



NOTICE OF SPECIAL COUNCIL MEETING

In accordance with § 38-431.01 of the Arizona Revised Statutes of the State of Arizona, notice is hereby given to the members of the City Council and to the general public that the Mayor and Council of the City of San Luis, Arizona, will hold a Special City Council meeting at 6:00 p.m., Wednesday, July 3, 2024. The meeting will take place at the City Council Chambers, located at 1090 E. Union Street, San Luis, Arizona, 85349. The public is invited to attend the open meeting.

In accordance with the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act of 1973, the City of San Luis does not discriminate on the basis of disability in the admission of or access to or treatment or employment in its programs, activities, or services. For information regarding rights and provisions of the ADA or Section 504, or to request reasonable accommodations for participation in City programs, activities, or services, contact: ADA/Section 504 Coordinator, City of San Luis Human Resources Department, 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Notice is hereby given that pursuant to A.R.S. § 1-602.A.9, subject to certain specified statutory exceptions, parents have a right to consent before the State or any of its political subdivisions make a video or audio recording of a minor child. Meetings of the City Council are audio and/or video recorded, and, as a result, proceedings in which children are present may be subject to such recording. Parents, in order to exercise their rights, may either file written consent with the City Clerk to such recording or take personal action to ensure that their child or children are not present when a recording may be made. If a child is present at the time a recording is made, the City will assume that the rights afforded parents pursuant to A.R.S. § 1-602.A.9 have been waived.

THIS NOTICE IS GIVEN BY:

/s/ Sonia Cornelio, City Clerk

AVISO DE JUNTA ESPECIAL

De acuerdo con los Estatutos del Estado de Arizona A.R.S. § 38-431.01, se le informa a los miembros del Cabildo y al público en general que el Alcalde y el Cabildo, tendrán una Junta Especial a las 6:00 p.m., el día Miercoles, 3 de Julio del 2024. La junta se llevará a cabo en la Sala del Cabildo, ubicada en el 1090 E. Union Street, San Luis, Arizona, 85349. El público está invitado a la junta.

De acuerdo con el Acta de Americanos con Discapacidades y la Sección 504 del Acta de Rehabilitación del 1973, la Ciudad de San Luis, Arizona no discrimina por causa de discapacidad la admisión y acceso a sus programas, actividades, servicios o en el trato en cuanto a empleo. Para más información referente a derechos y provisiones del Acta de Americanos con Discapacidades o Sección 504, o para solicitar adaptaciones que sean razonables para la participación en programas, actividades o servicios de la Ciudad, contactar al: Coordinador del Acta de Americanos con Discapacidades/Sección 504, Departamento de Recursos Humanos de la Ciudad de San Luis, Arizona, ubicado en el 1090 E. Union Street, San Luis, Arizona, 85349; (928) 341-8520.

Por medio de este aviso y de acuerdo con los Estatutos del Estado de Arizona A.R.S § 1-602.A.9, sujeto a ciertas excepciones reglamentarias, los padres de familia tienen el derecho de dar el consentimiento ante el Estado o cualquiera de sus subdivisiones políticas para hacer una grabación de audio o video de su hijo menor de edad. Las juntas del Cabildo se graban en audio y/o video y como resultado, el hecho de que haya menores presentes puede ser sujeto a que sean grabados. Para que los padres de familia puedan ejercer sus derechos pueden dar el consentimiento por escrito con la Secretaria de la Ciudad a tal grabación, o tomar acción personal para asegurarse que su hijo menor no esté presente cuando la grabación se lleve a cabo. Si un menor de edad está presente en el momento de la grabación, la Ciudad asumirá que los padres de familia están cediendo los derechos sobre una posible grabación de acuerdo con los Estatutos del Estado de Arizona A.R.S. § 1-602.A.9.

ESTE AVISO ES DADO POR:

/f/ Sonia Cornelio, Actuaría de la Ciudad



AGENDA
Special Meeting
San Luis City Council
Council Chambers
1090 E. Union Street
San Luis, AZ 85349
July 3, 2024
6:00 p.m.

PLEASE TAKE NOTICE THAT MEMBERS OF THE CITY COUNCIL WILL ATTEND EITHER IN PERSON, TELEPHONE, OR VIDEO CONFERENCE COMMUNICATION. THE MAYOR OR ACTING MAYOR FOR THIS MEETING MAY CHANGE THE ORDER OF THE ITEMS; IF AUTHORIZED BY LAW AND BY A MAJORITY VOTE OF A QUORUM OF CITY COUNCIL MEMBERS PRESENT, AN EXECUTIVE SESSION WILL BE HELD IMMEDIATELY FOLLOWING THE VOTE IN ACCORDANCE WITH A.R.S. § 38-431.03(A) AND THE MEETING WILL BE TEMPORARILY RECESSED WHILE THE CITY COUNCIL RETIRES TO EXECUTIVE SESSION WHICH WILL NOT BE OPEN TO THE PUBLIC.

TENGA EN CUENTA QUE LOS MIEMBROS DEL CABILDO DE LA CIUDAD ASISTIRÁN EN PERSONA, TELÉFONO O COMUNICACIÓN POR VIDEO CONFERENCIA. LA ALCALDESA O ALCALDE INTERINO DE ESTA REUNIÓN PUEDE CAMBIAR EL ORDEN DE LOS TEMAS; SI ESTÁ AUTORIZADO POR LA LEY Y POR MAYORÍA DE VOTOS DE UN QUÓRUM DE MIEMBROS DEL CABILDO PRESENTES, SE LLEVARÁ A CABO UNA SESIÓN EJECUTIVA INMEDIATAMENTE DESPUÉS DE LA VOTACIÓN DE ACUERDO CON LOS ESTATUTOS DEL ESTADO DE ARIZONA A.R.S. § 38-431.03 (A) Y LA REUNIÓN SERÁ TEMPORALMENTE RECESADA MIENTRAS EL CABILDO DE LA CIUDAD SE RETIRE A UNA SESIÓN EJECUTIVA QUE NO ESTARÁ ABIERTA AL PÚBLICO.

1. **CALL TO ORDER/ROLL CALL 6:00 P.M.**

2. **DISCUSSION ITEM**

2. A. First of two Public Hearings on Proposed Local Alternative Expenditure Limitation - Home Rule Option Election. **Public Hearing Held**
(Roula Encinas, Acting Finance Director)
 1. Staff Presentation
 2. Open the Public Hearing
 3. Call to the Public
 4. Close Public Hearing

3. **ADJOURNMENT 6:18 P.M.**



AGENDA ITEM REVIEW FORM

Special City Council Meeting

2. A.

Meeting Date: 07/03/2024

Department Head: Kay Macuil, City Attorney, Attorney's Office

Submitted By: Kay Macuil, City Attorney, Attorney's Office

Action Requested: Discussion Item - No Action to be Taken
Public Hearing

ITEM:

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

1. Staff Presentation
2. Open the Public Hearing
3. Call to the Public
4. Close Public Hearing

SUMMARY:

Background

On June 3, 1980, the State of Arizona imposed an expenditure limitation on cities and towns. Before 1980, cities and towns were free to determine at the local level how to use their revenue. The Arizona Constitution, Article IX, Section 20(1) sets out a maximum spending limit based upon a formula incorporating expenditures in Fiscal Year (F.Y.) 1979-1980, adjusted for increases in population and inflation.

The Arizona Constitution also provides several alternatives to the spending limitation. Under the Arizona Constitution, Article IX, Section 20(9), one of those alternatives is the alternative expenditure limitation referred to as the "Home Rule Option," which allows the city to establish its own expenditure budget based upon anticipated revenues and expenditures. The alternative expenditure limitation, the "Home Rule Option," frees the local community from any ties to the State-imposed limitation and permits the Mayor and Council, along with the local electors of the community, to decide programs, service levels, and methods of financing capital improvements. The decision to implement the Home Rule option must be adopted by resolution with a two-thirds Council majority vote and then approved by a majority of the voters of the city.

This Public Hearing is the first of two (2) Public Hearings required by Arizona Revised Statutes ("A.R.S."), Section 41-563.01. Only after the two public hearings may the City Council consider adopting a resolution to place the Home Rule Option on the November 5, 2024, General Election ballot.

If the City Council adopts the Home Rule Option by resolution, it will then place it on the General Election ballot. If approved by the voters, the Home Rule Option's alternative budget would begin with the Fiscal Year starting July 1, 2025, through June 30, 2026, and be effective for four (4) fiscal years.

The City Council cannot take action until the completion of the second public hearing on July 10, 2024. As required by A.R.S. § 41-563.01, Public notice of the two Public Hearings to discuss the alternative

expenditure limitation, the Home Rule option, was published in the Yuma Sun newspaper on June 17 and June 20, 2024. In addition, it was published in the Bajo El Sol newspaper on June 21 and June 28, 2024. The notices were also posted on the city's website and the four (4) places for posting notices under City Council's Resolution No. 2289 (City Hall, the Main Police Station, the Municipal Court, and Fire Station 2).

Financial Detailed Analysis

The attachments provide a detailed financial analysis. Under A.R.S. § 41-563.03, these details for the proposed alternative expenditure limitation must be submitted to the Arizona Auditor General sixty (60) days before the election and before printing the pamphlet for the ballot. The Auditor General may request additional information necessary to clarify or correct the analysis. The Auditor General then returns the reviewed analysis to the city. No revision may be made to the documents after the Auditor General's review.

RECOMMENDATION / SUGGESTED MOTION:

- 1. PRESENTATION BY STAFF, NO MOTION**
- 2. I MOVE TO OPEN THE PUBLIC HEARING**
- 3. CALL TO THE PUBLIC ON THIS ITEM**
- 4. I MOVE TO CLOSE PUBLIC HEARING.**

Public Hearing and discussion only, not an action item.

Fiscal Impact

IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM: No, please see the Fiscal Impact Statement below

CITY/STATE/FEDERAL FUNDS: N/A

TOTAL: N/A

BUDGETED AMOUNT: N/A

AVAILABLE AMOUNT TO TRANSFER: N/A

ACCT NAME & GL#/REMAINING BALANCE BEFORE PURCHASE: N/A

FISCAL IMPACT STATEMENT (IF THIS IS A BUDGET TRANSFER, YOU MUST ATTACH THE BUDGET ADJUSTMENT FORM):

This item is for presentation of information on the Home Rule Option and the first of two public hearings.

Attachments

Summary and Detailed Analysis
PowerPoint Presentation

**ALTERNATIVE EXPENDITURE LIMITATION
(Home Rule Option)**

SUMMARY ANALYSIS

The voters of the City/Town of San Luis, Arizona in 2024 adopted an Alternative Expenditure Limitation (Home Rule Option). The purpose of this election is for the continued use of the Home Rule Option.

Pursuant to the Arizona State Constitution, the City/Town of San Luis, Arizona seeks voter approval to adopt a Home Rule Option to apply to the city/town for the next four years beginning in Fiscal Year 2025-2026. Under the Home Rule Option, if approved by the voters, the city/town estimates it will be allowed to expend approximately \$121,268,251 in 2025-2026, \$108,445,116 in 2026-2027, \$112,395,192 in 2027-2028 and \$113,570,336 in 2028-2029.

With approval of the Home Rule Option, the city/town will utilize the expenditure authority for all local budgetary purposes including

Under the state-imposed limitation the city/town estimates it would be allowed to expend approximately \$ 113,707,622 in 2025-2026, \$105,432,409 in 2026-2027, \$ 108,759,611 in 2027-2028, and \$ 110,185,261 in 2028-2029 for the operation of your local government. These expenditure estimates include expenditures of Constitutionally excludable revenues.

The amount of revenue estimated to be available to fund the operation of your city/town government is \$121,268,251 in 2025-2026, \$108,445,116 in 2026-2027, \$112,395,192 in 2027-2028, and \$113,570,336 in 2028-2029. These revenue estimates will be the same under either the Home Rule Option or the state-imposed expenditure limitation.

Any and all dollar figures presented in this summary are estimates only and are based upon information available at the time of preparation of this analysis. The budget and actual expenditures in any of the four years may be more or less than the expenditures noted above depending on available revenue.

If no Alternative Expenditure Limitation is approved, the State-imposed expenditure limitation will apply to the city/town.

ESTIMATED FY 2025-2026 EXPENDITURE LIMITATION												
38,149	÷	1,690	=	22.5734	x	\$724,909	=	\$16,363,661	x	3.6671	=	\$60,007,181
Population (2023 estimate)		Population (1978)		Population Factor		Base Limitation (1979-80)		Result of Pop Factor x Base Limit		% Change in GDP Price Deflator (CY 2022 per Nov-2023 memo)		EST. FY 2025-2026 Expenditure Limitation

POPULATION FACTOR COMPUTATION (see page 23)						
For Fiscal Year:	Use Calendar Year:	Prior Year Population	÷	1978 Population	=	Population Factor
2025-2026	2023 (Estimate)	38,149	÷	1,690	=	22.5734
2026-2027	2024 (Projection)	38,900	÷	1,690	=	23.0178
2027-2028	2025 (Projection)	39,000	÷	1,690	=	23.0769
2028-2029	2026 (Projection)	39,200	÷	1,690	=	23.1953

STATE-IMPOSED EXPENDITURE LIMITATION (See Page 23)											
Fiscal Year	1979-80 Base Limit	x	Population Factor	x	Inflation Factor (Nov-2023 Memo)	=	Projected State-Imposed Expenditure Limitation	+	Estimated Exclusions	=	Total Expenditures Under State-Imposed Limit
2025-2026	\$724,909	x	22.5734	x	3.6671	=	\$60,007,181	+	\$53,700,442	=	\$113,707,622
2026-2027	\$724,909	x	23.0178	x	3.6712	=	\$61,256,947	+	\$44,175,462	=	\$105,432,409
2027-2028	\$724,909	x	23.0769	x	3.7559	=	\$62,831,146	+	\$45,928,465	=	\$108,759,611
2028-2029	\$724,909	x	23.1953	x	3.8340	=	\$64,466,723	+	\$45,718,538	=	\$110,185,261

**ALTERNATIVE EXPENDITURE LIMITATION
(Home Rule Option)**

DETAILED ANALYSIS

Pursuant to the Arizona State Constitution, the City/Town of San Luis, AZ as authorized by Resolution No. _____ passed on _____, 2024 will seek voter approval to adopt an Alternative Expenditure Limitation (Home Rule Option) to apply to the City/Town for the next four years beginning in 2025-2026.

Under a Home Rule Option if approved by the voters, the city/town estimates it will be allowed to expend approximately \$ 121,268,251 in 2025-2026, \$ 108,445,116 in 2026-2027, \$ 112,395,192 in 2027-2028 and \$ 113,570,336 in 2028-2029.

With approval of the Home Rule Option, the city/town will utilize the expenditure authority for all local budgetary purposes including General Fund, Streets, Special Revenue Funds, Ambulance Services, Water, Wastewater, Solid Waste, Business Incubator, Trust Fund, Detention Center, LT Debt and Capital Improvement Projects. We estimate that the expenditures for the next four years under the Home Rule Option will be as follows:

ESTIMATED AMOUNTS TO BE EXPENDED IN SPECIFIC AREAS

Purpose	2025-2026	2026-2027	2027-2028	2028-2029
General Fund	\$ 30,746,949	\$ 32,679,597	\$ 34,684,352	\$ 36,820,501
Special Revenue Funds	1,893,389	1,997,516	2,091,494	2,190,039
Streets	3,056,562	3,208,867	3,362,487	3,525,024
Ambulance Services	3,720,903	3,948,338	4,183,569	4,434,020
Water	3,833,571	4,017,901	4,192,012	4,374,951
Wastewater	4,524,193	4,757,185	4,980,973	5,216,889
Solid Waste	2,285,046	2,396,544	2,499,642	2,607,798
Business Incubator	152,495	160,005	166,569	173,420
Trust Fund	4,221,249	4,347,886	4,478,323	4,612,673
Detention Facility	25,000,000	25,000,000	25,000,000	25,000,000
Long Term Debt	5,315,914	5,175,176	6,343,767	6,017,217
Capital Improvements	36,517,980	20,756,100	20,412,005	18,597,805
Total Expenditures	\$121,268,251	\$108,445,116	\$112,395,192	\$113,570,336

If approved, the expenditures authorized will be funded from revenues obtained from federal, state and local sources. It is estimated that the amount of revenue from each source for the next four years will be as follows:

ESTIMATED AMOUNTS OF REVENUE FROM EACH AND ANY SOURCE

Source	2025-2026	2026-2027	2027-2028	2028-2029
Federal	\$ 2,369,720	\$ 2,488,206	\$ 2,612,616	\$ 2,249,614
State	18,636,356	19,540,870	20,529,317	21,584,262
Local	100,262,175	86,416,040	89,253,259	89,736,460
Total Revenues	\$121,268,251	\$108,445,116	\$112,395,192	\$113,570,336

(The city/town property tax shall continue to be limited to the amount prescribed in the Arizona State Constitution).

In determining the revenue sources to fund the authorized additional expenditures under the Alternative Expenditure Limitation, it is assumed that the Federal, state, and local revenues received by the city/town will continue to be available in 2025-2026 as they have for the past 4 years. Their continued availability is also assumed for the next three consecutive fiscal years following 2025-2026.

Any and all dollar figures shown in this analysis are estimated figures only and are based upon information available at the time of preparation of this report. The budgets and actual expenditures in any given year may be more or less than the figures noted above depending on available revenues. The actual expenditure limitation for each fiscal year shall be adopted as an integral part of the budget for that fiscal year.



Home Rule Option Public Hearing

2024 Proposed Local Alternative
Expenditure Limitation



Home Rule Origen

- State Law effective June 3, 1980
- Limits municipal spending for Cities and Towns
- Maximum spending limit formula
- Based on FY 1979-80 expenditures
- Allows for annual population increase
- Allows for GDP inflation increase
- Allows for exclusions of some expenditures





Alternatives to Formula

1

One-Time Override

2



Local Alternative
Expenditure Limitation
(Home Rule)

3

Permanent Adjustment of
Base Limit

All require voter approval

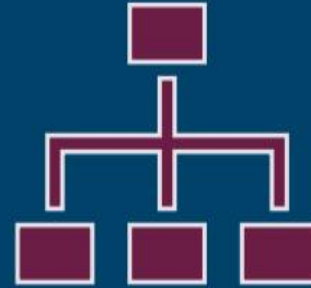
2024 Home Rule Option



**Allows City to override
State-imposed
Expenditure Limitation**



**Provides flexibility to
establish budget based
on anticipated
revenues, programs
and services**



**Authority re-established
every 4 years**
**Requires a majority vote
of the public at Primary
or General election**



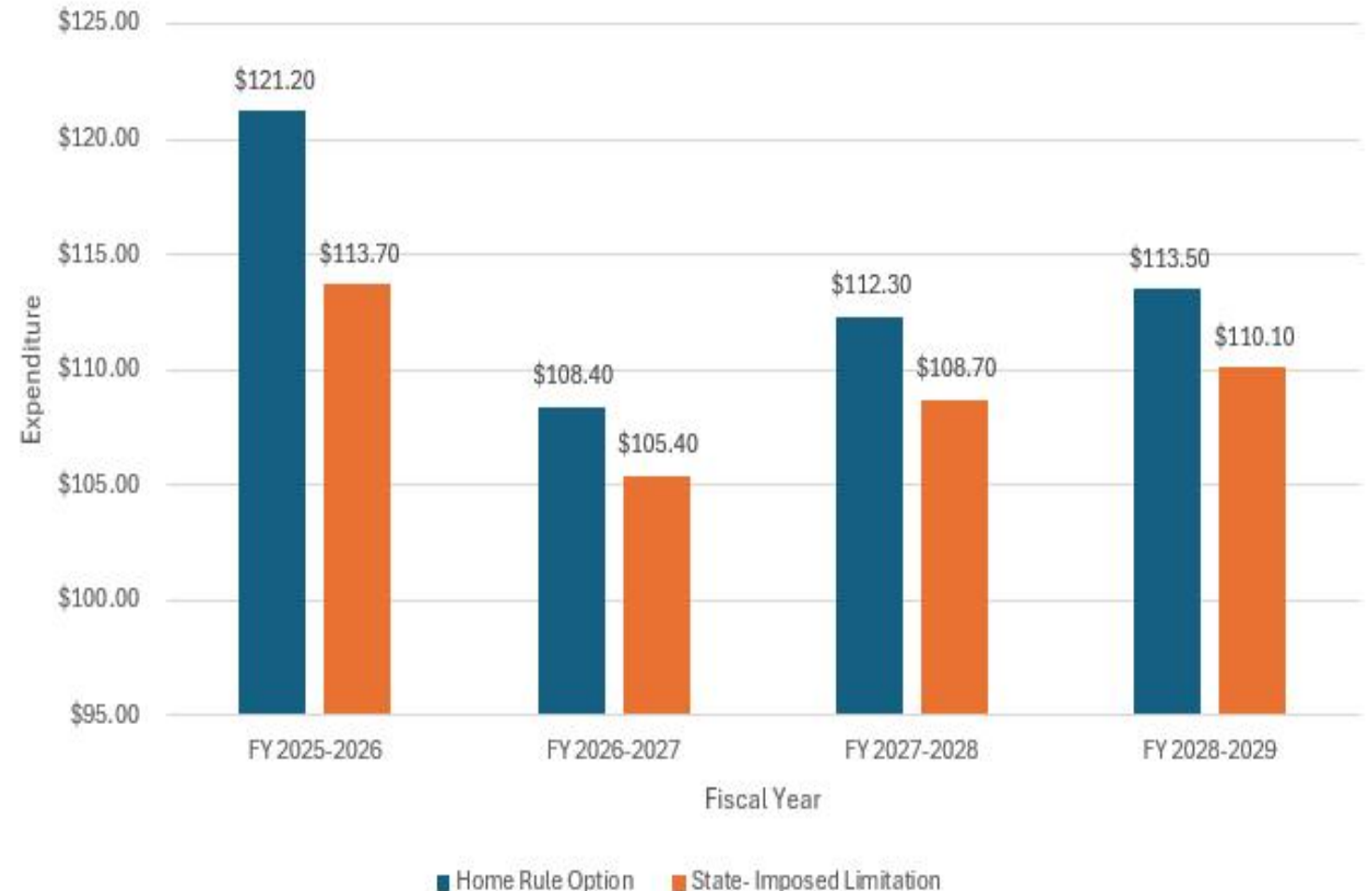
**Requires 2 Public Hearings
prior to Council action**
**Special Meeting held
immediately following the
2nd Public Hearing**
Requires 2/3 majority

Home Rule Option Financial Implications (preliminary)

- Amount Over State Limit for the four years:

\$17.5 Million
Budget Expenses that would need to be eliminated without approval of Home Rule

Comparison of Expenditures for FY 2026-2029



2024 Home Rule Option Financial Implications



**Approval of
Home Rule
does not
Increase
Taxes**

Potential Impacts if Home Rule fails

- Reductions in street maintenance funding
- Reductions in public safety funding
- Deferral or cancellation of capital projects (water, wastewater, streets, constructions of new parks, etc.)
- Reductions to recreation activities

**If Home Rule
fails, revenue
will continue to
be received but
it cannot be
spent.**

2024 Home Rule Election Schedule

Dates

Actions

June 17th	<ul style="list-style-type: none">• Publish First Notice of Public Hearing
June 24th	<ul style="list-style-type: none">• Publish Second Notice of Public Hearing
July 3rd	<ul style="list-style-type: none">• Hold First Hearing on Proposed Home Rule Option
July 10th	<ul style="list-style-type: none">• Hold Second Public hearing on the Proposal
	<ul style="list-style-type: none">• Council Votes on the Proposal Immediately after Second Hearing in a Special Meeting
July 11th	<ul style="list-style-type: none">• Publish Record of Vote, Amount Over Limit & Purpose
July 11th	<ul style="list-style-type: none">• Submit Financial Worksheets to Auditor General's Office
July 29th	<ul style="list-style-type: none">• Receive Reviewed Worksheet From AGO
August 7th	<ul style="list-style-type: none">• Receive Arguments for or Against Alternative Expenditure Limit for Publicity Pamphlet
August 16th	<ul style="list-style-type: none">• Complete Preparation of Publicity Pamphlet and Sent Draft to Auditor General
September 6th	<ul style="list-style-type: none">• Send Publicity Pamphlets to the Printer After Incorporating Auditor General Comments
October 3rd	<ul style="list-style-type: none">• Make Early Ballots Available• Mail Publicity Pamphlets or let early voters know when and where they will be available
October 9th	<ul style="list-style-type: none">• Distribute Early Ballots
October 25th	<ul style="list-style-type: none">• Distribute Publicity Pamphlets
November 5th	<ul style="list-style-type: none">• General Election Day
November 25th	<ul style="list-style-type: none">• Canvas Vote• Inform Auditor General's Office and Economic Estimates Commission of the results

A person is shown in silhouette, looking through a telescope. The background is a city skyline at sunset, with the sun low on the horizon, casting a warm, golden glow over the buildings. The sky is a mix of orange, yellow, and blue. The person's hands are visible, holding the telescope. The overall mood is contemplative and forward-looking.

Questions?

City of San Luis,
Arizona