

CITY COUNCIL REPORT



Meeting Date: November 12, 2019
Charter Provision: *Provide for orderly government and administration of the affairs of the city*
General Plan Goal: *Adopt Budgets*

ACTION

FY 2019/20 Arterial Life Cycle Program (ALCP) Capital Improvement Plan (CIP) Budget Adjustments. Adopt Resolution No. 11582 authorizing various FY 2019/20 CIP Budget Adjustments related to the ALCP.

BACKGROUND

The ALCP is managed by the Maricopa Association of Governments (MAG) as part of the Proposition 400-funded Regional Transportation Plan. The ALCP runs through FY 2025/26, when the current half-cent transportation sales tax in Maricopa County expires. The ALCP requires that each roadway improvement project include a 30% local match.

On November 6, 2018, Scottsdale voters approved Question 1, which was a 0.1% temporary (10-year) transportation privilege (sales) and use tax (0.1% Transportation Tax) increase. With this approval, the city can now match all remaining ALCP funds available to Scottsdale.

During the first half of 2019, staff worked with MAG to reprogram the timing and funding amounts (based on more current cost estimates) for individual projects as part of the annual ALCP Update. The FY 2019/20 ALCP Update was formally approved by MAG's Regional Council on June 26, 2019.

The FY 2019/20 budget was adopted June 11, 2019, by Ordinance No. 4400. Section 2 of Ordinance No. 4400 allows expenditures to be made from budget contingencies and reserves upon recommendation of the City Manager and approval of the City Council.

Additionally, Article 6, Section 11 of the Scottsdale City Charter allows the transfer of any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency or from one office, department, or agency to another with the approval of City Council.

ANALYSIS & ASSESSMENT

From FY 2005/06 through FY 2018/19, the city has been working on the implementation of ALCP projects. The work has proceeded using primarily pay as you go funding, which has led to delays in the delivery of projects, especially during the last recession. The main source of city matching funds to date has been the 0.2% Transportation Sales Tax.

Completed ALCP Projects: A total of 13 projects, as listed in the ALCP, have been completed in prior fiscal years. Some of these projects are initial phases of larger scale improvements, while other projects include multiple intersection locations. Table 1 provides the project names and the fiscal year construction was completed.

Table 1	
Project	Year
Pima Road - Loop 101 to Thompson Peak	2008
Loop 101 North Frontage - Hayden to Scottsdale	2009
Shea/Via Linda (Phase 1)	2009
Shea/134th	2009
Shea at 90th/92nd/96th	2010
Pima Road - TPP to Pinnacle Peak	2012
Pima Road - Via de Ventura to Krail	2012
Shea/120th and 124th	2012
Shea - Loop 101 to 96th ITS	2012
Scottsdale Road - Thompson Peak to Pinnacle Peak (Phase 1)	2014
Northsight Boulevard - Hayden to Frank Lloyd Wright	2014
Frank Lloyd Wright at 76th/78th/82nd	2014
Shea/124th Underpass	2018

ALCP Projects Under Construction in FY 2019/20: Three ALCP projects are currently under construction/recently completed:

- Miller Road Underpass at Loop 101
 - The Arizona Department of Transportation is installing the underpass as part of the Loop 101 widening project between Interstate 17 and the Pima/Princess interchange.
- Pima Road 2-lane Bridge at Arizona Canal
 - The city took advantage of the early 2019 dry-up of the Arizona Canal to build the first phase of the Pima Road – Krail Street to Chaparral Road project.
- Drinkwater Boulevard Bridge
 - This project was initiated using multiple funding sources including General Fund, 0.2% Transportation Sales Tax and Bond 2000. It was added to the FY 2019/20 ALCP and is eligible for reimbursement.

ALCP Projects in Final Design: Seven ALCP projects are currently in final design:

- Pima Road – Pinnacle Peak to Happy Valley
- Pima Road – Via Linda to Via de Ventura
- Pima Road – Krail to Chaparral
- Happy Valley Road – Pima to Alma School
- Raintree Drive – Hayden to Loop 101
- Raintree Drive – Scottsdale to Hayden/Redfield Road – Raintree to Hayden
 - Design at 100%; assessing construction cost estimate

Impact of 0.1% Temporary Transportation Tax Increase on Future ALCP Projects

With the voter-approved 0.1% temporary Transportation Tax increase, which went into effect February 1, 2019, MAG proposed moving significant funding forward in the FY 2019/20 ALCP Update. While the total ALCP through FY 2025/26 remains unchanged, the regional funding for FY 2018/19 to FY 2022/23 is targeted to increase by \$73.6 million when compared to the FY 2018/19 ALCP Update. The year-by-year changes in proposed funding levels are presented in Table 2.

ALCP Version	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	Total
FY 2018/19	\$ 42.8	\$ 21.9	\$ 5.2	\$ -	\$ -	\$ 40.3	\$ 105.2	\$ 24.7	\$ 240.0
FY 2019/20	\$ 39.4	\$ 27.7	\$ 25.6	\$ 26.6	\$ 24.3	\$ 19.3	\$ 56.1	\$ 21.0	\$ 240.0
Change	\$ (3.4)	\$ 5.8	\$ 20.4	\$ 26.6	\$ 24.3	\$ (20.9)	\$ (49.1)	\$ (3.7)	\$ -
Total change FY 2018/19 - 2022/23 = \$73.6									

Rounding differences may occur

The information pamphlet for Question 1 identified 22 ALCP projects that were likely to utilize the temporary 0.1% Transportation Tax as matching funds. The original 22 projects have been modified to 16 projects. Most notably is the consolidation of ten separate projects (nine intersections and an Intelligent Transportation System (ITS) infrastructure extension) on Shea Boulevard between Loop 101 and 136th Street into one project, which will facilitate more efficient design and construction phasing. Also, several projects on the Scottsdale Road and Pima Road corridors have been reconfigured to increase the opportunity for future development to contribute to the roadway improvements.

Of the 16 modified projects, Transportation and Capital Project Management staff are currently in the process of moving four roadway improvements into final design and one into preliminary design in FY 2019/20:

Final Design:

- Shea Boulevard (nine intersections and ITS)
- Frank Lloyd Wright/Loop 101 Interchange
- Raintree Drive/Loop 101 Interchange
- Scottsdale Road – Jomax Road to Dixileta Drive

Preliminary Design:

- Legacy Boulevard
 - Project to be reconfigured along two corridors, Hualapai Drive and Mayo Boulevard/Union Hills Drive

The remaining 11 projects will be started in later fiscal years.

Passage of Question 1 places the city in a position to match all remaining ALCP funds allocated to Scottsdale through FY 2025/26. It is anticipated that final construction of some projects will extend

beyond FY 2025/26. A map indicating planned construction start-up years for the ALCP projects funded by the 0.1% Transportation Tax is provided as Attachment 2.

When reviewing the map, as mentioned above, significant roadway frontage on the northern Scottsdale Road (5 miles) and Pima Road (5.6 miles) corridors is currently undeveloped and owned by the Arizona State Land Department. If this property is auctioned by the State of Arizona and developed ahead of any scheduled ALCP improvements, the future property owners will be required to either construct improvements themselves or contribute funding to the city. With this potential in mind, these segments are funded later in the remaining ALCP.

Attachment 2 delineates future improvements on Pima Road along our shared border with the Salt River Pima Maricopa Indian Community (SRPMIC), but construction timing is not provided. Matching funds from the city are not expected to be required, since the SRPMIC was awarded a federal grant of \$49.9 million on June 5, 2019 to complete the roadway improvements on Pima Road. Local matching funds for the federal grant are planned to be provided through MAG’s share of ALCP funds available in the corridor. One or more intergovernmental agreements regarding future responsibilities along Pima Road will be presented to the City Council at a date(s) to be determined.

The status of Scottsdale’s portion of the ALCP was presented by Dave Meinhart, Senior Transportation Planner during the October 22, 2019 City Council Work Study Session.

Budget Adjustments:

The FY 2019/20 mid-year capital budget adjustments are being requested to align the city’s Capital Improvement Plan budget with the FY 2019/20 ALCP update that was approved by MAG’s Regional Council on June 26, 2019. Staff is requesting six budget adjustments related to existing capital projects and three budget adjustments that will advance capital projects originally forecasted in future years to FY 2019/20. Funding for all the adjustments is available from the ALCP, the 0.2% Transportation Sales Tax and the temporary (10-year) 0.1% Transportation Tax. The capital budget adjustments, including use of capital contingency appropriation are summarized in Table 3 with details included in Resolution No. 11582, Exhibit “A”.

Table 3	
Properly Align City of Scottsdale's budget to the ALCP with ALCP, 0.2% Transportation Sales Tax and 0.1% Transportation Tax Funding	
	Net Budget Impact
1 Happy Valley Road: Pima Road to Alma School Road (5E02)	\$ 1,606
2 Pima Rd: Pinnacle Peak to Happy Valley Rd (SC01)	\$ -
3 Raintree Drive: Hayden Road to Arizona State Route 101 (SC02)	\$ (2,833,140)
4 Miller Road Underpass at Arizona State Route 101 (SC03)	\$ (376,000)
5 Raintree Drive: Scottsdale Road to Hayden Road (SB53)	\$ 3,328,029
6 Raintree Drive at Arizona State Route 101 Traffic Interchange (SG01)	\$ (1,344,737)
7 Frank Lloyd Wright Boulevard at Arizona State Route 101 Traffic Interchange	\$ 728,571
8 Scottsdale Road: Jomax Road to Dixileta Drive	\$ 1,700,000
9 Shea Boulevard Intersections: Arizona State Route 101 to 136th Street	\$ 1,000,000
Use of FY 2019/20 Transportation & General Fund Capital Contingency	\$ (2,204,329)
Total \$	-

RESOURCE IMPACTS

Available Funding

The required appropriation needed to cover the budget adjustments exists in the city's adopted FY 2019/20 CIP. Funding for all the adjustments is available from the ALCP, the 0.2% Transportation Sales Tax and the temporary (10-year) 0.1% Transportation Tax.

OPTIONS & STAFF RECOMMENDATION

Staff recommends the adoption of Resolution No. 11582 authorizing various FY 2019/20 Capital Improvement Plan budget adjustments related to ALCP projects.

RESPONSIBLE DEPARTMENT(S)

City Treasurer Division, Public Works Division

STAFF CONTACT(S)

Sylvia Dlott, CIP Budget Manager, (480) 312-2419, sdlott@scottsdaleaz.gov

Dan Worth, Public Works Director, (480) 312-5555, dworth@scottsdaleaz.gov

APPROVED BY

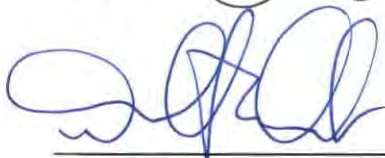


Judy Doyle, Budget Director

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10.25.19

Date



Dan Worth, Public Works Director

(480) 312-5555, dworth@scottsdaleaz.gov

10-28-19

Date

ATTACHMENTS

1. Resolution No. 11582
2. Map of planned construction for the ALCP projects with matching funds from the 0.1% Transportation Tax

RESOLUTION NO. 11582

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING CAPITAL IMPROVEMENT PLAN BUDGET ADJUSTMENTS RELATED TO THE ARTERIAL LIFE CYCLE PROGRAM FOR THE PURPOSE OF COMPLYING WITH ORDINANCE NO. 4400 AND ACCURATELY EXPENSING THE FISCAL YEAR 2019/20 BUDGET.

WHEREAS, current estimates of revenues and expenditures differ from forecasts used to create the FY 2019/20 budget;

WHEREAS, Article 6, Section 11 of the Scottsdale City Charter permits the transfer of any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department, or agency or from one office, department, or agency to another with the approval of the City Council;

WHEREAS, Section 2 of Ordinance No. 4400 allows expenditures to be made from budget contingencies and reserves upon recommendation of the City Manager and approval of the City Council;

WHEREAS, the City is required to balance its budget and all associated funds; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Scottsdale, Maricopa County, Arizona, as follows:

Section 1. The City Council hereby authorizes and directs the City Treasurer to make the FY 2019/20 Capital Improvement Plan budget adjustments described in Exhibit "A" hereto, which is incorporated herein by this reference.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 12th day of November, 2019.

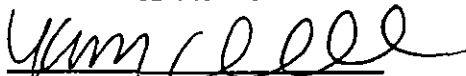
CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Carolyn Jagger, City Clerk

W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney

By: Kimberly Campbell, Assistant City Attorney

Exhibit "A"
(Resolution No. 11582)

Following are the requested FY 2019/20 mid-year Capital Improvement Plan budget adjustments to align the city's Capital Improvement Plan budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019. Each item identifies the funding sources, the net impact to the budget and the justification.

	Budget Reduction	Budget Increase
1 <u>Happy Valley Road: Pima Road to Alma School Road (SE02)</u>		
ALCP	\$ (40,200)	
0.2% Transportation Sales Tax		\$ 41,806
	<hr/>	<hr/>
	\$ (40,200)	\$ 41,806
Net Budget Impact - \$1,606		
Justification: Existing project. To align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.		
2 <u>Pima Rd: Pinnacle Peak to Happy Valley Rd (SC01)</u>		
ALCP		\$ 1,000
0.2% Transportation Sales Tax	\$ (1,000)	
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	\$ (1,000)	\$ 1,000
Net Budget Impact - \$0		
Justification: Existing project. To align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.		
3 <u>Raintree Drive: Hayden Road to Arizona State Route 101 (SC02)</u>		
ALCP	\$ (1,983,000)	
0.2% Transportation Sales Tax	\$ (850,140)	
	<hr/>	<hr/>
	\$ (2,833,140)	\$ -
Net Budget Impact - (\$2,833,140)		
Justification: Existing project. To align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.		
4 <u>Miller Road Underpass at Arizona State Route 101 (SC03)</u>		
ALCP	\$ (376,000)	
Net Budget Impact - (\$376,000)		
Justification: Existing project. To align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.		

	Budget Reduction	Budget Increase
5 <u>Raintree Drive: Scottsdale Road to Hayden Road (SB53)</u>		
ALCP		\$ 2,376,702
0.2% Transportation Sales Tax		\$ 809,334
0.1% Transportation Tax		\$ 141,993
	\$ -	\$ 3,328,029

Net Budget Impact - \$3,328,029

Justification: Existing project. To align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.

Raintree Drive at Arizona State Route 101 Traffic Interchange

6 <u>(SG01)</u>		
ALCP	\$ (914,838)	
0.1% Transportation Tax	\$ (429,899)	
	\$ (1,344,737)	\$ -

Net Budget Impact - (\$1,344,737)

Justification: Existing project. To align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.

Frank Lloyd Wright Boulevard at Arizona State Route 101 Traffic

7 <u>Interchange</u>		
ALCP		\$ 510,000
0.1% Transportation Tax		\$ 218,571
	\$ -	\$ 728,571

Net Budget Impact - \$728,571

Justification: Advance capital project originally forecasted in future years to FY 2019/20, and align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.

8 Scottsdale Road: Jomax Road to Dixileta Drive

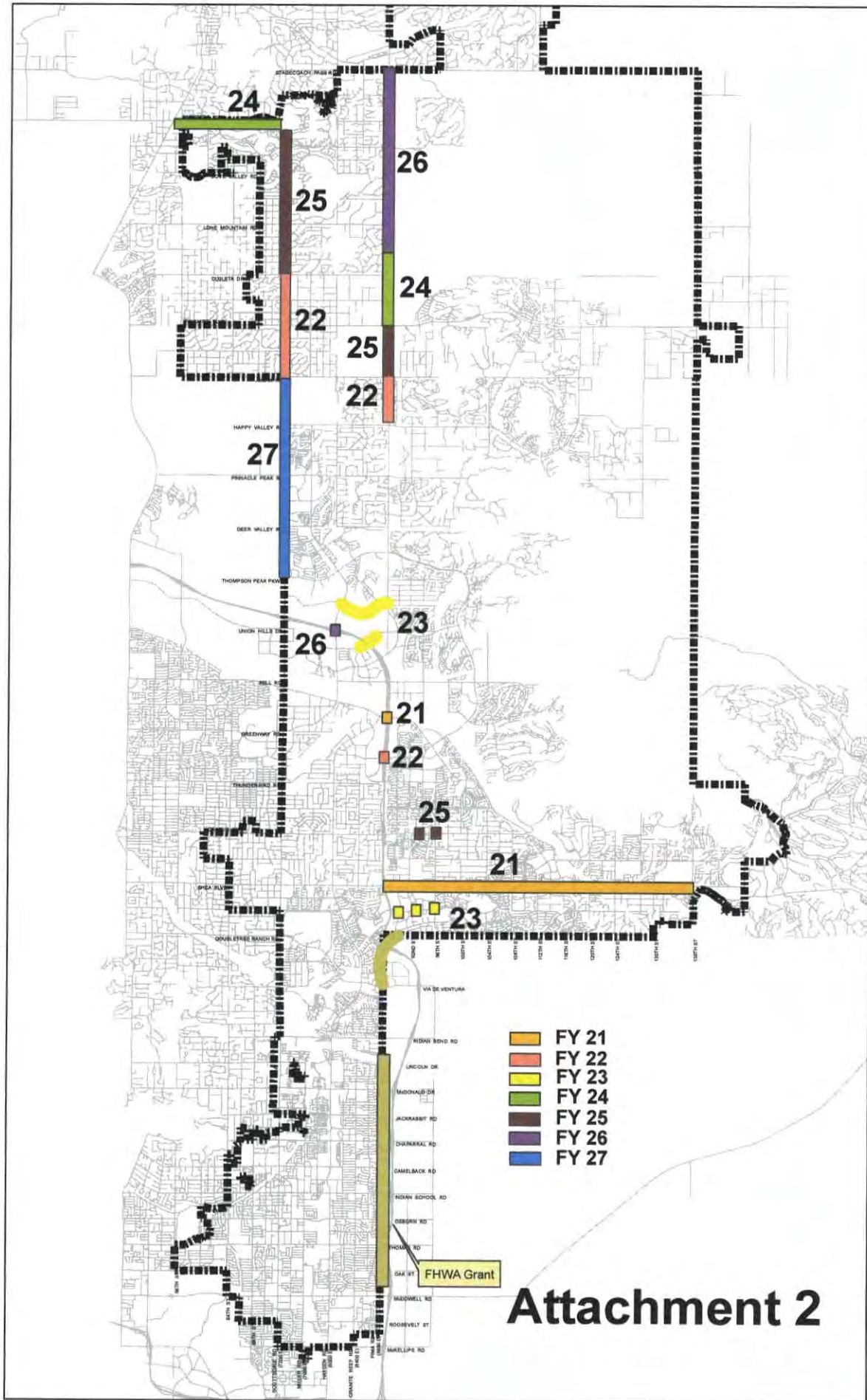
ALCP		\$ 1,190,000
0.1% Transportation Tax		\$ 510,000
	\$ -	\$ 1,700,000

Net Budget Impact - \$1,700,000

Justification: Advance capital project originally forecasted in future years to FY 2019/20, and align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.

	Budget Reduction	Budget Increase
<u>Shea Boulevard Intersections: Arizona State Route 101 to 136th</u>		
9 Street		
ALCP		\$ 700,000
0.1% Transportation Tax		\$ 300,000
	<u>\$ -</u>	<u>\$ 1,000,000</u>
Net Budget Impact - \$1,000,000		
Justification: Advance capital project originally forecasted in future years to FY 2019/20, and align the city's capital budget to the ALCP budget approved by MAG's Regional Council on June 26, 2019.		
Use of FY 2019/20 Transportation Capital Contingency	\$ (975,000)	
Use of FY 2019/20 General Fund Capital Contingency	\$ (1,229,329)	
	<u>\$ (6,799,406)</u>	<u>\$ 6,799,406</u>
Total Net Budget Impact	\$ (6,799,406)	\$ 6,799,406

ALCP Projects by Construction Start Fiscal Year - 0.1% Sales Tax Funds (9/19)



Attachment 2