

CITY COUNCIL REPORT



Meeting Date: June 21, 2022
 General Plan Element: *Economic Vitality*
 General Plan Goal: *Sustain Scottsdale as a tourist destination*

ACTION

Scottsdale Railroad and Mechanical Society Donation to McCormick-Stillman Railroad Park Bunkhouse Capital Project.

Adopt Resolution No. 12494 accepting a \$1,000,000 monetary donation from the Scottsdale Railroad and Mechanical Society to be deposited in the CIP Contributions Fund. The monetary donation will contribute to fund the McCormick-Stillman Railroad Park Bunkhouse capital project.

BACKGROUND

In 1971, the Scottsdale Railroad & Mechanical Society was chartered as part of the agreement with the city of Scottsdale to establish a Railroad Park on donated land. The Scottsdale Railroad and Mechanical Society provides financial and technical assistance to the McCormick-Stillman Railroad Park in Scottsdale, AZ for the enhancement and the enjoyment of the park by children, their families and railroad enthusiasts.

McCormick-Stillman Railroad Park opened in October of 1975 to the public and is a nationally recognized park and tourist destination, both locally and abroad. As a city park, entrance to the park is free and tickets must be purchased for train or carousel rides. The park contributes to Scottsdale's tourism industry and brings in upwards of \$2,000,000 to the park annually. Currently, ride attendance averages over 500,000 annually. Attendance significantly drops, however, between May-September during the hot summer months with no indoor recreational options.

To boost summer attendance and to give park visitors better entertainment options during the hot Arizona months, the city is proposing to demolish the existing unused, outdated bunkhouse and construct an approximately 8,000 square foot multiuse facility in its place with an indoor train-themed play structure, indoor/outdoor restrooms, party/event space, staff office space, shaded outdoor area, and event lawn/plaza.

The purpose of this action is to authorize the acceptance of funding being offered by Scottsdale Railroad and Mechanical Society to provide \$1,000,000 toward the McCormick-Stillman Railroad Park Bunkhouse capital project. This project is estimated to bring in an additional \$1,500,000-\$2,000,000 in annual revenues.

ANALYSIS & ASSESSMENT

Policy Implications

Citizens of Scottsdale, local visitors and tourists will benefit from the reconstruction of the bunkhouse at the McCormick-Stillman Railroad Park as a multiuse facility allowing more citizens to enjoy this space during the hotter summer months.

Community Involvement

The Scottsdale Railroad and Mechanical Society formally approves of the McCormick-Stillman Bunkhouse capital project.

RESOURCE IMPACTS

Available funding

The FY 2022/23 Adopted Budget includes budget appropriation of \$8,587,908 for the McCormick-Stillman Bunkhouse capital project (TEMP2657). This action will contribute to fully-fund the project: the Scottsdale Railroad and Mechanical Society's donation of \$1,000,000 added to the city's commitment of \$7,587,908 complete the budget of \$8,587,908.

Future Budget Implications

Once completed, the maintenance of the bunkhouse will have minimal General Fund impact as the McCormick-Stillman Railroad Park is mainly funded by user fees, which are deposited in a special programs account. At estimated revenues of \$1,500,000-\$2,000,000 annually, this project recoups its total estimated cost in 4-6 years.

OPTIONS & STAFF RECOMMENDATION

Recommended Approach

Adopt Resolution No. 12494 accepting a \$1,000,000 monetary donation from the Scottsdale Railroad and Mechanical Society to be deposited in the CIP Contributions Fund. The monetary donation will contribute to fund the McCormick-Stillman Railroad Park Bunkhouse capital project.

Not accepting the \$1,000,000 monetary donation from the Scottsdale Railroad and Mechanical Society to be used towards the McCormick-Stillman Railroad Park Bunkhouse capital project will result in a \$1,000,000 funding shortfall for the project.

Proposed Next Steps

If the City Council approves the acceptance of the donation, the project could start as soon as the FY 2022/23 Budget begins (July 1, 2022), with completion anticipated by 2024.

RESPONSIBLE DEPARTMENT(S)

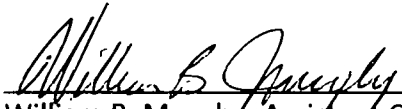
Community Services Division, Planning and Business Operations Department; Parks and Recreation Department

STAFF CONTACT(S)

Sunny Nakagawa, Parks and Recreation Manager, snakagawa@scottsdaleaz.gov

Bryan Bundy, Community Services Business Manager, bbundy@scottsdaleaz.gov

APPROVED BY



William B. Murphy, Assistant City Manager
480-312-7954, bmurphy@scottsdaleaz.gov

5/13/2022

Date

ATTACHMENTS

1. Resolution No. 12494
2. Scottsdale Railroad and Mechanical Society Donation Letter

RESOLUTION NO. 12494

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, ACCEPTING A \$1,000,000 MONETARY DONATION FROM THE SCOTTSDALE RAILROAD AND MECHANICAL SOCIETY TO BE DEPOSITED IN THE CIP CONTRIBUTIONS FUND AND TO BE USED TOWARDS THE MCCORMICK-STILLMAN RAILROAD PARK BUNKHOUSE CAPITAL PROJECT.

WHEREAS, the City owns and operates McCormick-Stillman Railroad Park (Park), a public park located at 7301 E. Indian Bend Road, Scottsdale, Arizona 85250, which has a railroad theme and offers many recreational opportunities to residents and visitors, including railroad-related rides, exhibits, and events;

WHEREAS, the Scottsdale Railroad and Mechanical Society (Society) is an Arizona non-profit corporation that was established to assist the City in the establishment, operation, and maintenance of charitable and educational facilities at a railroad park and museum for the use and enjoyment of the public;

WHEREAS, Park attendance significantly drops during the hot summer months of May to September with limited indoor recreational options;

WHEREAS, the City currently has a future capital improvement project planned for completion in 2024 to demolish the existing unused, outdated bunkhouse at the Park and to construct an approximately 8,000 square foot multiuse facility in its place with indoor train-themed play structure, indoor/outdoor restrooms, party/event space, staff office space, shaded outdoor area, and event lawn/plaza (Project) to meet the need for indoor recreational opportunities;

WHEREAS, the Society has offered to donate \$1,000,000 toward the Project; and

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

Section 1. The City hereby accepts the monetary donation of \$1,000,000 from the Scottsdale Railroad and Mechanical Society to be deposited in the CIP Contributions Fund and to be used toward the McCormick-Stillman Railroad Park Bunkhouse capital project. On behalf of the residents of Scottsdale, the City Council expresses its appreciation to the Scottsdale Railroad and Mechanical Society for this generous and useful gift.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona this 21st day of June, 2022.


CITY OF SCOTTSDALE, an Arizona
municipal corporation

ATTEST:

Ben Lane, City Clerk

David D. Ortega, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney

By: Kimberly Campbell, Senior Assistant City Attorney



May 19, 2022

Mr. Jim Thompson
City Manager
3939 N. Drinkwater Blvd.
Scottsdale, AZ 85251

Dear Mr. Thompson,

The Scottsdale Railroad & Mechanical Society is a non-profit 501c3 that was incorporated in 1969 with the sole purpose of supporting the city of Scottsdale's McCormick-Stillman Railroad Park. The group has been instrumental in the development of the park and is committed to assisting the City in providing improvements to the Railroad Park.

On behalf of the Board of the Scottsdale Railroad & Mechanical Society, we would like to reiterate our continued support for the valuable "Bunkhouse Replacement" CIP project. The funding for that project was approved as part of the fiscal year 2019/2020 CIP budget and is part of a multi-project master plan that includes a splash pad that was funded through the 2019 Bond. The splash pad project was the number two rated project on Scottsdale's 2019 Bond Project List and, while funded, is on pause as it has integrated elements with the Bunkhouse Replacement project.

The Board would like to remind you of its commitment to make a \$1,000,000 contribution towards the cost of the CIP proposal that includes Phase I of the park's Municipal Use Master Site Plan improvements (Bunkhouse Replacement). The Board's \$1,000,000 commitment is contingent upon the City's commitment to allocate funding the balance of the Bunkhouse Replacement within the next two fiscal years (2022/2023 and 2023/2024), with project completion to occur no later than December 31, 2024.

It is our understanding that the McCormick-Stillman Railroad Park will also commit several hundred thousand dollars towards the CIP proposal from the park's special revenue fund. Between the Scottsdale Railroad & Mechanical Society and the Railroad Park, the project has significant funding to supplement the City's general fund support for this valuable public investment. This is a true example of how a private-public partnership can benefit the community. The Scottsdale Railroad & Mechanical Society believes the project is a wise investment of community funding and the improvements will enhance the long-term viability of the city of Scottsdale and the McCormick-Stillman Railroad Park as a premier destination for families and visitors.

Please let me know if there is anything further you need from our group.

Very Truly Yours,

Eric Damko, Chair
Scottsdale Railroad & Mechanical Society
602-527-1306

CC: Mayor David D. Ortega
Members of the Scottsdale City Council

Attachment 2