



## 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 the general public that the Mayor and Council of the City of San Luis, Arizona, will hold a Special City Council meeting at 5:30 p.m., Wednesday, July 10, 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 5:30 p.m., el día Miercoles, 10 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 10, 2024**  
**5:30 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**

**2. DISCUSSION ITEM ONLY:**

**2. A.** Second 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 the Public Hearing

**3. ADJOURN PUBLIC HEARING**

**4. CONVENE A SPECIAL MEETING TO VOTE ON THE PROPOSED HOME RULE**

**5. CALL TO ORDER/ROLL CALL**

**6. DISCUSSION AND POSSIBLE ACTION ITEM:**

**6. A.** Discussion and possible action on any and all matters regarding Resolution No. 2322. A resolution of the City of San Luis proposing an Alternative Expenditure Limitation and that it be submitted to the voters of the City of San Luis at the general election scheduled for November 5, 2024. **(Roula Encinas, Acting Finance Director)**

*[This item requires five (5) votes in favor to refer the matter to the voters under the Arizona Constitution Article 9 § 20(9).]*

**7. ADJOURNMENT**



## AGENDA ITEM REVIEW FORM

### Special City Council Meeting

2. A.

**Meeting Date:** 07/10/2024

**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

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### ITEM:

Second 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 the 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 second and the last of two (2) Public Hearings required by Arizona Revised Statutes ("A.R.S."), Section 41-563.01. The first public hearing was on July 3, 2024. 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 this 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.

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**Fiscal Impact**

|  |  |
|--|--|
| <b>IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM:</b>   | No, please see the Fiscal Impact Statement below |
| <b>CITY/STATE/FEDERAL FUNDS:</b>   | N/A  |
| <b>TOTAL:</b>  | N/A  |
| <b>BUDGETED AMOUNT:</b>  | N/A  |
| <b>AVAILABLE AMOUNT TO TRANSFER:</b>   | N/A  |
| <b>ACCT NAME &amp; GL#/REMAINING BALANCE BEFORE PURCHASE:</b>  | N/A  |
| <b>FISCAL IMPACT STATEMENT (IF THIS IS A BUDGET TRANSFER, YOU MUST ATTACH THE BUDGET ADJUSTMENT FORM):</b> |  |

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

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**Attachments**

Summary and Detailed Analysis  
Home Rule PowerPoint

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**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<br>(2023 estimate)                 |   | Population<br>(1978) |   | Population Factor |   | Base Limitation<br>(1979-80) |   | Result of<br>Pop Factor<br>x Base Limit |   | % Change in<br>GDP Price Deflator<br>(CY 2022 per<br>Nov-2023 memo) |   | EST. FY 2025-2026<br>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<br>Base Limit | x | Population<br>Factor | x | Inflation<br>Factor<br>(Nov-2023 Memo) | = | Projected<br>State-Imposed<br>Expenditure<br>Limitation | + | Estimated<br>Exclusions | = | Total Expenditures<br>Under<br>State-Imposed<br>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           |
| <b>Total Expenditures</b> | <b>\$121,268,251</b> | <b>\$108,445,116</b> | <b>\$112,395,192</b> | <b>\$113,570,336</b> |

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

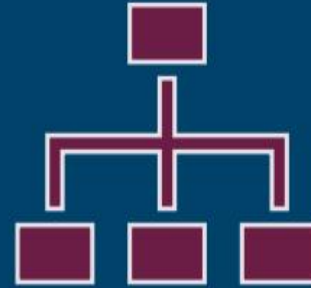
# 2024 Home Rule Option



**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**



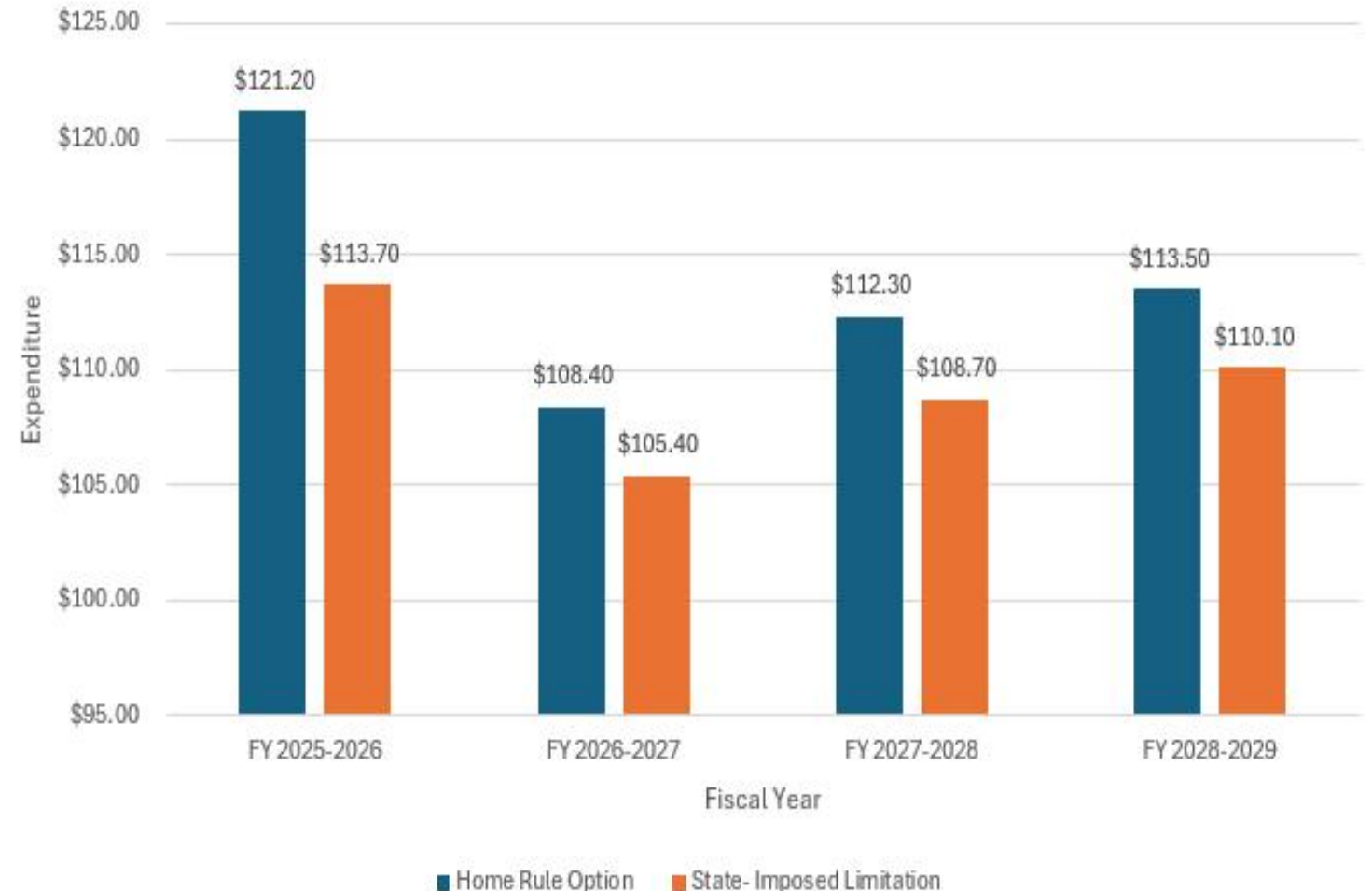
**Requires 2 Public Hearings  
prior to Council action  
Special Meeting held  
immediately following the  
2<sup>nd</sup> Public Hearing  
Requires 2/3 majority**

# Home Rule Option Financial Implications (preliminary)

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

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, orange glow over the buildings. The sky is filled with soft, wispy clouds. The overall mood is contemplative and forward-looking.

Questions?

City of San Luis,  
Arizona



## AGENDA ITEM REVIEW FORM

### Special City Council Meeting

6. A.

**Meeting Date:** 07/10/2024

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

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

**Action Requested:** Motion  
Resolution

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### ITEM:

Discussion and possible action on any and all matters regarding Resolution No. 2322. A resolution of the City of San Luis proposing an Alternative Expenditure Limitation and that it be submitted to the voters of the City of San Luis at the general election scheduled for November 5, 2024. **(Roula Encinas, Acting Finance Director)**

*[This item requires five (5) votes in favor to refer the matter to the voters under the Arizona Constitution Article 9 § 20(9).]*

### SUMMARY:

#### **The Alternative Expenditure Limitation, also known as the Home Rule Option**

Rather than using State-imposed expenditure limitations on cities and towns, local control through an alternate expenditure limitation (Home Rule Option) is permitted under the Arizona Constitution Article 9 § 20(9). A detailed financial analysis for a proposed alternative spending limitation is attached. The Auditor General reviews this analysis before the proposed amount goes to the voters.

#### **The process of submitting to the voters**

Arizona State Constitution Article 9 § 20(9) permits the submission to the voters who are residents of the city an Alternative Expenditure Limitation, the "Home Rule Option" for the municipality. The process to submit the Home Rule Option to the San Luis voters on November 5, 2024, General Election is:

- to hold two (2) properly noticed public hearings (which were noticed and set for July 3 and July 10, 2024),
- for the City Council to convene in a special meeting immediately after the second public hearing, and
- for the City Council to have five (5) favorable votes to place the Home Rule option on the ballot.

#### **Deadline for statement for and against**

Statements for and against inclusion in the ballot pamphlet must be submitted by August 7, 2024, at 6:00 p.m. to the City Clerk.

#### **Process after Home Rule goes to the Voters**

The Local Alternative Expenditure Limitation (Home Rule Option) allows a local determination of the expenditure limitation to equal the annual budget, which is vetted through a public process.

- Approval of the Home Rule Option does **not** authorize increases to tax rates or revenues.
- Failure of the Home Rule Option does **not** cause tax rates or revenues to decrease but does limit

the city spending to the state-imposed limit, which does not reflect the desires regarding programs and services at the local San Luis level.

If the voters approve the Home Rule Option, then as part of the annual budget process, the City Council will annually adopt the voter-approved Alternative Expenditure Limitation for four(4) consecutive fiscal years starting the fiscal year after adoption (which will start July 1, 2025).

**RECOMMENDATION / SUGGESTED MOTION:**

**I MOVE TO APPROVE AND ADOPT RESOLUTION NO. 2322 SUBMITTING AN ALTERNATE EXPENDITURE LIMITATION TO THE VOTERS.**

---

**Fiscal Impact**

|  |  |
|--|--|
| <b>IS THERE FISCAL IMPACT ASSOCIATED WITH THIS ITEM:</b>   | Please see the fiscal impact statement below |
| <b>CITY/STATE/FEDERAL FUNDS:</b>   | N/A  |
| <b>TOTAL:</b>  | N/A  |
| <b>BUDGETED AMOUNT:</b>  | N/A  |
| <b>AVAILABLE AMOUNT TO TRANSFER:</b>   | N/A  |
| <b>ACCT NAME &amp; GL#/REMAINING BALANCE BEFORE PURCHASE:</b>  | N/A  |
| <b>FISCAL IMPACT STATEMENT (IF THIS IS A BUDGET TRANSFER, YOU MUST ATTACH THE BUDGET ADJUSTMENT FORM):</b> |  |

The publication and distribution of the ballot and pamphlet will be part of the overall election costs, which include the general election for candidates.

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**Attachments**

Resolution No. 2322 - English  
Resolution No. 2322 - Spanish  
PowerPoint Presentation  
Detailed Financial Analysis

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# *Resolution*

No. 2322

OFFICE OF THE  
MAYOR  
CITY OF SAN LUIS

## **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, PROPOSING AN ALTERNATIVE EXPENDITURE LIMITATION.**

**WHEREAS**, the Arizona State Constitution Article IX § 20(9) permits the submission to the voters of a city an alternative expenditure limitation; and

**WHEREAS**, the City Council of the City of San Luis, after two (2) public hearings, has determined that an alternative expenditure limitation (also known as the home rule option) is necessary for the City of San Luis;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of San Luis that the following alternative expenditure limitation be submitted to the voters of the City of San Luis.

**Section 1:** Shall the City of San Luis adopt the following as an alternative expenditure limitation by submitting it to the qualified City of San Luis voters at the General Election scheduled for November 5, 2024:

“The City Council of the City of San Luis shall adopt annually, as part of the annual budget adoption process, an alternative expenditure limitation equal to the total amount of budgeted expenditures/expenses as it appears on the annual budget as adopted by the City Council to apply to the City of San Luis for each of the four fiscal years immediately following adoption of the Alternative Expenditure Limitation. The Alternative Expenditure Limitation shall be adopted each year after a public hearing at which the citizens of the City of San Luis may comment on the proposed alternative expenditure limitation. No expenditures may be made in violation of such alternative expenditure limitation, nor may any proposed expenditures be in excess of estimated available revenues, except that the Mayor and the City Council may, by three-fourths ( $\frac{3}{4}$ ) vote, declare an emergency and suspend the alternative expenditure limitation. The suspension of the alternative expenditure limitation shall be in effect for only one fiscal year at a time.”

**Section 2:** August 7, 2024, at 6:00 p.m. is the deadline to submit statements “for” and “against” adoption of the alternative expenditure limitation. Each statement shall not exceed 300 words and shall contain the original, notarized signature of each person sponsoring it. With each argument supporting or opposing the alternative expenditure

limitation, one hundred fifty dollars (\$150.00) shall be deposited with the City Clerk to offset a portion of the proportionate cost of paper and printing the statements.

**Section 3:** Applicability: In accordance with the provisions of the Arizona Constitution, Article IX § 20, this locally controlled alternative expenditure limitation shall be effective for the following four (4) fiscal years: 2025-2026, 2026-2027, 2027-2028, and 2028-2029.

**PASSED, APPROVED, and ADOPTED** by the Mayor and City Council of the City of San Luis, Yuma County, Arizona, this \_\_\_\_ day of July 2024.

\_\_\_\_\_  
Nieves Riedel, Mayor

**Attest:**

**Approved As to Form:**

\_\_\_\_\_  
Sonia Cornelio, City Clerk

\_\_\_\_\_  
Kay Marion Macuil, City Attorney

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 2322 was duly passed and adopted by the City Council of the City of San Luis, Arizona, at a special meeting held on the 10<sup>th</sup> day of July 2024 and that the vote was \_\_\_ aye and \_\_\_ nay.

\_\_\_\_\_  
Sonia Cornelio, City Clerk



# *Resolution*

No. 2322

OFFICE OF THE  
MAYOR  
CITY OF SAN LUIS

## **UNA RESOLUCIÓN DEL CABILDO DE LA CIUDAD DE SAN LUIS, ARIZONA, PROPONIENDO UNA ALTERNATIVA DE LÍMITE DEL GASTO.**

**CONSIDERANDO QUE**, la Constitución Estatal de Arizona, Artículo IX § 20(9) permite la presentación a los votantes de una ciudad una alternativa de límite del gasto; y

**CONSIDERANDO QUE**, el Cabildo de la Ciudad de San Luis, después de dos (2) audiencias públicas, ha determinado que una alternativa de límite del gasto (también conocida como la opción de autonomía local) es necesaria para la Ciudad de San Luis;

**AHORA, POR LO TANTO, SE RESUELVE**, por el Cabildo de la Ciudad de San Luis que la siguiente alternativa de límite del gasto se someta a los votantes de la Ciudad de San Luis.

**Sección 1:** Deberá la Ciudad de San Luis adoptar la siguiente como una alternativa de límite del gasto presentándola a los votantes calificados de la Ciudad de San Luis en las elecciones generales programadas para el 5 de noviembre de 2024:

“El Cabildo de la Ciudad de San Luis adoptará anualmente, como parte del proceso de adopción del presupuesto anual, una alternativa de límite del gasto igual al monto total de gastos/costos tal como aparece en el presupuesto anual adoptado por el Cabildo para aplicar a la Ciudad de San Luis para cada uno de los cuatro años fiscales inmediatamente siguientes a la adopción de la alternativa de límite del gasto. La alternativa del límite de gasto se adoptará cada año después de una audiencia pública en la que los ciudadanos de la Ciudad de San Luis puedan comentar sobre la propuesta de la alternativa de límite del gasto. No se pueden realizar gastos en violación de tal alternativa de límite del gasto, ni ningún gasto propuesto puede exceder los ingresos disponibles estimados, excepto que la Alcaldesa y el Cabildo pueden, por votación de tres cuartos ( $\frac{3}{4}$ ), declarar una emergencia y suspender la alternativa de límite del gasto. La suspensión de la alternativa de límite del gasto estará en efecto solo por un año fiscal a la vez.”

**Sección 2:** El 7 de agosto de 2024, a las 6:00 p.m., es la fecha límite para presentar declaraciones “a favor” y “en contra” de la adopción de la alternativa de límite de gasto. Cada declaración no debe exceder las 300 palabras y debe contener la firma original y notariada de cada persona que la patrocina. Con cada declaración a favor o en contra de la alternativa de límite de gasto, se depositarán ciento cincuenta dólares (\$150.00) con el Secretaria de la Ciudad para compensar una parte del costo proporcional del papel y la impresión de las declaraciones.

**Sección 3:** Aplicabilidad: De acuerdo con las disposiciones de la Constitución de Arizona, Artículo IX § 20, esta alternativa de límite del gasto controlada localmente será efectiva para los siguientes cuatro (4) años fiscales: 2025-2026, 2026-2027, 2027-2028, y 2028-2029.

**PROMULGADO, APROBADO, y ADOPTADO** por la Alcaldesa y el Cabildo de la Ciudad de San Luis, Condado de Yuma, Arizona, el día \_\_\_\_\_ de julio 2024.

\_\_\_\_\_  
Nieves Riedel, Alcaldesa

**Atestigua:**

**Aprobado Encuanto la Forma:**

\_\_\_\_\_  
Sonia Cornelio  
Secretaria de la Ciudad

\_\_\_\_\_  
Kay Marion Macuil  
Abogada de la Ciudad

**CERTIFICACIÓN**

POR EL PRESENTE CERTIFICO que la anterior y subsiguiente Resolución No. 2322 fue debidamente aprobada y adoptada por el Cabildo de la Ciudad de San Luis, Arizona, en una reunión especial celebrada el día 10 de julio de 2024 y que la votación fue \_\_\_ a favor y \_\_\_ en contra.

\_\_\_\_\_  
Sonia Cornelio, Secretaria de la Ciudad



# 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

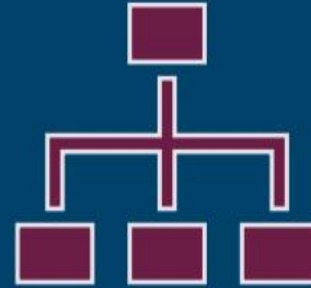
# 2024 Home Rule Option



**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**



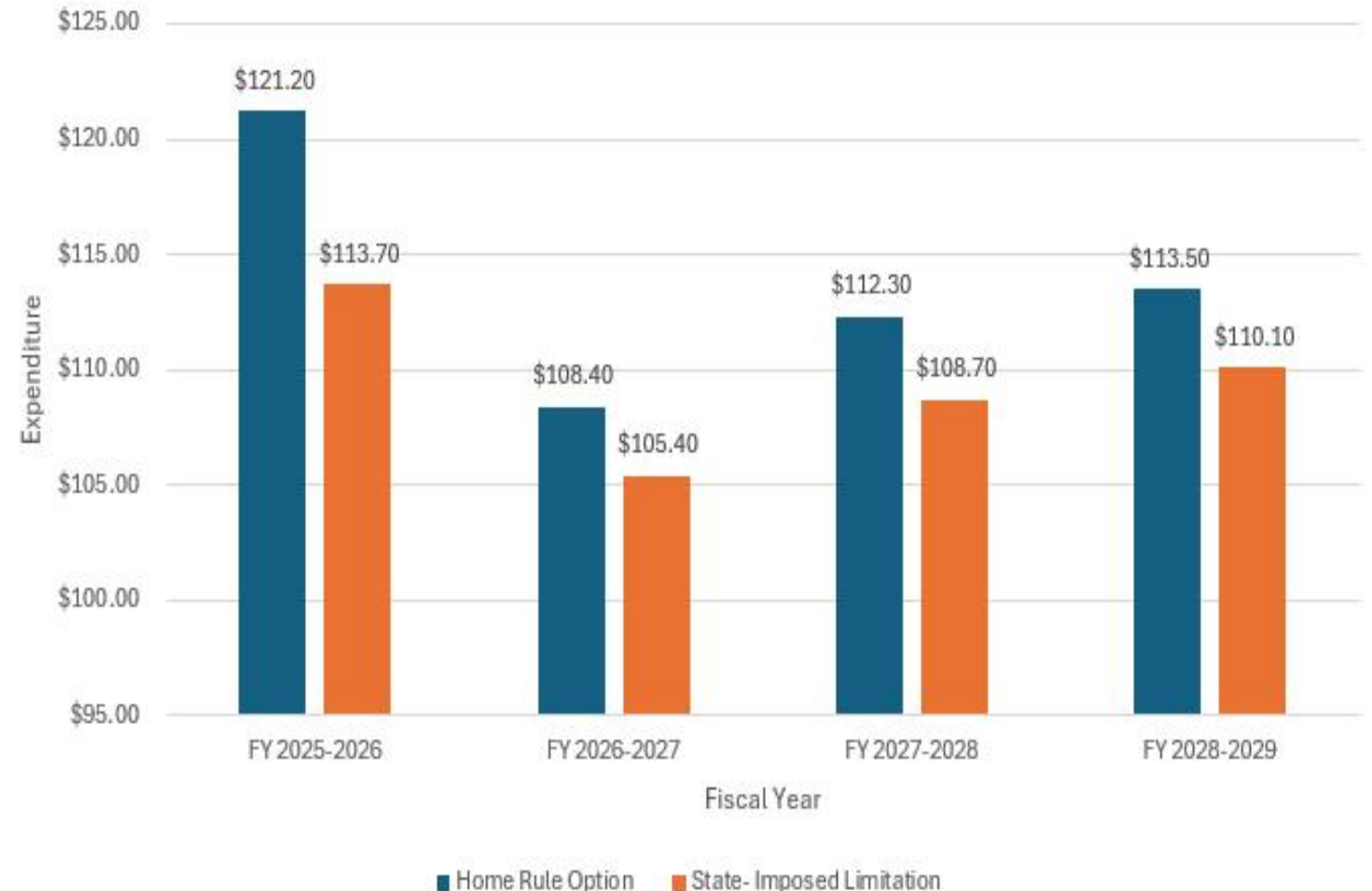
**Requires 2 Public Hearings  
prior to Council action  
Special Meeting held  
immediately following the  
2<sup>nd</sup> Public Hearing  
Requires 2/3 majority**

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

A person is shown in silhouette from the back, looking through a telescope. The background is a city skyline at sunset, with the sun low on the horizon, casting a warm orange and red glow over the buildings. The sky is filled with soft, wispy clouds. The overall mood is contemplative and forward-looking.

Questions?

City of San Luis,  
Arizona

**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 \$121,268,25 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<br>(2023 estimate)                 |   | Population<br>(1978) |   | Population Factor |   | Base Limitation<br>(1979-80) |   | Result of<br>Pop Factor<br>x Base Limit |   | % Change in<br>GDP Price Deflator<br>(CY 2022 per<br>Nov-2023 memo) |   | EST. FY 2025-2026<br>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<br>Base Limit | x | Population<br>Factor | x | Inflation<br>Factor<br>(Nov-2023 Memo) | = | Projected<br>State-Imposed<br>Expenditure<br>Limitation | + | Estimated<br>Exclusions | = | Total Expenditures<br>Under<br>State-Imposed<br>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           |
| <b>Total Expenditures</b> | <b>\$121,268,251</b> | <b>\$108,445,116</b> | <b>\$112,395,192</b> | <b>\$113,570,336</b> |

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.