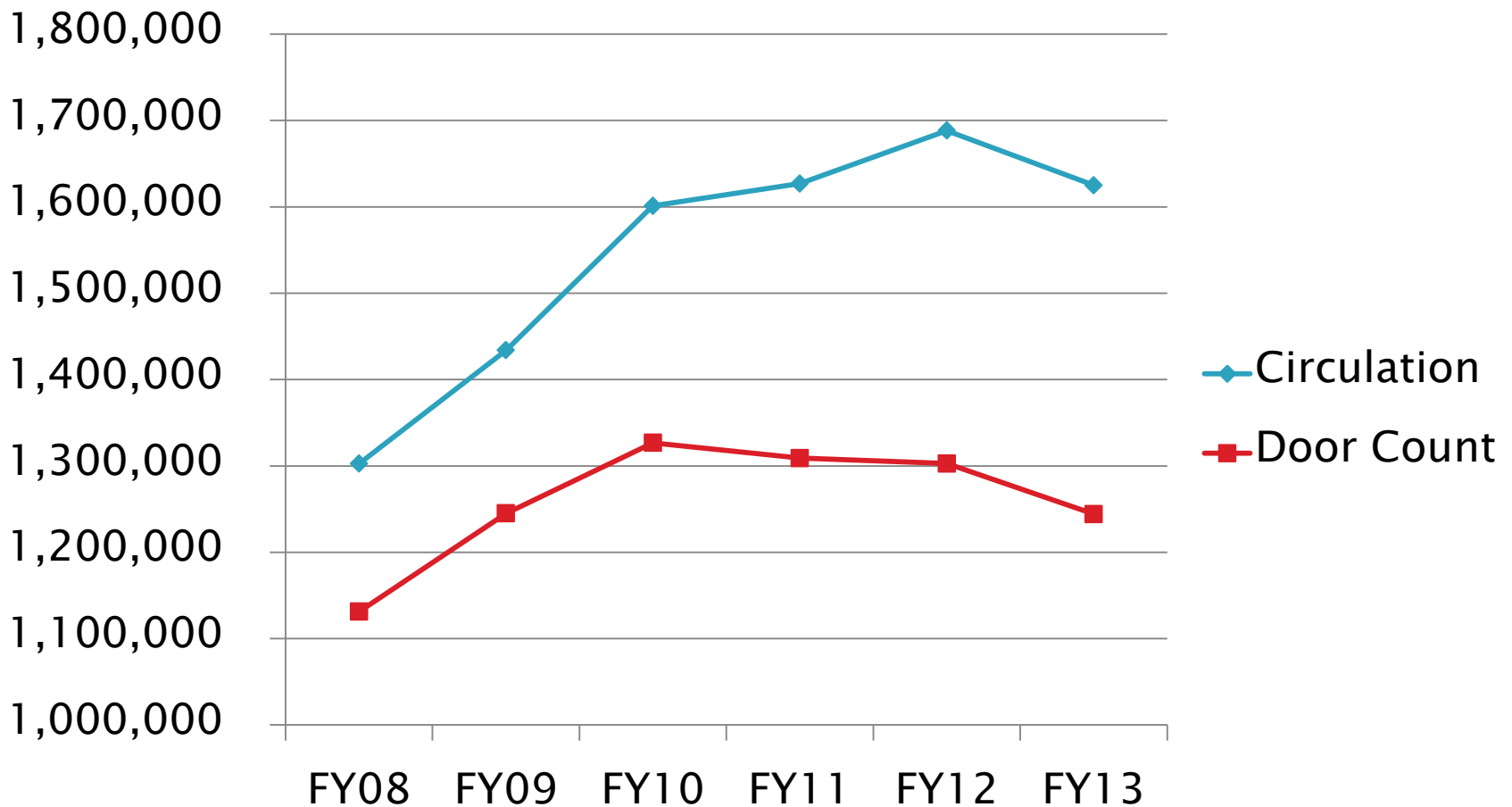
Other Libraries:

- ❖ Coconino County Law Library
- ❖ Ashfork Public Library
- ❖ Supai Library

Affiliate Libraries receive
advisement and support.

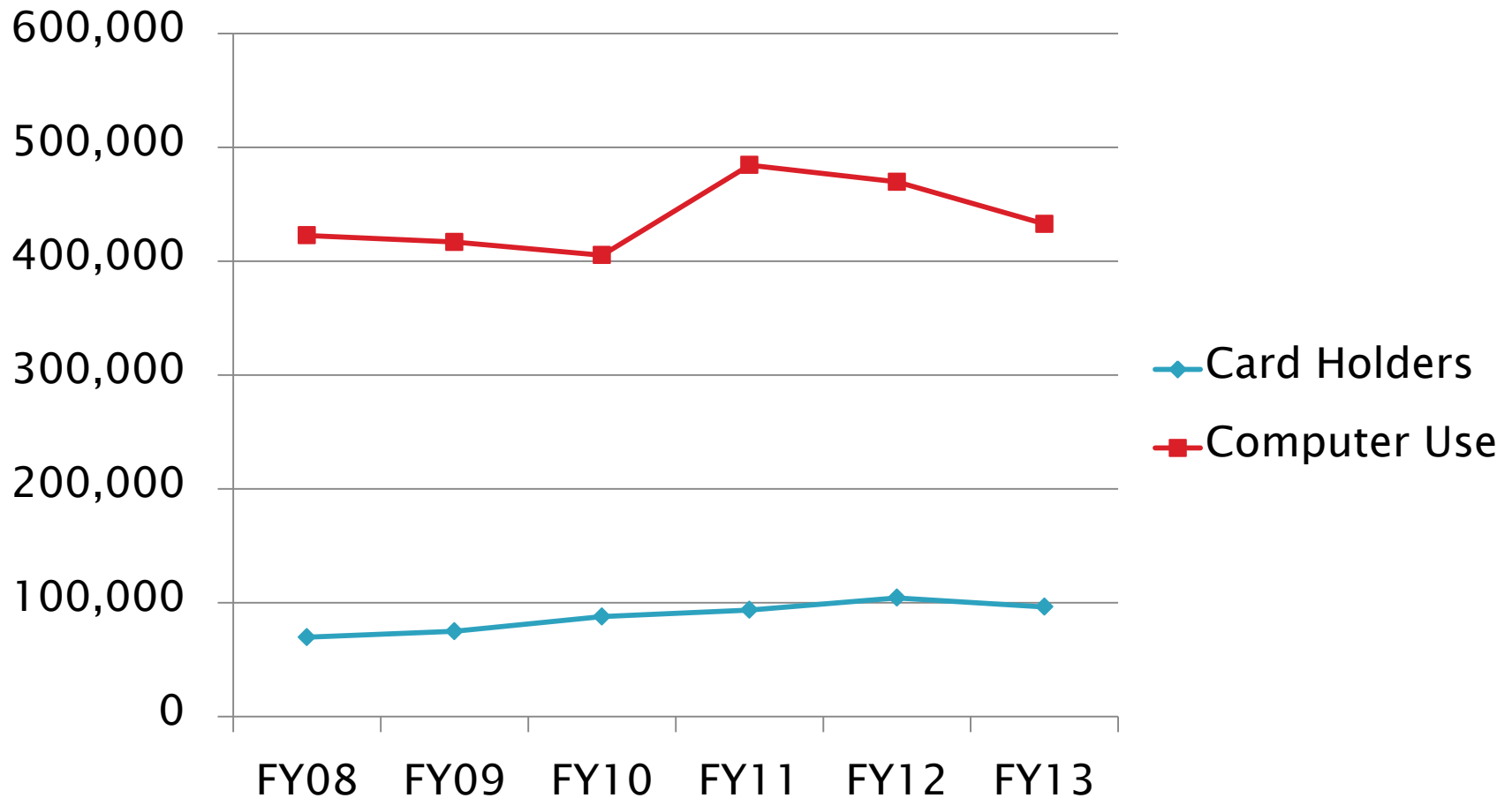


Library District Usage Statistical History



Additional Library Services offered: Job Assistance, E-books, and Online Resources.

Library District Usage Statistical History

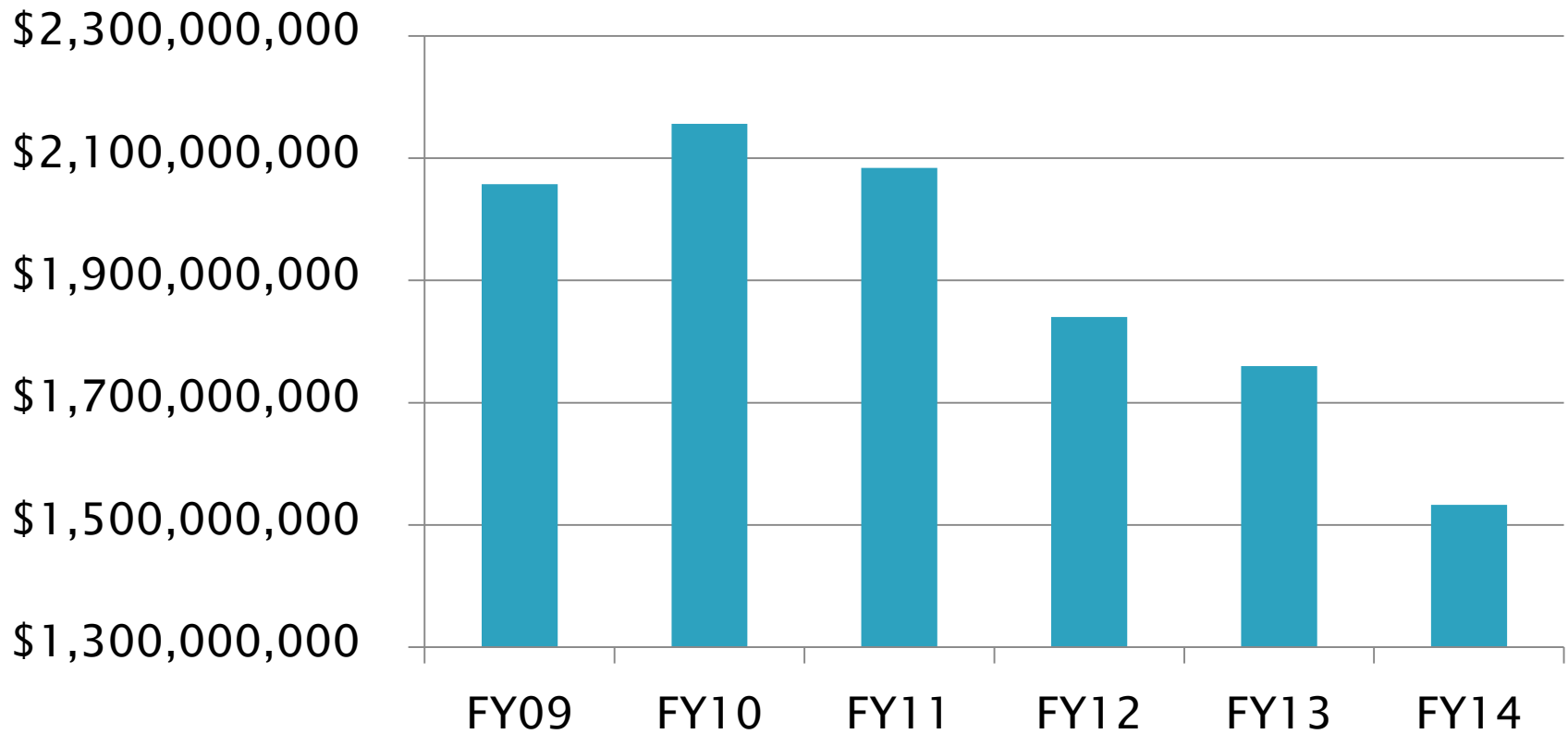


The Return on Investment for the Coconino
County Library District is **340%***

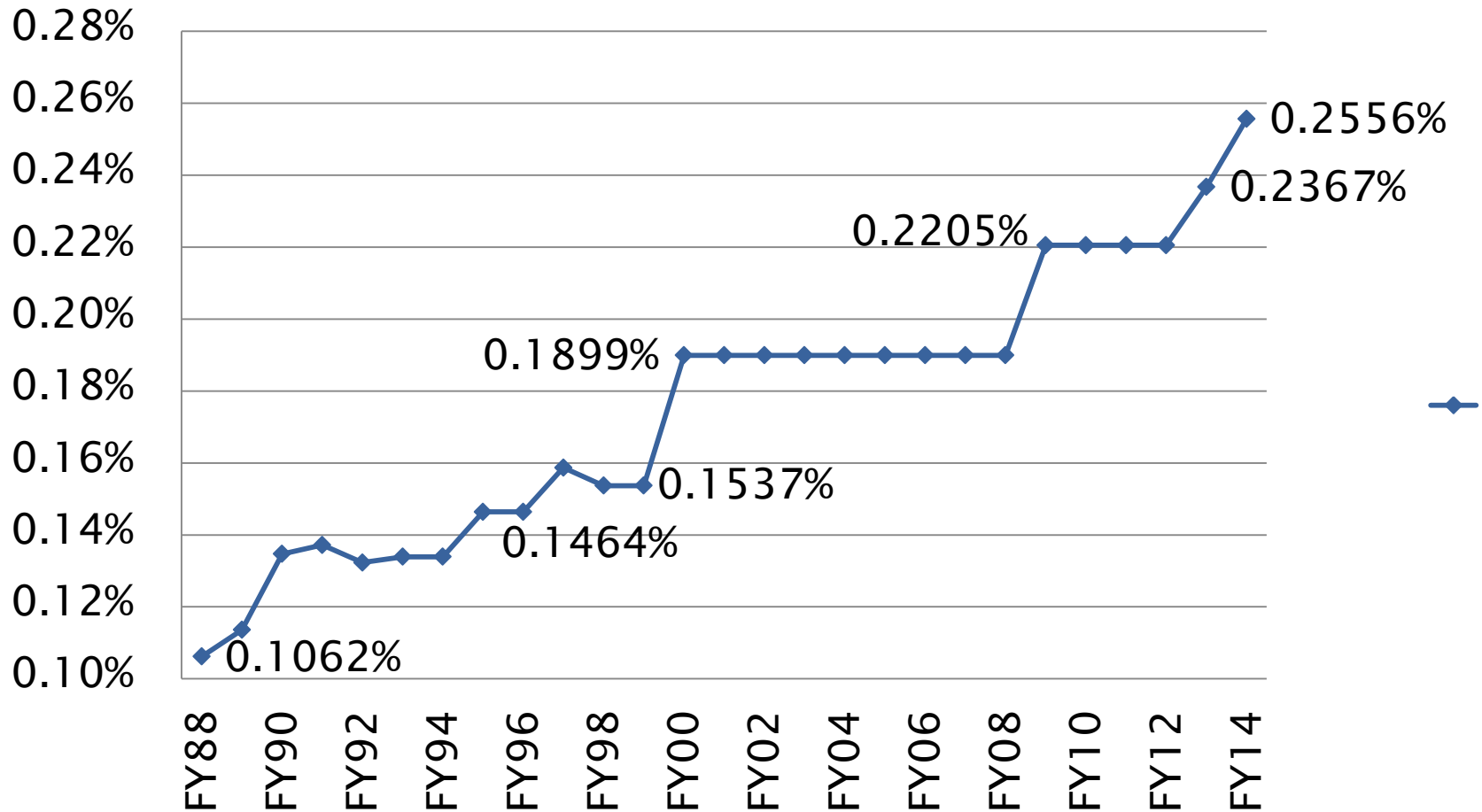
*Per SROI analysis done by Community Services Analysis LLC
on Aug 23, 2013

Assessed Value History

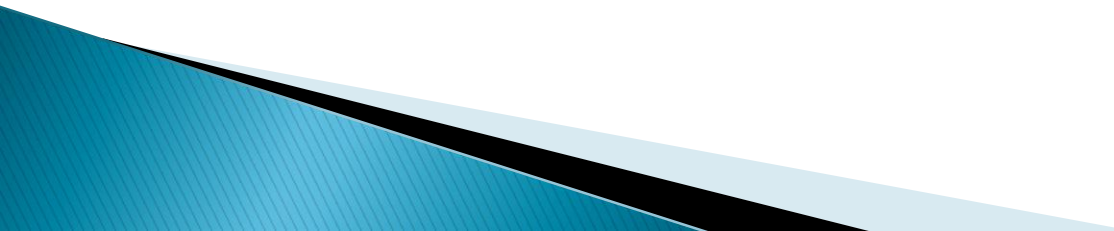
Assessed Value



Library District Tax Rate History

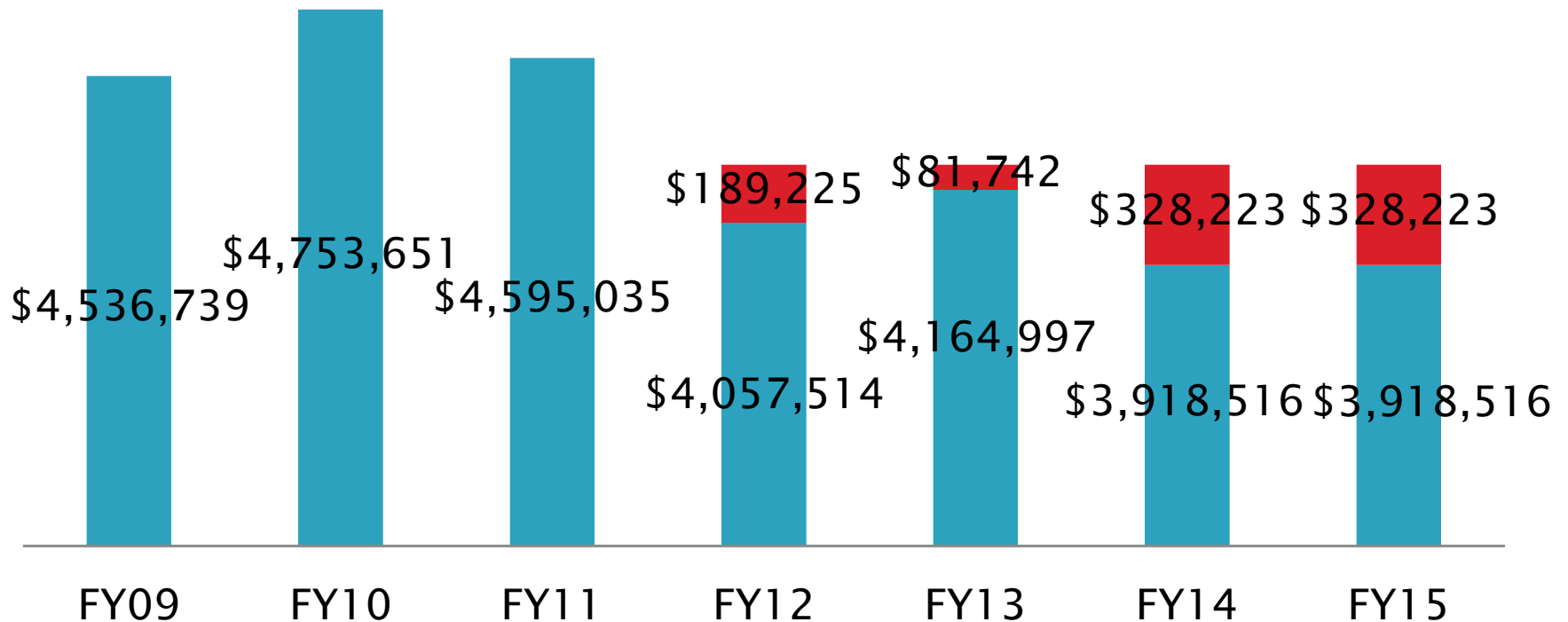


Structurally Balanced

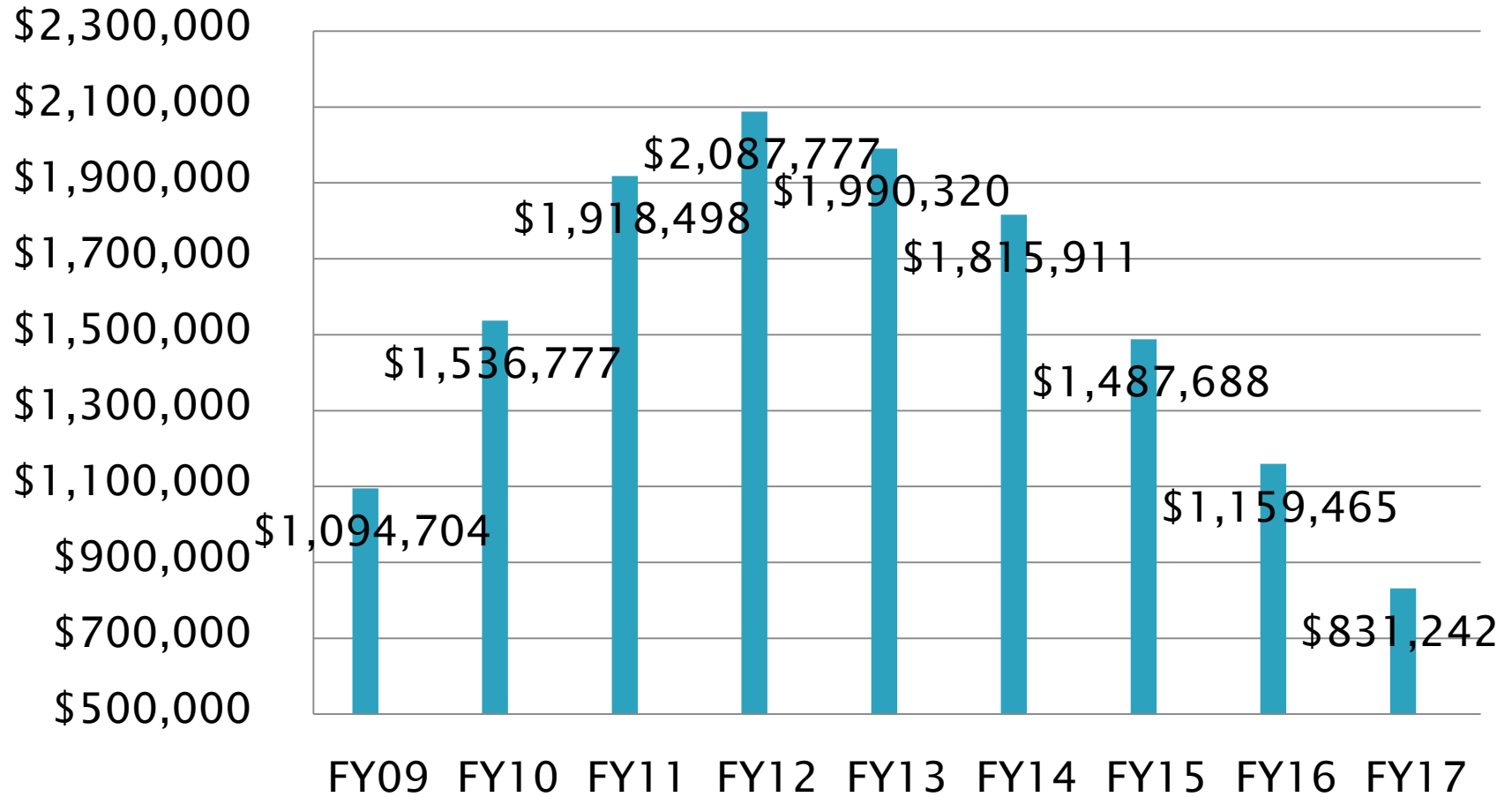
- ▶ Flagstaff and Branch libraries have reduced their Base Budgets in order to be structurally balanced to projected ongoing revenues in FY15.
 - ▶ The Library Council has authorized a 1–3 year extension using the Restricted Fund balance to supplement the Library's budgets.
- 

Library District Revenue

■ Revenue ■ Fill-in



Library District Restricted Fund Balance



Bookmobile Program at Assisted Living Facilities



Thank You!

»» Questions?