

# ISSUES AND UPDATES

## PERSONNEL SERVICE COSTS

### COMPENSATION

The City's pay plan was increased by 0.6% on April 1, 2013 as part of the first revenue trigger set for fiscal year 2013 and will be increased again by 3.2% on July 1, 2013. The total amount of compensation is approximately \$30,488,000 in the general fund.

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 were increased by 0.6% on April 1, 2013 and 3.2% on July 1, 2013.

Hazardous Assignment Pay is paid to employees who perform demanding duties or duties with an unusual degree of responsibility, a heightened level of physical risk that is above the norm for the job, and where additional certification and/or continuing education is needed that is above and beyond the minimum requirements for the position. Assignment pay was increased by 0.6% on April 1, 2013 and 3.2% on July 1, 2013.

A compensation study was completed by Human Resources and the results demonstrate the City is an average of 11.11% below market.

The results of this study were used to determine the following positions would be impacted according to the second revenue trigger set for fiscal year 2013 to adjust those positions 25% or more below market:

1. Recreation Coordinator I
2. Recreation Coordinator II
3. Senior Recreation Coordinator
4. Meter Technician Supervisor
5. Library Manager
6. Administrative Assistant
7. Deputy Police Chief

The changes to each of these positions are listed under Reclassifications/Reranges below.

The City will continue to use revenue triggers to address positions furthest below market. In addition, a trigger will be implemented to address structure. The revenue triggers will continue to 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 2013. The reports will be received in January of 2014, which is the most comprehensive time to capture local sales tax, since it includes those businesses that file annually, monthly and quarterly. There will be three tiers of revenue triggers added to the fiscal year 2014.

Tier 1: Maintenance Workers and Equipment Operators. If the receipts of the adjusted local sales tax and state shared sales tax exceed the budgeted amount by \$300,000, then another \$150,000 of ongoing dollars will be applied to an adjustment of the Maintenance Worker/Equipment Operator salary structure and related employee salaries.

Tier 2: Library Reorganization. If the sales tax budget is exceeded by another \$250,000, then another \$125,000 of ongoing dollars will be used for remaining phases of the Library reorganization.

Tier 3: Commissioned Police Structure Phase 2. The structure was moved into a separate pay plan during fiscal year 2013 and increased by 5%. The goal of phase 2 is to continue moving the minimum of the pay plan closer to market as suggested in the 2008 compensation study. If the sales tax budget is exceeded by another \$400,000, then another \$200,000 of ongoing dollars will be used to increase the commissioned police structure.

The adjustments would be implemented after April 1, 2013.

The compensation package proposed in this year's budget attempts to address three issues:

- Maintaining compensation and benefits for employees
- Providing an increase to employees
- Increasing those positions that are furthest below market

### BENEFITS

Fiscal year 2014 begins the 21st 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 two non-voting members: NAIPTA and the Accommodation School.

NAPEBT continues to fund a wellness program in an effort to improve employee wellness and control health care costs. This year NAPEBT hired a Wellness Coordinator to continue to expand the wellness program. NAPEBT held its fifth annual health fair. All of the insurance providers and various community medical providers and wellness vendors participated in the two day event. Employees were able to receive flu shots, mammography and prostate exams and wellness screenings free of charge. These wellness assessments have been included in a Wellness Incentive Program including an online Health Risk Assessment (HRA). In addition NAPEBT added the

participation of health and wellness activities and preventative health care to the Wellness Incentive Program. Employees who earn a total of 15 points will save \$20 per month on their premium.

The overall premium increase for health insurance was 7%. The Trustees voted to mitigate 4% of the increase through the Trust surplus and by the positive impacts of the Wellness Incentive Program on claims. The health insurance premiums will increase by the remaining 3% and will be funded by the City and the employee. The overall employer contribution has increased by \$85,000 in the general fund.

NAPEBT will continue to allow an opt-out provision for employees with proof of group health insurance outside of the Trust. This provision will provide savings to the City, but will not provide an incentive to the employee to opt-out.

The Trust's decision to become self insured in 2007 has led to the lower premium increases experienced over the last four years. The overall increase for health insurance is still below the national trend of approximately 9%.

The City will pay the full premium for employees participating in the Base Plan and \$254 per month for dependent subsidy. However, if the employee does not participate in the Wellness Incentive and has not authorized a payroll deduction the employee will be defaulted into the HDHP and there will be no contribution to the Health Savings Account (H.S.A.). The dependent subsidy was reduced effective July 1, 2009 and this will continue fiscal year 2014. The total budget for employee only health insurance is \$3.9 million dollars. The total cost of the dependent subsidy to the City is \$800,952.

City employees who do not elect dependent health insurance coverage normally receive \$60 per month in deferred compensation, but this benefit was suspended beginning July 1, 2009 and will continue through fiscal year 2014. The savings to all funds is approximately \$324,000.

The dental insurance premiums will remain static for fiscal year 2014. The City pays 100% of employee coverage and employees pay 100% for dependent coverage. The cost to all funds is approximately \$282,000.

The City provides a basic vision benefit for the employee and dependents. The employee does have a buy up option for employee and dependent coverage. There is no change in the contribution this year. However, the provider will be increasing the premium by 2% effective January 1, 2014 in order to compensate for the cost of the Health Insurance Provider Fee (HIPF) required by the

Federal Government. The cost to all funds is approximately \$12,000.

The City provides a basic life and accidental death & dismemberment benefit in the amount of one times the employee's annual salary to a maximum of \$150,000. The cost of this benefit is \$88,491. The Airport Service Workers receive an additional occupational accidental death & dismemberment (AD&D) benefit in the amount of two times the employee's annual salary to a maximum of \$150,000; since this group of employees is not eligible for the Public Safety Personnel Retirement System. The cost of the additional occupational AD&D is \$668.

The Public Safety Personnel Retirement System (PSPRS) employer contribution will be 32.87% for Police an increase of 12.5% and 44.99% for Fire an increase of 19%. The PSPRS employee contribution will increase by 1% to 10.35% for the employee. The ASRS employer and employee contribution will be 11.54%. The ASRS pension and health insurance benefit will be 11.30%, which is a 3.7% increase in contribution rates. There is no change in the ASRS long-term disability which will be 0.24%. The cost to all funds is approximately \$4.3 million for PSPRS and \$3.1 million for ASRS.

#### **SUPPLEMENTAL BENEFITS**

The City provides supplemental benefits to employees including the Employee Assistance Program and Repetitive Motion Therapy.

All benefit-eligible employees are eligible to participate in the Employee Assistance Program (EAP). The program provides six sessions at no cost to the employee.

There are two methods by which an employee may be referred to the City's EAP. The first is self-referral when the employee voluntarily calls or contacts the EAP. The second is a referral done by the supervisor when there is a documented performance problem. The EAP also provides mediation services, responds to critical incidents, is the City's DOT Substance Abuse Counselor and may provide training on topics such as Dealing with Difficult Customers, Preventing Violence in the Workplace and Drug & Alcohol Training for Supervisors.

The total amount budgeted for the Employee Assistance Program has decreased by \$2,500 for a total of \$32,000 for the FY2014 budget.

The City provides a Repetitive Motion Therapy (RMT) benefit to all employees. The RMT sessions are for those employees who have previous, current, or are susceptible to a repetitive motion injury.

Thus, priority for appointments is given in the following order.

- All employees with current workman's compensation claims or claims closed for less than one year have first priority when scheduling an appointment. However, employees with current workman's comp claims who do not follow their prescribed course of treatments will not have priority when scheduling an appointment.
- All other employees who are susceptible to a repetitive motion therapy are eligible for one therapy session per week.

The total amount budgeted for Repetitive Motion Therapy was reduced to \$12,000 fiscal year 2010-2011 and this will continue to be the budgeted amount this fiscal year.

### ***VOLUNTARY BENEFITS***

The City offers three voluntary benefits for the employee. These benefits include Voluntary Life insurance, Short Term Disability and Long Term Disability. There is no direct cost to the City for offering these voluntary benefits, but the City does utilize City resources for administration purposes.

Employees may purchase additional life insurance at their own expense through payroll deductions. The cost of coverage is age rated and there is a guaranteed maximum amount of \$100,000. Coverage is also available for eligible dependents.

Short term disability is available to all employees and Long term disability is available to commissioned employees since it is not part of the Public Safety Personnel Retirement System. This is also an age rated benefit with a weekly maximum of \$1,150 for Short term and monthly maximum of \$5,000 for Long term.

### ***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 Division Director 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 an adjustment needs to be made, 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.

Requests may be made during the budget process or any time during the fiscal year, if the division has ongoing funding available. The following requests have been approved between June 30, 2012 and July 1, 2013.

<b>RECLASSIFICATIONS/RERANGES</b>				
Old Title	Old Range	New Title	New Range	No. of Employees Effected
Deputy City Clerk	8	Same	12	1
Executive Admin Asst	7	Executive Assistant	8	1
IT Analyst (GIS)	12	IT Administrator (GIS)	13	1
City Records Technician	8	City Records Coordinator	10	1
Floodplain Inspector	8	Watershed Specialist	10	1
Police Support Services Supervisor	11	Police Support Services Manager	14	1
Assistant to City Manager – Real Estate	13	Same	14	1
Materials Technician	6	Same	8	2
Legal Assistant	8	Administrative Specialist Leadworker	10	1
Recreation Coordinator I	4	Recreation Program Coordinator	Broad band from 6-8	4
Recreation Coordinator II	6	Recreation Program Coordinator	Broad band from 6-8	5
Senior Recreation Coordinator	8	Recreation Supervisor	10	
Meter Technician Supervisor	8	Same	10	1
Library Manager	12	Same	13	3
Administrative Assistant	Broad band from 2-4	Same	Broad band from 3-5	12

<b>RETITLE</b>		
Old Title	New Title	Range
Environmental Code Tech	Code Compliance Officer I	8

REZONE		
Current Job Title	Old Zone	New Zone
Equipment Operator	1	2
Project Manager	1	2
Procurement Specialist	2	3
Equipment Operator	2	3
Administrative Assistant	1	2
Airport Service Worker	1	2
Project Manager	1	2
Equipment Operator	2	3
Equipment Operator	1	2
Equipment Operator	1	2
Administrative Specialist	1	2
Administrative Specialist	2	3
Project Manager	2	3
Maintenance Worker	1	2

**NEW CLASSIFICATIONS**

The following classifications have been added to the City Pay Plan:

1. Utilities Operations Section Head position was classified as a range 17.
2. Housing Rehabilitation Specialist was classified as a range 10.

**PAY PLAN CHANGES**

The following changes have been made to the City Pay Plan:

1. Following a recommendation from the 2008 Compensation Study by the Water's Group and since the Deputy Police Chief was great than 25% below market, a Police pay plan was created for Police Officers, Corporal/Detectives, Sergeants, Lieutenants, and Deputy Police Chief. The plan was created by taking the former ranges and increasing each by 5%. Employees were then moved into the step below their current step in the new pay structure.
2. The pay plan was updated to reflect the new minimum wage of \$7.80 effective January 1, 2013.
3. The Recreation Coordinators I and II and Senior Recreation Coordinators were broad banded as a result of this year's compensation study.

**REORGANIZATIONS**

The following reorganizations have been completed:

1. Two positions were moved from Public Work's Sustainability and Environmental Management Section to Community Development's Planning and Development Services Section. The range 9 Environmental Code Specialist was reclassified to range 12 Code Compliance Manager and the range 8 Environmental Code Technician was moved (the classification was not impacted.)
2. The Advanced Planning and Code Administration and Compliance programs were combined. The Zoning Code Administrator was reclassified from range 14 to 15, The range 13 Neighborhood Planner was promoted to range 14 Comprehensive Planning Manager, and the Neighborhood Planner FTE was moved to range 10 Associate Planner.
3. The reporting structure of the Fire Department's Wildland structure was changed. The range 7 Wildland Fire Specialist I was reclassified to range 10 Wildland Fire Supervisor and the range 9 Wildland Fire Leadworker was retitled to Wildland Fire Firewise Specialist.
4. The first phase (of four) of the Library Reorganization was implemented to include adjusting positions to provide equal work for equal pay. In addition, a Library Specialist broad band was created.

**ORGANIZATIONAL STUDIES**

The Human Resources division has received additional requests for Utilities and Fleet.

**TURNOVER**

The City's turnover rate for calendar year 2012 is 11.16%. This is 4.5% lower than the government rate according to the Bureau of Labor Statistics.

**POSITION ADDITIONS/DELETIONS**

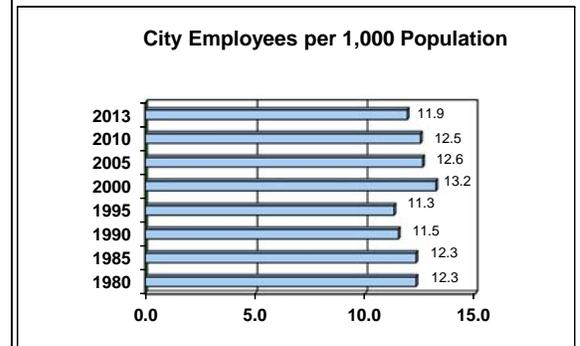
A review of the Personnel Table of Organization (see Appendix Section), provides complete detail, including staffing request changes that are reclassification requests and transfers of personnel between divisions to accommodate changing program needs.

There is a net reduction of 3.96 FTE's across all funds for FY 2013. The following detail highlights the five year historical staffing trend as well as the City's calculation of City staff in comparison to population.

	Fiscal Year				
	2010	2011	2012	2013	2014
Public Safety	267.00	260.00	257.00	256.00	254.00
Public Works	159.09	153.59	149.87	148.16	201.98
Comm Enrich	110.43	110.43	112.75	107.59	0.00
General Admin	73.88	72.68	71.48	70.93	72.10
Utilities	70.50	68.50	67.50	67.50	67.00
Community Dev	69.58	61.88	57.08	56.08	58.38
Housing Authority	0.00	23.50	23.50	24.00	22.00
Mgmt Services	38.75	39.00	38.25	38.25	89.65
Econ Vitality	38.25	35.75	34.99	33.99	33.43
	<u>827.48</u>	<u>825.33</u>	<u>812.42</u>	<u>802.50</u>	<u>798.54</u>

Employees per 1000 Population

Census Year	Population	Budget Year	Employees	Emp/Pop
1980 *	34,743	1981	427.75	12.3
1985	38,247	1986	470.25	12.3
1990 *	45,857	1991	527.25	11.5
1995	52,701	1996	593.00	11.3
2000 *	52,894	2001	700.00	13.2
2005	61,185	2006	768.03	12.6
2010 *	65,870	2011	825.33	12.5
2013 **	66,985	2014	798.54	11.9



\* Census Figures per United States Census Bureau  
 All Other Populations per Arizona Department of Economic Security Estimates  
 \*\*Estimated Population

CITY OF FLAGSTAFF  
 COST ALLOCATION  
 FOR FISCAL YEAR 2014

PROVIDING SECTIONS	GENERAL 001	LIBRARY 030	HURF 40	TRANSPOR- TATION 041-044	UTILITY 201	STORMWATER 210	AIRPORT 270	ENVIRON. SERVICES 280	SEMS 282	TOTAL	CHARGES TO OTHER FUNDS
<b>General Fund Services</b>											
City Manager	\$ 664,454	59,417	40,533	-	80,899	8,965	17,159	84,728	11	956,166	291,712
City Clerk	241,932	14,362	11,521	3,386	36,588	1,806	3,806	32,849	3,287	349,537	107,605
Human Resources	312,153	33,599	20,971	-	41,206	3,951	6,296	40,295	3,126	461,597	149,444
Risk Management	121,133	12,047	9,162	2,352	25,181	1,472	2,985	24,958	2,448	201,738	80,605
Law	350,759	29,253	27,458	35,854	87,655	4,022	9,401	87,544	9,148	641,094	290,335
Information Systems	722,018	-	-	-	349,732	17,689	22,112	154,781	-	1,266,332	544,314
Management Services	311,271	25,252	31,670	25,687	166,350	23,960	34,166	44,484	4,445	667,285	356,014
Customer Services	73,695	5,408	1,020	507	562,735	23,134	13,644	160,144	7,942	848,229	774,534
Sales Tax	313,011	22,564	-	202,211	37,606	-	5,641	37,606	-	618,639	305,628
Finance	599,903	63,168	33,418	23,014	91,178	6,766	40,700	81,411	8,980	948,538	348,635
Community Dev Admin	283,899	-	-	-	-	-	-	-	-	283,899	-
Engineering	1,305,128	-	550,239	-	-	-	-	-	-	1,855,367	550,239
Community Investments	170,110	14,800	13,892	5,455	44,347	2,035	4,756	44,291	4,628	304,314	134,204
Public Works Administration	4,591	-	114,289	-	-	-	41,315	27,505	13,790	201,490	196,899
Mechanical Shop	33,022	1,514	56,163	-	13,910	97	2,668	97,315	-	204,689	171,667
Facilities Maintenance	781,961	79,530	-	-	34,129	9,529	61,212	99,152	-	1,065,513	283,552
Council & Commissions	263,771	22,948	21,541	8,458	68,764	3,155	7,375	68,677	7,176	471,865	208,094
Non-Departmental	2,277,176	66,345	67,310	13,278	201,420	10,867	52,287	213,433	11,384	2,913,500	636,324
<b>Total General Fund</b>	<b>\$ 8,829,987</b>	<b>450,207</b>	<b>999,187</b>	<b>320,202</b>	<b>1,841,700</b>	<b>117,448</b>	<b>325,523</b>	<b>1,299,173</b>	<b>76,365</b>	<b>14,259,792</b>	<b>5,429,805</b>
General Administration	\$ 2,412,449	148,678	109,645	41,592	621,261	37,905	61,759	425,155	18,020	3,858,444	1,464,015
Community Development	1,589,027	-	550,239	-	-	-	-	-	-	2,139,266	550,239
Management Services	1,297,880	116,392	66,108	251,419	857,869	53,860	94,151	323,645	21,367	3,061,324	1,784,811
Public Works	819,574	81,044	170,452	-	48,039	9,626	105,195	223,972	13,790	1,471,692	652,118
Economic Vitality	170,110	14,800	13,892	5,455	44,347	2,035	4,756	44,291	4,628	299,686	134,204
Non-Departmental	2,540,947	89,293	88,851	21,736	270,184	14,022	59,662	282,110	18,560	3,385,365	844,418
	<b>\$ 8,829,987</b>	<b>450,207</b>	<b>999,187</b>	<b>320,202</b>	<b>1,841,700</b>	<b>117,448</b>	<b>325,523</b>	<b>1,299,173</b>	<b>76,365</b>	<b>14,215,777</b>	<b>5,429,805</b>

## **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, 2012. The City utilized the services of a consultant to prepare this year's plan. 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 2012; 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**

To provide a comprehensive fleet management program dedicated to health, safety, resource conservation and fiscal responsibility in selecting and supplying the most efficient state of the art vehicles and equipment to support City divisions and employees in the delivery of municipal services.

Fleet management has set the following FY 2014 goals:

- Continue to track fuel usage to decrease fuel consumption by 2.5%.
- Create a tracking and funding mechanism for newly created equipment pool.
- Re-Audit vehicle/equipment utilization. Goal to eliminate additional underutilized vehicles and reducing vehicle/equipment replacement costs.

Fleet Management consists of line workers and supervisors representing City divisions that are dedicated to developing and implementing policies and procedures for fleet operations. The Committee is under leadership of the Public Works Section Head, Fleet Manager and the Sustainability Specialist and as directed by the fleet policies identified in the Municipal Sustainability Plan. Fleet Management coordinates and monitors the evaluation, replacement, purchasing, fuel usage and utilization of the City's fleet, maximizing vehicle and equipment life, retaining units as long as economically possible and replacing units that have met or exceeded useful life.

Fiscal year 2013 we reviewed 12 replacement requests and agreed on replacing 11 vehicles and equipment. We pulled a 26 year old ladder and 28 year old engine and replaced them with a new engine. We also purchased two new type six brush trucks moving one to reserve giving the fire department three type six brush trucks. We traded in three HURF funded pieces of equipment, a 24 and a 26 year old grader and a 30 year old dozer, and purchase two new all-wheel drive graders. We traded in four refuse trucks to purchase three new refuse trucks. We traded in a dozer and compactor on its second life to help with the purchase of a new trash compactor and to refurbish the landfill scraper. Fleet Management wrote a policy for the catastrophic component replacement fund outlining procedures for its usage.

Fleet Management's FY 2013 Accomplishments include:

- Conducted driver awareness training centered on idle reduction and efficient vehicle operation.
- Worked with City of Flagstaff Sections reviewing underutilized vehicles/equipment justifications and eliminating vehicles/equipment that are not needed. Twenty five vehicles were eliminated.
- Continued to track fuel usage by section and decreased fuel consumption by an additional 2.5%.
- Created a funding mechanism to accumulate money to replace and or repair aged vehicles/equipment. Created the Catastrophic Component Replacement Fund.

Other objectives for FY 2014 include:

- Research replacement alternative funding methods.
- 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 and awarding bids to the most fuel efficient when possible.
- Continue to participate in the Valley of the Sun Clean Cities Coalition of other agencies dedicated to conserving and promoting the use of alternative fuels and vehicles.
- Fleet Manager will approve all specifications before requests for proposals are issued.

FLEET FISCAL YEAR 2014 REPLACEMENTS			
DIVISION/SECTION	AMOUNT	DIVISION/SECTION	AMOUNT
22 POLICE		49 WATER DISTRIBUTION	
SEDAN	\$ 21,000	4x4 PICK UP TRUCK OUTFITTED	45,000
CRUISERS (5)	177,751	54 WASTEWATER COLLECTION	
		4x4 PICK UP TRUCK OUTFITTED	45,000
<b>TOTAL GENERAL FUND FLEET</b>	<u>198,751</u>	DUMP TRUCK	125,000
38 AIRPORT		<b>TOTAL UTILITIES FLEET</b>	<u>215,000</u>
ARRF REPLACEMENT VEHICLE	1,350,000		
<b>TOTAL AIRPORT FLEET</b>	<u>1,350,000</u>	<b>TOTAL FLEET REPLACEMENTS</b>	<u>\$ 1,763,751</u>

### **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 an as needed basis. 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

- Implementation of ERP & Community Development Software
- Enhancing disaster recovery real time off-site data replication
- Data sharing and collaboration with public and private agencies

**GF Phone - \$66,175:** Maintenance for VOIP and telephone

**PC and Network Replacements & Upgrades - \$132,060:** The budgeted amount will allow replacement of end-user equipment on an as needed basis.

**GIS Acquisitions - \$10,000:** Hardware upgrades and replacements.

**E-Government - \$20,000:** Implement the expansion of video streaming of council meetings.

**FY 2013 Acquisitions - \$415,433:** Large purchases include the Microsoft Enterprise agreement, Microsoft SQL Licenses and Scheduling Software.

CITY OF FLAGSTAFF  
IT 5-YEAR PROJECTION  
FY 2014-2019

	Actual 2011-2012	Budget 2012-2013	Estimate 2012-2013	Budget 2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
IT Five Year Projections									
GF Phone	\$ 61,264	66,175	66,199	66,175	66,175	66,175	66,175	66,175	66,175
Replacement Programs									
Replacement PC's and Printers	28,845	40,263	37,862	44,020	43,967	43,967	43,967	43,967	43,967
Network equip	28,845	40,262	37,861	44,020	43,966	43,966	43,966	43,966	43,966
Server Equipment	-	40,262	37,861	44,020	43,966	43,966	43,966	43,966	43,966
Total - Replacement Programs	57,689	120,787	113,584	132,060	131,899	131,899	131,899	131,899	131,899
GIS									
Hardware upgrades/replacement	-	8,000	8,000	10,000	10,000	10,000	10,000	10,000	10,000
Aerial Photography	-	75,000	75,000	-	-	-	-	-	-
Total GIS	-	83,000	83,000	10,000	10,000	10,000	10,000	10,000	10,000
E-Gov	25,000	24,888	24,888	20,000	30,000	30,000	30,000	30,000	30,000
New Hardware & Software and Upgrades									
Scheduling Software	-	90,000	-	90,000	-	-	-	-	-
Automated Time Entry	-	50,000	-	50,000	-	-	-	-	-
Parking Solution	-	90,000	-	-	-	-	-	-	-
Microsoft Enterprise Agreement	128,721	125,000	128,721	135,000	125,000	185,000	185,000	185,000	125,000
Microsoft SQL Licenses	-	-	-	35,000	-	-	-	-	-
Kiva Replacement	-	65,000	35,000	30,000	-	-	-	-	-
Innoprise Updates	3,962	51,000	35,667	15,333	-	-	-	-	-
VOIP Migration - next phase	55,225	20,000	20,000	30,000	-	-	-	-	-
SAN for Disaster Recovery	35,000	49,000	49,000	-	-	-	-	-	-
Planning & Development	-	-	-	5,000	-	-	-	-	-
Engineering	-	-	-	25,100	-	-	-	-	-
Total New Hardware & Software	222,908	540,000	268,388	415,433	125,000	185,000	185,000	185,000	125,000
Public Safety									
Police Upgrades	271,917	69,700	73,182	-	-	-	-	-	-
Total Public Safety	271,917	69,700	73,182	-	-	-	-	-	-
Total Expenditures	\$ 638,779	904,550	629,241	643,668	363,074	356,899	356,899	356,899	296,899
Funding									
General Fund MIS allocation	\$ 514,550	448,550	448,574	393,235	363,074	356,899	356,899	356,899	296,899
One time monies	3,962	75,000	75,000	65,100	-	-	-	-	-
Carryover	120,267	381,000	105,667	185,333	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-
Total Funding	\$ 638,779	904,550	629,241	643,668	363,074	356,899	356,899	356,899	296,899

## **FY 2013 UPDATES**

### **CITY PARKS MAINTENANCE VS CAPITAL**

In the FY 2014 Budget, Council approved a continuation of funding the \$100,000 to the Park Maintenance Section for capital needs. In addition, at the April Council FY 2014 budget retreat, City Council approved an additional \$200,000 of BBB Recreation tax revenue to be allocated to park maintenance, bringing the BBB funded Recreation Fields from a Service Level 3 to a Service Level 2. This will allow for a portion of the City's parks and recreation fields to be maintained based on national standards recommended by the National Recreation & Parks Association and Professional Grounds Management Society. Service Level 2 allows staff to be more proactive than reactive when addressing maintenance tasks, which allows the City to adequately maintain current assets and prolong their useful life.

### **JAY LIVELY USER FEES**

In July 2012, City Council voted against the rate increase to the Jay Lively User Fees and requested that management look at an increase to all recreation user fees. Please see User Fees in the FY 2014 Issues for current status of recreation fees.

## **FY 2014 ISSUES**

### **QUALITY INFRASTRUCTURE**

During the Fall Budget Retreat, Council directed management to focus their efforts to increased funding necessary to improve street, utility, fleet, parks, stormwater and facilities infrastructure.

#### **Background/Discussion**

During the recession, the City had to make numerous cuts to balance the budget due to decreased revenues. Many of these cuts included reductions to fund allocations to maintain the City's infrastructure.

In September 2010, the Council established a goal to maintain and deliver quality, reliable infrastructure. As a result, the Quality Infrastructure Cabinet was established to focus to better understand how to maintain the City's current infrastructure and identify the City's projected infrastructure needs. This required an evaluation of the current and targeted condition of the City's critical infrastructure.

In July 2012, Council re-affirmed this priority by setting the goal to repair, replace and maintain infrastructure. In addition, at the Fall Budget Retreat, staff presented findings which included an estimate of over \$27 million to maintain the City's infrastructure in the current condition and another \$147 million to upgrade the City's infrastructure to the target condition.

#### **Conclusion**

Council adopted a budget that included an additional \$2.45 million for street pavement preservation, \$361,000 for fleet replacements, \$100,000 for facility repairs and \$45,000 for parks maintenance.

### **USER FEES**

One of the FY 2013 Budget carryover items that Council addressed as part of FY 2014 Budget was to identify an additional \$100,000 in user fees related to Recreation Services. Since Council voted to not increase Jay Lively User Fees, the City started the development of the FY 2014 Budget with \$100,000 deficit. In addition, at the February retreat, Council requested a balanced approach towards funding their goals between: budget cuts, re-allocations across funds, and new revenues. One of the new revenue options included increasing the recovery of user fees.

#### **Discussion**

The Council received considerable input from the community requesting recreation user fee increases be minimal while maintaining or improving current programs. At the February budget retreat, Council directed staff to bring back a proposed plan for recreation fee increases with the goal of \$330,000 in additional revenue to be implemented over a three year period.

Staff also proposed increasing various other user fees throughout the City. These proposed increases included: special event liquor licenses, cemetery fees, plan review fees, building permit fees, engineering inspection, and material testing lab fees.

#### **Conclusion**

Council approved an increase in recreation fees that will generate \$170,000 in FY 2014. These fee increases include: special event fees, user fees, including the Aquaplex, and program fees for facility/field use. In addition, the City will implement a fee for the materials testing lab. This necessary service will be outsourced and the City's fees associated with the operation will be recovered from developers. Lastly, Council approved increasing plan review fees from 50% to 60% cost recovery.

**LIBRARY DISTRICT TAX REVENUES**

The City operates the joint City/County Public Library System. The City libraries are funded with combination of a General Fund transfer and the Library District Property Tax. County Branch libraries are funded 100% from the Library District Property Tax. The Coconino County Board of Supervisors is responsible for setting and levying the Library District Property Tax rate.

Background

The City/County Public Library System faces a very difficult revenue starting point. The assessed value for the Library District dropped 13%. That means if the property tax rate is held flat, the property tax revenue for the libraries will drop approximately \$670,000 in FY 2014 compared to FY 2013 revenue. This equates to approximately a \$340,000 decrease in revenue for Flagstaff libraries and a \$330,000 decrease in revenue for the other County Branch libraries.

Conclusion

The City requested that the Library District hold the property tax levy flat with the net effect of no change in dollars to the tax payer. This would restore approximately \$340,000 in funding to the Flagstaff libraries. Coconino County Board of Supervisors has agreed to a partial rate change that is projected to offset \$250,000. The balance of the revenue decreases will be offset with fund reserves. This approach will allow the City/County Public Library System several years to adjust to the new revenue level and/or allow for assessed values to recover. During FY 2014, City Staff will re-evaluate the Library Fund and make necessary changes related to the decrease in revenues.

