



**Proposed
FY 2015/16
Operating & Capital
Budget**

April 14, 2015 City Council Meeting

City Council Budget Review Schedule

| | |
|----------------|--|
| Tue., April 28 | Council Discussion and Proposed Budget Overview |
| Tue., May 12 | Public Hearing and Tentative Budget Adoption; Final Adoption of Rates & Fees |
| Tue., June 2 | Public Hearing and Final Budget Adoption |
| Tue., June 16 | Public Hearing and Final Adoption of Tax Levies |



FY 2015/16 Proposed Budget

- Operating Budget Overview
- Capital Improvement Plan Overview
- Property Tax 2% Allowance
- Cultural Council Requests
- Other



FY 2015/16 Proposed Budget

- Balanced budget
- Incorporates Council priorities and policy direction



General Fund Sources Overview

- Revenues up \$8.1 million (3.2 percent) from 14/15 adopted
 - Sales tax receipts - \$2.6 million
 - State Shared revenues - \$1.3 million
 - Building permits and fees - \$1.9 million
 - WestWorld - \$1.6 million
- Revenues include \$3.0 million (one-time) from sale of excess city building
- Property tax up \$0.8 million
 - New construction - \$0.2 million
 - 2 percent allowance - \$0.6 million



| Significant General Fund Uses Increases | G.F. Impact (\$ in m) |
|---|--------------------------|
| Merit pay increase – 3% to max for employees who perform well | \$3.1 |
| Public Safety Personnel Retirement System | \$2.4 |
| Police Officer compensation – 3% “fix” (yr. 1) <i>5% step (beg. yr. 2)</i> | \$1.6 |
| Employer contribution of increased healthcare costs | \$1.1 |



| General Fund Package Requests | G.F. Impact (\$ in m) |
|---|----------------------------------|
| Police overtime | \$1.0 |
| Fire personnel (8 firefighters, 3 captains, 1 engineer) | \$0.7 |
| Police photo radar contract (revenue offset) | \$0.6 |
| Parks & Rec -- deferred maintenance (one-time) | \$0.3 |
| Police Maricopa County Jail contract | \$0.2 |



| General Fund Package Requests | G.F. Impact (\$ in m) |
|--|--------------------------|
| Transfer 2 FTE from Court Enhancement Fund | \$0.2 |
| Cultural Council contract increase - 3% | \$0.1 |
| Tuition reimbursement ongoing program | \$0.1 |
| Total | \$3.2 |



| Position Changes | FTEs |
|-----------------------------|--------------|
| Fire Department | 12.00 |
| Community Services | 4.77 |
| Water Resources | 2.90 |
| C&ED – WestWorld | 2.23 |
| Public Works | 1.09 |
| C&ED – Transportation | 1.00 |
| Administrative Services | 0.69 |
| City Manager | 0.15 |
| City Treasurer | -0.25 |
| City Clerk | -1.00 |
| C&ED – Economic Development | -1.00 |
| Total | 22.58 |



| 'Slot' Conversions | FTEs |
|------------------------------------|--------------|
| Community Services rec specialists | 16.74 |
| WestWorld maint., custodial, etc. | 8.77 |
| Water Resources pipeline | 3.38 |
| Police pipeline | 2.63 |
| Pro-tem judges | 0.64 |
| 'Slot' Conversions Total | 32.16 |
| Position Changes Total | 22.58 |
| Total FTE Change | 54.74 |



CIP Contribution

| | |
|--------------------------------|----------------------|
| 25% of construction sales tax: | \$2.0 million |
| Sale of excess city buildings: | \$3.0 million |
| Unreserved Fund Balance | <u>\$0.0 million</u> |
| Total | \$5.0 million |



Proposed CIP General Fund Budget FY 2015/16 – 2019/20 (in millions)

| | FY 2015/16 | FY 2016/17 | FY 2017/18 | FY 2018/19 | FY 2019/20 | 5-Year Total |
|--|-------------|--------------|---------------|---------------|---------------|--------------|
| Anticipated GF Beginning Cash Balance | 17.0 | - | - | - | - | 17.0 |
| GF Transfer | 3.0 | - | - | - | - | 3.0 |
| 25% Construction Sales Tax | 2.0 | 2.0 | 2.0 | 2.0 | 2.1 | 10.1 |
| Net Interest in excess of \$1M | - | 0.5 | 1.3 | 1.5 | 1.7 | 5.1 |
| Total Revenue | 22.0 | 2.5 | 3.4 | 3.6 | 3.7 | 35.1 |
| Relocate and Build Fire Station 613 | - | 5.0 | - | - | - | 5.0 |
| Granite Reef Watershed | 5.0 | - | - | - | - | 5.0 |
| Pima Road Drainage | 0.8 | - | - | - | - | 0.8 |
| * Regional Stmwtr Imp – W. of Pima Rd- Phase I | 2.3 | 2.3 | 3.2 | 3.2 | - | 11.1 |
| Scottsdale Stadium Infrastructure | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.3 |
| Facilities Repair & Maintenance | 2.0 | 1.5 | 1.9 | 1.8 | 1.8 | 9.0 |
| * Upgrade Energy Mgmt Control Syst in 5 Bldgs | 0.6 | 0.8 | - | - | - | 1.5 |
| * Aquatics Chemical Replacement | 0.3 | 1.3 | 1.3 | - | - | 2.9 |
| * Civic Center Mall Renovations | 0.2 | - | - | - | - | 0.2 |
| * Payroll System Replacement | 0.4 | 0.1 | - | - | - | 0.5 |
| Crime Lab Equipment Replacement | 0.1 | 0.2 | 0.2 | 0.3 | 0.2 | 1.1 |
| Citycable Audio/Video Equipment Rpl | 0.2 | - | 0.2 | 0.1 | - | 0.4 |
| Public Safety Radio System Phase I | 1.6 | - | - | - | - | 1.6 |
| Police Portable & Vehicle Radio Replacement | 0.5 | 0.1 | 1.1 | 1.1 | 1.0 | 3.8 |
| Fire Public Safety Radio Lifecycle | - | 1.3 | 0.2 | 0.2 | - | 1.6 |
| IT-Network Infrastructure | 0.4 | 0.3 | 0.3 | 0.4 | 0.4 | 1.8 |
| IT-Server Infrastructure | 1.2 | 0.6 | 0.3 | 1.7 | 0.9 | 4.7 |
| Data Center Resiliency | 0.2 | 0.5 | - | - | - | 0.7 |
| Various IT Projects | 1.0 | 0.0 | - | - | - | 1.0 |
| Total Expenditure Budget | 16.7 | 14.3 | 8.8 | 8.8 | 4.3 | 52.9 |
| CASH BALANCE AT END OF EACH YEAR | 11.7 | (3.7) | (10.9) | (16.0) | (17.3) | |

*New projects or significant changes

Proposed CIP Transportation Fund Budget FY 2015/16 – 2019/20 (in millions)

| | FY 2015/16 | FY 2016/17 | FY 2017/18 | FY 2018/19 | FY 2019/20 | 5-Year Total |
|--|-------------|-------------|-------------|-------------|-------------|--------------|
| Anticipated GF Beginning Cash Balance | 24.5 | - | - | - | - | 24.5 |
| Transportation Fund Transfer | 4.0 | - | - | - | - | 4.0 |
| 50% Transportation Sales Tax | 9.4 | 9.8 | 10.1 | 10.4 | 10.3 | 50.0 |
| Total Revenue | 37.9 | 9.8 | 10.1 | 10.4 | 10.3 | 78.5 |
| * Alma School and Jomax Rd Imp | - | - | - | - | 1.1 | 1.1 |
| * Happy Villy Rd Pima Rd to Alma Scl Rd | 0.3 | 3.4 | - | - | - | 3.7 |
| * McDowell Rd Bicycle Lanes | 0.1 | 0.8 | - | - | - | 0.9 |
| * Miller Rd Underpass at the 101 Frwy | 0.3 | - | - | - | - | 0.3 |
| * 98th St W Half Imp-N of McDwl Mtn Rch | - | 0.2 | 0.9 | - | - | 1.0 |
| * Pinnacle Vista-56th St Int Imp | - | 0.4 | - | - | - | 0.4 |
| * Highland Ave Sc ttsdl Rd to Gldwtr Blvd | - | 0.8 | - | - | - | 0.8 |
| Airpark Area (Raintree, Rd fld Northsight) | 4.7 | 5.4 | 2.1 | 0.9 | - | 13.1 |
| Pima Rd S. of Via Linda | 1.8 | - | 0.4 | 1.5 | - | 3.7 |
| Pima Rd, Pinnacle Peak to Happy Valley | - | 0.6 | 0.5 | 1.4 | - | 2.5 |
| Scottsdale Rd, Thmpsn Pk to Pinnacle Pk | 1.5 | - | - | - | - | 1.5 |
| SB Loop 101 Frontage Connections | 1.2 | - | - | - | - | 1.2 |
| Trails (Shea Und, WW Conn, AZ, CC Cnls) | 2.2 | 0.3 | - | - | - | 2.5 |
| Annual Funding (Grates, Sdwlks, Intersections, Trails, Traffic Mgmt, Bikes, Transit Stops) | 3.0 | 1.7 | 1.7 | 1.7 | 1.7 | 9.6 |
| Pavement Replacement | 6.7 | 6.6 | 6.6 | 6.6 | 6.6 | 32.9 |
| Signal Upgrades | 2.4 | - | - | - | - | 2.4 |
| Transit Facilities (Mustang, Skysong) | 0.8 | - | - | - | - | 0.8 |
| Miscellaneous Other | 1.6 | - | - | - | - | 1.6 |
| Total Expenditure Budget | 26.4 | 20.0 | 12.0 | 12.0 | 9.3 | 79.7 |
| CASH BALANCE AT END OF EACH YEAR | 22.4 | 18.1 | 7.5 | 5.8 | 3.6 | |

*New projects or significant changes

Property Taxes (\$ in millions, except rate)

| Primary | GF Primary Levy | Growth | 2% Allowance | Total GF Primary Levy | Tort Recovery | Total Primary Levy | Primary Assessed Valuation | Primary Rate |
|--------------------|-----------------------|--------|-----------------|-----------------------------|------------------|--------------------------|----------------------------------|-----------------|
| Prior (FY14/15) | \$ 25.5 | \$ 0.2 | \$ - | \$ 25.7 | \$ 2.1 | \$ 27.8 | \$ 4,986.0 | \$ 0.5580 |
| Proposed (FY15/16) | 25.7 | 0.3 | 0.5 | 26.5 | 1.3 | \$ 27.8 0.0% | \$ 5,161.7 3.5% | \$ 0.5394 -3.3% |

| Secondary | Debt Service | Debt Service Reserve | Total Secondary Levy | Secondary Assessed Valuation | Secondary Rate |
|--------------------|-----------------|-------------------------|----------------------------|------------------------------------|-------------------|
| Prior (FY14/15) | \$ 35.6 | - | \$ 35.6 | \$ 5,176.8 | \$ 0.6869 |
| Proposed (FY15/16) | 33.5 | (0.5) | \$ 33.0 -7.3% | \$ 5,161.7 -0.3% | \$ 0.6389 -7.0% |

| Total | Total Levy | Total Rate |
|--------------------|---------------|-----------------|
| Prior (FY14/15) | \$ 63.4 | \$ 1.2449 |
| Proposed (FY15/16) | \$ 60.8 -4.1% | \$ 1.1783 -5.3% |



Scottsdale Cultural Council

Annual city appropriation includes:

- Management and administration of facilities
- Maintenance and repair of specialty equipment / fixtures
- Conservation and restoration of city artwork
- Arts Grant Program management, administration and award
- Art in Public Places program management and administration
- Art in Private Development management and administration

Provides for:

- Supplemental funding requests for unanticipated, extraordinary expenses, or for new initiatives
- Recommendations for capital improvements to facilities

Funding History



| | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Base | \$3.28 | \$3.35 | \$3.44 | \$3.27 | \$3.27 | \$3.43 | \$3.39 | \$3.51 |
| Public Art Administration | 0.82 | 0.66 | 0.70 | 0.66 | 0.66 | 0.62 | 0.56 | 0.66 |
| Conservation / Restoration | 0.14 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 | 0.13 |
| Specialty equipment | - | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Arts Grant Program | - | 0.06 | 0.06 | 0.06 | 0.06 | 0.06 | 0.16 | 0.06 |
| Total | \$4.24 | \$4.21 | \$4.34 | \$4.13 | \$4.13 | \$4.25 | \$4.25 | \$4.38 |
| Supplemental funding, operating or capital projects | \$1.25 | - | - | - | \$0.04 | - | \$0.05 | - |

Does not include trust funds or acquisition of public art



**Scottsdale Cultural Council:
Special Request for Additional Funding**

Pursuant to Section 7.12 of the Master Services Agreement 2008-048-COS

Submitted to the City of Scottsdale on April 9, 2015

The Scottsdale Cultural Council (SCC) submits this special request for additional funding in order to efficiently and effectively carry out the requirements of its Master Services Agreement. As reflected in the historical financial relationship with the City of Scottsdale (“City”), the SCC has been able to continue to provide to the Scottsdale community the services outlined in the Agreement with basically a flat fee for the past 8 years. While the staff continuously strives to optimize spending, costs continue to increase in areas such as healthcare, utilities, supplies, artist fees, equipment rentals, etc. Every effort has, and continues to be made, to offset these costs, including increases in contributed revenue. From FY09 to FY14, the ratio of income received from the City to the SCC’s total income has decreased from 48.2% to 40.8%.

While progress is being made, the flat contribution from the City is now impacting the SCC’s ability to perform – aging equipment, outdated facilities, competitive pressures to provide the best artistic experience possible, hiring and retaining talented staff, and strengthening the SCC’s brand to continuously distinguish itself from other regional venues – all these things need to be maintained, rejuvenated, and improved to stay competitive and current. The SCC now competes with venues that are newer and fresher. The SCC’s needs are now reaching the critical stage where a lack of investment by the City would decrease not only the quality of its offerings but the real return on the investment made in time, materials, and labor to deliver on its promise to the City.

NOTE: The following items are presented as packages based on their contribution to the SCC’s performance and requirements in order to deliver on its contractual obligations to the City. The costs associated with each package are based on estimates received by the SCC.

Some specific projects may incur additional costs related to the City of Scottsdale’s management and supervision of capital projects (15%). These costs are NOT included in the costs provided below, and the eligibility of each project will require review by City staff.

LIST OF ADDITIONAL FUNDING PACKAGES

| | |
|--|-----------|
| Item #1: Critical Facility Upgrades | \$226,800 |
| Item #2: Critical Performance Equipment Upgrades | \$380,800 |
| Item #3: Critical Infrastructure Equipment Upgrades..... | \$344,900 |
| Item #4: Facility Enhancement – Scottsdale Center for the Performing Arts – Atrium | \$450,800 |
| Item #5: Canal Convergence & Canal Activation | \$100,000 |

TOTAL ADDITIONAL FUNDING REQUEST **\$1,503,300**

ITEM SUMMARIES

Item #1: Critical Facility Upgrades \$226,800

Included in this package are critical upgrades to the SCC’s facilities: Bringing the Virginia G. Piper Theater (“Piper Theater”) into legal compliance with the Americans with Disabilities Act (ADA) by adding an assistive listening system and); replacement of Piper Theater stage and Marley Dance floors (beyond repair; needed for safety of performers); addition of sun shades for the Scottsdale Center for Performing Arts (SCPA) Atrium; additional exterior/interior signage for the SCPA building, additional interior/exterior lighting for the Scottsdale Museum of Contemporary Art (SMoCA); replacement of original stacking chairs used for rentals and special events; replacement of original SCPA office carpeting; replacement and upgrade of SCPA kitchen equipment used for rentals ,special events, and programs (replacement was planned as part of SCPA renovation but never completed); installation of a counter for the Young @ Art Gallery (YAAG) and new tables and wall cabinets for The Art Studio in the SCPA building; and moving, wiring, and security system costs for the SCC administrative offices.

Item #2: Critical Performance Equipment Upgrades \$380,800

Included in this package are critical replacement items and additional related to the ability to deliver first-class performances and exhibitions: Sound system and microphones, lighting console, follow spots, lighting strips, moving/parabolic lights, front/rear projection systems, and digital film projection equipment for the Piper Theater; new monitors, projectors, and tablets for SMoCA exhibitions; replacement of the scissors lift (now a safety issue due to malfunctioning); and replacement of two piano chairs (flat padding, height adjustment not working).

Item #3: Critical Infrastructure Equipment Upgrades..... \$344,900

Included in this package are items which must be replaced as they are critical to supporting operations: security system for facilities; replacement of PC desktop replacements (well beyond 5-7 year useful life); replacement of no-longer-supported or beyond useful-life file servers, switches, Wi-Fi, and firewall; improved online purchasing system for member tickets and retail store; improved website with better integration between SCC, its divisions, and the online purchasing system; new online display module (software) for cataloging and showcasing the art collection and previous SMoCA and Scottsdale Public Art (SPA) exhibits; panel saw for SMoCA exhibit preparations; and system/resources for improving recruiting, training, and managing personnel and benefits.

Item #4: Facility Enhancement – Scottsdale Center for the Performing Arts – Atrium.. \$450,800

Included in this package are upgrades to the SCPA Atrium which will expand possible uses of the Atrium space (trade shows, cabaret series, community events); greatly improve the experience of guests, patrons, and rental customers; improve opportunities for new and repeating rental customers; and provide an appropriate experience for key special events for SCC donors/members: installation of acoustical ceiling treatment and purchase of moveable sound partitions to divide the space and reduce noise.

Item #5: Canal Convergence & Canal Activation\$100,000

Includes the addition of a public art installation to be on view from November 2015 through March 2016, culminating with **Canal Convergence**. The vision is to create an annual program which further activates the Canal area over a longer timeframe, thereby providing a greater return on the investment.

The request for this launch year is \$100,000. Future years’ funding would be in the range of \$200,000 per year. The funding would enable the Scottsdale Cultural Council to bring internationally-recognized artists to Scottsdale and continue to build an experience at the Waterfront that would serve as another marketing vehicle for the City. The additional months of the installation provide greater visibility for both regional and national coverage, as well as in international markets.

Scottsdale Public Art specifically designed the Bruce Munro installation of *BLOOMS* to bridge the holiday season and to preview **Canal Convergence**, February 2016, as the feature installation. This type of installation can carry-over through the holiday season to our signature event and provides greater visibility for an international artist of Munro’s stature, activates the Waterfront throughout the holiday season, highlights a longer installation that carries through **Canal Convergence**, a four-day, signature event drawing nearly 40,000 people to the downtown area.

The Bruce Munro collaborative effort – Scottsdale Public Art, Scottsdale Museum of Contemporary Art and the Desert Botanical Garden – *Celebrating Light in the Sonoran Desert*, will showcase Munro’s site specific work using light and playing off the patterns and natural forms of desert life. Combined with the major installation at the Desert Botanical Garden, the SPA installation, *Blooms*, and the SMoCA gallery installation, *Ferryman’s Crossing*, will provide international exposure for the arts of Scottsdale throughout the holiday season.