

CITY COUNCIL REPORT



Meeting Date: **June 21, 2022**
 General Plan Element: **Character & Design**
 General Plan Goal: ***Build upon the significant role the arts have played in shaping our community's image and lifestyle by maximizing the potential of public art to enrich the daily lives of people that live in or visit Scottsdale.***

ACTION

Scottsdale Arts Financial Participation Agreement.

Adopt Resolution No. 12486, authorizing Agreement No. 2022-070-COS, a financial participation agreement for FY 2022/23 in the amount of \$6,060,314 to be allocated for activities consistent with the management services agreement between the City of Scottsdale and Scottsdale Arts.

BACKGROUND

Since 1987, through a public-private partnership, the city has maintained a management services organization for advisory and management services regarding the public art, arts and cultural programs and facilities of the city. For 35 years, the non-profit now known as Scottsdale Arts (formerly Scottsdale Cultural Council) has served as the principal organization managing arts and cultural activities as well as operating certain city-owned facilities and art programs for the City of Scottsdale. In addition, Scottsdale Arts promotes the city's arts and cultural interests at the local, regional, state, and federal levels.

The City Council approved a new five-year Management Services Agreement (MSA) No. 2020-046-COS in November 2020. Monitored by the city's contract administrator through annual performance measures, programming updates and financial reports, the agreement ensures that city funds are used for the program of work as presented in the annual operation plan and report. Annually, the City Council must approve the allocation for the city's financial participation for Scottsdale Arts, subject to the terms of the management services agreement.

ANALYSIS & ASSESSMENT

Beginning its second full year of five years in FY 2022/23, the MSA outlines the process for the annual city appropriation, as well as the allocation plans for specific activities. The city has provided funding each year to the Scottsdale Arts through a variety of sources and methods most notably through the annual Financial Participation Agreement (FPA). The FPA authorizes a management services fee to Scottsdale Arts to provide the services outlined in the MSA.

The MSA requires that Scottsdale Arts increase its revenue to match two dollars in earned and contributed revenue for every dollar of unrestricted funds received from the city. The goal should help decrease reliance on city funding and increase reliance on outside funding to 67 percent of total revenue by the end of the agreement term. The management services fee is unrestricted and required to be matched, however restricted funds such as for arts education, public art, conservation, and grant funds do not need to be matched.

Table 1 below provides an overview of Scottsdale Arts’ Operating Budget Revenue Funding. The FY 2022/23 operating budget revenue columns show that 40.6% of the total unrestricted funds will come from the city.

A shared revenue requirement provides that 30% of any net revenues from Civic Center events will be shared with the city in the first year of the agreement. However, the pandemic and Civic Center construction have caused very few events to occur during the first two years of the MSA.

Table 1. FY 2022/23 Scottsdale Arts Operating Budget Revenue Funding

| <i>Unrestricted Funds:</i> | FY 2020/21 Actual | % of Total | FY 2021/22 Budget | FY 2021/22 Forecast | % of Total | FY 2022/23 Budget | % of Total |
|---------------------------------|------------------------------|-----------------------|------------------------------|--------------------------------|-----------------------|------------------------------|-----------------------|
| City Unrestricted | \$4,139,520 | 63.8% | 2,651,634 | 3,579,410 | 28.3% | 3,590,233 | 40.6% |
| Earned Revenue | 480,910 | 7.4% | 3,012,621 | 2,112,553 | 16.7% | 3,226,723 | 36.5% |
| Contributed Revenue | 1,868,415 | 28.8% | 3,434,345 | 6,934,613 | 54.9% | 2,022,000 | 22.9% |
| | \$6,488,845 | 100% | \$9,098,600 | \$12,626,576 | 100% | \$8,838,956 | 100% |
| <i>Restricted Funds:</i> | | | | | | | |
| City Restricted | 916,490 | | 1,722,785 | 1,577,720 | | 1,720,081 | |
| City Pass-Through Public Art | 227,125 | | 848,300 | 448,300 | | 998,415 | |
| City Pass-Through AZ Cares | 1,034,633 | | - | 125,000 | | 125,000 | |
| Canal Convergence | | | | | | | |
| City Restricted | 550,000 | | 750,000 | 750,000 | | 750,000 | |
| Earned Revenue | 750 | | 11,000 | 27,003 | | 31,503 | |
| Contributed Revenue | 109,925 | | 125,000 | 162,035 | | 100,000 | |
| | 2,838,923 | | 3,457,085 | 3,090,058 | | 3,724,999 | |
| TOTAL BUDGETED REVENUE: | \$9,327,768 | | \$12,555,685 | \$15,716,634 | | \$12,563,955 | |

As required by the MSA, the Scottsdale Arts Board of Trustees approved its FY 2022/23 annual operating budget at its May 24 meeting. Additionally, the operation plan provides an overview based on the strategic plan that will be used to implement the FY 2022/23 program of work as well as performance standards. (See Attachments 3, 4, 5, 6 and 7).

As allocated in the city’s FY 2022/23 adopted operating budget, the management service fee is \$5,259,314 representing a year-over-year three (3.0) percent change for the General Fund restricted

City Council Report | Scottsdale Arts Financial Participation Agreement

and unrestricted allocations. Additionally, in the city’s FY 2022/23 adopted operating budget, a one-time \$68,532 allocation for Civic Center public art restoration will be utilized by Scottsdale Arts and reimbursed by the city as the public art pieces are refurbished. As such, the \$68,532 allocation is not included in the FPA.

Based on past City Council direction, staff incorporated into the FPA Special Revenue funding in the amount of \$801,000 for Canal Convergence, Scottsdale Philharmonic, and supplemental funding for the Community Arts Grants program for a total management services fee of \$6,060,314.

The Tourism Development Commission at its January 18 meeting recommended by vote of six to zero that City Council approve \$750,000 of bed tax funds for the 10th Annual Canal Convergence in November 2022.

Table 2 outlines the restricted and unrestricted funding for FY 2020/21, 2021/22 and FY 2022/23. The MSA designates that the Arts Education & Outreach Programs be restricted. However, timing of the FY 2020/21 budget did not align with the council approved MSA thus the amount was not delineated in that fiscal year.

Table 2. Financial Participation Agreement for Management Services

| | FY 20/21 | FY 21/22 | FY 22/23 | City Fund |
|--|--------------------|--------------------|--------------------|---|
| General Fund Unrestricted: | | | | |
| Management and Administration Fee | \$ 4,139,520 | 3,579,410 | 3,590,233 | General Fund |
| General Fund Restricted: | | | | |
| Community Arts Grant Program | 62,730 | 63,984 | 65,904 | General Fund |
| Arts Education & Outreach Programs | - | 787,965 | 758,747 | General Fund |
| Public Art Conservation | 125,460 | 127,969 | 131,808 | General Fund |
| Public Art Administration | 627,300 | 639,846 | 659,041 | General Fund |
| Specialty Equipment | 51,000 | 52,020 | 53,581 | General Fund |
| General Fund Restricted & Unrestricted: | 5,006,010 | 5,106,130 | 5,259,314 | |
| Special Revenue Funds Restricted: | | | | |
| Community Arts Trust | 50,000 | 51,000 | 51,000 | Special Programs Fund - Community Arts Trust |
| <i>Supplemental for Grants Program</i> | <i>30,000</i> | <i>31,000</i> | <i>31,000</i> | |
| <i>Scottsdale Philharmonic</i> | <i>20,000</i> | <i>20,000</i> | <i>20,000</i> | |
| Canal Convergence | 550,000 | 750,000 | 750,000 | Tourism Development Fund |
| Special Revenue Funds Restricted: | 600,000 | 801,000 | 801,000 | |
| Total Management Services Fee | \$5,507,852 | \$5,907,130 | \$6,060,314 | |

The payment schedule will be as follows:

- The General Fund portion of \$5,259,314 will be paid over a nine-month period from July 2022 to March 2023. The first payment (July) is a double payment, the second payment (August) is one and a half payment, and the final payment (March) is a half payment.
- The Special Programs Fund - Community Arts Trust portion of \$51,000 will be a one-time payment in July 2022.
- The Tourism Development Fund portion of \$750,000 will be paid over a four-month period from July 2022 through October 2022.

RESOURCE IMPACTS

Sufficient funding in the amount of \$6,060,314 is included in the city's FY 2022/23 adopted operating budget for the financial participation agreement.

STAFF RECOMMENDATION

Adopt Resolution No. 12486, authorizing Agreement No. 2022-070-COS, a financial participation agreement for FY 2022/23 in the amount of \$6,060,314 to be allocated for activities consistent with the management services agreement between the City of Scottsdale and Scottsdale Arts.

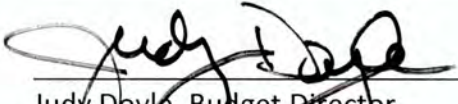
RESPONSIBLE DEPARTMENTS

Tourism and Events Department

STAFF CONTACT (S)


Karen Churchard, Tourism & Events Director, kchurchard@scottsdaleaz.gov, 480-312-2890

APPROVED BY



Judy Doyle, Budget Director
480-312-2603, jdoyle@scottsdaleaz.gov

6.7.22
Date



Erin Perreault, Acting Executive Director
Planning, Economic Development & Tourism
480-312-7093, eperreault@scottsdaleaz.gov

06.07.2022
Date



Brent Stockwell, Assistant City Manager
480-312-7288, bstockwell@scottsdaleaz.gov

6/7/2022
Date



Jim Thompson, City Manager
480-312-2811, jthompson@scottsdaleaz.gov

6/7/2022
Date

ATTACHMENTS

1. Resolution No. 12486
2. Financial Participation Agreement No. 2022-070-COS
3. Scottsdale Arts' FY 2022/23 Operational Plan
4. Scottsdale Arts' FY 2022/23 Operating Budget
5. Scottsdale Arts' FY 2022/23 Performance Measures
6. Scottsdale Arts' Strategic Plan
7. Scottsdale Arts' Strategic Plan Dashboard

RESOLUTION NO. 12486

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE FINANCIAL PARTICIPATION AGREEMENT NO. 2022-070-COS WITH SCOTTSDALE ARTS FOR THE CITY'S 2022-23 FISCAL YEAR.

WHEREAS, on November 10, 2020, the City and Scottsdale Arts ("Scottsdale Arts") entered into Management Services Agreement 2020-046-COS ("Management Services Agreement"), wherein the City designated Scottsdale Arts as the principal organization for advising, planning and administering arts and cultural activities for the City; and

WHEREAS, the City desires to provide funds to Scottsdale Arts for fiscal year 2022-23 so that Scottsdale Arts may continue to administer the arts and cultural activities for the City pursuant to the terms of the Management Services Agreement, and the City Council has appropriated funds for such purposes; and

WHEREAS, the Management Services Agreement provides that for each year the City Council appropriates funds for Scottsdale Arts, the parties shall enter into a Financial Participation Agreement regarding the appropriation;

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

Section 1. The Mayor is hereby authorized and directed to execute, on behalf of the City, Financial Participation Agreement No. 2022-070-COS with Scottsdale Arts for the total sum of six million sixty thousand and three hundred and fourteen dollars (\$6,060,314) for fiscal year 2022-23 for Scottsdale Arts to administer the City's arts and cultural activities pursuant to the terms of the Management Services Agreement.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this ___ day of _____, 2022.

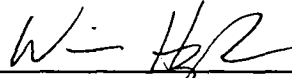
ATTEST:

CITY OF SCOTTSDALE,
a municipal corporation

Ben Lane, City Clerk

David D. Ortega, Mayor

APPROVED AS TO FORM:



Sherry R. Scott, City Attorney

By: William Hylan, Senior Assistant City Attorney

City of Scottsdale Agreement No. 2022-070-COS
Resolution No. 12486

FINANCIAL PARTICIPATION AGREEMENT BETWEEN THE CITY OF
SCOTTSDALE AND SCOTTSDALE ARTS FOR FISCAL YEAR 2022-23

This Financial Participation Agreement ("Agreement") is made and entered into this ___ day of _____, 2022, by and between the City of Scottsdale, an Arizona municipal corporation (the "City"), and Scottsdale Arts, an Arizona non-profit corporation ("Scottsdale Arts").

RECITALS

A. On November 10, 2020, the City and Scottsdale Arts executed City of Scottsdale Agreement No. 2020-046-COS ("Management Services Agreement"), in which the City designated the Cultural Council as the principal organization for advising, planning and administering arts and cultural activities for the City.

B. In accordance with the Management Services Agreement, the City desires to pay Scottsdale Arts a Management Services Fee for the City's fiscal year 2022-23, and the City Council has appropriated funds for such purposes.

C. The Management Services Agreement provides that the City shall disperse the Management Services Fee for any given fiscal year to Scottsdale Arts in installment payments, pursuant to a separate financial participation agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties agree as follows:

1. Incorporation of Recitals. The recitals to this Agreement are hereby affirmed by the parties as true and correct and are incorporated herein by this reference.

2. Incorporation by Reference. The Management Services Agreement is incorporated into this Agreement by this reference as if fully set forth herein. Likewise, this Agreement is made a part of the Management Services Agreement by this reference as if fully set forth therein.

3. Definitions. Unless otherwise expressly provided herein, the definitions contained in the Management Services Agreement shall apply to the same terms used in this Agreement.

4. Services to be Performed by Scottsdale Arts. Scottsdale Arts shall provide the services specified in the Management Services Agreement and shall comply in all respects with the provisions of the Management Services Agreement.

5. Financial Participation by the City.

5.1. Solely for the purposes stated in this Agreement and the Management Services Agreement, the City shall pay Scottsdale Arts a total Management Services Fee of six million sixty thousand three hundred and fourteen dollars (\$6,060,314) during and for the City's fiscal year 2022-23. The City shall pay the Management Services Fee to Scottsdale Arts in accordance with the following schedule:

5.1.1 One million two hundred ninety thousand three hundred and sixty-three dollars (\$1,290,363) by July 1, 2022.

5.1.2 Nine hundred seventy-six thousand three hundred ninety-seven dollars (\$976,397) by August 1, 2022.

5.1.3 Seven hundred thirteen thousand four hundred thirty-one dollars (\$713,431) by September 1, 2022.

5.1.4 Seven hundred thirteen thousand four hundred thirty-one dollars (\$713,431) by October 1, 2022.

5.1.5 Five hundred twenty-five thousand nine hundred thirty-one dollars (\$525,931) by November 1, 2022.

5.1.6 Five hundred twenty-five thousand nine hundred thirty-one dollars (\$525,931) by December 1, 2022.

5.1.7 Five hundred twenty-five thousand nine hundred thirty-one dollars (\$525,931) by January 1, 2023.

5.1.8 Five hundred twenty-five thousand nine hundred thirty-one dollars (\$525,931) by February 1, 2023.

5.1.9 Two hundred sixty-two thousand nine hundred sixty-eight dollars (\$262,968) by March 1, 2022.

5.2. Of the Management Services Fee specified in Subsection 5.1, three million five hundred ninety thousand two hundred thirty-three dollars (\$3,590,233) from the General Fund is hereby allocated and unrestricted by the City as the management and administrative fee to Scottsdale Arts.

5.3. Of the Management Services Fee specified in Subsection 5.1, the following amounts from the General Fund are hereby allocated and restricted by the City and shall be expended by Scottsdale Arts solely for the identified purposes:

5.3.1. Sixty-five thousand nine hundred four dollars (\$65,904) for the management and administration of grant awards for the Community Art Grants Program, as provided in Subsection 2.4 of the Management Services Agreement.

5.3.2. Seven hundred and fifty-eight thousand seven hundred and forty-seven dollars (\$758,747) for Arts Education and Outreach Programs, as provided in Subsection 2.10 of the Management Services Agreement.

5.3.3. One hundred thirty-one thousand eight hundred eight dollars (\$131,808) for the Conservation and Restoration of City Artwork, as provided in Subsection 3.6 of the Management Services Agreement.

5.3.4. Six hundred fifty-nine thousand forty-one dollars (\$659,041) for the management and administration of the Art in Private Development Program and the Art in Public

Places Program, as provided in Subsections 3.9 and 5.4, respectively, of the Management Services Agreement.

5.3.5. Fifty-three thousand five hundred eighty-one dollars (\$53,581) for the maintenance and repair of all Specialty Equipment as provided in Subsection 4.14 and Exhibit C of the Management Services Agreement.

5.4. Of the Management Services Fee specified in Subsection 5.1, the following amounts from are hereby allocated and restricted by the City and shall be expended by Scottsdale Arts solely for the identified purposes:

5.4.1. Fifty-one thousand dollars (\$51,000) from the City's special revenue Community Arts Trust to support additional amounts towards the grant awards and funding of Artistic Partnerships, as provided in Subsection 2.4 of the Management Services Agreement and the City's Tourism and Events Department's Administrative Directive-TED100 as follows:

5.4.1.1. Thirty-one thousand dollars (\$31,000) supplemental for Community Arts Grants Program.

5.4.1.2. Twenty thousand dollars (\$20,000) for the Scottsdale Philharmonic concerts to be held at Scottsdale Center for Performing Arts.

5.4.2. Seven hundred and fifty thousand dollars (\$750,000) from the City's special revenue Tourism Development Fund for the management and administration of the Arts-Related Event (Canal Convergence), as provided in Subsection 2.8 of the Management Services Agreement.

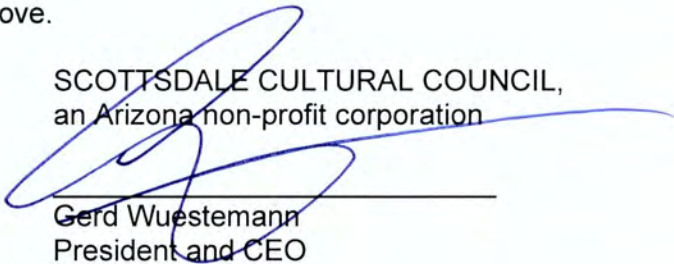
5.5. Not later than December 31, 2022, in accordance with Subsection 5.11 of the Management Services Agreement, the Cultural Council shall provide the City Contract Administrator with a separate accounting of each of the earmarked funds set forth above in subsection 5.2.

6. Term. The term of this Agreement shall commence on July 1, 2022 and end on June 30, 2023, unless sooner terminated.
7. Termination. The termination provisions of the Management Services Agreement are incorporated herein by this reference as if fully setforth.
8. Statutory Cancellation Right. In addition to its other rights hereunder, the City shall have the cancellation rights specified in A.R.S. § 38-511.
9. Survival. Any and all provisions or obligations contained in this Agreement that by their nature or effect are required or intended to be observed, kept or performed after termination of this Agreement shall survive termination of this Agreement and remain binding on the parties.
10. Israel Boycott Prohibition. Scottsdale Arts certifies that it is not currently engaged in and agrees for the duration of the contract not to engage in a boycott of Israel as defined in A.R.S. § 35-393.

[Signature page follows]

EXECUTED as of the date first given above.

SCOTTSDALE CULTURAL COUNCIL,
an Arizona non-profit corporation



Gerd Wuestemann
President and CEO

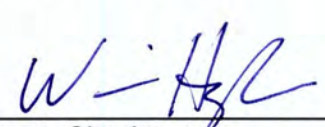
ATTEST:

CITY OF SCOTTSDALE,
an Arizona municipal corporation

Ben Lane, City Clerk

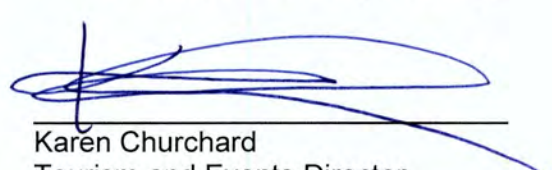
David D. Ortega, Mayor

APPROVED AS TO FORM:



Sherry Scott, City Attorney

By: William Hylan
Senior Assistant City Attorney



Karen Churchard
Tourism and Events Director

SA OPERATIONAL PLAN FY23:**Strategic Goals:**

Please find as part of the attached materials SA's recent Strategic Plan FY22-24, as well as our recently update strategic plan dashboard. This covers many of our strategic goals, which we will refer to in this document.

- **Culture and Identity**
 - Brand refresh: six branches around an admin core. New collateral and website in progress, to be released Spring 2023
 - Staff: continued improved staff satisfaction and passion, minimal turnover. SA became one of most desirable places to work in the arts in the SouthWest.
 - SA exited pandemic fully staffed and productive.
 - Deeper partnership w CoS and other arts orgs.
 - SA internal collaboration more in depth than historically present

- **Audience Development/Programming**
 - Presented most expansive season in 21/22 in history of SA – 207 shows, 104 events and exhibits
 - Most diverse offerings ever resulting in high level of new patrons, first time buyers
 - Outpaced all other arts orgs in AZ in level of production, audience development, diversity
 - Access to the arts for all! Free, underwritten or low-ticket programs abound, veterans programs and focus on equitable access.
 - SA produced a Canal Convergence with 260,000 visitors
 - New streaming platform developed to the highest level; competitive nationally; here to stay
 - Exhibitions at SMOCA are reaching new height: the current retrospective by Beverly McIver is traveling to three museums in the Southeast US for 18 months. Brad Kahlheimer's exhibit is also traveling across the US.
 - SMOCA catalogues have garnered national accolades, as have the exhibits
 - SMOCA continues to draw a strong, young and diverse audience.
 - SMOCA has been invite to submit grants to three of the nation's largest arts foundations.
 - Current SMOCA grant makers include the National Endowment for the Arts and the Andy Warhol Foundation.

- **Campus Development**
 - Civic Center construction – SA fully invested and involved
 - Preparation for staffing, operations and programming of new Civic Ctr in Jan 2023
 - SA raised \$2.5M in private dollars to add to Stage 2 renovation budget in bond.
 - SA received the largest grant in the history of the Virginia G Piper charitable trust toward the Stage 2 project.
 - New SA Campus Development Task Force brings together community leaders to identify need and opportunity.
 - Savvy financial management created balance sheet opportunity for future investment and growth.

- Hired Gensler Architect on our own to design a critical Second Street Gateway.
- Working with Saguaro Developers on ideas to benefit the public
- **Programming FY22:**
 - We will submit our 22/23 season preview guide on or before June 21, 2022
- **Finance:**
 - Huge improvements in contributed revenue
 - Did not take the annual draw from investments and allowed investments to rebound w market
 - As a result, SA endowments, investments, operational reserve and programming funds have increased significantly. SA now a very stable organization, gold standard in AZ non-profit.
 - Our ops budget for FY21 was met and exceeded. Earned revenue, grants, PPP, ERCs, SVOG, membership and patron drives, a successful gala and many other efforts combined with the CoS funding to create a stable platform for SA. Our staff remained dedicated to cost control throughout year.
 - For FY22 we again kept lower admin expenses to about 20%. This places us in the gold-category of well managed non-profits with 80% of our budget going to mission work.

DEI&A commitment:

SA has recruited 6 new diverse trustees in FY22, continued its wildly successful diversity intern program (funded with private donations at \$100K/yr) and has hired its sixth staff member out of this intern pool. In FY23 SA plans to hire a DEIA coordinator. Both board and staff have formed DEIA committees. The new FY22 strategic plan places DEIA in every pillar of the plan as an integral part of our work.

Adopted Budget:

The recently adopted FY operating budget is attached in this package. While this budget and its financial goals are still quite conservative – reflecting the uncertainties regarding new outdoor venues, earned and contributed revenue in this hopefully post-COVID era – we are very optimistic to outperform this budget and continue to rebuild our financial model as we further recover from the pandemic. We are committed and on track toward a 66% SA/34% CoS split of non-restricted CoS funding by 2026, as per the MSA.

FY23 highlight:

SA (with CoS funding) has contracted Arts Consulting Group for a cultural assessment of all Scottsdale based arts and culture entities and assets. We will examine their strength, how to better collaborate, and how to leverage assets.

SA has also contracted Raindrop/Mari&Gold for the creation of a united Scottsdale Arts & Culture Web-Calendar, to be completed by the end of 2022, in time for reopening of Civic Center and SuperBowl activities.

SCOTTSDALE ARTS
FY 22/23 BUDGET

| | FY 2020-21 Actual | FY 2021-22 Budget | FY 2021-22 Rereforecasted | FY 2022-23 Proposed |
|--|----------------------|----------------------|------------------------------|------------------------|
| REVENUE | | | | |
| Earned Revenue | | | | |
| SCPA Performances | 168,076 | 1,817,118 | 1,416,668 | 1,574,536 |
| SMoCA Admissions | 31,165 | 78,500 | 95,183 | 100,000 |
| SALI Education Programs - earned | 39,773 | 76,700 | 60,315 | 68,700 |
| Facility Rentals | 91,910 | 190,600 | 189,390 | 302,002 |
| Food & Beverage | 22,285 | 101,690 | 81,565 | 225,563 |
| Retail | 46,781 | 209,099 | 125,482 | 226,420 |
| Other Earned | 80,920 | 177,927 | 143,950 | 729,502 |
| TOTAL Other Earned Revenue | 480,910 | 2,651,634 | 2,112,553 | 3,226,723 |
| Contributed Revenue | | | | |
| Individuals | 122,707 | 356,000 | 390,776 | 400,000 |
| Foundations | 592,702 | 228,000 | 123,841 | 300,000 |
| Memberships | 196,583 | 200,000 | 181,907 | 220,000 |
| Special Events | 108,218 | 225,000 | 329,210 | 466,000 |
| Federal | 642,482 | 1,639,371 | 3,251,451 | 0 |
| Capital Gifts | 0 | 0 | 1,500,000 | 0 |
| Other Sources | 205,724 | 364,250 | 1,157,428 | 636,000 |
| TOTAL Contributed Revenue | 1,868,415 | 3,012,621 | 6,934,613 | 2,022,000 |
| City of Scottsdale (per contract) | | | | |
| General Fund Unrestricted: | | | | |
| Management and Administration Fee | 4,139,520 | 3,434,345 | 3,579,410 | 3,590,233 |
| General Fund Restricted: | | | | |
| Community Arts Grant Program | 62,730 | 63,985 | 63,985 | 65,904 |
| Public Art Conservation | 125,460 | 127,969 | 127,969 | 131,808 |
| Public Art Administration | 627,300 | 639,846 | 639,846 | 659,041 |
| Arts Education & Outreach Programs | | 787,965 | 642,900 | 758,747 |
| Specialty Equipment | 51,000 | 52,020 | 52,020 | 53,581 |
| Special Revenue Funds Restricted: | | | | |
| Community Arts Trust: Scottsdale Philharmoni | 20,000 | 20,000 | 20,000 | 20,000 |
| Community Arts Trust: Supplemental for Grant | 30,000 | 31,000 | 31,000 | 31,000 |
| Total Restricted | 916,490 | 1,722,785 | 1,577,720 | 1,720,081 |
| TOTAL City of Scottsdale (per contract) | 5,056,010 | 5,157,130 | 5,157,130 | 5,310,314 |
| City of Scottsdale Pass-Throughs | | | | |
| Public Art Pass-Through | 227,125 | 848,300 | 448,300 | 998,415 |
| Public Art Restoration Pass-Through | | | | 68,532 |
| CARES Grant Pass-Through | 1,034,633 | | 125,000 | 125,000 |
| CARES - Special City Projects | | | | |
| Canal Convergence | | | | |
| Earned Revenue | 750 | 11,000 | 27,003 | 31,503 |
| Contributed Revenue | 109,925 | 125,000 | 162,035 | 100,000 |
| City of Scottsdale | 550,000 | 750,000 | 750,000 | 750,000 |
| TOTAL Canal Convergence | 660,675 | 886,000 | 939,038 | 881,503 |
| TOTAL Revenue | 9,327,768 | 12,555,685 | 15,716,634 | 12,632,488 |
| EXPENSES | | | | |
| Programmatic Expenses | | | | |
| Artist Fees & Travel | 713,093 | 1,626,265 | 1,512,234 | 1,373,053 |
| CARES Grants - City of Scottsdale | 884,633 | | | |
| Community Art Grants | 122,730 | 110,000 | 141,000 | 121,000 |
| Conservation of Public Art | 117,891 | 127,969 | 106,218 | 109,000 |
| Equipment | 174,231 | 147,375 | 114,356 | 182,580 |
| Exhibition Costs | 92,505 | 94,600 | 70,457 | 63,500 |
| Outside Services | 258,498 | 150,340 | 97,577 | 175,745 |
| Public Art Pass-Thru Projects | 227,054 | 848,300 | 448,300 | 998,415 |
| Public Art Restoration Pass-Thru | | | | 68,532 |
| CARES - Special City Projects | | | 125,000 | 125,000 |
| Other Expenses | 961,457 | 2,033,818 | 2,532,194 | 2,090,668 |
| Programmatic Personnel | 3,822,878 | 4,362,068 | 4,410,445 | 4,582,323 |
| TOTAL Programmatic Expenses | 7,374,969 | 9,500,735 | 9,557,781 | 9,889,816 |
| Administrative Expenses | | | | |
| | 1,391,043 | 1,650,416 | 1,843,650 | 1,869,344 |
| Fundraising Expenses | | | | |
| | 667,752 | 635,713 | 754,141 | 863,246 |
| TOTAL Expenses | 9,433,764 | 11,786,864 | 12,155,571 | 12,622,406 |
| Net | -105,996 | 768,821 | 3,561,063 * | 10,082 |

* Surplus
earmarked for
future capital
projects, special
projects, and
investment
reserves

SCOTTSDALE ARTS - FY 2022/23 PERFORMANCE MEASURES

| SA Annual Budget | FY23 Budget | FY22 Projected Year End | FY21 Actuals* | FY20 Actuals | FY19 Actuals |
|--|--------------------------|--|--|---|--------------|
| | \$12,438,000 | \$12,028,000 | \$10,560,137 | \$10,386,109* | \$11,882,019 |
| | | NOTE: COVID recovery year, goals assume full recovery by Fall 2021, no capacity limits | *COVID shutdown, SA mostly open w/ limited cap | reduced budget by \$2M /SA was on track for surplus | |
| SA Performance Measures | FY23 Projections | FY22 Actuals** | FY21 Actuals* | FY20 Actuals* | FY19 Actuals |
| 1. Operate and manage programming, facility rentals and events at the City-Owned Facilities | | | | | |
| # of Events | 585 | 610 | 303 | 292 | 288 |
| # of Attendees | 800,000 | 763,000 | 552,375 | 505,116 | 480,925 |
| # of Rentals | 57 42 *no outdoor events | | 38 | 66 | 70 |
| # of Collaborations | 14 | 35 | 28 | 17 | 16 |
| # of SA members | 1235 | 1,400 | 1274 | 1250 | 1347 |
| # of SA Volunteers | 894 | 1,000 | 864 | 987 | 878 |
| 2. Manage City Artwork, Public Art Program, Events & Exhibits | | | | | |
| AIPP Projects In Progress/Completed | 9 | 6 | 6 | 4 | 5 |
| AIPD Projects In Progress/Completed | 7-Jan | 6 | 6 | 7 | 8 |
| Conservation In Progress/Completed | 8 | 4 | 10 | 14 | 13 |
| Exhibits of City Collection in Libraries | 8 | 6 | 3 | 6 | 4 |
| Public Art Events & Residencies | 31 | 28 | 12 | 25 | 28 |
| Estimated Public Art Patrons | 475,000 | 450,000 | 267,075 | 220,340 | 255,310 |

* COVID Year

** Impacted by lingering COVID

SCOTTSDALE ARTS - FY 2022/23 PERFORMANCE MEASURES

| SA Performance Measures | FY23 Projections | FY22 Actuals** | FY21 Actuals* | FY20 Actuals* | FY19 Actuals |
|---|---------------------|----------------|-------------------------|---------------|--------------|
| 3. Ensure that arts education and outreach programs are provided to the community | | | | | |
| # of unique participants | 45,000 | 42,350 | 39,200 | 38,000 | 46,002 |
| # of hours of instruction | 35,000 | 34,000 | 30,500 | 27,000 | 33,000 |
| # of schools participating | 131 | 131 | 121 | 131 | 131 |
| 4. Increase partnerships with local Arts & Community Organizations | | | | | |
| # of Partner Organizations | 90 | 90 | 84 | 92 | 85 |
| Value of In-Kind Services/Facility Waiv | \$300,000 | 275,000 | \$274,000 | \$152,334 | \$138,783 |
| 5. Increase amount of grant funding for Scottsdale-based and Scottsdale-focused arts organizations | | | | | |
| Grant \$ to organizations | \$110,000 | \$100,000 | \$100,000 CARES funding | \$113,000 | \$85,000 |
| Scholarships/paid internships | \$100,000 | \$100,000 | \$89,000 | \$15,500 | \$10,750 |
| 6. Tickets provided to Veterans, Students, Teachers, Low-income families | | | | | |
| # of free tickets/admissions (NOTE: excludes Canal Convergence) | 35,000 | 33,000 | 24,000 | 31,002 | 34,627 |

* COVID Year

** Impacted by lingering COVID

SCOTTSDALE ARTS - FY 2022/23 PERFORMANCE MEASURES

| SA Performance Measures | FY23 Projections | FY22 Actuals** | FY21 Actuals* | FY20 Actuals* | FY19 Actuals |
|--|------------------|----------------|--|---------------|--------------|
| 7. Actively work to engage the community to create a climate in which the arts flourish | | | | | |
| # of artists presented | 1,600 | 1,820 | 980 | 1,582 | 1,683 |
| # of regional emerging artists | 40 | 65 | 57 | 40 | 34 |
| # of local artists employed | 300 | 330 | 321 | 201 | 180 |
| 8. Increase earned/contributed revenue over time; increase percentage of expenditure on mission vs admin | | | | | |
| | | | 8% * COVID created huge shortfall in earned revenues, lowered capacity | | |
| Earned Revenue % | 30% | 25% | 38% | 30% | 31% |
| Contributed Revenue % | 30% | 25% | 86% | 23% | 16% |
| Programmatic Expenses % (vs admin) | 80% | 80% | 86% | 81% | 77% |
| 9. Secure new funding to supplement City expenditures on capital Facilities improvement/future facilities | | | | | |

* COVID Year

** Impacted by lingering COVID

SCOTTSDALE ARTS - FY 2022/23 PERFORMANCE MEASURES

| SA Performance Measures | FY23 Projections | FY22 Actuals** | FY21 Actuals* | FY20 Actuals* | FY19 Actuals |
|---|---------------------|---|----------------------------------|---|--------------|
| Private Donations for future capital projects | \$0 | \$750,000 | \$750,000 | \$150,000 | \$0 |
| Endowed Funds for operations | \$10,000,000 | \$8,200,000 | \$7,800,000 | \$6,042,675 | \$5,804,700 |
| 10. Visibility & Marketing | | | | | |
| # of households connected to SA | 140,000 | 121,564 | 102,000 | 73,902 | 55,625 |
| # of annual website page views | 3,000,000 | 2,750,000 | 2,460,000 | 2,237,655 | 2,018,805 |
| # of annual new website users | 900,000 | 800,000 | 700,056 | 701,835 | 657,954 |
| # of FB impressions/followers | 15M/55,000 | 13M/50,000 | 12M/44,000 | 12.1M/44,068 | 11.4M/41,046 |
| # of Insta impressions/followers | 4.5M/20,000 | 2.5M/18,000 | 2.1M/14,000 | 2.14M/14,320 | 1.95M/12,352 |
| # of Twitter impressions/followers | 3M/15,000 | 2M/12,000 | 1.95M/10,000 | 1.97M/10,652 | 1.87M/9,541 |
| # of articles, editorials, TV & radio | 800 | 761 | 731 | 601 | 547 |
| 11. TOTAL Economic Impact of SA in Community | | | | | |
| Estimated Tax Base Impact to CoS | \$5,874,000 | 5,670,000 | \$3,966,638 | \$4,625,125 | \$5,301,608 |
| Estimated Impact to Local Economy | \$24,000,000 | \$21,350,000 | \$14,266,741 | \$18,500,000 | \$21,206,433 |
| Regional, National Grant \$ | \$1,150,000 | 3,720,000 | \$1,735,000 | \$1,275,350* | \$221,003 |
| | | * incl. SVOG 1 & 2, ERC, Piper Capital grant | * incl. PPP2 Awards cancelled | *incl. \$909K PPP\$ Awards cancelled | |
| 12. National, Regional Awards | applying for 12 | Awards cancelled | | | 17 |

* COVID Year

** Impacted by lingering COVID

Scottsdale Arts - Strategic Plan FY22 – FY24 (July 2021 – June 2024)

Mission

Sparkling creativity, building community through extraordinary arts experiences.

Tagline

Inspiring Creativity, Community, Culture

Vision

Scottsdale Arts, through its multidisciplinary experiences and dynamic campus, is an arts leader bringing audiences, artists, and art forms together in innovative ways.

Position

We are an innovative arts leader, serving a diverse community through multidisciplinary experiences across our growing campus - from visual, performing, and public art to special events, festivals and arts education. With a clear focus on inclusion and engagement, we empower our community to take part in the creative process, to help shape the regional arts ecosystem, and to become inspired by extraordinary arts experiences.

Values

- **Integrity:** Prioritize leadership, superior customer service and responsiveness to the community.
- **Excellence:** Propel emerging creatives and host globally renowned creators.
- **Accountability:** Build transparent systems for analyzing progress, reliability, financial sustainability, transparency, and overall growth.
- **Innovation:** Make space for calculated risk-taking, leverage multidisciplinary approaches, incubate creativity and creative drivers.
- **Engagement:** Cultivate mutually beneficial relationships and create opportunities for deeper understanding of art forms.
- **DEI&A:** Cultivate awareness, foster inclusivity, address inequity, reduce barriers and represent art forms authentically.
 - **Diversity:** We strive to increase the diversity of programs, staff, board and patrons. We advocate for diversity as a critical step toward a strong community.
 - **Equity:** We represent the fair and just treatment of all members of our community. We ensure that all community members share in our work.
 - **Inclusion:** We ensure internally that diverse individuals fully participate in all aspects of work including decision-making. Externally, diverse participants are valued as respected members of the organization and community.
 - **Access:** We welcome all, value every participant and treat everyone equally. Every community member is invited to participate.

Strategic Pillars

Culture

1. DEI&A: Develop organization-wide benchmarks for tracking DEI&A by Dec 2021
2. DEI&A: Increase board of trustee and advisory committee diversity
3. FINANCIAL: Increase staff compensation to rank in top 2% of comparable orgs by 2024
4. FINANCIAL: Keep admin overhead at 15% of total expenses (best practices @ Guidestar)
5. Increase professional development opportunities for staff
6. Improve processes and communication to become more efficient year-over-year
7. Grow internal collaboration and use of shared services core year-over-year
8. Increase board and committee engagement

Identity

1. DEI&A: SA is recognized regionally by peers and the community for its excellence as it relates to DEI&A through programming, hiring practices, and governance by 2024
2. FINANCIAL: Invest in branding, marketing to rank at top in region by 2024
3. SA Brand is unified, all branches equally represented; brand has full recognition by 2024
4. SA reaches new and broader audiences with marketing collateral which is highly creative and attractive; and marketing tools which are innovative and leverage technology
5. Community recognizes SA as one of regions' Top 20 assets by 2024
6. SA nationally recognized as a leader by peers and arts community by 2024

Programming

1. DEI&A: Programming/collection reflect additional focus on underrepresented groups year-over-year
2. FINANCIAL: Grow innovation/capitalization/risk taking fund by \$100K year-over-year
3. Increase excellence/innovation year-over-year: produce, commission, acquire work
4. Increase equal awareness of *all* SA prgrms (SCPA, SMOCA, SALI, SPA, CC, Events) by 2024
5. Increase streaming/digital/VR/global experiences and outreach year-over-year
6. Develop 2023 outdoor season, 3-year plan to grow events from 20/yr to 80/yr by 2025
7. Expand opportunities for deeper engagement with our community through residencies and workshops which result in a 25% increase in participation/revenue

Participants

1. DEI&A: Increase access for diverse audiences significantly
2. FINANCIAL: Increase earned/contributed participant revenue by 15% year-over-year
3. Increase multi-disciplinary, repeat participant and member conversions year-over-year
4. Improve data capture and data mining as participant development tool
5. Improve participant experience (box, ticketing, way finding, ushers, docents) by 2024
6. Provide improved collateral and reports to participants about impact of giving

Partnerships

1. DEI&A: Conduct a gap analysis and action plan by FY23 to develop local and national partnerships which diversify and broaden SA initiatives and address community needs.
2. FINANCIAL: Grow smart partnerships to increase earned and contributed revenue
3. Develop new, significant regional and national partnerships year-over-year
 - a. Partnerships can be financial, mission, diversity or community based
4. Increase partnership activities by 25% by FY24
 - a. Leads to 15% increase in contributed revenue
 - b. Leads to 40% increase in partner-supported programmatic initiatives
5. Explore partnerships to increase geo footprint in Valley/North Scottsdale by 2024
6. Increase grantmaking to other arts organizations, individual artists
7. Execute Cultural Assessment and Cultural Calendar (funded by CoS) by July 1, 2023

Development

1. Grow ongoing annual giving by 15% year-over-year
2. Implement Planned Giving initiative, pledges at \$3M by 2024
3. Grow annual gala to generate \$500K revenue/year by 2024
4. Develop an acquisition budget toward a permanent collection
5. Grow endowed gifts/investment balance to \$10M by 2024
 - a. carry-over goal from current plan, grew from \$5.7M to \$8M, 2019 – 2021

Campus

With an ambitious vision to build an inclusive and innovative arts campus for Scottsdale, it is crucial we also develop sustainability. This will be accomplished through the following goals:

Immediate Goal: Temporary signage, building markers, projections, phone app to improve wayfinding/visibility during construction in 2021-23

1. DEI&A: Develop a campus which is accessible, inviting, and inclusive
2. FINANCIAL: Develop a sustainable biz plan for expansion of indoor/outdoor facilities
3. FINANCIAL: Create plans to potentially acquire surrounding properties
4. FINANCIAL: Develop and prepare the future launch of a capital campaign in FY22
5. Improve permanent wayfinding, significantly increasing participant awareness by 2024
 - parking garage
 - outdoor stages
 - gateway and marquee on 2nd Street
 - signage on north/south terminus of Drinkwater couplet
 - campus signage across Civic Center

* Timeline for long-term Campus Development vision:

2021 - 2023

- Civic Ctr campus/stages – 2021-2022, under construction - opening 2023
- SCPA: reimagine Stage 2 as flexible, modular venue – relocate within SCPA
- Explore updates to atrium, café (outdoor), store (outdoor), box (evolve)
- SCPA office renovation
- Purchase Annex Bldg and prepare for tear down/rebuilding
- Create 2nd street gateway & marquee, connect to new signage for Civic Ctr

2023 - 2030

- Tear down Los Olivos garage, absorb and connect entire block to Brown Ave
- Purchase Los Olivos Restaurant, Mission Restaurant, Bank Drivethrough
- Connect historic Blacksmith Shop/Mission/Red School House/Livery Stables
- Build a new 2,000+ seat venue, new SMOCA, new education wing
- Repurpose Blacksmith Shop as Makers Space/Art Studios
- New gateway off Brown Ave into complex
- Direct visual connection down 1st Street to MotW frontdoors
- Connect 2nd street art-mile/streetscape to Marshall Way

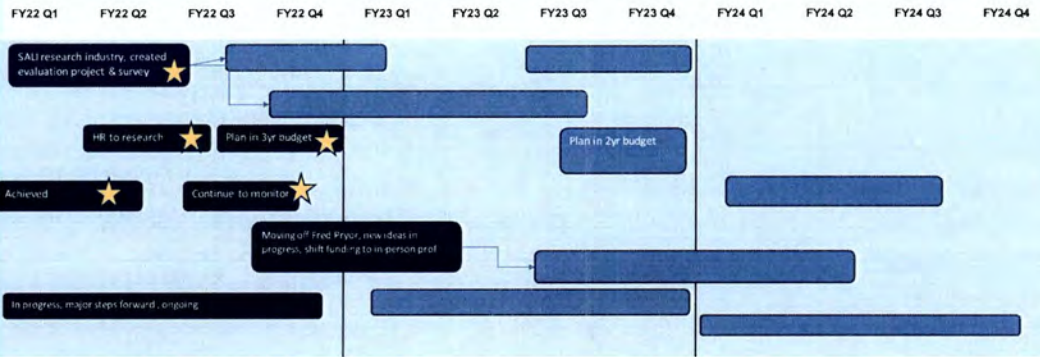
2031 - 2040

- Campus fully built out: new SMOCA w 150,000 sqft, multiple outdoor stages, SCPA's new 2,000+ hall, VGP and Stage2, maker space, workshops, education center, sculpture garden, 2nd street connect to MotW, Artist School, Greasepaint

SCOTTSDALE ARTS
STRATEGIC PLAN DASHBOARD

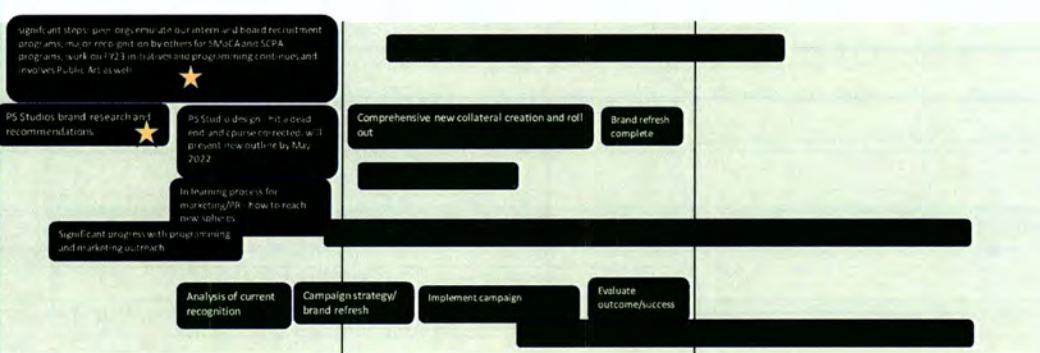
1 CULTURE

| | |
|---|--|
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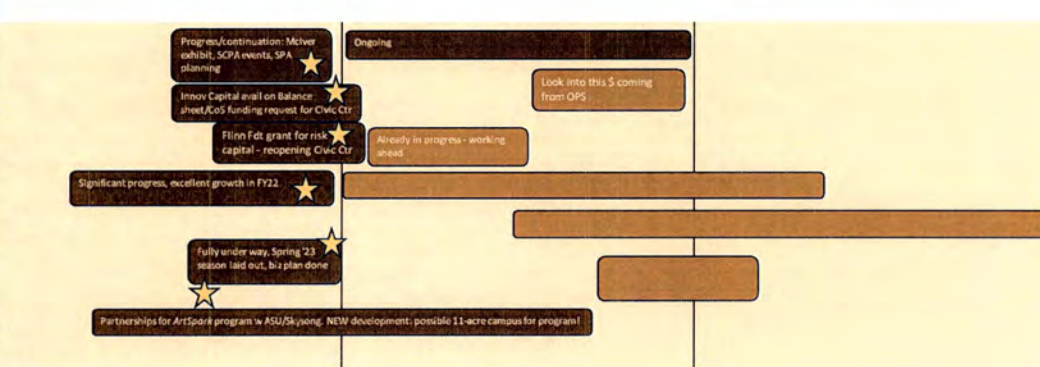
2 IDENTITY

| | |
|---|--|
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3 PROGRAMMING

| | |
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4 PARTICIPANTS

| | |
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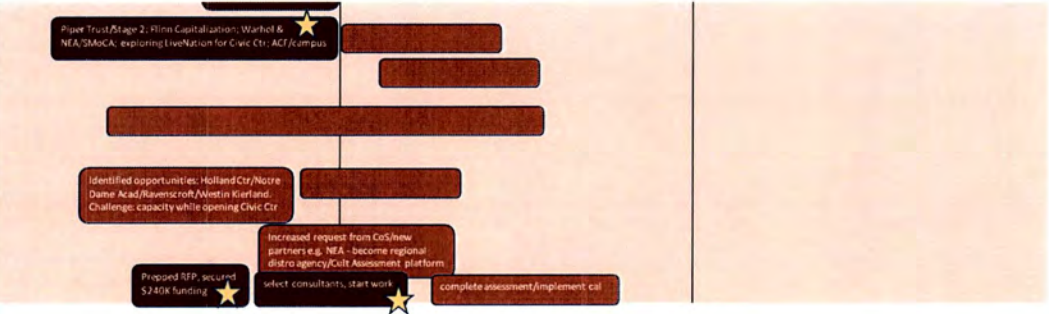


5 PARTNERSHIPS

| | |
|---|--|
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| B | FINANCIAL: Grow smart partnerships to increase earned and contributed revenue |

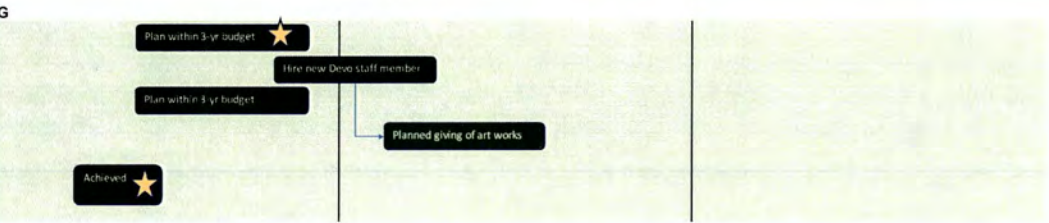


| | |
|---|---|
| C | Develop new, significant regional and national partnerships year-over-year a. Partnerships can be financial, mission, diversity or community based |
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| G | Execute Cultural Assessment and Cultural Calendar (funded by CoS) by July 1, 2023 |



6 DEVELOPMENT/FUNDRAISING

| | |
|---|---|
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| D | Develop an acquisition budget toward a permanent collection |
| E | Grow endowed gifts/investment balance to \$10M by 2024 a. carry-over goal from current plan, grew from \$5.7M to \$8M, 2019 – 2021 |



7 CAMPUS

| | |
|---|--|
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| B | DEI&A: Develop a campus which is accessible, inviting, and inclusive |
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