

**SCOTTSDALE CITY COUNCIL
REGULAR MEETING AND WORK STUDY SESSION MINUTES
TUESDAY, MAY 5, 2026**



**CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251**

CALL TO ORDER

Mayor Lisa Borowsky called to order a Regular Meeting and Work Study Session of the Scottsdale City Council at 5:03 P.M. on Tuesday, May 5, 2026, in the City Hall Kiva Forum.

ROLL CALL

Mayor Borowsky asked City Clerk Ben Lane to conduct the roll call.

Present: Mayor Lisa Borowsky; Vice Mayor Adam Kwasman (participated electronically); and Councilmembers Jan Dubauskas, Barry Graham, Kathy Littlefield, Maryann McAllen, and Solange Whitehead

Also Present: City Manager Greg Caton, City Attorney Luis Santaella, City Treasurer Sonia Andrews, and City Clerk Ben Lane

Absent: Acting City Auditor Lai Cluff

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Councilwoman Whitehead.

INVOCATION

Councilman Graham introduced Pastor John Karolus, with Shepherd of the Desert Lutheran Church, to give the invocation.

MAYOR'S REPORT

Mayor Borowsky discussed the importance of tourism to Scottsdale's economy and proclaimed May 3rd through 9th as National Travel and Tourism Week and encouraged the community to recognize the vital role this industry plays in Arizona. The proclamation was presented to President and Chief Executive Officer of Experience Scottsdale Rachel Sacco and Tourism Development Commissioner Cathy McKeever.

PRESENTATION/INFORMATION UPDATES

- **Employee Recognition Program**
The City Council will recognize employees with 20 or more years of service as of May 2026.

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

Presenter(s): Holly Peralta, Communications and Public Affairs Interim Senior Director

Note: The Council may make comments or ask questions to the presenter(s); however, no Council action will be taken.

Communications and Public Affairs Interim Senior Director Holly Peralta gave a PowerPoint presentation (attached) which recognized City of Scottsdale employees with 20 or more years of services as of May 2026.

- **Recognition of the 2026 Scottsdale 101 Citizen Academy Graduates**

Presenter(s): Joy Racine, Community Involvement Manager

Note: The Council may make comments or ask questions to the presenter(s); however, no Council action will be taken.

Community Involvement Manager Joy Racine and 2026 Scottsdale 101 Citizen Academy Graduate Darryl Toupin gave a PowerPoint presentation (attached) recognizing the 2026 Scottsdale 101 Citizen Academy Graduates.

MINUTES

Request: Approve the following Council meeting minutes from March 2026:

- Special Meeting Minutes of March 24, 2026**
- Executive Session Meeting Minutes of March 24, 2026
- Regular Meeting Minutes of March 24, 2026**

MOTION AND VOTE - MINUTES

Councilwoman Littlefield made a motion to approve the Special Meeting Minutes of March 24, 2026; Executive Session Meeting Minutes of March 24, 2026; and the Regular Meeting Minutes of March 24, 2026. Councilwoman Whitehead seconded the motion, which carried 7/0, with Mayor Borowsky; Vice Mayor Kwasman; and Councilmembers Dubauskas, Graham, Littlefield, McAllen, and Whitehead voting in the affirmative.

CONSENT AGENDA

1. **Problem Lounge Restaurant Liquor License (LL-0009-2026)**

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses & Control for a new Series 12 (Restaurant) State liquor license for an existing location with a new owner.

Location: 7341 E. 6th Avenue

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

2. **Quick Corner Liquor License (LL-0010-2026)**

Request: Consider forwarding a recommendation of approval to the Arizona Department of Liquor Licenses & Control for a new Series 10 (Beer & Wine Store) State liquor license for an existing location with a new owner.

Location: 3050 N. 68th Street

Staff Contact(s): Tim Curtis, Current Planning Director, 480-312-4210,
tcurtis@scottsdaleaz.gov

*****2A. Chromed in Hollywood, Inc. v. City of Scottsdale, et al. Legal Action Authorization**

Request: Adopt Resolution No. 13694 authorizing:

1. The City Attorney and his respective staff and designees to take all legal action necessary to defend and prosecute all claims to the benefit of the City, including any claims, crossclaims, and counterclaims as it relates to *Chromed in Hollywood, Inc. v. City of Scottsdale, et al.*, Maricopa County Superior Court Case No. CV2026-005959.
2. The City Manager, the City Treasurer, and the City Attorney, and their respective staff, to execute any other documents and take such other actions as necessary to carry out the purpose of this Resolution.

Staff Contact(s): Luis Santaella, City Attorney, 480-312-7771, lsantaella@scottsdaleaz.gov

PUBLIC COMMENT – CONSENT AGENDA

There was no public comment on the Consent Agenda items.

MOTION AND VOTE – CONSENT AGENDA

Councilwoman McAllen made a motion to approve Consent Agenda Items 1 through 2A. Councilwoman Whitehead seconded the motion, which carried 7/0, with Mayor Borowsky; Vice Mayor Kwasman; and Councilmembers Dubauskas, Graham, Littlefield, McAllen, and Whitehead voting in the affirmative.

REGULAR AGENDA

3. Proposed Fiscal Year (FY) 2026-27 Operating Budget and Capital Improvement Plan

Request: Presentation, discussion, and possible direction to staff regarding the Proposed FY 2025/26 Operating Budget and Capital Improvement Plan.

Presenter(s): Scott Selin, Budget Department Director; Greg Caton, City Manager; Tom Shannon, Fire Chief; Joe LeDuc, Police Chief; Nick Molinari, Parks & Recreation and Preserve Senior Director; Thyra Ryden-Diaz, Water Resources Interim Senior Director; Will Lofdahl, Westworld General Manager; Alison Tymkiw, City Engineer and Transportation and Infrastructure Senior Director; Hasan Mushtaq, Drainage and Flood Control Manager

Staff Contact(s): Scott Selin, Budget Department Director, 480-312-2603, sselin@scottsdaleaz.gov

Budget Department Director Scott Selin; City Manager Greg Caton; Fire Chief Tom Shannon; Police Chief Joe LeDuc; Parks & Recreation and Preserve Senior Director Nick Molinari; Water Resources Interim Senior Director Thyra Ryden-Diaz; Westworld General Manager Will Lofdahl; City Engineer and Transportation and Infrastructure Senior Director Alison Tymkiw; and Drainage and Flood Control Manager Hasan Mushtaq gave a PowerPoint presentation (attached) on the proposed Fiscal Year (FY) 2026-27 Operating Budget and Capital Improvement Plan (CIP).

PUBLIC COMMENT – ITEM 3

Note: A High-Intensity Activated Crosswalk (HAWK) is also known as a Pedestrian Hybrid Beacon.

Mayor Borowsky opened public comment on this item.

Daniel Friedman, Scottsdale resident, spoke in support of the Shea Blvd. and N. 66th Street HAWK.

Ariella Friedman, Scottsdale resident, spoke in support of the Shea Blvd. and N. 66th Street HAWK.

Paris Blumenthal, Scottsdale resident, spoke in support of the Shea Blvd. and N. 66th Street HAWK.

Benjamin Benson, Scottsdale resident, spoke in support of the Shea Blvd. and N. 66th Street HAWK.

Mark Rentz, Scottsdale resident, spoke in support of a diverse water portfolio, the Advanced Purification Recycled Water (APRW) Program, the Bartlett Dam expansion, and the need for a contingency plan for a reduction in the Colorado River water allowance.

Jason Alexander, Scottsdale resident, spoke in opposition to the Shea Blvd. and N. 66th Street HAWK.

Linda Milhaven, former Scottsdale City Councilmember, spoke in support of water options outlined in the Water Strategic Plan and stated the APRW Program and Bartlett Dam expansion should be included in the CIP budget.

Gila Lesky, Scottsdale resident, spoke in support of the Shea Blvd. and N. 66th Street HAWK.

Dan Ishac, Scottsdale resident, spoke in opposition to the Shea Blvd. and N. 66th Street HAWK.

David Smith, former Scottsdale City Councilmember, spoke in opposition to multiple CIP projects citing Proposition 420 budget limitations.

Raoul Zubia, Scottsdale resident, spoke in support of the APRW Program and Bartlett Dam expansion.

Yvonne Cahill, Scottsdale resident, spoke in opposition to the Shea Blvd. and N. 66th Street HAWK and stated an overpass bridge would be a better option for this area.

Mayor Borowsky closed public comment on this item.

Councilmembers made the following requests, observations and suggestions:

- Provide a list of Parks and Preserve project budgets that were removed from the CIP and were budgeted for design.
- Schedule a presentation and discussion of the Water Strategic Plan for a future City Council Work Study Session Meeting.
- Request for more information related to the \$100 million set aside for water and how that funding would be utilized and possibly added back to the CIP, either through a memo to the City Council or a future Work Study Session Meeting.
- Request for a discussion on the APRW Program and related costs at a future Work Study Session Meeting.
- Request for a discussion of other possible water purchase options at a future Work Study Session Meeting.
- Request for a discussion of a feasibility study for Bartlett Dam at a future Work Study Session Meeting.
- Should be flexible and be able to adjust our water policy.
- Should discuss and publicize what other current methods the City is using to save water.
- Need to anticipate costs so that water rates and fees reflect future needs.
- Concern that the 5th Avenue and Goldwater Park project was defunded.
- Request for the City Attorney to investigate resident concerns related to certain CIP projects and possible issues related to Proposition 420 funding.
- Concern about a possible lack of transparency related to the proposed Shea Blvd. and 66th Street HAWK project.
- Would prefer a traffic light at Shea Blvd. and 66th Street instead of a HAWK as a HAWK poses a danger to pedestrians.

- Request a written description of when Shea Blvd. and 66th Street HAWK project was proposed and what projects were eliminated.
- Kierland Commons HAWK is successful.
- A HAWK at Shea Blvd. and 66th Street would return the traffic lights at Shea and 64th Street and 70th Street to normal intervals.
- Overall, this is a good budget.
- Concern that CIP spending is down.
- Appreciate the increases to the road maintenance budget.
- Revenue estimates are too conservative.
- Budget is fiscally conservative.
- Rainy day funds are needed.
- Want to keep promises to Police and Fire regarding salaries and ensure that roads are maintained.
- Concerns regarding reduction of employee count and contracting work out.
- Need to invest in water as time is running out.
- Would like budget funding for Bartlett Dam expansion as water costs will only increase.
- Need more diversity in our water sources.
- Glad to see that the budget was reduced by 10 percent.
- Would like unfilled vacancy count to go down further.
- Crime is significantly down.
- Debt has been paid down.
- Appreciate investment in new training for existing Public Safety team members.
- Appreciate investments in roads while reducing overall budget.

PUBLIC COMMENT

Dan Ishac, Scottsdale resident, discussed 1st Amendment rights concerns and Councilmember decorum.

Yvonne Cahill, Scottsdale resident, discussed concerns regarding Councilmember comments.

Jason Alexander, Scottsdale resident, discussed concerns regarding Councilmember comments.

Paris Blumenthal, Scottsdale resident, discussed antisemitism, safety and security, and Councilmember support.

CITIZEN PETITIONS

4. Receipt of Citizen Petitions

Request: Accept and acknowledge receipt of citizen petitions. Any member of the Council may make a motion, to be voted on by the Council, to: (1) Direct the City Manager to agendize the petition for further discussion; (2) direct the City Manager to investigate the matter and prepare a written response to the Council, with a copy to the petitioner; or (3) take no action.

NOTE: Any member of the Council may make a motion, to be voted on by the Council, to: (1) Direct the City Manager or responsible Charter Officer to agendize the petition for further discussion; (2) Direct the City Manager or responsible Charter Officer to investigate the matter and prepare a written response to the Council, with a copy to the petitioner; or (3) Take no action.

Staff Contact(s): Ben Lane, City Clerk, 480-312-2411, blane@scottsdaleaz.gov

No citizen petitions were received.

WORK STUDY SESSION

PUBLIC COMMENT – WORK STUDY SESSION

Mayor Borowsky opened public comment on this item.

Betty Janik, former Scottsdale City Councilmember, spoke in support of the Budget Review Commission, new sources of water, the Advanced Purification Recycled Water (APRW) Program, and the need for diverse water options.

Mark Rentz, Scottsdale resident, discussed the importance of the City's current water situation, contingency planning for possible Colorado River allocation reductions, and the need for future water funding.

Dan Ishac, Scottsdale resident, discussed support of the Budget Review Commission, the City's fiscal responsibility, and proposed budget cuts.

Mayor Borowsky closed public comment on this item.

1. Budget Review Commission Recommendations

Requests: Presentation, discussion, and possible direction to staff regarding the results of the Budget Review Commission's work and recommendations to the Council for their consideration related to the Proposed Fiscal Year (FY) 2026/27 Operating Budget and Capital Improvement Plan, budget governing policies, and related items.

Presenter(s): Sonia Andrews, City Treasurer; Budget Review Commission Members

Staff Contact(s): Sonia Andrews, City Treasurer, 480-312-2364, sandrews@scottsdaleaz.gov

City Treasurer Sonia Andrews and Budget Review Commission (BRC) Members Chair Daniel Schweiker, Vice Chair Mark Stephens, Commissioner Carla, and Commissioner Brad Newman gave a PowerPoint presentation (attached) on the proposed Budget Review Commission recommendations.

Councilmembers made the following requests, observations and suggestions related to the 2026-27 work plan for the Budget Review Commission:

- Ensure that aging City facilities are properly maintained.
- Look at increase in expenses.
- APRW Program should be reviewed.
- Look at impact of taking the APRW Program out of the Capital Improvement Plan and how it would affect future costs.
- Review sales tax structure to evaluate alignment to City needs.
- Review 2004 Preserve Tax to see if the tax can be repurposed for other city needs.
- Review 2019 Bond projects to see what are needed as compared to what was proposed seven years ago.
- City staff should be able to present to the Budget Review Commission.
- The development and methodology of revenue projections should be reviewed to ensure the budget accurately reflects expenses.

There was Council consensus in support of the following items:

- Appreciate the efforts of the BRC members.
- Bring a resolution for City Council consideration and possible adoption related to the Budget Review Commission recommendations

COUNCILMEMBER REPORTS

There were no Councilmember reports.

MOTION AND VOTE – ADJOURNMENT

Mayor Borowsky made a motion to adjourn the Regular Meeting and Work Study Session. Councilwoman Whitehead seconded the motion, which carried 7/0, by voice vote, with Mayor Borowsky; Vice Mayor Kwasman; and Councilmembers Dubauskas, Graham, Littlefield, McAllen, and Whitehead voting in the affirmative.

ADJOURNMENT

Mayor Borowsky adjourned the Regular Meeting and Work Study Session at 9:39 P.M.

SUBMITTED BY:



Ben Lane, City Clerk

Officially approved by the City Council on _____

C E R T I F I C A T E

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting and Work Study Session of the City Council of Scottsdale, Arizona, held on the 5th day of May 2026.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 23rd day of June 2026.

Ben Lane, City Clerk

May Service Anniversaries

20 Years of Service

Brandon Chapman Michael Larsen
Christopher John Teresa Martin
Eileen Johnson Amy Tinder

25 Years of Service

Tanya Anzaldua Emmitt Lovelady
Orest Jejna George Mok
Joel Lewis Paul Wein

40 Years of Service

Jennifer Moreno

PRESENTATION/
INFORMATION
UPDATES



Government 101 Citizens' Academy

May 5, 2026

Joy Racine

Community Involvement Manager
City Manager's Office

PRESENTATION/
INFORMATION
UPDATES



Dig deep and discover Scottsdale Government 101



Know your City



Shape its Future



City Manager
Charter Officers

Transportation &
Infrastructure

Scottsdale Water

Economic
Development
Tourism & Events

Planning &
Development

Volunteer
Opportunities
Networking

City bus tour
Scottsdale History

Police
Fire
Emergency
Management

Government
Relations
Constituent Services
ADA

Libraries
Parks & Recreation
Human Services



“Learn how life
is good in
Scottsdale”





CITY OF
SCOTTSDALE



LE

Inspiring eye-opening
 Fabulous Informative Insightful organized Great
 Relevant Comprehensive Impressive
 Engaging Fun
 Valuable **GOVERNMENT 101 IS...** Joyful
 Community Integrated Edifying
 Interesting Empowering Positive
 merciful Immersive
 Entertaining Educational Enjoyable
 Platform all of US Fascinating
 worth-while Useful

how to stay informed
 Constituent Services
 tech in PD RR Park
 Enterprise Operations
 Senior Ctr Services
 RTCC Commissions
 Complexity of water treatment
 general maintenance staff
WE LEARNED...
 Gov't Relations
 Library Services
 SCS Planning layers landmarks
 Uses of the Stadium bus tour History + Places we didn't know existed
 Concerts in the park
 Organization Coordination Econ Dev for businesses
 Human Services yaqui Community CDs



Engagement is Empowering

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OF
TTSDALE

FY 2026/27 Proposed Budget and 5-Year Capital Improvement Plan

City Council Meeting
May 5, 2026



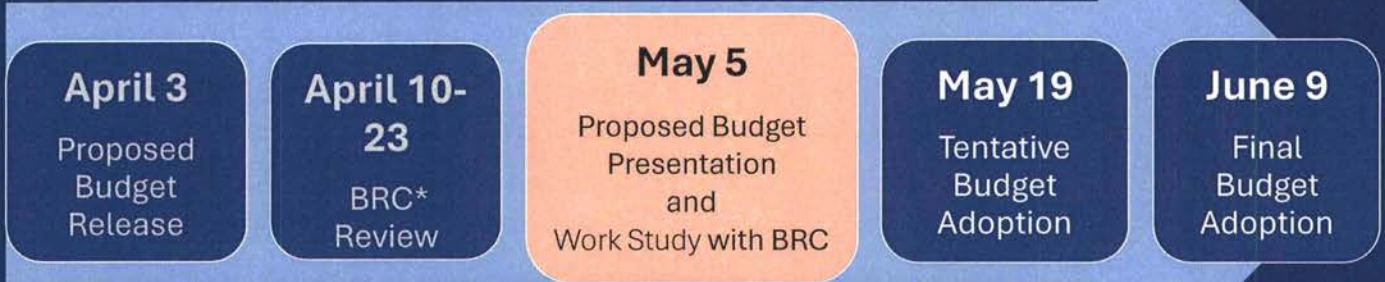
Thank You



- Budget Team
- Department Staff
- Budget Review Commission
- City Council



FY26/27 Budget and 5-Yr CIP Adoption Timeline



* Budget Review Commission (BRC)



FY 2026/27 Proposed Budget \$2,118.9 M



Note: Amounts do not include internal transfers



-3.8% Overall Net Decrease from Prior Year Budget

(in millions)	FY 24/25 Adopted	FY 25/26 Adopted	FY 26/27 Proposed	\$ Chng from P/Y	% Chng from P/Y
Operating Budget	762	835	836	1	0.1%
PSPRS additional payment		50	2	(48)	
Total Operating Budget	762	885	838	(47)	-5.3%
Capital Improvements	1,068	948	882	(66)	-7.0%
Reserves and Contingencies	465	371	399	28	7.5%
Total Budget	\$2,295	\$2,204	\$2,119	(\$85)	-3.8%



Budget Highlights



Ensuring Financial Sustainability With Slower Revenue Growth and Cost Pressures

- Departments tasked with identifying up to 10% reduction in base budgets and 2% reduction in vacant positions
- Budget reductions to offset strategic investments and cost inflation pressures
- Minimize use of reserve to ensure sufficient rainy day funds

Investing in Public Safety

- \$4.8M additional compensation for Police and Fire recruitment and retention
- \$8.6M increase in Fire Department Budget for Phase III Ambulance, staffing and workforce development
- \$2.0M in additional PSPRS contribution for Fire
- \$69.0M in public safety capital improvements (includes \$48.3M in carryforwards)



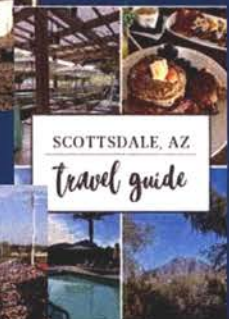
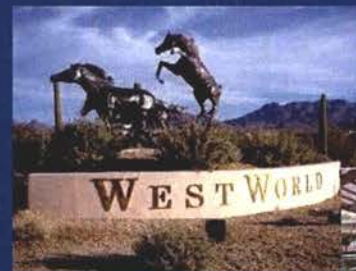
Prioritizing Roads and Water

- \$45.9M for pavement overlay and \$212.2M in other transportation projects (includes \$142.2M in carryforwards)
- \$4.7 increase in water and water reclamation budget for operating costs increases
- \$330.5M budget for water and water reclamation capital improvements (includes \$177.1M of carryforwards)



Supporting Economic Drivers

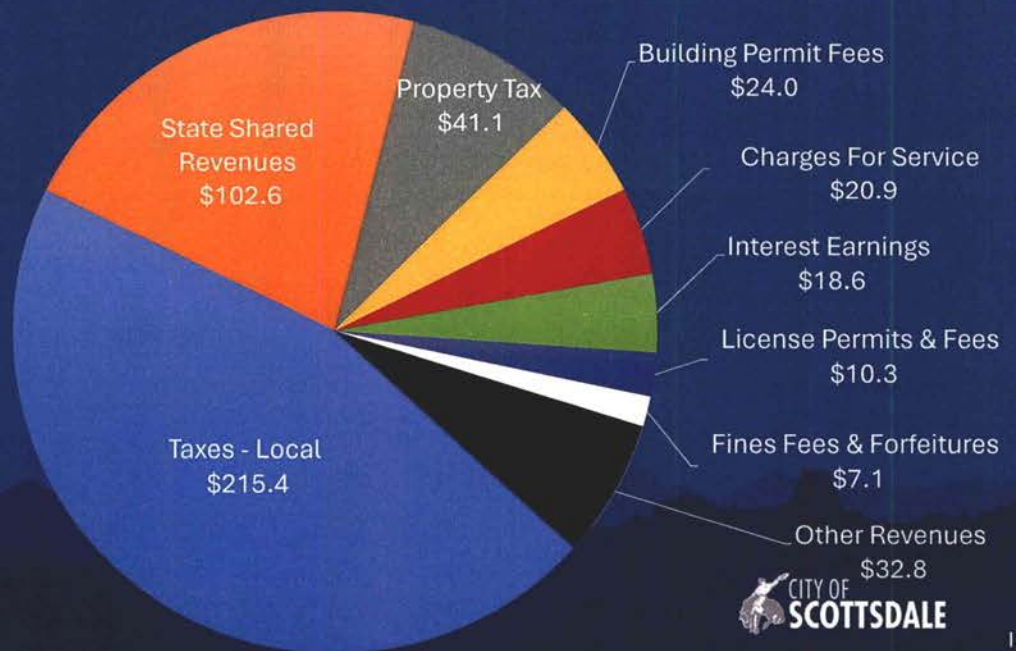
- \$ 8.7M budget for West World
- \$32.1M budget for Tourism and Events
- \$3.2M budget for improvements at Scottsdale Stadium



General Fund Revenues

FY26/27 Projected General Fund Sources (in millions)

Total Revenues and Transfers In \$472.8M

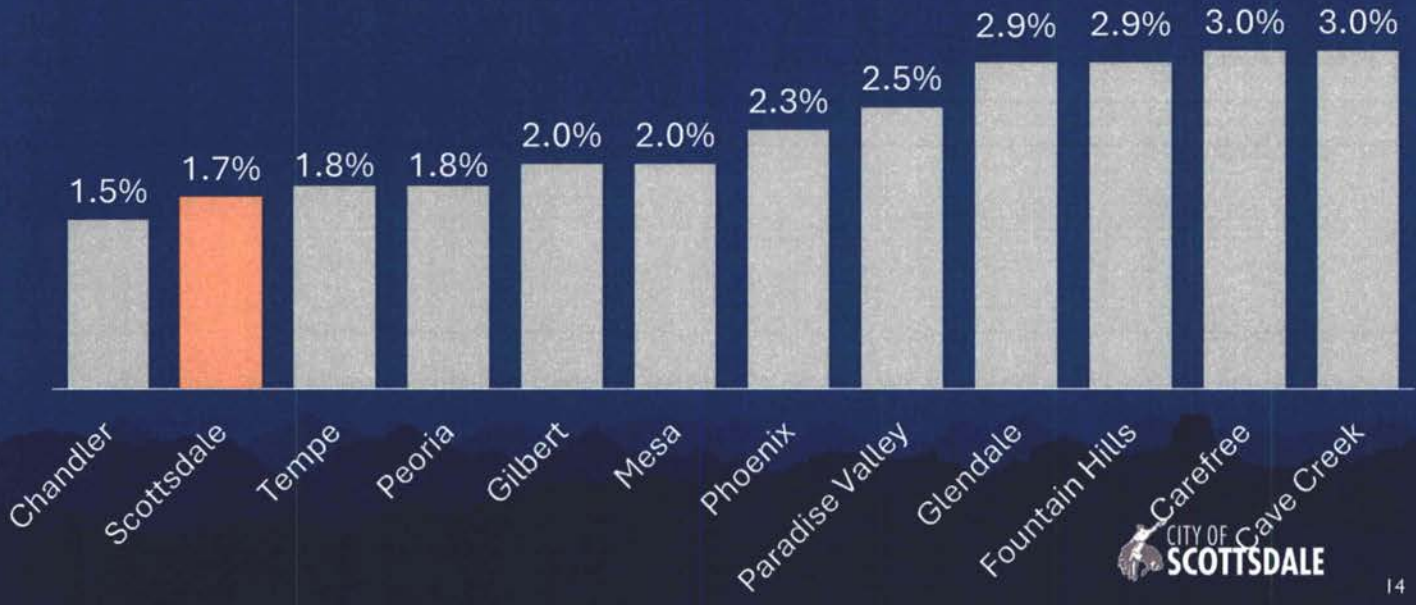


Sales Tax – Slower Growth in FY27 and FY28

General Fund 1.0% Sales Tax Revenues (in millions)



Scottsdale Maintains One of the Lowest Local Sales Tax Rate in the Valley



General Fund State Shared Revenues

(in millions)

Steady modest growth in
State Sales Tax and
Income Tax



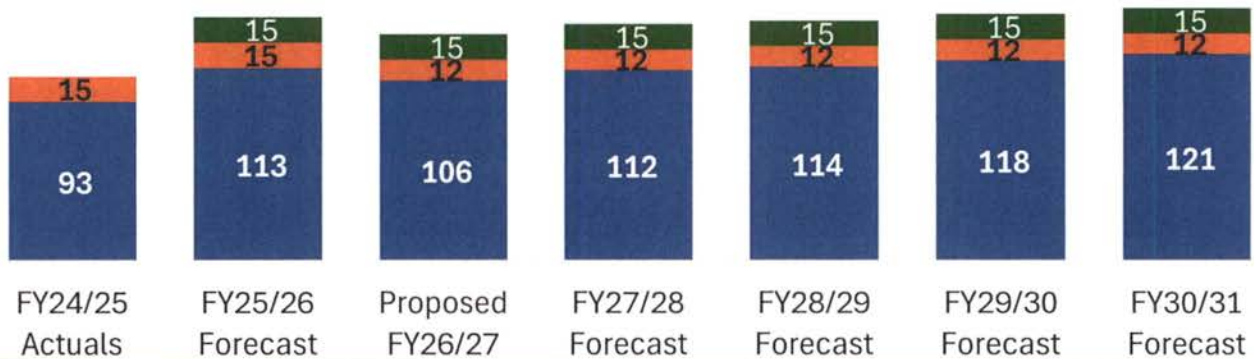
Note: Potential future impact due to conformity with federal tax law not included in projections



General Fund Rainy Day Funds Remain Intact

(in millions)

■ Emergency & Operating Reserves ■ Contingencies ■ Revenue Loss Reserves



Note: Amounts do not include designated fund balances and other designated reserves



Proposed FY 2026/27 Budget Operating Budget

FY 2026/27 Proposed Budget \$2,118.9 M



Note: Amounts do not include internal transfers

Operating Budget is Structurally Balanced

(in millions)	Proposed Expenditures	FY26/27 Projected Revenues
General Fund	\$ 424	\$ 451
Water and Sewer	164	239
Other Enterprise Funds	40	51
Transportation Fund	37	57
Tourism Fund	26	40
0.15% Park and Preserve Tax	12	27
Other Funds	136	150
Total	\$ 838	\$ 1,015

Note: Does not include Transfers Out. Excess operating revenues are used for Capital Improvements or reserved for future use



Reduced Total FTE Count

FY 25/26 Adopted FTEs	2,796.9
Phase III Ambulance (funded by ambulance billings and general fund support)	22.0
Parks and Recreation (funded by 0.15% Park and Preserve Tax)	6.0
Other city-wide staffing additions	12.5
Vacant Positions Eliminated	(48.83)
Net Change in FTEs	(8.33)
FY26/27 Proposed FTEs	2,788.57



Full-Time Benefitted Positions Eliminated

- Departments were instructed to review vacant positions to realign staffing resources
- Goal to eliminate approximately 2% of total position count without impacting service levels
- A total of 33.0 full-time, vacant benefitted positions were identified for elimination

Department Eliminations

Police Department	-6.0
Water Resources	-6.0
Parks and Recreation	-4.0
Charter Officers	-4.0
Human Services and Libraries	-3.0
Communications, Fleet, IT, Solid Waste, Planning and Development	-10.0
Full Time Benefitted Positions Eliminated in Proposed Budget	-33.0

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Full-Time Benefitted Positions Additions

- A total of 33 full-time regular benefitted positions are recommended to be added in the Proposed FY 2026/27 budget

Department Additions

Fire Department (Ambulance)	22.0
Parks & Recreation	6.0
City Attorney's Office	2.0
Enterprise Operations	1.0
City Treasurer's Office	1.0
WestWorld	1.0
Full Time Benefitted Positions Added in Proposed Budget	33.0

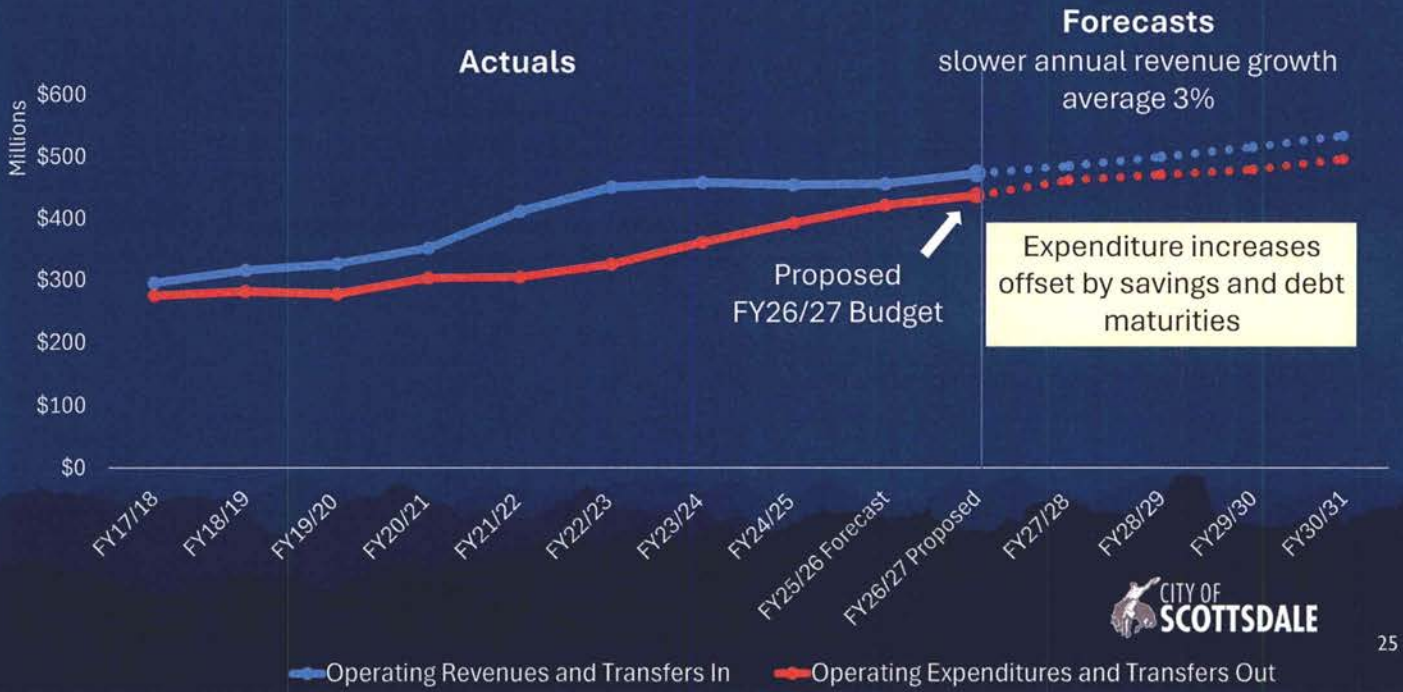
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General Fund Operating Budget

General Fund Uses (in millions)

	FY 25/26 Adopted	FY 26/27 Proposed	\$ Chg	% Chg
Base Operating Expenditures	409.8	422.1	12.3	3.0%
PSPRS additional payment	50.0	2.0	-48.0	
Total Operating Budget	459.8	424.1	-35.7	-7.8%
Transfers Out: Ambulance Fund Subsidy	2.5	4.6	2.1	
Debt Service	10.0	10.3	0.3	
Capital Projects	48.8	33.7	-15.1	-30.9%
Total Uses	\$521.1	\$472.7	-48.4	-9.3%

General Fund – On-Going Operating Sources and Uses (excludes PSPRS Additional Payments and Transfers to CIP)



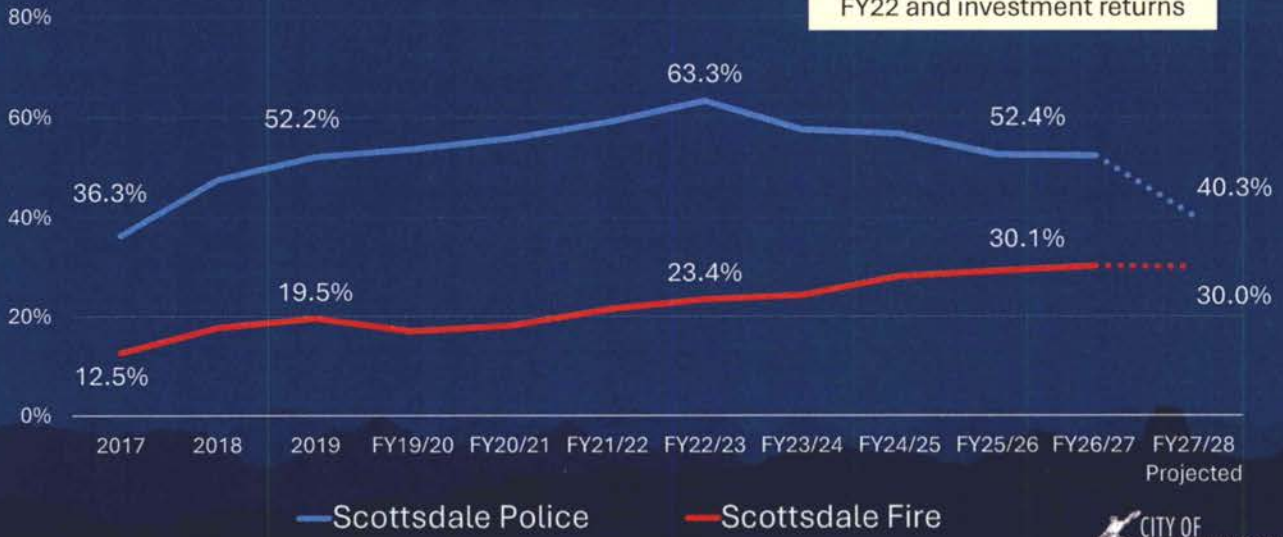
General Fund Transfers to Debt Service



Scottsdale's PSPRS Contribution Rate for T1/T2

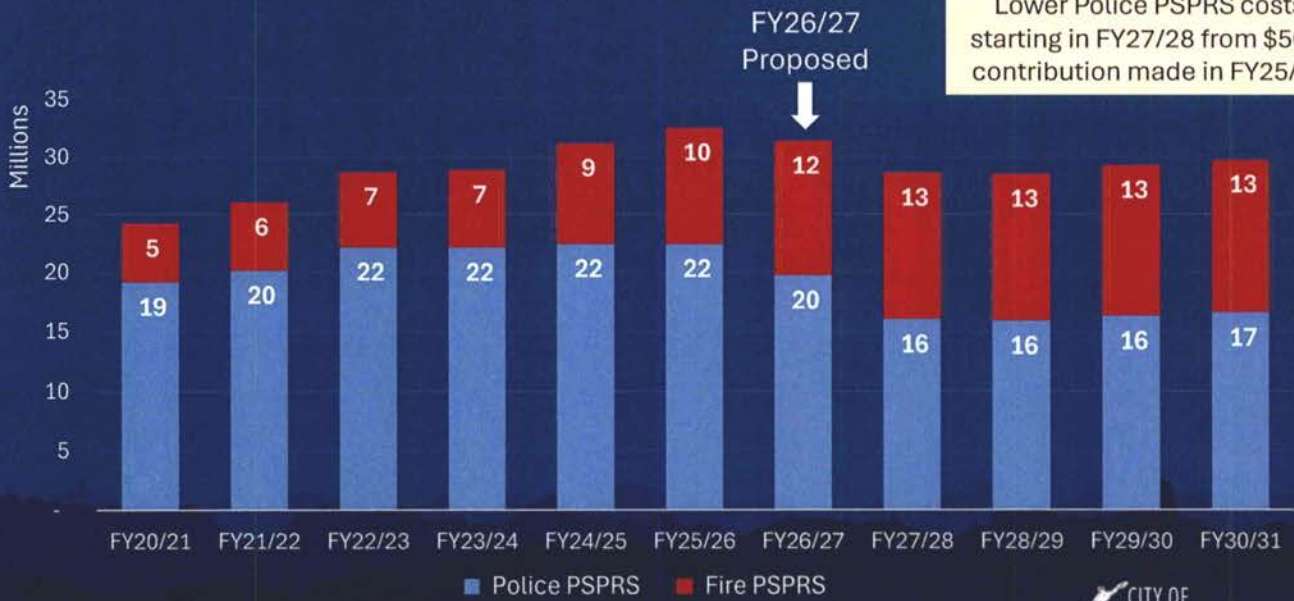
(Contribution rate as a percent of salaries)

Lower Police rates from additional contributions since FY22 and investment returns



PSPRS Historical Costs and Projected Savings

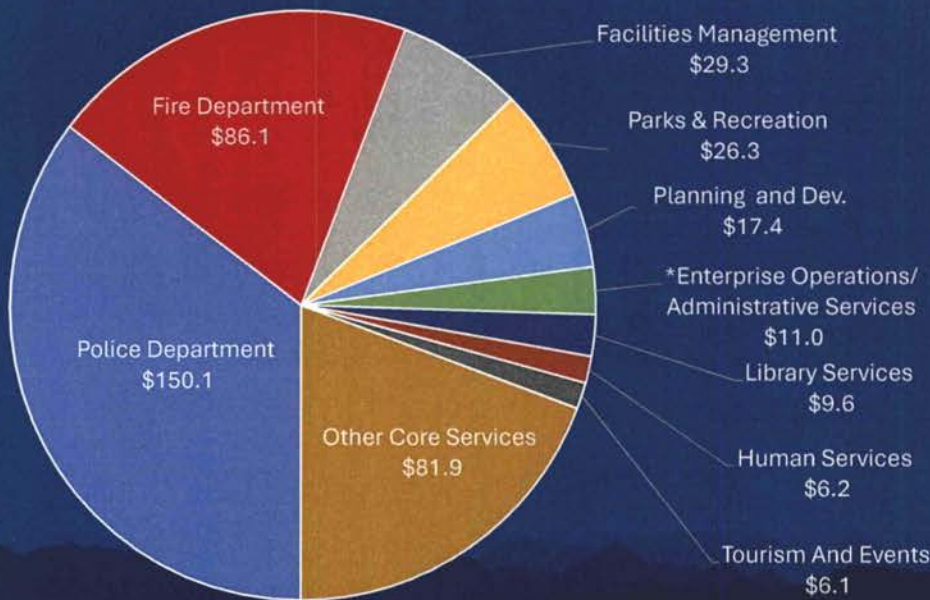
Lower Police PSPRS costs starting in FY27/28 from \$50M contribution made in FY25/26



General Fund

\$424.1M

FY26/27 Operating Budget (excludes contingencies and reserves)



* Includes non-enterprise fund commercial operations (e.g. WestWorld, Scottsdale Arts, etc)



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Additional Personnel Budget Proposed

In Addition to the City-Wide 1% market, up to 3% Merit and 5% Step for Sworn, the Proposed FY 26/27 includes the following:

- Additional Sworn Personnel Compensation Adjustments \$4.8M
- Focused Classification and Compensation Study Projects \$1.5M
- One-time Adjustment for Employees at Range Maximum \$0.6M
- Vacation Trade & Payouts \$4.1M



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Proposed FY 2026/27 Budget Capital Budget and 5-Year Capital Improvement Plan

FY 2026/27 Proposed Budget \$2,118.9 M



Note: Amounts do not include internal transfers

Proposed FY25/26 Capital Budget \$882M + \$74M in contingencies

(in millions)	FY25/26 Adopted	Carry-forwards	FY26/27 Requests	Proposed FY26/27*
Community Facilities	\$93	\$28	\$18	\$47
Drainage/ Flood Control	38	36	34	70
McDowell Sonoran Preserve	12	2	-	2
Public Safety	78	48	21	69
Service Facilities	159	115	65	180
Transportation	262	142	116	258
Water and Water Reclamation	331	177	153	331
Total Capital Budget *	\$974	\$549	\$407	\$956

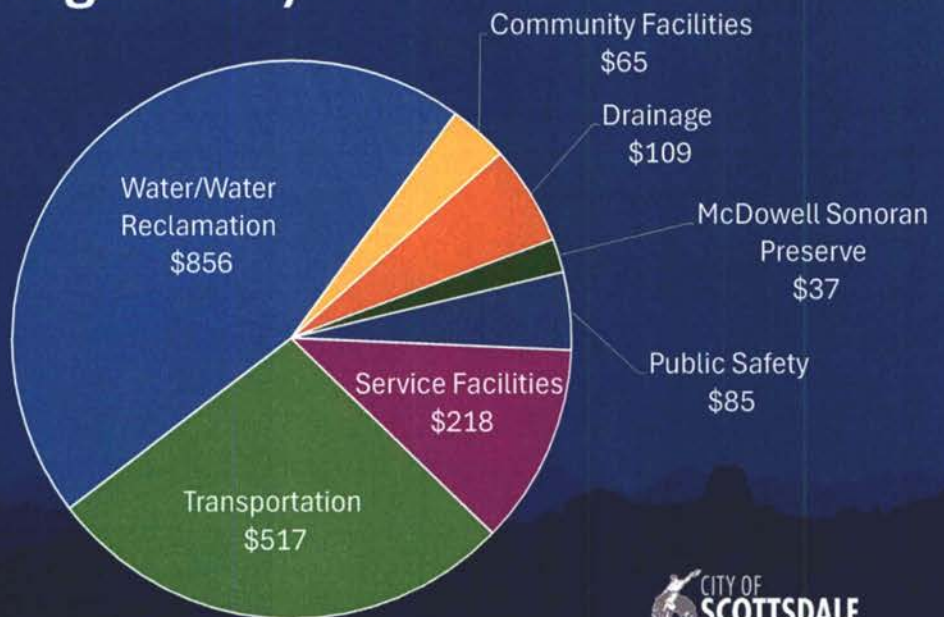
* Amounts may not total due to rounding



Proposed 5-Year Capital Improvement Plan (includes contingencies)

**FY26/27 to
FY30/31**

\$1,886.6M



Department Operating Budgets and CIP Projects

Fire Department

Fire and Ambulance Operating



- Ambulance Phase III (22 FTE)
 - \$5.2M in FY 26/27
- Skills Replacement & Development
 - \$3.4M in FY 26/27
- Additional PSPRS Investment
 - \$2M in FY 26/27

Fire Department Budget

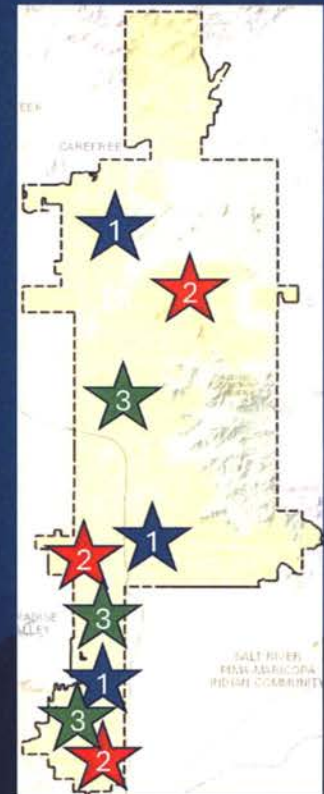
FY 2025/26 Adopted - \$93.3M

FY 2026/27 Proposed - \$103.8M



Fire - Ambulance Phase III

- Scottsdale Fire Department is providing ambulance services to citizens in a phased approach
- Phases I and II (currently live)
 - Phase I - Fire stations 602, 608, and 615
 - Phase II - Fire stations 601, 605, and 614
- Phase III (scheduled in 12/2026)
 - Fire Stations 603, 611, 618 (Ambulance Annex)



0.15% Park and Preserve Tax (Allocation to Fire Mitigation and Technical Rescue)

- The Proposed Budget funds the following with the Park and Preserve Fire Mitigation and Technical Rescue Fund:
 - 3 Community Risk Reduction Captains
 - 1 Wildland Urban Interface position
 - Specialty pay, equipment and enhanced capabilities to Technical Rescue
 - Fuel mitigation
- Total funding from the Fire Mitigation and Technical Rescue Fund of \$1.7 million in Proposed Budget

Build New Fire Station at 90th St. and Via Linda (PB2502) (2019 Bond, General Fund)

- Bond 2019 Project
- Addresses explosive growth in the 90th Street and Via Linda area
- Will allow response times to improve and ensure Fire Department capabilities keep pace with Scottsdale's continued growth

Incurring to Date (2/26)	\$0.1 million
FY 2026/27 Budget	\$10.3 million
FY 2027/28 Budget	\$3.8 million
FY 2028/29 Budget	
FY 2029/30 Budget	
FY 2030/31 Budget	
Total Project Budget	\$14.2 million

Ambulance Annex 618 (PB2603)

(General Fund)

- Strategic investment in Scottsdale's medical services infrastructure
- Provides a dedicated facility to efficiently house and deploy ambulance resources
- Will reduce response times and improve care for residents by positioning life-saving equipment and personnel where they are most needed

Incurred to Date (2/26)	\$0.5 million
FY 2026/27 Budget	\$9.0 million
Total Project Budget	\$9.5 million



41

Police Department

42

Police Department Operating



- Wellness Initiatives
- Additional Security Footprint at WestWorld
- Additional 0.5 FTE Polygrapher Position

Police Budget

FY 2025/26 Adopted - *\$160.4M

FY 2026/27 Proposed - \$156.3M

*(excludes \$50M PSPRS)

Note: Other funds include grants, Park and Preserve Tax Funds and other restricted special revenue funds



43

0.15% Park and Preserve Tax (Allocation to Police Park Ranger Program)

- The Proposed Budget funds the following from Police Park Ranger Fund:
 - \$1.4 million in total expenditures in FY 2026/27
 - 6 sworn Police Park Rangers, a Sergeant, and a Real Time Crime Center Technician
 - Additional support for Park and Preserve enhanced safety



44

40 - Renovate and Expand the Civic Center Jail and Downtown Police Facility to Meet Demand (PB2204)

(2019 Bond, General Fund)

- Bond 2019 Project
- Adds capacity and bolsters security
- Brings facility up to ADA standards

Incurred to Date (2/26)	\$1.8 million
FY 2026/27 Budget	\$18.0 million
Total Project Budget	\$19.8 million



45

33 - Renovate the Via Linda Police Station to Increase Efficiency (PB2203)

(2019 Bond, General Fund)

- Bond 2019 Project
- Modernize infrastructure and provide adequate infrastructure to support critical functions

Incurred to Date (2/26)	\$5.2 million
FY 2026/27 Budget	\$11.4 million
Total Project Budget	\$16.6 million



46

Parks and Recreation

Parks and Recreation Operating



- McCormick-Stillman Railroad Park moving to Parks and Recreation
- 6 new FTE (Park and Preserve Tax Funding)

Parks and Recreation

FY 2025/26 Adopted - \$34.1M

FY 2026/27 Proposed - \$39.3M

(includes 0.15% Park and Preserve Tax Funding for Preserve)

0.15% Park and Preserve Tax (Allocation to Park Maintenance)

- The Proposed Budget funds the following from Park Maintenance Fund:
 - \$3.3 million in total funding and 11.8 FTE positions in FY 2026/27
 - 6.8 new FTE positions in FY 2026/27 to support park maintenance
 - \$0.3 million for five new vehicles for park maintenance

0.15% Park and Preserve Tax (Allocation to Park Improvements)

- The Proposed Budget funds the following from Park Improvements Fund:
 - \$6.8 million in operating budget and Transfers to CIP for park improvements
 - \$0.3 million for replacement of park furnishings
 - Transfers to CIP include funding for Sport Court replacement, Eldorado Aquatic and Fitness Center, design for improvements at Chaparral Park, Agua Linda Park, Paiute Park, and Indian Bend Wash Master Plan

0.15% Park and Preserve Tax (Allocation to McDowell Sonoran Preserve Maintenance)

- The Proposed Budget funds the following from Preserve Maintenance Fund:
 - \$3.4 million in total expenditures and 10.2 FTE positions in FY 2026/27
 - \$2.0 million for Preserve Planning and Administration
 - \$1.4 million for various Preserve initiatives and programs
 - Sonoran Desert Preservation
 - Wildland Fire Mitigation
 - Invasive Plant Management
 - Sonoran Desert Education



23 - Repair Lakes and Irrigation at Vista del Camino Park in the Indian Bend Wash (PP2103)

(2019 Bond, General Fund)

- Bond 2019 Project
- Repair failing lakes and irrigation in the Indian Bend Wash
- Enhances water conservation and quality, resolves lake edge erosion

Incurred to Date (2/26)	\$13.4 million
FY 2026/27 Budget	\$21.2 million
Total Project Budget	\$34.6 million



42 - Add a Dog Park to Thompson Peak Park (PP2206)

(2019 Bond, General Fund)

- Bond 2019 Project
- Build a 3.5 acre dog park, a footbridge and additional parking at Thompson Peak Park

Incurred to Date (2/26)	\$1.8 million
FY 2026/27 Budget	\$4.6 million
Total Project Budget	\$6.4 million



53

Water Resources

54

Water and Sewer Operations

Water and Water Reclamation Fund

	FY 25/26 Adopted Budget	FY 26/27 Proposed Budget	% Change
Operating Expenditures	\$124.8M	\$131.9M	5.7%
Debt Service	\$34.2M	\$32.5M	-5.0%
Transfers Out	\$99.0M	\$69.1M	-30.2%
Total	\$258.0M	\$233.5M	-9.5%

- 4.5% water rate increase
 - 3.5% O&M
 - 1.0% New Source and Supply
- 3.5% sewer rate increase
- \$4.1M additional for utilities
- \$0.9M additional for water purchase costs and chemicals
- Bartlett Dam Feasibility – Moved from Capital to Operating

55

Water Source and Supply (New Capital Project 44)

(Water Revenue Bonds)

- To obtain and facilitate water sources and supply

Incurring to Date (2/26)	\$0
FY 2026/27 Budget	
FY 2027/28 Budget	\$100.0 million
Total Project Budget	\$100.0 million



56

Wastewater System Improvements (PV1906)

(Sewer Rates, Sewer Development Fee)

- Design and construct sewer lines
- Complete treatment plant work
- Rehabilitate sewer manholes

Incurred to Date (2/26)	\$46.6 million
FY 2026/27 Budget	\$28.0 million
FY 2027/28 Budget	\$24.7 million
FY 2028/29 Budget	\$14.0 million
FY 2029/30 Budget	\$13.4 million
FY 2030/31 Budget	\$24.1 million
Total Project Budget	\$150.8 million



Crossroads East - Water System Improvements (PW1906)

(Water Rates, Water Development Fee, Bond Proceeds)

- Increase site 55A booster pumping capacity
- Install approximately 4,200 linear feet of 30-inch transmission main to serve current and future connections

Incurred to Date (2/26)	\$3.4 million
FY 2026/27 Budget	\$27.5 million
Total Project Budget	\$30.9 million



WestWorld

WestWorld Operating



WestWorld

FY 2025/26 Adopted - \$8.1M

FY 2026/27 Proposed - \$8.7M

- Net Increase of 5.0 FTE positions
 - 1 Event Director
 - 8 Part-time Maintenance Workers
- Reduction in Contractual Services
- Additional funding for equipment needs
 - Equipment \$162,700
 - Software \$47,500

WestWorld Drainage Projects (PD2201, PD2601, PD2602, PD2603) (WIFA Debt, General Fund)

- Drainage improvements designed to manage stormwater flowing into the facility from offsite areas
- Significantly reduces risk of flooding and operational disruptions
- Enhances public safety, protects city assets, and improves facility resilience

Incurring to Date (2/26)	\$0
FY 2026/27 Budget	\$16.9 million
FY 2027/28 Budget	\$9.2 million
FY 2028/29 Budget	\$3.7 million
Total Project Budget	\$29.8 million



WestWorld Comprehensive Wayfinding & Signage System (New Capital Project 8) (Tourism Development Fund)

- Design a modern, coherent, and intuitive wayfinding system to address onsite signage deficiencies at WestWorld

Incurring to Date (2/26)	\$0
FY 2026/27 Budget	\$0.2 million
Total 5-Year Project Budget	\$0.2 million



WestWorld Cover Arena 7 (New Capital Project 2)

(General Fund)

- Design a cover over Arena 7, including architectural and engineering services to develop final plans, cost estimates, and construction phasing

Incurred to Date (2/26)	\$0
FY 2026/27 Budget	\$0.1 million
Total 5-Year Project Budget	\$0.1 million



63

Transportation and Infrastructure CIP Projects

64

Pavement Overlay Program (New Capital Project 43)

(0.2% Transportation Sales Tax, General Fund)

- Yearly program to complete ongoing street pavement improvements
- May include milling and surface treatments, fog seals, crack fill treatment, concrete work
- \$10M from General Fund in FY 2026/27

*Incurred to Date (2/26)

FY 2026/27 Budget	\$45.9 million
FY 2027/28 Budget	\$26.7 million
FY 2028/29 Budget	\$27.5 million
FY 2029/30 Budget	\$26.5 million
FY 2030/31 Budget	\$10.0 million
Total Project Budget	\$136.5 million



- *Does not include previous years of funding pavement overlay

62 - Build a Bridge on Thompson Peak Parkway over Reata Wash to Improve Safety (PS2501)

(2019 Bond, 0.2% Transportation Sales Tax)

- Bond 2019 project to construct a second bridge
- Scope is to design and construct the westbound bridge and realign the roadway

Incurred to Date (2/26)

	\$0.6 million
FY 2026/27 Budget	\$13.6 million
Total Project Budget	\$14.2 million



Flood Control/Drainage CIP Projects

Granite Reef Wash Phases 2A (PF2201)

(Flood Control IGA, Stormwater Utility Bill Fee)

- Construct storm drain improvements along Pima Road and Granite Reef Wash
- Project includes funding from outside agencies (FCDMC & SRPMIC)

Incurred to Date (2/26)	\$0.0 million
FY 2026/27 Budget	\$13.9 million
Total Project Budget	\$13.9 million

68th Street Storm Drain South of Camelback Rd (PF2401)

(Stormwater Utility Bill Fee, Flood Control IGA)

- Construct a storm drain along 68th St. north of the Arizona Canal and south of Camelback Rd.
- Provides 100-year flood protection to four structures
- Project includes funding from an outside agency (FCDMC)

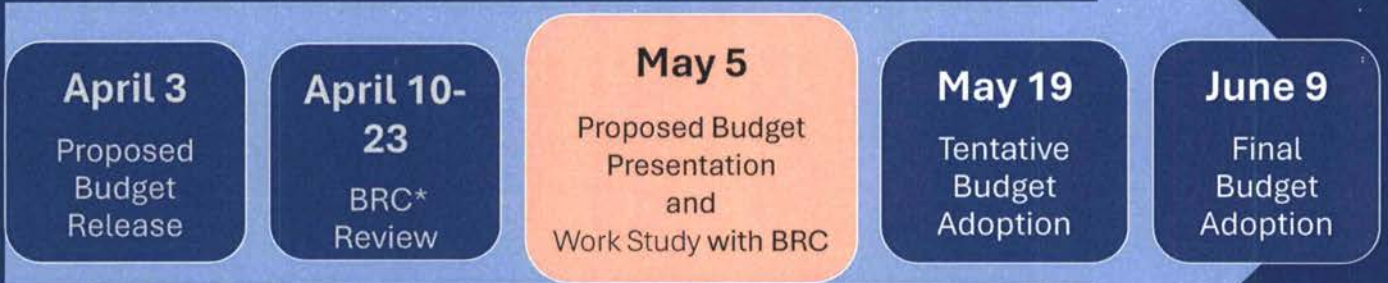
Incurred to Date (2/26)	\$0.1 million
FY 2026/27 Budget	\$3.1 million
Total Project Budget	\$3.2 million



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Budget Next Steps

FY26/27 Budget and 5-Yr CIP Adoption Timeline



* Budget Review Commission (BRC)



Shea Blvd and 66th St Pedestrian Crossing

(Transportation 0.2% Sales Tax)

Project Type:	New Infrastructure
Status	Design and Construction
Project Cost	\$598 K
Importance of Project:	Pedestrian Safety
Request	New Project

Background: Shea Blvd is a high-speed arterial that creates a barrier for pedestrians crossing the street.

Scope: Install a Pedestrian Hybrid Beacon (HAWK) crossing at the intersection.



Chaparral Rd and Canal Crossing



ITEM 3

Budget Review Commission Report

City Council Work Study Meeting
May 5, 2026



Budget Review Commission Members

Daniel Schweiker (Chair)
Mark Stephens (Vice Chair)
Carla
Sklyer Badenoch
Bob Lettieri
Brad Newman
Randy Pullen



Ordinance No. 4700

Sec. 2-383 Purpose, Powers and Duties of BRC

- Advisory to Council
- Primary purpose of BRC is to review and make recommendations on the Proposed Budget for the following fiscal year prepared by staff
- BRC may also review additional budget areas as directed by Council (requires approval and direction from Council)



Council Direction and Suggestions to BRC (Based on Nov 17 Council Workstudy)

- Examine financial trends and ratios, comparison to peer cities
- Review budget variances
- Review the Proposed FY26/27 Budget and CIP prepared by staff
- Bring forward budget topics for consideration, focusing on major issues and larger costs
- Identify focused approach and specific scope of work for review



BRC Discussions and Reviews (December through April)

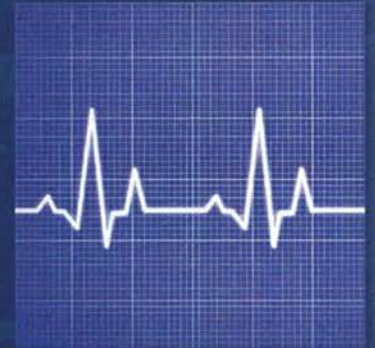


BRC Review Timeline



Review of Financial Conditions Report

Reviewed financial ratios and trends from 2007 to 2025 and comparison to peer cities



- Some Observations:
 - City budget is structurally balanced
 - City is focused on structural balance and financial sustainability
 - City compares well generally to peer cities
 - Scottsdale is very dependent on sales tax and tourism



Review of Quarterly Budget Variances

Reviewed budget variances for major funds for quarters ended September 2025 and December 2025

**Budget
VS
Actual**

- Some Observations:
 - New ERP system created typical conversion challenges
 - There were no material unexplained differences
 - Valuable learning tool for Commissioners



Review of Major Revenue Trends and Projections

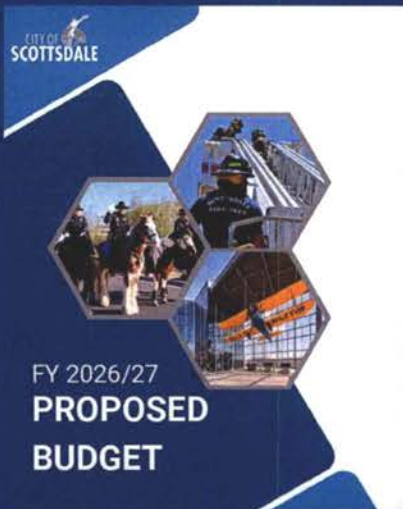
Reviewed major General Fund revenue historical trends and projections



- Some Observations:
 - Scottsdale is highly dependent on sales tax and tourism
 - Revenues can be threatened by State and Federal actions (e.g. OBBBA conformity possibility)
 - Projected sales tax revenue increase of 3% in-line with expected GDP growth and inflation



Review of Proposed FY26/27 Budget and 5 Year CIP



- Reviewed CIP projects proposed and City Manager’s new CIP methodology
 - Concerns that substantial water and sewer needs are not reflected in 5-year CIP
 - Concerns that new 5-year CIP methodology limits assessment of funding needs and fiscal sustainability
- Reviewed Operating Budget by Fund on April 10, 16 and 23



Recommendations on Proposed FY2026/27 Budget and CIP



Public Comments and Discussions

Public Comments Received

- Public commenters specifically requested that the Bartlett Dam and APRW projects be reinstated into the 5-year CIP
 - City Manager added \$100M in CIP funding in FY27/28 to provide for water sources and supply projects, which will be defined when studies are complete
- Consideration for loss of federal funding for certain Human Services programs
 - City provided memo on various housing federal funds and risks



BRC Recommendations on Proposed FY26/27 Budget and 5-Year CIP

1. Include feasibility study for Granite Reef Senior Center in the CIP
2. Evaluate restoring APRW project in CIP once cost studies are complete
3. Report on financial sustainability of the 5-year CIP in-light of methodology change to exclude project completion costs when projects are not fully scoped
4. Evaluate sufficiency of \$2M additional PSPRS contributions for Fire and if additional contributions are needed for Police and Fire after the 2026 actuarial reports are released in December

Proposed Future Areas of Focus for BRC
(Requires Approval and Direction from Council)

Proposed Future Areas of Focus for BRC

1. Sales Tax Structure Review

Evaluate alignment of sales tax rates to city needs

2. 2004 Preserve Tax Repurpose

Evaluate prior to the FY28/29 budget cycle, the possibility of repurposing the 2004 0.15% Preserve tax for other city needs

3. 2019 Bond Program Review

Review uncommitted bond funds with current needs



Note: detail descriptions of each proposed area contained in appendix

Proposed Future Areas of Focus for BRC

4. Federal Funding Cuts Contingency Plan

Develop contingency plan for reduction in federal funding for vulnerable citizens and impact to General Fund

5. Aging Facilities – Adequate Funding

Review aging facilities and ensure adequate funding for FY27/28 budget



Note: detail descriptions of each proposed area contained in appendix

Next Steps

Council Resolution or Motion to Direct BRC on Proposed Future Areas of Focus

Appendix (Detail Description of Proposed Future Areas of Focus for BRC)

Description on Proposed Future Areas of Focus for BRC

1. Sales Tax Structure Review

- Voter-mandated sales tax revenue categories have aged and may not align proportionally with actual spending needs across the city
- Request staff evaluate the gap between mandated revenues/allocations and real demand—identifying trapped surpluses and structural deficits.
- Recommend areas where the sales tax structure should be realigned proportionally to fund major community priorities.

No new or incremental taxes proposed—overall sales tax burden remains unchanged. And any structural change would require a voter referendum.



Description on Proposed Future Areas of Focus for BRC

2. 2004 Preserve Tax - Repurpose

- Prior to the FY28/29 Budget Cycle, request staff to evaluate for review and recommendation to BRC and Council 1) the payoff the McDowell Sonoran Preserve debt when it becomes eligible and 2) the repurposing of the 0.15% sales tax that expires in 2034 to major road/water/drainage maintenance programs to renew city's infrastructure backbone.

No new or incremental taxes proposed—overall sales tax burden is constrained to remain unchanged in this evaluation. And any repurpose would require a voter referendum.



Description on Proposed Future Areas of Focus for BRC

3. 2019 Bond Program Review

- Various voter-approved bond projects have not be implemented due to COVID delays and limited annual capital project bandwidth
- Are these projects still relevant to voter and city needs?
- Staff is requested to evaluate the completion status of 2019 bond projects and recommend potential changes that better reflect updated city priorities and funding realities.

No new or incremental taxes proposed—overall sales tax burden is constrained to remain unchanged in this evaluation. And any restructure would require a voter referendum.



Description on Proposed Future Areas of Focus for BRC

4. Federal Funding Cuts – Contingency Plan

- Develop realistic contingency plan for most vulnerable residents, especially seniors and determine impact of reduction in federal funding and resulting impact on General Fund, especially impact of federal funding cuts on Paiute Community Center

5. Aging Facilities – Adequate Funding

- Identify and take a closer look at aging facilities over the summer to ensure adequate funding for the FY2027/28 budget

