

The City of Scottsdale

A report to our citizens - Fiscal Year 2011/12



About Scottsdale

The voters elect a mayor and six council members to govern Scottsdale. The Mayor is W.J. "Jim" Lane and City Council members are Lisa Borowsky, Suzanne Klapp, Linda Milhaven, Robert Littlefield, Ron McCullagh and Dennis Robbins. The City Council appoints six officers to advise them on policy issues and run day-to-day operations. They are Acting City Manager Dan Worth, City Attorney Bruce Washburn, City Auditor Sharron Walker, City Clerk Carolyn Jagger, City Treasurer David N. Smith and Presiding City Judge Joseph Olcavage.

Scottsdale has an estimated 217,965 residents, and is the sixth largest city in Arizona and the 92nd largest city in the United States. The city encompasses 184.5 square miles; 31 miles from north to south. The largest employer is Scottsdale Healthcare with 6,378 employees; other large employers include Mayo Clinic, General Dynamics, the Scottsdale Unified School District and the City of Scottsdale. The city employed 2,172 full-time and 292 part-time workers as of June 30, 2012. There were 55 fewer full-time and 37 fewer part-time workers on payroll than the prior year.

Strategic Goals and Selected Highlights



Advance Transportation

- Completed construction of Pima Road improvements between Thompson Peak and Pinnacle Peak roads
- Completed construction of Scottsdale Road streetscape and Cross Cut Canal path improvements



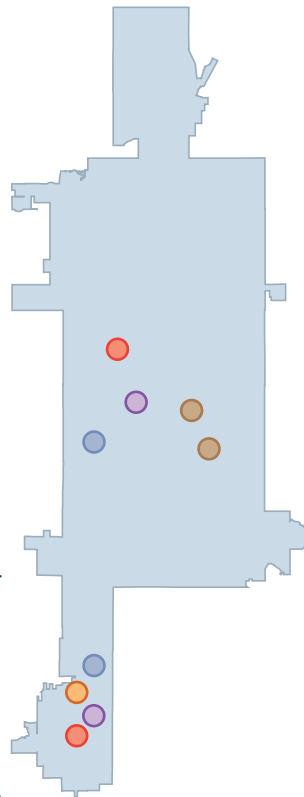
Value Scottsdale's Unique Lifestyle and Character

- Implemented rebate program encouraging exterior modification and additions to homes
- Amended Zoning Ordinance to implement Greater Airpark, Downtown and Southern Scottsdale character area plans



Seek Sustainability

- Refunded \$83 million of bonds, saving \$8.0 million of debt service over the life of the bonds
- Identified approximately \$3.5 million in savings and/or revenue enhancement through audits



Preserve Meaningful Open Space

- Added 4,400 acres of land to the Scottsdale McDowell Sonoran Preserve
- Opened Cavalliere Park in Troon North area



Enhance Neighborhoods

- Renovated Civic Center Library, including a new computer lab, library shop and café
- Completed construction of two new fire stations at Eldorado Park and Cactus Acres




















































Support Economic Vitality

- Approved construction for expanded Tony Nelssen Equestrian Center at Westworld
- Attracted 18,000 people to downtown Scottsdale for a new baseball festival
- Continued to host the PGA's Waste Management Phoenix Open, Barrett-Jackson Collector Car Auction and the Scottsdale All-Arabian Show

Note: The strategic goals are the same as the major divisions of the voter-approved 2001 General Plan and are the six guiding principles developed through CityShape 2020. They are not listed in priority order.

How are we doing?

Scottsdale Statistics Fiscal Year Ending June 30

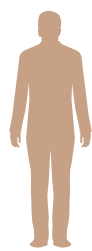
		2010	2011	2012
	Acres of land acquired for the McDowell Sonoran Preserve	399 	2,001 	4,419 
	Annual attendance at parks, community centers and libraries (in millions)	8.6 	8.9 	8.5 
	Total number of filed charges heard and resolved by the City Court	113,382 	108,003 	100,929 
	Responses by the Fire Department to calls for emergency services	23,996 	25,586 	26,344 
	Average Fire Dept. response time to calls for emergency services (in minutes)	4:28 	4:22 	4:18 
	Total crimes per thousand (Scottsdale Uniform Crime Report, Part 1) *	29.6 	31.9 	32.8 
	Average Police Department response time to emergency calls (in minutes)	5:01 	4:57 	5:11 
	Drinking Water Supplied (million gallons per day)	68.4 	67.9 	69.2 
	Homes serviced by residential refuse collections	79,006 	79,508 	79,787 
	New jobs created in targeted industries	731 	450 	1,465 
	Average hotel occupancy rate	58% 	59% 	62% 
	Total citywide transit ridership (in millions)	3.1 	2.5 	2.5 
	Scottsdale Airport takeoffs & landings	156,896 	136,089 	146,058 
	Maintained landscaped medians and rights of way (in millions of square feet)	17.0 	23.2 	23.5 
	Maintained city facilities (in millions of square feet)	2.9 	3.0 	3.0 

* For the preceding calendar year. Increase due to Census 2010 population estimate recalculation.

How do we compare with our neighbors?

Population

Source: Arizona Office of Employment and Population Statistics



Phoenix	Mesa	Chandler	Glendale	Scottsdale	Gilbert	Tempe	Peoria
1,451,970	441,160	238,381	227,446	217,965	213,519	162,503	155,754

Combined Property Tax Rate per \$100 assessed value

Source: City Budget Offices
As of July 1, 2012



Tempe	Glendale	Phoenix	Peoria	Chandler	Scottsdale	Gilbert	Mesa
\$2.14	\$1.90	\$1.82	\$1.44	\$1.27	\$1.23	\$1.15	\$0.51

Local Retail Sales Tax Rate

Source: City Budget Offices
As of Aug. 1, 2012



*on items costing \$5,000 or less

Glendale	Phoenix	Tempe	Peoria	Mesa	Scottsdale	Chandler	Gilbert
2.90%*	2.00%	2.00%	1.80%	1.75%	1.65%	1.50%	1.50%

Monthly Residential Utility Bill

Source: City of Tempe. Typical water, garbage and sewer charges as of January 2012

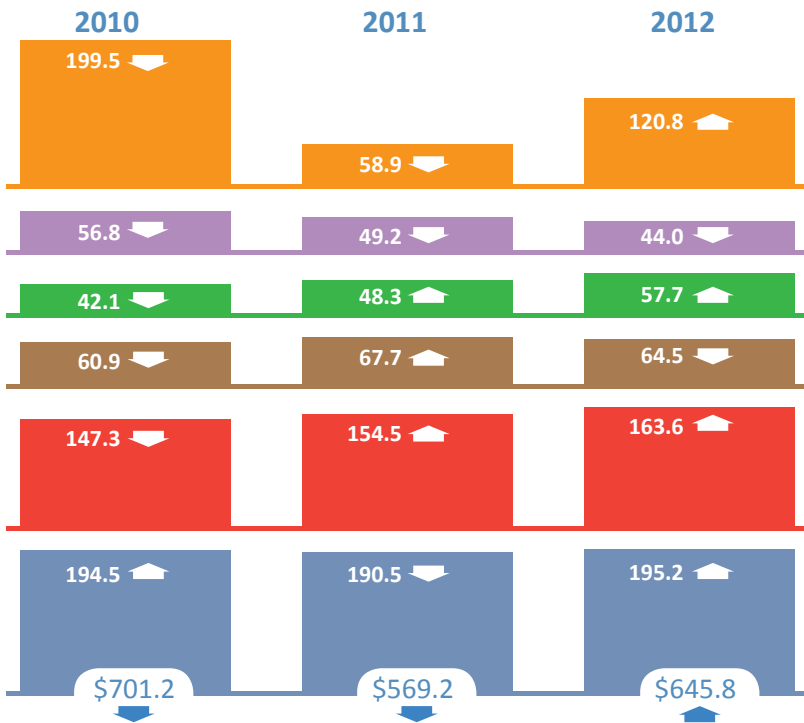


Mesa	Phoenix	Glendale	Peoria	Scottsdale	Tempe	Gilbert	Chandler
\$101.58	\$93.25	\$92.75	\$83.00	\$80.92	\$76.58	\$69.42	\$67.67

What were the expenses for running the City of Scottsdale and what revenues were available?

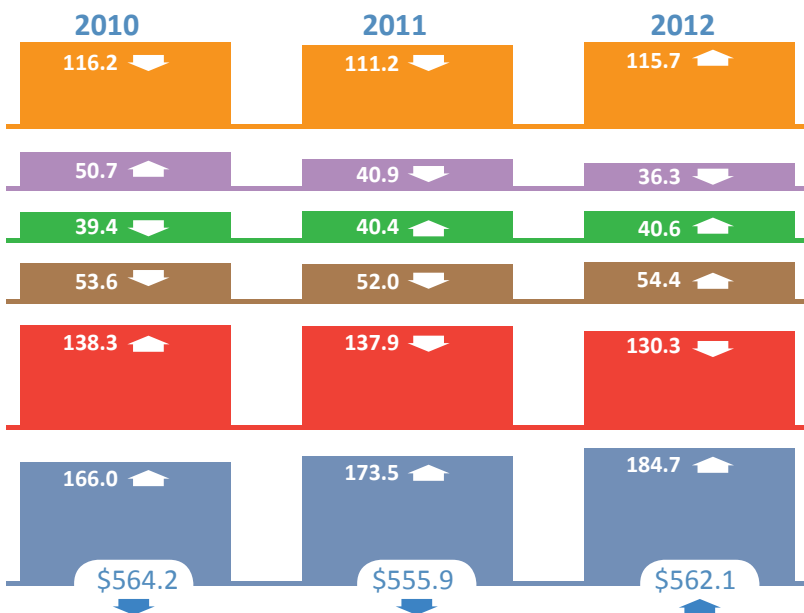
These charts provide a snapshot into how the city as a whole did financially over the past three years. The City's fiscal year begins on July 1 and ends on June 30. For detailed analysis and explanation of these results, please review the Comprehensive Annual Financial Report available on the city's website. The city's financial statements are audited annually by an independent audit firm.

Where does it come from? Revenues (in millions) *Arrows compare results with prior year.*



- **Capital Grants and Contributions (19%).** Includes funding from local, state and federal governments for buildings, construction and equipment*
- **Intergovernmental Taxes (7%).** The city receives a percentage of state revenues based on population
- **Other Revenues (9%).** Includes investment interest, operating grants and miscellaneous revenues, fines and fees
- **Property Taxes (10%).** Taxes collected on residential and commercial properties
- **Business and Sales Taxes (25%).** Local sales and use taxes collected on retail, restaurant, hotel, auto sales and construction
- **Service Charges (30%).** Charges for city utility services including water, sewer and trash collection

Where does it go? Expenses (in millions)



- **Public Safety (21%).** Fire and police department operations
- **General Government (6%).** Administrative services including information technology, human resources, charter and elected officials
- **Interest on Long-term Debt (7%).**
- **Community Services (10%).** Parks, libraries, pools, recreation, senior centers and Scottsdale Stadium
- **Community & Economic Development (23%).** Includes airport, planning, neighborhoods, transportation and WestWorld
- **Public Works & Water Resources (33%).** Includes trash and recycling collection, streets, streetlights, water and sewer services

Net Assets (in millions)

\$4,059.4	\$4,196.4	\$4,209.7	Beginning of Year
\$4,196.4	\$4,209.7	\$4,293.5	End of Year

Net assets can serve as a useful indicator of a government's overall financial health. In the private sector, this concept is commonly referred to as "net worth." Assets are the total property, including cash and investments, owned by the city; and liabilities are the total debts or financial obligations. Net assets is calculated by subtracting total liabilities from total assets.

*Revenue decline attributed to decrease in non-cash infrastructure contributions toward capital assets

Challenges Moving Forward

The adopted budget for the fiscal year that began July 1, 2012 stabilizes the city's spending, maintains the excellent level of service Scottsdale residents enjoy, reinvests in the city workforce and supports new projects such as the Tony Nelssen Equestrian Center at WestWorld, while also investing one-time savings in critical maintenance upkeep needs.

General Fund revenues are expected to increase by \$15 million or almost 7 percent, a positive trend that continues from the previous year. Division operating expenditure increases have been contained to \$10 million or 5 percent – many of those increases are necessary to cover rising costs over which the city has little control.

The capital improvement plan invests \$21 million of general fund dollars (or \$363 million all funds) in a variety of key infrastructure improvements citywide to maintain and improve the backbone of the city's service delivery systems.

The one-time savings created by keeping operating expenses below revenues in past years allowed us to dedicate an additional \$5.3 million to the capital program to address critical maintenance and upkeep needs at parks, pools and other city facilities.

We are interested if you have comments or suggestions regarding how we can lower costs or improve services. In addition, please let us know if you like this report, or if there is any other information you would like to see included next year.

Please contact the City Manager's Office to provide your comments.

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*Images of projects completed in the past year:
Page 1: George "Doc" Cavalliere Park;
Page 4: "The Bell, The Flower, and The Wash" by Ilan Averbuch; George "Doc" Cavalliere Park;
Pima Road Streetscape*

11/2012

What are our priorities for Fiscal Year 2012/13?



- Acquire 6,400 acres of land from the State Land Department to connect the Preserve with the Tonto National Forest
- Complete construction of the Brown's Ranch Trailhead, including Jane Rau Interpretive Trail
- Increase fire prevention activities in adjoining neighborhoods to reduce risk of Preserve fires
- Initiate first phase of access control, signage, trails and restoration in recently acquired Preserve lands



- Deliver cardiac arrest patients (with a pulse) to emergency room doors at or faster than the national average
- Implement program encouraging enhanced design of exterior modifications & additions in single family (R1-7) neighborhoods
- Review and modify the process to correct major code violations to improve timeliness and cost recovery
- Improve pre-screening process to increase numbers of low-income residents receiving direct assistance



- End long distance shipping of Granular Activated Carbon and begin reactivating at new local facility
- Create software application to streamline tracking of police officer applicants through the personnel process
- Complete software development for work orders, asset management and maintenance of radio systems
- Replace compressed natural gas fueling station at Via Linda facility to increase reliability



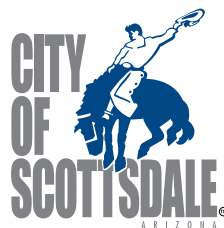
- Implement cooperative marketing plan for Airport, Airpark and WestWorld with aviation stakeholders
- Begin construction and recruit new events for the expanded Tony Nelssen Equestrian Center at WestWorld
- Continue amending Zoning Ordinance to improve regulatory efficiency while protecting neighborhoods
- Enhance tax base through new development and jobs Downtown, and on Bell & McDowell road corridors



- Maintain paved street system at an average condition index rating of 70 on an 100 point scale
- Initiate Airport Master Plan to evaluate future airport development and aviation-related uses in the Airpark
- Complete final design and initiate construction of Northsight Extension between Hayden & Frank Lloyd Wright
- Update Freeway Improvement Plan to improve access to WestWorld and the Bell Road corridor



- Process text amendments to implement Greater Airpark, Downtown & Southern Scottsdale area plans
- Continue General Plan public outreach with the objective to complete a draft update by April 2013



This report provides a snapshot of information available in the budget and comprehensive annual financial report documents which are available at:

www.ScottsdaleAZ.gov/finance