

# ISSUES AND UPDATES

## PERSONNEL SERVICE COSTS

### COMPENSATION

The FY 2009 budget includes a market adjustment of 1% to the City's pay plan for classified employees. The cost of the market adjustment is approximately \$335,000 to all funds. This adjustment is based on a market analysis, which included the same markets as identified in previous surveys. The market data includes local, private and public sector information. The EAC has reviewed this recommendation and has provided a separate recommendation.

In addition, the average merit that classified staff will be eligible for is 3.2% costing approximately \$500,000. This amount is less than last year due to 13.28% (15.88% classified and 3.18% Exempt) of employees being topped out.

The exempt pay plan for employees is still open range, which means exempt employees do not receive an automatic market adjustment. The market adjustment is included with merit and any pay increase is based on performance. Exempt employees will be eligible to receive an average 4.2% merit increase. The total salary cost for merit increases for exempt employees is estimated to be \$525,000 to all funds.

Employees who are in the skill based pay plan are eligible for pay adjustments based on acquiring skills and knowledge that are associated with skill blocks. Each of the skill blocks will be adjusted by the 1% market.

Assignment pay will be also be adjusted by the 1% market increase.

Based on the market analysis conducted in November of 2007, the City is currently an average of 8.90% below market (average of 12.6090% Actual to Mid, 7.9768% Mid to Mid and 6.1138% Actual to Actual). The budget has been prepared with two additional compensation components, good faith pay and an additional market increase based on revenue triggers.

The good faith pay will include:

5% additional one year pay for all Police Officer and Dispatch (PECS, PECS – Leadworker, Call Taker) employees and 2% for all Corporal/Detectives

- All existing and newly hired employees who are active between June 29, 2008 and June 13, 2009 are eligible.
- The one year good faith pay will be calculated using the employees base pay, not including overtime.
- The one year good faith pay will appear separately on the pay check and will be effective on July 18, 2008.

A one-time good faith payment to all other full-time and part-time classified and exempt employees:

- All full-time and part-time classified and exempt employees (except Police Officers, PECS, PECS-Leadworker and Call Taker) who are actively employed or on an approved Military or FMLA leave during November 30, and December 13, 2008 are eligible.
- Part-time employees' one-time payment will be pro-rated based on the number of hours they work per year (annual hours in status position).
- The one-time good faith payment will be tiered. Employees with less than one year of service will receive \$100 (hired after 11/1/07), one to three years of service will receive \$200 (hired between 11/1/07 and 10/31/05) and employees with three or more years of service will receive \$400 (hired on or before 11/1/05).
- These one-time payments will not be grossed up and will be effective on December 19, 2008.

The cost to all funds for the good faith pay is \$500,000.

The second component of the additional compensation is the addition of a market increase based on revenue triggers. The revenue triggers will be based on the adjusted local sales tax and state shared sales tax budgeted amount and the actual receipts collected between June and December of 2008. The reports will be received in January of 2009, which is the most comprehensive time to capture local sales tax, since it includes those businesses that file annually, monthly and quarterly. Before the calculations are completed an outside audit will be conducted to validate the projection methodology. For every 2% of receipts that exceed the budgeted amount, all employees will receive an additional 1% market increase up to a maximum of 2% total. Any market increase will be added to compensation in April of 2009 and this addition will not be retroactive.

The compensation package planned in this year's budget addresses three issues:

- The City Council and Leadership's commitment to keeping employees whole as well as moving towards market;
- The market analysis results; and
- Maintaining fiscal health and sustainability of the City's budget.

## **BENEFITS**

Fiscal year 2009 begins the sixteenth year the City has participated in the joint purchasing of health insurance through Northern Arizona Public Employees Benefit Trust (NAPEBT). NAPEBT includes four voting members: Coconino County, Flagstaff Unified School District, Coconino Community College, and the City of Flagstaff and three non-voting members: Flagstaff Housing Authority, NAIPTA and the County Accommodation School.

NAPEBT continues to fund a wellness program in an effort to control costs. This year all members completed a wellness inventory and have begun to identify additional wellness efforts that could be implemented in order to positively impact the NAPEBT plan.

The premium increase for health insurance this year is 1.8%. This is well below national trend for plans similar to the City's, which is approximately 10-15%. One of the reasons NAPEBT is below trend is that NAPEBT is operating under an administrative contract which has provided the NAPEBT Trustees more flexibility in managing costs. In addition there has been more emphasis in educating employees through the "wellness" initiative.

FY 2009's budget reflects the continuation of the City of Flagstaff paying the full premium for the employee and keeping the subsidy for dependent health insurance at its current rate of \$314.00 per month. For FY 2009 the total budget for employee only health insurance is \$4.3 million dollars, which is an increase of 5.1% to all funds. The total cost of the dependent subsidy to the City is \$1.3 million which is relatively flat compared to last year.

Employees who do not elect dependent health insurance coverage receive \$60 per month in deferred compensation. The cost to all funds is approximately \$380,000.

Dental insurance premiums, both employee only and dependent resulted in a rate decrease of approximately 9.5%. The City pays 100% of employee coverage and employees pay 100% for dependent coverage. The cost to all funds is approximately \$325,000.

## **CLASSIFICATION**

Maintenance of the job classification system is an ongoing process to ensure that job classifications accurately reflect the responsibilities and tasks being performed by City employees. If a department head believes that an employee(s) is functioning out of class on a regular basis or that job responsibilities have changed sufficiently, a request may be made for the Human Resources Division to conduct a review. The Human Resources Division then conducts an audit and evaluates the request utilizing Decision Band Method (DBM) methodology.

If the audit and analysis indicates that an adjustment needs to be made to a position classification, Human Resources procedures allow for four types of changes.

1. RECLASS - An individual(s) within a classification is evaluated in regard to moving that person(s) from others in the same classification to a higher (or lower) classification. Some instances may include a title change.
2. RERANGE - A classification in a given pay range is evaluated in regard to moving that position classification to a higher (or lower) pay range. This affects all employees in the classification, including single incumbent classifications. Some instances may include a title change.
3. RETITLE - A job title is evaluated in regard to changing the job title only. This does not affect pay.
4. REZONE - An individual within a broadband may be move to a higher-level zone within the broadband based on the employee's performance.

The audit can also show that the position is properly classified and/or titled and that no changes are needed.

All requests from departments were submitted to Human Resources for review, and only those recommended for approval were forwarded to the Budget Review Committee for inclusion in the FY 2009 budget. Human Resources have notified all department heads of the status of their requests, whether approved or disapproved. All approved changes will be effective as of July 1, 2008.

Human Resources received a total of 24 requests for reclassifications/reranges and 14 requests for rezones. The following shows those that were approved:

<b>7/1/08 RECLASSIFICATIONS/RERANGES</b>				
Old Title	Old Range	New Title	New Range	No. of Employees Effected
Accounts Receivable Specialist	7	Accounts Specialist	8	1
Associate Planner	9	No Change	10	1
Equipment Operator III	8	Safety/Training Coordinator	9	1
PECS Leadworker	9	PECS Supervisor	10	5
Records Leadworker	9	Records Supervisor	10	1
Administrative Specialist – Records	B21	Records Supervisor	10	1
Administrative Assistant – Records	B11-B13	Administrative Specialist – Records	B21	12
Inspector II	9	Engineering Inspector	10	2
Inspector I	8	Engineering Inspector	10	4
Court Collection Specialist	7	Collection Specialist	8	2
Revenue Collector	7	Collection Specialist	8	1
Parks Superintendent	12	No Change	14	1
Recreation Superintendent	12	No Change	14	1
Fleet Services Supervisor	11	Fleet Manager	12	1
Streets Supervisor	12	Streets Manager	13	1
Environmental Services Manager	12	No Change	13	2
Airport Manager	14	Airport Director	17	1
Landfill Maintenance Operator	6	Equipment Operator	B81	1
Equipment Operator I	4,5	Equipment Operator	B81	10
Equipment Operator II	6,7	Equipment Operator	B82	22
Equipment Operator III	7,8	Equipment Operator	B83	19
Maintenance Worker I	4	Maintenance Worker	B81	18
Maintenance Worker II	6	Maintenance Worker	B82	18
Maintenance Worker III	8	Maintenance Worker	B83	6
Public Relations Assistant	7	Public Relations Associate	8	1

<b>7/1/08 REZONES</b>				
Current Job Title	Old Zone	New Job Title	New Zone	No. of Employees Effected
Administrative Specialist	2	No Change	3	3
Instrumentation/Electrical Specialist	1	No Change	2	1
Maintenance Specialist	1	No Change	2	1
Plant Specialist	2	No Change	3	1
Plant Specialist	1	No Change	2	1
Operations Specialist	1	No Change	2	2
Assistant City Attorney	1	No Change	2	2
Project Manager	1	No Change	2	2
Project Manager	2	No Change	3	1
Sr. Assistant City Attorney	1	No Change	2	1

Human Resources also received the following requests mid-year for reclassifications, reranges and salary adjustments:

<b>MID YEAR CHANGES</b>				
<b>RECLASSIFICATIONS/RERANGES</b>				
Old Title	Old Range	New Title	New Range	No. of Employees Effected
Mechanic Aide	4	Mechanic I	7	1
Custodian Attendant	1	Maintenance Worker I	4	1
Court IS Specialist	8	Court IS Coordinator	10	1
Building Plans Examiner	10	Front Counter Supervisor	10	1

<b>SALARY ADJUSTMENTS</b>	
Hiring Salary for CDL Drivers	Accelerated pay during first year of employment and added one-time bonus to address pay compression and inequity.
Hiring Salary for Dispatchers	Adjusted hiring salary to address recruitment efforts. Adjusted existing employees' salaries to maintain equity with new hiring salary.
Retention Pay for Reinvestment and Economic Development Manager	10% retention pay due to recruitment difficulties.
Hiring Salary for Administrative Assistants (Records)	Adjusted hiring salary to address recruitment efforts. Adjusted existing employees' salaries to maintain equity with new hiring salary.
Supplemental Pay for Senior Assistant City Attorney	5% for assuming higher level duties.
Minimum Wage Adjustment	Minimum wage adjusted to comply with state law.

## REORGANIZATIONS

The following reorganizations have been completed:

(1) Community Development – Based on City Council priorities for economic development and housing, Code Administration and Planning were moved from Community Investment to Development Services. The Development Services section was re-titled to Planning and Development Services. Building Inspection was moved under the Building Official. Public Works Inspection and Private Development Engineering were moved from Development Services to Community Improvement. The Community Improvement Division was re-titled to Engineering. Also, the Private Development Engineering Manager was changed to Assistant City Engineer.

(2) Engineering – To emphasize the department's role in the development review process, the Private Development Section was changed to the Development Engineering Section, changing an existing position to Assistant City Engineer in order to enforce the single point of contact concept.

(3) Parks and Recreation – In order to consolidate programs, two existing Sr. Recreation Coordinator positions (Aquatics and Aquaplex) were combined to create one new managerial position, Recreation Manager – Aquaplex.

(4) Utilities – The Assistant Utilities Director position was eliminated. In its place, a Water Resources Manager was created and the Utilities Engineer was reclassified to Utilities Engineering Manager. The Water Service Technician – MSW has been reclassified to an Administrative Specialist.

There is a reorganization that has been approved to be implemented during FY 2009:

(1) Building Inspectors – The addition of a Building Inspection Supervisor to provide for additional field supervision.

## ORGANIZATIONAL STUDIES

The following studies have been conducted:

- (1) Public Works employees in ranges 12 and up will be evaluated.
- (2) Maintenance Workers will be evaluated for broad banding.
- (3) Equipment Operators will be evaluated for broad banding.
- (4) Police Dispatch and Records will be evaluated for reorganization.

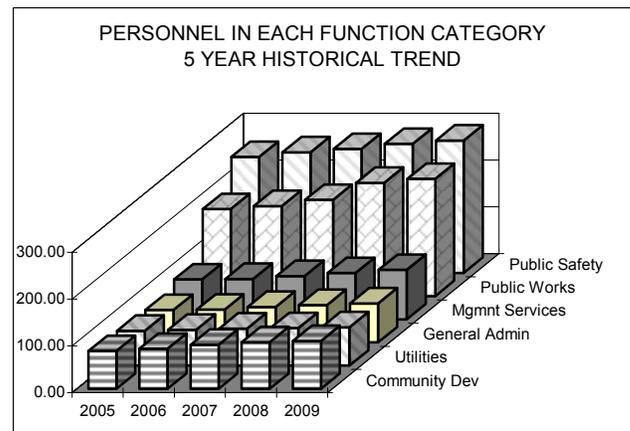
## POSITION ADDITIONS/DELETIONS

In preparing budget requests for FY 2009, new position requests would be considered for:

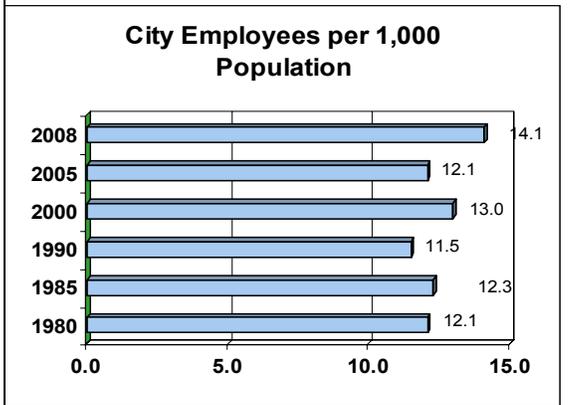
- 1) Those that could identify a funding source
- 2) Those needed for maintenance of effort
- 3) Those needed to fulfill Council direction

A review of the Personnel Table of Organization (see Appendix Section), provides complete detail, including staffing request changes that are reclassification requests and transfers of personnel between divisions to accommodate changing program needs.

A total of 29.8 FTE's were added across all funds. The following detail highlights the five year historical staffing trend as well as the City's calculation of City staff in comparison to population.



	<u>Population</u>	<u>Employees</u>	<u>Emp/Pop</u>
1980	34,743	422	12.1
1985	38,247	470	12.3
1990	45,857	527	11.5
2000	52,894	685	13.0
2005	61,185	743	12.1
2008 *	64,200	906	14.1



\* Estimated census per Arizona Department of Economic Security

**Increased Service Levels:**

Staffing increases that are related to new programs include:

**City Manager (1.0)** The City is adding an Intergovernmental Liaison to specifically respond to emerging governmental issues on a timely, ongoing basis.

**Library (4.0)** One Application Support Specialist position is being added to either create or enhance the city/county library web presence. 3.0 FTE's have been added to open the downtown library branch on Sundays.

**Downtown Management (4.0)** Should the Downtown Management Plan and metered parking be approved, the City will fund 3.0 FTE Parking Ambassadors and an additional maintenance position.

**Police (6.0)** Four officers are being added to provide a constant presence at the Flagstaff Pulliam Airport per FAA guidelines. In addition, two records clerks are being added to respond to the new legislation and restricted fee related to impound management.

**Streets (0.5)** A half time intern position is being added for two years to conduct a sign inventory.

**Environmental Services (6.0)** Environmental Services is adding 1.0 FTE bin maintenance/equipment operator to facilitate glass recycling should the city add that service. In addition, 4.0 FTE equipment operators may be added to service two new contracts should those contracts be obtained by the City. Another 1.0 FTE is being added to enhance the sustainability program and to meet the city's commitments to this priority.

**Water/wastewater (1.0)** An instrumentation tech/electrician is being added to the Rio de Flag plant to service the technology that is in the plant.

**Court (1.0)** A warrant officer may be added to provide service through a county IGA to county residents.

**Maintaining Service Levels:**

**Human Resources (0.25)** The Human Resources division is increasing staff time for an existing position to better address growing city needs.

**Library (2.63)** The Library is adding 0.13 FTE (5 hours a week) to central services to provide better coverage. Library Assistant time is increasing both for outreach services and the bookmobile to meet current demand. The Tuba City Library is adding 0.5 FTE Library Clerk temp time to meet their existing need. A network analyst is also being added to continue to meet the need for the ever expanding usage of computers throughout all the northern Arizona branches.

**Police (1.0)** One additional dispatch call taker has been added to supplement this service level.

**Parks (1.46)** Parks maintenance time is being added for FUTS trail, streetscape, recreation fields, and the East Flagstaff Interchange.

**Environmental Services (0.5)** Environmental services is adding administrative assistant temp time for six months to respond to heavy call volume during May to October annually.

**Water/Wastewater (0.5)** Administrative time to an existing position is being increased to meet current work load.

**Court (1.0)** A Court Judicial Specialist is being added to meet current work load needs.

**Decreased Service Levels:**

**Planning & Development Services (-1.0)** Due to an existing vacancy and higher priority needs, one Code Compliance Officer position has been eliminated.

City of Flagstaff, Arizona  
 FY2009 Full Cost Plan  
 Analysis of Fund Allocation by Service

CENTRAL SERVICE	GENERAL 001	LIBRARY 030	HURF 040-044	UTILITIES 201	STORMWTR 210	AIRPORT 270	ENVIRON. SERVICES 280	TOTAL	TOTAL CHARGED OUT - GF
<b>General Fund Services</b>									
Building Use	59,277	-	-	14,141	4,845	-	54,291	\$ 132,554	\$ 73,277
Equipment Use	1,365,578	-	-	-	-	-	-	1,365,578	-
Non-Departmental	632,325	-	-	-	-	-	-	632,325	-
General Administration	34,314	35,576	89,198	208,393	6,270	21,219	105,039	465,695	465,695
Employee Benefits	426,924	2,767	3,384	6,745	663	786	3,748	52,407	18,093
Insurance	17,213	35,942	79,366	158,743	3,219	53,962	69,982	828,138	401,214
Consultants	2,535,631	1,750	8,746	6,224	286	642	3,216	38,077	20,864
Non-Departmental	202,882	76,034	180,693	394,245	15,283	76,609	236,277	3,514,772	979,141
Council & Commissions	635,469	20,111	47,042	73,942	3,543	7,202	39,694	394,415	191,533
City Manager	138,759	50,318	61,539	122,670	12,904	14,291	68,166	965,357	329,888
City Clerk	328,294	9,297	17,364	32,218	1,579	2,965	16,128	218,309	79,550
City Attorney	345,767	31,431	73,518	115,562	5,538	11,256	62,036	627,635	299,341
Human Resources	115,987	29,603	26,923	60,503	5,066	7,572	41,268	516,702	170,935
Risk Management	92,713	11,604	14,478	26,955	1,872	3,104	16,481	190,481	74,494
Management Services	167,090	-	-	-	-	-	-	-	-
Administration	54,451	9,190	21,496	33,789	1,619	3,291	18,139	180,238	87,525
Purchasing	40,322	36,440	38,993	119,976	1,791	6,383	77,315	447,988	280,898
Mail Services	70,190	11,385	807	3,785	280	327	2,429	73,464	19,013
Warehouse	6,708	967	3,748	67,162	13	1,047	3,230	116,488	76,166
Property Management	6,708	-	15,160	5,793	-	2,507	-	93,650	23,460
Financial Services	431,474	316	187	1,280	113	13	776	9,394	2,686
Copy Center	398,465	58,299	80,392	231,784	3,816	13,568	101,888	921,222	489,748
Management Services	523,319	-	16,632	303,782	-	18,858	68,691	806,428	407,963
Information Systems	633,832	57,785	89,399	141,991	7,754	26,072	72,802	919,861	396,542
Finance	46,536	34,426	818	36,213	-	26,072	42,779	774,140	140,308
Sales Tax & Licensing	793,695	92,433	17,126	44,009	14,404	88,358	130,901	298,901	252,365
Public Works Admin.	134,967	894	119,764	36,224	777	8,600	160,258	1,180,926	387,231
Public Facilities Maintainer	130,610	-	-	-	-	-	-	461,485	326,518
Mechanical Shop	113,977	-	726,897	-	-	-	-	130,610	-
Community Devel Admri	1,118,283	27,708	64,809	101,872	4,881	9,923	54,687	912,911	798,934
Development Services	141,484	14,039	32,838	51,618	2,473	5,028	27,709	1,382,163	263,880
Community Improvermer	8,769,431	513,982	1,698,625	1,773,588	151,928	346,531	1,237,422	275,189	133,705
Community Investments								14,491,507	5,722,076
Contributions									
<b>Total General Fund</b>									
	8,769,431	513,982	1,698,625	1,773,588	151,928	346,531	1,237,422	14,491,507	5,722,076
<b>BY DEPARTMENT</b>									
General Administration	\$ 1,564,276	\$ 132,253	\$ 193,822	\$ 357,909	\$ 26,959	\$ 39,188	\$ 204,078	\$ 2,518,485	\$ 954,209
Community Development	244,587	-	726,897	-	72,037	-	-	1,043,521	798,934
Management Services	1,987,090	150,510	187,242	713,770	11,571	85,308	286,160	3,421,651	1,434,561
Public Works	975,198	93,327	265,283	80,233	15,181	123,273	388,817	1,941,311	966,113
Non-Departmental	3,998,280	137,892	325,381	621,676	26,181	98,762	358,367	5,566,539	1,568,259
	\$ 8,769,431	\$ 513,982	\$ 1,698,625	\$ 1,773,588	\$ 151,928	\$ 346,531	\$ 1,237,422	\$ 14,491,507	\$ 5,722,076
<b>Utility Fund Services</b>									
Customer Services	\$ 26,125	\$ 1,002	\$ 1,723	\$ (223,148)	\$ 18,072	\$ 373	\$ 175,853	\$ -	\$ -

## **COST ALLOCATION**

The cost allocation plan has been developed utilizing a methodology that is in accordance with generally accepted accounting principles (GAAP). Incorporated within GAAP are three basic principles related to the allocation of central service support costs to operating departments that have been adhered to in the preparation of the cost allocation plan. First, costs should be necessary and reasonable for proper performance of a program. Second, costs should be charged or allocated to programs in accordance with relative benefits received. A program should only be charged for services it utilizes or benefits from, and should only be charged in relation to benefits derived from the service. Third, costs should be accorded consistent treatment as either direct or indirect. A cost should not be charged to a program as a direct cost if any other cost incurred for the same purpose in like circumstances have been allocated to the program as indirect costs. The methodology accommodates detailed analysis of all service areas through the provisions of a structure that identifies total costs (both direct and indirect) by activity and allocates/assigns costs to benefiting services utilizing a base that appropriately represents the level of benefit provided or derived from each activity by each service. The cost allocation is based on actual expenditures for the fiscal year ending June 30, 2007. The City utilized the services of a consultant to prepare this year's plan. Due to new allocation methodologies, some departmental share of cost allocation significantly increased or decreased. The City will now hold any department at a maximum 10% change to even out annual fluctuations. Overall, the allocation from the General Fund decreased by approximately \$250,000. The cost allocation plan also provides information for user fees and the ability to charge indirect cost to grants. The City also utilizes the cost allocation plan to calculate an indirect cost rate that is allowable in accordance with OMB A-87. The City will annually update the indirect cost rate based on actual expenditures, as required by OMB A-87.

## **METHODOLOGY**

A multiple allocation base methodology has been utilized to prepare the Plan. This methodology acknowledges that the utilization of central administration and support (indirect) services by users varies by type of service. The cost of each indirect service or activity of a service is allocated to users based on an appropriate allocation base related to the service performed. For example, general accounting has been allocated to users based on total budgeted expenditures; accounts payable activities have been allocated on the number of accounts payable transactions processed during FY 2007; and human resources activities have been allocated on the

number of budgeted full-time equivalent positions served.

In selecting an allocation base to be used, the objective has been to utilize a base for each service that is available and reasonably results in the allocation of a service to users based on the relative benefit they receive or derive. A list of the allocation basis is provided in the Appendix.

## **FLEET MANAGEMENT**

Fleet Management is dedicated to sustaining and preserving resources by providing vehicles and equipment that maximizes fuel efficiencies, reduces greenhouse gas and preserves the environment for the Citizens of Flagstaff.

Fleet Management has set the goals of:

- Preserving the environment
- Purchasing environmentally compatible vehicles
- Improving fuel efficiency
- Conserving resources
- Downsizing vehicles
- Reducing green house emissions by using alternative energy
- Rotating under-utilized vehicles

Each piece of equipment submitted for review is evaluated by the Fleet Superintendent and fleet staff. Units are forwarded to the Fleet Review Committee that is comprised of a few supervisors and line workers familiar with equipment use and application. Based on the evaluated vehicle physical condition, fiscal year-to-date costs, and probability of major component failure, units are recommended for retention or replacement. Recommendations are determined by Fleet Review Committee using strict budget funds and guidelines.

This past fiscal year the Fleet committee had a very busy year. Some of the major accomplishments that occurred:

- Fleet Review committee reviewed 33 replacement requests and 19 new additions to the fleet. 79% were purchased as hybrids, diesels, E-85 Ethanol FFV'S, one electric vehicle, and two propane forklifts.
- Adopted policy of purchasing diesel engines for 3/4 ton and larger trucks so as to operate on Biodiesel.
- Purchased 11 E-85 (Ethanol) Flex-fueled vehicles for the Police department.
- Interagency partnering with Coconino County, NAU, ADOT, Forest Service that brought the availability of Ethanol to Flagstaff.
- Reviewed utilization and analysis on SUV'S, Vans, and light duty pickups.

- Provided Fleet Review committee members with training on the Fleet computer system.
- Develop five and ten year fleet equipment/vehicle plan using the H.T.E. fleet system.

- Continued to monitor practical vehicle utilization and rotation.

FLEET FISCAL YEAR 2009 REPLACEMENTS			
DIVISION	AMOUNT	DIVISION	AMOUNT
17 ENGINEERING		38 AIRPORT	
PICKUP, 1/2 TON 4X4 EXT CAB (3)	\$ 66,000	RUNWAY SWEEPER	146,000
22 POLICE		<b>TOTAL AIRPORT FLEET</b>	<u>146,000</u>
PATROL SEDANS (8)	192,000	42 UTILITIES ADMINISTRATION	
HYBRID COMP. SUV	27,500	HYBRID SUV	28,000
26 PARKS		49 WATER DISTRIBUTION	
PICKUP, 3/4 TON DIESEL WITH PLOW (2)	92,000	6 YARD DUMP TRUCK	130,000
TRACTOR MODEL 4720	40,000	PICKUP, 1 TON DIESEL WITH LADDER	60,000
VERMEER TRENCHER	19,600	53 WASTEWATER TREATMENT PLANT	
29 FACILITIES MAINTENANCE		COMP. PICKUP *	-
PICKUP, 3/4 TON 4X2 DIESEL	32,000	PICKUP, 1 TON 4X4 DIESEL	31,000
65 MUNICIPAL COURT		54 WASTEWATER COLLECTION	
SEDAN, E85	24,000	2 TON 4X4 DUMP TRUCK DIESEL	70,000
66 NON-DEPARTMENTAL		6 YARD DUMP TRUCK	130,000
SUBCOMPACT SEDAN (2)	25,000	55 WASTEWATER MONITORING	
<b>TOTAL GENERAL FUND FLEET</b>	<u>518,100</u>	HYBRID SUV	28,000
32 STREET MAINT. & REPAIR		<b>TOTAL UTILITIES FLEET</b>	<u>477,000</u>
10 WHEEL DUMP (3)	615,000	41 ENVIRONMENTAL SERVIC	
PATCH TRUCK	186,000	HYBRID COMP. SEDAN	27,500
AERIAL BUCKET TRUCK	196,000	PICKUP, 1 1/2 TON DIESEL WITH LIFT	60,000
2 1/2 YARD LOADER	286,000	REAR LOADER	209,090
<b>TOTAL HURF FLEET</b>	<u>1,283,000</u>	TOPLOADER	214,000
		<b>TOTAL ENVIRONMENTAL SERVICES FLEET</b>	<u>510,590</u>
		<b>TOTAL FLEET REPLACEMENTS</b>	<u>\$ 2,934,690</u>
* RETAIN S5002			

**Proposed objectives for FY 2009 include:**

- Coordinate with the sustainability division to develop written "green fleet" policies to conserve precious resources.
- Coordinate with the sustainability division to review each replacement or new addition that could be hybrids, diesels, Ethanol (FFV'S).
- Coordinate with Purchasing to include estimated MPG estimates in all bids for vehicles and equipment.

- Fleet Committee reviewed 44 replacement requests and approved 41 for replacement.
- Additional 12 new requests were presented to the committee for approval.
- Continue to provide Naviline fleet computer system training for committee members.
- To purchase 80% of all replacement and new additions that will be hybrids, FFV'S, diesels, and more fuel efficient vehicles that are lower emissions and reduces greenhouse gasses.
- Participate in the Valley of the Sun Clean Cities Coalition of other agencies dedicated to conserving and promoting the use of alternative fuels.

## **Five-Year Information Technology Plan**

The City of Flagstaff's IT Division will continue to refresh end-user equipment as well as servers and other equipment on a four-year rotation schedule. The goal is to continually improve the quality of service which IT provides to the City's employees as well as to the citizens of the Greater Flagstaff area.

### **Items to consider**

- E-Government initiatives
- Replacement of old telephone system with voice over IP in a 3-4 year phased approach
- Implementation of a Wi-Fi mesh network covering downtown Flagstaff
- Selection & installation of permitting software replacement
- Continuation of disaster recovery planning including real time off-site data replication with the County
- Plan for city-wide imaging solution
- Data sharing and collaboration with public and private agencies

### **FY2009 Acquisitions**

IT expects some large expenditures in FY2009 in the areas of software and telephony upgrades. IT will be continuing to deploy replacement PCs at a measured pace. Voice over IP phase two will be implemented. Migration to Microsoft Exchange and implementation of Microsoft SharePoint is anticipated. Additional data storage capacity needs to be purchased.

### **PC Replacements & Upgrades - \$270,981**

The budgeted amount will allow replacement of those pieces of end-user equipment that are four years old or older.

### **Infrastructure - \$240,000**

Included are the purchase of additional storage capacity, server enhancements, server refreshes and new tape backup equipment.

## **E-Government - \$60,000**

The City has completed the implementation of online utility billing access and on-line registration for Parks and Recreation events. Staff will work on the implementation of employee self-service, forms which can be filled in and submitted electronically, online vendor registration, public access to permit information and a new web based integrated applicant tracking system. The committee will continue to consider additional e-government opportunities.

### **New software or upgrades to existing software - \$2,189,619**

Monies (including carryover) used for upgrading existing software to newest versions and/or ensuring we are properly licensed. New software purchases funded from these funds may include Microsoft Exchange and SharePoint and modules for enhancing existing applications.

The City has a legacy software system for the collection of sales tax. In order to better meet today's customer needs we need to replace the existing software. Staff has been exploring alternatives and has set aside \$1 million dollars to accommodate a new system. This is based on what other cities have spent for new systems. Staff will continue look to purchase and implement a new system in FY2009.

The existing permitting software has reached its end of life. Staff is exploring whether KIVA/Acela is the product for the City or whether a better alternative is available. The city has allocated \$300,000 for this software. The city is also exploring an automated time entry system for the City.

Staff will work with the City manager's office on a Citizen Resource Management system. The Human Resources department uses software for its Leadership Training Development Program which was developed in-house. Staff will work with HR to explore whether there is software available which will better serve those needs.

### **Public Safety - \$274,000**

The police departments Information Technology needs include PC and laptop replacement, server upgrades, and replacement of Mobile Digital computers, (MDC's) in police and fire vehicles. Software includes additional licenses for MS Office and new software for forensics. This year there are monies to train staff on the server based database engine, Oracle, which is used by the Intergraph software dispatch system.

**MIS Five Year Projection FY2009 - 2014**

MIS Five Year Projections	Actual FY2007	Budget FY2008	Estimate FY2008	Budget FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
<b>Replacement Programs</b>									
Replacement PC's and Printers	386,461	95,000	10,019	270,981	130,000	70,000	70,000	70,000	70,000
Network equip	-	66,000	-	240,000	320,000	240,000	240,000	240,000	240,000
<b>Total - Replacement Programs</b>	<b>386,461</b>	<b>161,000</b>	<b>10,019</b>	<b>510,981</b>	<b>450,000</b>	<b>310,000</b>	<b>310,000</b>	<b>310,000</b>	<b>310,000</b>
<b>GIS</b>									
Hardware upgrades/replacement	-	10,000	10,000	5,000	10,000	30,000	30,000	30,000	30,000
Software upgrades	-	10,000	10,000	5,000	10,000	10,000	10,000	10,000	10,000
<b>Total GIS</b>	<b>-</b>	<b>20,000</b>	<b>20,000</b>	<b>10,000</b>	<b>20,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b>E-Gov</b>									
-	-	40,000	-	60,000	30,000	30,000	30,000	30,000	30,000
<b>New Hardware &amp; Software and Upgrades</b>									
Work Order Management/HR	-	80,000	80,000	-	-	-	-	-	-
Sales Tax Software	-	1,000,000	-	1,000,000	-	-	-	-	-
Hardware & Software Purchases	340,645	1,073,619	100,000	1,189,619	150,734	252,734	284,734	316,734	352,734
<b>Total New Hardware &amp; Software</b>	<b>340,645</b>	<b>2,153,619</b>	<b>180,000</b>	<b>2,189,619</b>	<b>150,734</b>	<b>252,734</b>	<b>284,734</b>	<b>316,734</b>	<b>352,734</b>
<b>Public Safety</b>									
Police Upgrades	101,621	149,000	149,000	149,000	149,000	212,000	228,700	247,700	265,700
Public Safety Equipment	-	157,000	157,000	125,000	125,000	125,000	125,000	125,000	125,000
E citation	-	-	-	-	-	-	-	-	-
<b>Total Public Safety</b>	<b>101,621</b>	<b>306,000</b>	<b>306,000</b>	<b>274,000</b>	<b>274,000</b>	<b>337,000</b>	<b>353,700</b>	<b>372,700</b>	<b>390,700</b>
<b>Total Expenditures</b>	<b>828,727</b>	<b>2,680,619</b>	<b>516,019</b>	<b>3,044,600</b>	<b>924,734</b>	<b>969,734</b>	<b>1,018,434</b>	<b>1,069,434</b>	<b>1,123,434</b>
<b>Funding</b>									
General Fund MIS allocation	798,603	870,533	870,533	914,060	959,763	1,007,751	1,058,139	1,111,046	1,166,598
One time monies	223,953	1,000,000	1,000,000	-	-	-	-	-	-
Carryover	-	810,086	810,086	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
<b>Total Funding</b>	<b>1,022,556</b>	<b>2,680,619</b>	<b>2,680,619</b>	<b>914,060</b>	<b>959,763</b>	<b>1,007,751</b>	<b>1,058,139</b>	<b>1,111,046</b>	<b>1,166,598</b>
<b>Expenditure Summary</b>									
Replacement Program	386,461	161,000	10,019	510,981	450,000	310,000	310,000	310,000	310,000
Local & Wide Area Network	-	-	-	-	-	-	-	-	-
GIS	-	20,000	20,000	10,000	20,000	40,000	40,000	40,000	40,000
E-Gov	-	40,000	-	60,000	30,000	30,000	30,000	30,000	30,000
New Hardware & Software Purchases	340,645	2,153,619	180,000	2,189,619	150,734	252,734	284,734	316,734	352,734
Public Safety	101,621	306,000	306,000	274,000	274,000	337,000	353,700	372,700	390,700
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## **2008 UPDATES**

### ***E-Government***

The City website continues to grow every year in enhancements, services, and its use by citizens and visitors. The entire City website has been updated, staff have been trained on how to update, and enhancements to the site have been added to improve citizen access to information. In addition, form changes are being made to provide for on-line completion rather than just a download. Additional storage has been purchased to accommodate better retention of City Council meeting information.

In 2007 there were more than 1,574,000 visits to the City of Flagstaff Website as compared with 1,200,000 in 2006. We had over 22 million hits on the website in 2007 with over 15 million hits in 2006. On average, 4,313 people visit our site per day – in 2006 that number was 3,422. And, the average hits per day are now more than 61,000 – with 42,000 in 2006. The top pages frequented in 2007 were: the city home page, job openings and job status, community profile, the airport, the Calendar, Parks & Recreation, bids, community resource links and the staff directory.

### ***Capital Projects Up-Dates***

#### **Fire Stations Relocation Projects**

The projects consist of the replacement and relocation of Fire Station facilities as authorized at the general election in May 2004 to improve response times and to maximize the effectiveness of the City's fire and emergency response resources.

Fire Station No. 1, located on Thompson Drive, has been completed and dedicated as of August 2007. The 8,000 square foot facility has recently been recognized for its architectural design elements and has been completed at a total project cost of \$ 4.1 million.

Fire Station No. 2 is currently under design and will be located at the southerly end of McMillan Mesa. The facility will include Battalion Chief office space and is scheduled for completion late in 2009 or early 2010 at a total project cost of \$ 5.85 million.

Fire Station No. 3 is also in the design phase and is to be located on Nestle Purina Dr. east of the Country Club overpass. The 9,300 square foot facility is scheduled for completion in the spring of 2009 at a total cost of \$ 4.5 million.

Fire Station No. 5 located on Ft. Valley Rd. is currently in construction with a scheduled completion of July 2008 at a total cost of \$ 3.9 million.

All four facilities are being delivered via design/build contracts with FCI Constructors and managed by the Capital Improvements staff.

### ***Flagstaff Aquaplex***

The City's new aquatics and multi-generational recreation center consists of nearly 52,000 square feet of multi-functional amenities including aquatics features, gymnasium, aerobics and fitness space and an indoor track. Upon completion, the new facility will provide the primary administrative offices for the Parks and Recreation Division and is destined to be the premier recreational facility for the community.

With all structural elements complete and most mechanical systems currently being installed, this facility is scheduled for completion by August 2008 at a total project cost of \$16.7 million. Construction services are provided by Haydon Building Corp.

### ***Rio de Flag Flood Control Project***

On November 4, 2007 a new Water Resources Development Act bill was passed which reauthorized the Rio de Flag project to \$54 million. This will allow the project to proceed with property acquisition, final design and award of the construction of the main stem.

The City and the Corps met in January and have agreed the first area to construct of the Main Stem channel improvements should be between Butler Avenue and San Francisco Street. The Corps has requested \$8,000,000 for Federal Fiscal Year 2009 for this area. This project has \$3,500,000 in federal funds currently available which may be enough to tunnel underneath Butler Avenue and install the new box culvert. The Executive Team is meeting on April 4<sup>th</sup> to decide whether to proceed with construction of this first phase of the Main Stem this year.

The Corps submitted 60% construction plans to the City for review in March 2008. These plans will enable the City's consultants to resume their design of utility relocations and right-of-way plans.

The Clay Avenue Wash Detention Basin is 17% complete and is scheduled to resume construction by the end of April and be completed by September 2008.

The amount currently in the City of Flagstaff budget for Fiscal Year 08/09 (July 1 – June 30) for the Rio de Flag Flood Control project is \$6,037,228.

### ***Aspen Place at the Sawmill***

A special improvement district administered by the City, the Aspen Place project involves forty acres of mixed-use residential and retail development at the intersection of Butler Ave and Lone Tree Rd. The project includes

the re-alignment of a portion of Lone Tree Rd. in accordance with the City's regional plan and associated traffic improvements along Butler Ave. Through the development agreement, the City has contracted and is administering the \$17 million in public and private infrastructure necessary to support the proposed development. The first phase of the project is expected to be completed by June 2008 with final completion in December 2009.

### **Northern Arizona Science, Technology and Clean Energy Center**

Funded by a combination of a Dept. of Commerce Economic Development grant and Flagstaff Municipal Facilities Corporation bonds, the 10,000 square foot facility will provide lab and office space for the development of new technologies and regional businesses. The Science, Technology and Clean Energy Center will be the anchor for the research park located adjacent to the USGS campus, is currently under construction and is scheduled for completion in August 2008 at an estimated construction cost of \$ 4.5 million.

### **Rail Crossing Modifications**

The City's Rail Crossing Modifications project will provide safety improvements at each of the five at-grade rail crossings to allow for the elimination of train horns throughout the City. The crossing modifications must be in compliance with federal rail safety standards and are subject to review and approval by the Arizona Dept. of Transportation, Arizona Corporation Commission and BNSF Railway. Detailed plans of the proposed modifications are currently being reviewed by the appropriate agencies and completion of the project is scheduled for November 2008.

### **Lake Mary Rd/Forest Highway 3**

Through a cooperative effort with Coconino County, the Flagstaff Metropolitan Planning organization, the Federal Highway Administration and U.S. Forest Service, a jointly funded project has been developed to widen Lake Mary Road from John Wesley Powell Blvd. to the City limits and to provide guardrail, turn lane and turnout improvements between Lake Mary and the Mormon Lake overlook. The project has been designed and will be administered by the Central Federal Highways Lands Division and will correct existing roadway shoulder and clear zone deficiencies on the roadway portion located within City limits. The current construction estimate for the project is \$ 13.9 million with an anticipated bid advertisement in the spring of 2009. Construction activities are expected to commence during the season of 2009 with completion occurring in 2010.

### **Huntington Drive Reconstruction**

This project consists of roadway improvements including roadway reconstruction, additional curb/gutter/sidewalk, and a multi-trunkline storm water drainage system on Huntington Drive between Enterprise Road and Bronco Way.

City Council awarded the Construction Manager at Risk construction phase contract to Austin Bridge & Road in the amount of \$3,841,889 at the April 1 council session. Construction is to begin in mid-April and is scheduled to be complete by October 2008.

### **Wastewater Improvements**

The project consists of upgrades to the Wildcat Hill Waste Water Treatment Plant to improve the effluent quality to Class A+ standards. This \$29 million dollar project is 65% complete and ahead of the project schedule. The completion date is now estimated to be February 2009. This project is part of the 2004 bond election.

### **Water Production Wells**

This project consists of the drilling and equipping of up to four deep potable water wells. The Fort Tuthill well drilling has been completed. The Dog Pound well drilling is substantially complete. The next two wells should be completely drilled by January 2009. All of the wells still need to be equipped and connected to the City distribution system. This \$8.5 million dollar project is about 22% complete. Full project completion is not expected until 2010. This project is part of the 2004 bond election.

### **Facility Space Planning Update**

The initial phases of the space planning study have been completed which include:

- Survey of each department
- Creation of the Steering Group and the Focus Group
- Completion all department interviews

Future efforts include accumulation the results of both the Steering and Focus groups so that the consultant can analyze the operational, financial, and facility information. A final report is expected in the summer of 2008.

### **Chemical De-icing Update**

The City of Flagstaff tested the use of a chemical de-icer on city maintained roads for this past winter season. The de-icer performed as expected by preventing ice formations and allowing for snow pack to be more easily removed. In addition, sweeper clean up of project route

areas was minimal; accident rates appear to be reduced however ADOT has not as yet released accident statistics; regulated contaminants did not exceed state limits, corrosion was found on spreader units but regular cleaning minimized efforts; and concrete spalling was not visible in route areas.

Chemical de-icers performed as expected and future use in recommended.

## **FY2009 Issues**

### ***Compensation Study***

The ability to attract and retain quality employees has become more challenging over the last several years. The City has been addressing the issue through creating a stair step pay structure, reducing the number of steps in broad banding, providing market increases and increasing the pay plan by nine percent. Even with all of the pay adjustments the City has made over the years, the City's overall pay structure remains an average of 8.9% below market.

The City's current turnover rate is 11.18% City wide; however, some of the hard to fill positions struggle to retain employees with turnover rates reaching as high as 40%. The number of positions being opened two to five times or being advertised as open until filled has increased over the last few years demonstrating the difficulty the organization is having in recruiting qualified applicants.

The organization has begun addressing this problem by adding retention pay; hiring above midpoint or giving more than the standard 6% for promotions; and utilizing hiring incentives such as moving expenses, temporary housing and extra paid time off.

A comprehensive compensation study will be conducted to evaluate the City's current pay structure, policies, procedures, practices, recruitment and retention issues and provide recommendations the organization may use to create specific strategies and long term compensation goals.

### ***Main (Downtown) Library Open on Sunday***

The City-County Library is a jointly funded public library administered by the City of Flagstaff and financed by both the City of Flagstaff and Coconino County.

The Main library has been closed on Sundays for five years as the result of a prior budget decision. There have been numerous requests for the Library to reopen. In analyzing the best way to provide the service several alternatives were explored including adding new staff and hours or reducing existing hours and moving staff. In the final analysis it has been recommended to hire

new staff and open the Downtown Library branch for 4 hours on Sunday's at a cost of approximately \$130,000.

### ***Signal Synchronization Update***

As traffic congestion continues to be a source of frustration for Flagstaff residents, a report was prepared to identify efforts to further improve the performance of regional traffic signals. Prior efforts include the installation of geographic positioning satellite (GPS) clocks in relevant signal control cabinets to prevent clocks from slipping and to develop new timing plans. While these efforts have helped, the City continues to be challenged by irregular train schedules, poor signal spacing, and weak directional traffic splits which all contribute against progression of traffic. In addition, City traffic signals are under two jurisdictions – the Arizona Department of Public Safety (25 signals) and the City of Flagstaff (42 signals). The report indicated that additional staffing be funded to keep the timing plans current as the other areas (trains, signal spacing and directional splits) have no ready solution and/or are cost prohibitive to implement. Additional staffing was not approved in the FY2009 budget, so timing plans will be adapted as conditions in various control zones change.

### ***Pedestrian Safety at the Intersection of Route 66 and 4<sup>th</sup> Street***

Concerns have been raised about pedestrian safety and friendliness at the intersection of 4<sup>th</sup> Street and Route 66 and the issue is if improvements can be made to mitigate these concerns.

The original design anticipated that pedestrians and trail users would need to be accommodated safely on all legs of the intersection. It is also noted that both pedestrian and vehicle volumes will continue to increase. As this occurs, operational mitigation techniques are available and could be readily implemented as needed. Operational mitigation techniques include increase the signal timing so that crossing time is increased for pedestrians; right on red could be restricted to vehicles; additional pedestrian warning signs and yield signs could be installed, and/or high visibility crosswalks could be installed.

### ***Homelessness planning***

Homelessness continues to be an issue in communities around the country and Flagstaff is no exception. The Housing section within the City works to address this issue in two ways: 1) Planning and 2) Service Partnership.

Planning efforts include working with the local Continuum of Care group which is comprised of local agencies and entities that coordinate efforts within the community. In addition, the Arizona Rural Policy

Institute, in partnership with the City is providing a relevant sample of best practices throughout rural and urban communities that address chronic homelessness.

Service partnership efforts include the City's continued support of facility rehabilitation and maintenance serving homeless and special needs populations; operational assistance to increase the capacity of organizations serving homeless and special needs populations; participation in special events providing outreach and direct services to the homeless population of Flagstaff; and homelessness prevention through eviction and foreclosure prevention and move-in assistance.

### ***Police Retention***

Police Departments across Arizona are experiencing increased rates of staff turnover and Flagstaff is no exception. Turnover rates in 2007 for the entire police department, police dispatchers, and police record clerks were 18%, 40% and 30%, respectively. This has both negative operational and financial impacts. The length and cost of training for both police officers and dispatchers is prohibitive.

The main reason for this turnover is that the City of Flagstaff is not offering a competitive wage when compared to other state city or state entities. Over the past two years, the Flagstaff Police Department has sought to improve retention through non-compensation incentives including engendering a strong commitment to our organizational mission and values for human life, exemplary service, integrity, and quality of life; to increase employee involvement in management and leadership by and engaging them in problem solving. While this has helped, it has not stemmed the outflow. The City of Flagstaff included 5% retention pay to police officers and dispatch and a 2.0% to corporals / detectives for FY2009 as a stop gap measure and will fully explore this issue in the compensation study previously presented.

### ***County Transfer Station Hauling***

Coconino County approached the City of Flagstaff to provide transportation of solid waste from the County transfer stations to the City landfill. The City currently receives the County tonnage at the landfill and the City would like to continue to receive or revenues would be decreased. This program would require additional equipment and operators, but the rates established through an intergovernmental agreement would assure payback on the equipment purchases as well as cover the operational program costs. The City will move forward with exploring this opportunity with the County.

### ***Environmental Management Fee***

The current environmental management fee is set at \$2 per month on each water bill the City sends, generating approximately \$459,000 annually. Current expenses for the Sustainability and Environmental Management Division (SEMD) are over \$1 million annually, so the deficit is currently supported by other Environmental Management activity. For the SEMD to become self supporting, the monthly fee would need to be increased to approximately \$5 per bill in FY2009 and over the next five years, to \$6 per bill. A review of this fee proposal is also part of the overall City user fee study. A future recommendation will be made to Council after such time that the user fee consultants complete their findings.

### ***Glass Recycling***

The City of Flagstaff is interested in providing an effective residential glass recycling program as well as creating a resource for use at the landfill.

Two options for curbside service were proposed including a subscription service which would charge a monthly fee to those residents that enrolled and a universal service which would provide service to 100% of our citizens. The Council has recommended the City pursue a subscription service strategy.