MINUTES

BUDGET WORK SESSION FRIDAYJANUARY 11, 2013 COUNCIL CONFERENCE ROOM – CITY HALL 211 WEST ASPEN 12:30 P.M.

1. Call to Order

Mayor Nabours opened the Budget Work Session at 12:37 p.m. and welcomed everyone.

2. Roll Call

Council present:

Council absent:

Mayor Nabours
Vice Mayor Evans
Councilmember Barotz
Councilmember Oravits
Councilmember Overton

Councilmember Brewster Councilmember Woodson

3. Presentations on Budget-related topics:

Graffiti

Chief Kevin Treadway introduced Lieutenant Frank Higgins and Officer Matt Schmitt, as well as Tom Boughner.

- Lt. Higgins provided a PowerPoint presentation on Graffiti which addressed:
- •HISTORICAL PERSPECTIVE
- •CONTEMPORARY OFFENDERS
- •FLAGSTAFF GRAFFITI STATISTICS
- •GRAFFITI COST ESTIMATES
- **•**CURRENT GRAFFITI ABATEMENT
- •PROBLEMS WITH CURRENT ABATEMENT PROGRAM
- •FUTURE OF GRAFFITI ABATEMENT IN FLAGSTAFF
- •OPTIONS FOR THE COUNCIL
- QUESTIONS

Discussion was held about whether or not a full time employee was needed for the volunteer efforts at the PD including the graffiti removal program. Additional discussion on where the funding would come from; they discussed the possibility of splitting the funding between the Police Department and Code Enforcement.

Council requested that the City manager look at options for funding 1 FTE for the graffiti abatement program.

Library

Heidi Holland, Library Director, gave a PowerPoint presentation on the Library District which addressed the following:

- •FLAGSTAFF LIBRARIES STATISTICS AND FUNDING
- **•**CC AND FLAGSTAFF COALITION
- **•USEAGE STATISTICS OF EACH LIBRARY**
- •TAX LEVY CHANGE
- •LIBRARY DISTRICT BASE BUDGET
- •LIBRARY DISTRICT LEVY
- •CITY COUNTY IGA
- OPERATING PARTIES
- •BRANCH LIBRARIES
- •LIBRARY DISTRICT AFFILIATE LIBRARIES
- •CORBUS REPORT
- •FLOW CHART OF FUND DISTRIBUTION
- •CITY/COUNTY REVENUE SPLIT

Discussion was held about the total cost from the General Fund to operate the City-only libraries. The City General Fund only pays for the libraries within the City Limits; These libraries are also partially funded by the County.

Discussion continued about how the tax funds are allocated among all of the libraries. The IGA is very specific to the base dollar amounts for each of the libraries. The Library Board sets the allocation based upon an analysis of predetermined criteria and other items. Of the funds collected, Flagstaff libraries receive approximately 50%.

Council asked staff to explain if \$3 million is an appropriate amount to run their libraries. Mr. Burke explained that it is an analysis of the services being provided; it is truly driven by the service level expectation of the constituents.

A break was held from 1:36 p.m. to 1:45 p.m.

Recreation Fees

Recreation Director Brian Grube gave a PowerPoint presentation that addressed:

- WHY ARE WE HERE TODAY?
- •RECREATION SERVICES MISSION STATEMENT
- WHAT ARE PARKS AND RECREATION USER AND PROGRAM FEES?
- •LEVELS OF COST RECOVERY
- •COST RECOVERY LEVEL EXAMPLE
- •WHAT HAS CHANGED IN RECENT YEARS?
- **•TYPES OF RECREATION & PARK FEES**

Discussion was held on the various recreational facilities and levels at which they were recovering costs. It was noted that the Aquaplex and Jay Lively were at 65% of Level 2: others were at Levels 3 and 4.

Mr. Burke said that when past councils said they wanted facilities at 65%, it was intended to be at Level 2.

Mr. Grube said that they would like to do a study to look at all of the facilities. The only facility with a true cost recovery policy is the Aquaplex. They would like to see it at Jay Lively as well, but there is not a formal policy there or at the other facilities at this time.

•PROGRAM FEES

•EXAMPLE: PROGRAM FEES - YOUTH BASKETBALL LEAGUE

•EXAMPLE: ADULT HOCKEY
•EXAMPLE: USER FEES

Vice Mayor Evans asked if the City charges itself for use of facilities or fields. Mr. Grube said that they do not. Mr. Burke said that if it is on a General Fund field, or facility, the General Fund is paying for roughly 85% of its use; in other cases it is the BBB.

Vice Mayor Evans said that they need to start taking more ownership of some of the things they are spending BBB funds for. When it comes to the use of fields, they spend a lot of money to maintain; perhaps they need to look at more than 15%, at least on the adult side of it. She suggested that they get more information on the funding needed for maintenance of facilities and fields.

Mayor Nabours suggested that they also determine what the City would have to charge for programming to recover 100% of the cost of fields for something like the softball program.

Councilmember Oravits said that last year they charged \$320 per team. Mr. Grube said that they were covering the cost of softballs, umpire, temporary staff, ACAI training, etc., but not fields.

QUESTION 1: How do we generate an additional \$100K in User Fee Revenue?

Mr. Burke said that they have spent \$100,000 more in the budget; they added an additional \$100,000 in park maintenance to take it from Level 4 to Level 3. There may be surplus in a year, but they have made an ongoing commitment.

Councilmember Oravits asked if they had talked any about field sponsorship. Mr. Grube said that they were looking at dasher boards at the rink.

•REVAMP OF REVIEW OF JAY LIVELY USER FEES

Vice Mayor Evans said that she did not believe that those groups that came forward, stating that they would support an increase in fees at Jay Lively, knew the increases would be as high as proposed.

•QUESTION 2: Is Council okay with the fee policy "as is" or do priorities need to change?

Vice Mayor Evans asked if other departments got charged for use of facilities. Mr. Grube said that they do not get charged, except for use at the Aquaplex.

Mayor Nabours said that a family can go to the park for the day and they do not get charged, but if they go to the rink, they do. He asked what the rationale was behind that. Mr. Burke noted that there was a finite capacity at something like a baseball field or a rink.

Staff was asked if they considered using the ice skating rink for other activities during the summer. Mr. Grube said that they used to tear up the ice during the summer. Last year they kept the ice and it was used with summer camps which was quite popular. There is a significant cost to tearing up the ice and rebuilding it year after year.

Councilmember Barotz said that it was hard for Council, as well as the public, to get their arms around the fees and inconsistencies. Mr. Grube said that their goal is to come up with the consistency and predictability.

Mr. Grube said that staff can review the new user fee policy to ensure it aligns with the new Parks and Recreation Master Plan, the Council can review the policy and have future discussion, or they could do a combination of both. Mr. Burke said that they did not need to give direction today, but when they get to the Budget Retreat staff may want more direction.

Mayor Nabours asked Council if they needed more information before the next retreat and, if so, what they needed. Councilmember Overton said that he was comfortable as it existed; he was okay with the user fee policy and was okay with moving forward with the increases at Jay Lively.

Councilmember Oravits said that he never ruled out staggering the increases at Jay Lively; he would be willing to look at that, but he did not want to see one big hit.

Mayor Nabours said that one of the questions he receives a lot is why they are always focused on increasing fees at Jay Lively, but not the other facilities.

Vice Mayor Evans said that she was vocal with the Jay Lively increases. They were talking about a higher rate at Jay Lively to limit the use, but on the flipside by increasing the costs, they were limiting access to the facility. She asked that they look at what they needed the \$100,000 for and its use. If it was for all programs, then increase all of the programs. Mr. Burke said that the reason that Jay Lively was picked was they heard from the community that they would be willing to support an increase at the time that the roof of the rink collapsed. People were going out of town to skate and paying much more.

A break was taken from 2:42 p.m. to 2:53 p.m.

General Administration

Mr. Burke reviewed the General Administration PowerPoint presentation which addressed:

GENERAL ADMINISTRATION

He explained that this shows up most frequently under Programs, but sometimes also under Sections. It varies from Section to Program and applies to personnel associated with administration of a program.

POSITION MANAGEMENT

Discussion was held on comments in the public about the City being "top heavy." Mr. Burke said that he often hears the question of why they need two Deputy City Managers rather than one or none.

Mayor Nabours said that they struggle to find \$100,000, and it appears that anyone at a Section level or higher is costing \$100,000 or more with benefits and all. If they could consolidate something and move things around, just cutting one of those positions would save them \$100,000. Mr. Burke said that those are easy targets because of the number, but it is because of the number that they have so many. Recognizing that they are a corporation of 1,000 employees, about 800 of which are FTE's, and the nature of the organization and diversity of services provided, it is difficult.

Mayor Nabours said that the criticism in the past has been that they lay off the line workers, but not supervisors. Mr. Burke said that oftentimes it depends on education and qualifications. They have typically not laid off employees, but rather not filled positions when they become vacant.

Councilmember Oravits asked Mr. Burke if he anticipated attrition coming up where some things could be consolidated. Mr. Burke said that it depends on what they want to do with the services. Last year they looked at efficiencies. He said that there are always opportunities for efficiencies, but they are pretty much in every business they were in at the start of the recess, but with 13% less staff and 20% less budget, because they have been more efficient. In order to get smaller, they have to do less.

Councilmember Oravits asked if there were any staff recommendations as to services to get out of. Mr. Burke said that was the reason for the activity at the November retreat with the priority list. At the February Retreat he will be asking how they get money going to infrastructure, and what services they will need to cut to do so.

Mayor Nabours said that perhaps if there was a vacancy at City Hall, staff could provide Council with the pros and cons of not filling the position, but they were not trying to tell Mr. Burke how to run City Hall.

A break was held from 3:37 p.m. to 3:47 p.m.

Economic Vitality

Stacey Buttons, Economic Vitality Director, gave a PowerPoint presentation which addressed the following:

- PROGRAMS
- ORGANIZATIONAL CHART
- ECONOMIC VITALITY Tourism
- •ECONOMIC VITALITY Visitor Center
- •ECONOMIC VITALITY Community Investment
- ECONOMIC DEVELOPMENT

Councilmember Oravits asked if the 28% to Innovation Mesa was one-time funding or an annual amount. Ms. Button replied that this year that was money used for the project coming out of the ground. Ms. Goodrich said that the \$382,000 included both one-time and ongoing. It was a placeholder in case the incubator came on line.

Councilmember Barotz said that she felt the term "contributions to agencies" was problematic. They are contracts for services; the City receives a service in return, but the public does not understand that when they phrase it a "contribution."

■EVD – Community Design & Redevelopment

Vice Mayor Evans asked about funding to Riordan Mansion. Ms. Button said that they did not propose any money in next year's budget. They have met with them to talk about going forward. Councilmember Overton said that they did provide landscaping and maintenance work. Ms. Button said that it amounted to about \$10,000 the first year and the last two years they gave \$20,000 to assist with operations.

Heidi Hansen, Visitors Center Manager, then continued the PowerPoint reviewing the following:

• ENHANCED PROGRAMMING

Mayor Nabours said that he receives comments from the public that the Visitors Center receives a percentage of BBB and spends everything they get. He asked if they get to a point where they do not have to use so much. Ms. Button replied that they work closely with the Tourism Commission. Based on their recommendations and input from stakeholders, and they establish a budget, looking at markets. Certainly there are years that they do not spend all of the money and that fund balance is carried over. She said that it depends on what market they are addressing. To be in the California market may be different than placing ads in the Midwest or overseas. She said that there was a substantial increase on their return of investment.

Vice Mayor Evans said that when they first got hit with the economic downturn, they deliberately put more money into marketing and that initiative paid off. That is one of the reasons that during the downturn the BBB stayed flat; they brought

more people to Flagstaff. It was something that the hotels and restaurants wanted and they went to the Commission.

Ms. Button said that based on that recessionary period and Council efforts they have been a model as a municipality across the state because they have bucked every trend and continue to see increases.

Councilmember Oravits said that the complaints he hears are about where the money is spent. Ms. Hansen said that they hold an annual retreat with the Tourism Commission each year. They may consider sending someone to Germany on a sales mission, but would spend much less there than say in Phoenix. Ms. Button said that it was a balance. They evaluate this on a continual basis because markets do change. Mr. Burke said that the German visitors may be coming to the Grand Canyon anyway, but there is a chance they would go through Las Vegas rather than Flagstaff.

- HISTORY OF MARKETING
- ADDED VALUE
- ECONOMIC DEVELOPMENT

Sean Ahern, Economic Development Manager, continued with the PowerPoint presentation which addressed:

- •ORGANIZATIONS IN ARIZONA
- COORDINATION OF COMMUNITY SECTORS
- ECONA
- CASE STUDY: IML Plastics

Councilmember Oravits asked what types of hurdles business run into that they need help with from staff. Mr. Ahern said that a lot of times their department will act as a business advocate, allowing them to have a single point of contact. Ms. Button said that when IML Plastics came to the Economic Development staff, they worked closely with Community Development on certain things since they were an international firm and unfamiliar with local regulations. She said that IML told the City that they won their location because of their collaborative efforts.

Councilmember Oravits asked about the two-person business, and how the City was helping them. Mr. Ahern said that he and John Saltonstall have a "road show" that they have taken to the Small Business Development Center to assist with some of the smaller businesses.

•PROGRAM SERVICES

Mayor Nabours asked staff to give examples of business retention efforts. Mr. Ahern said that they stay abreast of what is going on. They distribute an interview questionnaire and sit down with plant managers, etc. They input the data into a matrix to produce an output that addresses market conditions for large employers. He said that they also work with many small businesses.

Vice Mayor Evans added that they worked with the mortuary on Fourth Street and crematorium, and that kept them from taking that business outside of Flagstaff.

Ms. Button said that a specific example of retention was working with W.L. Gore, and that was not only retaining the business, but assisting with expansion. Another example was Paramount Petroleum. She said that retention was a very comprehensive program. While it is defined as retaining a business, the tools and programs associated reflect trend analysis, understanding where growth is expected, and the employment base. There is a whole host of questions they address.

Mr. Ahern said that John has been the point person for the ACA Rural Grant, who partnered with Machine Solutions and Joy Cone. He said that his program and technical writing skills took that through and won those funds for those companies.

Councilmember Oravits suggested that with their limited staff that they set up meetings at certain areas of town, where small business owners could come in and discuss issues. He said that the complaint he hears is that their department does not work enough with small businesses.

Mr. Burke said that when they were doing the Economic Summit in forming ECONA, there was to be a division of labor. The City was to take the big businesses and the Chamber would take the small businesses. That was not to say the City's services were not available to small businesses, but their focus was to be on the larger employers.

Councilmember Oravits said that perhaps, then, they should address the small businesses through the Chamber. Vice Mayor Evans noted that the Chamber was a membership organization, and if they were asking them to go out and market, they would probably just be doing it for their members. Councilmember Oravits said that may be true, but it may also be an opportunity for them to attract more members.

Councilmember Overton said that was one of the advantages of ECONA. He said that what he continues to hear push back from locals on is the City's procurement process. He asked if there was a way they could utilize Economic Development staff with the procurement process. Ms. Button said that was an excellent suggestion. Their team met with local architectural association and one of the things they brought up was the need for increase outreach and communication.

Councilmember Barotz suggested more outreach with contractors in the City. Mr. Burke said that staff is always available for different types of outreach efforts.

Mayor Nabours said that he has heard that IML had a problem with locating property in Flagstaff. Mr. Ahern said that they are looking to ramp up significantly from where they are currently at. They like to lease when they first get into the market, and then purchase a facility. They are having a hard time finding that parcel and they were looking at Bellemont. A big part that holds the City's hands

is not having power to the airpark. Those are ongoing communications that staff is having.

COMMUNITY DESIGN AND REDEVELOPMENT

Karl Eberhard then continued the PowerPoint presentation noting that his department consisted of himself and Mark DeLucido.

•WHAT DO WE DO?

Arts & Sciences
Beautification
Community Design
Historic Preservation
Redevelopment

Vice Mayor Evans said that she would like to know the difference in cost of BBB maintenance and General Fund maintenance, both from their current level and at the level at which they would like to be.

COMMUNITY DESIGN

Councilmember Overton said that when they unveiled the rendering of the Accelerator Building Mr. Eberhard had stamped it. He asked if he provides those services to everyone. Mr. Eberhard said that he handles it differently depending on the customer. If they are private, he may develop a concept, but he gives it to them and they hire an architect. He does stamp for City projects. He helps customers with showing them how their goals and the City's goals have an overlap.

- HERITAGE PRESERVATION
- REDEVELOPMENT
- ENHANCED DISTRICTS
- •FURTHER EXPLANATION OF PURPOSE
- •WHY IN ECONOMIC VITALITY AND NOT COMMUNITY DEVELOPMENT?

Mr. Eberhard said that they are really in both. He is trying to accommodate both sides and it becomes a balancing act between historic preservation and economic development. He said that they try to assist with finding a union on where to meet rather than there being an "us versus them" attitude.

Councilmember Oravits commented on a business in the historic district that had difficulties with changing their façade and the requirements of the City. Mr. Eberhard said that he believed the business he was mentioning was not in the historic district but he would be glad to meet with the business owner further and get their issue resolved. Mayor Nabours said that he believed it may have been on the Historic Register but not in a historic district. Vice Mayor Evans said that was an indication of the two sides of the issue and they need to keep that concept in mind as they move forward.

Mayor Nabours said that when the Innovation Mesa came before Council for the rezone it was mentioned that the plans would have cost around \$180,000 that Mr. Eberhard had prepared. He asked if that was the amount a private party would have to spend on plans to get through a rezone. Mr. Eberhard said that because of the sensitive site for the community, they wanted to get the details out in front of the community before those decisions were made.

Mayor Nabours asked, if it had been a private party and they had spent \$180,000 on similar plans and the rezone was denied, if that business would be out that \$180,000. Mr. Eberhard said he believed so.

4. Adjournment

The Budget Work Session of January 11, 2013, of the Flagstaff City Council adjourned at 5:22 p.m.

	MAYOR	
ATTEST:		
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