

**SCOTTSDALE CITY COUNCIL
SPECIAL MEETING MINUTES
WEDNESDAY, NOVEMBER 20, 2013**



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

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Special Meeting of the Scottsdale City Council at 5:08 P.M. on Wednesday, November 20, 2013, in the City Hall Kiva.

ROLL CALL

Present: Mayor W.J. "Jim" Lane; Vice Mayor Virginia L. Korte; and Councilmembers Suzanne Klapp, Robert W. Littlefield, Linda Milhaven (participated telephonically), Guy Phillips, and Dennis E. Robbins

Also Present: City Manager Fritz Behring, City Attorney Bruce Washburn, City Treasurer Jeff Nichols, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

PLEDGE OF ALLEGIANCE – Councilman Robbins

INVOCATION – Mayor Lane requested a moment of silence.

MAYOR'S REPORT

Mayor Lane reported that recently the City was honored by the Center for Digital Government for using technology to eliminate waste, enhance service levels, improve transparency, and engage with citizens in the digital world. Councilman Phillips accepted the award on behalf of the City at the National League of Cities conference.

CITY MANAGER'S REPORT – None

PRESENTATIONS/INFORMATION UPDATES – None

PUBLIC COMMENT – None

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.

ADDED ITEMS

A1. Added Items

The supporting materials for Item No. 1 will be added to the agenda less than ten days prior to the meeting and will require a separate vote to remain on the agenda.

Request: Vote to accept the agenda as presented or to continue the added item to the December 9, 2013 Council meeting.

MOTION AND VOTE – ADDED ITEMS

Vice Mayor Korte made a motion to accept the agenda as presented. Councilman Robbins seconded the motion, which carried 7/0.

CONSENT AGENDA

1. Chaparral Traffic Calming, Sewer, and Drainage Improvements-Scottsdale Road to 69th Place Budget Transfers

Request: Adopt **Resolution No. 9543** authorizing a total of \$1,205,067 in Capital Contingency budget appropriation transfers to fund a new project to be titled “Chaparral Road Traffic Calming, Sewer, and Drainage Improvements-Scottsdale Road to 69th Place.”

Staff Contact(s): Daniel Worth, Public Works Executive Director, 480-312-5555, dworth@scottsdaleaz.gov

2. Audit Committee Recommendation for Transportation Commission Sunset Review

Request: Adopt **Resolution No. 9567** accepting the Audit Committee’s recommendation and authorizing continuation of the Transportation Commission.

Staff Contact(s): Sharron Walker, City Auditor, 480-312-7867, swalker@scottsdaleaz.gov

2A. November 5, 2013 Special Election Canvass

Request: Adopt **Resolution No. 9583** as the official canvass of the City of Scottsdale November 5, 2013 Special Election.

Staff Contact(s): Carolyn Jagger, City Clerk, 480-312-2411, cjagger@scottsdaleaz.gov

MOTION AND VOTE - CONSENT AGENDA

Councilman Littlefield made a motion to approve Consent Items 1 through 2A. Vice Mayor Korte seconded the motion, which carried 7/0.

REGULAR AGENDA

3. 2014 State Legislative Agenda

Request: Consider the approval of the City of Scottsdale’s 2014 State Legislative Agenda.

Presenter(s): Brad Lundahl, Government Relations Director

Staff Contact(s): Brad Lundahl, Government Relations Director, 480-312-2683, blundahl@scottsdaleaz.gov

Government Relations Director Brad Lundahl gave a PowerPoint presentation (attached) outlining the 2014 State Legislative Agenda and proposed legislation.

MOTION AND VOTE - ITEM 3

Vice Mayor Korte made a motion to approve the City of Scottsdale's 2014 State Legislative Agenda, as presented. Councilman Phillips seconded the motion, which carried 7/0.

4. Monthly Financial Update

Request: Receive, discuss, and provide possible direction on the City Treasurer's monthly financial update as of October 2013.

Presenter(s): Jeff Nichols, City Treasurer

Staff Contact(s): Judy Mcllroy, Budget Director, 480-312-2603,
jmcilroy@scottsdaleaz.gov

City Treasurer Jeff Nichols gave a PowerPoint presentation (attached) on the City's financial status as of October 2013.

5. Comprehensive Financial Policies and Governing Guidance

Request: Adopt **Resolution No. 9570** relating to Comprehensive Financial Policies and Governing Guidance as the formal guidelines for the City of Scottsdale's FY 2014/15 financial planning and management.

Presenter(s): Jeff Nichols, City Treasurer

Staff Contact(s): Judy Mcllroy, Budget Director, 480-312-2603,
jmcilroy@scottsdaleaz.gov

City Treasurer Jeff Nichols gave a PowerPoint presentation (attached) on the City's proposed financial policies for FY 2014/15.

MOTION AND VOTE - ITEM 5

Councilman Robbins made a motion to: (1) Adopt Resolution No. 9570 relating to Comprehensive Financial Policies and Governing Guidance as the formal guidelines for the City of Scottsdale's FY 2014/15 financial planning and management; and (2) amend Financial Policy No. 35 to read: "The following stabilization reserves will be maintained for unforeseen emergencies or catastrophic impact to the City: a) General Fund Stabilization Reserve of 10 percent of annual General Fund operating expenditures; b) Transportation Fund Stabilization Reserve of 10 percent of annual Transportation Fund operating expenditures." Councilwoman Klapp seconded the motion, which carried 7/0.

PUBLIC COMMENT – None

MAYOR AND COUNCIL ITEMS – None

ADJOURNMENT

With no further business to discuss, the Special Meeting adjourned at 6:21 P.M.

SUBMITTED BY:



Carolyn Jagger
City Clerk

Officially approved by the City Council on

January 14, 2014

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Special Meeting of the City Council of Scottsdale, Arizona held on the 20th day of November 2013.

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

DATED this 14th day of January 2014.



Carolyn Jagger, City Clerk

Item 3

***Proposed 2014 State
Legislative Program***

City of Scottsdale
Government Relations Office
November 20, 2013

2014 State Legislative Program

- Second Regular Session of the 51st Legislature begins January 13, 2014
- Senate President Andy Biggs (R- Gilbert)
- Speaker of the House Andy Tobin (R- Prescott Valley)

2014 State Legislative Agenda

- Input from City Leadership

- Three Sections
 - Core Principles
 - Policy Statements
 - Proposed Legislation

- Incorporation of General Plan Elements
 - 12 Elements

2014 State Legislative Program

- For consideration tonight:
 1. Add, subtract, or amend Legislative Agenda.
 2. Consider approval of 2014 State Legislative Agenda.

Core Principles

- Protect Scottsdale's Quality of Life
- Preserve Local Funding
- Oppose Preemption of Local Authority

Economic Vitality

- SUPPORT working with the State, other governments, and private enterprises to identify sustainable economic growth opportunities.
- SUPPORT policies that promote and encourage a positive business climate to enhance Arizona's competitive efforts to attract and retain high wage jobs and encourage capital investment.
- SUPPORT policies that reduce costly administrative burdens on small and medium sized business, to encourage a business environment that can capitalize on the vision and skills of Arizona's entrepreneurs.

Economic Vitality

- OPPOSE efforts that would create additional regulatory or administrative hurdles to the local economic engine.
- SUPPORT the municipal airport system and its value as an economic driver.
- OPPOSE efforts to reduce regional airport funding that will negatively impact operations or expansion.
- SUPPORT research and development state tax credits to encourage business innovation.

Economic Vitality

- **Highway User Revenue Fund**
 - In FY08, \$12.9M HURF monies were reallocated to the DPS. In FY12, \$123.2M HURF monies to DPS.
 - SUPPORT the continued viability of HURF funding to cities and towns and support phasing down the percentage of HURF revenues being used to fund the Arizona Department of Public Safety.

Economic Vitality

- **Tourism**
 - SUPPORT efforts to increase the visibility of Arizona, Scottsdale and other Arizona cities and towns as being tourism destinations.
 - SUPPORT restoring funding for the Arizona Office of Tourism and encourage collaboration with the Arizona Commerce Authority.

Economic Vitality

- **Transaction Privilege Tax; Prime Contracting**
 - Legislature passed H.B. 2111 last year.
 - Changes to audits, collections, and point of taxation of the service repair industry.
 - Did not include changes to Prime Contracting.
 - H.B. 2111 estimated to cost Scottsdale \$4M in lost revenue (FY15/16).

Economic Vitality

- **Transaction Privilege Tax; Prime Contracting**
 - OPPOSE changes to the Prime Contracting tax code that would have negative impacts to City of Scottsdale revenue streams.

Neighborhoods

- **Fireworks**
 - OPPOSE efforts to preempt the local control of the use of fireworks.
- **Fire Code**
 - MONITOR legislation that negatively impacts the City's Fire Code or its ability to enforce its Fire Code provisions.

Neighborhoods

- **Protect Public Safety Plan Ordinance**
 - OPPOSE legislation that would preempt a city or town from establishing or having a public safety plan ordinance.

Preservation & Environmental Planning

- **Salinity Control**
 - SUPPORT legislation to mitigate salinity accumulation, including collaborative measures to minimize the impacts of sodium chloride from water softeners.

Preservation & Environmental Planning

- **Forest Restoration**
 - SUPPORT legislative efforts to bring about changes in forest management with the goal of enacting effective and large-scale forest restoration efforts to improve forest health, increase water yield, and reduce the risks from catastrophic wildfires.

Public Services & Facilities

Street Light Improvement Districts; O & M; Consolidation –

- SUPPORT legislation would authorize cities to recoup costs for operation and maintenance of SLIDs that are maintained by the city.

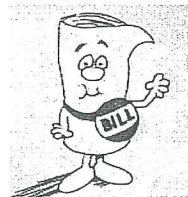
- SUPPORT legislation that would allow a city, which has county managed SLIDs with the city's boundary to assume their jurisdiction.

Public Services & Facilities

- **Scottsdale Water Service –**
 - Protect and enhance the City’s ability to provide safe, sustainable, and reliable water and wastewater at a reasonable cost. Examples of legislation that may fall under this statement include:
 - Legislation to ensure the City’s role in the management and continued use of reclaimed water and surface water.
 - Legislation to increase supplies of water through efficiency improvements or natural resource management.
 - Legislation to maintain municipal access to supplies of Central Arizona Project delivered water.

Proposed Legislation

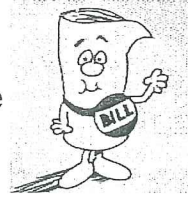
Bill #1: Traffic Congestion



- *SEEK legislation that would give the City Council the authority to control high traffic volume from taxis and motorized carts in specified areas of the City to ensure the timely response to public safety situations.*

Proposed Legislation

Bill #2: Non-transferable Liquor License



- *SEEK legislation that would create a new non-transferable bar liquor license for purchase by restaurant liquor license holders.*

Any Questions?

- For more information, contact the City of Scottsdale Government Relations Office

Monthly Financial Update As of October 31, 2013

City Council
November 20, 2013
Prepared by: Finance and Accounting Division

General Fund Operating Sources October 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

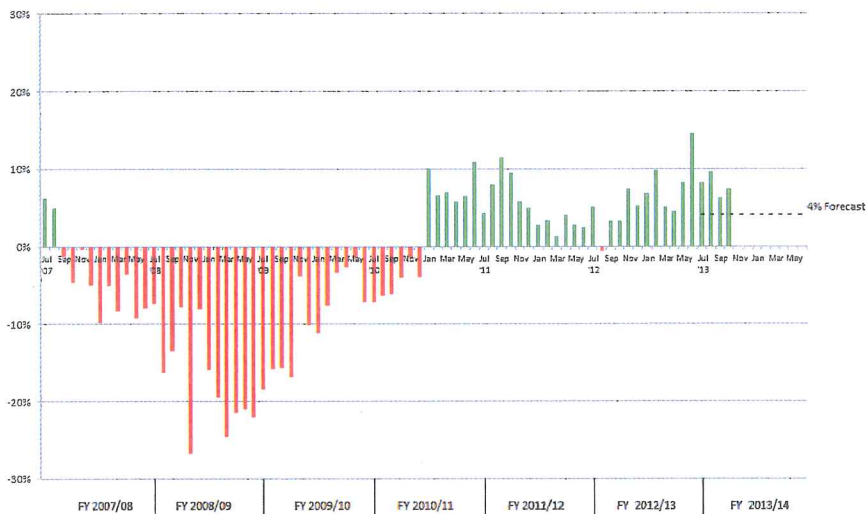
Sources Category	FY 11/12	FY 12/13	FY 13/14	FY 13/14 Budget	Actual vs. Budget	
	Actual	Actual	Actual		Fav/(Unf)	%
Sales Tax: 1.0% General Purpose	\$25.1	\$25.6	\$27.5	\$26.9	\$0.6	2%
0.1% Public Safety	2.5	2.5	2.7	2.6	0.1	2%
State Shared: Sales Tax	5.5	5.6	6.0	6.1	-	-
Revenue	6.1	7.4	8.1	8.1	-	-
Auto Lieu Tax	2.4	2.4	2.3	2.5	(0.2)	(8%)
Property Taxes (Primary)	3.3	3.1	3.2	3.4	(0.2)	(6%)
Franchise Fees/In-Lieu Tax	2.7	5.4	5.5	5.3	0.2	4%
Other: Licenses, Permits & Fees	1.9	1.8	1.9	2.0	(0.1)	(6%)
Fines & Forfeitures	2.4	2.2	2.1	2.3	(0.2)	(9%)
Miscellaneous	2.7	2.0	2.1	1.8	0.2	13%
Building Permits	2.7	3.7	4.8	3.0	1.8	61%
Interest Earnings	0.2	0.4	0.6	0.3	0.3	77%
Indirect Cost Allocations	2.7	2.4	2.2	2.2	-	-
Transfers In	5.0	3.9	2.7	2.7	-	-
<i>Subtotal Operating Sources</i>	<u>\$65.3</u>	<u>\$68.5</u>	<u>\$71.7</u>	<u>\$69.2</u>	<u>\$2.4</u>	<u>4%</u>
Bed Taxes	2.5	0.0	0.0	0.0	0.0	
<i>Total Operating Sources</i>	<u>\$67.8</u>	<u>\$68.5</u>	<u>\$71.7</u>	<u>\$69.2</u>	<u>\$2.4</u>	<u>4%</u>

General Fund Operating Sources: Sales Tax October 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

1.0% Sales Tax Category	FY 11/12 Actual	FY 12/13 Actual	FY 13/14 Actual	FY 13/14 Budget	Actual vs. Budget	
					Fav/(Unf)	%
<u>Consumer Spending:</u>						
Small retail stores	\$3.9	\$4.2	\$4.5	\$4.4	\$0.1	2%
Large retail stores	2.7	2.8	2.7	2.9	(0.1)	(4%)
Misc goods & services	1.6	1.6	1.9	1.6	0.3	19%
Grocery & convenience	1.9	1.8	1.9	1.9	-	-
Auto sales & maintenance	3.0	3.4	3.8	3.6	0.1	4%
<u>Tourism/Entertainment:</u>						
Hotel lodging & misc sales	0.8	0.8	1.0	0.9	0.1	11%
Restaurants & bars	2.1	2.2	2.3	2.3	-	-
<u>Business:</u>						
Construction	2.9	2.8	3.3	3.2	0.1	2%
Rental	4.0	4.0	4.1	4.0	0.1	3%
Utilities	1.6	1.7	1.6	1.7	(0.1)	(4%)
Licenses, penalties/interest	0.5	0.4	0.4	0.4	-	-
<i>Total 1.0% Sales Tax</i>	\$25.1	\$25.6	\$27.5	\$26.9	\$0.6	2%

General Fund Sales Tax: 1.0% General Purpose – Year over Year Change



General Fund Operating Uses: by Category October 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

Category	FY 11/12	FY 12/13	FY 13/14	FY 13/14	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Personnel Services*:						
Salaries & Wages	\$39.2	\$39.5	\$39.8	\$39.9	\$0.1	0%
Overtime	1.7	2.3	2.5	1.9	(0.6)	(33%)
FICA	2.7	2.7	2.7	2.7	-	-
Retirement	4.6	5.4	5.8	5.9	-	-
Health/Dental & Misc	4.5	5.0	5.2	5.3	0.1	2%
<i>Total Personnel Services</i>	<i>\$52.7</i>	<i>\$54.9</i>	<i>\$56.1</i>	<i>\$55.7</i>	<i>(\$0.4)</i>	<i>(1%)</i>
Contractual, Commodities, Capital Outlay	16.9	18.5	20.2	21.7	1.4	7%
<i>Total Operating Expenses</i>	<i>\$69.6</i>	<i>\$73.4</i>	<i>\$76.3</i>	<i>\$77.3</i>	<i>\$1.0</i>	<i>1%</i>
Debt Serv. & Contracts	0.9	1.0	-	-	-	-
Transfers Out	0.9	3.0	-	-	-	-
<i>Total Operating Uses</i>	<i>\$71.4</i>	<i>\$77.4</i>	<i>\$76.3</i>	<i>\$77.3</i>	<i>\$1.0</i>	<i>1%</i>
*Pay Periods thru October:	9	9	9			

General Fund Operating Uses: by Division October 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

Division	FY 11/12	FY 12/13	FY 13/14	FY 13/14	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Mayor & Council, Charter Officers	\$5.9	\$5.9	\$6.1	\$6.5	\$0.4	7%
Administrative Services	5.1	5.3	5.4	5.7	0.3	5%
Comm. & Econ Development	8.1	8.1	8.5	8.5	-	-
Community Services	10.3	11.5	11.6	11.7	0.1	0%
Public Safety	3.5	3.9	4.5	4.4	(0.1)	(3%)
Public Safety - Fire	8.0	8.9	9.7	9.6	(0.2)	(2%)
Public Safety - Police	23.6	24.7	25.0	25.0	0.1	0%
Public Works	5.2	5.0	5.5	6.0	0.5	8%
<i>Total Operating Expenses</i>	<i>\$69.6</i>	<i>\$73.4</i>	<i>\$76.3</i>	<i>\$77.3</i>	<i>\$1.0</i>	<i>1%</i>

General Fund Results: Summary October 2013: Fiscal Year to Date

(in millions: rounding differences may occur)

	FY 11/12	FY 12/13	FY 13/14	FY 13/14	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sources	\$67.8	\$68.5	\$71.7	\$69.2	\$2.4	4%
Uses	71.4	77.4	76.3	77.3	1.0	1%
Change in Fund Balance	(\$3.6)	(\$9.0)	(\$4.6)	(\$8.1)	\$3.4	

General Fund Operating Sources October 2013

(in millions: rounding differences may occur)

Sources Category	FY 11/12	FY 12/13	FY 13/14	FY 13/14	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Sales Tax: 1.0% General Purpose	\$6.6	\$6.6	\$7.1	\$7.0	\$0.1	2%
0.1% Public Safety	0.6	0.6	0.7	0.7	-	-
State Shared: Sales Tax	1.4	1.4	1.5	1.5	-	-
Revenue	1.5	1.9	2.0	2.0	-	-
Auto Lieu Tax	0.5	0.6	0.3	0.6	(0.2)	(44%)
Property Taxes (Primary)	2.7	2.5	2.7	2.7	-	-
Franchise Fees/In-Lieu Tax	1.0	3.4	3.5	3.5	0.1	2%
Other: Licenses, Permits & Fees	0.5	0.4	0.5	0.5	-	-
Fines & Forfeitures	0.6	0.5	0.5	0.6	-	-
Miscellaneous	0.2	0.4	0.4	0.5	(0.1)	(24%)
Building Permits	0.6	0.8	1.4	0.8	0.6	76%
Interest Earnings	0.0	0.1	0.1	0.1	-	-
Indirect Cost Allocations	0.7	0.6	0.5	0.5	-	-
Transfers In	0.7	1.8	0.6	0.6	-	-
<i>Subtotal Operating Sources</i>	<i>\$17.7</i>	<i>\$21.7</i>	<i>\$22.0</i>	<i>\$21.6</i>	<i>\$0.3</i>	<i>2%</i>
Bed Taxes	0.7	0.0	0.0	0.0	0.0	
<i>Total Operating Sources</i>	<i>\$18.4</i>	<i>\$21.7</i>	<i>\$22.0</i>	<i>\$21.6</i>	<i>\$0.3</i>	<i>2%</i>

General Fund Operating Sources: Sales Tax October 2013

(in millions: rounding differences may occur)

1.0% Sales Tax Category	FY 11/12	FY 12/13	FY 13/14	FY 13/14	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
<i>Consumer Spending:</i>						
Small retail stores	\$1.1	\$1.1	\$1.3	\$1.2	\$0.1	7%
Large retail stores	0.7	0.7	0.7	0.7	-	-
Misc goods & services	0.5	0.5	0.5	0.5	-	-
Grocery & convenience	0.6	0.4	0.5	0.5	-	-
Auto sales & maintenance	0.7	0.8	0.9	0.9	-	-
<i>Tourism/Entertainment:</i>						
Hotel lodging & misc sales	0.3	0.3	0.3	0.3	0.1	19%
Restaurants & bars	0.5	0.6	0.6	0.6	-	-
<i>Business:</i>						
Construction	0.7	0.7	0.8	0.8	0.1	7%
Rental	1.0	1.0	1.1	1.0	-	-
Utilities	0.4	0.4	0.4	0.4	-	-
Licenses, penalties/interest	0.1	0.1	0.1	0.1	-	-
Total 1.0% Sales Tax	\$6.6	\$6.6	\$7.1	\$7.0	\$0.1	2%

General Fund Operating Uses: by Category October 2013

(in millions: rounding differences may occur)

Category	FY 11/12	FY 12/13	FY 13/14	FY 13/14	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
<i>Personnel Services*:</i>						
Salaries & Wages	\$8.8	\$8.6	\$8.8	\$8.9	\$0.1	1%
Overtime	0.5	0.5	0.5	0.4	(0.1)	(15%)
FICA	0.6	0.6	0.6	0.6	-	-
Retirement	1.0	1.2	1.3	1.3	-	-
Health/Dental & Misc	1.1	1.2	1.3	1.3	-	-
<i>Total Personnel Services</i>	<i>\$12.0</i>	<i>\$12.1</i>	<i>\$12.6</i>	<i>\$12.6</i>	<i>\$0.1</i>	<i>1%</i>
Contractual, Commodities, Capital Outlay	4.2	4.3	5.5	5.1	(0.5)	(9%)
<i>Total Operating Expenses</i>	<i>\$16.2</i>	<i>\$16.4</i>	<i>\$18.1</i>	<i>\$17.7</i>	<i>(\$0.4)</i>	<i>(2%)</i>
Debt Serv. & Contracts	0.2	0.2	-	-	-	-
Transfers Out	0.4	3.0	-	-	-	-
Total Operating Uses	\$16.8	\$19.7	\$18.1	\$17.7	(\$0.4)	(2%)

*Pay Periods thru October: 2 2 2

General Fund Operating Uses: by Division October 2013

(in millions: rounding differences may occur)

Division	FY 11/12	FY 12/13	FY 13/14	FY 13/14	Actual vs. Budget	
	Actual	Actual	Actual	Budget	Fav/(Unf)	%
Mayor & Council, Charter Officers	\$1.3	\$1.2	\$1.3	\$1.4	\$0.2	12%
Administrative Services	1.0	0.7	1.1	1.1	-	-
Comm. & Econ Development	1.9	1.9	1.9	1.8	(0.1)	(5%)
Community Services	2.4	2.8	3.0	2.9	(0.1)	(5%)
Public Safety	0.7	1.0	1.0	0.8	(0.3)	(35%)
Public Safety - Fire	1.9	2.0	2.2	2.2	-	-
Public Safety - Police	5.7	5.6	5.8	5.8	-	-
Public Works	1.4	1.2	1.8	1.7	(0.1)	(4%)
<i>Total Operating Expenses</i>	<u>\$16.2</u>	<u>\$16.4</u>	<u>\$18.1</u>	<u>\$17.7</u>	<u>(\$0.4)</u>	<u>(2%)</u>

General Fund Results: Summary October 2013

(in millions: rounding differences may occur)

	2%FY	FY 12/13	FY 13/14	FY 13/14	Actual vs. Budget	
	11/12				FY 13/14	Fav/(Unf)
	Actual	Actual	Actual	Budget		
Sources	\$18.4	\$21.7	\$22.0	\$21.6	\$0.3	2%
Uses	16.8	19.7	18.1	17.7	(0.4)	(2%)
Change in Fund Balance	<u>\$1.6</u>	<u>\$2.0</u>	<u>\$3.9</u>	<u>\$3.9</u>		

Comprehensive Financial Policies

City Council
November 20, 2013
Prepared by: Finance and Accounting Division

Financial Policies

Background

- First adopted in FY 1994/95
- Promote sound financial planning and management of public funds
- Assist in making fiscal strategy and policy decisions
- Contribute to AAA bond rating

Financial Policies

1. Operating Management
2. Capital Management
3. Debt Management
4. Reserve Management
5. Financial Reporting

Financial Policies Notable Changes

(Previously Operating Management Policy #5)

~~"The Budget Review Commission is responsible for reviewing the operating budget (division and program/service funding); the capital budget; the revenue forecast, taxes, and fees; and financial policies."~~

Rationale:

The Budget Review Commission was decommissioned on August 29, 2011 per Ordinance No. 3961.

Financial Policies Notable Changes

Operating Management Policy #11:

“Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed annually to ensure that fees recover all direct ~~and indirect~~ development-related expenses and be approved by City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents.”

Rationale:

State law prohibits the recovery of indirect costs.

Financial Policies Notable Changes

Operating Management Policy #12:

“ The ~~use or~~ replacement of ~~Fleet and Information Technology (PC, phones and copier systems)~~ General Fund capital equipment replacement will be ~~accomplished~~ accounted for through the use of a direct or a “rental” rate structure. The rates will be revised annually to ensure that charges to operating divisions are sufficient for operation and replacement of vehicles and other capital equipment ~~(fleet, information technology infrastructure, phones and copier systems)~~. Replacement costs will be based upon equipment lifecycle financial analysis.”

Rationale:

Modifies the use of a direct or a “rental” rate structure for equipment replacement to clarify the intent of the policy .

Financial Policies Notable Changes

Operating Management Policy #16:

~~"A collection policy goal for all~~Uncollectible accounts will be no more than 0.5 of one percent (1%) of revenue on an annual basis unless otherwise approved of City Council."

Rationale:

Modifies policy on uncollectable accounts to provide clarity on how the accounts will be managed.

Financial Policies Notable Changes

Operating Management Policy #20:

"Property tax will be levied to recover: (1) ~~anticipated~~ general obligation debt service and (2) revenues required for the General Fund equal to (a) the prior year's revenue plus (b) the prior year's tort liability payments as approved by City Council. Council may also approve the legally allowable maximum ~~of a 2 percent (2%) increase~~ over the previous year's ~~maximum allowable~~ primary levy."

Rationale:

Modifies Property Tax levy policy to ensure accuracy and clarity on City Council authority to increase taxes in alignment with State Statute.

Financial Policies Notable Changes

Debt Management Policy #28:

“General Obligation debt issuances ~~(excluding Preserve General Obligation debt)~~ will be managed on an annual basis to match funds to Capital Improvement Plan cash flow requirements ~~while being sensitive to the property tax burden on citizens~~. The city will not exceed \$1.50 combined property tax per \$100 assessed value unless otherwise directed by City Council.”

Rationale:

Modifies policy on General Obligation debt issuances to exclude Preserve General Obligation debt.

Financial Policies Notable Changes

Reserve Management Policy #41:

“Self-Insurance Reserves will be maintained at a level, which, together with purchased insurance policies, will adequately indemnify the City’s property, liability, and health benefit ~~loss exposure risk~~. ~~A qualified An independent~~ actuarial firm shall be retained on an annual basis ~~in order to recommend develop~~ appropriate reserve levels, which will be ~~approved by Council considered when establishing such reserve~~.”

Rationale:

Modifies the Self-Insurance Reserves policy to provide clarity.

Financial Policies Notable Changes

Reserve Management Policy #42:

"A ~~The Fleet Management Reserve Fund and PC Replacement Fund~~ will be maintained ~~based upon lifecycle replacement plans~~ to ensure adequate ~~fund balance required funding~~ for systematic replacement ~~of fleet vehicles~~ and operational ~~needs contingencies~~."

Rationale:

Adds PC Replacement Fund to the policy related to Internal Service Funds.

Financial Policies Notable Changes

Reserve Management Policy #43:

"~~Any intentional drawdown of fund reserves requires City Council approval.~~"

Rationale:

Created to clarify City Council approval is required to drawdown fund reserves.

Staff Recommendation

Adopt Resolution No. 9570, the Comprehensive Financial Policies and Governing Guidance which will serve as the formal guidelines for the City of Scottsdale's FY 2014/15 financial planning and management.