

MINUTES
Work Session
San Luis City Council
San Luis Council Chambers
1090 E. Union Street
April 18, 2023
6:00 p.m.

1. CALL TO ORDER/ROLL CALL

Mayor Nieves Riedel called the Work Session to order at approximately 6:00 p.m.

PRESENT: Mayor Nieves Riedel
Council Member Tadeo Azael De La Hoya - arrived at 6:07 p.m.
Council Member Javier Vargas
Council Member Gloria Torres
Vice-Mayor Luis E. Cabrera
Council Member Maria Cecilia Cruz

ABSENT: Council Member Matias Rosales

OTHERS PRESENT: Ralph Velez, Interim City Manager
Jenny Torres, Assistant City Manager
Kay Marion Macuil, City Attorney
Sonia Cornelio, City Clerk
Doming Sosa, Graphics and Media Specialist
Enrique Lopez, Assistant Fire Chief
Eulogio Vera, Director of Public Works
Francia Alonso, Acting Public Information Officer
Jose L. Cisneros, Acting Assistant Director of Parks & Recreation
Monica Castro, Director of Finance
Olivia Jenkins, Government & Foreign Affairs Coordinator
Alberto Limon, Resident
Albert Leon, Resident
Alvaro Escalante, Resident
Gary Snyder, Resident
Luis Arreola, Resident
Maria Hoyos, Resident
Maria Robles, Resident
Mark Concha, Resident
Omar Heredia, Resident
Ruben Walsh, Resident

2. ITEMS FOR DISCUSSION ONLY:

2. A. Discussion and possible directions to staff on any and all matters regarding the informational presentation by Stifel, Public Finance Advisors, on the process to raise

revenue through a property tax to improve city services to the residents of San Luis, Arizona. (Mark Reader, Managing Director at Stifel)

Mayor Nieves Riedel thanked all those present at this work session.

Mr. Mark Reader, Managing Director at Stifel, mentioned that the information given during this presentation is very useful for the city, as it considers the option to increase its revenues relatively to support the growth in the city. He shared a toolbox that is utilized in numerous cities around the state to help increase revenues through what is known as the primary property tax levy. Mr. Reader presented a PowerPoint that contained the property tax definitions, in which he explained that two (2) types of property taxes are utilized in Arizona, 1) Primary Property Tax, which requires voter approval for a specific dollar amount that if successful the city can levy and collect additional revenues for the maintenance and operation budget of the city and can be used for other capital improvements such as roads, open space, and other high priority capital improvement projects. 2) Secondary Property Tax, which is generally used by schools and requires voter approval, the cities use this one as well. He informed that in Arizona all property tax requires elections. The city has never levied a property tax in its history. Furthermore, he informed that the limitation on the amount of primary property tax levied by municipalities is rooted in the Arizona Constitution. He mentioned that the limitation is referenced in terms of tax dollars, not tax rates. Mr. Reader presented a scenario if the city were to proceed with an election to levy taxes. He stated that under the Arizona Revised Statutes, the city is authorized to levy primary property tax in the preceding year to submit the issue for voter approval. He added that under state statute an election may be held on the third Tuesday in May for the following fiscal year. If this is approved in May 2024, a property tax is collected beginning in fiscal year 2024-2025. He mentioned that the proposed amount of levy is determined by City Council. He stated that during the planning process, the City Council will determine how the revenue will be spent. Mr. Reader also included a slide that contains the Limited Assessed Property Value History, Estimated Taxpayer Impact FY 2024-2025, Overlapping Tax Rates and Assessed Values (a), Primary Rates in Other Sample Cities (FY 2022-2023), and Disclosure. A copy of this presentation is included with the complete agenda packet filed in the City Clerk's Office.

Mayor Nieves Riedel mentioned that she would like to form a committee with members of the public. She stated that the City of San Luis has a total of 73 subdivisions, and out of those 25 subdivisions have an improvement district, those are the ones that pay a fee and it averages on the subdivision that you are in from \$240 up to \$300, if the property tax was approved the people that live on those 25 subdivisions will receive on the tax bill because the city will not charge both fees. Mayor Riedel commented that she had a conversation with the City Manager regarding the need for a Police Substation on the east side of San Luis. She mentioned that the city has no money to fund this project but to accomplish this project, other projects will have to be put aside and staff need to find a solution.

Vice Mayor Luis Cabrera asked if the property tax is to be approved by the voters, are there any restrictions as to how to spend those funds.

Mr. Mark Reader replied that there are no restrictions, the way this process works is that it gives the authority to levy certain dollar amounts as deemed appropriate.

Mr. Gary Snyder, a San Luis resident, stated that the property tax is needed in the city as it is fast growing, and this creates a lot of traffic congestion. He mentioned that the previous administration brought this proposal to the table, but it did not go through because there was no transparency. He stated that the community should work together.

Mayor Riedel asked Jenny Torres, Assistant City Manager, to give a brief update of the funding received for the Cesar Chavez Boulevard project.

Ms. Torres informed that the city is trying to tap into all sources of funding, including state and federal and state funding; the city received \$1.2 million from congressional direct spending for the design and was able to tap into the Arizona Smart Fund Program through the Arizona Department of Transportation and received \$2.7 million for a total of \$4 million for the design to be completed by June 2024. She added that the city also was able to obtain \$33 million through a State Bill, unfortunately, the project has been delayed because of the amount of funding required. Staff will be applying for two (2) different sources of funding, one of them is through USDOT which is called the Raise Grant, the city is requesting \$25 million, and the second will also be from USDOT and it is called the Rural Surface Transportation Grant the city is also applying for \$25 million, both applications were highly rated and they went through the senior review which is almost the final review for the final step to getting the funding. She commented that staff is advocating via State and Federal levels to obtain this funding for the widening project. Furthermore, she added that the city also applied for the US Thriving Communities Program, which consists of the Department of Transportation hiring high-capacity builders that will help the communities to identify grants and help apply for funding.

Council Member Tadeo Azael De La Hoya asked how many cities pay property taxes and how many do not.

Mayor Riedel replies that there are a total of 91 cities in Arizona from where 51 pay and 40 do not pay for a primary property tax.

Mr. Mark Reader commented that San Luis is dependent upon local sales tax, which is very important as well as state-shared revenues, the levy of a property tax will help stabilize the city's budget and provide diversity to the revenue stream to help offset a potential issue in the future.

3. Adjournment

Mayor Nieves Riedel adjourned the meeting at approximately 6:41 p.m.

APPROVED:

Nieves Riedel, Mayor

ATTEST:

Sonia Cornelio, City Clerk

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the Work Session minutes for the City Council of the City of San Luis, Arizona, held on April 18, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Sonia Cornelio, City Clerk