

APPROVED by Council

Date: 8/14/2024

Clerks Office: SC

MINUTES
Special Council Meeting
San Luis City Council
San Luis Council Chambers
1090 E. Union Street
July 3, 2024
6:00 p.m.

1. CALL TO ORDER/ROLL CALL

Mayor Nieves Riedel called the Special City Council meeting to order at approximately 6:00 p.m.

PRESENT: Mayor Nieves Riedel
Vice Mayor Gloria Torres
Council Member Luis E. Cabrera
Council Member Maria Cecilia Cruz
Council Member Tadeo Azael De La Hoya
Council Member Matias Rosales
Council Member Javier Vargas

OTHERS PRESENT: Jenny Torres, Acting City Manager
Kay Macuil, City Attorney
Sonia Cornelio, City Clerk
Adela Cortez, Director of Human Resources
Angel Ramirez, Fire Chief
Antonio Maldonado, Video Production Specialist
Candy Lara, Records Management Specialist
Domingo Sosa, Graphics and Media Specialist
Eulogio Vera, Director of Public Works
Francia Alonso, Public Information Officer
Joel Arizmendi, I.T. Help Desk Technician
Manuel Hernandez, Acting Assistant Director of Public Works
Maria Sabori, Risk Management
Miguel Ramirez, Finance Accounting Manager
Aida Cabrera, Visitor
Huascar Cabrera, Visitor
James Allen Jr., Resident
Jorge Villicaña, Resident
Rossy Martinez, Visitor

2. DISCUSSION ITEM:

2. A. First of of two Public Hearings on Proposed Local Alternative Expenditure Limitation - Home Rule Option Election. (Roula Encinas, Acting Finance Director)

1. Staff Presentation

Ms. Roula Encina, Acting Director of Finance, stated this item is about the Home Rule Option and explained that this state law has been in effect since June 3rd, 1980, that limits municipal spending for cities and towns. The law establishes a maximum spending limit formula based on Fiscal Year 1979-1980 expenditures adjusted annually for population growth and Growth Domestic Product (GDP) inflation. Additionally, certain expenditures can be excluded from this limit. Adopting the Home Rule Option allows staff greater flexibility in managing the city's budget to meet local needs effectively. She presented the three (3) alternatives to the state-imposed spending limit formula. The One Time Override, allows the city to exceed the spending limit for a single fiscal year with voter approval, specifying the exact amount of excess expenditures authorized. The Local Alternative Expenditure Limitation (Home Rule), allows cities to set their own spending limits based on local priorities and conditions rather than adhering to the state formula effective for four (4) fiscal years; this option requires voter approval to implement. The Permanent Adjustment of Base Limits, involves permanent change to the base, spending limit with voter approval, applying to all future years no limitation on a month of adjustment. All these alternatives require voter approval, ensuring that the community has a say in how municipal finances are managed. Staff is considering the Home Rule Option; she added that 40 cities and towns in Arizona are using the Home Rule Option. Additionally, 43 cities are using the Permanent Base Adjustment, and eight (8) are using the 1979-1980 State Limit. The City of San Luis is one of the eight (8) cities that is using the outdated state formula. Adopting the Home Rule Option allows the city to overwrite the state-imposed expenditure limitations, providing staff with the flexibility to establish a budget based on the anticipated revenues, programs, and services. This authority must be re-established every four (4) years and requires a majority vote of the public at either the primary or general election. Additionally, the process includes two (2) public hearings prior to Council action, followed by a special meeting immediately after the second public hearing. Finally, a two-thirds majority vote is needed to approve this measure.

She briefly explained the Home Rule Financial Implications of the Home Rule Option, including that over the next four (4) years, the city's expenditures would exceed the state-imposed limit by \$17.5 million, which is an estimate. Without the approval of the Home Rule Option, staff would need to eliminate this amount from the budget, which would significantly impact the ability to fund essential services and programs if the Home Rule Option is not approved. It is important to note that by asking voters to approve the Home Rule Option, the city is not asking for a new tax or an increase in the city's revenues. It is simply seeking permission to spend the revenues the city is already collecting. If the Home Rule fails, the city will still receive revenues but will be unable to spend them due to the state-imposed spending limits.

This would lead to a significant reduction in funding for street maintenance and public safety, as well as the deferral or cancellation of crucial capital projects. By adopting the Home Rule Option, staff will gain the flexibility to allocate funds where they are most needed. This is about making informed choices that are right for the community without being constrained by outdated state-imposed formulas. Ms. Encinas stated that there is a process for the Home Rule Option and briefly outlined the steps allowing for transparency, public involvement, and compliance with legal requirements. She included a summary analysis that contained the total amount of estimated expenditures under the Home Rule and the State Imposed Expenditure. The PowerPoint presentation and the summary analysis are filed with the complete Agenda Packet at the City Clerk's Office.

2. Open the Public Hearing

MOTION: Council Member Tadeo Azael De La Hoya/Council Member Javier Vargas to open the Public Hearing. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye

3. Call to the Public

Mr. James Allen Jr., 1549 E. Babbitt Lane, San Luis, AZ, stated that the base limit that it is being based off, which is 1979 through 1980 when it was established. He asked if an update was ever done on that since it is now 2024. That is a lot of years back, does the state change that, if so, it could mean that the city could qualify for more funding. If that base limit formula has changed, one is talking over like 30 years and wonders if it has been thought to ask them if they can refigure this calculation formula? The other thing is have they ever listened to the City of San Luis? Fundings that should be protected are safety, there should be a pot or way of putting money in a pot where it protects that funding regardless win, lose or draw. The funding for safety and essential items should be locked in and secure so that the city never goes down this road again. If a city gets bigger, the formula has to change. When it comes to recreation activities, things are for children and is another protected square when the summer comes up and it heats up.

4. Close Public Hearing

MOTION: Council Member Javier Vargas/Council Member Tadeo Azael De La Hoya to close the Public Hearing. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye


3. ADJOURNMENT

MOTION: Council Member Tadeo Azael De La Hoya/Council Member Luis E. Cabrera to adjourn the Special Council meeting at approximately 6:18 p.m. The motion passed unanimously.

The vote was as follows:

Mayor Nieves Riedel	Aye
Vice Mayor Gloria Torres	Aye
Council Member Luis E. Cabrera	Aye
Council Member Maria Cecilia Cruz	Aye
Council Member Tadeo Azael De La Hoya	Aye
Council Member Matias Rosales	Aye
Council Member Javier Vargas	Aye

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 minutes of the Special City Council meeting of the City Council of the City of San Luis, Arizona, held on July 3, 2024. I further certify that the meeting was duly called and held and that a quorum was present.


Sonia Cornelio, City Clerk