

CITY COUNCIL MINI BUDGET ADVANCE

**CITY COUNCIL MINI
BUDGET ADVANCE
THURSDAY
JANUARY 21, 2015**

**CITY COUNCIL CONFERENCE ROOM
FLAGSTAFF CITY HALL
211 WEST ASPEN
1:00 P.M.**

1. **Call to Order**
2. **Roll Call**

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

MAYOR NABOURS
VICE MAYOR BAROTZ
COUNCILMEMBER BREWSTER
COUNCILMEMBER EVANS

COUNCILMEMBER ORAVITS
COUNCILMEMBER OVERTON
COUNCILMEMBER PUTZOVA

3. **City of Flagstaff Mini Budget Advance**
 - A. **Overview**
 - B. **Council Mission, Vision and Goals**
 - C. **The City's Financial Framework - A Model for Stability and Success**
 - D. **Revenue Options**
 - E. **Mini Advance Framework**
 - F. **Mini Advance #1: *Employee Investment***
4. **Adjournment**

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on 01/21/2015, at 12:10 p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this 21st day of January, 2015.

Elizabeth A. Burke, MMC, City Clerk

**CITY OF FLAGSTAFF
STAFF SUMMARY REPORT**

To: The Honorable Mayor and Council
From: Elizabeth A. Burke, City Clerk
Date: 01/21/2015
Meeting Date: 01/22/2015



TITLE

City of Flagstaff Mini Budget Advance

RECOMMENDED ACTION:

Council direction

EXECUTIVE SUMMARY:

The purpose of this Mini Budget Advance is to provide an overview of the City's Financial Framework - A Model for Stability and Success; Revenue Options; the framework for upcoming mini advances and review information related to Employee Investment.

INFORMATION:

COUNCIL GOALS:

1. Invest in our employees and implement retention and attraction strategies

The attached document is a copy of the PowerPoint which will be followed at the Mini Budget Advance of January 22, 2015.

Attachments: [PowerPoint](#)

Flagstaff City Council Mini Budget Advance

January 22, 2015





Agenda

- Council Mission, Vision and Goals
- Objectives
- The City's Financial Framework – A Model for Stability and Success
- Revenue Options
- Mini Advance Framework
- Mini Advance #1: Employee Investment
 - Employee Pension
 - Employee Pay – Market Based Pay and Merit Pay
 - Professional Development
 - Customer Service Committee Progress Update
 - Other Employee Investment Strategies – HR and EAC



City Council Mission Statement

- To protect and enhance the quality of life of its citizens

City Council Vision Statement

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



Goal: Invest in our employees and implement retention and attraction strategies

- **Bring all City employees up to market pay**
- **Invest in training and development in our staff**
- **Fund pensions at the minimum recommended contribution levels to assure ongoing plan viability**
- **Participate in the evaluation and implementation of a pension plan structure that will provide a secure and sufficient benefit to retirees within a sustainable cost structure for the employer and the employee**



Goal: Ensure Flagstaff has a long-term water supply for current and future needs

- Identify financing, complete designs and construct the Red Gap Waterline
- Secure ROW for Red Gap Waterline
- Review current water rate structure
- Integrate conservation strategies into all water resource management activities
- Expand the use of reclaimed water



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Goal: Provide sustainable and equitable public facilities, services, and infrastructure systems in an efficient and effective manner to serve all population areas and demographics

- Rio de Flag - Complete 100% plans, LRR, land acquisition and identify financing strategy
- Construct Core Services Maintenance Facility at McAllister Ranch
- Maintain existing infrastructure by investing in ongoing maintenance and operations to get closer to target condition
- Design, finance and construct Courthouse
- Enhance library hours
- Explore stadium and arts district



Goal: Explore and adopt policies to lower the costs associated with housing to the end user

- Understand and support increasing housing availability in conjunction with FHA
- Facilitate exploration of financing tools and models that meet the needs of affordable rental community
- Review regulatory documents in regard to the complexity of housing affordability
- Support creative partnerships around workforce housing



Goal: Explore and adopt policies to lower the costs associated with housing to the end user

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Goal: Develop and implement guiding principles that address public safety service levels through appropriate staffing levels



Goal: Relieve traffic congestion throughout Flagstaff

- Identify more information on scope of problem and solutions that address both supply and demand, including measurement to quantify congestion.
- Work with partners to achieve goal (regional, county, Flagstaff Metropolitan Planning Organization, state NAIPTA, railroad, NAU)
- Implement Road Repair and Street Safety projects



Goal: Address key issues and processes related to the implementation of the Regional Plan

- **Conduct annual review of implementation of Regional Plan**
- **Review and possibly amend Regional Plan goals and policies with regard to location of urban activity centers, preservation of dark skies and student housing and other high density developments. (Review how we implement the RP in the Zoning Code)**
- **Explore neighborhood parking districts**



Goal: Foster relationships and maintain economic development commitment to partners



Goal: Improve effectiveness of notification, communication, and engagement with residents, neighborhoods and businesses and about City services, programs, policies, projects and developments

- Review what, when and how Council and public are notified about development projects
- Identify opportunities for collaborative outreach among Council members and key community stakeholders



Goal: Decrease the number of working poor

- Discuss non legislative tools that lead to living wages in the community
- Conduct legal research on the City's authority to legislate a local livable wage



Goal: Ensure that we are as prepared as possible for extreme weather events

- **Present resiliency and *preparedness* goals to Council**



City of Flagstaff's Fiscal Health – A Framework for Stability and Success



A Framework for Stability and Success





A Framework for Stability and Success





A Framework for Stability and Success

HERE

**Where We
Want to Be**



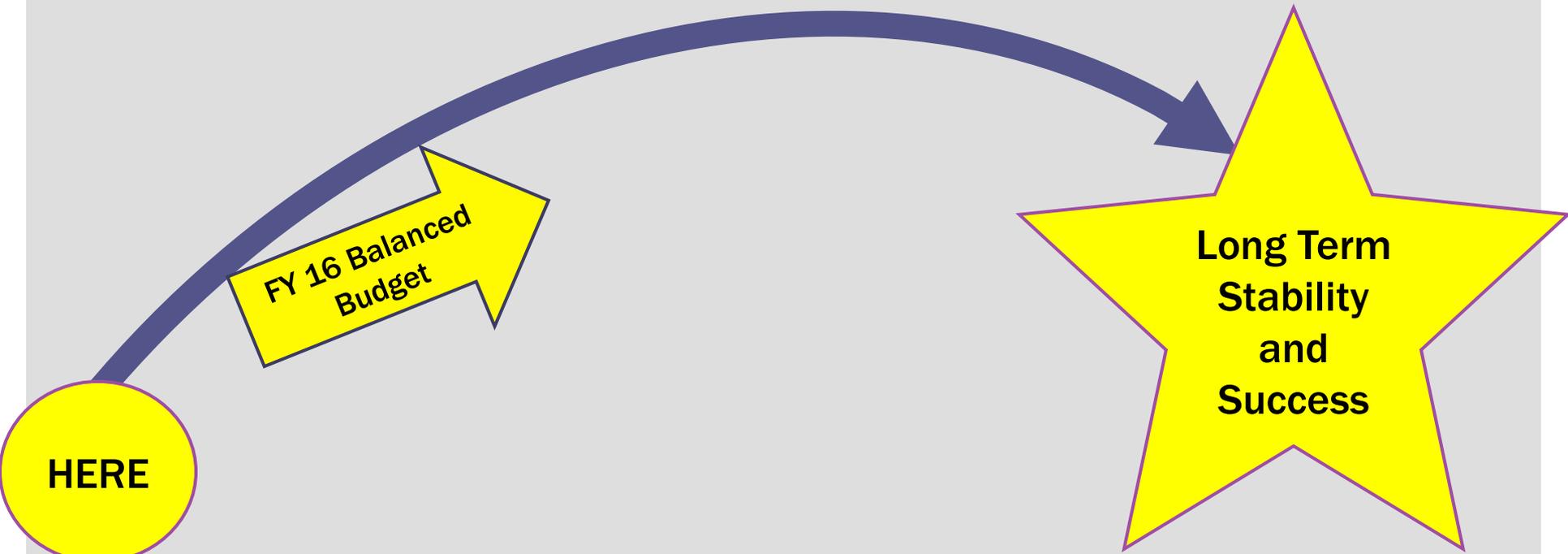
A Framework for Stability and Success

HERE

**Long Term
Stability
and
Success**



A Framework for Stability and Success





A Framework for Stability and Success





A Framework for Stability and Success





A Framework for Stability and Success





A Framework for Stability and Success

DEMAND – Assess the financial demands for City services using the following assessment framework:

- **Current Service Levels – Stop the Bleeding**
- **Sustainable Service Levels – Close the Gap**
- **Sustain Funding for City Services – Maintain**



A Framework for Stability and Success

DEMANDS FOR CITY SERVICES INCLUDE:

- Employee Investment
- Staffing
- Infrastructure and Technology



A Framework for Stability and Success

SUPPLY – Review the opportunities and resources available to fund the current and future demands for City services:

- Revenue – Evaluate available and potential revenue resources
- Expenditures/Service reductions – Evaluate potential expenditure and service reductions
- Reallocations – Evaluate potential reallocations between divisions and funds



A Framework for Stability and Success





A Framework for Stability and Success

Policy Questions

- Does the City need to have a structurally balanced budget (ongoing revenues = ongoing expenses;) vs. a balanced budget (ongoing revenues, one time revenues, and fund balance may pay for some portion of ongoing expenses?)



A Framework for Stability and Success

Policy Questions

- Do we want to establish a policy that increases ongoing revenues (including user fees, property taxes) annually to support the council budget goals? For example – are you willing to commit to increasing certain revenues annually to support a 1% market/merit every year?



A Framework for Stability and Success

Policy Questions

- Do we want to reduce expenditures through program reductions to support council budget goals?



A Framework for Stability and Success

Policy Questions

- Do we want to take a less conservative approach to our ongoing revenue projections?



A Framework for Stability and Success

Policy Questions

- Is there interest in completing some type of organizational audit (efficiency study, Priority Based Budgeting, other)?



Revenue Options



Resource Options

Option	Fund	Ongoing	Amount
Primary Property Tax – 8%	General	X	\$400,000 - \$500,000
Secondary Property Tax – 1%	Library	X	\$40,000/ \$20,000
User Fees – ComDev, Parks, Recreation, Public Safety, Cemetery, Sales Tax, City Clerk/Liquor License, Court	General	X	Varied
User Fees – Utilities, Solid Waste, Stormwater	Utilities, Solid Waste, Stormwater	X	Varied
Lease rates	General, Airport	X	Varied
General Sales Tax – 1%	General	X	\$1,600,000



Resource Options

Option	Fund	Ongoing	1%	2.051%
Model City Tax Code				
Food for home consumption	General, Transportation, Road Repair	X	\$1,500,000	\$1,500,000 1,080,000 450,000
Residential Rental	General, Transportation, Road Repair	X (Requires an election)	\$1,000,000	\$1,000,000 721,000 300,000
Wastewater removal	General, Transportation, Road Repair	X	\$80,000	\$80,000 35,000 14,000
Use tax	General, Transportation, Road Repair	X	In place	In place \$72,000 30,000



Resource Options

- General Fund Balance
- Policy – 15%
- Council goal – 20%
- Based upon the FY2015 five year plan, the fund balance ranges from a low of 20.6% (FY2019) to a high of 22.3% (FY2015)
- Potential of one time funding of \$2.7 million
- Could negatively impact bond ratings



General Fund Transfers/Reallocations

TO:	1X	ONG	PURPOSE	AMOUNT
LIBRARY		X	OPERATIONS	\$1,627,451
HURF		X	STREET MAINTENANCE	180,000
HURF		X	STREET SWEEPING	40,000
HURF		X	STREET IMPROVEMENT	1,000,000
ECONOMIC DEVEL.		X	INCUBATOR	251,000
STORMWATER	X		RIO DE FLAG	3,538,796
AIRPORT	X		GRANT MATCH	807,000
FLAG HOUSING AUTH		X	COMPENSATION	33,200
CAP PROJECT FUND	X		COURT HOUSE	2,320,000
HOUSING	X		LAND ACQUISITION	733,779



Mini Advance Framework



Mini Budget Advance

- Reminders:
 - Big picture
 - Focus on Policy Questions
 - Prepare for budget direction February 11th - 12th
 - Ask Questions
 - Answers to policy questions once all information is presented



Mini Budget Advances

Objectives

- Define our budget gap (demand)
- Identify strategies to close the gap (supply)
 - Grow Revenue
- Identify strategies to narrow the gap (supply)
 - Reduce Expenses
- Prepare for FY16 budget direction



Brandi's visual



Mini Budget Advances

- Information will be presented by the following:
 - Employee Investment
 - Infrastructure and Technology
 - Staffing
- Information will be provided consistently and assumes current base funding
 - **Stop the bleeding** (Keep from getting worse)
 - **Close the gap** (Get where we need to be)
 - **Maintain** (Long term stabilization)



Mini Advance #1: Employee Investment



Mini Advance #1: Employee Investment

- Employee Pension
- Employee Pay – Market Based Pay and Merit Pay
- Professional Development
- Customer Service Committee Progress Update
- Other Employee Investment Strategies – HR and EAC



Employee Investment

■ Employee Pension

	Stop the Bleeding	Close the gap	Maintain
ARS – GF	\$74,000	\$0	\$74,000 +
PSPRS - Fire	\$763,000	\$41,384,000	\$754,000 +
PSPRS - Police	\$631,000	\$37,386,000	\$634,000 +
Total	\$1,468,000	\$78,770,000	\$1,468,000



Employee Investment

- Professional Development (Travel, Training, uniforms, etc.)

	Stop the Bleeding	Close the gap	Maintain
City Wide	\$187,000	\$515,000	\$515,000 +CPI



Employee Investment

■ Employee Compensation – Market Based Pay

	Stop the Bleeding	Close the gap	Maintain
2080 Pay Plan	\$340,000	\$3,802,000	\$474,000
Fire Pay Plan	\$46,000	\$1,025,000	\$66,000
Police Pay Plan	\$189,000	\$836,000	\$201,000
Total	\$575,000	\$5,663,000	\$741,000



Employee Investment

■ Employee Compensation – Merit Increase

To stop the bleeding: Consistent Increases following the below proposed structure:

Merit Increases

1 year – 0.8%
2 years – 1.6%
3 years – 2.4%
4 years – 3.2%
5 years or more – 4%

Longevity Pay

1 year - \$100
2 years - \$150
3 years - \$250
4 years - \$350
5 years or more - \$450



Employee Investment

■ Employee Compensation – Merit Increase

To catch up to target: Ongoing commitment to follow above proposed increases, including longevity pay, for four years or until reaching a maintain level if that occurs first.

Maintain: 5% merit annually.



Employee Investment – No Cost or Low Cost Strategies to Invest in Employees

- Appreciation Days – similar to the all PW meeting/appreciation day that was held at Jay Lively last year –BBQ, games, raffles
- Maintain the 3 PTO days
- Increment weather policy paid by City, not out of employees accrued time
- 4 week paid Maternity/Paternity Leave
- Christmas Eve full day option
- Allow Alternate Work Schedules for all employees



Customer Service Team – Progress Update



Update City Council on structure of the Customer Service Team (CST)

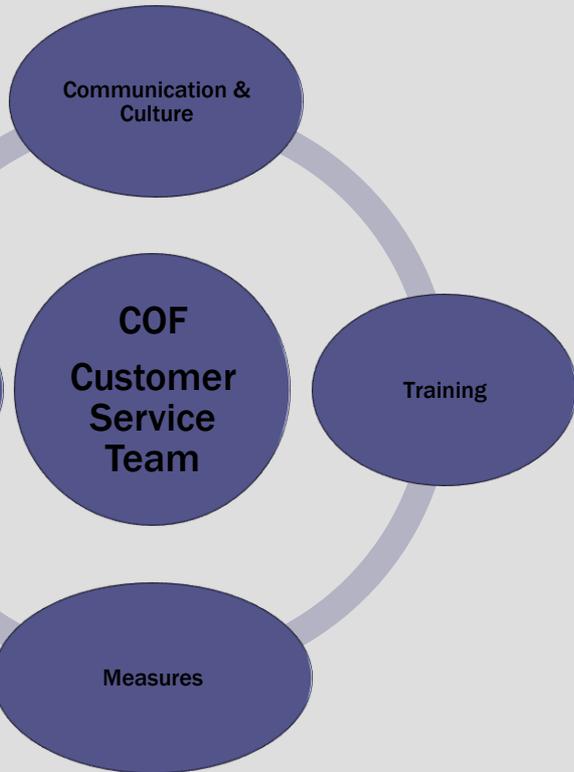
- CST's activities to date
- *On the Spot Award*



Customer Service Team

- Mark Galliard – Sponsor and Denise Thompson – Team Leader

<u>Culture and Communications</u>	<u>Rewards and Recognition</u>
· Lisa Deem	· Louie Garcia
· Geneva Dawson	· Karl Eberhardt
· Deborah Beals	· Jennifer Caputo
· Jennifer Caputo	· Claire Harper
· Tamara Lawless	· Glorice Pavey
· Deb Shafer	· Heidi Hansen
· Crystal Warden	· Stacey Button
<u>Measuring Outcomes</u>	<u>Training</u>
· Lisa Deem	· Jessica Foos
· Tammy Bishop	· Tanner Callahan
· Tamara Lawless	· Geneva Dawson
· Louie Garcia	· Deb Shafer
· Paul Lasiewicki	· Paul Lasiewicki
· Jason Cook	· Jason Cook



Communication & Culture:

This sub-committee is tasked with engaging employees to better communicate the City’s values, develop a team atmosphere throughout the City and determine if our current values reflect the current organizations culture.

Rewards & Recognition:

This sub-committee is tasked with analyzing the current city awards program and also adding in new awards to continue to engage the entire staff and refresh the program overall.

Training:

This sub-committee is tasked with training the City of Flagstaff Leadership Team and staff on the changes to our Customer Service Program and holding kick-off events to spread the word.

Measures:

This sub-committee is tasked with ensuring all City of Flagstaff employees are knowledgeable about the Customer Service Team as well as the changes to programming. They also are working on how to ‘measure’ results.



Customer Service Team – Culture & Communication

- Customer Service Values
- Promote Quality Internal Customer Service
- Creating a Team
 - Build the TEAM at Division/Department level, using existing strategies
- Next Steps:
 - Use survey results to define morale-building work areas
 - Culture & Communication will be combined with Rewards & Recognition



Customer Service Team – Training

- Training Video
- Future Plans
 - Telephone etiquette
 - Email Etiquette
 - Name Tags



Customer Service Team – Measurement & Outcomes

1. Employee Survey

- Will be re-sending select questions that pertain to job satisfaction in May or June

2. Focus groups

- Will be asking employees on the customer service team to conduct informal feedback sessions with colleagues regarding morale

3. Employee annual evaluations

- Potential to add a job satisfaction component to anonymous portion at end



Customer Service Team: Rewards and Recognition



Customer Service Team – Rewards and Recognition

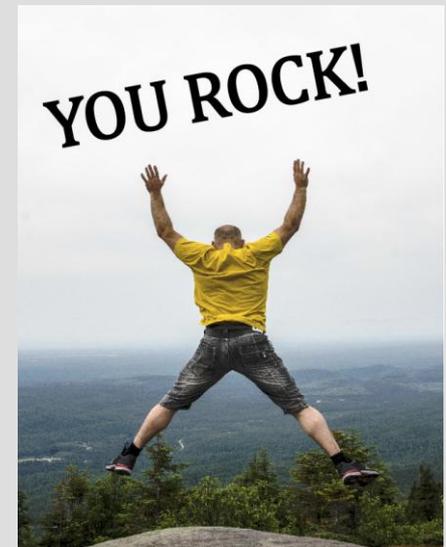
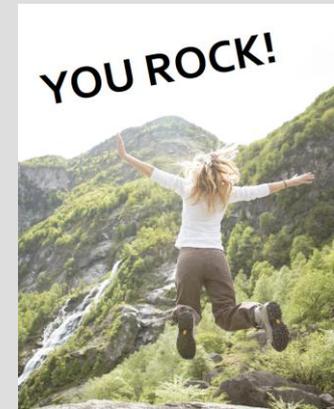
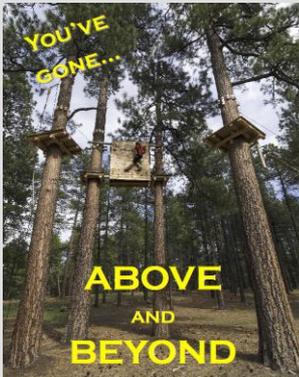




Customer Service Team – Rewards and Recognition

On the Spot Awards:

- High Five
- You Got Caught Making a Difference
- You Rock
- You're an Essential Piece
- *On the Spot awards allow City employees to recognize one another throughout the year. There are five different designs in order to give the nominator a variety to pick from and the ability to nominate individuals whenever they feel the duty performed deserves recognition. Employees are eligible to receive multiple awards throughout the year.*





Advance Wrap Up



A Framework for Stability and Success

Policy Questions

- Does the City need to have a structurally balanced budget (ongoing revenues = ongoing expenses;) vs. a balanced budget (ongoing revenues, one time revenues, and fund balance may pay for some portion of ongoing expenses?)



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A Framework for Stability and Success

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Mini Budget Advance #2: Technology and Infrastructure

Wednesday, January 28th 1:00 – 3:30pm

- Review questions from Mini Advance #1
- Quality Infrastructure Assessment Updates
- Technology Needs Assessment