

SCOTTSDALE CITY COUNCIL
WORK STUDY SESSION MINUTES
TUESDAY, FEBRUARY 16, 2021



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

CALL TO ORDER

Mayor David D. Ortega called to order a Work Study Session of the Scottsdale City Council at 6:59 P.M. on Tuesday, February 16, 2021.

ROLL CALL

Present: Mayor David D. Ortega
Vice Mayor Betty Janik
Councilmembers Tammy Caputi, Tom Durham, Kathy Littlefield, Linda Milhaven,
and Solange Whitehead

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott,
Acting City Treasurer Judy Doyle, City Auditor Sharron Walker, and
City Clerk Carolyn Jagger

1. Monthly Financial Update

Request: Receive, discuss, and provide possible direction on the City Treasurer's monthly financial presentation as of January 2021.

Presenter(s): Judy Doyle, Acting City Treasurer

Staff Contact(s): Sylvia Dlott, Acting Budget Director, 480-312-2419, sdlott@scottsdaleaz.gov

Acting City Treasurer Judy Doyle gave a PowerPoint presentation (attached) on the City's financial status as of January 2021.

2. Monthly Financial Study Session

Request: Presentation, discussion, and possible Council direction regarding the monitoring of FY 2020/21 revenues and expenditures.

Presenter(s): Jim Thompson, City Manager

Staff Contact(s): Sylvia Dlott, Acting Budget Director, 480-312-2419, sdlott@scottsdaleaz.gov

City Manager Jim Thompson gave a PowerPoint presentation (attached) on the City's FY2020/21 revenues and expenditures.

ADJOURNMENT

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.

The Work Study Session adjourned at 7:25 P.M.

SUBMITTED BY:

A handwritten signature in blue ink, appearing to read "Carolyn Jagger", written in a cursive style.

Carolyn Jagger, City Clerk

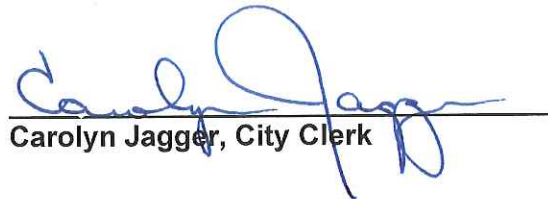
Officially approved by the City Council on March 2, 2021

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 Work Study Session of the City Council of Scottsdale, Arizona, held on the 16th day of February 2021.

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

DATED the 2nd day of March 2021.



Carolyn Jagger, City Clerk

Work Study 1

Monthly Financial Update – January 31, 2021

City Council Meeting – February 16, 2021

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General Fund Operating Sources January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19 Actuals	FY 2019/20 Actuals	FY 2020/21 Actuals	FY 2020/21 Revised Budget	Actual vs. Budget Favorable / (Unfavorable)	
					Amount	Percent
Taxes - Local	\$86.7	\$94.2	\$87.8	\$73.8	\$13.9	19%
Property Tax	19.0	20.0	21.4	19.9	1.5	7%
State Shared Revenues	37.6	40.4	46.0	40.5	5.5	14%
Charges for Service/Other	5.9	7.1	8.1	6.4	1.7	27%
License Permits & Fees	4.9	5.0	4.4	3.5	0.8	24%
Fines Fees & Forfeitures	4.3	4.4	3.5	4.1	(0.6)	(14%)
Interest Earnings	1.8	2.5	2.0	2.0	(0.1)	(3%)
Building Permit Fees & Charges	9.3	11.4	9.8	9.5	0.4	4%
Indirect/Direct Cost Allocations	3.9	4.4	4.2	4.2	-	-
Transfers In	7.5	7.9	7.7	6.9	0.8	12%
Total Sources	\$180.9	\$197.3	\$194.9	\$170.8	\$24.0	14%

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General Fund Operating Sources: 1% Sales Tax

January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2020/21	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Automotive	\$10.7	\$10.5	\$10.6	\$8.8	\$1.8	21%
Construction	6.2	6.4	7.1	4.6	2.5	55%
Dining/Entertainment	6.0	6.7	5.0	3.3	1.7	51%
Food Stores	4.3	4.6	4.9	4.2	0.6	15%
Hotel/Motel	3.3	3.6	2.0	1.3	0.7	58%
Major Dept Stores	5.6	6.3	5.5	5.3	0.2	4%
Misc Retail Stores	12.6	14.7	15.7	12.0	3.7	31%
Other Activity	7.8	8.5	8.8	6.3	2.5	40%
Rental	10.0	10.8	9.3	9.9	(0.6)	(6%)
Utilities	2.7	3.0	2.8	3.1	(0.3)	(10%)
Sales Tax Total	\$69.1	\$75.1	\$71.7	\$58.8	\$12.9	22%

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General Fund Operating Uses by Category

January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2020/21	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Personnel Services*	\$113.9	\$122.5	\$104.6	\$106.0	\$1.4	1%
Contractual Services	35.9	39.0	36.4	38.7	2.3	6%
Commodities	3.7	3.9	3.6	3.9	0.4	9%
Capital Outlays	0.4	0.2	0.5	0.4	(0.1)	(19%)
Contracts Payable & COPs	1.6	1.5	-	0.4	0.4	100%
Transfers Out	1.3	2.4	4.8	-	(4.8)	n/a
Total Uses	\$156.9	\$169.5	\$149.8	\$149.4	(\$0.4)	0%
*Pay Periods thru January:	15	15	15			

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General Fund Operating Uses: Personnel Services

January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2020/21	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Salaries*	\$76.4	\$80.1	\$66.4	\$66.9	\$0.6	1%
Overtime	\$4.5	\$5.5	\$5.0	\$5.1	\$ -	-
Health/Dental	\$10.6	\$11.5	\$9.5	\$9.4	(\$0.1)	(1%)
Fringe Benefits	\$5.3	\$5.7	\$5.2	\$5.3	\$0.1	1%
Retirement	\$16.8	\$19.4	\$18.4	\$19.2	\$0.8	4%
Contract Workers	\$0.3	\$0.4	\$0.1	\$0.1	\$ -	-
Personnel Services Total	\$113.9	\$122.5	\$104.6	\$106.0	\$1.4	1%
*Pay Periods thru January:	15	15	15			

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General Fund Operating Division Expenditures

January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 2018/19	FY 2019/20	FY 2020/21	FY 2020/21	Actual vs. Budget	
	<u>Actuals</u>	<u>Actuals</u>	<u>Actuals</u>	<u>Revised Budget</u>	<u>Favorable / (Unfavorable) Amount</u>	<u>Percent</u>
Mayor & Council and Charter Officers	\$16.0	\$17.0	\$16.2	\$17.0	\$0.8	5%
Administrative Services	8.9	9.3	9.4	9.8	0.4	4%
Community and Economic Development	12.7	14.0	12.8	13.0	0.2	1%
Community Services	22.9	23.4	20.9	21.1	0.3	1%
Public Safety - Fire	24.5	28.0	21.7	21.7	-	-
Public Safety - Police	57.9	62.7	51.8	54.2	2.4	4%
Public Works	11.1	11.2	12.2	12.3	-	-
Total	\$154.0	\$165.7	\$145.0	\$149.1	\$4.0	3%

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General Fund Results: Summary January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 18/19 Actual	FY 19/20 Actual	FY 20/21 Actual	FY 20/21 Budget	Actual Vs. Budget	
					Fav/(Unf)	%
Sources	\$180.9	\$197.3	\$194.9	\$170.8	\$24.0	14%
Uses	\$156.9	\$169.5	\$149.8	\$149.4	(\$0.4)	0%
Change in Fund Balance	\$24.0	\$27.8	\$45.1	\$21.4	\$23.6	

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Successful Bond Issuances

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General Obligation Refunding

- \$168 million of Taxable General Obligation Refunding bonds
- All-in true interest cost of 1.3%, the lowest in the City's history
- **Net present value savings of \$13.2 million!**
- Will mature from 2021 thru 2034 (same time frame as the original bonds)
- Savings will benefit the Preserve Fund
- Repaid using the Preserve Sales Tax

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Municipal Property Corporation Refunding

- \$143 million of MPC Refunding bonds
- All-in true interest cost of 1.5%, the lowest in the City's MPC history
- **Net present value savings of \$11.5 million!**
- Will mature from 2021 thru 2036 (same time frame as the original bonds)
- Savings will benefit:
 - General Fund (\$5.5 million) and will be repaid with General Fund Sales Tax
 - Water and Sewer Enterprise Funds (\$6.0 million) and will be repaid with Water & Sewer Rates

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Bond 2019 General Obligation Issuance

- \$51 million of GO bonds
- Average all-in true interest cost of 1.55%
- Highest number of bidders
- Proceeds will finance several Bond 2019 projects
- Repaid using secondary property taxes

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Work Study 2

FY 2020/21 Budget Monitoring

City Council Meeting – February 16, 2021

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General Fund Results: Summary January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 19/20 Actual	FY 20/21 Actual	FY 20/21 Budget	Actual vs. Budget	
				Fav/(Unf)	%
Sources	\$197.3	\$194.9	\$170.8	\$24.0	14%
Uses	\$169.5	\$149.8	\$149.4	(\$0.4)	0%
Fund Balance Change	\$27.8	\$45.1	\$21.4	\$23.6	

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Continued Positive Returns

- This year's revenues are coming in better than budgeted by \$24.0 million (+\$0.7 million from December)
- Expenditures are coming in higher than budgeted by (\$0.4) million due to the city's purchase of land in December (+\$1.4 million from December)
- Continuing managing positions, currently 5.4% vacant (137 positions)

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Vacancy Savings January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	YTD Vacancy Savings	Budget	Forecast Vacancy Savings	Fav/(Unf)	%
General Fund	\$3.8	\$6.2	\$7.0	\$0.8	13%
All Funds	\$5.3	\$8.4	\$9.7	\$1.3	17%
Avg vacant FTEs	312.8	145.1	329.9	184.8	

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Tourism Development Fund Results: Summary January 2021: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 19/20 Actual	FY 20/21 Actual	FY 20/21 Budget	Actual vs. Budget	
				Fav/(Unf)	%
Sources	\$12.3	\$7.2	\$6.1	\$1.2	19%
Uses	\$13.6	\$9.6	\$9.6	\$0.1	1%
Fund Balance Change	(\$1.3)	(\$2.3)	(\$3.6)	\$1.1	

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Continuing COVID-19 Impacts

- This year's revenues are coming in better than budgeted by \$1.2 million (-\$0.5 million from December)
- Expenditures are coming better than budgeted by \$0.1 million (+\$0.3 million from December)

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