## **WORK SESSION AGENDA**

ITEM NO. 6

## City of Flagstaff Management Services

DATE:

February 16, 2010

TO:

Mayor and City Council Kevin Burke, City Manager

THROUGH: Jim Wine, Deputy City Manager Ben Fisk, Deputy City Manager

FROM:

Erik Solberg, Public Works Director

Barbara Goodrich, Management Services Director

RE:

February 23, 2010 Work Session

**HURF** Funding

HURF funding has been steadily decreasing since Fiscal Year 2008. City staff will present to you background information and several policy options to consider as we look at preliminary planning for Fiscal Year 2011.

## Memorandum City of Flagstaff

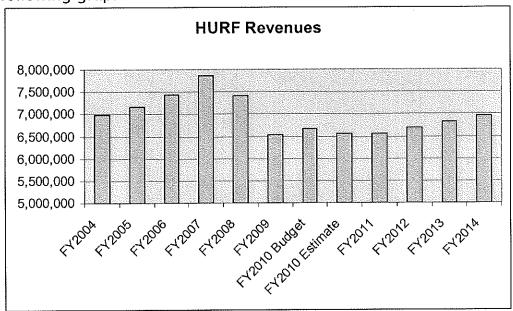
### February 16, 2010

TO: City of Flagstaff Mayor and Council

RE: Status and options for HURF funding FY2011 budget

#### **HURF Revenues:**

HURF revenues have been steadily declining since 2007 as shown on the following graph:



These revenues have been declining due to:

- Decreased sales in our county, and
- Increased funding to DPS.
  - DPS funding from HURF increased from \$17.5 million in FY2008 to \$78.3 million in FY2009. Should current monthly allocations to DPS continue this Fiscal Year equal to the funding in December 2009, the HURF allocation to DPS will exceed \$131 million in FY2010.

In addition to the gas tax impacts, the State is looking at various options with the Local Transportation Assistance Funds (LTAF, lottery proceeds) that also benefit our street program. Currently, we have budgeted to



receive LTAF funds this fiscal year and next, but have deleted it from following years as it is likely the State will allocate these funds differently in the future as the lottery is reauthorized. There is risk currently if the state is not able to adequately fund current bonding within the state share.

In addition, there are 8 lots to be sold at the Auto Mall with an approximate value of \$4 million dollars. These lots were to be originally sold no later than FY2009. HURF is dependent on these proceeds and we have currently pushed out the expected sales date to FY2012 and beyond as there is no current activity in this area.

The \$302,682 in revenue listed as a private contribution is the Presidio roundabout contribution and is 100% offset with a capital expenditure.

#### **HURF Expenditures:**

#### Operating capital/deferral:

The Street Section started deferring fleet purchases in FY 2007 and fleet needs are becoming critical. Capital has again been deferred for FY2011, however approximately \$5 million is the determined need which currently can not be met within fund resources.

#### **Operations:**

The Street program reduced by 4.75 FTE's for FY2010: 3.75 FTE's in various equipment operator temps and 1 FTE Maintenance Worker affecting sign and paint maintenance.

For FY2011, operational declines proposed include:

- A 6.5% (\$10,400) decrease from the General Fund to the HURF fund for the de-icer program. The service level involved in de-icing roads will be decreased by a percentage established in route analysis in summer to accommodate this cut.
- Summer sweeping program decreased by \$13,000 due to elimination of General Fund transfer. This program reduction will be reflected by sweeping less frequently during summer operations.
- A staffing decrease of 1.25 FTE's due to a cyclical approach with Drainage Maintenance as agreed with by Stormwater, however as this is a reimbursed service, there aren't any net savings to HURF.

For FY2011, the following program areas are already considered as 'not meeting expectations'

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- Signal maintenance As signal maintenance is obligated to comply with federal regulations, no opportunities for further reductions are possible.
- Street maintenance Street maintenance activities include patching, guard rails, dirt street maintenance including dust abatement. (28 lane miles of dirt street) and shouldering. The summer crew has already been cut and further reductions are not recommended.
- Sign and Paint Reduced by 1 FTE for FY 2010. The remainder of these job duties are also obligated to comply with federal/state regulations
- Drainage maintenance Secondary drainage ditches will not be cleared of over grown vegetation possibly causing backups
- Street overlay Current condition information will be made available over the next two months (approximately), however previous reports to Council have reflected the continued degradation of our street inventory. There may be grant revenues available to support street projects, however there is nothing assured at this time.

Those programs that are considered as 'meeting expectations' include:

- Street administration
- Snow removal please note: The current year storms have been extremely expensive to manage with current storm expenses estimated at \$838,000. This includes plowing and hauling of culde-sacs with contracted hauling trucks. In addition, motor graders were contracted during the most intense part of the storm and hauling trucks were contracted to quicken the task of clearing Downtown. Even though there may be some future FEMA reimbursement, this will create a short term impact within the fund that has to be funded with current resources.
- Street sweeping services were maintained for 2010 and the following chart depicts proposed service levels.

Area of service	FY2010 (actual)	FY2011 (proposed)
Downtown	Every day	Every day
Main arterials	1 x per week	2 x per month
Residential	2 x per month	1 x per month

• Streetlight maintenance – Streetlights are not on a meter and the City is charged a monthly fee for electricity whether the streetlight is working or not. One proposed reduction would be to turn off 800 streetlights citywide. This is a 25% cut in service resulting in a

- \$72,000 savings in electricity and there would also be maintenance savings. Traffic engineering would decide which lights could be turned off and still provide adequate lighting for public safety.
- Training Training for permanent employees resulted in properly trained motor grader operators for snow removal operations. Trained operators also helped in having more resources available when work loads increased during the Summer and Fall of 2009.

#### Conclusion:

Based on the estimates in the current five year plan, HURF has a negative \$507,489 fund balance. To preserve a 10% fund balance per policy, HURF needs to find program or capital reductions totaling approximately \$1.2 million dollars. The following options are presented:

#### Options:

- Sunnyside Phase V has not yet been bid. Delay the completion of this phase to align with the auto mall lot sales. The City can budget the program on a contingency basis so as soon as lot sales move forward, the city has appropriation to quickly move the project forward.
- Reduce the street overlay, minor transportation, reserve, and sidewalk replacement programs.
- Look at operations including street sweeping, snow removal, etc. to further reduce levels of service.
- Take a combination of the options presented above to total \$1.2 million.

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CITY OF FLAGSTAFF HIGHWAY USER FUND FIVE YEAR PLAN 2011-2016

	Actual	Budget 2009-2010	Estimate 2009-2010	Budget 2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Sources of Funds									
Beginning Fund Balance	5,645,340	1,808,943	(309,412)	671,653	(507,489)	2,881	(107,822)	240,673	(387,448)
Revenues		1	( ( ( (						
Intergovernmental Revenues	•	765,600	765,600	1		•		1	
Highway User Revenues	6,412,329	6,662,309	6,562,309	6,562,309	6,693,556	6,827,427	6,963,975	7,207,714	7,459,984
LTAF	251,536	300,246	250,000	250,000			•	, 0 , 0	ŧ
Interest Revenues	60,275	36,000	16,000	8,000		•		000,4	•
Other Financing Sources	• !	4,500,000	4,629,066	• 6	1 1	, ,	1 L	•	
Miscellaneous Revenues	(64,535)	1,376,327	1,311,113	302,682	1,515,505	1,365,505	1,365,505	1	
Total Revenues	6,659,605	13,640,482	13,534,089	7,122,991	8,209,061	8,192,932	8,329,480	7,212,714	7,459,985
Transfers In									
General Fund	1,807,748	2,074,355	2,074,355	1,961,275	1,969,475	149,600	149,600	149,600	149,600
Stormwater	239,473	289,668	234,193	298,116	305,569	313,208	321,038	329,064	337,291
Capital Projects	370,650	200,000	200,000	ŧ	•	f	•	•	1
Transportation Tax	6,183,640	3,578,930	2,462,298	3,037,877	3,413,143	4,997,843	3,167,943	4,673,693	3,999,343
Total Transfers in	8,601,511	6,142,953	4,970,846	5,297,268	5,688,187	5,460,651	3,638,581	5,152,343	4,486,220
Total Sources of Funds	20,906,457	21,592,378	18,195,522	13,091,913	13,389,758	13,656,464	11,860,239	12,605,731	11,558,757
Uses of Funds									
Departments Onerating Expenditures	3,687,683	3,920,924	3,740,015	3,838,853	3,927,848	4,019,201	4,112,975	4,209,234	4,308,044
Indirect Cost	1,700,348	1,547,226	1,547,226	1,485,907	1,401,211	1,436,241	1,472,147	1,508,951	1,546,675
Capital Expenditures	13,645,441	12,696,810	9,749,305	5,729,123	5,604,100	7,675,000	5,400,600	6,641,150	6,100,900
Keserves/Contingencies	19 033 472	18 264 960	15 036 546	11 153 883	10.933.159	13,130,442	10.985.722	12.359.335	11.955.619
Datt Savina									
Debt Service	1,805,294	2,332,955	1,901,922	2,360,118	2,368,318	548,443	548,443	548,443	548,443
Total Debt Service	1,805,294	2,332,955	1,901,922	2,360,118	2,368,318	548,443	548,443	548,443	548,443
Transfers Out Beautification	291.702	500.000	500,000		, •	ı	·	•	
General Fund	85,401	85,401	85,401	85,401	85,401	85,401	85,401	85,401	85,401
Total Transfers Out	377,103	585,401	585,401	85,401	85,401	85,401	85,401	85,401	85,401
Total Uses of Funds	21,215,869	21,183,316	17,523,869	13,599,402	13,386,878	13,764,286	11,619,566	12,993,179	12,589,463
Ending Fund Balance	(309,412)	409,062	671,653	(507,489)	2,881	(107,822)	240,673	(387,448)	(1,030,706)



# CITY OF FLAGSTAFF HIGHWAY USER FUND CAPITAL IMPROVEMENT PROGRAM FIVE YEAR PLAN 2011-2016

	Actual 2008-2009	Budget 2009-2010	Estimate 2009-2010	Budget 2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
33-02 Cummings Street (EFTI)	c c L	•		1	ı	1	ı		
33-03 Railhead 4th Leg at 89N 33-05 F. Route 66 - CC to Walnut	5,536	•		•	•	1	t		
33-10 Reserve for Improvements	46,330	40,000	39,833	40,000	40,000	50,000	20,000	20,000	20,000
33-14 Minor Transportation Imprv	78,404	100,000	, ,	100,000	100,000	125,000	125,000	125,000	125,000
33-15 Presidio Roundabout	15,830	35,000	26,506	302,682					
33-19 Fanning Construction	000	60	L T	7	7	7 5 000	7000	15 000	45 000
33-20 Sidewalk Replacement 33.22 CDRG Improvements Entail	8,803	000,61	01.7'6	000,61	000,01	000,5	2,000	000,0	200,5
33-24 Signal Turquoise & Forrest									
33-32 Overlay (Annual Street Maintenance)	3,702,066	2,215,494	1,061,835	1,362,500	1,499,400	1,835,600	1,871,100	1,605,900	1,740,000
33-39 Overlay (Bond Project	838,388	3,670,000	2,990,678						
33-34 Lake Mary Rd @ LDS	ı								
33-38 Enterprise/Butler Reconstruction									
33-51 Sunnyside		ı		ı	•		1	•	•
33-53 Sunnyside Phase III-B		1							
33-54 Sunnyside Ph 4	6,941			•	1	•	•		
33-61 Sunnyside Ph IV-A	1,442,104								
33-62 Sunnyside Phase V	26,397	776,856	776,856	1,229,532	•				
33-93 Ponderosa Parkway	43,530	2,100,000	1,992,630	27,975					
33-60 Kittie Lane									
33-63 Annual Bridge Maintenance		•							
33-81 Traffic Signal Modification	7,526	1		•	1	•	•		
33-85 Signal Scynchron system design				•					
33-92 Bus Pullouts		,		•	,	•	•		
33-95 Southside Traffic Improvements	8,003	ŗ		1		•	1		٠
33-98 ADA Compliance		1		t	ı	1	1		
Deicer Storage Facility		F		t					
Historic East Rt 66 Overlay				•					
Street Pavement Preservation		\$			_	•		1	
	6,230,018	8,952,350	6,894,054	3,077,689	1,654,400	2,025,600	2,061,100	1,795,900	1,930,000