

SPECIAL WORK SESSION AGENDA

**CITY COUNCIL SPECIAL WORK SESSION
TUESDAY
OCTOBER 22, 2019**

**COUNCIL CHAMBERS
211 WEST ASPEN AVENUE
6:00 P.M.**

1. Call to Order

NOTICE OF OPTION TO RECESS INTO EXECUTIVE SESSION

Pursuant to A.R.S. §38-431.02, notice is hereby given to the members of the City Council and to the general public that, at this work session, the City Council may vote to go into executive session, which will not be open to the public, for legal advice and discussion with the City's attorneys for legal advice on any item listed on the following agenda, pursuant to A.R.S. §38-431.03(A)(3).

2. Pledge of Allegiance and Mission Statement

MISSION STATEMENT

The mission of the City of Flagstaff is to protect and enhance the quality of life for all.

3. ROLL CALL

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

MAYOR EVANS
VICE MAYOR SHIMONI
COUNCILMEMBER ASLAN
COUNCILMEMBER MCCARTHY

COUNCILMEMBER ODEGAARD
COUNCILMEMBER SALAS
COUNCILMEMBER WHELAN

4. Public Participation

Public Participation enables the public to address the council about items that are not on the prepared 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 at the meeting 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 to have an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.

5. General Fund Revenue and 5-Year Plan Update

6. **Discussion/Direction:** Priority Based Budgeting Results and Definitions Map Update
7. **Public Participation**
8. **Informational Items To/From Mayor, Council, and City Manager; future agenda item requests**
9. **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 _____, 2019.

Stacy Saltzburg, MMC, City Clerk

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Rick Tadder, Management Services Director
Co-Submitter: Brandi Suda-Finance Director
Date: 10/15/2019
Meeting Date: 10/22/2019



TITLE

General Fund Revenue and 5-Year Plan Update

STAFF RECOMMENDED ACTION:

Discussion on General Fund Revenues and update on the General Fund 5-Year Plan.

EXECUTIVE SUMMARY:

This discussion is to provide information regarding decline in Fiscal Year (FY) 2019 sales tax revenues and the impact on the City of Flagstaff (City) FY 2020 budget and General Fund 5-Year plan. The information is primarily related to major Transaction Privilege Tax (TPT, or sales tax) revenue sources which impacts the General Fund.

INFORMATION:

Staff will present the following:

- History of Sales Tax Collections
- General Fund Sales Tax Revenue Projections
- Arizona Department of Revenue (ADOR) Discussion
- Other Major General Fund Revenue Projections
- General Fund 5 Year Plan Impacts
- BBB & Transportation Tax Impacts
- Plan going forward

Attachments: [Presentation](#)
[City Council Report](#)

General Fund Revenue and Five-Year Plan Update

City Council Work Session
October 22, 2019



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Topics for tonight's update

- History of Sales Tax Collection
- General Fund Sales Tax Revenues
 - FY 2019 actuals and FY 2020 projections
- Arizona Department of Revenue (ADOR) Discussion
- Other Major General Fund Revenues
- General Fund 5-Year Plan Impacts
- BBB & Transportation Tax Impacts
- Plan going forward



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History of Sales Tax Collections

- In 2012 Governor Brewer called for the creation of a Transaction Privilege Tax Simplification Task Force.
- In 2013 Arizona Legislature adopted a bill to require ADOR to administer all sales tax collections.
- Prior to January 2017 Flagstaff Self Collected Sales Tax



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General Fund Sales Tax Revenues

- February Budget Retreat Projections
 - Strong revenues 1st half of year-3.2% over prior year
 - Projected 2.4% over budget
- March/April noticed declines in Jan/Feb returns
 - Only negatives in Construction and Use Tax
 - Reached out to contracted auditor for assistance
 - Recognized refunds issued by ADOR
 - Revenue swings monthly

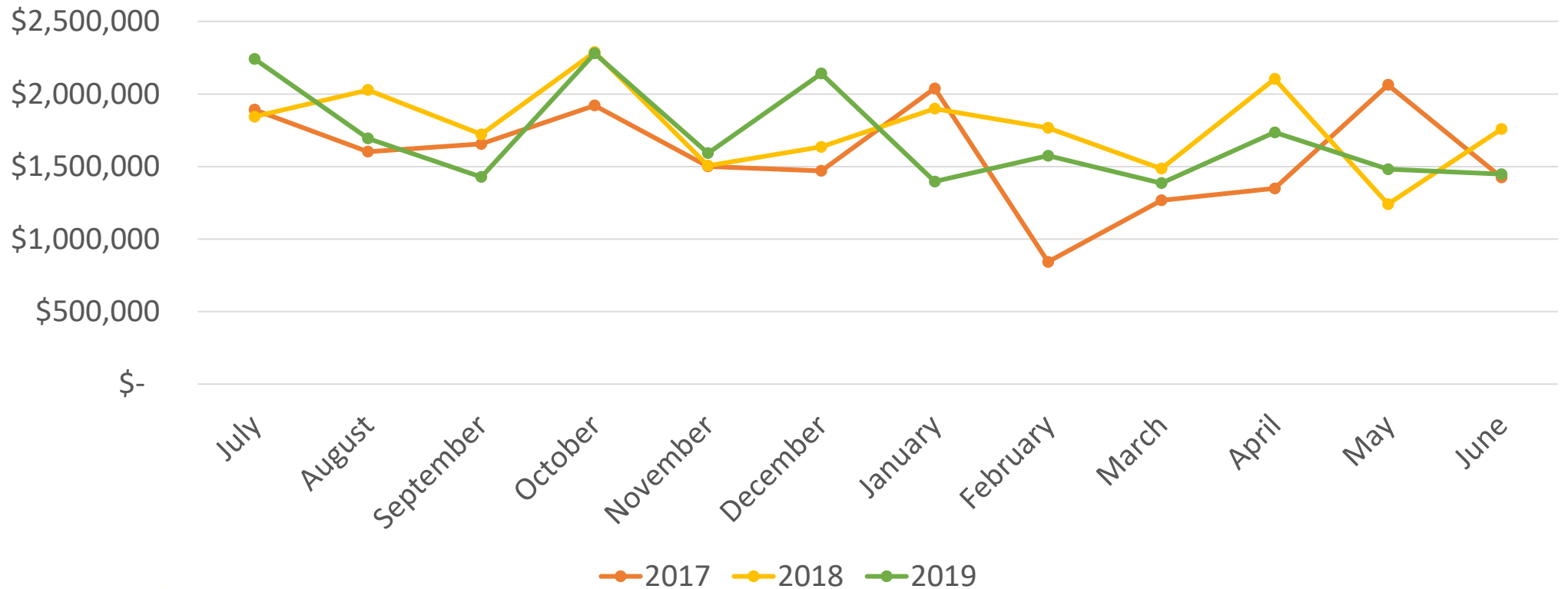


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General Fund Sales Tax Revenues

Monthly Sales Tax General Fund
FY17-FY19 History



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General Fund Sales Tax Revenues

- In August, preliminary numbers were available, staff met with the Budget Team
- Continued to monitor through remainder of FY
 - Construction did not rebound 33% under prior year
 - Retail Sales declined 3.4% year over year
- Did not meet FY 2019 Budget by **-\$490,440**
- Did not meet FY 2019 projections **-\$983,939**
- Staff met with Budget Team in Sept to discuss final numbers and updated projections



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General Fund Sales Tax Revenues

Summary of Sales Tax Revenue General Fund Revenues (1% Collections)

Category	Budget	FY 2019 Projection	FY 2019 Actual	Budget vs Actual	Projection vs Actual
Utilities	\$ 1,053,381	\$ 1,085,800	\$ 1,073,200	\$ 19,819	\$ (12,600)
Telecommunications	\$ 267,800	\$ 245,000	\$ 219,657	\$ (48,143)	\$ (25,343)
Restaurants/Bars	\$ 2,884,000	\$ 3,000,000	\$ 2,898,463	\$ 14,463	\$ (101,537)
Amusements	\$ 97,850	\$ 112,000	\$ 106,849	\$ 8,999	\$ (5,151)
Commercial Property Rental	\$ 950,000	\$ 1,200,000	\$ 1,183,937	\$ 233,937	\$ (16,063)
Personal Property Rentals (TPP)	\$ 680,830	\$ 660,000	\$ 686,618	\$ 5,788	\$ 26,618
Construction Contracting	\$ 2,148,760	\$ 2,200,000	\$ 1,881,039	\$ (267,721)	\$ (318,961)
Retail	\$ 10,362,148	\$ 10,500,000	\$ 10,013,312	\$ (348,836)	\$ (486,688)
Lodging Under 30 Days	\$ 1,493,500	\$ 1,500,000	\$ 1,525,680	\$ 32,180	\$ 25,680
Use Tax	\$ 824,000	\$ 740,000	\$ 671,093	\$ (152,907)	\$ (68,907)
Other	\$ 122,665	\$ 136,197	\$ 134,646	\$ 11,981	\$ (1,551)
TOTAL:	\$ 20,884,934	\$ 21,378,997	\$ 20,394,494	\$ (490,440)	\$ (984,503)



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ADOR and Education

- Staff reaching out and working with ADOR
 - ADOR visit on August 26
 - Visited ADOR and Valley Cities
 - Future education on reports
 - ADOR relies on local monitoring on businesses
- Gain a better understanding of refunds and the impact they have in our projections



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General Fund Major Tax Revenues

Summary of Major Tax Revenue Sources

Category	Budget	FY 2019 Projection	FY 2019	Budget vs Actual	Projection vs Actual
			Actual		
Sales Tax	\$ 20,884,934	\$ 21,378,997	\$ 20,394,494	\$ (490,440)	\$ (984,503)
Stated Shared Urban Revenue	\$ 8,719,302	\$ 8,716,221	\$ 8,716,166	\$ (3,136)	\$ 55
State Shared Sales Tax	\$ 6,905,944	\$ 7,100,000	\$ 7,256,985	\$ 351,041	\$ 156,985
Auto Lieu Tax	\$ 3,108,690	\$ 3,200,000	\$ 3,430,071	\$ 321,381	\$ 230,071
Franchise Fees	\$ 2,546,234	\$ 2,573,755	\$ 2,551,767	\$ 5,533	\$ (21,988)
TOTAL:	\$ 42,165,104	\$ 42,968,973	\$ 42,349,483	\$ 184,379	\$ (619,380)



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General Fund 5-Year Plan Impacts

- 5-year plan is still structurally balanced
- FY2019 and FY2020 shortfall is covered by \$2.4M under spending in FY2019
- Projecting \$1M shortfall in revenue FY2021 thru FY2024
 - Reduce one-time revenue set asides to compensate for the decline
- 5-year plan still includes 2% compensation and set aside for health insurance
- Limited resources in FY2021 Budget for new requests



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BBB & Transportation Tax Impacts

BBB Revenues

Category	Budget	FY 2019 Projection	FY 2019 Actual	Budget vs Actual	Projection vs Actual
Recreation	\$ 2,889,150	\$ 2,970,000	\$ 2,917,785	\$ 28,635	\$ (52,215)
Tourism	\$ 2,626,500	\$ 2,700,000	\$ 2,652,695	\$ 26,195	\$ (47,305)
Beautification	\$ 1,751,000	\$ 1,800,000	\$ 1,767,866	\$ 16,866	\$ (32,134)
Economic Development	\$ 831,725	\$ 855,000	\$ 840,050	\$ 8,325	\$ (14,950)
Arts and Sciences	\$ 656,625	\$ 675,000	\$ 662,726	\$ 6,101	\$ (12,274)
TOTAL:	\$ 8,755,000	\$ 9,000,000	\$ 8,841,122	\$ 86,122	\$ (158,878)

Transportation Revenues

Category	Budget	FY 2019 Projection	FY 2019 Actual	Budget vs Actual	Projection vs Actual
4th Street Overpass	\$ 3,174,693	\$ 3,302,240	\$ 3,155,386	\$ (19,307)	\$ (146,854)
Street Improvements	\$ 3,690,581	\$ 3,838,853	\$ 3,668,585	\$ (21,996)	\$ (170,268)
Safety Improvements	\$ 1,587,347	\$ 1,651,120	\$ 1,576,797	\$ (10,550)	\$ (74,323)
Operating Prop 401	\$ 3,472,321	\$ 3,611,824	\$ 3,450,755	\$ (21,566)	\$ (161,069)
Hybrid Buses Prop 402	\$ 396,837	\$ 412,780	\$ 395,320	\$ (1,517)	\$ (17,460)
Downtown Route Prop 403	\$ 396,837	\$ 412,780	\$ 395,320	\$ (1,517)	\$ (17,460)
New Bus Service Prop 404	\$ 793,673	\$ 825,560	\$ 789,294	\$ (4,379)	\$ (36,265)
More Freq Stops Prop 405	\$ 793,673	\$ 825,560	\$ 789,294	\$ (4,379)	\$ (36,265)
Road Repair and Safety	\$ 6,547,805	\$ 6,810,869	\$ 6,509,083	\$ (38,722)	\$ (301,786)
TOTAL:	\$ 20,853,767	\$ 21,691,586	\$ 20,729,835	\$ (123,932)	\$ (961,751)

Plan going forward

- Increase focus on sales tax revenues
 - Scheduled education with ADOR
 - Meet with other Cities
 - Improve sales tax analysis and projections
- Develop a plan with a tiered approach to be prepared for times of declining revenues
- Balance 5-year plans and discuss with Divisions
- December update at retreat



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Questions?



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CITY COUNCIL REPORT
PUBLIC

DATE: October 10, 2019

TO: Mayor, Vice-Mayor and City Council

FROM: Rick Tadder, Management Services Director
Sandy Corder, Revenue Director
Brandi Suda, Finance Director

CC: Greg Clifton, Shannon Anderson, Shane Dille, and Leadership Team

SUBJECT: FY 2019 Transaction Privilege Tax Revenues and Impact on Budget

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Summary

The purpose of this City Council Report (CCR) is to provide information regarding changes in Fiscal Year (FY) 2019 revenue projections and the impact on the City of Flagstaff (City) FY 2020 budget, as well as ongoing years. The information is primarily related to major Transaction Privilege Tax (TPT, or sales tax) revenue sources which impacts the General Fund.

Preliminary information was presented to the City Budget Team on August 26, 2019, as an initial indication of a decline in projections, though FY 2019 revenues were higher than the actual budget. The Budget Team and the City Manager requested additional research to enable an informed discussion with City Council. Accordingly, a follow up staff presentation and discussion will occur with Council at the work session on October 22, 2019.

Key Considerations

- The City ended FY 2019 with TPT revenue 4.13% below the prior year's revenue. Due to conservative budgeting, the TPT revenues are still above budget by approximately \$251,724 and below mid-year projections by approximately \$620,000.
 - As of December 2018, overall TPT revenue remained above the prior year's receipts and projections;
 - Revenue estimates presented at the February 2019 Budget Retreat, were based on a very healthy first half of the FY 2019;
 - In March/April 2019 staff began to recognize declines in TPT revenue for returns through February 2019, for monies received from Arizona Department of Revenue

(ADOR) in January. Staff initially attributed the decline to timing issues with revenue collections as all other Arizona economic indicators remained strong.

- However, to-date, revenue has not rebounded to projected levels.
- TPT revenues have declined over the prior year in the following taxable income categories:
 - Retail sales, includes the sale of any tangible personal property such as cars, furniture, equipment, etc. (3.4% decline); and
 - Construction contracting, including general contractors, speculative builders, and owner-builders (33% decline).
- Other lesser factors contributing to a decline in TPT revenues are:
 - Overcollection in FY 2018, when ADOR began centralized TPT collection;
 - Refunds made to taxpayers in FY 2019 (\$168,000). Some of these refunds are attributable to new tax exemptions.
- For FY 2020, City TPT revenues are down only 1.3% over the prior year collections for July and August.
- The chart below summarizes FY 2019 Sales Tax Revenue:

Summary of Sales Tax Revenue General Fund Revenues (1% Collections)					
Category	Budget	FY 2019 Projection	FY 2019 Actual	Budget vs Actual	Projection vs Actual
Utilities	\$ 1,053,381	\$ 1,085,800	\$ 1,073,200	\$ 19,819	\$ (12,600)
Telecommunications	\$ 267,800	\$ 245,000	\$ 219,657	\$ (48,143)	\$ (25,343)
Restaurants/Bars	\$ 2,884,000	\$ 3,000,000	\$ 2,898,463	\$ 14,463	\$ (101,537)
Amusements	\$ 97,850	\$ 112,000	\$ 106,849	\$ 8,999	\$ (5,151)
Commercial Property Rental	\$ 950,000	\$ 1,200,000	\$ 1,183,937	\$ 233,937	\$ (16,063)
Personal Property Rentals (TPP)	\$ 680,830	\$ 660,000	\$ 686,618	\$ 5,788	\$ 26,618
Construction Contracting	\$ 2,148,760	\$ 2,200,000	\$ 1,881,603	\$ (267,157)	\$ (318,397)
Retail	\$ 10,362,148	\$ 10,500,000	\$ 10,013,312	\$ (348,836)	\$ (486,688)
Lodging Under 30 Days	\$ 1,493,500	\$ 1,500,000	\$ 1,525,680	\$ 32,180	\$ 25,680
Use Tax	\$ 82,400	\$ 740,000	\$ 671,093	\$ 588,693	\$ (68,907)
Other	\$ 122,665	\$ 136,197	\$ 134,646	\$ 11,981	\$ (1,551)
TOTAL:	\$ 20,143,334	\$ 21,378,997	\$ 20,395,058	\$ 251,724	\$ (983,939)

History of Transition to ADOR Collection

Since territorial times Arizona cities have had their own local sales tax authority, including authority for tax levy and collection. All 91 Arizona cities and towns have adopted the Model City Tax Code, which originated in 1987. Over time, businesses have lobbied the State Legislature for increased uniformity and centralized state tax administration.

In May 2012, then Governor Jan Brewer issued Executive Order 2012-01 calling for the creation of a Transaction Privilege Tax Simplification Task Force. The Task Force was charged with: "...reviewing, identifying, or developing proposals that would simplify the TPT code and TPT

practice in order to alleviate taxpayer frustration, improve compliance, and avoid redundancies. Specific areas of focus shall include, but not be limited to: ... a. options for a single point administration to avoid redundancies; b. identification of differences between state statute and the Model City Tax Code; c. standardization of definitions of taxable transactions between taxing authorities."

In 2013, the Arizona Legislature adopted HB2111 requiring ADOR to administer and collect all local transaction privilege, use and licensing taxes, in addition to all state taxes (a single point of return). Starting January 1, 2017 ADOR began administering all local taxes.

All businesses now must file both state and local tax returns with ADOR. ADOR has entered into an intergovernmental agreement with all 91 Arizona cities and towns, and each municipality must pay a proportionate share of the state's local tax administration costs.

In response to the ADOR assumption of local tax administration, Flagstaff reduced and repurposed staff of the City's local Sales Tax Unit. The City kept one sales tax auditor until that position became vacant and was difficult to fill due to the specialty background needed. We reorganized by outsourcing. As a result, the City decided to contract with a sales tax auditing firm to perform a portion of our sale tax auditing and we added a collection specialist.

In FY 2018, during the initial phase of ADOR transition, TPT and use tax revenues for Flagstaff grew by 11.83% over the previous fiscal year. This was supported statewide by the Joint Legislative Budget Committee (JLBC) Staff October 2018 Revenue and Budget Update Report stating a "stronger-than-expected economic growth" with revenue growth of 6.9%. Though Flagstaff's nearly 12% was double the combined JLBC 6%, it was noted that a large portion of Flagstaff's increase in sales tax revenues was due to construction, and the newly enacted 1% use tax.

Federal Tax Cuts

On December 22, 2017 the federal government signed into law the largest income tax overhaul in 30 years, the "Tax Cuts and Jobs Act." JLBC reported in January 2018 that Income Tax Payments doubled and they didn't know the reason. Many changes were being implemented simultaneously with a wide difference of opinion on the long run impact to the economy with 90% of 62 economists in a Wall Street Journal survey concurring of a growth over the next two

years. The survey reported the historical context was by the end of '19, we would have tied the record for post WWII expansion.

All data supported Flagstaff's seemingly rapid growth. However, as previously noted, in March/April 2019, City staff began to notice a decline in Retail and Construction Contracting TPT revenues starting with the January 2019 tax collections. Staff ascribed this to timing issues after reaching out to other municipalities and Flagstaff's contracted auditor, comparing trends. All reports were that these taxable sectors were remaining strong.

Working with ADOR

City staff is working with ADOR to obtain a better understanding of what local tax revenues are being collected, and to identify any economic trends. ADOR has different software and reports than the City had in the past. Staff has seen swings in sales tax collections month over month during the time ADOR began collecting on the City's behalf. Our reports are based on the state cash collection and not based on the period of the sales tax reporting. We receive weekly payments from ADOR, however depending on when the end of the month falls, payments may be recognized in the wrong period.

The City's contracted auditor followed up with construction businesses and collected over \$100,000 in delayed reporting, further supporting staff's assertions. City Community Development staff will be asked to identify any downturns in construction permitting that will affect Construction sales tax revenues.

Staff also noticed lower than normal collections in several taxable categories. Staff determined ADOR was issuing refunds, though there were no unique reports to identify the amounts or categories for these refunds. Staff has since designed a way to determine the amounts of refunds and are now tracking these monthly. The result over the previous fiscal year for collections and refunds are:

- Approximately 33% decline in Construction
- Approximately 3.5% reduction in retail
- More than \$168,000 in refunds across all categories

As we began to close FY 2019, and the full impact of the decline was recognized, staff reached out to ADOR, beginning intensive efforts to determine all reporting mechanisms, training, and

mutual insight into trends impacting Flagstaff, as well as Arizona. Discussion has also commenced regarding the changes made at the time of the transition to ADOR.

ADOR brought its local tax administration team to Flagstaff on August 26, 2019. This was a positive and impactful meeting, giving us all a better understanding of how we can work together to improve local tax administration. Members of Management Services and City Management attended this meeting.

ADOR reported that it has modified its original intent and is relying upon municipalities to continue local tax auditing and monitoring, to inform ADOR of businesses who may be out of compliance, and a greater reliance on partnership.

The City currently does not have the staffing to conduct the local tax auditing and monitoring that ADOR suggests is needed for a successful partnership. If what is being communicated now had been communicated in years prior, we would have made different staffing decisions.

However, the Revenue team is regrouping with current resources, and working with ADOR and other municipalities through the City Tax Administrators Council (CTAC) to devise new methods to provide local taxpayer education, monitor local tax compliance and track revenue within current means.

General Fund Update

Revenue staff is looking at all major General Fund revenues, in addition to local TPT and use tax, to understand how they are performing. These categories include:

- State Shared Sales Tax;
- State Shared Income Tax;
- Auto Lieu and
- Franchise Fees for use of the local public rights-of-way (electric, natural gas, and telecommunications utilities, and cable television).

The continued growth in the Arizona economy and population has had a positive impact on the State shared revenues. Franchise Tax in FY 2019 fell slightly behind due to timing issues in receipt of payments.

The following is a Summary of the Major Tax Revenue Sources:

Summary of Major Tax Revenue Sources					
Category	Budget	FY 2019 Projection	FY 2019 Actual	Budget vs Actual	Projection vs Actual
Sales Tax	\$ 20,884,934	\$ 21,378,997	\$ 20,395,089	\$ (489,845)	\$ (983,908)
Stated Shared Urban Revenue	\$ 8,719,302	\$ 8,716,221	\$ 8,716,166	\$ (3,136)	\$ 55
State Shared Sales Tax	\$ 6,905,944	\$ 7,100,000	\$ 7,256,985	\$ 351,041	\$ 156,985
Auto Lieu Tax	\$ 3,108,690	\$ 3,200,000	\$ 3,430,071	\$ 321,381	\$ 230,071
Franchise Fees	\$ 2,546,234	\$ 2,573,755	\$ 2,551,767	\$ 5,533	\$ (21,988)
TOTAL:	\$ 42,165,104	\$ 42,968,973	\$ 42,348,842	\$ 184,974	\$ (618,895)

What do these changes in Major Tax Revenue Sources mean for the General Fund in FY 2020 and future years? Finance staff has updated the General Fund 5-Year Plan based on the updated sales tax projections. The downturn in revenues was not expected, but the City has been planning for an economic correction in future years, and therefore the downturn in revenues is not devastating to the General Fund 5-year plan. Due to the City's conservative estimates and practices, the General Fund 5-year plan is still structurally balanced.

Actual FY 2019 expenditures came in \$2.4 million (4%) under the FY 2019 Year End Estimate. We can use this underspending in FY 2019 to cover the FY 2019 and FY 2020 revenue shortfalls and still have an estimated unrestricted fund balance of \$13.5 million at the end of FY 2020. This is \$300,000 higher than originally projected as part of the FY2020 Budget adoption and above the 20% minimum fund balance reserve policy. We are showing a \$1 million shortfall in revenues in FY 2021 through FY 2024 compared to originally projected. When budgeting sales tax revenues, we do not assume 100% of sales tax revenues are ongoing. We set aside a portion of the most volatile sales tax revenues (construction and automobile retail) to be used for one-time requests. We are able reduced these one-time set aside in these 4 years from \$1.2 million to \$200,000 annually to compensate for the reduction in revenue projections to balance the General Fund 5-year plan.

In addition, the City's 5-year plan still has funding for a 2% merit increase for employee compensation planned for FY2021(\$1 million) and \$160,000 annually for employee health insurance cost increases. However, Finance staff anticipate limited one-time and ongoing resources for new budget requests in the General Fund for the Budget FY 2021 due to the decline in revenues.

In FY 2020, the City embarked on a new Priority-Based Budgeting program that will be completed over a several year period. We anticipate this new way of looking at the City budget will help us prioritize our spending of City resources.

Closing comments

Management Services will continue to focus on sales tax revenues, collections, reporting and education. We will do this by continued outreach to other municipalities and ADOR when changes occur and utilize all reporting mechanisms available and do not stick with the norm of estimating during changing environments, such as what is happening globally in retail and locally in contracting. We are in discussion with other municipalities on how they are making that transition and determine what is the right course of action for Flagstaff, when major changes are occurring, such as the transition of duties to ADOR.

Staff looks forward to discussing the information above at the October 22, 2019 Work Session with Council. Staff will also be analyzing providing an update on our Restaurants, Bars, and Hotel sales tax categories (the additional 2% sales tax imposed on these tourism-related businesses), and our sales tax revenues that are dedicated for specific Transportation purposes approved by the voters.

Finally, staff is proactively exploring the formation of a fiscal plan for future economic downturns that should enable the City to follow, in a tiered fashion, certain prescribed measures in City expenditures coincident with prolonged, reduced revenues that reach defined benchmarks. This draft plan will be forthcoming.

CITY OF FLAGSTAFF

STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Sarah Langley, Management Analyst
Date: 10/14/2019
Meeting Date: 10/22/2019



TITLE

Discussion/Direction: Priority Based Budgeting Results and Definitions Map Update

STAFF RECOMMENDED ACTION:

Information Only

EXECUTIVE SUMMARY:

In May of 2019, the City of Flagstaff embarked on a journey to implement Priority Based Budgeting for the FY2021 budget cycle. Priority Based Budgeting (or PBB) is a leading best practice in municipal government and allows cities to re-envision how they utilize their budgets. Specifically, PBB enables cities to create a balanced, stable and sustainable budget, to prioritize spending and reallocate resources from within, to launch new programs and envision an improved future by leveraging public/ private partnerships and breaking through “budget silos”.

In September 2019, a Council Retreat was held with the purpose of creating a Results and Definitions Map. A Results and Definitions Map is a key element of Priority Based Budgeting as it represents the City’s high and medium level priorities which are used to score the City’s programs. The Results and Definitions Map presented here showcases the input from both Staff and Council that was received at the September 2019 Council Retreat.

While the current Results and Definitions Map will be used in a limited capacity during the FY21 budget process, the document will be revisited in the Spring of 2020 in a process where community input, as well as further input from Council and staff will be incorporated. Council will then be presented with an opportunity to build off the revised Results and Definitions Map to create a new organizational Strategic Plan. Both the revised Results and Definitions Map and the new organizational Strategic Plan will be used extensively within the FY22 budget cycle to enhance budgetary decision-making.

INFORMATION:

Connection to Council Goals

- Council Goal 2017-2019: Community Outreach: Enhance public transparency and accessibility
- Strategic Plan for Team Flagstaff Strategic Priority 3.1: Enhance the organization’s fiscal stability and resourcefulness

Has There Been a Previous Council Decision on This Topic?

- At the January 16, 2019, Council Budget Retreat, staff presented the topic of High Performing Government. This included consideration for changing budget processes to a priority-based system.
- At the April 2019 Council Budget Retreat, staff presented a budget which included funding for Priority Based Budgeting.
- At the May 2019 Council Meeting, Council approved the Sole Source License and Host Agreement with Resource Exploration, LLC for Priority Based Budgeting.

Attachments: [Results and Definitions Map](#)
 [Presentation](#)
 [Novak Consulting Report](#)

High Performing Governance	Safe & Healthy Community	Inclusive & Engaged Community	Sustainable, Innovative Infrastructure	Robust Resilient Economy	Livable Community	Environmental Stewardship
Serve the public by providing high quality internal and external customer service ^{(SP)1.2/ 3.2/ (RP)ED.1}	Foster a safe, secure, and healthy community ^{(SP)3.4/ 4.1/ (RP)PF.1/ PF.3}	Foster community pride ^{(SP)1.5/ 4.4/ (RP)E&C.5/ CC.1-6/ LU.3/ T.4/ NH.6/ ED.7/ REC.1}	Deliver outstanding services to residents through a healthy infrastructure system ^{(SP)3.2/ (RP)PF.2/ E.1-2/ WR.1-6/ LU.7-8/ CD.1/ T.4-6/ REC.1}	Grow and strengthen a more robust, diverse, and resilient economy ^{(SP)3.3/ (RP)ED.1/ ED.3-5/ ED.8/ LU.6/ T.10}	Create a welcoming community through partnerships, strong neighborhoods, civic engagement, and resident participation ^{(RP)REC.1/ ED.1-2/ CC.2-3/ CC.5/ LU.1/ LU.9/ LU.13/ LU.18/ PF.1/ NH.1/ NH.3}	Actively manage and protect all environmental and natural resources ^{(RP)E&C.1-4/ E&C.6-10/ OS.1/ CC.1/ CC.4/ E.2/ WR.1/ WR.3/ WR.5-6/ LU.5/ LU.10/ LU.18/ T.3}
Foster clear and consistent communication strategies ^{(SP)1.3/ 3.5/ 4.2}	Provide public safety with the resources, staff, and training to respond to community needs ^{(SP)1.4/ 2.1/ 2.3/ (RP)PF.1-3/ T.2/ CD.1}	Advance social equity and social justice in Flagstaff ^{(SP)3.4/ 4.1/ 4.2/ 4.4/ (RP)PF.2-3/ NH.3-5/ LU.18/ T.5-7/ ED.2/ REC.1}	Utilize existing long-range plan(s) that identify the community's future infrastructure needs and all associated costs ^{(RP)PF.2/ E.1-2/ WR.1-6/ LU.7-8/ LU.16/ CD.1}	Maintain and enhance an effective business recruitment, retention, and expansion program ^{(SP)3.3/ (RP)ED.1/ ED.3-5/ ED.7-8/ LU.11}	Provide amenities and activities that support a healthy lifestyle ^{(SP)3.4/ (SP)4.1/ (SP)4.4/ (RP)CC.5/ LU.1-2/ LU.6/ LU.10/ LU.11/ LU.18/ T.3-7/ REC.1/ OS.1}	Provide environmental community outreach, education, and volunteer opportunities ^{(RP)E&C.3/ E.1/ PF.1}
Encourage public trust through transparency and accessibility ^{(SP)1.1/ 1.3/ 3.5/ 4.2}	Enhance community engagement and community policing efforts ^{(SP)3.5/ 4.2/ (RP)PF.3}	Facilitate and foster diversity ^{(SP)4.3/ (RP)NH.1/ LU.18/ CC.5-6}	Identify smart traffic management, multi-modal transportation, and alternative energy opportunities ^{(SP)4.1/ (RP)E.1/ E&C.8/ LU.1/ LU.5-7/ LU.10/ LU.12-13/ LU.18-19/ T.1-11/ E&C.2}	Enhance understanding between the development community, the City and Flagstaff residents ^{(RP)E&C.7/ CC.1/ CC.3-4/ LU.5/ T.3/ ED.1}	Provide education opportunities for adults and youth ^{(RP)ED.2/ ED.3/ CC.5/ ED.7}	Implement sustainable building practices and alternative energy and transportation options ^{(RP)E&C.6/ E.1-2/ WR.3/ PF.2/ REC.1/ LU.5/ LU.10/ LU.13-14/ LU.18/ T.3-7/ E&C.2}
Enhance the organization's fiscal stability ^{(SP)3.1/ (RP)CD.1}	Provide support programs for victims of crimes ^{(RP)PF.3}	Enhance community outreach and engagement opportunities ^{(SP)3.5/ (RP)LU.1-2/ LU.6-7/ LU.9-12/ LU.18/ PF.1-2/ T.1-2/ T.4-7/ CD.1/ NH.1/ NH.3-5/ ED.2}	Support the community's social infrastructure needs; assist those partner organizations that provide services the City does not ^{(SP)3.4/ 4.1/ 4.4/ (RP)PF.3/ NH.3-5/ REC.1/ LU.1}	Attract employers that provide jobs with high wages and have a low community impact ^{(RP)ED.1-4}	Support the development of attainable and accessible housing ^{(RP)LU.2/ LU.4/ LU.6/ LU.11-13/ LU.18/ NH.1/ NH.3-5}	Increase the private sector's participation in environmental stewardship efforts ^{(RP)CD.1/ REC.1}
Implement innovative local government programs, new ideas and best practices; be recognized as a model for others to follow ^{(SP)1.5/ (SP)4.3/ (SP)4.4}	Develop alternative diversion programs ^{(RP)PF.3}	Ensure city facilities, services, and programs are accessible for all residents ^{(SP)4.1/ (RP)REC.1/ LU.10/ PF.2/ CC.5/ LU.1-2/ LU.6-7/ LU.12/ LU.18/ T.1-2}		Enhance the community's workforce development programs and higher education opportunities ^{(RP)ED.2/ E.1/ CC.5}	Support diverse employment opportunities that provide residents with a living wage ^{(SP)3.3/ (RP)LU.4/ LU.6/ LU.13/ LU.15-16/ LU.18/ ED.2-5/ ED.7-9}	
Become an employer of choice and provide employees with the necessary tools, training, and support ^{(SP)1.4/ 2.1/ 2.2/ 2.3/ 2.4}	Ensure the built environment is safe through the use of consistent standards, rules and regulations, and land use practices ^{(SP)3.2/ 3.4/ (RP)PF.1-3/ LU.7/ E&C.3/ T.2/ T.5-8/ WR.2/ WR.5-6/ NH.4}	Promote environmental justice & the fair distribution of environmental benefits ^{(RP)E&C.1-4/ E&C.6/ E&C.8-9/ OS.1/ WR.5-6/ LU.15-17/ REC.1}		Embrace and invest in tourism opportunities to promote economic development ^{(RP)NH.2/ ED.5-7/ CC.5-6/ LU.11/ T.10}	Achieve a well-maintained community through comprehensive and equitable code compliance ^{(SP)4.1/ 4.4/ (RP)E.1/ E&C.3/ E&C.5/ LU.18-19/ T.4/ T.8/ CD.1/ CC.4/ NH.4}	

Results & Definitions Map

Priority Based Budgeting

Sarah Langley
Management
Analyst

Rick Tadder
Management
Services Director



Results & Definitions

- For limited use in the FY21 budget cycle
- Larger exercise to follow including community engagement and further input from Council



Planning Governance	Safe & Healthy Community	Inclusive & Engaged Community	Sustainable, Innovative Infrastructure	Robust Resilient Economy	Livable Community	Environment
by providing high and external (SP)1,2/3,2/ED.1	Foster a safe, secure, and healthy community (SP)3,4/4,1/1 (RP)PF.3/PF.1	Foster community pride (SP)1,5/4,4	Deliver outstanding services to residents through a healthy infrastructure system (SP)3,2/ (RP)PF.2/E,1/E,2/WR,1/WR,2/WR,3/WR,4/WR,5/WR,6/WR,7/WR,8/WR,9/WR,10/WR,11/WR,12/WR,13/WR,14/WR,15/WR,16/WR,17/WR,18/WR,19/WR,20/WR,21/WR,22/WR,23/WR,24/WR,25/WR,26/WR,27/WR,28/WR,29/WR,30/WR,31/WR,32/WR,33/WR,34/WR,35/WR,36/WR,37/WR,38/WR,39/WR,40/WR,41/WR,42/WR,43/WR,44/WR,45/WR,46/WR,47/WR,48/WR,49/WR,50/WR,51/WR,52/WR,53/WR,54/WR,55/WR,56/WR,57/WR,58/WR,59/WR,60/WR,61/WR,62/WR,63/WR,64/WR,65/WR,66/WR,67/WR,68/WR,69/WR,70/WR,71/WR,72/WR,73/WR,74/WR,75/WR,76/WR,77/WR,78/WR,79/WR,80/WR,81/WR,82/WR,83/WR,84/WR,85/WR,86/WR,87/WR,88/WR,89/WR,90/WR,91/WR,92/WR,93/WR,94/WR,95/WR,96/WR,97/WR,98/WR,99/WR,100/WR,101/WR,102/WR,103/WR,104/WR,105/WR,106/WR,107/WR,108/WR,109/WR,110/WR,111/WR,112/WR,113/WR,114/WR,115/WR,116/WR,117/WR,118/WR,119/WR,120/WR,121/WR,122/WR,123/WR,124/WR,125/WR,126/WR,127/WR,128/WR,129/WR,130/WR,131/WR,132/WR,133/WR,134/WR,135/WR,136/WR,137/WR,138/WR,139/WR,140/WR,141/WR,142/WR,143/WR,144/WR,145/WR,146/WR,147/WR,148/WR,149/WR,150/WR,151/WR,152/WR,153/WR,154/WR,155/WR,156/WR,157/WR,158/WR,159/WR,160/WR,161/WR,162/WR,163/WR,164/WR,165/WR,166/WR,167/WR,168/WR,169/WR,170/WR,171/WR,172/WR,173/WR,174/WR,175/WR,176/WR,177/WR,178/WR,179/WR,180/WR,181/WR,182/WR,183/WR,184/WR,185/WR,186/WR,187/WR,188/WR,189/WR,190/WR,191/WR,192/WR,193/WR,194/WR,195/WR,196/WR,197/WR,198/WR,199/WR,200/WR,201/WR,202/WR,203/WR,204/WR,205/WR,206/WR,207/WR,208/WR,209/WR,210/WR,211/WR,212/WR,213/WR,214/WR,215/WR,216/WR,217/WR,218/WR,219/WR,220/WR,221/WR,222/WR,223/WR,224/WR,225/WR,226/WR,227/WR,228/WR,229/WR,230/WR,231/WR,232/WR,233/WR,234/WR,235/WR,236/WR,237/WR,238/WR,239/WR,240/WR,241/WR,242/WR,243/WR,244/WR,245/WR,246/WR,247/WR,248/WR,249/WR,250/WR,251/WR,252/WR,253/WR,254/WR,255/WR,256/WR,257/WR,258/WR,259/WR,260/WR,261/WR,262/WR,263/WR,264/WR,265/WR,266/WR,267/WR,268/WR,269/WR,270/WR,271/WR,272/WR,273/WR,274/WR,275/WR,276/WR,277/WR,278/WR,279/WR,280/WR,281/WR,282/WR,283/WR,284/WR,285/WR,286/WR,287/WR,288/WR,289/WR,290/WR,291/WR,292/WR,293/WR,294/WR,295/WR,296/WR,297/WR,298/WR,299/WR,300/WR,301/WR,302/WR,303/WR,304/WR,305/WR,306/WR,307/WR,308/WR,309/WR,310/WR,311/WR,312/WR,313/WR,314/WR,315/WR,316/WR,317/WR,318/WR,319/WR,320/WR,321/WR,322/WR,323/WR,324/WR,325/WR,326/WR,327/WR,328/WR,329/WR,330/WR,331/WR,332/WR,333/WR,334/WR,335/WR,336/WR,337/WR,338/WR,339/WR,340/WR,341/WR,342/WR,343/WR,344/WR,345/WR,346/WR,347/WR,348/WR,349/WR,350/WR,351/WR,352/WR,353/WR,354/WR,355/WR,356/WR,357/WR,358/WR,359/WR,360/WR,361/WR,362/WR,363/WR,364/WR,365/WR,366/WR,367/WR,368/WR,369/WR,370/WR,371/WR,372/WR,373/WR,374/WR,375/WR,376/WR,377/WR,378/WR,379/WR,380/WR,381/WR,382/WR,383/WR,384/WR,385/WR,386/WR,387/WR,388/WR,389/WR,390/WR,391/WR,392/WR,393/WR,394/WR,395/WR,396/WR,397/WR,398/WR,399/WR,400/WR,401/WR,402/WR,403/WR,404/WR,405/WR,406/WR,407/WR,408/WR,409/WR,410/WR,411/WR,412/WR,413/WR,414/WR,415/WR,416/WR,417/WR,418/WR,419/WR,420/WR,421/WR,422/WR,423/WR,424/WR,425/WR,426/WR,427/WR,428/WR,429/WR,430/WR,431/WR,432/WR,433/WR,434/WR,435/WR,436/WR,437/WR,438/WR,439/WR,440/WR,441/WR,442/WR,443/WR,444/WR,445/WR,446/WR,447/WR,448/WR,449/WR,450/WR,451/WR,452/WR,453/WR,454/WR,455/WR,456/WR,457/WR,458/WR,459/WR,460/WR,461/WR,462/WR,463/WR,464/WR,465/WR,466/WR,467/WR,468/WR,469/WR,470/WR,471/WR,472/WR,473/WR,474/WR,475/WR,476/WR,477/WR,478/WR,479/WR,480/WR,481/WR,482/WR,483/WR,484/WR,485/WR,486/WR,487/WR,488/WR,489/WR,490/WR,491/WR,492/WR,493/WR,494/WR,495/WR,496/WR,497/WR,498/WR,499/WR,500/WR,501/WR,502/WR,503/WR,504/WR,505/WR,506/WR,507/WR,508/WR,509/WR,510/WR,511/WR,512/WR,513/WR,514/WR,515/WR,516/WR,517/WR,518/WR,519/WR,520/WR,521/WR,522/WR,523/WR,524/WR,525/WR,526/WR,527/WR,528/WR,529/WR,530/WR,531/WR,532/WR,533/WR,534/WR,535/WR,536/WR,537/WR,538/WR,539/WR,540/WR,541/WR,542/WR,543/WR,544/WR,545/WR,546/WR,547/WR,548/WR,549/WR,550/WR,551/WR,552/WR,553/WR,554/WR,555/WR,556/WR,557/WR,558/WR,559/WR,560/WR,561/WR,562/WR,563/WR,564/WR,565/WR,566/WR,567/WR,568/WR,569/WR,570/WR,571/WR,572/WR,573/WR,574/WR,575/WR,576/WR,577/WR,578/WR,579/WR,580/WR,581/WR,582/WR,583/WR,584/WR,585/WR,586/WR,587/WR,588/WR,589/WR,590/WR,591/WR,592/WR,593/WR,594/WR,595/WR,596/WR,597/WR,598/WR,599/WR,600/WR,601/WR,602/WR,603/WR,604/WR,605/WR,606/WR,607/WR,608/WR,609/WR,610/WR,611/WR,612/WR,613/WR,614/WR,615/WR,616/WR,617/WR,618/WR,619/WR,620/WR,621/WR,622/WR,623/WR,624/WR,625/WR,626/WR,627/WR,628/WR,629/WR,630/WR,631/WR,632/WR,633/WR,634/WR,635/WR,636/WR,637/WR,638/WR,639/WR,640/WR,641/WR,642/WR,643/WR,644/WR,645/WR,646/WR,647/WR,648/WR,649/WR,650/WR,651/WR,652/WR,653/WR,654/WR,655/WR,656/WR,657/WR,658/WR,659/WR,660/WR,661/WR,662/WR,663/WR,664/WR,665/WR,666/WR,667/WR,668/WR,669/WR,670/WR,671/WR,672/WR,673/WR,674/WR,675/WR,676/WR,677/WR,678/WR,679/WR,680/WR,681/WR,682/WR,683/WR,684/WR,685/WR,686/WR,687/WR,688/WR,689/WR,690/WR,691/WR,692/WR,693/WR,694/WR,695/WR,696/WR,697/WR,698/WR,699/WR,700/WR,701/WR,702/WR,703/WR,704/WR,705/WR,706/WR,707/WR,708/WR,709/WR,710/WR,711/WR,712/WR,713/WR,714/WR,715/WR,716/WR,717/WR,718/WR,719/WR,720/WR,721/WR,722/WR,723/WR,724/WR,725/WR,726/WR,727/WR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Priority Based Budgeting Vocabulary

Key Community Results

High-level, overarching goals for the City that are representative of the community's priorities

Livable Community;
Vibrant Economy;
Environmental Health

Definitions

Detailed action items of what the City must do to achieve the Key Community Results

Attract quality staff;
Advance social justice;
Address climate change

High Performing Governance



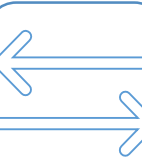
High Performing Governance



Serve the public by providing high quality internal and external customer service



Foster clear and consistent communication strategies



Encourage public trust through transparency and accessibility



Enhance the organization's fiscal stability



Implement innovative local government programs, new ideas and best practices; be recognized as a model for others to follow



Become an employer of choice and provide employees with the necessary tools, training, and support

Safe & Healthy Community



Safe & Healthy Community



Foster a safe, secure, and healthy community



Provide public safety with the resources, staff, and training to respond to community needs



Enhance community engagement and community policing efforts



Provide support programs for victims of crimes



Develop alternative diversion programs



Ensure the built environment is safe through the use of consistent standards, rules and regulations, and land use practices

Inclusive & Engaged Community



Inclusive & Engaged Community



Foster community pride



Advance social equity and social justice in Flagstaff



Facilitate and foster diversity



Enhance community outreach and engagement opportunities



Ensure city facilities, services, and programs are accessible for all residents



Promote environmental justice & the fair distribution of environmental benefits

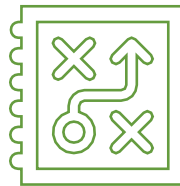
Sustainable, Innovative Infrastructure



Sustainable, Innovative Infrastructure



Deliver outstanding services to residents through a healthy infrastructure system



Utilize existing long-range plan(s) that identify the community's future infrastructure needs and all associated costs



Identify smart traffic management, multi-modal transportation, and alternative energy opportunities



Support the community's social infrastructure needs; assist those partner organizations that provide services the City does not

Robust, Resilient Economy



Robust Resilient Economy



Grow and strengthen a more robust, diverse, and resilient economy



Maintain and enhance an effective business recruitment, retention, and expansion program



Enhance understanding between the development community, the City and Flagstaff residents



Attract employers that provide jobs with high wages and have a low community impact



Enhance the community's workforce development programs and higher education opportunities



Embrace and invest in tourism opportunities to promote economic development

Livable Community



Livable Community



Provide education opportunities for adults and youth



Create a welcoming community through partnerships, strong neighborhoods, civic engagement, and resident participation



Support the development of attainable and accessible housing



Provide amenities and activities that support a healthy lifestyle



Support diverse employment opportunities that provide residents with a living wage



Achieve a well-maintained community through comprehensive and equitable code compliance

Environmental Stewardship



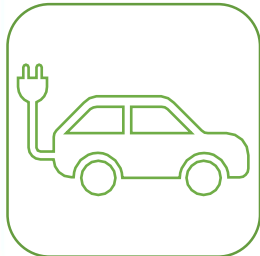
Environmental Stewardship



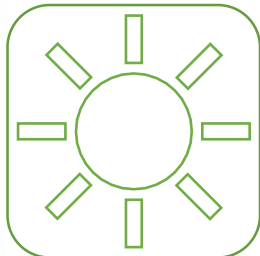
Actively manage and protect all environmental and natural resources



Provide environmental community outreach, education, and volunteer opportunities



Implement sustainable building practices and alternative energy and transportation options



Increase the private sector's participation in environmental stewardship efforts



Next Steps

Timeline	Task
January 2020	Complete Year 1 of PBB Model
Spring 2020	Limited use of tools/ data within FY21 budget process
Spring 2020	Revise Results & Definitions Map to include community involvement and further Council input
Summer 2020	Create a new strategic plan that is vetted by staff, Council and City staff to further strengthen our budget process moving forward
Spring 2021	Comprehensive use of PBB tools/ data within FY22 budget process
Future	Continued search for partnerships, efficiencies, trade-offs & increased revenues to increase the impact of the City's budget



Questions?



City of Flagstaff, Arizona

**2019 Key Community Results &
Definition Map Retreat**

Report

September 2019



City of Flagstaff Key Community Results & Draft Definitions

Key Community Results

1. Safe & Healthy Community
2. Inclusive & Engaged Community
3. Sustainable Innovative Infrastructure
4. High Performing Governance
5. Robust Resilient Economy
6. Livable Community
7. Environmental Stewardship

Definitions

Safe & Healthy Community

Flagstaff proactively works to prevent crime through community policing, establishing a visible and responsive presence, and engaging and communicating with residents. In order to respond to emergencies in a timely manner, public safety services are staffed appropriately, provided training, and allocated the necessary resources. Effective alternative diversion programs and victim support programs are in place to address community needs. In addition, the community's health and safety are supported by providing regulatory code compliance enforcement in order to abate nuisance and protect the property and lives of residents.

Inclusive & Engaged Community

Flagstaff is an inclusive community that encourages social equity and justice. Diversity is embraced, and residents are encouraged to get involved and engage with their local government. Residents are treated fairly, and access to city services and environmental benefits are provided to all.

Sustainable, Innovative Infrastructure

Flagstaff provides for the timely maintenance, repair, and replacement of its infrastructure. Adequate planning, funding, and construction are provided to ensure infrastructure remains sustainable, safe, and accessible. The City provides well-designed water, sewer, and roads, as well as smart traffic management, multi-modal opportunities, innovative waste management, and habitat connectivity. In addition to the built infrastructure, the City is committed to sustaining the community's social infrastructure and supporting partner organizations that provide services the City does not.

High Performing Governance

Flagstaff's leaders instill trust, demonstrate accountability and transparency, and exercise financial stewardship. The City is often an early adopter of innovative ideas and programs and uses data to drive decision making. Flagstaff provides exceptional services to its residents and works collaboratively with other community partners. The City proactively communicates with residents and provides accurate, responsive, and accessible information. In addition, the City prides itself on being a high performing organization that offers competitive benefits and compensation and can attract and retain quality employees.

Robust Resilient Economy

Flagstaff has a diverse business base and has invested in infrastructure to foster economic development activity. The City capitalizes on the community's strengths of tourism, Northern Arizona University, biosciences, and technology and attracts and retains those businesses which offer high wages and minimal impact on the community. Recognizing the impact education and training has on the workforce, the City supports the public education system, higher education institutions, and workforce development programs.

Livable Community

Flagstaff is a community composed of welcoming, well-maintained, and livable neighborhoods with a variety of affordable and attainable housing options for all ages and income levels. Residents have access to diverse employment opportunities at a living wage. Flagstaff offers residents diverse recreational, cultural, and educational opportunities.

Environmental Stewardship

Flagstaff practices environmental stewardship by protecting the region's natural resources, including forest health, water supply, and watershed management. The City manages and preserves open spaces, safeguards the region's dark skies, encourages sustainable building practices, and utilizes alternative methods of transportation. The City provides environmental educational and volunteer opportunities for residents and youth.

Flagstaff City Council
Results & Definition Map Development Retreat
Monday, September 23, 2019
Flagstaff Aquaplex
1702 N. 4th Street, Flagstaff, AZ 86004

Welcome and Introductions

The Mayor opened the retreat at 8:30 am and turned the session over to City Manager Greg Clifton. The City Manager welcomed everyone to the retreat, introduced the facilitator, and reviewed the plan for the day. He also asked those in attendance to introduce themselves.

In addition to the Mayor and Council, the Manager, Deputy City Managers, Leadership Team, and other key staff members were present.

The City Manager explained that the goal for the morning sessions was to facilitate the development of the Key Community Results and Definitions Map that will guide the first year of Flagstaff's Priority Based Budgeting (PBB) journey.

To lay the foundation for the session, the City Manager and City staff members presented information to the Council. Copies of their presentations are included as attachments.

- Word from the City Manager – Greg Clifton
- High Performing Government and PBB; Where We are Today – Shane Dille
- An Overview of PBB – Sarah Langley
- The Need for a Results and Definitions Map for Flagstaff – Rick Tadder

After the staff presentations, the session was turned over to the facilitator who introduced herself and reiterated the goals for the session and what the Council was being asked to accomplish:

- Identify where you expect the City to deliver results for the community
- Articulate what success looks like in those areas

The facilitator reminded the Council to be mindful of the time and reviewed the session norms which included listening with respect, allowing others to finish speaking before you talk, and disagreeing agreeably. Participants were encouraged to be bold, positive, and realistic, as well as to be candid, honest, patient, and self-aware. Most importantly, the facilitator encouraged them to have fun.

Members of the City Council were asked to share their expectations for the day:

- Interesting to watch how it all unfolds – reality versus limitations
- Tool to make the process more efficient/develop priorities
- Transparency and accountability
- Get clarity around the concept/framework of priority-based budgeting
- Excited about tools
- Excited to hear the voices of colleagues
- Extremely excited and enthused

- Align resources with priorities
- Important to define success
- Trust that I'm here with an open mind

In addition to expectations, the Council had some initial conversations about the process. There was some discussion about the language being used as a part of the priority-based budgeting process – such as terms like community results instead of familiar terms like goals and objectives – and they wondered if it would confuse the public. There were questions and conversations about how the final product/document becomes sustainable and lives through different governing bodies, and how and when the public conversation/input would take place.

The Future of Flagstaff

Participants were asked to identify what they hope will be true about Flagstaff in ten years. Participants were asked to reflect on two questions:

- What are three things that are true today about Flagstaff that you hope will still be true in ten years?
- What are three things about Flagstaff that are not true today, but you hope will be true in ten years?

The following chart illustrates the topics that were presented by the City Council and staff when asked what they hoped to be true about Flagstaff in 10 years. Council comments are reflected in green and staff comments are in black.

The Future of Flagstaff – What Do You Hope to Be True in 10 Years?

Safe & Healthy Community ¹	Inclusive & Engaged Community	Sustainable Innovative Infrastructure	High Performing Governance	Robust Resilient Economy	Livable Community	Environmental Stewardship
<ul style="list-style-type: none"> • We support a vibrant and safe community • Use of diversion programs • Pre-arrest diversion services/facility for mentally ill individuals who need services not criminal records • Overall sense of safety • Safe community (5x) • Access to justice • Collaboration within the justice system our stakeholders and our community partners • Flagstaff court and prosecution facility is functional and adequate for years to come • Safe • Safe place to live • Flagstaff is a safe, healthy, and vibrant community 	<ul style="list-style-type: none"> • Highly involved and engaged citizenry • People of Flagstaff are open-minded, inclusive, and caring • Community is engaged and feels represented by city leadership • Community understands their role and how to navigate city information • City better meets the population where they are • City better utilizes community support through volunteers and internships to not only better educate the public but better execute its role • Friendly • Welcoming • Inclusive 	<ul style="list-style-type: none"> • Flagstaff's dark skies are indeed very dark, and residents are proud of their stewardship and role in protecting this amenity • Transportation congestion trends noticeably and significantly downward, with more people utilizing more available transportation alternatives • Have an efficient and streamlined transportation system, friendly to all modes • Transportation infrastructure that is sustainable for the needs of the community • Get Southside out of the flood plain 	<ul style="list-style-type: none"> • Good synergy between city staff, leadership and elected • Strong consistent core services with the idea of maintaining and creating at the forefront • City government continues to put people first and works hard to meet their needs • Bright, creative, energetic staff, leadership and council working together for the betterment of Flagstaff • City of Flagstaff becomes a high functioning government working efficiently and effectively for the entire community 	<ul style="list-style-type: none"> • Robust, diversified economy – bioscience, engineering, digital, etc. • Reduced unemployment and underemployment • Cornerstone of the economy is that Flagstaff is innovative and productive • Thriving economy – small businesses • Costco, Trader Joe's, In n' Out • High tech, high wage job opportunities • There are a lot of small, multi-gen businesses • Better understanding between the development community, the community overall, and its leaders regarding 	<ul style="list-style-type: none"> • Cost of living – especially housing – is not reasonable now; should be in the future • There is housing (good) for ALL income types/levels/people • Attainable housing that is affordable • Qualitatively and Quantitatively address housing shortage (5,000 units) • There are several generations of families living here – the families who were the original families, those that build this town • Walkable shopping and access to nearby green spaces and parks for all residents • We still have front porch neighborhoods 	<ul style="list-style-type: none"> • Energy and water supplies are sustainable vis-à-vis climate change (not yet) • 100% green power • Electric transportation system • Proactively addressing climate change (CAAP) • Community support for forest health and restoration and watershed protection • We work to protect our forest health • Community's emphasis on being a responsible steward of this place we call home • Environmentally minded • Forefront of environmental sustainability

¹ Originally, "Safe, Inclusive & Engaged Community" were consolidated into one Key Community Result; then Council decided to separate it into two distinct Key Community Results

Safe & Healthy Community ¹	Inclusive & Engaged Community	Sustainable Innovative Infrastructure	High Performing Governance	Robust Resilient Economy	Livable Community	Environmental Stewardship
<ul style="list-style-type: none"> • Less violent/safer community 	<ul style="list-style-type: none"> • People clearly realize that the heart of Flagstaff is more than the “pretty” mountains – it’s also the people • Flagstaff genuinely feels like a community; when you go the grocery store, you always see someone you know, and those connections create unique opportunities for its residents to thrive, even as population trends ever upward • Nonprofit community – lifeline to underserved citizens • Social equity and inclusion • Strong, inclusive, diverse community • Engaged residents • Engaged citizens • Community engagement 	<ul style="list-style-type: none"> • Completion of the Rio de Flag Flood Control Project • Flood risks are reduced through proper flood mitigation projects • Flagstaff has no water litigation and has a guaranteed, safe, healthy source of water for centuries to come • Well-funded water/wastewater utility • Less traffic congestion • Better transportation options • More bike lanes and public transit for students • Improved transportation infrastructure • More public transportation • Continued development and maintenance of the FUTS as a resource to connect the 	<ul style="list-style-type: none"> • Proactive stance in government growing, planning, assessing, tweaking and carrying on • Paid down unfunded public safety pension liability • 80% funding for public safety pension • Decrease drain on General Fund by paying down pensions and stopping the bleeding and create a strong economic plan • Commitment to services to our community • Utilize an inclusive budget process with shared financial planning vision • We strive to retain quality employees • Development of a long-term financial plan that aligns to the vision and values of Flagstaff • Continued investment in our 	<p>development, the requirements, and the role of the City in the process</p> <ul style="list-style-type: none"> • Diverse array of businesses, restaurants, etc. • Should be embracing tourism instead of bashing it (revenue producer) • Diversified economy (i.e., many sectors to work in) • Economic base diversity • Diverse economy base • Russian teahouse • Public fountain/water feature • Butterfly garden 	<ul style="list-style-type: none"> • Cutting edge building standards • Flagstaff is physically limited in size (no sprawl), completely surrounded by public lands and residents in most places, enjoy quick and easy access to green spaces and natural habitats • Distinctive character rooted in outdoors supplemented by good music, the arts, locally-owned coffee shops, and restaurants • Restore and create new parks and fields and facilities • All children have access to a quality education starting at birth • Affordable housing needs to include a plan for second homeowners and students (create incentives) • Accessible housing • High cost of living 	<ul style="list-style-type: none"> • Less than 50% wrapped in plastic

Safe & Healthy Community ¹	Inclusive & Engaged Community	Sustainable Innovative Infrastructure	High Performing Governance	Robust Resilient Economy	Livable Community	Environmental Stewardship
	<ul style="list-style-type: none"> Improved neighborhood relations Great people Plans created with, accepted by, and understood by the community Civil Friendly and outgoing community Welcoming Great sense of community and charity – Nate Avery and other nonprofits to help all Good place to raise a family NAU continues to be a valued and integral part of the Flagstaff community NAU student subcommittee of the Council 	<ul style="list-style-type: none"> community and to access the forest Improved traffic flow for all corridors Another north-south road to the Grand Canyon Address the historical north/south traffic circulation issues in the community Mitigation of natural hazards (i.e. fire, flood) Improved infrastructure (transportation, etc.) Overall city connectivity Challenges with growth – transportation 	<ul style="list-style-type: none"> most important asset – our people and workforce Retention of employees Money available to create a competitive total compensation package Excellent leadership Budget capacity to address all needs to deliver service Improved IT security (cybersecurity) City salaries for similar positions should be above market Great teamwork among city departments to problem solve complicated issues Financially responsible Financial stability Employee salaries competitive locally Good governance (transparent/ethical/fiscal) Enhance data-driven decisions 		<ul style="list-style-type: none"> Living wage employment Adequate housing resources for all economic profiles in the community Affordable/livable community Higher cost Well-planned community: land use, water, recreation Long-term planning Purposeful planning Small in nature but no smart growth No strategy on smart growth Despite growth over time, the City has been able to maintain its character and small-town feel Beautiful Fun place to live Beautiful Beautiful and clean Unique and special community Community character 	

Safe & Healthy Community ¹	Inclusive & Engaged Community	Sustainable Innovative Infrastructure	High Performing Governance	Robust Resilient Economy	Livable Community	Environmental Stewardship
			<ul style="list-style-type: none"> • Key personnel retirement/turnover • Diverse workforce with the best talent • Continued investment in our people and the tools to provide top quality service • Improvements in the cost of benefits to COF employees to improve retention • Limited to no PSPRS unfunded liability • Appropriate staffing levels with suitable pay for employee retention and recruitment • Decisions based on facts and best practices • Fiscally sound governance • Staff and Council receive sound legal advice • Forward-thinking leadership • Caring team 		<ul style="list-style-type: none"> • High-quality services provided • Great environment, four seasons, things to do that complement our city • Higher population • Healthy and enjoyable environment (forest health, recreation) • Sufficient public recreational facilities on the west side of town • Outdoor lifestyle • Local recreation opportunities • Enjoyable community (outdoor activities) 	

Identifying the Key Community Results

Once the participants identified their hopes for the future of Flagstaff, there was much discussion about how the items and categories should be consolidated or split in order to begin developing the Key Community Results. The Key Community Results are those items that the City needs to deliver on for Flagstaff to be successful in the future.

There was some discussion about whether staff should have input into the process. The Council determined it was important to hear from staff and to see where there were similarities as well as differences. During discussions, the facilitator identified whether a concept or idea was presented by staff or a Councilmember. This allowed the individual who crafted the concept to provide additional information to the group if requested.

Originally, the Council came up with six Community Results with one overarching category – Safe, Healthy, Inclusive, and Engaged. After much discussion, the Council decided on the following seven Key Community Results:

1. Safe & Healthy Community
2. Inclusive & Engaged Community
3. Sustainable Innovative Infrastructure
4. High Performing Governance
5. Robust Resilient Economy
6. Livable Community
7. Environmental Stewardship

These Key Community Results will be used to structure the City Manager's recommended budget.

Identifying Definitions

Participants engaged in an interactive small group exercise to define what success looked like for each of the Key Community Results. Each participant had the opportunity to take part in three small-group discussions where they provided input on the definition of success for three different Key Community Results.

After the exercise, each group reported out on what success looked like for their Key Community Result. The facilitator explained that these ideas/themes would be used to develop draft definitions of what success looks like for each Key Community Result. Each group shared major themes, but all comments were recorded during the activity and are included as an attachment to this report.

The following major themes were shared:

Safe, Inclusive & Engaged

- More community, staff, and public safety engagement
- Community policing
- Support mechanisms for victims
- Increase community engagement and policing
- Adequate response to ongoing community needs; appropriate crisis response
- Appropriately staffed and trained public safety divisions

- Alternative diversion programs
- Collaboration; best practices with fire and police and community partnerships
- ARRF – Public Safety
- Responsive code enforcement
- Built environment – safety, land use, planning, occupancy, etc.
- Sense of security
- Adequate resources for public safety initiatives
- Social equity
- Social justice
- Environmental justice
- Fair justice and fair treatment
- Inclusive opportunities for all
- Community and visitor education
- Foster effective engagement opportunities
- Foster diverse culture
- Accessible city services
- Community pride

At the end of the reporting out on this Key Community Result, the Council discussed changing the title to “Safe, Healthy, Inclusive, and Engaged.” Then discussion took place about the size and scope of the topics, and it was determined it was best to create two separate Key Community Results – “Safe & Healthy Community,” which would focus on public safety and the general health of the community, and “Inclusive & Engaged Community,” which would focus on social justice and community engagement.

Safe & Healthy Community – Definition

Flagstaff proactively works to prevent crime through community policing, establishing a visible and responsive presence, and engaging and communicating with residents. In order to respond to emergencies in a timely manner, public safety services are staffed appropriately, provided training, and allocated the necessary resources. Effective alternative diversion programs and victim support programs are in place to address community needs. In addition, the community’s health and safety are supported by providing regulatory code compliance enforcement in order to abate nuisance and protect the property and lives of residents.

Inclusive & Engaged Community – Definition

Flagstaff is an inclusive community that encourages social equity and justice. Diversity is embraced, and residents are encouraged to get involved and engage with their local government. Residents are treated fairly, and access to city services and environmental benefits are provided to all.

Sustainable, Innovative Infrastructure

- Sustainability is ensuring a sufficient level of staffing and services for programs
- Support for partner organizations that provide necessary services that the City does not
- Invest and build for future growth
- Build infrastructure with a long-term benefit to the community
- Smart traffic management and multi-modal opportunities
- Innovative waste management – 100% green power
- Habitat connectivity (natural environment)

- Well thought out, quality water, sewer, roads

Sustainable, Innovative Infrastructure – Definition

Flagstaff provides for the timely maintenance, repair, and replacement of its infrastructure. Adequate planning, funding, and construction are provided to ensure infrastructure remains sustainable, safe, and accessible. The City provides well-designed water, sewer, and roads, as well as smart traffic management, multi-modal opportunities, innovative waste management, and habitat connectivity. In addition to the built infrastructure, the City is committed to sustaining the community's social infrastructure and supporting partner organizations that provide services the City does not.

High Performing Governance

- Early adopters
- Cutting edge
- Willing to take risks
- Deliver innovative services to the community
- Transparent organization
- Transparency of financial services
- Competitive organization (benefits and compensation) able to attract and retain staff
- Collaborate in the community and regionally
- Clear in communication strategies
- Put resources where it matters most
- Sure foundation on planning efforts

High Performing Governance - Definition

Flagstaff's leaders instill trust, demonstrate accountability and transparency, and exercise financial stewardship. The City is often an early adopter of innovative ideas and programs and uses data to drive decision making. Flagstaff provides exceptional services to its residents and works collaboratively with other community partners. The City proactively communicates with residents and provides accurate, responsive, and accessible information. In addition, the City prides itself on being a high performing organization that offers competitive benefits and compensation and can attract and retain quality employees.

Robust Resilient Economy

- Businesses help foster ideas for business strategy
- Smart growth; high wages; low impact on community
- Tourism is vibrant – embrace tourism opportunities
- Attract and retain businesses
- Education – diversify education opportunities and invest in workforce development
- Capitalize on strengths
- Clarify City's development process
- Cultivate small businesses
- Enhance infrastructure (internet, roads, sewer, etc.)
- Forge public-private partnerships
- Diversify businesses

- Capitalize on businesses
- Budget set-asides
- Manage community expectations
- Invest in arts, culture, and sciences

Robust Resilient Economy – Definition

Flagstaff has a diverse business base and has invested in infrastructure to foster economic development activity. The City capitalizes on the community's strengths of tourism, Northern Arizona University, biosciences, and technology and attracts and retains those businesses which offer high wages and minimal impact on the community. Recognizing the impact education and training has on the workforce, the City supports the public education system, higher education institutions, and workforce development programs.

Livable Community

- Educational opportunities for adults and youth
- Recreational and community facilities
- Welcoming space; sense of place; sense of neighborhoods
- Local and healthy businesses
- Explore outside businesses
- Character and culture of the community
- Support multi-modal transportation
- Diverse recreational opportunities
- Living wage
- Economic opportunities
- Diverse employment opportunities
- Attainable and accessible housing
- Well-maintained community
- Keep dollars within Flagstaff – promote local businesses

Livable Community – Definition

Flagstaff is a community composed of welcoming, well-maintained, and livable neighborhoods with a variety of affordable and attainable housing options for all ages and income levels. Residents have access to diverse employment opportunities at a living wage. Flagstaff offers residents diverse recreational, cultural, and educational opportunities.

Environmental Stewardship

- Management and preservation of open space
- Protect and explore long-term water supply and conservation; watershed management
- Meaningful action under the CAAP
- Forest health; wildfire protection
- Provide amenities and activities that support a healthy lifestyle
- Youth engagement
- Dark skies
- Smart growth
- Outreach and education

- Sustainable building practices
- Volunteer opportunities
- Utilization of alternative methods of transportation

Environmental Stewardship – Definition

Flagstaff practices environmental stewardship by protecting the region's natural resources, including forest health, water supply, and watershed management. The City manages and preserves open spaces, safeguards the region's dark skies, encourages sustainable building practices, and utilizes alternative methods of transportation. The City provides environmental educational and volunteer opportunities for residents and youth.

Parting Thoughts/Adjourn

The facilitator thanked everyone for their participation and asked participants to share what they had enjoyed about the day's session.

- Thoughtful dialogue
- Similarities
- Shared vision
- Good event – enjoyed hearing what everyone said
- Camaraderie
- Enjoyed the process
- Connection
- Grateful
- Clear picture of sense of being and becoming
- Critical point of success
- Appreciate the conversation
- Willingness of everyone to engage and participate
- Enjoy the collaboration
- One step closer

The Manager reminded the group about the next steps in the process and thanked staff for their assistance in putting together the retreat.

The Deputy Mayor adjourned the retreat.

Attachment A – Identifying the Definition of Success for each of the Key Community Results

When asked what success looks like, the following was developed by the participants:

Safe, Inclusive, and Engaged

(Became Healthy, Safe, Inclusive & Engaged then, ultimately, “Safe & Healthy” and “Inclusive & Engaged”)

- Adequate response capabilities for the current and ongoing community needs
- More community, staff, and public safety engagement
- Appropriately trained, staffed public safety divisions
- Provision of the Neighborhood Service Division
- Collaboration of best practices for Fire and Police education
- Utilization of technology (technology, social media)
- Social equity
- Fair justice
- Fair treatment
- Fair justice
- Quality response time to emergency incidents
- Critical partnerships
- Communication efforts/communicate city efforts
- Walkable anytime day or night (feel safe, lighting, etc.)
- Inclusive opportunities for all – membership scholarships at the Aquaplex
- Enhanced communication inclusive of all stakeholders
- Quality equipment, ongoing training
- Support mechanism for victims of crimes
- Multi-generational
- Adequate staffed PD/emergency resources to engage in non-enforcement/low crime rate activities
- Diversion programs – alternatives to incarceration
- Implementing innovative technology
- Removal of language barriers
- Community policing
- Community resources to prevent recidivism
- Supporting vulnerable populations
- Well-informed community
- Victims’ rights, wildland fire mitigation
- Sense of security
- Accessible to all
- Timely, effective responses to natural disasters
- Bolstered transparency outreach
- Timely public safety services
- Adequate resources for public safety
- Fosters diverse culture
- Accessibility to City services for all
- Promotes public outreach and partnerships
- Promotes civil engagement

- Inclusive and engaged
- Creating pride in community
- Community meetings on important topics
- Safe
- Appropriate crisis response and resources
- Clean water; good refuse system
- Responsive code enforcement
- Appropriate staffing levels
- Community and visitor education
- Strong, engaged neighborhoods
- Safety in all aspects (i.e., water)
- Built environment – land use, planning, occupancy, etc.
- Public safety as a main pillar
- Foster effective engagement opportunities
- Healthy relationship between Council and staff
- Programs for marginalized populations; appropriate resource allocation

Sustainable Innovative Infrastructure

- Built and social infrastructure
- FUTS that are safe and experience-oriented (natural, viewshed, peaceful)
- Build infrastructure with a long-term benefit to the community
- Look for partnership opportunities when building capital (nonprofits)
- Pre-arrest diversion
- Alternatives to incarceration
- Robust/healthy non-profit infrastructure
- Health services (physical/mental)
- Smart traffic management
- Multi-modal transportation
- Longevity
- Year-round and different options for different seasons
- Electric options
- Clean water – good testing
- Innovative waste management
- City/NAU coordination
- 100% green power
- Habitat connectivity
- Environmental justice
- Best building practices
- Libraries, recreation center, programming, funding create the environment for these needs and expectations
- Look at the community
- By sustainable, we mean not only a building but also ensuring we can sustain the level of staffing and services necessary to support our community needs
- Social infrastructure
- Appropriate support for partner organizations who provide important/necessary community services and opportunities that the city does not

- Invest and build for future growth
- Efficient and connected transportation infrastructure; more roads, better planned

High Performing Governance

- Early adopters
- Leader for other cities to follow
- Cutting edge
- Best practices
- Financial efficiency
- Self-auditing
- “Return on investment”
- Financial contingency planning
- Low turnover; attract/retain quality staff
- Upward mobility for staff
- Succession planning
- Competitive wages
- Accountability
- Transparency
- Community trust
- Exceptional customer service/programs
- Employee force
- Clean, quality roads/sidewalks
- Clearly communicates responsive, accurate, and accessible information and services
- National leaders in government operations
- Creating a family community with the organization
- Engaging other public sector, high-performing agencies and sharing successes
- Strengthens community and regional partnerships
- Fiscally responsible practices
- Provides data to drive decision making
- Strives for continuous improvement
- Willing to be calculated risk-takers in how we deliver services
- Deliver innovative services to the community
- Retaining and growing quality staff (educational opportunities)

Robust & Resilient Economy

- Diversified revenue/businesses
- Infrastructure to bring companies here
- Capitalize on existing strengths (Tourism, NAU, STEM, etc.)
- Community investment planning (budget set-asides)
- Partnerships (public, private)
- Managing community expectations
- Smart growth
- Attracting high wage jobs
- Robust tourism environment
- Foster innovative ideas and business strategies
- Businesses communicate with City, so we can help them thrive and grow effectively

- Attract and retain quality businesses
- High wage, low impact
- Bioscience, tech, STEM
- Workforce development (Pre-K)
- Retail leakage
- Diversify higher education/university – not online
- Streamline city processes for clarity
- Forging effective partnerships (P3)
- Education
- Invest and embrace tourism (eco-tourism, astro-tourism, historical tourism, cultural tourism)
- Cultivate the growth of small business
- Grow small business (example – Mother Road Brewery)
- Internet infrastructure with greater bandwidth
- Invest in our arts and cultural scene
- Cultural
- Market natural resources responsibly to attract business

Livable Community

- City leadership by example
- Smart growth
- Maintain community character
- Diversity of employment opportunities
- Locally owned – music, arts, restaurants, and more
- Recreation opportunities – natural environment
- Livable wage – cost of living
- Housing attainable for everyone
- Happy residents
- Trusted governance
- Sense of place
- Public transit
- Living wage
- Economic opportunities
- Sense of family; strong neighborhoods
- Accepting education, diverse housing
- Arts
- Base
- Lifelong learning
- Inclusive access
- Keeping dollars within Flagstaff
- Interaction among community members
- Alternative housing models
- Accessible/enhanced quality of life
- Promoting local businesses
- Ability to recreate, use natural environment
- Sense of safety
- Good employees

- Inclusive
- Promoting local businesses
- Educational opportunities for both adults and youth
- More opportunities for parents – prioritize youth activities and facilities
- Recreational, diversity
- Community facilities (recreational)
- Creating new types of housing communities
- Attainable housing at all levels
- Character and culture of community
- General opportunities inclusive of all generations
- Develop partnerships to social services – increase accessibility to services
- Diverse recreational opportunities
- Create a connected community
- Supporting multi-modal transportation
- Explore outside business
- Promoting local and healthy businesses
- Downtown redevelopment
- Welcoming public spaces
- Walkable

Environmental Stewardship

- Management and preservation of natural areas and open spaces
- Protect and explore long-term water supply and conservation
- Increase engagement of private sector (business and non-profit) to participate and contribute in environmental stewardship efforts
- Take meaningful action under the CAAP
- Forest Health (fire prevention, watershed protection, flood mitigation, FWPP)
- Providing amenities and opportunities to support a healthy and active lifestyle for all
- Environmental quality regulations
- Solid waste
- Water quality
- Alternative energy
- Best practices in stewardship
- Outreach and education
- Public engagement – business, engagement, green businesses, green buildings
- Efficiency, energy building
- Multi-modal
- E-bikes, all other bikes
- Forest health, wildfire protection
- Quality of air
- Protection of our outdoor resources, recreation
- Good protection of natural resources
- Natural hazard meditation
- Youth engagement
- Effective partnerships
- Education

- Shifting away from single-use culture
- Watershed management
- Forest health
- Open space
- Access to parks/fields
- Water supply protection
- Cultural sensitivity
- Sustainable building practices (energy efficiency)
- Utilize alternative methods of transportation
- Appropriate land use
- Smart growth

Attachment B – Presentations

Council Retreat

September 24, 2019



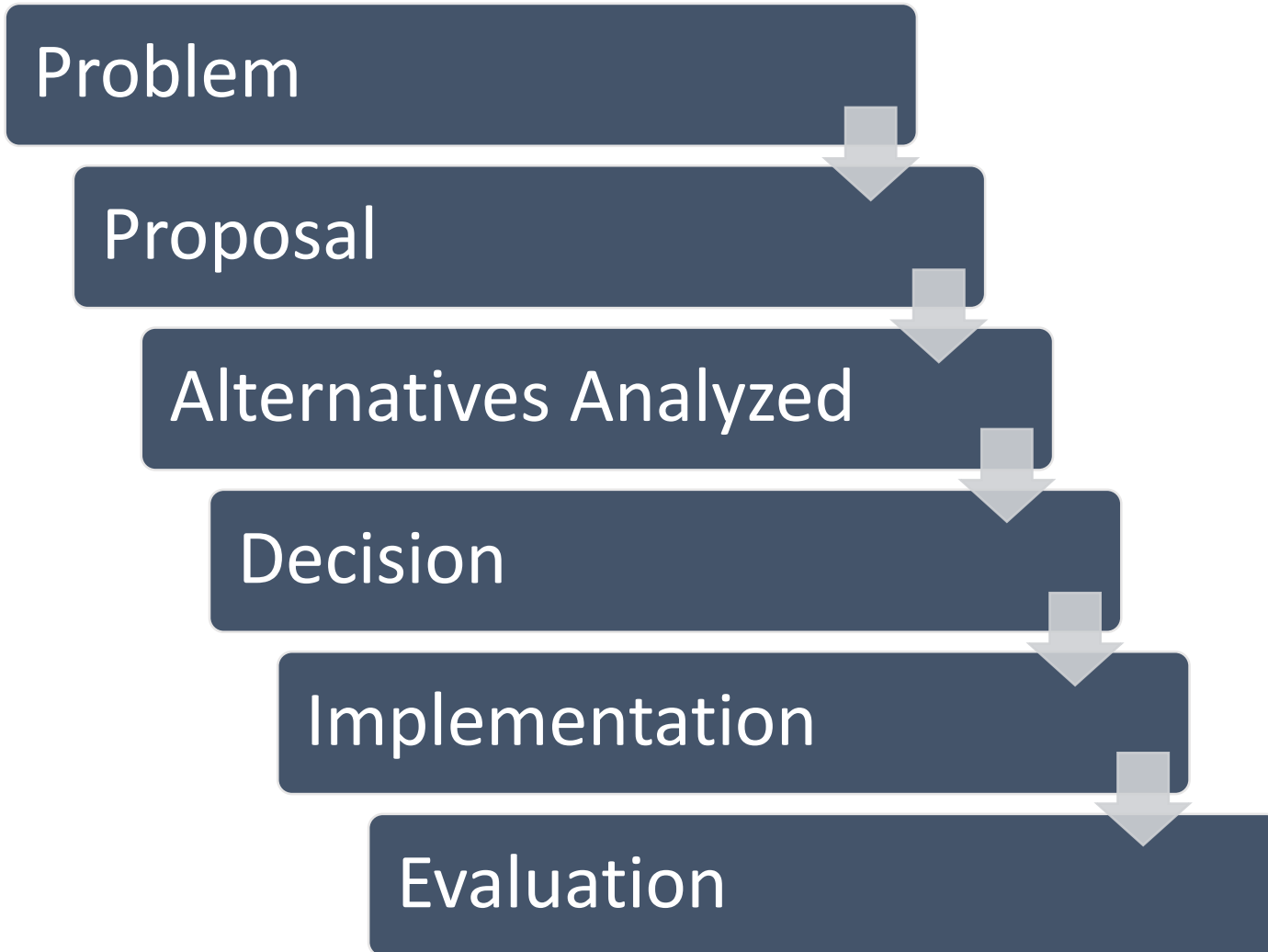


Opening Thoughts

- The Importance of Retreats
- General Comments to Frame the Discussion
 - Proactive Process
 - Policy and Administration

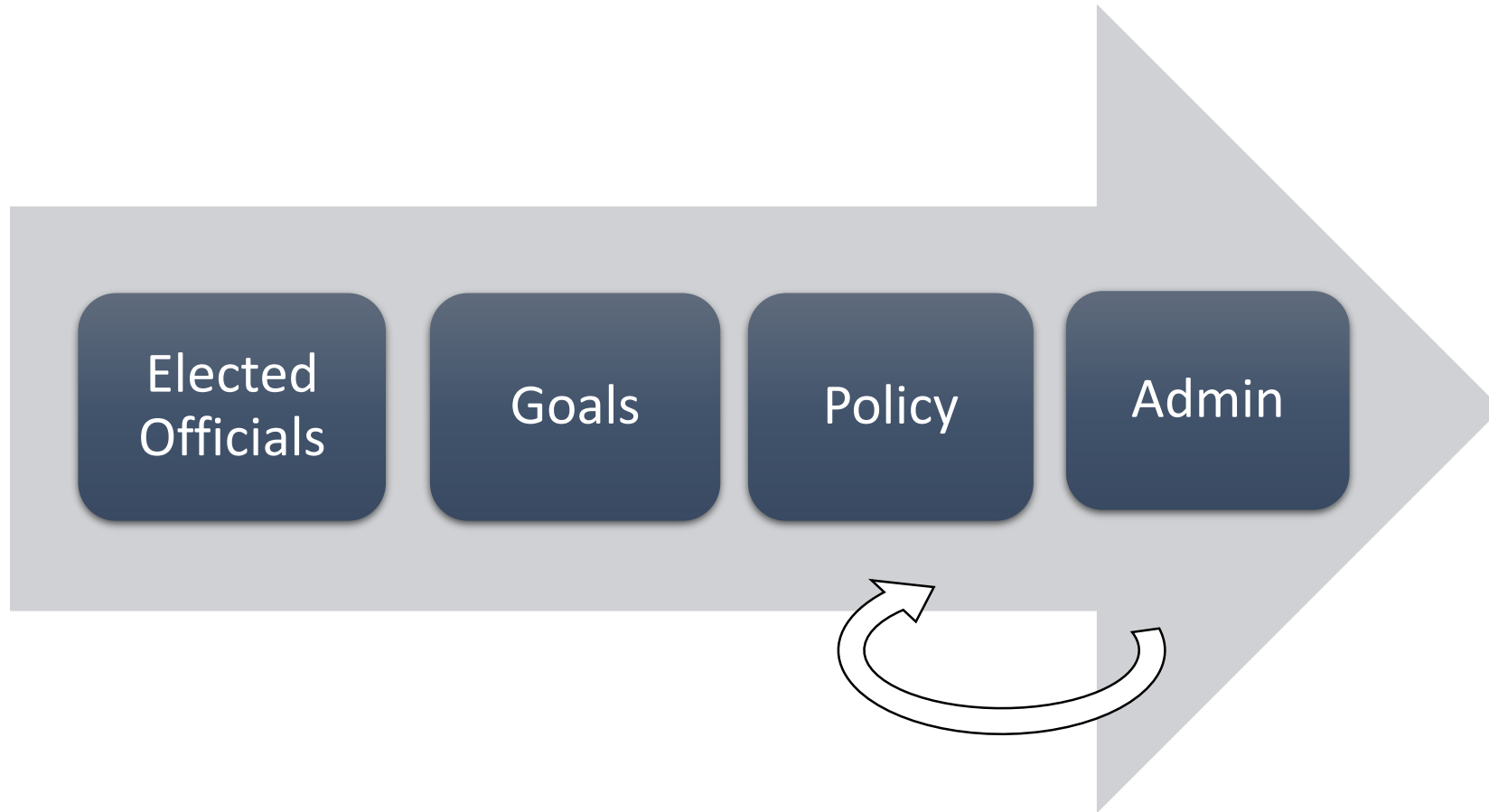


Reactive Decision Process



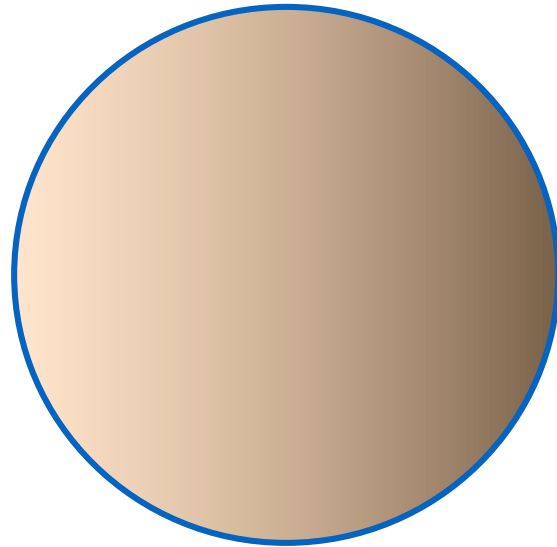


Proactive Decision Process

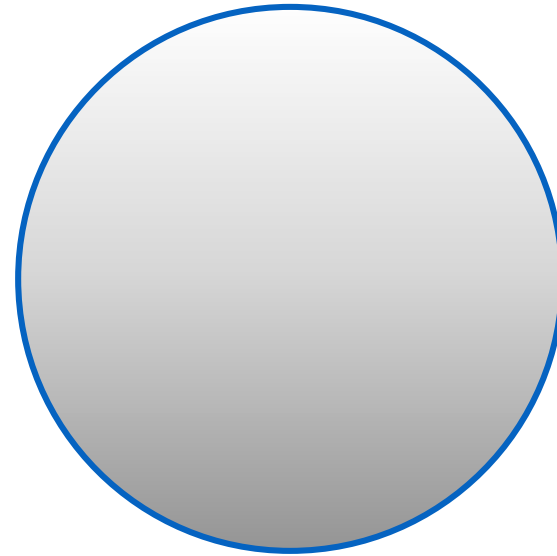




The Dichotomy



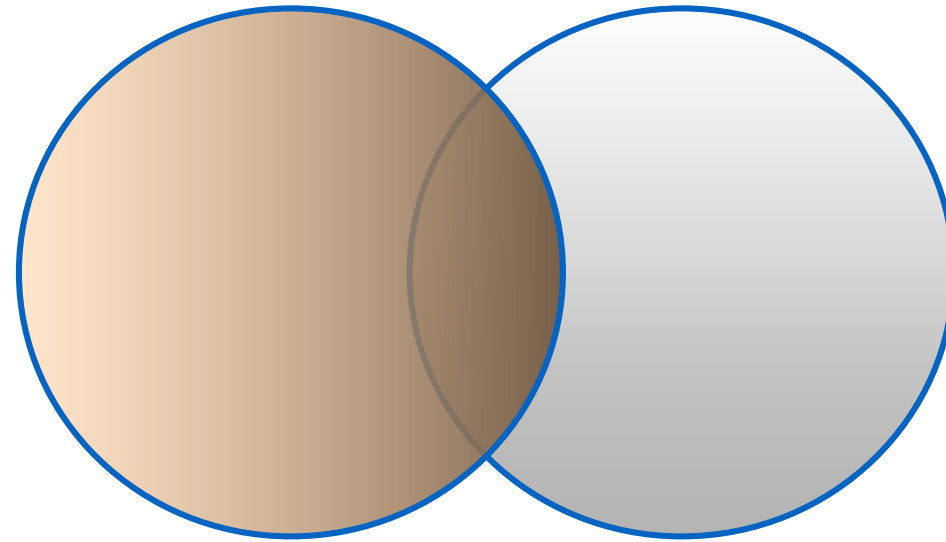
POLICY



ADMINISTRATION



The Accepted Model

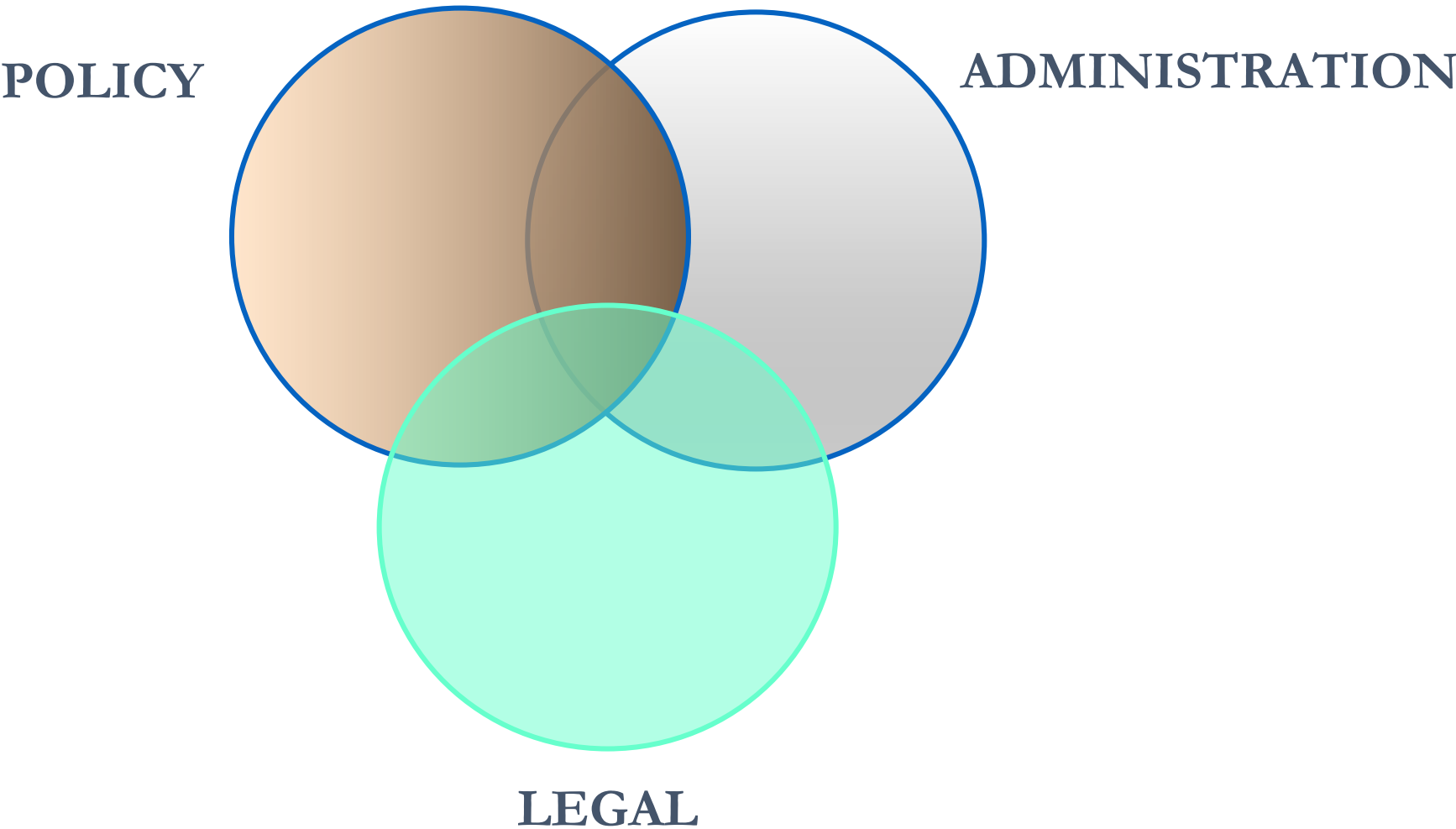


POLICY

ADMINISTRATION



The Actual Model



Higher Performing Governance



City of Flagstaff





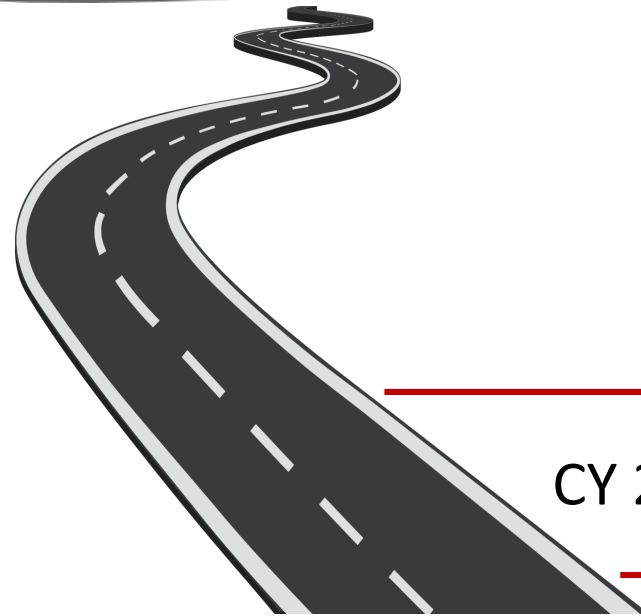
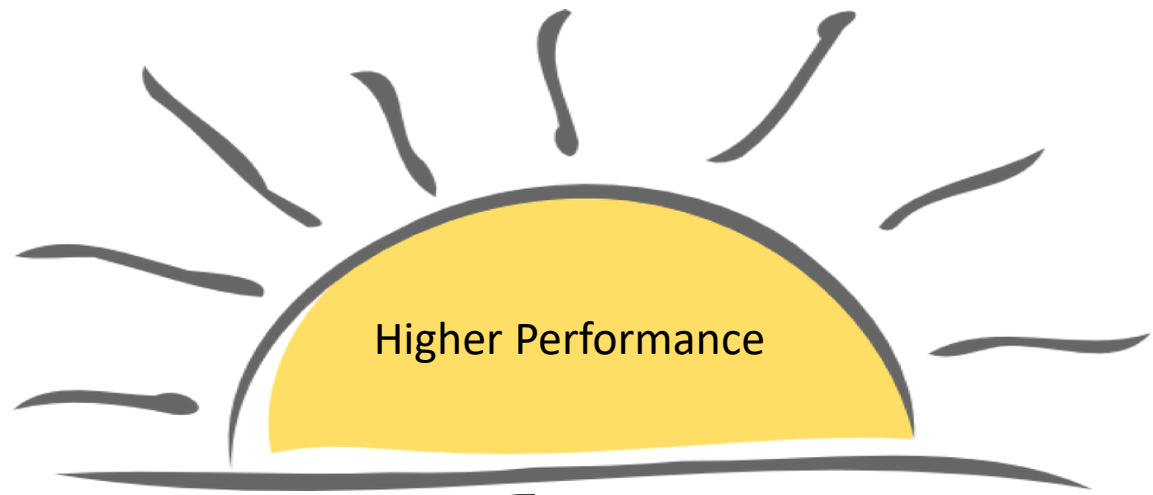
Higher Performing Government – The Journey

As a prerequisite to Higher Governance, the City determined...



- There was a need for a new, data-driven budget process.
- There was a need to better align budget dollars with the services that matter most to the community.
- There was a need for enhanced transparency within the budget process.

Higher Performing Governance



CY 2019

Implement a
new PBB
budget process

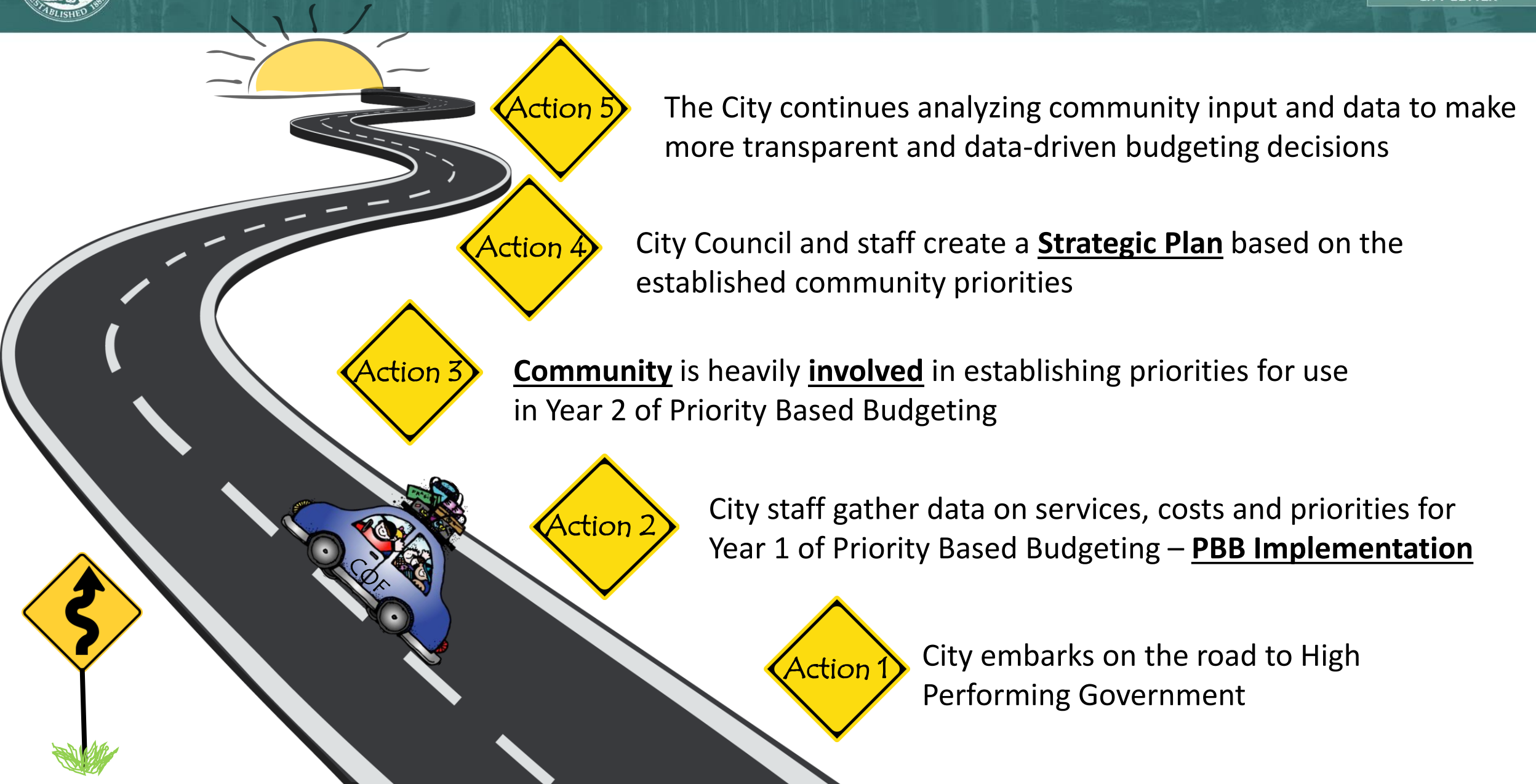


City of Flagstaff



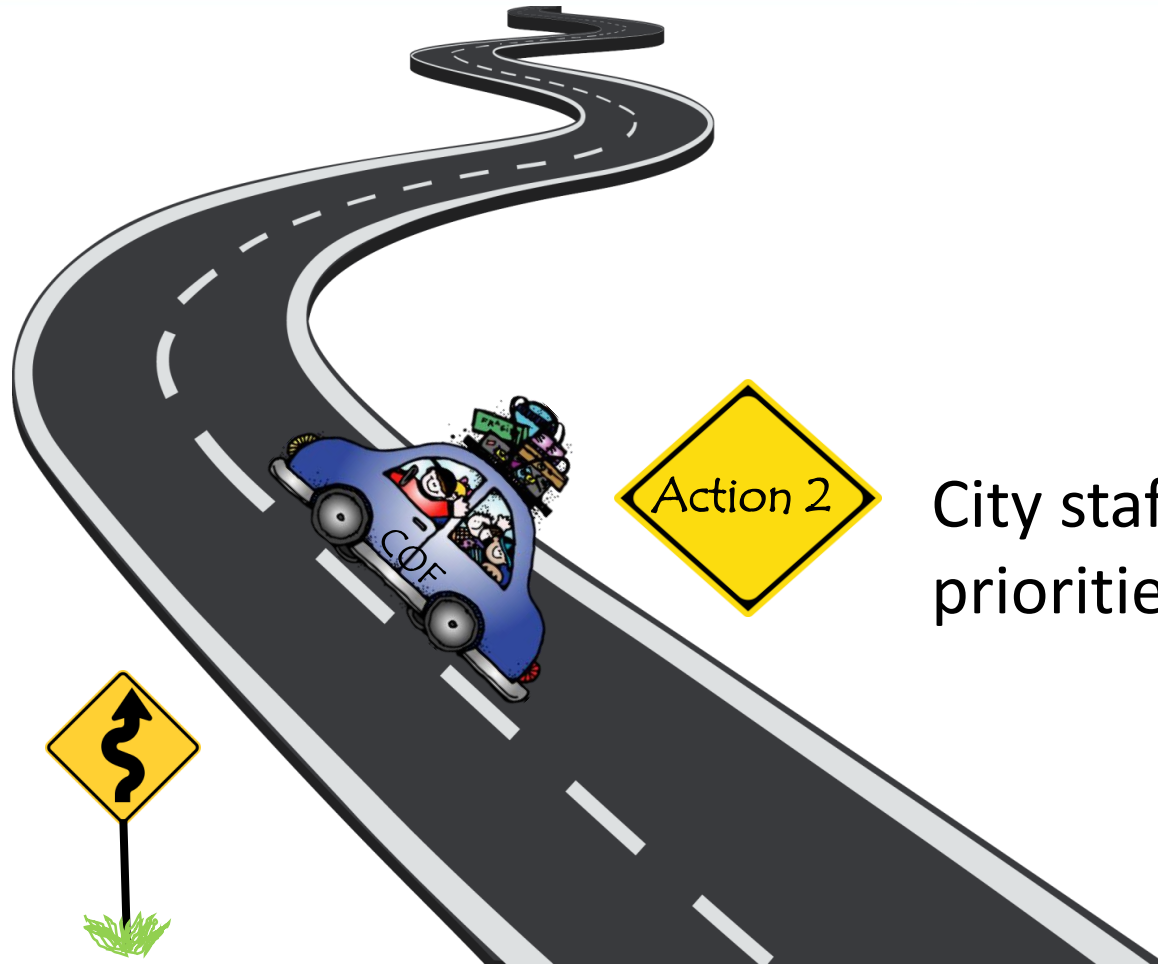


The Road to High Performing Government





What is Priority Based Budgeting?



Action 2

City staff gather data on services, costs and priorities for Year 1 of Priority Based Budgeting

Inventory

Cost

Score

Present

Analyze



What do we do?

Step 1: Program Inventory

A **Program** is a group of people working together to deliver a discrete service to identifiable users

- Programs should be:
 - Easy to understand
 - Action-oriented
- Examples from COF
 - Court Security
 - Parking Enforcement
 - Wildfire Management
 - Event Permits

Inventory

Cost

Score

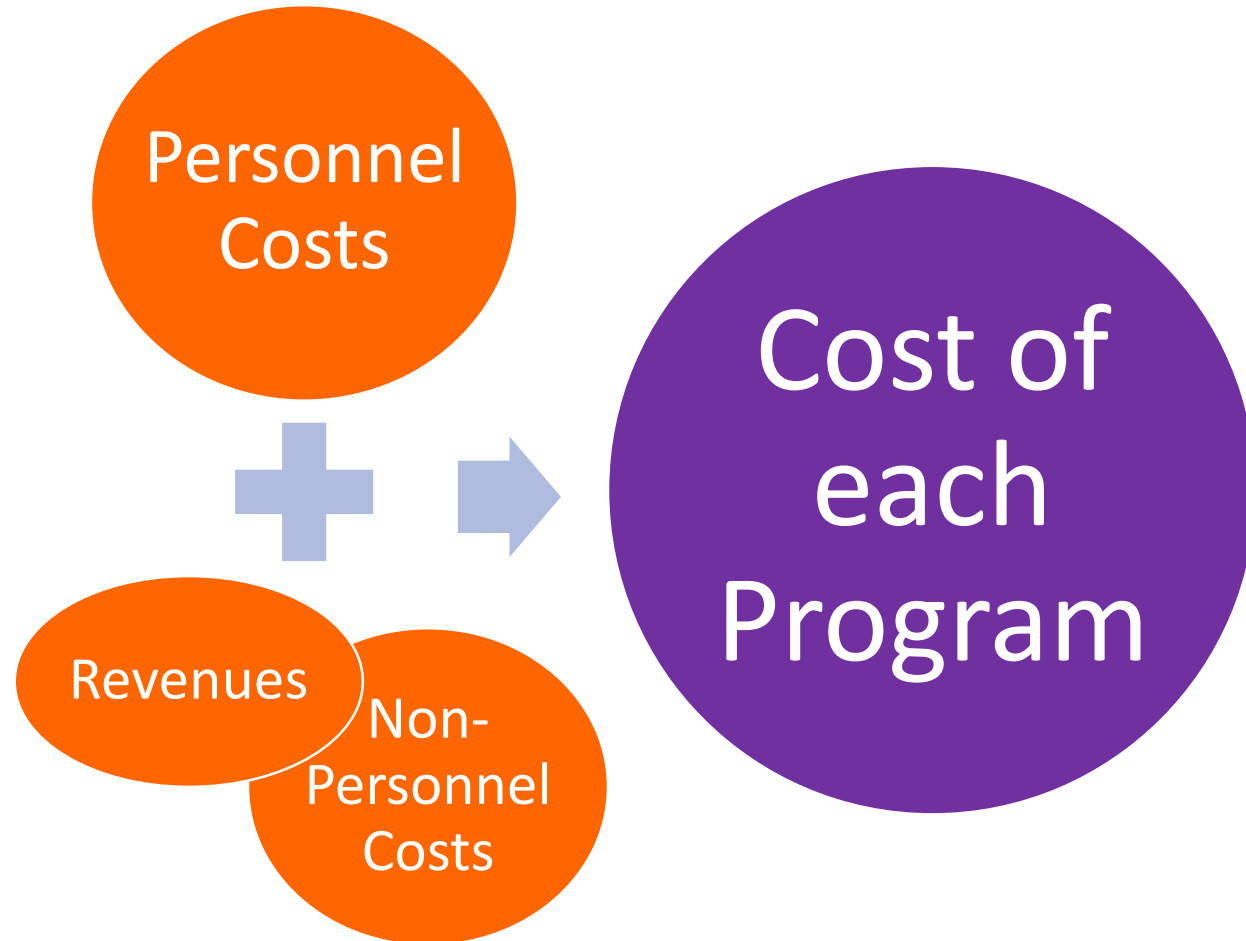
Present

Analyze



What does it cost?

Step 2: Program Costing



Benefits of Program Costing

1

TRANSPARENCY
Creates a better understanding of the true costs of a service

2

UNDERSTANDING
Provides more meaningful comparisons for citizens and decision makers

3

PLANNING
Shows how the workforce is associated with programs

Inventory

Cost

Score

Present

Analyze



Why are we in business?

Step 3: Program scoring

Key Community Results

High-level, overarching goals for the City that are representative of the community's priorities

Livable Community;
Vibrant Economy;
Environmental Health

Definitions

Detailed action items of what the City must do to achieve the Key Community Results

Attract quality staff;
Advance social justice;
Address climate change

Basic Program Attributes

Additional details about a program

Mandate; Reliance;
Cost recovery;
Population served;
Demand

Inventory

Cost

Score

Present

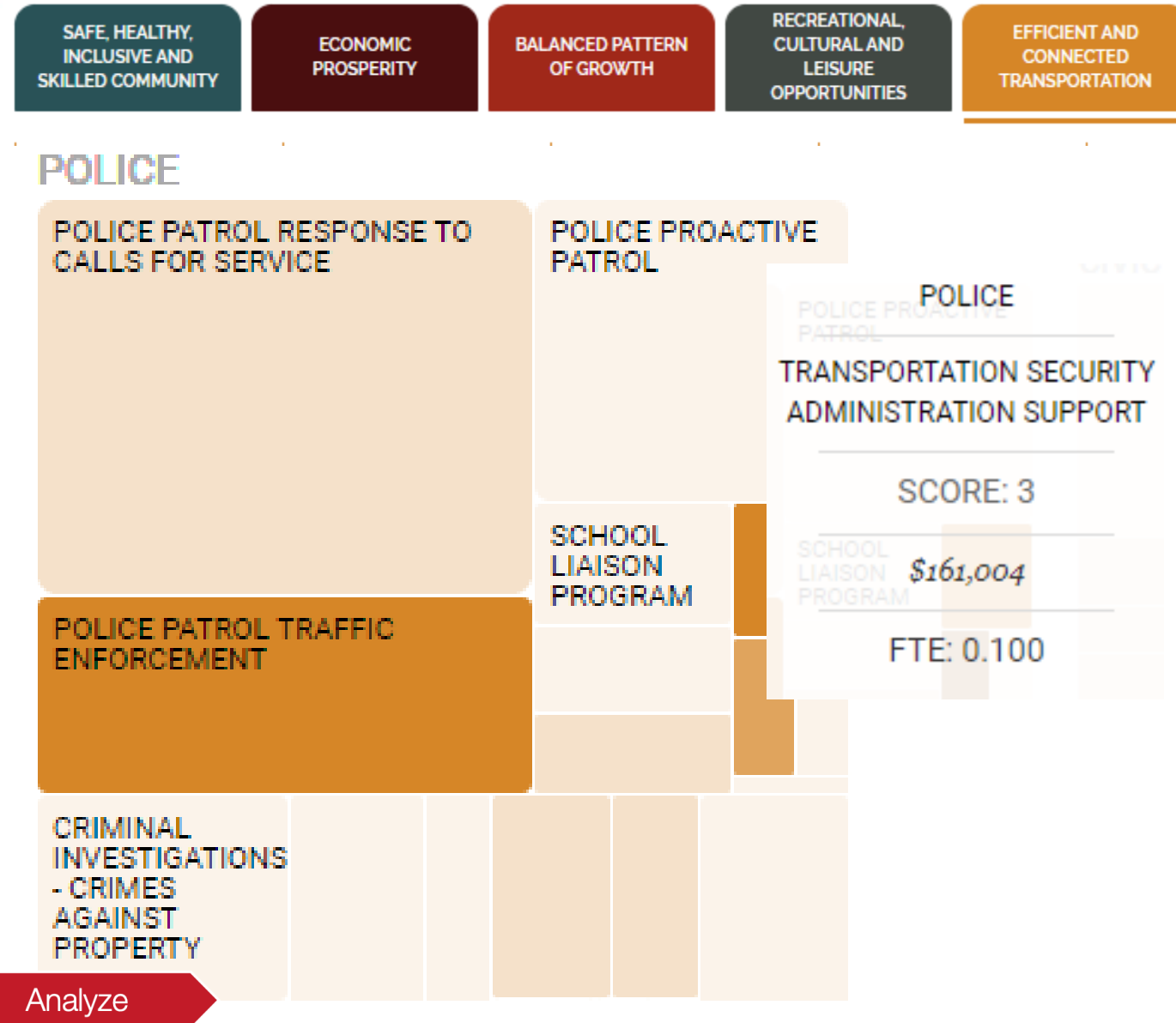
Analyze



How do we view PBB data?

Step 4: Presenting PBB

- Each box represents a program.
 - The size of the box represents the amount of budget dollars tied to the program
 - Darker shaded boxes represent programs that scored higher





What to do with PBB data?

Step 5: Analyzing programs

Start by
asking the
right
questions



Is there an opportunity for a partnership?



Is here a technology or process that can free up resources?



Is it possible to reduce service levels in one area to free them up for another?



Do our fees cover the costs of the service?



Would it be possible to increase rates or taxes?



Are we reporting the true costs of services to grant agencies?

Inventory

Cost

Score

Present

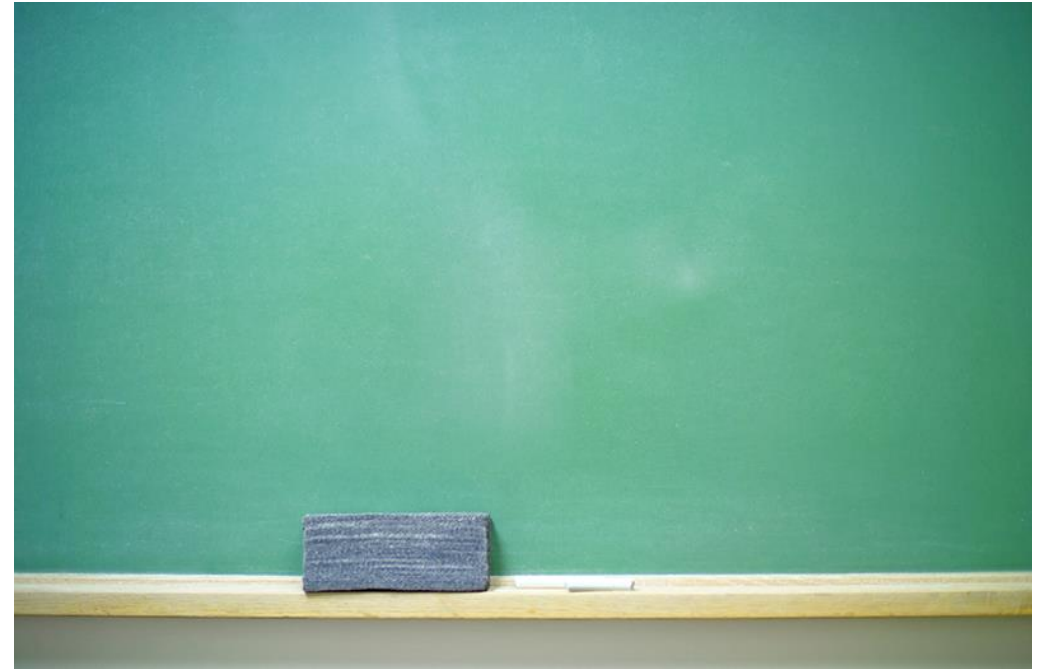
Analyze



Today's Purpose

Preparation for Step 3 of Priority Based Budgeting

- Key Community Results
- Definitions





Questions?

