

ISSUES AND UPDATES

PERSONNEL SERVICE COSTS

COMPENSATION

The City's pay plan received a market increase of two percent (2%) to all pay ranges effective July 1, 2015 and the City has fully implemented the commissioned police market based pay plan. The changes to the commissioned police pay plan have decreased the turnover of police officers by thirty-nine percent (39%). In order to positively impact attraction and retention of Police Emergency Communications personnel, the hourly rate for the specialist and supervisor positions were increased by one dollar (\$1) per hour, a five percent (5%) shift differential was added for the grave yard shift and a three percent (3%) shift differential for the swing shift. These changes have decreased turnover in the Communications Center by sixty-five percent (65%). Snow operators also received a stipend during snow operations in order to increase the attraction and retention of the experienced drivers. During FY 2016 the City experienced a seventy percent (70%) increase in the number of qualified and experienced applicants for snow equipment operation. Paramedic pay also increased by approximately two dollars (\$2) per hour.

The compensation study was updated by Human Resources to capture changes in the City municipal organization and the benchmark organizations were updated by 2.96% for commissioned police positions, 1.91% for commissioned fire positions scheduled for 2,912 hours per year and 1.03% for all other positions. As a result, the City is an average of 5.19% below market.

Effective July 1, 2016, the City will implement phase one of the market based pay plan for the Fire 2912, regular 2080, skill based pay and broad band pay plans. Employees will receive a minimum of a two percent (2%) increase, except when the two percent (2%) will exceed the maximum of the range. In addition, temporary employee hourly rates will be increased by two percent (2%) unless the hourly rate is higher than the current maximum.

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 normal 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 and paramedic pay will not be adjusted.

The total amount of compensation is approximately \$33,315,000 in the General Fund.

BENEFITS

Fiscal year 2017 begins the twenty-fourth year the City has participated in the joint purchase of health insurance through the Northern Arizona Public Employees Benefit Trust (NAPEBT). The NAPEBT trust includes four voting members: Coconino County, Flagstaff Unified School District, Coconino Community College and the City of Flagstaff and two non-voting members: Northern Arizona Intergovernmental Public Transportation (NAIPTA) and the Accommodation School.

NAPEBT continues to fund a wellness program in an effort to improve employee wellness and control health care costs. NAPEBT offers a wellness program including fitness and nutrition classes, wellness challenges, wellness week for employees to focus on wellness related education and activities with their co-workers, an annual awards banquet and annual health fair. This year NAPEBT added a near site wellness clinic where employees may receive primary care, health coaching, physical therapy and sick care services for free or pay the fair market value if the employee participates in the high deductible health plan. Employees are able to receive flu shots, mammography and prostate exams and wellness screenings free of charge. These wellness assessments are included in a Wellness Incentive Program including an online Health Risk Assessment (HRA). The Wellness Incentive Program includes three levels.

Level 1: The employee completes the biometric screening and health risk assessment to receive seven (7) points worth a \$120 per year discount on insurance premiums.

Level 2: The employee completes level 1 and earns an additional eight (8) points for a total of fifteen (15) points worth a \$240 per year discount on insurance premiums.

Level 3: The employee completes level 1 and 2 and earns an additional ten (10) points for a total of (25) points worth a \$240 per year discount on insurance premiums and \$120 cash incentive. The cash incentive may be paid as compensation or deferred into the employee's flexible spending account or health savings account.

NAPEBT completed a request for proposal for auditing/accounting services, medical and pharmacy this fiscal year.

The overall premium increase for health insurance was 6.0% and 11.0% for prescription drugs based on national trend. The trustees voted to pass on a 5.0% increase and mitigate the remaining portion through the use of trust surplus funds and plan design changes such as increasing the in-network deductible by \$250 per year for the employee and \$500 per year for the family. In addition, NAPEBT expanded mental health services by not opting out of the mental health parity and changing the reserve policy from 50.0% to 33.3% as the ceiling and 37.5% to 27.5% as the low. The overall increase for healthcare costs is approximately \$252,300 in the General Fund.

The trust's decision to become self-insured in 2007 has led to the lower premium increases experienced over the last nine years. The overall increase for health insurance is still below the national trend of approximately 7.8%.

The City will continue to pay the full premium for employees participating in the base plan, provide a \$254 per month dependent subsidy and cover the 5% increase for family coverage (based on the base plan contribution rate). However, if the employee does not participate in the Wellness Incentive Program and has not authorized a payroll deduction, the employee will be defaulted into the high deductible health plan (HDHP) and there will be no contribution to the health savings account (HSA) or flexible spending account (FSA). The dependent subsidy was reduced effective July 1, 2009 and this will continue during fiscal year 2017. The total budget for employee only health insurance is \$4.3 million dollars. The total cost of the dependent subsidy to the City is \$953,147.

NAPEBT will continue to allow an opt-out provision for employees with proof of group health insurance outside of the trust. 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 FY 2017.

The dental insurance premiums will increase 2.4% for FY 2017. The City pays 100% of employee coverage and employees pay 100% for dependent coverage. The cost to all funds is approximately \$302,703.

The premiums for vision insurance benefits will not change in FY 2017. The City provides a basic vision benefit for the employee and dependents. The employee has a buy up option for employee and dependent coverage. The cost to all funds is approximately \$13,064.

The City provides a basic life and accidental death and 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 \$99,450.

The Public Safety Personnel Retirement System (PSPRS) employer contribution will remain at 43.29% for Police and 67.71% for Fire. The PSPRS employee contribution will be 11.65%. The Arizona State Retirement System (ASRS) pension and health insurance benefit will be 11.34% and the long-term disability benefit will be 0.14%. The cost to all funds is approximately \$7.4 million for PSPRS and \$3.6 million for ASRS.

SUPPLEMENTAL BENEFITS

The City provides supplemental benefits to employees including the Employee Assistance Program (EAP) and repetitive motion therapy (RMT).

All benefit-eligible employees are eligible to participate in the 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 and Alcohol Training for Supervisors.

The total amount budgeted for the Employee Assistance Program is \$36,000 for the FY2017 budget, which includes a \$2,000 increase.

The City provides a 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 compensation 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 in FY 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 supplemental 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 \$150,000. 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 an external market comparison and then the decision band method for internal comparison.

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

1. **Reclassification** - 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. Human Resources received fourteen (14) reclassification, three (3) rezone and two (2) retitle requests throughout the fiscal year. The following requests have been approved between July 2, 2015 and June 30, 2016.

Reclassifications/Reranges				
Old Job Title	Old Range	New Job Title	New Range	No. of Employees Impacted
Development Services Supervisor	110	Development Services Supervisor	TBD	1
Administrative Assistant	B11	Administrative Specialist	B21	2
Assistant to CM - Risk Manager	114	Risk Management Director	117	1
Administrative Specialist	B23	Recreation Database Specialist	9	2
Multimodal Transportation Planner	113	Project Manager	B52	1
Assistant to CM - Administrative	112	Assistant to CM - Administrative	113	1

Rezones			
Job Title	Old Zone	New Zone	No. of Employees Impacted
Accountant	1	2	1
Administrative Specialist	1	2	1
Administrative Specialist	2	3	1
Airport ARFF Specialist	2	3	1
Airport ARFF Specialist	1	2	1
Division Director	1	2	1
Equipment Operator	1	2	2
Equipment Operator	2	3	1
Maintenance Worker	1	2	1
Project Manager	2	3	1
Recreation Supervisor	1	2	1
Senior Assistant City Attorney	1	2	2

New Positions and Changes		
Title	Range	Additional Info
Administrative Assistant - Court	B11	(2) FTE's - one-time
Administrative Specialist - Housing	B21	(19) hours/week - one-time
Animal Control Officer	6	Approved - ongoing
Building Inspector	10	
CART EMT	900	
CART Paramedic	900	One-time
Collections Specialist	8	(2) FTE's - (1) ongoing and (1) one-time
Comprehensive Planning Intern	900	\$7,000 - one-time
Contracts Specialist	8	2 years with one-time
Finance Specialist	8	
Fire Inspector	10	
Part Specialist Temporary	800	\$20,000 - one-time
Human Resource Analyst	112	10 hours - ongoing
Information Technology Administrator GIS	113	
Jay Lively Temporary	900	Hours increase for night hockey
Joe C Montoya Temporary	900	Hours increase for baseball camp
Library Specialist – Main	B61	15 hour increase for 6 months - one-time
Library Clerk - Tuba City	4	25 hour increase - ongoing
Library Clerk – EFCL	4	30 hour increase for 6 months - one-time
Library staff hours (various positions)	n/a	One-time Sunday hours
Parking Manager	112	
Parking Enforcement Officer	4	(2) FTE's
Water Conservation Specialist	9	
Water Production Temporary	900	(2) FTE's - one-time

PAY PLAN CHANGES

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

- The City will implement phase one of the market based pay plan for the Fire 2912, regular 2080, skill based pay and broad band pay plans. Employees will receive a minimum of a two percent (2%) increase, except when the two percent (2%) will exceed the maximum of the range. In addition, temporary employee hourly rates will be increased by two percent (2%) unless the hourly rate is higher than the current maximum.

ORGANIZATIONAL STUDIES

The Human Resources division did not receive any requests during the year.

TURNOVER

The City's turnover rate for calendar year 2015 is 10.33%. This is 5.77% lower than the government rate according to the Bureau of Labor Statistics.

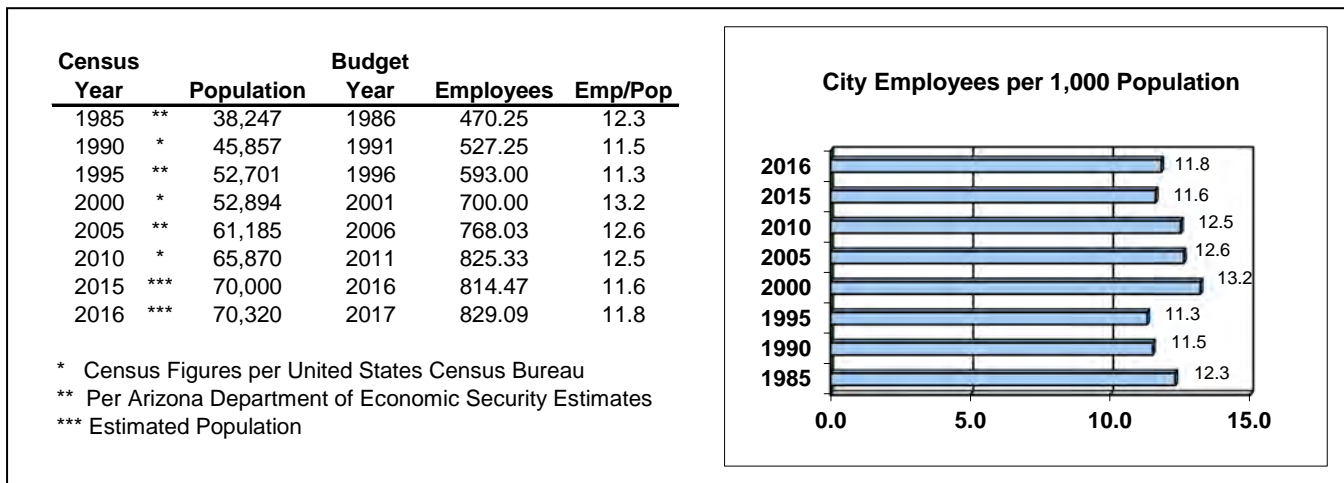
POSITION ADDITIONS/DELETIONS

The City has planned for a total net increase of 14.62 full-time equivalents across all funds for FY 2017. A review of the Authorized Personnel/Positions Summary (see Appendix A), will provide all details of this increase including staffing request changes for reclassification requests and transfers of personnel between divisions for changing program needs.

The following graph illustrates the five year historical staffing trend of the City by division.

	PERSONNEL IN EACH DIVISION 5 YEAR HISTORICAL TREND				
	Fiscal Year				
	2013	2014	2015	2016	2017
Fire	85.00	85.00	86.00	88.00	89.00
Police	171.00	169.00	169.00	167.00	167.00
Public Works	148.16	201.98	200.21	204.90	206.21
Community Enrichment	107.59	0.00	0.00	0.00	0.00
General Administration	70.93	72.10	73.10	77.60	81.60
Utilities	67.50	67.50	68.50	70.50	72.50
Community Development	80.08	80.38	79.86	82.86	82.98
Management Services	38.25	89.65	90.55	93.18	41.75
Economic Vitality	33.99	33.43	34.43	30.43	88.05
	802.50	799.04	801.65	814.47	829.09

The following detail highlights the City's level of staffing in comparison to population.



CITY OF FLAGSTAFF COST ALLOCATION PLAN FOR FISCAL YEAR 2017

Providing Sections	General Fund 001	Library Fund 030	Highway User Fund 040	Transportation Funds 041-046	Water and Wastewater Funds 202-204	Stormwater Fund 206	Solid Waste Fund 211	SEMS Fund 214	Airport Fund 221	Total	Charges to Other Funds
Building Depreciation	\$ 242,521	-	-	-	11,064	2,414	11,889	-	-	267,888	25,367
Equipment Depreciation	1,239,360	-	-	-	-	-	-	-	-	1,239,360	-
402 Non-Departmental	1,055,273	73,775	110,914	10,455	295,299	8,972	190,260	14,722	47,339	1,807,009	751,736
011 City Manager	687,826	65,263	47,572	13	106,987	7,904	85,737	11,906	17,881	1,031,089	343,263
011 City Clerk	220,132	14,742	11,557	1,023	28,907	1,503	20,585	4,193	3,465	306,107	85,975
014 Information Technology	642,907	-	55,779	-	316,303	29,094	122,063	52,719	37,407	1,256,272	613,365
015 City Attorney	478,287	43,708	40,665	57,062	128,997	5,428	91,475	9,180	13,536	868,338	390,051
012 Human Resources	418,108	45,721	32,905	-	61,677	4,337	44,935	7,710	9,155	624,548	206,440
013 Risk Management	113,925	11,971	9,342	802	22,985	1,214	16,513	2,106	2,792	181,650	67,725
031 Management Services Administration	7,321	669	623	874	1,975	83	1,400	141	207	13,293	5,972
032 Purchasing	352,963	22,381	33,310	28,467	192,838	16,195	62,987	4,017	19,116	732,274	379,311
034 Finance	679,231	64,173	40,614	30,511	104,302	7,637	64,402	13,200	33,182	1,037,252	358,021
033 Revenue - Licensing and Collections	205,241	6,174	11,113	279,167	30,871	-	33,340	3,704	3,704	573,314	368,073
033 Revenue - Customer Service	50,461	498	463	83	891,826	16,865	170,072	12,610	31,319	1,174,197	1,123,736
151 Public Works	18,518	-	83,333	-	-	-	-	-	83,333	185,184	166,666
152 Facility Maintenance	449,675	64,287	-	-	23,565	4,444	65,052	-	18,524	625,547	175,872
154 Fleet Management	124,396	1,096	70,550	-	15,886	73	98,408	63	1,756	312,228	187,832
101 Community Development	431,994	-	-	-	-	-	-	-	-	431,994	-
102 Engineering	1,467,023	-	379,382	-	-	-	-	-	-	1,846,405	379,382
201 Community Investment	209,796	19,172	17,838	3,188	56,584	2,381	40,125	4,027	5,937	359,048	149,252
401 Council and Commissions	218,748	11,094	10,863	2,386	42,477	5,704	30,249	9,901	4,517	335,939	117,191
Total Allocations	\$ 9,313,706	444,724	956,823	414,031	2,332,543	114,248	1,149,492	150,199	333,170	15,208,936	5,895,230
Divisions											
General Administration	\$ 2,561,185	181,405	197,820	58,900	665,856	49,480	381,308	87,814	84,236	4,268,004	1,706,819
Management Services	1,295,217	93,895	86,123	339,102	1,221,812	40,780	332,201	33,672	87,528	3,530,330	2,235,113
Community Development	1,899,017	-	379,382	-	-	-	-	-	-	2,278,399	379,382
Public Works	592,589	65,383	153,883	-	39,451	4,517	163,460	63	103,613	1,122,959	530,370
Economic Vitality	209,796	19,172	17,838	3,188	56,584	2,381	40,125	4,027	5,937	359,048	149,252
Non-Departmental	2,755,902	84,869	121,777	12,841	348,840	17,090	232,398	24,623	51,856	3,650,196	894,294
Total Allocations	\$ 9,313,706	444,724	956,823	414,031	2,332,543	114,248	1,149,492	150,199	333,170	15,208,936	5,895,230

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, 2014. 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 cost allocation 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 2014; 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 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.

Fleet Management has set the following FY 2017 goals:

- Complete vehicle/equipment utilization analysis of General Fund sections by year end and Enterprise Funds by March 31, 2017.
- Review potential collaboration with Summit Fire Department, The City of Flagstaff Fire Department and Fleet Services for synergy and potential cost savings.
- Remove an additional four vehicles/equipment from the City's fleet.

Fleet Management FY 2016 Accomplishments include:

- Reduced the fleet by six vehicles.
- Identified potential cost savings with vehicle/equipment purchases in FY 2018 which will allow Flagstaff Fire Department to acquire an additional Quantum Pumper in FY 2017.
- Right sized and repurposed vehicles within the fleet.
- Completed the replacement process of seventeen out of eighteen faulty 6.4 Ford diesels within the City's fleet.
- Development of a new work management software system with IT Division that will enable better tracking and maintenance of the City's fleet.

Other FY 2016 accomplishments:

- Directed Fleet Services to refurbish the City's second all electric vehicle and added it to the City's pool.
- Directed Fleet Services to refurbish a surplus utility vehicle for the IT Division which required no capital investment to the division.
- Secured funding for new fuel/lubricant management software for the City's transition to the new Core Services Maintenance Facility.

Other objectives for FY 2016 include:

- Complete physical inventory of Fleet Services parts inventory.
- Fleet Manager will approve all specifications before requests for proposals are issued.

Fleet Management Fiscal Year 2017 Replacements			
Division/Section	Amount	Division/Section	Amount
033 Revenue Truck - Meter Services	\$ 32,000	221 Airport Operations Rapid Response Fire Suppression Truck	152,550
051 Fire Quantum Pumper (Equipped)	587,700	222 Airport Capital Projects ARFF Vehicle	1,100,000
061 Police Patrol Vehicles (2) Surveillance/Equipment Van Detective Vehicle	55,000 32,500 29,800	Total Airport Fleet	1,252,550
154 Fleet Services Fuel Truck	207,100	313 Wastewater Collection Diesel Truck	54,413
401 Council and Commissions Vehicle	32,500	Total Utilities Fleet	54,413
Total General Fund Fleet	976,600	165 Solid Waste - Landfill Trailer	49,000
161 Street Maintenance and Repairs Sweeper Mini-Excavator Paint Striper Transport Trailer	250,000 91,000 487,000 90,000	166 Solid Waste - Collections Rapid Rail Truck Top Loader Truck Front Loader Truck (2) Side Loader Truck (2) Roll Off Truck Bin Maintenance Truck (2)	260,000 260,000 443,000 529,000 220,000 75,000
Total HURF Fleet	918,000	Total Solid Waste Fleet	1,836,000
		Total Fleet Replacements	\$ 5,037,563

INFORMATION TECHNOLOGY

The mission of the Division of Information Technology (DoIT) is:

- To enable City staff to make informed decisions by providing:
 - The desktop, network, server, electronic storage and telephony infrastructure which enables access to the City's electronic data and geographical information;
 - Helpdesk services, software, hardware, system analysis, software development and product evaluation support services.
- To ensure that the City's server, network and telephony infrastructure and electronic data resources are protected through sound security and disaster recovery management methodologies.
- To provide and maintain an accurate, current, and reliable Geographic Information System (GIS) that efficiently manages City geospatial data, records and asset inventories, which can be leveraged to enable staff and citizens to make informed and effective decisions that affect the future of the City of Flagstaff.

The Division of Information Technology supports all of the City's other divisions with the exception of the Library which has its own staff, the Police Department which is supported at the LEAF via an IGA with the County and the Courts which are mandated to be supported by the State. IT consists of fourteen (14) FTE's in the areas of Application support, Systems support, Network support, GIS support and the Information Technology Assistance Center (ITAC) helpdesk.

For a list of FY 2016 accomplishments and FY 2017 new initiatives and goals, please see the Department Detail section.

FY 2016 UPDATES

PUBLIC SAFETY PENSION PLAN AND FUNDING

The cost of public safety pensions continues to escalate at a significant rate. In FY 2016, the required pension contribution increased by \$1.5 million to a total of \$6.8 million due to contribution rate increases. This represents an overall percentage increase of 32%. One of the main reasons for the significant increase in the contribution is the repeal of portions of SB1609 which resulted in an overall larger actuarial liability due to permanent benefit increases (PBI). This significant increase has had a negative impact on the City's ability to fund other items within the General Fund budget. With the adoption of the FY 2017 budget, 100% of the increase in the pension contribution is funded with ongoing dollars in the General Fund.

RECRUITMENT AND RETENTION OF SWORN PERSONNEL AND DISPATCH PERSONNEL

The Flagstaff Police Department has been challenged over the years to recruit and retain sworn officers and dispatch personnel. Since the beginning of calendar year 2013 the City experienced a 29.4% overturn for sworn officers and 36.0% for dispatch personnel. With the implementation of the market based pay plan for sworn officers, a significant increase in dispatch personnel pay and other retention initiatives, the turnover rates have decreased significantly for sworn officers and dispatch personnel to 14.1% and 16.7%, respectfully, in calendar year 2015.

FY 2017 ISSUES

MARKET BASED PAY FOR ALL CITY EMPLOYEES

Council's main goal, as well as one of their FY 2017 budget priorities is to "invest in our employees and implement retention and attraction strategies". One way the City is looking to address this is to develop a plan to move the current City pay plans into a market based pay structure.

Background:

The City's pay plan has consistently been under market. In FY 2016, the City's overall pay plan was 5.19% below market. Rather than continuing to provide across the board market increases the City is using budget funding to strategically move the pay structure closer to what is found in the market. Using benchmark organizations and positions the City has created a pay structure based on a market comparison. This supports the City's structure in becoming more market competitive in order to attract and retain quality staff members.

Conclusion:

Council approved a budget that includes a three year plan for moving all of our positions into a market based pay structure. While some positions will receive a higher increase to bring them into the new market based pay structure, all employees who are eligible, including temporary personnel, will receive at least a 2% increase over the next two fiscal years.

NEW PARKING DISTRICT

In FY 2016, Council adopted the Comprehensive Parking Management Program and an ordinance to establish a special revenue fund for the Parking District. The Parking District includes the downtown area, Southside and surrounding areas. The expenditures are restricted to certain physical and operational parking related costs. Following the adoption, City staff started working with stakeholders and implementation of the program. This included the development of Administrative Guidelines and initiating an educational outreach program designed to inform the general users of the new programs and requirements.

Background:

Historically, three general areas in Flagstaff have experienced notable parking issues including downtown, downtown neighborhoods and Southside. The north downtown area has experienced issues with parking shortages and parking turn-over which affect the north end neighborhoods with spill-over parking. In recent years, the Southside has also experienced issues resulting from student spill-over parking and the successful ongoing Southside redevelopment.

Discussions of addressing parking issues in north downtown date back to the 1950s and include five parking studies which have been commissioned since the 1980s. In 2008, there was a partially successful effort to formulate a solution to the parking and other downtown issues. However, that limited success was conditioned on resolving the remaining parts, notably including the development of more comprehensive solutions and achieving accord between, and buy-in from, all of the stakeholders. In addressing the unresolved parts, the follow-up work resulted in the formation of the Flagstaff Downtown Business Improvement and Revitalization District, however without addressing the parking issues. In 2011 there was an effort to solve some of the early renditions of parking issues in the Southside.

Conclusion:

The City established a new special revenue fund to record the activities of the new Parking District and Council approved a budget of \$1,501,798 for FY 2017. This includes the purchase and installation of parking meters as well as first year operation costs including four full-time equivalent positions. The adopted program calls for one full-time equivalent position for every 300 parking spaces being managed. The parking meters will be installed late in FY 2017. Of these funds, no less than twenty percent of the gross revenue will be further reserved for increasing the supply of parking.



Northern Arizona University (Flagstaff Convention and Visitors Bureau)