

**THE FLAGSTAFF COMMUNITY POLICY TRUST**  
**Flagstaff, Arizona**

**Discussion Topic:**

**Cost of Living & Minimum Wage**



January 27<sup>th</sup>, 2017  
Meeting #1



## INTRODUCTION

**The Flagstaff Community Policy Trust** (the Trust) is a group of current and former elected officials and community leaders who meet to analyze a community issue or topic. Individuals are selected to participate in periodic Trust meetings based on their knowledge and expertise with the Discussion Topic.

Organized in 2017, by City of Flagstaff Mayor Coral Evans, the Trust is designed to build a foundation of expertise and experience that will benefit present and future Flagstaff leaders, as well as other communities.

The Trust also serves to provide consistency and continuity regarding the history and purpose of long-term policy goals. Each meeting pertains to a specific Discussion Topic that may provide valuable insight for effective policy solutions on current issues.

## BACKGROUND

The Trust's first meeting was held on January 27<sup>th</sup>, 2017 at the Colton House on the grounds of the Museum of Northern Arizona (MNA), an important piece of Flagstaff history.

The MNA's founders, Mary-Russell Colton, an artist, and Harold Colton, a zoologist, moved to Flagstaff in the late 1920s, taking up residence on the Coyote Range homestead. The pair reflected their love of Flagstaff and its culture in their individual work and created the MNA as a hub for science, art, and ideas. Following a fire that destroyed their original home, they erected the current Colton House in 1929. It now stands as an historic memory of the couple's significant contributions to the City of Flagstaff.

After falling into severe disrepair over decades, the house has been completely restored. It is now managed by MNA and available to the Flagstaff community for gatherings and celebrations.



## COMMUNITY POLICY TRUST PARTICIPANTS

January 27, 2017

**Paul Babbitt** has served as City of Flagstaff Mayor, a Flagstaff City Councilmember, a member of the Coconino County Board of Supervisors, and a Congressional candidate. As Mayor of Flagstaff, he successfully ensured construction of a new City Hall building (a project that drew criticism at the time) that has since contributed to the development and growth of Flagstaff's local government.

Mr. Babbitt also helped establish the Flagstaff Symphony Orchestra and The Arboretum of Flagstaff. After leaving office, he worked with the Secretary of the Army, primarily on environmental issues around the world, developing protections for endangered species.

**Steven A. Darden** currently serves as a member of the Navajo Nation Human Rights Commission representing the Business Sector. A former member of the Flagstaff City Council, Commissioner Darden continues work to protect the Navajo Sacred Mountain (Dook'o'osliid) as a religious site for Native Americans and to promote human rights in the Flagstaff area.

**Coral Evans** is the newly-elected City of Flagstaff Mayor and has served as a member of the Flagstaff City Council since 2008 (Vice-Mayor from 2012-2014). Throughout her time in office, she has worked for greater opportunities in civic engagement, civil discourse, community revitalization, and sustainability. She is the founder of the Flagstaff Community Policy Trust.

**Kara Kelty** is a member of the Flagstaff Unified School (FUSD) District Governing Board and served on the Flagstaff City Council for two terms between 2002 and 2008. While in office, she played a major role in the restoration of Flagstaff's South Side. Reminders of her accomplishments are apparent throughout Flagstaff, including the Aquaplex and Northern Arizona Center for Entrepreneurship and Technology (NACET), Flagstaff's business incubator. As Director of "Success by Six" at United Way of Northern Arizona, she helped establish "First Things First", a funding program for childhood education, part of a state-wide coalition.

**Leroy Shingoitewa** is a former Hopi Tribal Chairman and current Hopi Tribal Council Member representing the Village of Upper Moenkopi. While in office, the Hopi Tribe has developed closer working relations with Coconino County and Councilmember Shingoitewa has worked to protect the Sacred Peaks, which have deep religious significance to Native Americans and are important to Flagstaff as well.

Councilmember Shingoitewa also served as the Principal of Kinsey School (the only Native American school principal in the City of Flagstaff's history). During his tenure as Kinsey Principal,

**COMMUNITY POLICY TRUST**

January 27, 2017

he ensured that students with low economic status learned they can be successful in their education despite any obstacles they face.

Councilmember Shingoitewa has also served with the Flagstaff Leadership Program Board of Directors, the Hopi Economic Board, the I-40 Core Study Group, and Governor Brewer's Economic Advisory Board. Through his work, he aims to represent disadvantaged minorities.

His life has been significantly intertwined with Flagstaff's history including ties to both the Coltons and the Babbitt family. In 1968, as a student, he met and gifted Piki bread to United States Presidential Candidate Robert Kennedy during a visit to Northern Arizona University, which took place the day before Kennedy was assassinated in Los Angeles, California

**Carl Taylor** served as the District 1 County Supervisor from 2004 to 2012. While in office, he played a prominent role in the successful formation of the Green Builder Program, despite resistance from program opponents. In 2006, his efforts resulted in the founding of the Kaibab Vermillion Cliffs Heritage Alliance, an organization which received several awards for its work in preserving the cultural history of the eastern Arizona Strip while providing various services to the community. Though the Alliance is no longer in existence, he feels that even efforts that fail can result in successes that positively affect the future.

**Mark Woodson** served as an appointed Flagstaff City Council member from 2012 to 2014. As City of Flagstaff Engineer, he served as staff representative to various commissions. Afterward, he consulted as a contractual engineer with various Arizona cities. He is currently President of the American Society of Civil Engineers and a Board Member for both Engineers Without Borders and the Institute for Sustainable Infrastructure. In addition, his firm, Woodson Engineering & Surveying, Inc., played a significant role in the Colton House restoration.

**PHONE INTERVIEWS:**

**Joe Donaldson** was the City of Flagstaff Mayor for eight years. He began his political career as a retail grocery lobbyist to the Arizona legislature before serving nine years on the FUSD Governing Board. In addition, he was appointed to the Arizona Board of Psychologist Examiners by the Arizona Governor, where he has remained for seventeen years. Mr. Donaldson is currently Chair of the Coconino Community College Foundation Board of Directors. A major highlight of his time in office was the opportunity to serve people wherever he was located, specifically students, whom he feels are often forgotten in political discourse.

**COMMUNITY POLICY TRUST**

January 27, 2017

**Al White**, over the course of twelve years, was City of Flagstaff Vice Mayor, Flagstaff City Council Member, and a Mayoral candidate. He assisted in the creation of the Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) and the introduction of disability accommodations to Land Development Code.

Mr. White also assisted in the development of the NACET business incubator to help improve Flagstaff's economic security. Before becoming an elected official, Mr. White owned and operated New World Recycling. He now serves economically-disadvantaged families as a member of the Flagstaff Housing Authority.

**EMAIL COMMENTS:**

**Mandy Metzger** served two terms as District 4 Supervisor for the Coconino County Board of Supervisors from 2008 to 2016.

**COMMUNITY POLICY TRUST STAFF**

**Kerry Blume** is the Community Policy Trust Facilitator. Ms. Blume has served as a non-profit leader throughout her work career. From 1998 to 2013, as CEO of United Way of Northern Arizona, she worked to improve the quality of education, income and health for those in need. She currently consults with community and public organizations.

**Sam Cullen** is a Northern Arizona University Political Science undergraduate student who serves as the Community Policy Trust recorder.

**COST OF LIVING & MINIMUM WAGE: DISCUSSION**

**2016 MINIMUM WAGE LAWS:**

In 2016, the State of Arizona passed Proposition 206 raising the State minimum wage from \$8.05 per hour to \$10 per hour, effective January 1, 2017, and then up to \$12 in 2020.

In the same 2016 election, the City of Flagstaff Proposition 414 Minimum Wage Initiative was voter approved with the stated purpose of addressing Flagstaff's poverty level by implementing a \$15 minimum wage, in yearly successive increments to 2021.

The Flagstaff Community Policy Trust's meeting included extensive discussion of the feasibility of State Proposition 206 and City Proposition 414; unforeseen implementation issues; and possible solutions to maintain the original intent of City Proposition 414 while addressing any potential financial consequences.

**BENEFITS:**

Multiple members discussed benefits for Flagstaff residents who need an increased minimum wage to compensate for the city's high Cost of Living. City Proposition 414 stands to benefit many residents and families who currently live below the poverty level.

**CONSEQUENCES AND CHALLENGES:**

**1. Two Different Jurisdictional Laws Simultaneously Impacting One Municipality:**

The Trust perceives a major flaw involving simultaneous applications of State Proposition 206 and City Proposition 414. State Proposition 206 raised the minimum wage to \$10.00 per hour across Arizona on January 1, 2017. Simultaneously, City Proposition 414 will require Flagstaff employers to pay \$2.00 per hour above Arizona's minimum wage by July 2017.

On January 1<sup>st</sup>, 2017, the minimum wage rose from \$8.05 per hour to \$10.00 per hour, an approximate 25% increase. By July, 2017, just over six months later, a second increase from \$10.00 per hour to \$12.00 per hour is scheduled to take effect. This additional 25% increase represents close to a 50% minimum wage increase in less than one year.

The disparity between new State Law and City Ordinance minimum wage requirements may not be sustainable for many Flagstaff small businesses. Labor costs are the major expense for most of those small businesses and such a swift increase may impose significant financial hardship throughout the community.

**2. Competitive Business Impacts:**

Stress on small businesses may be compounded by the ability of larger businesses outside of Flagstaff to submit lower work contract bids due to lower State minimum wage requirements. Government contracts, major sources of income, may be unavailable to local businesses that are rendered unable to bid competitively. However, one member cited increased competition as a possible solution to Cost of Living issues.



**3. Public Housing Impacts:**

Members of the Trust also took issue with the declared intention of City Proposition 414 to positively impact the poverty level in Flagstaff. Residents currently living in public housing may be pushed out of their current tax bracket by an increased minimum wage. A jump from \$26,000 to \$28,000, for example, could result in lower housing subsidy payments. Increased living expenses may push those residents further into poverty, resulting in City Proposition 414 contradicting its original intent.

**4. Flagstaff Unified School District (FUSD) Impacts:**

The Trust found both positive and negative consequences for the Flagstaff school system. Due to a lack of state education funding, the increased minimum wage may result in further budget cuts and wage compression for educators, effectively leaving FUSD as the only school district in Arizona affected by a higher \$15 minimum wage.

Other members cited the importance of increased wages for staff who regularly need to work second jobs to afford Flagstaff's high cost of living. One member pointed to the notable dedication of Flagstaff educators, saying the city's actions should take their value into account before acting in any manner that may negatively affect educators and students.

**5. Exemptions:**

One member raised issue with City Proposition 414's lack of exemptions. Specifically, small organizations or individuals wishing to hire one or two individuals for simple projects will now be required to pay a \$15 minimum wage that may be unrealistic. Thus, they are likely to not hire, making opportunities unavailable to younger employees.

**6. Political Will:**

Like many issues in today's political climate, debates over minimum wage are marred by a lack of cooperation, something the Trust emphasized in their discussion. Unwillingness to consider multiple perspectives or to compromise make solving these problems more difficult than they would be otherwise. One member discussed the proposed repeal of City Proposition 414 as a symptom of a broader national trend of zero-sum-game-type politics.

## **RECOMMENDED SOLUTIONS:**

Any alteration to City Proposition 414 in the interest of addressing the above-referenced issues must meet two requirements: 1) Require a Flagstaff City Council super-majority vote; and, 2) Further the intent of the original initiative.

### **1. The Solomon Approach (“Splitting the Baby”)**

The Trust discussed altering the timelines of City Proposition 414 to better align with State Proposition 206; reduce the immediate stress on local businesses; and allow more reasonable time to adapt rather than to swiftly increase to a \$12.00 minimum wage on July 1, 2017.

Realignment of the implementation timeline would allow both State and City propositions to work in tandem. A proposed amendment would need to be acted upon prior to July 2017.

### **2. Contract Requirements**

One member presented a short-term solution, which has proven successful at the federal level, regarding concerns about outside businesses’ ability to bid lower than local businesses for government contracts.

An escalated wage on all city-funded projects would apply Flagstaff’s minimum wage standards to outside companies, creating an even playing field for local businesses. These wage requirements would remain on City Proposition 414’s original timeline while the remainder of the City could be given additional time to reach \$15 over five years. The question did emerge as to whether different contractual requirements would be legal.

### **3. Competition**

Another member emphasized outside competition as the solution to the Cost of Living problems facing Flagstaff, not any increase in wages. This would encourage local businesses to find more efficient operating methods. Multiple members stated that higher wages will only worsen the already-existing problem by driving the Cost of Living higher.

### **4. Repeal**

The Trust largely found wholesale repeal to be an unrealistic solution. Successful repeal is highly unlikely given that repeal petition signature numbers are similar to vote numbers cast against City Proposition 414 in the 2016 election.

Therefore, a Special Election to repeal City Proposition 414 before July 1, 2017 would likely fail, leaving a very small window of time for the Flagstaff City Council to adopt any amendment to the City Proposition prior to the required \$2.00 increase. One member pointed to repeal as a larger trend of uncooperative politics.

**MEETING ADJOURNED**