

# MINUTES

SPECIAL BUDGET MEETING  
MONDAY, FEBRUARY 4, 2013  
COUNCIL CHAMBERS  
211 WEST ASPEN AVENUE  
4:00 P.M.

1. **Call to Order**

Mayor Nabours called the meeting to order at 4:09 p.m.

2. **Roll Call**

*NOTE: One or more Councilmembers may be in attendance telephonically or by other technological means.*

Present:

MAYOR NABOURS  
VICE MAYOR EVANS  
COUNCILMEMBER BAROTZ  
COUNCILMEMBER BREWSTER  
COUNCILMEMBER ORAVITS  
COUNCILMEMBER OVERTON  
COUNCILMEMBER WOODSON (excused)

Mayor Nabours welcomed everyone, stating that the budget was, by far, the hardest thing the Council has to do, and the most complex. They have been having a series of half-day meetings with different departments and different sections of staff, trying to get as much information as they can as to what the budget ramifications are in each department. They have been asking what they spend money on, where it comes from, ways to cut expenditures, ways to increase revenues, etc.

He said that today they will be talking about two different areas of funding—one is funded through the BBB tax and the other is funded through the General Fund. Both the Economic Development Fund and the Arts & Sciences Fund come from the BBB tax which was approved by the voters and those funds are earmarked to be used in certain ways. The larger fund, the General Fund, funds many things such as police, fire, general administration, parks and recreation, etc.

3. Contributions to / Service Contracts with Organizations.

A. **Presentations**

The following organizations gave a seven-minute presentation:

**ECONOMIC DEVELOPMENT FUND**

Science Foundation of Arizona  
(Bill Harris)

SEDI (Sustainable Economic Development Initiative)  
(Al White, Bill Morrison, Rich Bowen)

ECONA (Economic Collaborative of Northern Arizona)  
(Rich Bowen)  
Board Members

## **ARTS AND SCIENCE FUND**

Flagstaff Cultural Partners  
(J.T. Tannous)

## **GENERAL FUND**

Mayor Nabours gave an explanation on the General Fund stating that it had a limited amount of money and has the most demands on it. In establishing the budget, one of the most important things the Council does is allocate the money. With the General Fund, if one department gets funded, another may not as there is only a finite amount of money.

He said that the problem with status quo is they do not have the money in the General Fund that they have had and they need to continue the services they are providing now. They have been postponing maintenance of facilities and infrastructure and it is catching up with them.

He said that was why they have been having these meetings with staff and the organizations. They have also developed an Employee Task Force to take suggestions on how to cut expenses and how to raise income.

Mayor Nabours said that no one should make the assumption that because they were having this meeting that it was a reflection on any agency. People have said that he and other Councilmembers do not like United Way, but United Way and others have done exactly what was asked of them. This is no criticism of United Way or any others.

Mr. Burke said that the total budget for 2013 is around \$248 million. Of that amount \$55 million is General Fund, and out of the General Fund, \$1 million is contributed to these organizations, or just shy of 2%.

The following presentations were then given:

Recreation Events  
FUSD Grad Night  
Fourth of July  
Route 66 Car Show  
New Year's Eve Event  
(Brian Grube)

John Vijarda with the Route 66 Car Show responded to a question from Council, stating that they are able to cover all expenses, and some of the funds remaining are contributed to local charities. If their funding from the City were to be reduced or eliminated, those contributions would be less.

Sister Cities  
(David Sullivan)

Vice Mayor Evans left the dais for the next presentation (due to a conflict of interest).

Weed and Seed  
(Joe Ray)

Vice Mayor Evans returned to the dais at this time.

Coconino Coalition for Children and Youth (CCCY)  
(Ruth Ellen Elinski & Holly Huland)

Greater Flagstaff Forest Partners  
(Scott Harger)

Victim Witness  
(Kris Stark)

A break was taken from 6:01 p.m. to 6:20 p.m.

Intake Triage - The Guidance Center  
(Jack Callaghan)

Humane Society  
(Michelle Ryan)

FACTS (Family and Community Teaming for Students)  
(Sylvia Johnson)

Vice Mayor Evans left the dais at this time (due to a conflict of interest).

United Way  
(Steve Peru and Steve Argus)

Vice Mayor Evans returned to the dais at this time.

NACASA (Northern Arizona Center Against Sexual Assaults)  
(Karen Ranson)

At this time the following individuals spoke in support of the organizations indicated:

- Gina Harris & David Noble (United Way / Sun Sounds)
- Alice Dunford (all organizations)

Mayor Nabours asked members of the public if they would be willing to contribute if there was a box on the monthly utility box that could be checked for individuals to contribute to these services.

- Diana Watt (United Way / Northland Hospice)
- Steve Seville (Flagstaff Family Food Center)
- Heidi Roux (United Way / CCCY)
- Christine Chisholm (CCCY)
- Diane Jarvis (Coconino Humane Society / Paw Placement)
- Martin Valentine (Coconino Humane Society)
- Kathy Mahosky (United Way / Literacy Center)
- Sally Trotter (United Way / Service Institute at NAU)
- Roxana DeNiz (Northern Arizona Institutions for Community Leaderships / Northern Arizona Interfaith Council – all nonprofits)
- Rich Clark (all nonprofits)

A break was held from 7:41 p.m. to 7:55 p.m.

- Julianne Hartzell (all nonprofits, specifically children and families)

Mayor Nabours explained that after the public makes their comments, the Council will be giving direction to the City Manager to allow him to move forward with preparation of the budget.

- Brian Wallace (Flagstaff Free Thinkers – support for all)
- John Dunford (all nonprofits)
- Marty Eckrem (all nonprofits)
- Brady Brogni (United Way / Northland Family Health Center)
- Marsha Modrell (United Way / Hozhoni Foundation)
- Connie Kim (all nonprofits)
- Linda Robyne (Victim Witness)
- Carol Halwood (FACTS)
- Jacob Dolence (FACTS)
- Bryon Matsuda (CCCY)
- Brandy Judson (NACA – CCCY)

## **B. Discussion / Direction by City Council**

Councilmember Brewster said that they could continue to fund the organizations and be proactive, or reduce the funding and be reactive later on. They will either pay now or later. She suggested that they could have a box on the utility box to be checked for maintenance of streets.

Councilmember Oravits said that he respected and appreciated everyone that came out, and they all provide great services. He said that the Council is tasked with finding a way to make it work. He said that there has been some talk of

revenues being raised, but they have to be careful with that as well as there are many in the community struggling with current taxes. It all has to be balanced. He said that he would like to suggest that some of the \$4/month fee on the bill currently used for sustainability be used for some of these services as they address the sustainability of the community.

He said that he was open to look at outside-the-box solutions, but they cannot continue as is. The needs are way too great and business as usual will not work.

Vice Mayor Evans said that as a member of a nonprofit, she was disheartened to hear any suggestion of an all or nothing approach. She said that there needs to be a balanced approach.

Mayor Nabours said that Flagstaff is a very generous community. He was a recent event of the Community Foundation where they gave out over \$700,000 in grants. There are dozens of nonprofits in Flagstaff that could have given a very dramatic presentation this evening that were not here. His point was that the City was not the only funding available and those that spoke this evening were not the only nonprofits in the City.

Mayor Nabours said that one alternative would be to include a box on the utility bill which Mr. Burke had looked into and could be done. He said that if they had to make cuts that may be a way to balance the funding for these organizations. He said that there are also taxpayers in the City that want to make their own decision as to what social agencies get funded, and do not want the Council making that determination. Additionally, there are tax credits that are not being used nearly as well as they could.

Councilmember Overton thanked everyone for coming to the meeting. He said that the Council's budget direction must be priority-based, and he believes it is critical to meet many needs throughout the community. The expenses should have a direct and identifiable link with the City's priorities, and he has been satisfied with all of the presentations.

He said that he may not agree with every mission or outcome, but they are all in the best interest of the community. The community is very generous, not only with private funds but with support of a small use of City funds. The budgeting process is an excellent method to work on thousands of needs. They cannot support one priority in isolation; it is important to provide a well-rounded budget.

He said that he would continue to ask all of the City's partners to keep overhead costs at basement lows, providing as much programming and hands-on benefits to continue to foster these environments. Tonight's exercise reminds everyone of the best practices that have been employed. He is comfortable with holding the current funding levels and continue to monitor. The Council must set clear priorities and these contracted services are an efficient use of City funds.

Councilmember Barotz also thanked everyone for coming out tonight. She said she has been giving these services a lot of thought and the question she has

asked herself is what the role of government was. Clearly there are differences of opinion as to what a core service is and whether government should only provide core services.

She thinks that the services the City has historically contracted for, while they may be social services, are not donations but rather contracts for services. The contract specifies what the money pays for versus her writing a check which then has freedom to be used as they see fit. She said that the issue of these being nonprofits as a service provider is a nonissue. That provides a tax status, but the City is hiring them to perform a service.

She said that it was determined that 1.5% of the General Fund is what is being directed to these services, and that is a small amount in relationship to the overall fund. Their return on investment is very high and the City could never provide those services and get the same kind of return on investment. They do have to balance competing needs, and they need to be cautious to having too narrow of a focus. All of these services provided are core services to her.

She said that it has been stated that *“A society is measured by how it treats its weakest members”* and as a Councilmember she has a moral obligation to help those that cannot help themselves. She said that this defined the kind of community they are and she was fine with maintaining the list as it has been presented.

Councilmember Oravits asked if they thought the Sister Cities was a core service. Mayor Nabours addressed the Recreation List and suggested they eliminate Grad Night and have it supported through other means. Consensus was to eliminate Grad Night with funding to come through other means.

Staff was also directed to determine if the Fourth of July and New Year's Eve activities could be funded through economic development in the BBB funds. Mr. Burke said that they would take a look at it, although if they did they would need to divert something else within that fund. Vice Mayor Evans reminded everyone that if they were looking at diverting any BBB funding they have commissions that allocate those funds and they should have input on that process. Consensus was to continue supporting these events, but look at alternative funding sources.

Mayor Nabours brought up the Route 66 Car Show, noting that it was a great program and he believed they probably started funding that to get it started, but now they are making money and are able to give to charities. He said that this is one of the things that bothers some of the taxpayers in that the City is taking \$3,800 out of tax dollars and it ends up in a charity that they do not know anything about. He believed they have served their purpose and it would be best to let them be on their own. Consensus was to let this one go on their own.

Staff was directed to eliminate funding for the Sister Cities and get their \$6,000 back. Mr. Burke said that they could do that, but suggested that they may want to consider continuing funding to be a member of the Sister Cities International. They may want to consider having some type of contingency funding in case a

group from a sister city comes to Flagstaff and they want to host a meal. It was suggested that perhaps a commission could be developed to oversee any type of sister city activities.

Questions were raised as to whether the funding for the Greater Flagstaff Forest Partnership could come out of the 405 bonds, or possibly some of the \$4/month sustainability account on the water bill. Consensus was to look at alternative funding sources, understanding that they were not eliminating these services.

Councilmember Oravits asked if they were going to look at discontinuing building spec homes in the Housing division, as he had previously suggested during the prior budget retreat. That issue would be discussed further at another time. Councilmember Barotz noted that the Council had received a letter from Bothhands encouraging them to read it before they get into that discussion.

The consensus (Vice Mayor Evans and Councilmembers Brewster, Barotz and Overton) was to keep the remainder of the items in as presented.

4. **Adjournment**

Mayor Nabours thanked everyone for attending. The Special Budget Meeting of February 4, 2013, adjourned at 9:09 p.m.

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MAYOR

ATTEST:

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CITY CLERK