

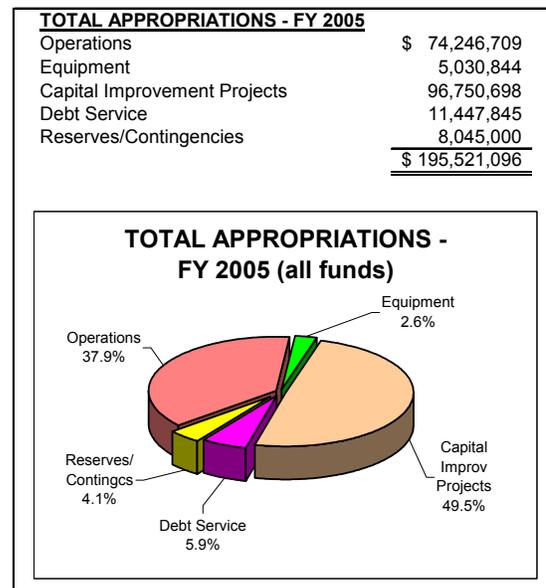
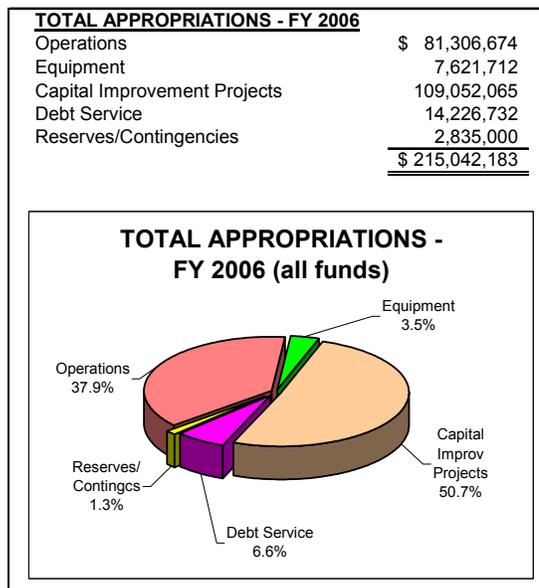


City of Flagstaff

Honorable Mayor, City Council, and Citizens of Flagstaff:

The Fiscal Year (FY) 2006 proposed budget is indicative of the City's improving financial condition. Controlled expenditures in recent years, combined with increasing revenues, place the city in a fiscal position many cities would envy. I am pleased to provide the following information to you.

This proposed budget allocates financial resources to the City Council priorities as discussed by the Council during budget retreats, which are held twice each year. Within available resources the proposed budget directs revenue toward sustaining existing services, maintaining the Council's capital initiatives, and supporting the organization and its human resources. A summary comparison of FY 2006 and FY 2005 appropriations are shown below.



HUMAN RESOURCES

The City is able to respond to growing human resource costs pushed by increasing retirement contributions, health care costs, and overall compensation needs. The Council has repeatedly stated that among its highest expenditure priorities is the necessity to adjust compensation to keep pace with the salaries in the marketplace and the increasing cost of living. Overall this budget increases expenditures for personnel services by \$4.0 million, which includes increases in the following categories: compensation - \$2.1 million, retirement contributions - \$785,000, health insurance - \$109,000, and for additional positions - \$760,000.

While the Council has directed resource allocation toward compensation for current City employees, it has also determined the necessity of keeping pace with service demands by adding new personnel as resources allow. This proposed budget responds to, but does not fully achieve, the Council's direction. Without new revenues it is simply not possible to adequately fund both compensation adjustments for current City employees and include the new positions necessary to accomplish Council goals. The opportunity to add revenues to fund some additional positions is discussed below.

During the retreat in March 2005, the City Council discussed priorities for appropriations toward new positions. The two general areas with the highest Council priority were in agreement with the priorities suggested by department heads and the Employee Advisory Committee. Everyone agreed with the restoration of previously eliminated positions while adding needed personnel for organization-wide support services. Those positions that meet this criterion include:

- ❖ Assistant Fire Chief
- ❖ Maintenance Worker
- ❖ Recreation Assistant
- ❖ Library Clerk
- ❖ Recreation Temps
- ❖ Zoning Code Administrator
- ❖ IT Network Analyst
- ❖ Attorney's Office Paralegal

In addition, new services or programs and a growing demand for service also require new staff. It is broadly recognized that current staff already faces workload demands too great to allow absorption of additional responsibilities. Therefore, new positions meet limited program and workload needs. Additional positions include:

- ❖ Three Emergency Service Dispatchers
- ❖ Land Trust Administrator
- ❖ Plans Examiner
- ❖ Six Police Officers
- ❖ Forest Health-Fire
- ❖ Floodplain Inspector
- ❖ Two Water Service Technicians
- ❖ Equipment Operators
- ❖ Bin Maintenance Technicians
- ❖ Administrative Support

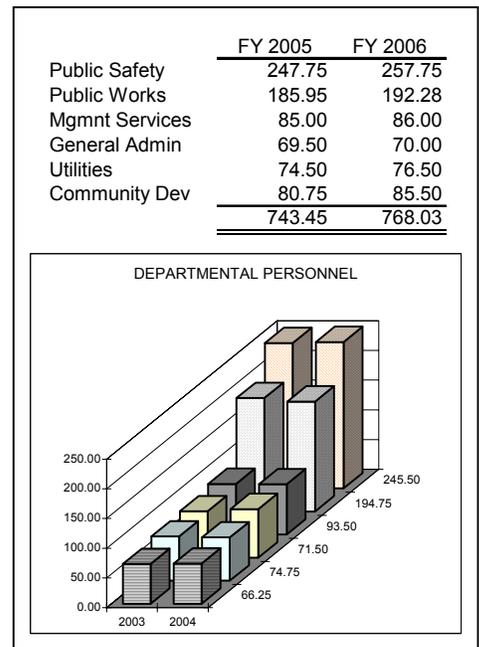
Assignment pay requests are also fully funded and new positions are added in areas funded by other revenues earmarked for the specific service.

Several high priority positions are not included in the proposed budget. An Assistant City Attorney is not included along with the addition of a part-time position in the Risk Management Division. These additions would allow the City to internalize legal and adjusting costs for claims against the City. At the time of budget review and the writing of this message it could not be concluded that this would result in substantive cost savings. Further study is needed, which will be conducted during FY 2006.

Citywide a total of 54.93 new FTE (full and part-time) positions were requested by department heads. A net total of 24.58 FTE's were added. The chart on this page illustrates the staffing changes by department. See pages 33 – 35 for actual position additions and deletions.

CAPITAL

Community investment is recognized as a City government responsibility. Investment in the public's infrastructure is a necessity in order to adequately serve growing service demands. As the community and region grow in population, infrastructure systems become overextended and worn. For example, streets must be repaired and reconstructed and new streets built because of increasing traffic. Moreover, demand grows for new infrastructure to both maintain and



enhance the quality of life expected by urban residents. Parks, ball fields, urban trails, recreation and life centers are built. It takes more than emergency service personnel to deliver public health, safety and welfare. Other projects assure safe passage to schools, provide safe multi-modal transportation alternatives, and reduce the threat of flooding.

During the last five years, the City's capital budget has greatly increased in response to community needs, recognizing that some concerns and essential services had been neglected and providing infrastructure for the vitality of the community's economy. The FY 2006 capital budget of \$109 million responds to recognized needs and voter authorization of capital projects.

SUSTAINING SERVICES

City services are essential to a quality community environment in which to live and work. We often generally take for granted that water and wastewater service will be available, trash will be hauled away, and firefighters and police officers will come when called. These services don't automatically happen without consideration of a wide array of factors. The necessary level of service delivery requires adequate staffing levels, as well as necessary operating and capital expenditures. Allocations to the various services must be based on an evaluation of service gaps and greatest need. Additionally, current year expenditures must be sustainable through future years. Sustainability (as with sustainable community growth) necessitates not over expending current resources or anticipating more future resources than will be realized. City of Flagstaff Council and staff have carefully considered resource allocations to support sustainable services and to invest in the creation of a tax base to fund the certainty of increasing costs.

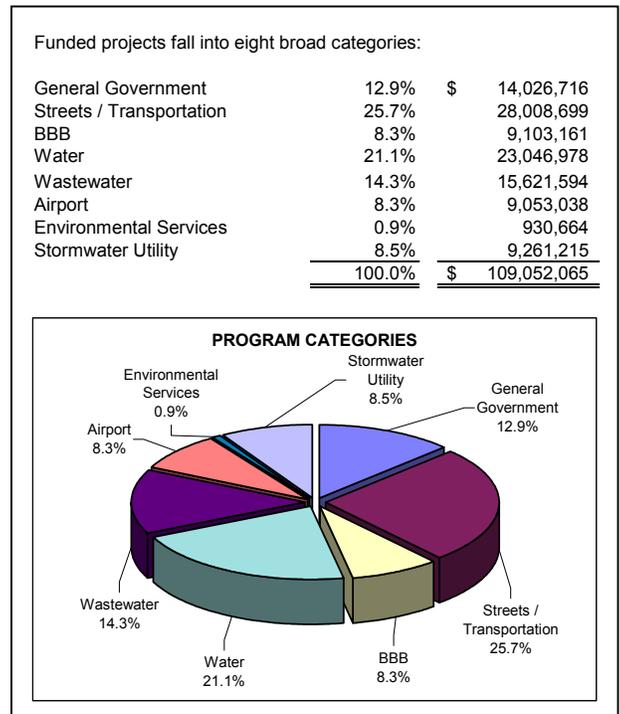
This budget is, as always, carefully considered and sustainable. As adopted, current service levels are maintained. Yet, the budget does not fully fund all City Council priorities. The most apparent area where allocations are short is public safety. During budget review the City Council considered increasing revenues to support public safety positions. In reference to the March 2005 City Council retreat, ways to increase operating revenues were recalled. A property tax increase of five cents would raise approximately \$260,000. Development review, plan review, and zoning are only collecting from 2% to 20% of the cost of service. Fees could be increased so that applicants would pay a greater proportion of these service costs to approximate the same revenues generated by a property tax increase. This budget includes a five-cent increase in primary property tax to fund the addition of five police officers. In order to hold the overall tax rate steady, secondary taxes are reduced by five cents.

PUBLIC SAFETY

Public safety is always a City Council priority. In the area of public safety, the Council heard from both chiefs the need for additional staff for a variety of assignments. Public safety is discussed in some depth because it is one of the Council goals which is not funded to the level Council would like. It is appropriate to establish a record of the concerns considered in reaching a decision to fund five police officers.

Police: The City has attempted to maintain a ratio of 1.6 sworn officers to 1,000 citizens. This ratio was determined by looking at national practices utilizing a similar ratio adjusted downward from approximately 1.8/1000 nationally in recognition of budget constraints and the fact that the NAU student enrollment is included in the City population but the NAU police force is not included within the officer to population ratio. The City has maintained approximately the target ratio for the last twelve years (currently at 99 officers based on 61,270 citizens).

As with most police departments, it has been difficult to maintain a full staff. There is inevitable turnover; and Flagstaff's turnover is exacerbated by abundant career opportunities in the Phoenix metropolitan area as well as with other State and



Federal law enforcement agencies, which offer higher pay and lower living costs. Nevertheless, the Flagstaff turnover rate among sworn officers was 15% in the last twelve months and 9% average in the last five years.

A major complicating factor in maintaining staffing levels when turnover occurs is the time it takes to replace departing police officers with a fully trained and independent new officer on the street. Recruiting, Police Academy, and field training takes approximately 8 months at a cost to the City of \$36,000 per officer.

The roles of the Police Department and police officers have changed over the years. The Police Department provides services intended to prevent crime and build community relationships, rather than just respond to crime. In essence, these services target issues instead of taking the geographic approach of decades ago, represented by foot patrols. Examples include Block Watch, DARE, GREAT, and citizen support, all of which require significant officer time commitment. When resources allow, the department still provides selected area foot patrol and bike patrol, both limited in recent years due to staff shortages.

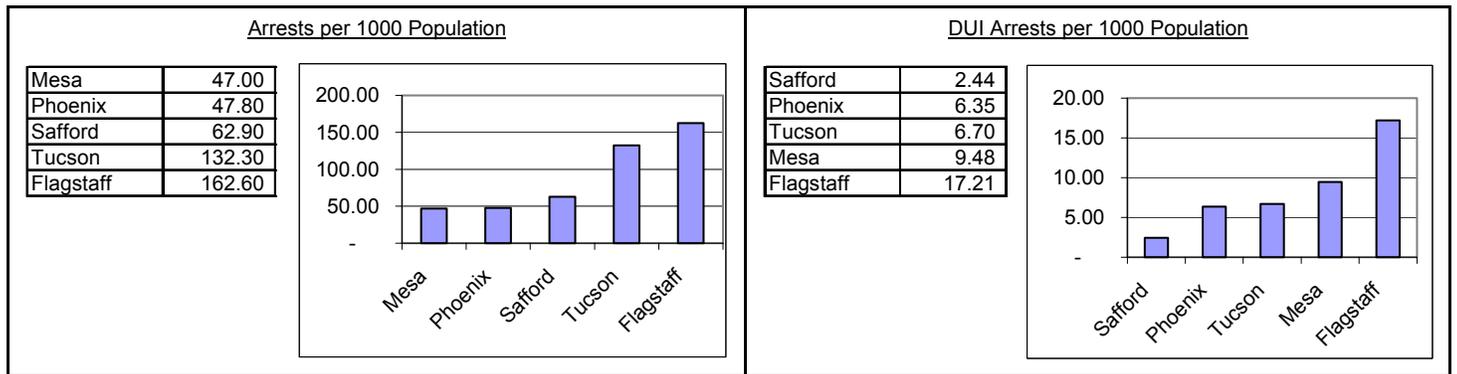
It is appropriate to mention recent trends in Flagstaff. Articles in the Arizona Daily Sun have effectively informed us all that Flagstaff has an unusually high incidence of property crime. The high property crime rate is in part due to increasing numbers of public intoxicants, compounded by activity of a similar nature by younger offenders. While violent crimes have declined slightly, lesser crimes (Part II UCR) have increased by 11%. Contacts with public intoxicants have risen by 34%; and due to the nature of many contacts, officers are taken off the street for a significant period of time. The only time there is a statistically significant reduction in calls for service is the period between 2:00 a.m. and 8:00 a.m. The Police Department is witnessing growing problems with gang activity. In fact, the nature of some of this activity is far more serious than the property crimes seen from intoxicants. A recent impact on police shift schedules is the adjustment necessitated by the State change of bar closing time from 1:00 a.m. to 2:00 a.m. This change occurred a year ago and no staff additions were made to compensate for the shift changes required. The result is an overextended midday (peak call period) shift. Moreover, traffic accidents have increased by 17%. Finally, the City is growing in population and geographic area creating additional areas to patrol without additional officers on the street.

Police Statistics. Flagstaff participates in the International City Management Association's (ICMA's) Performance Measurement Program. Although only a few cities participate, these are considered leading edge parameters in an attempt to understand comparative service demands, service levels, and effectiveness. A few of the statistical indicators follow from the ICMA report for FY 2003:

- Of 70 cities reporting, Flagstaff ranks 4th in the number of the Uniform Crime Report (UCR) Part 1 crimes reported per 1,000 population;
- Of 57 cities, Flagstaff ranks 16th in total arrests for UCR Part 1 crimes per 1,000 population;
- Of total arrests per 1,000 population, Flagstaff ranks 1st of 61 cities reporting;
- Of crimes cleared, Flagstaff ranks 12th out of 57 cities reporting;
- Of 43 cities reporting, Flagstaff ranks dead last in the amount of operation and maintenance expenses per UCR Part 1 crimes cleared;
- Flagstaff is 2nd out of 55 cities reporting for UCR Part II drug offenses per 1,000 population;
- Flagstaff is 13th out of 49 cities reporting for juvenile arrests for part II drug abuse offenses as a percent of total arrests for UCR Part II drug offenses;
- Flagstaff ranks 1st of 69 cities reporting for DUI arrests per 1,000 population;
- 28.8 (288 total): average number of injuries/year for the last 10 years, most (193 or 67%) happening while apprehending offenders; two worst injuries – 2 officers shot; one died in the line of duty.

Flagstaff's position in comparing national statistics alone may indicate that a 1.6/1000 officer to population ratio is not adequate to meet public safety needs. Combined with what we know to be a high level of property crime, growing drug abuse among youth, and increasing gang activity, the need for more officers seems apparent. Furthermore, police officers are a first line of contact with citizens for identifying problematic social trends that lead to more criminal activity. More officers can establish greater familiarity and trust enabling a stronger police/citizen partnership for prevention.

The following graphs compare Flagstaff to other Arizona localities for both total arrests and DUI arrests per thousand population:



Fire: The Fire Department has stated for several years that the number one fire threat to the community is forest fire. The understanding of this by our Fire Department, and the recognition of this fact by citizens, led to the establishment of a fuel management program housed within the Fire Department in 1996. While the program was to be largely grant funded, grants had been paying for only 50% of the program. In the FY 06 proposed budget the general fund will provide 88% of funding.

The community has embraced the concept of fuel reduction. In fact, there is great interest in seeing significant fuel reduction, particularly within suspected fire corridors approaching the community. The Fire Department cooperates and partners with other jurisdictions in this effort, including County, State Land Department, U.S. Forest Service, NAU, and numerous other agencies and interest groups, which participate in the Greater Flagstaff Forest Partnership. The City Council approved a requested fuel management position, which had been eliminated in FY 2003. The position is needed to coordinate multiple aspects of the fuel management program.

The Fire Department also expressed a priority to add firefighters to achieve a response capability of four firefighters per apparatus. The Fire Chief has explained that this is not intended to be minimum staffing initially. In other words, if due to absences, engine companies fall below four firefighters, backfilling is not proposed. Rather, overall staffing would be adequate to fulfill a goal of four firefighters per company most of the time. This would require the addition of 12 firefighters upon the completion of fire station relocation and redeployment of equipment and staff. The City Council has endorsed this goal and directed phasing in firefighters as resources allow. The Fire Chief also proposes to establish a rescue truck staff with two firefighters per shift and deployed at the new Station 2 in the center of the community. To staff this proposal requires another six firefighters.

A minimum staffing level per fire truck is recommended by NFPA 1500 and 1710, national standards adopted by the National Fire Protection Association. It may be instructive to have an idea of the status of these standards as utilized by cities nationwide. ICMA conducted a survey of cities over 10,000 in population within the last year to determine some comparative information for Police and Fire Departments. Of 3,247 cities surveyed 48% responded. Of the 1,559 cities responding 64.5% said they do not utilize the NFPA standard. The average minimum crew for a fire pumper is reported to be 3.1. In Arizona, four cities in addition to Flagstaff maintain a class 2 ISO rating (Tempe, Mesa, Tucson and Phoenix). Except for Flagstaff, all these cities staff fire pumpers with a minimum of four personnel. Yet, Flagstaff was recently rated by ISO and the ISO 2 rating will be maintained without staffing at a level of four firefighters per pumper.

Overall, staffing of a fire department is highly dependant on the geographic size of the community. This is because fire stations need to be located to serve the developed area - - the more dispersed, the more fire stations. So, while the following figures are useful, they may not demonstrate an "apples to apples" comparison. The City of Flagstaff has 89 sworn firefighters. Thus the FTE ratio of firefighters to population is 1.45/1,000. Of jurisdictions reporting to the ICMA Performance Measurement Program, the mean is 1.15/1,000 and the mean for cities with a population under 100,000 is .63/1,000.

Fire Statistics. The Fire Department did not have statistical information for some of the comparisons in the last available ICMA Benchmark Report. Therefore, some of the following comparisons may utilize the benchmark report as well as locally available data.

- Of 78 reporting cities, the following breakdown for minimum staffing per pumper: 4 - 18 cities, 3 - 34 cities, 2 or fewer - 16 cities;
- At .54 fires per 1,000 population, Flagstaff ranks 42nd of 55 cities reporting. (No. 1 rank = most fires);
- Two residential arson incidents per 10,000 residents puts Flagstaff 30th of 36 cities reporting (2002 data);
- 4.4 non-structure fire incidents per 1,000 population places Flagstaff 18th of 60 cities reporting;
- 3.7 total fire incidents per 1,000 population ranks Flagstaff 28th of 48 cities reporting;
- 46 EMS responses per 1,000 population places Flagstaff 35th of 49 cities reporting (No. 1 rank = most calls);
- 1.9 arson incidents ranks Flagstaff 41st of 57 cities reporting (Rank #1 = highest; 2002 data);
- 20 hazmat incidents per 10,000 population placed Flagstaff 11th of 54 cities reporting.
- 15.5 average number of injuries per year for the last 10 years (155 total). Number of injuries working a fire totaled 13.5% (21).
- In 2004, total responses increased 36% (from 6,254 to 8,507);

The foregoing information about the police and fire departments assisted the City Council in making decisions about these vital public safety services. Decisions regarding police and fire expenditures may have the greatest impact both on the general fund budget and the quality of life in our community. The Council examined the relative need for additional staff to keep pace with service demands and the ability to respond to significant community issues and the ability to sustain additional staffing citywide. The Council concluded that the most pressing public safety need for FY 2006 is the addition of police officers.

COUNCIL PRIORITIES

The basis of this budget are the ten general goals previously adopted by the Council, and subsequently reaffirmed and restated by the Council most recently during Council retreats in November 2004 and March 2005.

City Council Goals – FY 2006

Affordable Housing

GOAL: To insure that a variety of housing opportunities are available to a diverse population, especially those requiring entry level housing.

- A staffing increase is budgeted for a Housing Land Trust Manager.
- Work with the Workforce Housing Policy Task Force to determine regulatory changes, which may facilitate workforce housing development.
- The City will continue to facilitate a comprehensive discussion among agencies involved in providing housing and employers with a goal of determining needs, funding and program opportunities.
- Staff will complete the feasibility and best practice study for establishing a community land trust and will implement findings.
- Develop an alternative to CDBG funding in preparation for possible federal decisions to cut the CDBG program.
- Completion of a new consolidated plan that must be submitted to HUD every five years.

Economic Development

GOAL: Maintain and strengthen Flagstaff as a regional center for retail, employment and hospitality, while enhancing the quality of life for our residents through technology and innovation and the attraction of employers who pay livable wages.

- Inasmuch as advanced technology is critical for the attraction and retention of desired employers, the City will continue to work closely with partners to implement findings and recommendations of the Telecommunications Study completed by GFEC.

- Economic development initiatives require public support; this, as stated for FY 05 and not completed, staff is to develop an approach for project development, which engages public discussion and the City Council early in any process leading to a specific project.
- A core value and goal of the Regional Plan is redevelopment; in another program carry-forward from FY 05, staff is asked to develop a multi-year plan for Council discussion, which outlines what areas of the community will gain the focus of redevelopment strategies, including the 4th Street area and the implementation of the Urban Mobility Study.
- Continued implementation of several economic initiatives, which have been underway for one or more years:
 - The City continues to budget for its share of the local/federal Rio de Flag project, appropriating \$7,107,239 in FY 2005. The City will spend a total of \$24 million for the project. Design will continue and the first phase of construction will commence in this calendar year.
 - The likely investment in the Southside, following completion of the Rio de Flag Project, necessitates completion of a neighborhood plan in that area. The Southside planning process will be completed, and staff will develop implementation strategies working with southside residents and business owners.
 - The East Flagstaff Gateway Project will move ahead with infrastructure construction having commenced in spring 2005.
 - Airport Expansion Projects will continue with adoption of a new ten-year plan and design of the first project therein – the runway extension.
 - USGS Campus Development Plans will move forward in cooperation with the USGS new building plans and the RFP for the adjoining research park.
 - The Convention and Visitors' Bureau work program will include efforts to strengthen the tourism sector of the economy, including: enhanced marketing and public relations and coordination with event plans in the community.
 - West Side Annexation will be thoroughly explored this fiscal year and a strategy for annexation developed.
 - Staff will continue to work with appropriate partners to urge more effective work force development programs, including joint efforts for auto mechanics and the building and construction trades.
 - Staff will commence work on determining the appropriate scope for a Route 66 redevelopment plan and seek Council adoption.

Fiscal Health

GOAL: Maintain written policies to provide for a balanced budget and sound stewardship of City funds to meet a vast array of community needs, to ensure that resources are available to meet future needs and allow for community infrastructure to be maintained at adequate levels and other sound financial practices that maintain the fiscal health of the organization

- Fiscal health must be of paramount interest when public/private partnerships for economic development are considered; and thus, fiscal impact and financial feasibility information must be clearly and openly discussed.
- Continue to study impact fees and provide opportunities for public and Council discussion of options and variations. Consider including water resource fees as part of the discussion.
- Develop Tax Exemption information for future Council discussion.
- Implement liquor license fees to recover issuance costs.
- Determine if policies may be adopted that are aimed at second homes contributing to revenue.
- Continue an active grants program with a target of continuous improvement in the number and level of grants received.
- Work with NAU, Alliance members, and other partners to initiate the Rural Policy Institute.
- Complete negotiations of the Cable Franchise Agreement.
- Ensure the viability of enterprise funds through rate analysis and appropriate fee increases.

Public Safety

GOAL: To promote and maintain a safe community through an integrated public safety system that addresses the underlying issues affecting public safety, health and quality of life.

- Determine an appropriate increase in handicapped parking fines for Council consideration and develop a fair signage and enforcement policy.

- The Police and Fire Departments will continue to work closely to improve emergency dispatch services, and to maintain response preparedness in the event of homeland security threats or actual incidents.
- An active fuel management program to reduce both fuel densities and bark beetle infested trees will be continued.
- Engage active discussions within the Criminal Justice Council to determine the most cost effective approach for responding to the “revolving door” substance abuse population.
- Participate actively in the Criminal Justice Council and evaluate recommendations in a timely manner for future budgetary consideration by the City Council.

Capital Improvement

GOAL: Plan, program, design and construct public works and facilities capital improvements through a structured, efficient and transparent process ensuring scarce public resource expenditure for the greatest benefit to the community; creating a built environment shaped through citizen involvement, reflecting community pride.

- The Capital Division will maintain the parks, utilities, transportation and multi-modal construction program, including Fourth Street, Rio de Flag Flood Control, Sunnyside III and IV, Butler Avenue Waterlines, Thorpe Park, Sixth Avenue Detention Basin/BMX, Safe to School, and FUTS projects.

Planning for Growth

GOAL: To shape growth, with the involvement of the community, in a manner that protects and preserves our region’s natural environment, livability and sense of community.

- The Community Development reorganization process will be largely complete and institutionalized.
- Continue planning with neighborhoods and specific geographic areas to support neighborhood resident and business efforts of appropriate preservation, new investment and quality urban design.
- Continue exploration of reinvestment opportunities along Route 66, along with consideration of appropriate national or local thematic designations.
- Work with the Southside Community Association to begin implementation of the adopted Southside 2005 Master Plan.
- Initiate an effort with stakeholders and the FMPO to determine steps toward implementation of the Urban Mobility Study.
- Define a proactive approach for annexation by analyzing the best approach and determine beneficial annexation initiatives.
- Determine best practices to encourage reinvestment and infill development to promote a mix of land uses.
- Work with the downtown business community to determine the best approach to manage parking and develop new parking.
- Complete the East Flag Gateway project.
- Provide adequate staff attention to advance several area investment opportunities – USGS, Downtown Gateway East, Fourth Street, and Route 66.

Collaboration

GOAL: Strengthen the community by strengthening partnerships with sovereign nations, public, non-profit and private agencies. Develop collaborative goals, through all levels of the organization, based upon common interests with these agencies to optimize the use of community resources and the delivery of services to the citizens of Flagstaff.

- Facilitate the establishment of a Rural Policy Institute at NAU and the development of outside funding sources.
- A process will be conducted with Alliance partners to identify primary issues for the continued follow up on the Alliance highest priority – education.
- State and federal agencies and elected representatives will be engaged proactively in pursuit of City interests, including, but not limited to, organizing a greater Council presence in the determination of local and statewide local governmental interests.
- Opportunities for service consolidation will be selectively analyzed and implementation methodologies determined in cooperation with Alliance partners.

- Community and regional policy statements and strategies will be discussed with partners to identify best practices for implementation of programs including: transportation, sustainable water resources, economic development, and state/federal funding.
- Determine strategies for the successful involvement in the next redistricting process to follow the 2010 census.

Customer Service

GOAL: Instill a positive customer service culture throughout the organization and with each employee of the City in the delivery of service both externally and internally.

- The use of technology to enhance customer service should be pursued including, but not limited to, credit cards and information dissemination.
- Through organizational development, create better methods to measure performance.
- Reinforce with staff that timely access to information is a component of customer service and that customer service extends to the City Council and Council meetings.
- Wearing name badges and other means of helping customers identify City staff will be a City policy.
- Review staffing levels to determine where staffing is most critically needed to maintain services in the long term.
- Utilize the results of the climate survey to improve the overall performance of city government delivery of service to citizens.

Quality of Life

GOAL: To enhance the quality of life in our community, we will assure comprehensive programs that allow for a balance between economic development, resource protection and neighborhood concerns, that include cultural components that cross generational boundaries and strive to create cost effective and pro-active approaches to meet the social, physical and economic needs of our citizenry as we celebrate Flagstaff's heritage, diversity and vast aesthetic appeal.

- Staff will assist the Open Space Commission in determining Open Space acquisition priorities and negotiating appropriate transactions, including Bond Program initiatives, if approved by voters.
- Added focus will be given to water capacity development, including developing local underground resources and the acquisition of water rights for which conveyance to Flagstaff may be developed.
- Establishment of a water resource fee, preferable graduated in some equitable manner and to allow for affordable housing exemption.
- Staff will continue a public involvement process to determine location and design activities as appropriate for implementation of Bond Program initiatives as approved by voters.

Organizational Support

GOAL: To insure the City of Flagstaff has the necessary organizational structure and staff who are trained to achieve the goals of the City, now and in the future. To develop and maintain compensation and benefits systems that allows the City as an employer to hire and retain a workforce that is recognized by the Council and public as committed public employees.

- Continue organization development efforts by implementing a Leadership Talent Development Program that uses a competency-based process to develop and enhance leadership competencies in the City organization.
- A five percent market adjustment to employees is included in the budget along with increased allocations to pay for health insurance cost increases and retirement contributions.
- Employer obligations towards employees will continue to be addressed. As discussed under fiscal health, adequate revenues are needed to support City services and the employees who provide them. It continues to be a City goal to position the City fiscally for FY 2006 and beyond to meet the needs of employees and the community.

SUMMARY

It is professionally satisfying to present a budget that demonstrates Flagstaff's relative sound financial condition. This sound condition is directly attributable to proactive management of potential fiscal problems and a conservative approach both to revenue forecasting and operating expenditure initiatives. The City Council has given sound direction in this regard and employees have generally supported short-term impacts.

Five-year projections presented in this budget do not include anticipated revenue from new commercial development. Consequently, the future financial outlook may be even brighter.

Yet, there are reasons to exercise caution. The City's long term financial stability depends on forces over which the City has little to no control -- the local economy and tax base growth as inevitably influenced by national and state trends and state shared revenues which will most certainly decline in the long run as Flagstaff's population growth is greatly exceeded by growth of other parts of the state. State population trends underscore the need for sound local planning decisions as they affect both economic and tax base growth and the costs of providing services.

As always, this budget is the culmination of thoughtful and hard work on the part of many people. City Council direction is invaluable. Department heads and departmental employees work diligently and creatively in submitting cost effective and conservative budgets. EAC offers an excellent sounding board and valuable input. Finally, the budget staff does yeomen work assisting departments and the Budget Committee, balancing all funds, and completing the proposed budget. Thanks to you all.

Respectfully submitted,



DAVID W. WILCOX
City Manager

City of Flagstaff Mission Statement

The mission of the City of Flagstaff is to enhance the quality of life to its citizens while supporting the values of its community.

Our Values Are:

ACCOUNTABILITY

We are accountable to the community and each other

RESPONSIVENESS

We value addressing our customer's concerns

QUALITY

We provide high-quality customer service

PROFESSIONALISM

We are honest, responsible, fair, highly-trained, and cost conscious

TEAMWORK

We are a team in partnership with citizens, other agencies, and each other for a better Flagstaff

PROBLEM SOLVING

We solve problems creatively, open-mindedly, and professionally

“Service at a Higher Elevation”



Budget Highlights 2005 – 2006

Accountability

The City will aggressively enforce the traffic codes that are identified as those that are the leading causes of vehicle collisions.

Responsiveness

The City will work toward refining the “complaint resolution” process and work with the public to answer questions in a timely manner.

Quality

The City will provide a Homebuyers Education Program in conjunction with loans for down payments and closing costs for low and middle-income first time homebuyers.

Professionalism

The City will apply risk management techniques to minimize the adverse effects of losses and long-term costs of city activities by identification, prevention, and control of risk.

Teamwork

The City looks to develop new partnerships with the National Park Service and the Forest Service by hosting educational forums and programs that can benefit the community as well as visitors.

Problem Solving

Enhanced by state and federal funding, the City will support a brownfield program to encourage infill development, revitalization of existing areas, and the creative recycling of vacant or underutilized lands.

Accomplishments 2004 - 2005

Accountability

The City completed the development and implementation of a formal procurement code, incorporating alternative methods of procurement for construction services and addressing the use of recycled products and green building concepts.

Responsiveness

The City conducted eleven public meetings for major capital projects, published numerous Cityscape articles, and contributed weekly to the City Managers newsletters to ensure a well informed public regarding the status of all active capital projects.

Quality

The City completed maintenance upgrades in parks for improved safety and ADA accessibility to meet state and federal regulations.

Professionalism

Government Finance Officers Association presented the City the Distinguished Budget Presentation (twelve consecutive) and Excellence in Financial Reporting (fourteenth consecutive) Awards.

Teamwork

The ADOT Transportation Planning Division and Flagstaff District, NACOG, City and County planning, and Capital Programs were able to co-fund the Phase II Freight Study that is now complete.

Problem Solving

City divisions collectively pooled resources to combat and control flood waters during the second wettest year in Flagstaff history.