

# Preliminary FY23/24 Budget Outlook



City Council Work Study, February 21, 2023

# Budget Process

## October to December - Department Requests

- Personnel
- IT and Capital Improvement Plan (CIP)
- Other operating requests

## January to March - Forecasts & Budget Balancing

- Project revenues, expenditures, reserve and debt requirements etc.
- Decisions on budget requests

## April to June - Budget Adoption

- Council presentations
- Public hearings
- Adoption of rates and fees and property tax levies
- Adoption of proposed and final budget & CIP

# Preliminary Outlook

1. What to Expect for FY23/24
2. Operating Revenue Outlook
3. Operating Expenditures and Pensions
4. Proposed Debt Issuance

# What to Expect for FY23/24

Consumers  
reining in spending

State Shared will  
Increase, then  
Decrease

One-Time Revenues  
are just One-Time

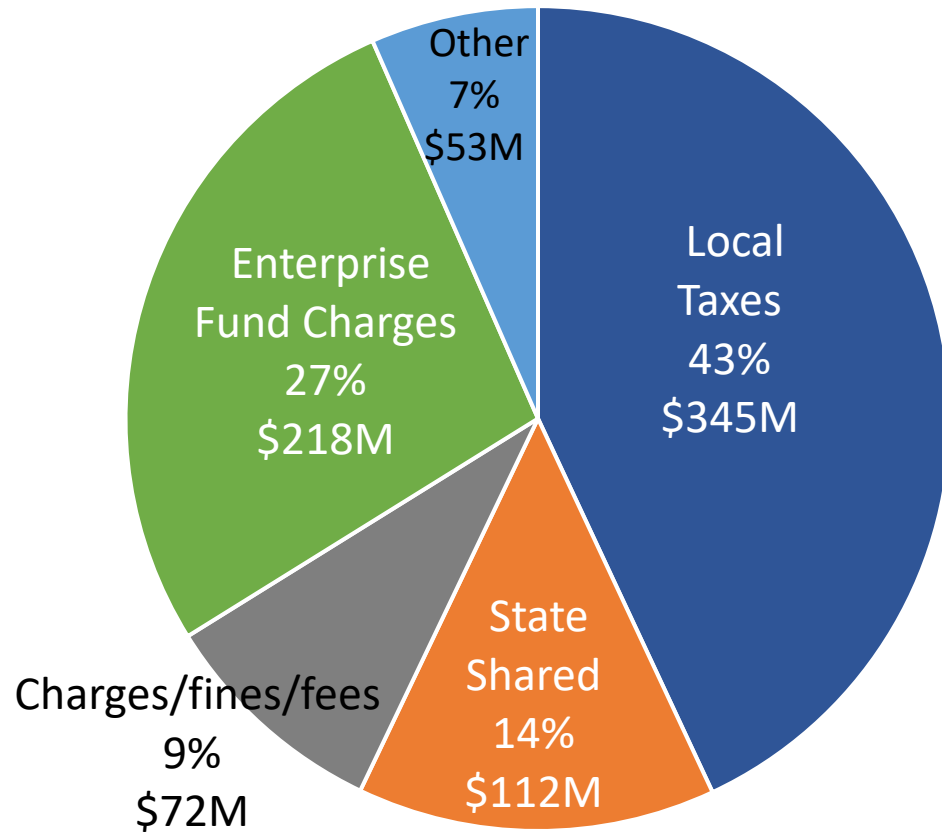
Inflation Pressures

- End of extraordinary stimulus
- Drawing down personal savings
- Economic uncertainty – recession or growth
  
- Individual income flat tax will result in lower allocation to cities
- Lower population growth compared to other valley cities
  
- CARES Act - \$29M – funded special programs
- American Rescue Plan Act - \$29M – freed up General Fund
- Land Sales - \$63M – funded capital projects
  
- Labor costs
- Insurance premiums
- Cost of materials
- Cost of capital projects

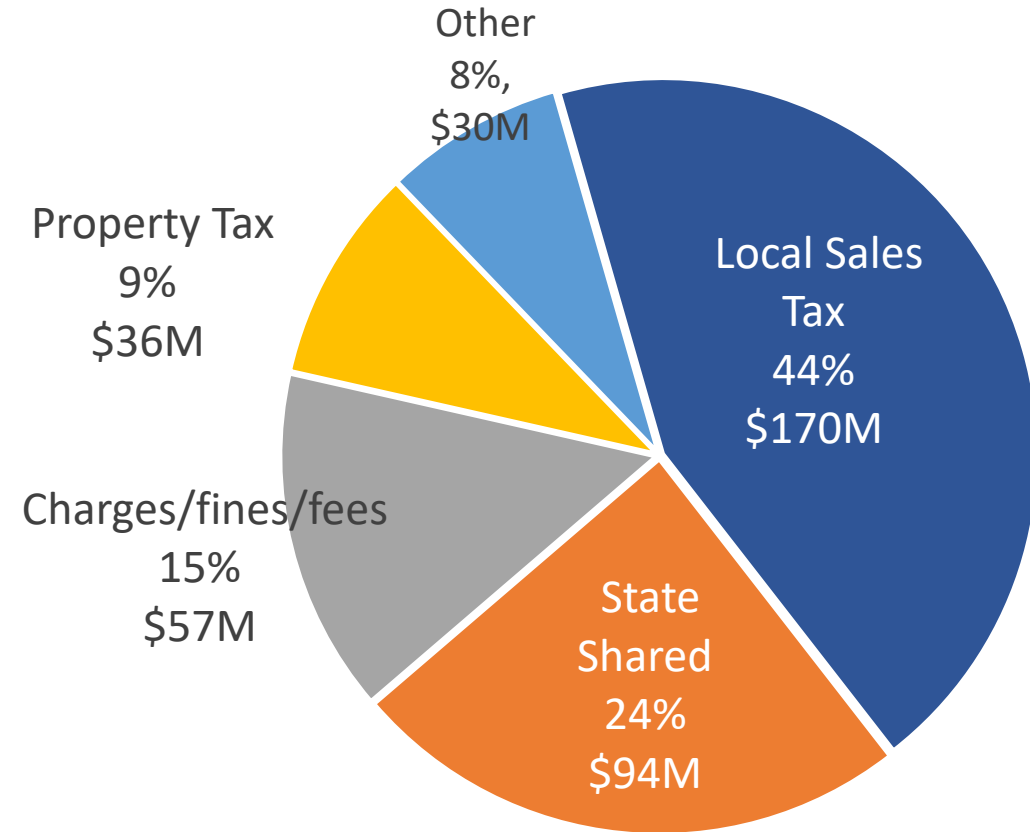
# Operating Revenue Outlook

# Sources of Operating Revenues (FY22/23 budget)

## Total City\*



## General Fund



\* Amounts exclude internal transfers and charges

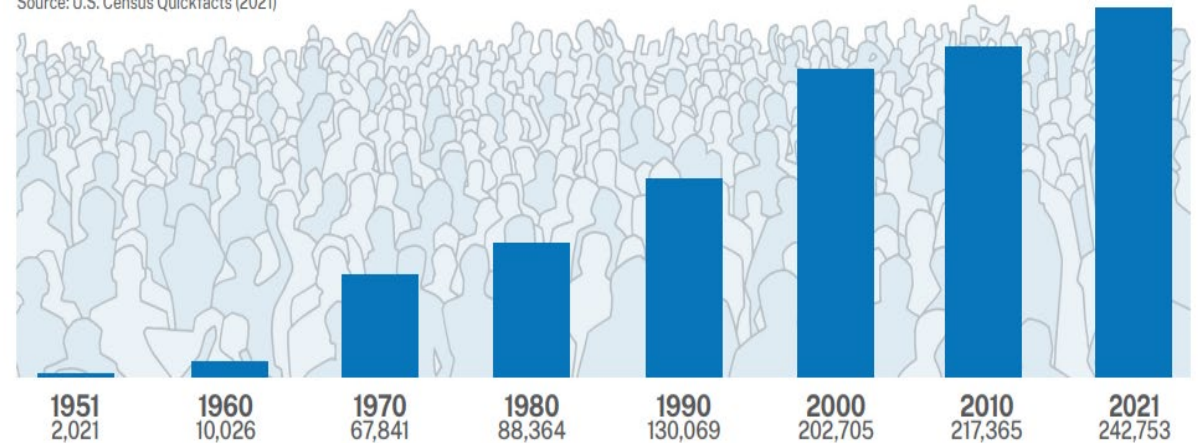


# Scottsdale's Economy Remains Strong

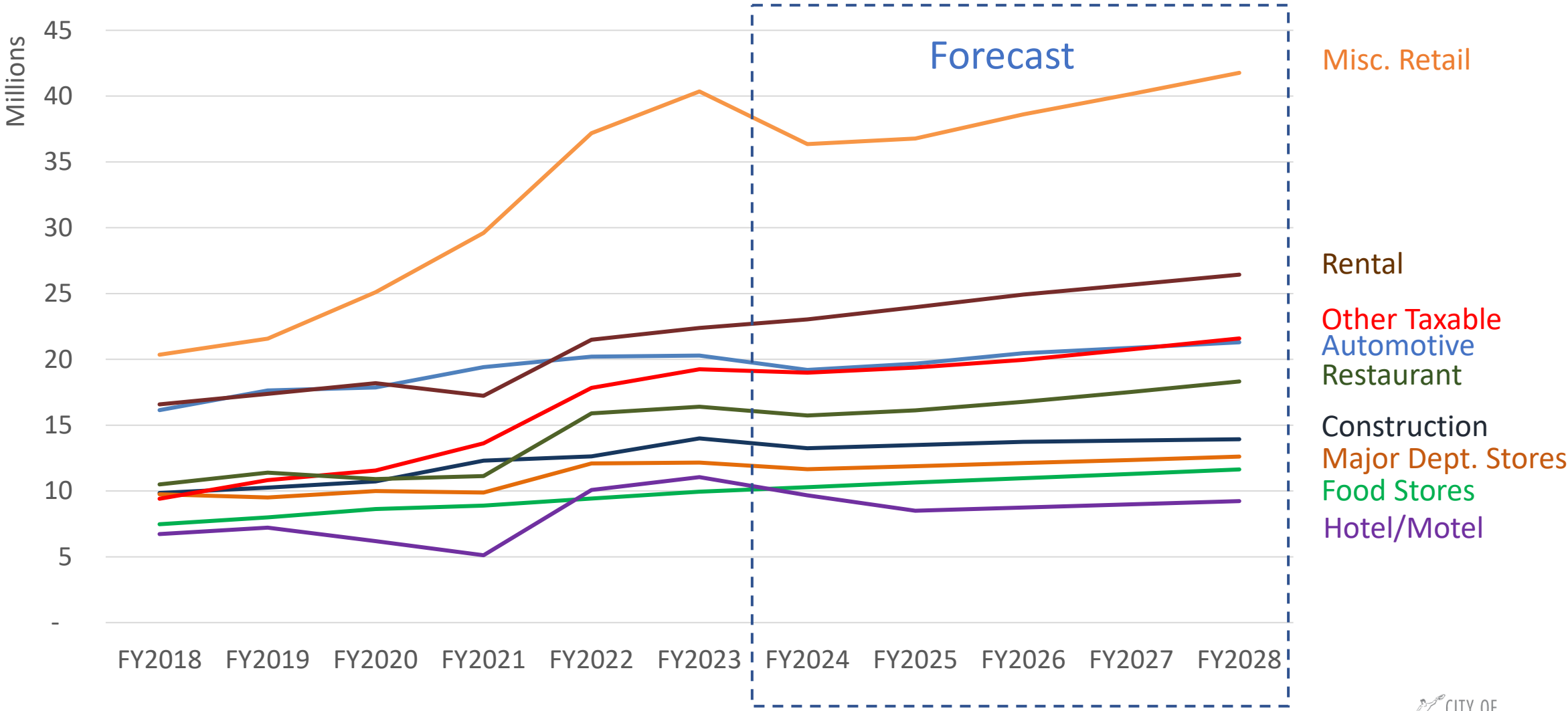
- Population growth
- Low unemployment rate (2.4% in December)
- High property values
- High demand for tourism/event activities
- High median income (40% higher than US average), more affluent consumers less impacted by inflation and rising interest rates

## Scottsdale Population Growth

Source: U.S. Census Quickfacts (2021)

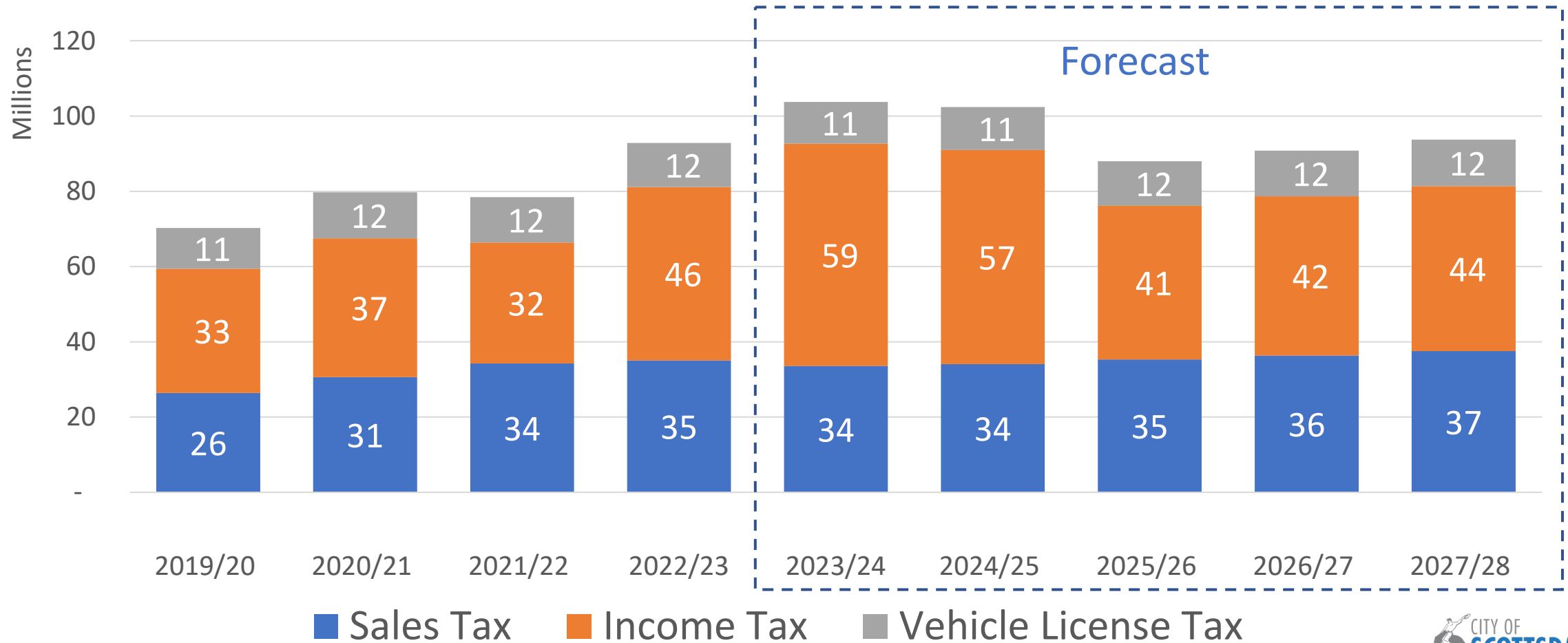


# Local Sales Tax (General Fund)

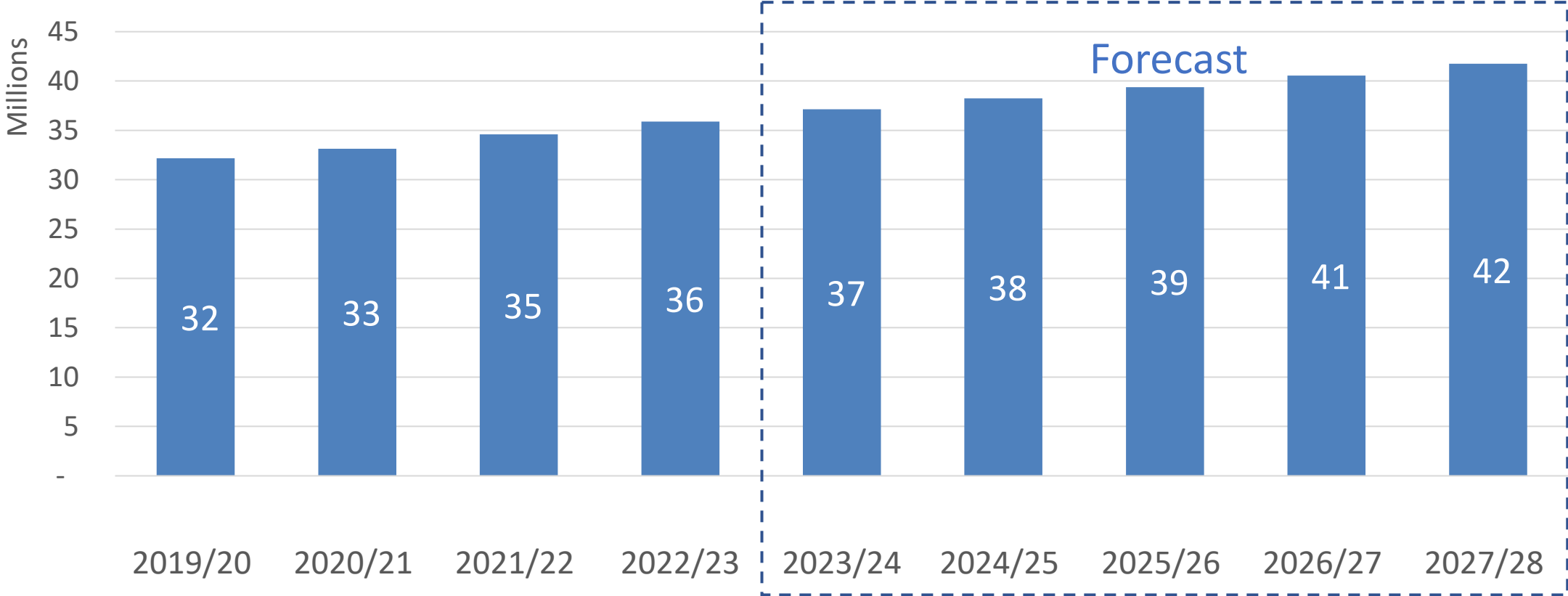




# State Shared Revenues (General Fund)



# Primary Property Tax Revenues (General Fund)



Maximum Allowable	
Primary Property Tax Rate *	\$ 0.4897    \$ 0.4863

\* does not include tort judgements

# Projected General Obligation Bond Issuances Secondary Property Tax Rates (for debt service)

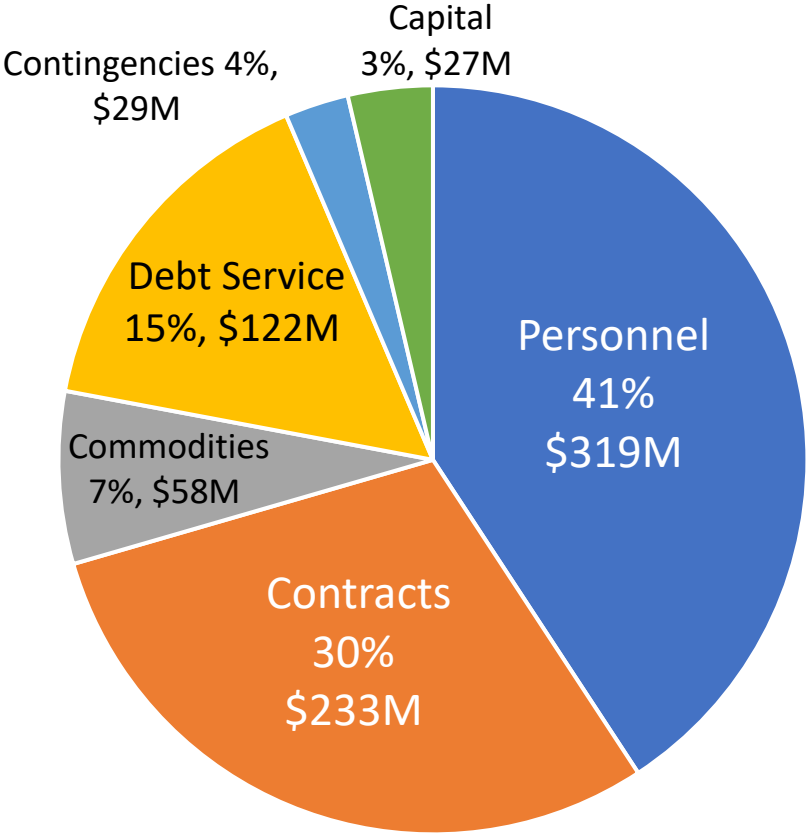
Bond Types	Forecasted Fiscal Year of Issue	Forecasted Amount to be Issued
General Obligation Bonds – Bond 2019 projects	2024/25	\$90,000,000
General Obligation Bonds – Bond 2019 projects	2026/27	\$95,000,000

	ADOPTED 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
Secondary Property Tax Rate With forecasted General Obligation Bonds noted above	\$ 0.4101	\$ 0.4929	\$ 0.4136	\$ 0.4054	\$ 0.4690	\$ 0.4242

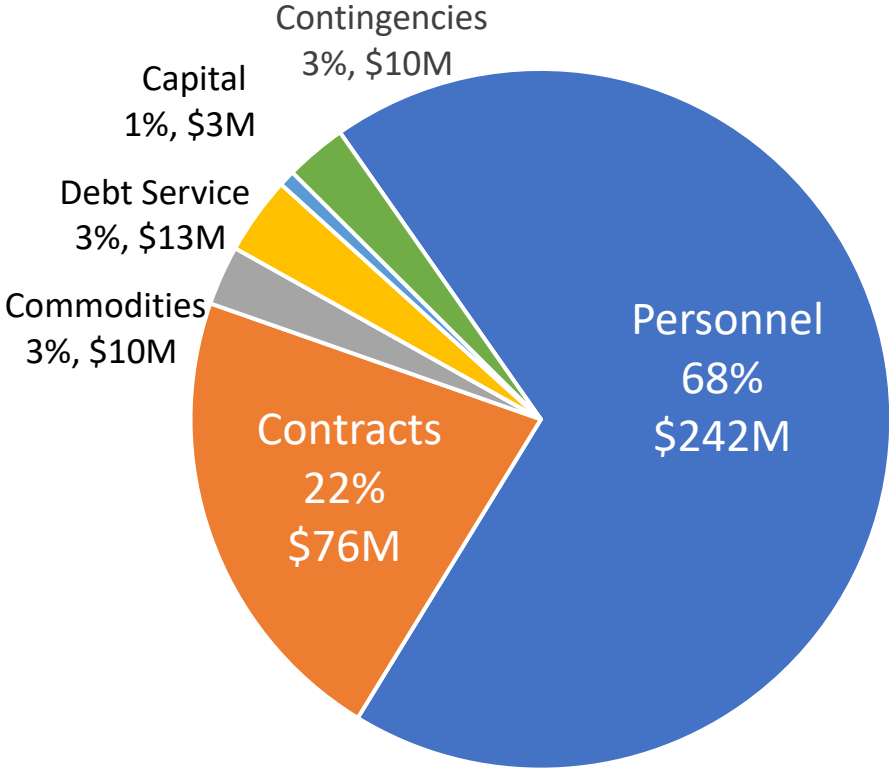
Operating Expenditures  
Pensions  
Debt Issuance

# Operating Expenditures (FY22/23 budget)

## Total City



## General Fund



Note: Amounts exclude interfund activities

# What to Expect for FY23/24

## Labor Costs

- Merit, step and market
- Health care cost increase – est. 7% - 9%
- Retirement cost – continue to pay down PSPRS liability
- New positions

## Contracts & Commodities

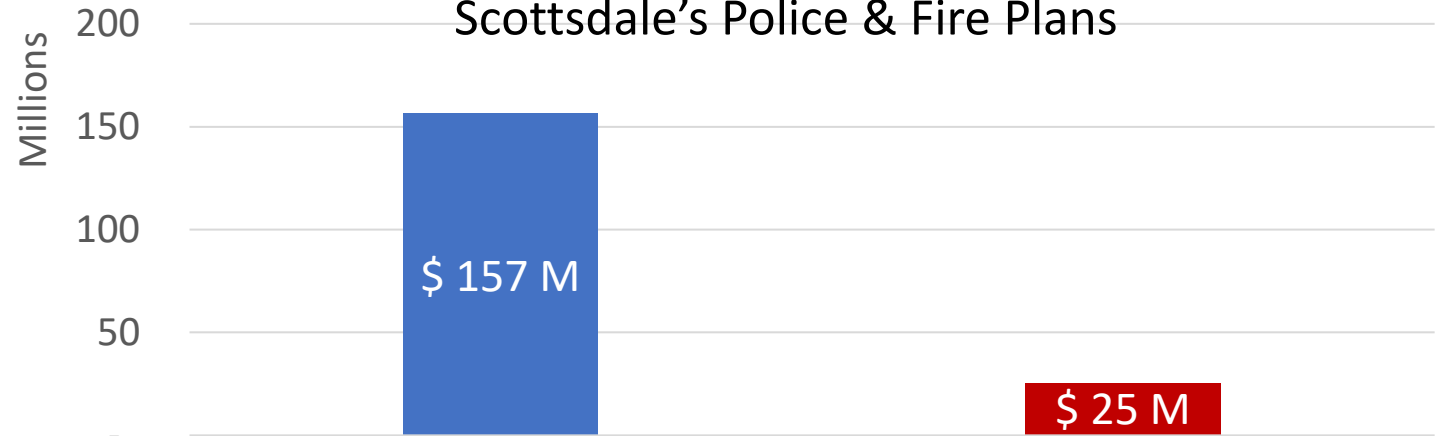
- Inflation on contracts and commodities
- Insurance premium increases
- Technology and software
- Equipment replacements

## New Operating Costs

- Operating costs for new capital projects coming online
- Additional requests to keep up with demand

# Public Safety Personnel Retirement System (“PSRS”)

June 30, 2022 Valuation – Unfunded Actuarial Liability for  
Scottsdale’s Police & Fire Plans



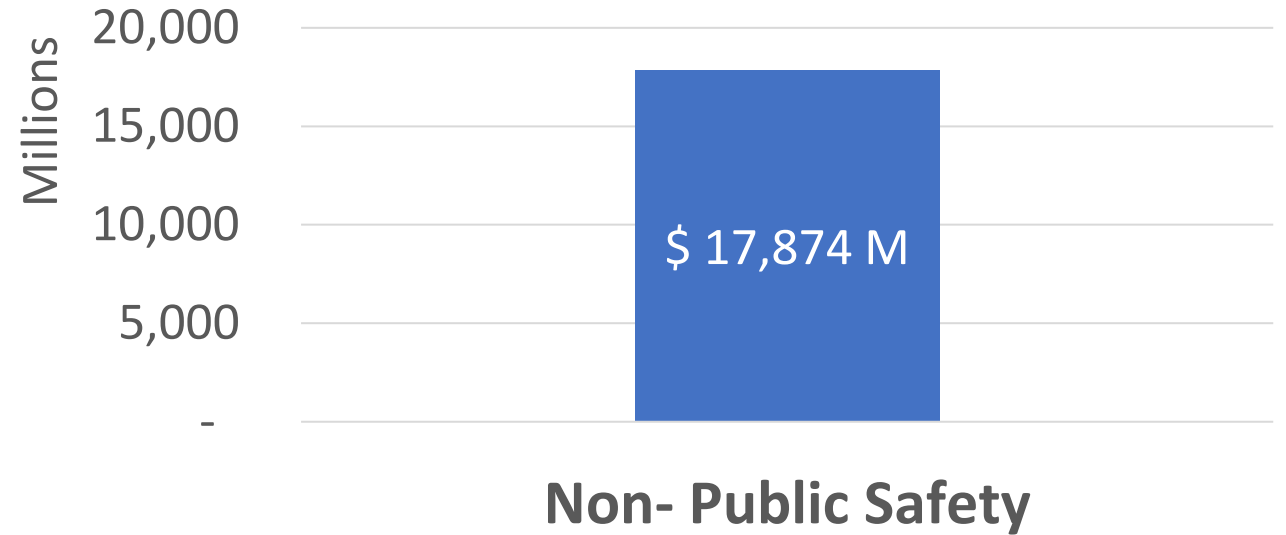
	Police	Fire
<u>Funded Ratio:</u>	64%	86%

	Police	Fire
<u>City Contribution Rate:</u>		
2023	63%	23%
2024	59% (will budget at 63%)	25%

	Police	Fire
<u>Additional Contributions:</u>		
2022	\$35M	\$5M
2023	\$10M	
2024	TBD	



June 30, 2022 Valuation – Unfunded Actuarial Liability for All Employers in ASRS Pool



Funded Ratio: 73%

City Contribution Rate:

2023 12.17%

2024 12.29%

Arizona State Retirement System (“ASRS”) –

# Projected Debt Issuances

## Forecasted General Obligation and Revenue Bonds

Bond Types	Forecasted Fiscal Year of Issue	Forecasted Amount to be Issued
Solid Waste Revenue Bonds – Transfer Station	2023/24	\$25,000,000
General Obligation Bonds – Bond 2019 projects	2024/25	\$90,000,000
Water and Sewer Revenue Bonds	2025/26	\$90,000,000
General Obligation Bonds – Bond 2019 projects	2026/27	\$95,000,000

# Arizona Expenditure Limitation

## Limits Spending of Local Revenues

In 1980, Arizona voters approved [Arizona Constitution, Article IX, §20](#), prescribing an expenditure limitation for each city and town for the purpose of controlling expenditures of local revenues and limit future increases in spending to adjustments for inflation and population growth.

	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>
Expenditure Limitation per Constitution	536,010,625	542,507,696	585,825,862
Expenditures of Local Revenues	495,028,000	489,729,000 est.	TBD
Remaining Capacity	40,982,625	52,778,696 est.	TBD

# Budget Timeline

Feb 21

Preliminary Budget Outlook

March 7

Proposed Rates & Fees

April 4

Proposed Budget & CIP Release

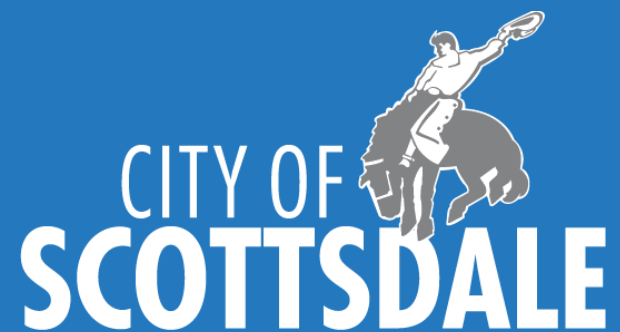
April 25

Proposed Budget and CIP presentation

May 16 –  
June 27

Final Adoption of Budget and CIP, Rates and Fees, Property Tax Levies

# Questions / Comments



# FY 2023/24 CIP Development

Council Work Study

February 21, 2023

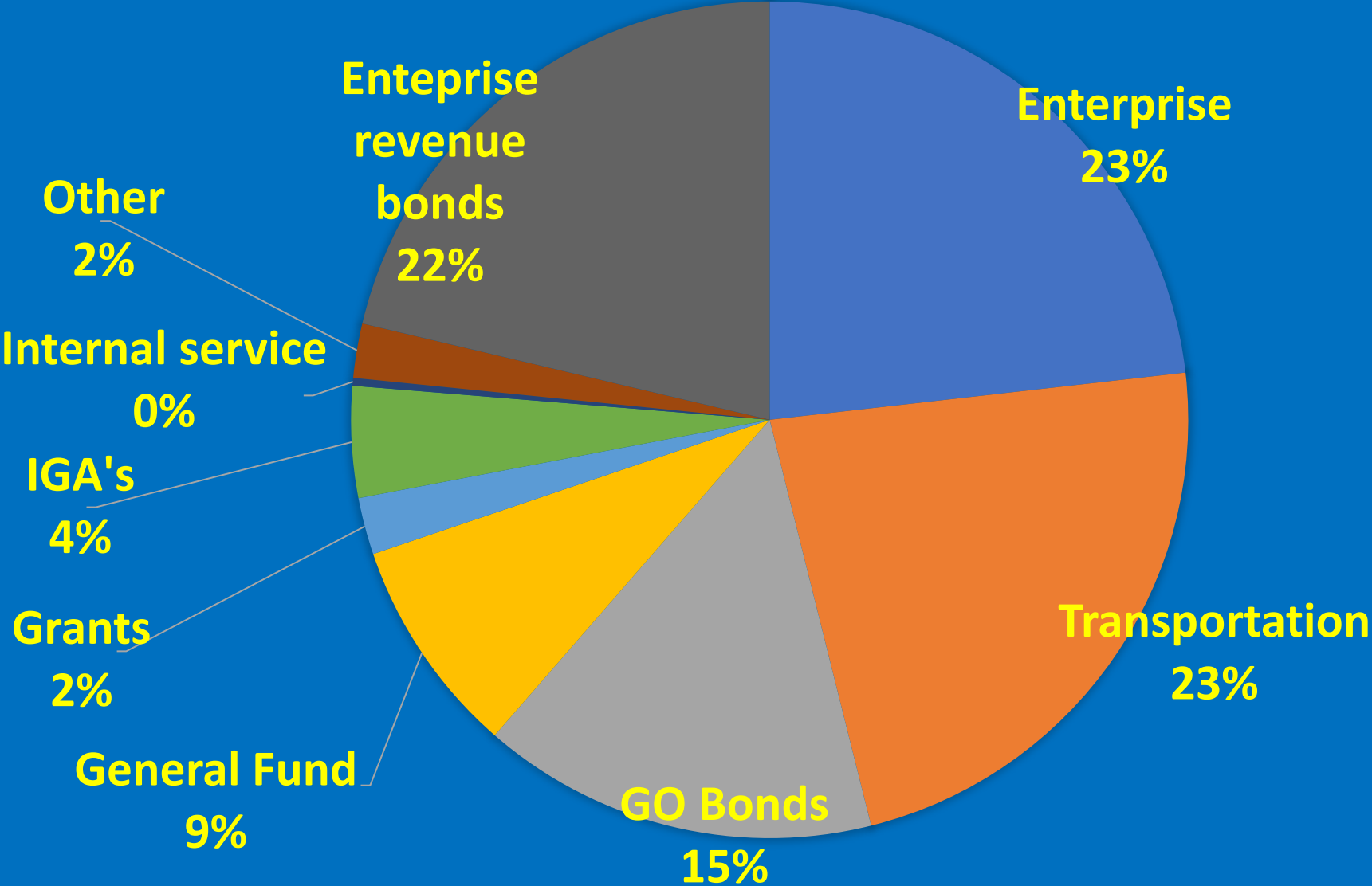
# CIP Development: FY 2023/24 Timeline

September 2022	CIP Kick Off
October 2022	CIP Funding Request Due
October & November 2022	Technical Review
November 2022	Operating Impacts Review
December 2022	Capital Management Review Committee: Construction Capital Management Review Committee: Technology
January 2023	Executive Level Review with City Manager
January – March 2023	CIP Updates to City Council
April 2023	FY 2023/24 Proposed Budget Released to City Council
May 2023	FY 2023/24 Tentative Budget Adoption
June 2023	FY 2023/24 Final Budget Adoption
July 2023	FY 2023/24 Budget Implementation



# FY 2022/23 CIP by Fund

Total FY 2022/23  
budgeted  
expenditures:  
\$1.1 billion



# CIP: GF Projects Currently in FY 2022/23 CIP Budget

- *Annual Projects: \$45.8M*
- *Technology and Equipment: \$9.0M*
- *Bond 2019 Projects: \$25.0M*
- *Construction Projects: \$65.3M*





# CIP: GF Projects Currently in FY 2022/23 CIP Budget

## *Annual Projects: \$45.4M*

Project	Approved 5Y GF
Crime Laboratory Equipment Replacement	1,766,000
Police Portable and Vehicle Radio Replacement	6,204,992
Public Safety - Fire Radio Replacement	2,263,647
Facilities Upgrade and Replacement Program	17,101,194
IT - Network Infrastructure	4,363,520
IT - Server Infrastructure	7,711,041
Replacement of Major Systems - FCA	6,000,000

## *Technology and Equipment: \$9.0M*

Project	Approved 5Y GF
Phase I Certificate of Necessity (CON) - Ambulance	1,617,209
Agenda Management System Software	297,000
Enterprise Resource Planning System	5,125,076
Geographic Information System Data Alignment	300,000
License and Permit Management System	472,500
Public Safety Radio BDA Replacement	390,000
Real Time Crime Center	562,407
Uninterrupted Power Supply	187,000

# CIP: GF Projects Currently in FY 2022/23 CIP Budget

*Bond 2019 Projects: \$25.0M*

Project	Approved 5Y GF
01 - Replace Aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza	6,243,144
24 - Install High Efficiency Sports Lighting at 4 Facilities	3,759
38 - Build a new Fire Department Training Facility	5,000,000
27 – Modernize, Expand Police & Fire Training Facility	5,759,600
30 - Indian School Park Field 1 Lighting	375,000
45 - Renovate WestWorld Horse Barns to Increase Rentable Space	1,000,000
53 - Build Multi-Use Sport Fields in the area of Bell Road	4,404,852
07 - Replace Outdated 9-1-1 Computer Aided Dispatch and Records Management to Improve Efficiency	745,844
26 - Replace Deteriorating Vehicle Training Track at the Police and Fire Training Facility	1,000,000
05 - Modernize Computer Equipment Rooms to Protect City Servers	199,203
11 - Replace Document Management System to Improve Public Access to Information	15,000
14 - Replace Obsolete Planning and Permitting Software	285,000
17 - Obtain a Citywide Data Management and Analytics Solution for Data-Based Decision Making	10,000
57 - Install Solar Systems North Corporation Campus	940
18 - Build Roadway & Pedestrian Improvements along 2nd St from Drinkwater Blvd to Goldwater Blvd	1,133



# CIP: GF Projects Currently in FY 2022/23 CIP Budget

*Construction Projects: \$65.3M*

<u>Project</u>	<u>Approved 5Y GF</u>
Aquatics Lifecycle Replacement	4,106,232
Arts in Public Places	26,118
Gateway Monument Replacement	817,946
Goldwater 5th Avenue Park	1,276,014
Park Amenities	3,522,540
Park Restrooms	6,020,475
Playground Rehabilitation	1,209,187
Scottsdale Stadium Railings	650,000
Scottsdale Stadium Renovations Phase 2	5,000,000
Sky Room at Civic Center Library	367,640
Granite Reef Watershed Phase 1	139,664
Rawhide Wash Flood Control - Design, ROW, Const Ph I	69,438
Reata Wash Flood Control	1,465,428
Ballistic Glass at Police Department Facilities	335,720
Closed Circuit Television Security Camera System and Access Control Replacement	1,872,000
Entertainment District Safety Enhancement Camera Project	255,500
Fire Alarm Monitoring Upgrade	69,000
Fire Station 603 Relocation	480,640
Fire Station 612 Land Acquisition	2,970,000
Fire Station 616 Design and Construction	1,790,805



WELCOME TO SCOTTSDALE



# CIP: GF Projects Currently in FY 2022/23 CIP Budget

*Construction Projects: \$65.3M*

Project	Approved 5Y GF
Jail Dormitory Phase II	471,276
Purchase Land for Fire Station 617	3,347,000
Renovate Fire Station 606	2,750,021
Security Cameras and Access Control Systems	1,290,700
Shade Structures for Police Department Horse Barn	114,000
City Buildings Safety Retrofit - 28120	1,324,929
Community Facility Safety Upgrades - 28100	1,719,612
Energy Performance Project - Phase I	3,080,000
Energy Performance Project - Phase II	4,900,000
Old Town Wooden Pole Replacement & Sign Refurbishment	390,000
Stagebrush Renovation	2,282,990
WestWorld - Lot T Improvements	298,662
WestWorld Drainage	200,000
2nd Street Access and ADA Ramp	403,840
Downtown Main Street Streetscape & Pedestrian Improvements	2,289,730
Entertainment District Bollards	2,159,834
Entertainment District Street & Festoon Lighting	2,787,354
Parking Lot Pavement Project	2,324,758
Scottsdale Road Overhead Power Undergrounding	750,000



# FY 23/24 CIP General Fund Project Needs

## Annual Projects

- Additional year of funding (facilities, IT, radios, etc.)

## Department Submissions

- New projects
- Budget increases for existing projects
- Projects remaining from Bond 2019 consideration

## Bond Projects

- Shortfalls known to date
- Future shortfalls





# General Fund CIP Needs: Annual Projects

Annual “Y” Projects: Additional year plus adjustment in years 1 - 4

<u>Project</u>	<u>Approved 5Y GF Total Budget</u>	<u>GF Request</u>
Replacement of Major Systems - FCA	6,000,000	6,000,000
Facilities Upgrade and Replacement Program	13,671,194	2,491,300
IT - Server Infrastructure	7,248,337	3,286,937
IT - Network Infrastructure	3,268,641	1,431,903
Police Portable and Vehicle Radio Replacement	6,204,992	1,635,500
Public Safety - Fire Radio Replacement	2,263,647	1,010,526
Crime Laboratory Equipment Replacement	1,411,000	1,515,000
Scottsdale Video Network Telecast/Production/Video Streaming and Kiva Presentation Equipment	226,000	354,000
Parking Lot Pavement Project	2,324,758	7,545,660
<b>Total:</b>		<b>25,270,826</b>

# General Fund CIP Needs: New Projects

## Technology Projects: \$11.8M

Project	GF Request
Information Technology Security Program	3,247,497
90-Day Backups	1,750,000
Radio Communications Platform Transition	1,800,000
Police Department Data Storage	435,000
Kiva Modernization	1,591,764
Enterprise Resource Planning System - Phase 3 - HCM/Payroll	1,652,446
Enterprise Resource Planning System - Phase 2 - Enterprise Budget / Enterprise Cashiering	681,633
Enterprise Resource Planning System - Phase 4 - Regulatory Licensing / Alarm Management	681,633
<b>Total:</b>	<b>11,839,973</b>

## Equipment Projects: \$4.0M

Project	GF Request
Replace HAZMAT Equipment	318,879
Staff Vehicles at Fire Dept Locations and Training Facility	322,710
Phase II Certificate of Necessity (CON)	1,536,590
Phase I Certificate of Necessity CON Staff Vehicles	156,450
Phase III Certificate of Necessity (CON)	1,690,249
<b>Total:</b>	<b>4,024,878</b>

# General Fund CIP Needs: New Projects

*Construction Projects: \$226.2M*

Project	GF Request
Shade and Tree Plan Development and Initial Implementation	3,867,419
McCormick-Stillman RR Park - Playground Replacement	500,000
Pinnacle Peak Trail Enhancements	503,120
Target Hardening of Scottsdale Facilities	1,680,000
WestWorld Polo Field Lighting for soccer fields	1,150,000
Underground APS Lines Along McDonald Drive	5,232,600
Scottsdale Stadium - First Base Event Plaza	1,500,000
Pima Park - Build Eight New Pickleball Courts	3,212,933
Fire Station 617	11,590,879
WestWorld Tent Refurbishment	3,500,000
Municipal Building Security Improvements	235,000
WestWorld Cover Arena 7	4,208,689
National Fire Protection Association Station	2,721,946
WestWorld Concrete Header for drainage ditch	907,180
Scottsdale Stadium - Gate 'A' Building	4,750,000
2nd Street Gateway/Entry to Civic Center & Scottsdale Arts	5,093,960
Civic Center Library - Build Additional Public Restrooms	660,934

Project	GF Request
Eldorado Park - Install Lights on Soccer Field 2	170,000
Scottsdale Stadium - Add amenities & access to accommodate a Day Park in Left Field Berm	1,900,000
WestWorld 40-yard recessed dumpster	375,560
Comanche Park - Replace Deteriorating Tennis Courts with Post-Tension Concrete	392,501
Shaded Parking Structure for McKellips Police Station	277,200
Scottsdale Stadium - Pedestrian and Transportation Improvements	2,500,000
Mustang Library - Family Restrooms	274,599
HR Remodel	116,000
WestWorld - Trailhead Redevelopment	2,865,370
WestWorld - Operations Compound Relocation	6,894,939
Mustang Library - Sound Wall Between Youth and Adult Areas	111,316
WestWorld Tent Replacement Building	45,835,262
One Civic Center Replacement	70,247,022
Technology / GIS Building Replacement	42,971,539
<b>Total:</b>	<b>226,245,968</b>

# General Fund CIP Needs: Increases for Existing Projects

<u>Project</u>	<u>Approved 5Y</u>	<u>GF Request</u>
	<u>Total Budget</u>	
McCormick-Stillman Roundhouse	8,707,791	3,593,943
DNA Evidence Storage Facility	1,208,610	200,000
Renovate Fire Station 606	2,750,021	1,991,265
Gateway Monument Replacement	817,946	550,000
PJ01 - Goldwater & 5th Avenue Park	1,276,014	2,090,602
Pima Road Sound Wall		6,000,000
<b>Total:</b>		<b>14,425,810</b>

# General Fund CIP Needs: Projects from 2019 List

Remaining projects from Bond 2019 consideration

Department Submissions

145 Projects  
\$730 Million

67 Projects  
\$436.6 Million

58 Projects  
\$319 Million

# General Fund CIP Needs: Projects from 2019 List

Bond projects that didn't make the list in 2019;

Stormwater projects have been moved to different funding source

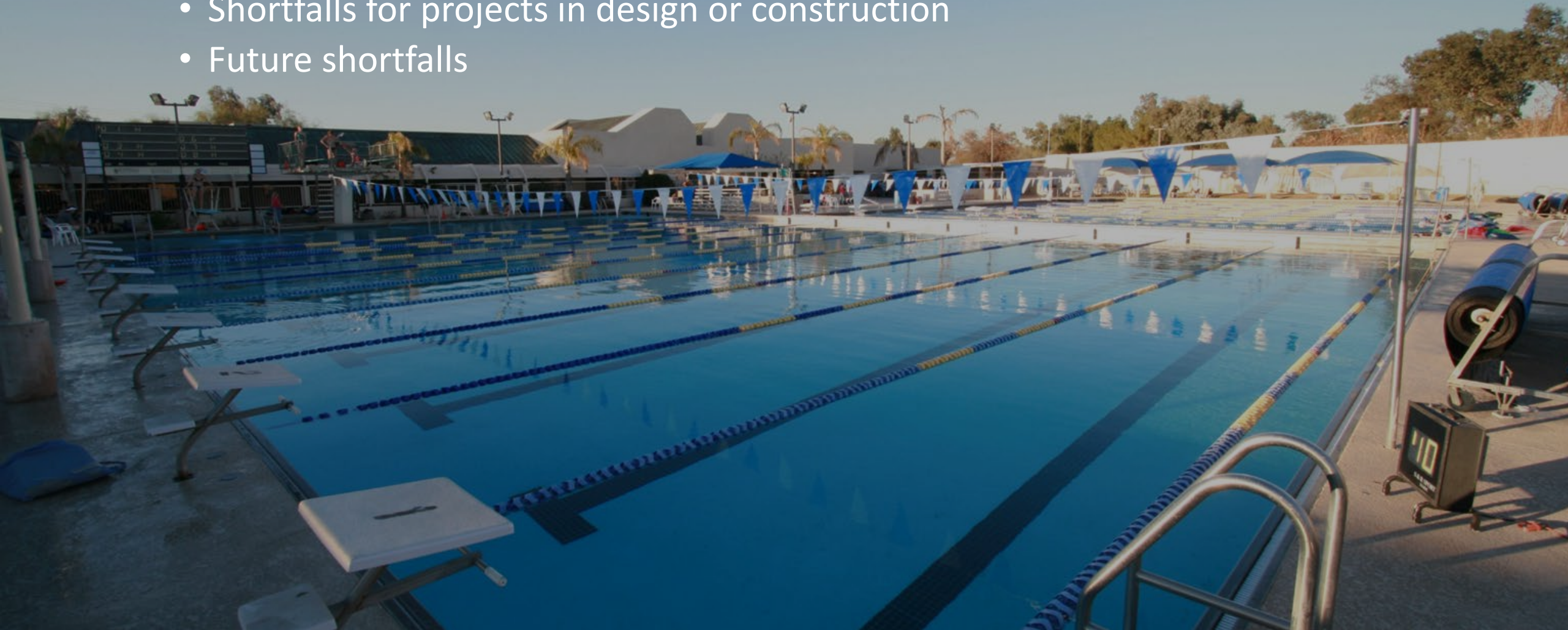
	<u>GF Request</u>
Parks & Recreation - Playground Replacements	1,749,750
DC Ranch Neighborhood Park	6,983,024
Scottsdale Road Rawhide Corridor Power Undergrounding & New Streetlight System	16,687,044
Scottsdale Road Resort Corridor Power Undergrounding & New Streetlight System	21,800,600
Scottsdale Road Airpark Corridor Underground Power & Utilities	20,762,469
Scottsdale Road Shea Corridor Power Undergrounding & Streetlight System	29,439,589
<b>Total:</b>	<b>97,422,476</b>



# General Fund CIP Needs: Bond 2019 Shortfalls

## Bond 2019 Projects

- Construction inflation
- Shortfalls for projects in design or construction
- Future shortfalls





# Construction Inflation

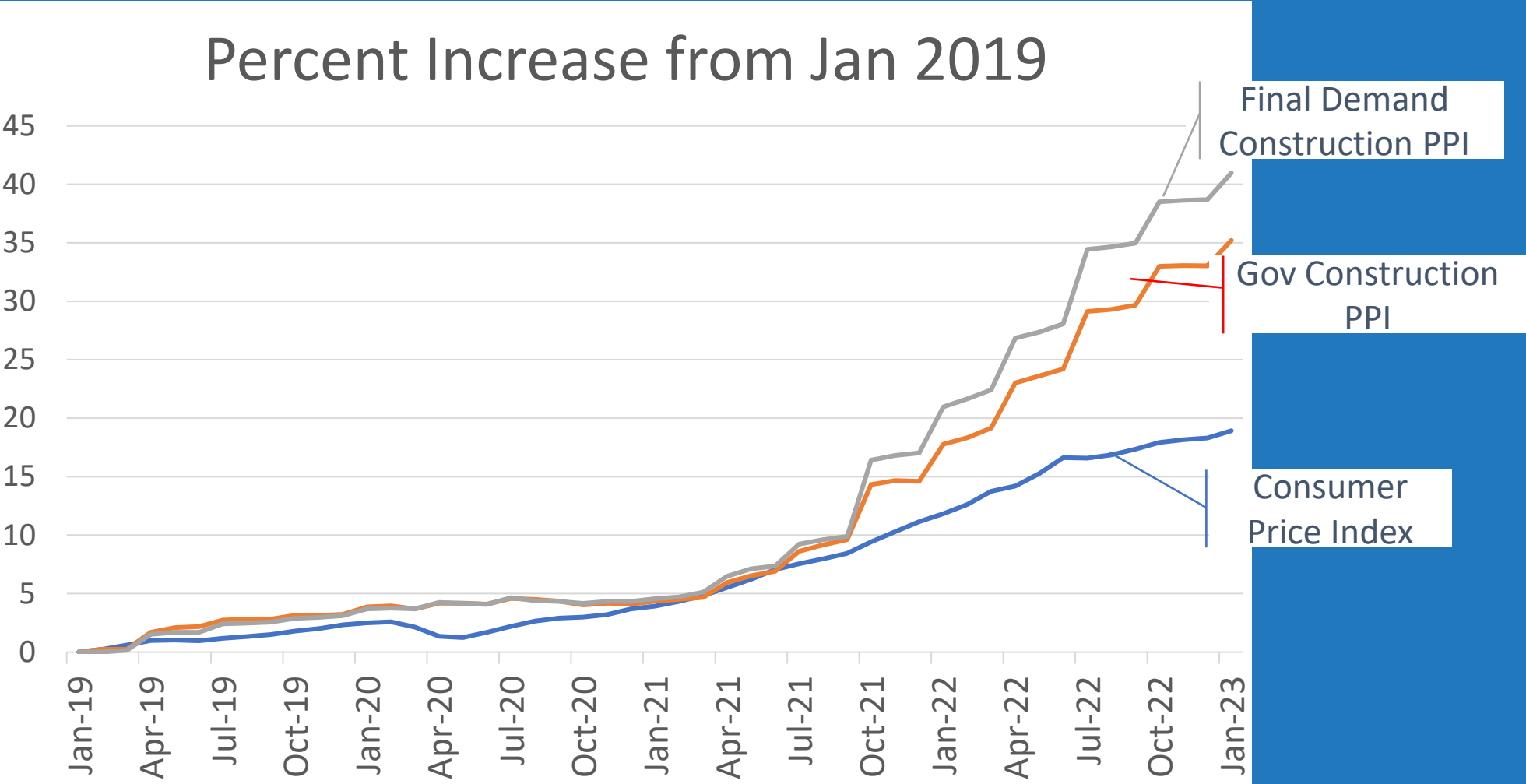
PPI Commodity Data Years 2019 to 2022 Final Demand-Construction for Government  
(Bureau of Labor Statistics)

Year-over-year inflation rate:

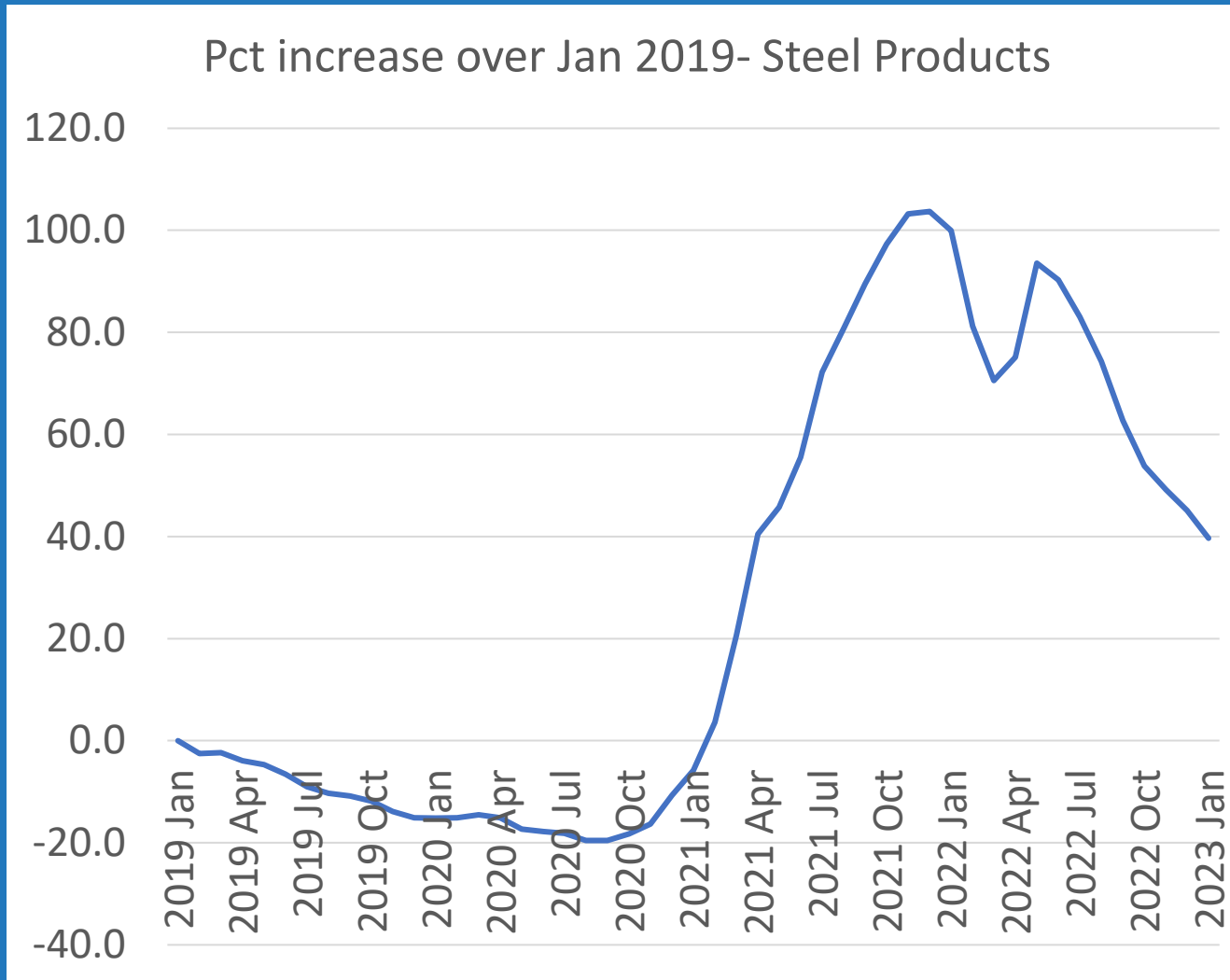
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	4.6%	4.8%	4.8%	5.2%	5.6%	5.6%	5.8%	5.8%	5.7%	4.0%	3.9%	4.0%
2020	3.9%	3.7%	3.4%	2.5%	2.0%	1.9%	1.8%	1.6%	1.5%	0.9%	1.0%	0.9%
2021	0.5%	0.5%	0.9%	1.7%	2.2%	2.7%	3.8%	4.5%	5.1%	9.9%	10.1%	10.1%
2022	12.9%	13.2%	13.8%	16.1%	16.1%	16.2%	18.9%	18.4%	18.3%	16.3%	16.0%	16.1%
2023	14.8%											

- From Jan 2019 (index = 124.4) to Jan 2023 (index = 168.2): **35.2% increase**
- Using more general Final Demand-Construction index, increase was 46% from Jan 2018, when most estimates were originally done

# Construction Inflation

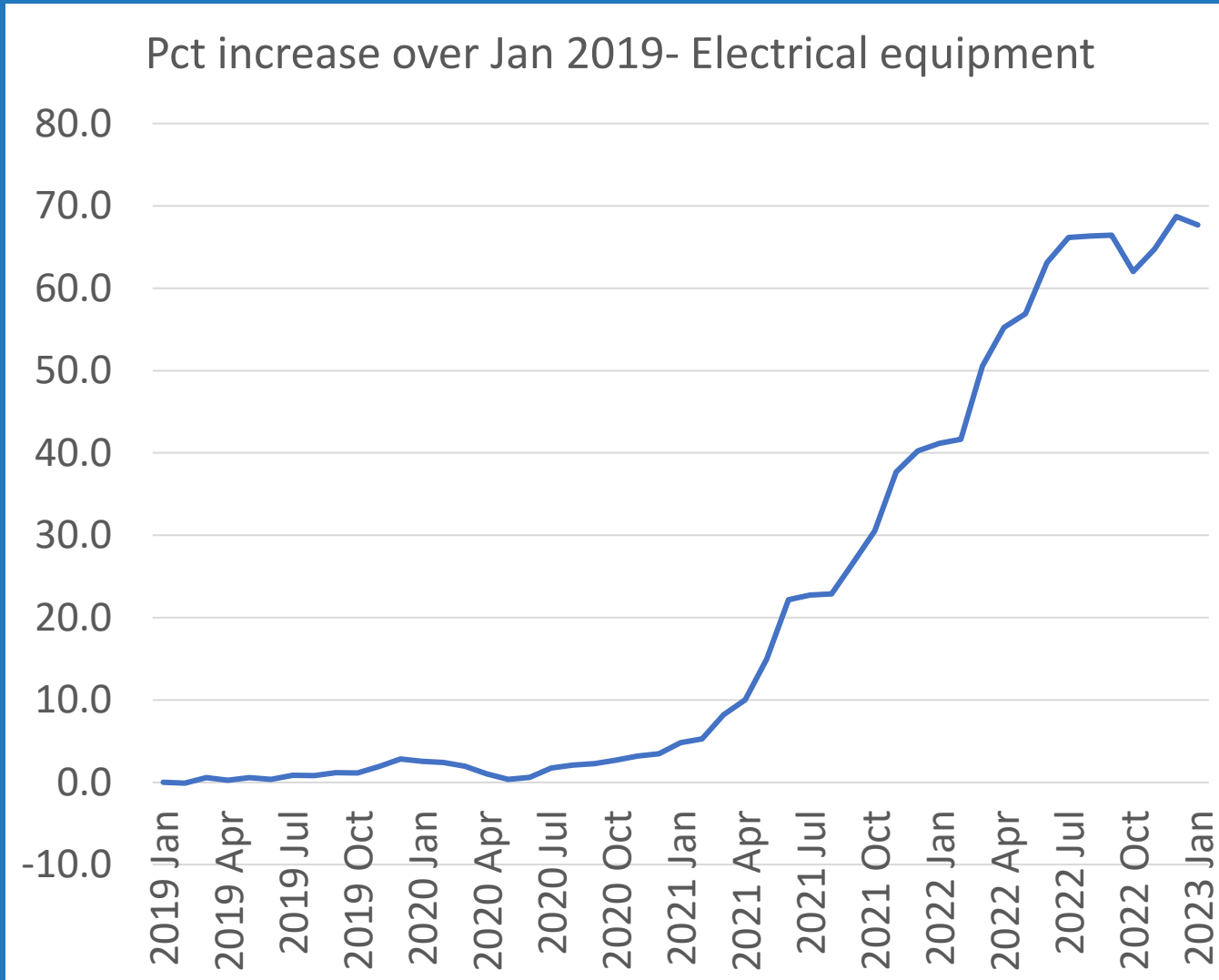


# Construction Inflation



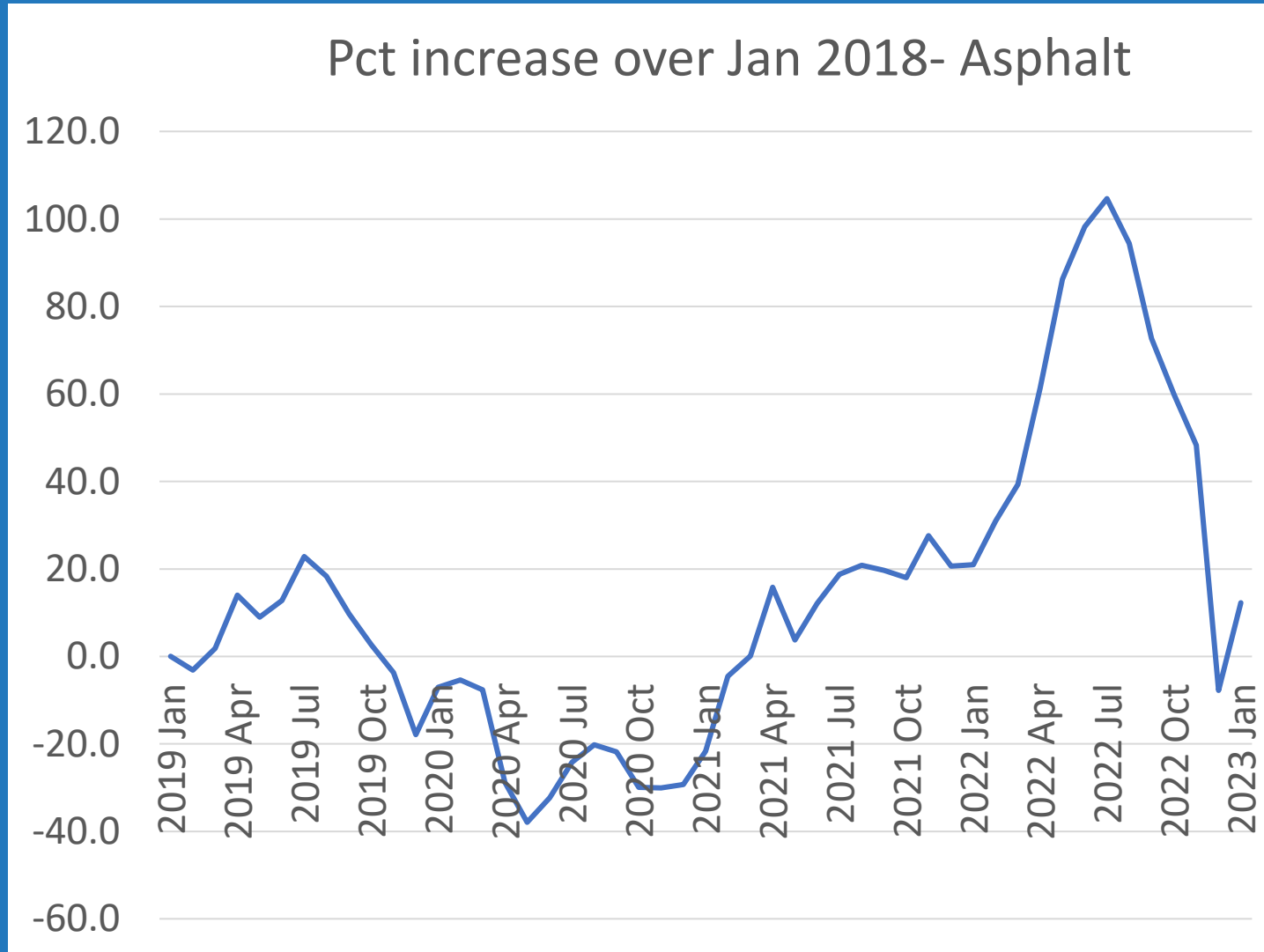
- Prices rose as high as 104% of Jan 2019 value
- Stabilizing, but still at 40% above Jan 2019

# Construction Inflation



- 68% above Jan 2019

# Construction Inflation



- Hopeful sign: Increases as high as 105% but coming back down
- Follows fuel pricing



# Bond 2019: Projects Underway, No Additional Funds

Project	Project Title
1	Replace Aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza
5	Modernize Computer Equipment Rooms to Protect City Servers
7	Replace Outdated 9-1-1 Computer Aided Dispatch and Records Management to Improve Efficiency
8	Replace Website Management Software
9	Install Fiber Optic Infrastructure to Reduce Operating Costs
11	Replace Document Management System to Improve Public Access to Information
12	Update Scottsdale's 15-year-old Digital Terrain Model
14	Replace Obsolete Planning and Permitting Software
15	Build 200 Space Parking Lot off 75th Street to Serve the City Court and Scottsdale Stadium
17	Obtain a Citywide Data Management and Analytics Solution for Data-Based Decision Making
26	Replace Deteriorating Vehicle Training Track at the Police and Fire Training Facility
30	Indian School Park Field 1 Lighting
35	Install Bullet Proof Glass in Reception Areas of Police Department Facilities
37	Implement an Inventory and Asset Control System for City Technology
41	Install Solar Heating System for Eldorado Pool
53	Build Multi-Use Sport Fields in the area of Bell Road
57	Install Solar Systems North Corporation Campus
58	Install Parasol Solar Shade Structure at City Hall Parking Lot
59	Install Solar Systems at Civic Center Campus
60	Double the Solar Power Generating Capacity at Appaloosa Library
61	Purchase land, expand Pinnacle Peak Park parking lot, staff office and restrooms, renovate hiking trail and construct an interpretive trail
63	Build Parking Structures in Old Town Scottsdale

# Bond 2019: Shortfalls for Projects in Design/Construction

*Projects in design or construction, increases based on design estimates*

No	Project	GF Request	
2	Add Splash Pad and Improve Walkways at McCormick-Stillman Railroad Park	342,655	FY22/23
29	Replace Workstations at 911 Communications Dispatch Center to Accommodate New Technology	326,632	FY22/23
55	Build a 17-Acre Neighborhood Park at Ashler Hills Drive and 74th Way (Whisper Rock)	4,773,761	FY22/23
42	Add a Dog Park to Thompson Peak Park	1,551,101	FY24/25, request moves to FY23/24
27	Modernize and Expand the Police and Fire Training Facility	7,997,676	FY22/23
40	Renovate and Expand the Civic Center Jail and Downtown Police Facility to Meet Demand	6,700,000	FY22/23
28	Build a New Fire Station near Hayden Road and the Loop 101 to Improve Response Times	2,433,047	FY22/23
23	Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash	10,848,742	Multiple years
45	Renovate WestWorld Horse Barns to Increase Rentable Space	6,007,254	FY22/23
18	Build Roadway & Pedestrian Improvements along 2nd St from Drinkwater Blvd to Goldwater Blvd	20,385,244	FY22/23
	Total:	61,366,112	

# Bond 2019: Future Shortfalls

*Future projects, increase due to escalation factor or scope change*

No	Project	GF Request	
21	Expand Via Linda Senior Center to Meet Demand for Senior Services	1,727,140	outside of 5 yr CIP
25	Replace Aging Buildings that Comprise Paiute Community Center	18,576,447	outside of 5 yr CIP
34	Build New Fire Station at 90th Street and Via Linda to Replace Aging Facility	4,959,434	FY25/26, const. not in 5 yr CIP
32	Renovate and Modernize the Stage 2 Theater at the Scottsdale Center for the Performing Arts	5,180,448	FY24/25
	Total:	30,443,469	

# Bond 2019: No Additional Fund Requests in FY 23/24

*Future projects, possible increases using escalation factor: 10 projects, \$35.0M*

	Project	Bond Funds	Potential additional funds (1,000s)						
			23/24	24/25	25/26	26/27	27/28	28/29	29/30
13	Expand Granite Reef Senior Center to Meet Demand for Adult Day Care Center	2,972		1,017					
22	Build New Swimming Pools and Replace Building at Cactus Pool	31,230			16,196				
19	Build Roadway & Ped Improvements along Marshall Way...	1,801				1,168			
20	Build Roadway and Ped Improvements along Main St from...	994						594	
43	Improve 5th Avenue from Scottsdale Road to Goldwater Blvd	3,570							2,035
48	Widen 94th Street at WestWorld to Improve Access	1,469					947		
51	Install Permanent Lighting at WestWorld Parking Lots to Reduce Operating Costs	1,438					1,265		
62	Build a Bridge on Thompson Peak Pkwy over Reata Wash...	6,300		3,285					
33	Renovate the Via Linda Police Station to Increase Efficiency	16,600					7,895		
39	Renovate the Foothills Police Station...	1,024				589			

Design	
Construction	

# General Fund CIP Needs: Request Summary

**Annual “Y” Projects** 9 projects, \$25.3M

## Department Submissions

- New projects: 44 projects, \$242.0M
- Budget increases for existing projects: 6 projects, \$14.4M
- Projects remaining from Bond 2019 consideration: 6 projects, \$97.4M

## Bond 2019 Projects

- Shortfalls on projects in FY 23/24: 10 projects, \$61.4M
- Requests for future shortfalls: 4 projects, \$30.4M

***Total of all requests: \$464.9M***

***Plus another potential \$35M for 10 out-year bond projects***

# CIP Development: Available Funds (General Fund)

Projected General Fund cash flow and funds available:

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28
Beginning Balance <sup>(1)</sup>	51,080,867	78,359,350	39,403,583	29,526,880	37,480,703	46,035,343
Construction Sales Tax <sup>(2)</sup>	6,669,859	6,327,872	6,441,750	6,557,750	6,603,650	6,649,850
GF Excess Interest <sup>(2)(3)</sup>	5,246,133	8,212,914	9,342,794	10,521,264	8,135,252	7,906,986
94th Street and Bell Road Land Proceeds (Dec 2022)	21,507,791	-	-	-	-	-
Transfers In - CIP - CON Ph I, Entertainment District, major system replacement, Stadium ph 2	22,489,397					
Transfers In - CIP - Bond 2019 Projects (shortfalls)	16,759,553	-	-	-	-	-
Transfers In - CIP - Inflation	2,500,000	2,500,000	-	-	-	-
Transfers In - CIP - Museum Square & FS603 Land Sale	20,530,963	-	-	-	-	-
<b>Cash Available</b>	<b>146,784,563</b>	<b>95,400,135</b>	<b>55,188,127</b>	<b>46,605,893</b>	<b>52,219,605</b>	<b>60,592,179</b>
Existing General Fund Commitments	28,163,226	54,666,691	15,198,680	-	-	-
New General Fund Commitments	77,956,719	16,528,542	10,462,567	9,125,190	6,184,262	-
Connectivity Initiative	16,971,959	-	-	-	-	-
Total General Fund Commitments	123,091,904	71,195,233	25,661,247	9,125,190	6,184,262	-
Estimated General Fund Expenditures	68,425,214	55,996,553	25,661,247	9,125,190	6,184,262	-
Remaining Budget End of Year	54,666,691	15,198,680	-	-	-	-
<b>Cash Balance at End of Year</b>	<b>78,359,350</b>	<b>39,403,583</b>	<b>29,526,880</b>	<b>37,480,703</b>	<b>46,035,343</b>	<b>60,592,179</b>



# CIP Development: Prioritization

- 1. Mayor and City Council Strategic Goals and Priorities:** Does the project directly address the Mayor and City Council's Strategic Goals and Priorities?
- 2. Mandated:** Is the project mandated by any local, state or federal laws?
- 3. Emergency/Negative Impact of Not Investing:** Determine if the public or the city's financial position is negatively impacted or if there is a Health and Safety impact by failure to invest in a particular project.
- 4. Annual Operating Costs:** What is the expected impact to ongoing operations and maintenances costs associated with this project?
- 5. Matching Funds:** Does the project have matching funds from other agencies?
- 6. Economic Vitality:** Does the project contribute to the improved economic vitality of the city and bring in improved revenue?
- 7. Master Plan:** Is the project anticipated in the General Plan, Character Area Plans or Master Plan?
- 8. Distributional Effects:** Does the project impact a large number of residents or specific target groups?

# FY 2023/24 Prioritized Project List

- Projects currently above the cut line
- Available funds: \$60,592,179

Proj No	Project	CMRC	GF Request	GF Running total	category
	Replacement of Major Systems - FCA	2	6,000,000	6,000,000	annual
	Facilities Upgrade and Replacement Program	3	2,491,300	8,491,300	annual
	IT - Server Infrastructure	4	3,286,937	11,778,237	annual
	IT - Network Infrastructure	5	1,431,903	13,210,140	annual
	Police Portable and Vehicle Radio Replacement	6	1,635,500	14,845,640	annual
	Public Safety - Fire Radio Replacement	7	1,010,526	15,856,166	annual
	Crime Laboratory Equipment Replacement	8	1,515,000	17,371,166	annual
	Scottsdale Video Network Telecast/Production/Video Streaming and Kiva Presentation Equipment	9	354,000	17,725,166	annual
2	Add Splash Pad and Improve Walkways at McCormick-Stillman Railroad Park	10	342,655	18,067,821	bond
	McCormick-Stillman Roundhouse	11	3,593,943	21,661,764	existing add
	McCormick-Stillman RR Park - Playground Replacement	12	500,000	22,161,764	new
29	Replace Workstations at 911 Communications Dispatch Center to Accommodate New Technology	13	326,632	22,488,396	bond
	Information Technology Security Program	14	3,247,497	25,735,893	new
55	Build a 17-Acre Neighborhood Park at Ashler Hills Drive and 74th Way (Whisper Rock)	15	4,773,761	30,509,654	bond
	90-Day Backups	16	1,750,000	32,259,654	new
42	Add a Dog Park to Thompson Peak Park	17	1,551,101	33,810,755	bond
	Radio Communications Platform Transition	18	1,800,000	35,610,755	new
27	Modernize and Expand the Police and Fire Training Facility	19	7,997,676	43,608,431	bond
	Pima Road Sound Wall		6,000,000	49,608,431	existing add
40	Renovate and Expand the Civic Center Jail and Downtown Police Facility to Meet Demand	20	6,700,000	56,308,431	bond

# FY 2023/24 Prioritized Project List

- Page 2: Projects that ranked high but did not make the cut

Proj No	Project	CMRC	GF Request	GF Running total	category
18	Build Roadway & Pedestrian Improvements along 2nd St from Drinkwater Blvd to Goldwater Blvd	21	20,385,244	76,693,675	bond
	Goldwater & 5th Avenue Park	22	2,090,602	78,784,277	existing add
	Replace HAZMAT Equipment	23	318,879	79,103,156	new
	TEMP2428-F - Jail Dormitory Phase II	24	-	79,103,156	no change
	J106 - Security Cameras and Access Control Systems	25		79,103,156	no change
	DNA Evidence Storage Facility	26	200,000	79,303,156	existing add
	Police Department Data Storage	27	435,000	79,738,156	new
28	Build a New Fire Station near Hayden Road and the Loop 101 to Improve Response Times	28	2,433,047	82,171,203	bond
	Technology / GIS Building Replacement	29	37,120,000	119,291,203	new
	Kiva Modernization	30	1,591,764	120,882,967	new
	Staff Vehicles at Fire Dept Locations and Training Facility	31	322,710	121,205,677	new
21	Expand Via Linda Senior Center to Meet Demand for Senior Services	32	1,727,140	122,932,817	bond
	Enterprise Resource Planning System - Phase 3 - HCM/Payroll	33	1,652,446	124,585,263	new
23	Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash	34	10,848,742	135,434,005	bond
	Enterprise Resource Planning System - Phase 2 - Enterprise Budget / Enterprise Cashiering	35	681,633	136,115,638	new
	TEMP2691-F - Purchase Land for Fire Station 617	36	-	136,115,638	no change
	Enterprise Resource Planning System - Phase 4 - Regulatory Licensing / Alarm Management	37	681,633	136,797,271	new
	Parking Lot Pavement Project	38	7,545,660	144,342,931	annual
	Shade and Tree Plan Development and Initial Implementation	39	3,867,419	148,210,350	new
	Pinnacle Peak Trail Enhancements	40	503,120	148,713,470	new
	Renovate Fire Station 606	41	1,991,265	150,704,735	existing add

# FY 2023/24 Prioritized Project List

- Page 3: Next tier- Projects that ranked in the middle

Proj No	Project	CMRC	GF Request	GF Running total	category
25	Replace Aging Buildings that Comprise Paiute Community Center	42	18,576,447	169,281,182	bond
	Target Hardening of Scottsdale Facilities	43	1,680,000	170,961,182	new
	WestWorld Polo Field Lighting for soccer fields	44	1,150,000	172,111,182	new
	Underground APS Lines Along McDonald Drive	45	5,232,600	177,343,782	new
	Parks & Recreation - Playground Replacements	46	1,749,750	179,093,532	from bond 2019 list
	Phase II Certificate of Necessity (CON)	47	1,536,590	180,630,122	new
	Phase I Certificate of Necessity CON Staff Vehicles	48	156,450	180,786,572	new
	Phase III Certificate of Necessity (CON)	49	1,690,249	182,476,821	new
	Scottsdale Stadium - First Base Event Plaza	50	1,500,000	183,976,821	new
	Pima Park - Build Eight New Pickleball Courts	51	3,212,933	187,189,754	new
45	Renovate WestWorld Horse Barns to Increase Rentable Space	52	6,007,254	193,197,008	bond
34	Build New Fire Station at 90th Street and Via Linda to Replace Aging Facility	53	4,959,434	198,156,442	bond
32	Renovate and Modernize Stage 2 Theater at Scottsdale Center for the Performing Arts	54	5,180,448	203,336,890	bond
	Fire Station 617	55	11,590,879	214,927,769	new
	WestWorld Tent Refurbishment	56	3,500,000	218,427,769	new
	Municipal Building Security Improvements	57	235,000	218,662,769	new
	WestWorld Cover Arena 7	58	4,208,689	222,871,458	new
	National Fire Protection Association Station	59	2,721,946	225,593,404	new
	WestWorld Concrete Header for drainage ditch	60	907,180	226,500,584	new
	Scottsdale Stadium - Gate 'A' Building	61	4,750,000	231,250,584	new
	Gateway Monument Replacement	62	550,000	231,800,584	existing add

# FY 2023/24 Prioritized Project List

- Page 4: Last tier- Projects that ranked at the bottom

Proj No	Project	CMRC	GF Request	GF Running total	category
	2nd Street Gateway/Entry to Civic Center & Scottsdale Arts	63	5,093,960	236,894,544	new
	Civic Center Library - Build Additional Public Restrooms	64	660,934	237,555,478	new
	Eldorado Park - Install Lights on Soccer Field 2	65	170,000	237,725,478	new
	Scottsdale Stadium - Add amenities & access to accommodate a Day Park in Left Field Berm	66	1,900,000	239,625,478	new
	WestWorld 40-yard recessed dumpster	67	375,560	240,001,038	new
	Comanche Park - Replace Deteriorating Tennis Courts with Post-Tension Concrete	68	392,501	240,393,539	new
	Shaded Parking Structure for McKellips Police Station	69	277,200	240,670,739	new
	Scottsdale Stadium - Pedestrian and Transportation Improvements	70	2,500,000	243,170,739	new
	Mustang Library - Family Restrooms	71	274,599	243,445,338	new
	HR Remodel	72	116,000	243,561,338	new
	WestWorld - Trailhead Redevelopment	73	2,865,370	246,426,708	new
	WestWorld - Operations Compound Relocation	74	6,894,939	253,321,647	new
	Mustang Library - Sound Wall Between Youth and Adult Areas	75	111,316	253,432,963	new
	WestWorld Tent Replacement Building	76	45,835,262	299,268,225	new
	One Civic Center Replacement	77	81,000,000	380,268,225	new
	DC Ranch Neighborhood Park	78	6,983,024	387,251,249	from bond 2019 list
	Scottsdale Road Rawhide Corridor Power Undergrounding & New Streetlight System	79	16,687,044	403,938,293	from bond 2019 list
	Scottsdale Road Resort Corridor Power Undergrounding & New Streetlight System	80	21,800,600	425,738,893	from bond 2019 list
	Scottsdale Road Airpark Corridor Underground Power & Utilities	81	20,762,469	446,501,362	from bond 2019 list
	Scottsdale Road Shea Corridor Power Undergrounding & Streetlight System	82	29,439,589	475,940,951	from bond 2019 list

# Discussion and Direction



# Land Sale Proceeds: Bell Road

\$42.7M total proceeds:

- All proceeds must be spent on public purpose projects
- \$21.5M is restricted:
  - No private use or private payments
  - Must be spent by July 12, 2024 (within two-years of the land sale)
- Remaining \$21.2M is unrestricted
- \$19M from either the restricted funds or the unrestricted funds must be spent on a tourism-related project



# Land Sale Proceeds: Bell Road

- Council allocated restricted funds on Dec 6, 2022
- Council approved modification of allocation on Feb 14, 2023:

<u>Project</u>	<u>Proceeds</u>
38- Build a New Fire Department Training Facility	12,407,791
Chaparral Pool Renovation (tourism-related)	1,100,000
27- Modernize and Expand Police and Fire Training Facility	8,000,000
TOTAL:	21,507,791

- Leaves \$21.2M of unrestricted funds to allocate
- Unrestricted allocation must include another \$17.9M of tourism-related expenses to reach \$19M target

# Land Sale Proceeds: Bell Road

- Suggested allocation of unrestricted funds:

<u>Project</u>	<u>Proceeds</u>
1 - Replace aging Infrastructure and Improve Public and Event Spaces on Civic Center Plaza (tourism-related)	6,188,494
McCormick-Stillman Roundhouse (tourism-related)	7,407,791
45 - Renovate WestWorld Horse Barns to Increase Rentable Space (tourism-related)	2,000,000
53 - Build Multi-Use Sports Fields in the area of Bell Road	3,315,000
Stagebrush Theater Renovation, excludes \$885,100 from Downtown Cultural Trust Fund (tourism-related)	2,283,000
TOTAL:	21,194,285

- Allocates enough tourism-related expenses to reach \$19M target
- Makes \$19.1M currently budgeted in general fund available for other uses

# Land Sale Proceeds: Museum Square and FS 603

- Total sales revenue of \$20,530,963
- FY 2022/23 CIP includes following allocations:

<u>Project</u>	<u>Proceeds</u>
Connectivity Initiative	16,972,000
Stagebrush Theater Renovation, excludes \$885,100 from Downtown Cultural Trust Fund	2,283,000

- \$1,275,963 currently unallocated
- Stagebrush funding would be freed up if Bell Road proceeds were allocated to this project

# Discussion and Direction



# Transportation Fund 0.2% Sales Tax

- Project requests totaling \$72M; available funding of \$40.9M
- Projects above the funding line:

<u>Project</u>	<u>Transportation</u>	<u>Running TR Request</u>
SJ02 - Goldwater Boulevard and Highland Avenue Intersection Improvement	(2,514,995)	(2,514,995)
TJ02 - Indian Bend Wash Path Extension: McDowell Mountain Ranch Road and Bell Road	-	(2,514,995)
TEMP2485-F - Alma School Road: Jomax Road to Quail Track Drive	(699,138)	(3,214,133)
YJ29 - Pavement Overlay Program	38,960,676	35,746,543
TEMP2694-F - Scottsdale Flashing Yellow Arrow Pilot	-	35,746,543
SG03 - Thomas Road: 56th Street to 73rd Street	411,000	36,157,543
TEMP2956 - 68th Street Sidewalk - Arizona Canal to Camelback Road	3,000,338	39,157,881

# Transportation Fund 0.2% Sales Tax

- Project requests that fall below the funding line:

Project	0.2% Request	Running Total
TEMP2901 - Doubletree Ranch Road Bridge Repair - Gainey Ranch	4,838,868	43,996,749
YJ33 - ADA Transition Plan Implementation	300,000	44,296,749
YJ30 - Streetlight Replacement	320,000	44,616,749
YJ23 - Traffic Signal Construction	600,000	45,216,749
YJ19 - Roadway Capacity & Safety Improvements	900,000	46,116,749
TEMP2701-F - Buffered Bike Lanes Phase II	-	46,116,749
YJ20 - Sidewalk Improvements	200,000	46,316,749
YJ28 - Bikeways Program	400,000	46,716,749
TEMP2480-F - Material Yard at Pima and 88th Street Phase II	-	46,716,749
TEMP2954 - Scottsdale/Drinkwater Intersection Improvements	6,202,434	52,919,183
TEMP2964 - Indian Bend Wash Path Renovations - Phase II	3,374,750	56,293,933
YJ34 - Pavement Overlay - Alleys	5,000,000	61,293,933
TEMP2921 - Traffic Signal Pole Inspection and Replacement	4,000,000	65,293,933
TEMP2965 - Arizona Canal Path Renovation - Hayden Road to Pima Road	2,521,388	67,815,321
YJ32 - Transit Stop Improvements	300,000	68,115,321
YJ18 - Trail Improvement Program	200,000	68,315,321
YJ21 - Neighborhood Traffic Management Program	250,000	68,565,321
TEMP2963 - Oak Street Sidewalk - 60th Street to 64th Street	955,005	69,520,326
TEMP2957 - Jenan Drive - 98th Street to 102nd Street	829,940	70,350,266
TEMP2955 - Camelback Road Median	1,545,334	71,895,600
TEMP3013 - Street Lights Improvement 87th Terrace Multi-Use Path & Scottsdale Road	120,000	72,015,600

Potential for moving additional funds from operating, pending operating budget decisions and outcome of proposed legislation

# Other Funds

Water and Wastewater Enterprise:

- 47 projects, \$162M

Airport Enterprise:

- 15 projects, \$1.2M in Aviation Funds
- Leverages \$15.0M in grant funding

# Other Funds

## Solid Waste Fund:

- 4 projects, net reduction in 5-year budget
- Anticipate future revenue bonds to support \$24m transfer station expansion, HHW and green waste capabilities

## Fleet Fund:

- 2 projects,
  - \$18M vehicle replacement project
  - EV infrastructure project
- Equivalent \$18M reduction in Fleet operating budget; moving vehicle acquisition to CIP because of excessively long lead time for new orders



# Questions



**From:** notifications@cognitoforms.com on behalf of City of Scottsdale <notifications@cognitoforms.com>  
**Sent:** Tuesday, February 21, 2023 3:22 PM  
**To:** Cordova, Rommel  
**Subject:** City Council Public Written Comment Form - David N. Smith  
**Attachments:** Comment on FY2023-24 Budget.docx

**⚠ External Email: Please use caution if opening links or attachments!**

# City of Scottsdale

Web Scottsdale City Council Meeting Written Comment Form

[Open Form](#)

## Entry Details

### Agenda Item

MEETING DATE 2/21/2023

WHICH AGENDA ITEM WOULD YOU LIKE TO COMMENT ON? WS. Public Comment

### Name

FULL NAME David N. Smith

NAME OF GROUP OR ORGANIZATION Self

### Contact Information

PHONE (480) 369-7482

EMAIL davidnsmith2@aol.com

ADDRESS 8205 E. Jenan Drive Scottsdale, Arizona 85260

CITY

Scottsdale

---

## Comment

COMMENT

Comments on FY 2023/24 Budget presentation

---

## Attachments

FILE UPLOAD

Comment on FY2023-24 Budget.docx

---

February 21, 2023

Subject: FY2023/24 Budget

Dear Mayor and Members of Council,

As you hear and discuss the Preliminary FY 2023/24 Budget, I urge you to provide guidance to Staff to modify their revenue projections in at least one important respect:

**Eliminate Scottsdale's local 1.75% sales tax on food purchased for home consumption.**

- This is *the most regressive tax* any city can impose on its citizens.
- This is a tax not imposed by the State of Arizona nor the cities of Phoenix, Tucson, Mesa and others. More than half of all Arizonans pay no tax on food purchased for home consumption.
- Scottsdale's food tax last year was \$16.4 million:
  - For each of our 242,000 citizens that's an average of \$67.48;
  - For a family of four it's \$269.93;
  - For every needy family that cannot afford to regularly dine out, *substantially more!* For them, our neediest citizens, it is more than a large dollar burden: As a percent of their smaller disposable income, *it is a huge burden!*
- Continued imposition of this tax for decades has enabled multi-million increases in carryover reserves for the General Fund, for the Preserve Fund, for the Transportation Fund.
- This is an *embarrassing tax* for a city of Scottsdale's affluence and cachet to continue imposing.

You must remember that staff is obligated to develop for Council a "Balanced Budget." If some or all this revenue is eliminated from the FY2023-24 Budget, expenses of a like amount must be eliminated as well. That may mean we will have less savings to add to our year-end reserves; it may mean we will have fewer new services to introduce or expand; it may mean we will be less able to pay down pension debts; etc.

Whatever offset is proffered as a tradeoff to this revenue loss, as yourselves, *"Is this a reasonable trade-off for eliminating the most onerous, regressive and embarrassing tax the City imposes on its citizens?"* Other cities have found a way to deal with this challenge – we can too.

There are always unknowns in the economy ahead, but those unknowns should not be insured on the backs of our neediest citizens – year, after year, after year! Elimination of this tax has been discussed by every Council for years – *even decades!* And every prior discussion has ended with the majority of Council agreeing the tax is unfair and regressive, but then voting, *"Now is not the time."*

While the debate has continued, our local sales tax revenues have steadily climbed – year, after year, after year. In FY2012-13, local sales tax actual revenues were \$144.9 million; ten years later, in the FY2021/22, they were \$286.4 million – *almost double!* And in tonight's FY2023/24 Budget, they will be forecast higher still. If now is not the time...*when will be the time?*

You represent our neediest citizens in ways they cannot articulate for themselves. Have the courage and compassion to make now – tonight – ***the time for change.***

Thank you for your consideration.

David N. Smith

Former Scottsdale City Councilman  
Former Scottsdale Chief Financial Officer