

CITY COUNCIL REPORT



Meeting Date: **November 12, 2019**
 General Plan Element: ***Character & Design***
 General Plan Goal: ***Build upon the significant role the arts have played in shaping our community's image and lifestyle by maximizing the potential of public art to enrich the daily lives of people that live in or visit Scottsdale.***

ACTION

Modification to Payment Schedule for Scottsdale Arts Financial Participation Agreement. Adopt Resolution No. 11638 authorizing contract No. 2019-060-COS-A1, an amendment to the Financial Participation Agreement between the City of Scottsdale and Scottsdale Cultural Council D/B/A Scottsdale Arts, to modify the payment schedule established by said agreement. z

BACKGROUND

In June 2019, City Council adopted on consent a Financial Participation Agreement (FPA) with Scottsdale Arts for a total of \$5,730,252 as allocated in the city's FY 2019/20 adopted operating budget. This was the first fiscal year that staff incorporated the Management Services Agreement (MSA) fee of \$4,907,852 with other Special Revenue funding of \$822,400 for Canal Convergence, Scottsdale Philharmonic, Scottsdale International Film Festival and a supplemental payment for the Community Arts Grants program.

Staff continues to work with Scottsdale Arts on a new MSA and anticipates bringing the agreement to City Council in FY 2019/20. The city and Scottsdale Arts continue to operate under the current Management Services Agreement No. 2008-048-COS, which remains in effect until terminated by City Council with a new MSA.

ANALYSIS & ASSESSMENT

The MSA outlines the process for the annual city appropriation, as well as the allocation plans for specific activities. The city has provided funding each year to the Scottsdale Arts through a variety of sources and methods most notably through the annual FPA. This annual FPA authorizes payment of a fee to Scottsdale Arts to provide the services as outlined in the MSA.

On June 25, 2019, Council approved on consent the FPA and a specific payment schedule that incorporated the annual MSA fee of \$4,907,852, which historically has been paid over a nine-month period from July to March, with the Special Revenue funding in the amount of \$822,400 for Canal Convergence, Scottsdale Philharmonic, Scottsdale International Film Festival and a supplemental payment for the Community Arts Grants program.

City Council Report | Payment Schedule for Scottsdale Arts Financial Participation Agreement

Staff utilized the same payment formula for the Special Revenue funding as the MSA. However, the events and activities receiving Special Revenue funding all occur in the first and second quarters of FY 2019/20. As such, Scottsdale Arts is requesting that the FPA be amended so that all remaining Special Revenue funding be received in the second quarter. The amount of \$5,730,252 as allocated in the city's FY 2019/20 adopted operating budget remains the same; only the payment schedule is adjusted. Table 1 outlines the FPA approved payment schedule, the requested payments and the monthly adjusted amount for the remaining payments in FY 2019/20.

Table 1. Financial Participation Agreement Payment Schedule for Management Services

	Approved	Requested	Adjusted Payment
July	\$1,146,050.40	\$1,146,050.40	\$0.00
August	859,537.80	859,537.80	\$0.00
September	573,025.20	573,025.20	\$0.00
October	573,025.20	573,025.20	\$0.00
November	573,025.20	860,865.20	\$287,840.00
December	573,025.20	490,785.20	(\$82,240.00)
January 2020	573,025.20	490,785.20	(\$82,240.00)
February 2020	573,025.20	490,785.20	(\$82,240.00)
March 2020	286,512.60	245,392.60	(\$41,120.00)
Total Management Services Fee	\$5,730,252.00	\$5,730,252.00	\$0.00

RESOURCE IMPACTS

Sufficient funding for the total FPA in the amount of \$5,730,252 is included in the city's FY 2019/20 adopted operating budget.

STAFF RECOMMENDATION

Modification to Payment Schedule for Scottsdale Arts Financial Participation Agreement. Adopt Resolution No. 11638 authorizing contract No. 2019-060-COS-A1, an amendment to the Financial Participation Agreement between the City of Scottsdale and Scottsdale Cultural Council D/B/A Scottsdale Arts, to modify the payment schedule established by said agreement.

RESPONSIBLE DEPARTMENTS

Tourism and Events Department

STAFF CONTACT (S)

Karen Churchard, Tourism and Events Director, kchurchard@scottsdaleaz.gov, 480-312-2890

APPROVED BY



Judy Doyle, Budget Director
480-312-2603, jdoyle@scottsdaleaz.gov

10.25.19

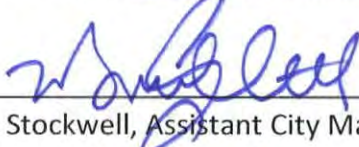
Date



Randy Grant, Planning & Econ. Development Executive Director
480-312-2664, rgrant@scottsdaleaz.gov

10/25/2019

Date



Brent Stockwell, Assistant City Manager
480-312-7288, bstockwell@scottsdaleaz.gov

10/25/19

Date



Jim Thompson, City Manager
480-312-2811, jthompson@scottsdaleaz.gov

10/29/19

Date

ATTACHMENTS

1. Resolution No. 11638
2. Financial Participation Agreement No. 2019-060-COS-A1

RESOLUTION NO. 11638

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, APPROVING AGREEMENT NO. 2019-060-COS-A1, AN AMENDMENT TO THE FINANCIAL PARTICIPATION AGREEMENT BETWEEN THE CITY AND SCOTTSDALE ARTS TO MODIFY THE PAYMENT SCHEDULE.

WHEREAS, on May 20, 2008, the City and the Scottsdale Cultural Council doing business as Scottsdale Arts ("Scottsdale Arts") entered into Management Services Agreement 2008-048-COS ("Management Services Agreement"), wherein the City designated Scottsdale Arts as the principal organization for advising, planning and administering arts and cultural activities for the City; and

WHEREAS, the City desires to provide funds to the Scottsdale Arts for fiscal year 2019-20 so that Scottsdale Arts may continue to administer the arts and cultural activities for the City pursuant to the terms of the Management Services Agreement, and the City Council has appropriated funds for such purposes; and

WHEREAS, the Management Services Agreement provides that for each year the City Council appropriates funds for the Scottsdale Arts, the parties shall enter into a Financial Participation Agreement regarding the appropriation; and

WHEREAS, the City and Scottsdale Arts entered into a Financial Participation Agreement on June 25, 2019 that provided for monthly payments to be made to Scottsdale Arts; and

WHEREAS, the City and Scottsdale Arts wish to amend the Financial Participation Agreement to change the amounts for certain of the monthly payments without changing the total payment amount;

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

Section 1. The Mayor is hereby authorized and directed to execute, on behalf of the City, Financial Participation Agreement No. 2019-060-COS-A1 with Scottsdale Arts for the total sum of five million seven hundred thirty thousand two hundred fifty-two dollars (\$5,730,252.00) for fiscal year 2019-20 for Scottsdale Arts to administer the City's arts and cultural activities pursuant to the terms of the Management Services Agreement.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this ___ day of _____, 2019.

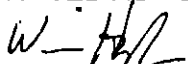
ATTEST:

CITY OF SCOTTSDALE,
a municipal corporation

Carolyn Jagger, City Clerk

W.J. "Jim" Lane, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney

By: William Hylen, Senior Assistant City Attorney

FIRST AMENDMENT TO THE FINANCIAL PARTICIPATION AGREEMENT
BETWEEN THE CITY OF SCOTTSDALE AND SCOTTSDALE ARTS FOR
FISCAL YEAR 2019-20

THIS FIRST AMENDMENT TO the Financial Participation Agreement ("Agreement") is made and entered into this ___ day of _____, 2019, by and between the City of Scottsdale, an Arizona municipal corporation (the "City"), and the Scottsdale Cultural Council, an Arizona non-profit corporation doing business as Scottsdale Arts ("Scottsdale Arts").

RECITALS

A. On May 20, 2008, the City and the Cultural Council executed City of Scottsdale Agreement No. 2008-048-COS ("Management Services Agreement"), in which the City designated the Cultural Council as the principal organization for advising, planning and administering arts and cultural activities for the City.

B. In accordance with the Management Services Agreement, the City desires to pay Scottsdale Arts a Management Services Fee for the City's fiscal year 2019-20, and the City Council has appropriated funds for such purposes.

C. On June 25, 2019, the City and Scottsdale Arts entered into a Financial Participation Agreement for the City to pay \$5,730,252.00 to the Cultural Council for FY 2019-20.

D. The City and Scottsdale Arts wish to amend the Financial Participation Agreement to change the amounts of certain monthly installment payments without changing the total amount to be paid.

NOW THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties agree as follows:

Section 5 of the Agreement is hereby amended as follows:

5. Financial Participation by the City.

5.1. Solely for the purposes stated in this Agreement and the Management Services Agreement, the City shall pay Scottsdale Arts a total Management Services Fee of five million seven hundred thirty thousand two hundred fifty-two dollars (\$5,730,252.00) during and for the City's fiscal year 2019-20. The City shall pay the Management Services Fee to Scottsdale Arts in accordance with the following schedule:

5.1.1 One million one hundred forty-six thousand fifty dollars and forty cents (\$1,146,050.40) by July 1, 2019.

5.1.2 Eight hundred fifty-nine thousand five hundred thirty-seven dollars and eighty cents (\$859,537.80) by August 1, 2019.

5.1.3 Five hundred seventy-three thousand twenty-five dollars and twenty cents (\$573,025.20) by September 1, 2019.

5.1.4 Five hundred seventy-three thousand twenty-five dollars and twenty

cents (\$573,025.20) by October 1, 2019.

5.1.5 Five hundred seventy-three thousand twenty-five dollars and twenty cents (\$573,025.20) by November 1, 2019.

5.1.6 Two hundred eighty-seven thousand eight hundred forty dollars (\$287,840.00) by November 25, 2019.

5.1.7 Four hundred ninety thousand seven hundred eighty-five dollars and twenty cents (\$490,785.20) by December 1, 2019.

5.1.8 Four hundred ninety thousand seven hundred eighty-five dollars and twenty cents (\$490,785.20) by January 1, 2020.

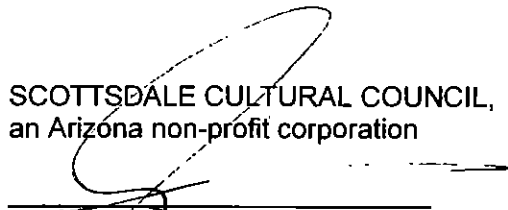
5.1.9 Four hundred ninety thousand seven hundred eighty-five dollars and twenty cents (\$490,785.20) by February 1, 2020.

5.1.10 Two hundred forty-five thousand three hundred ninety-two dollars and sixty cents (\$245,392.60) by March 1, 2020.

The remainder of the Agreement is unaffected by this Amendment and remains unchanged.

EXECUTED as of the date first given above.

SCOTTSDALE CULTURAL COUNCIL,
an Arizona non-profit corporation



Gerd Wuestemann
President and CEO

CITY OF SCOTTSDALE,
an Arizona municipal corporation

ATTEST:

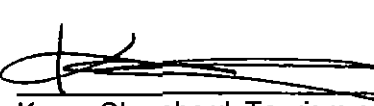
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