



TOWN OF HUACHUCA CITY

The Sunset City

**HUACHUCA CITY TOWN COUNCIL
PUBLIC MEETING NOTICE**
Thursday, June 13, 2024, at 5:30 PM
COUNCIL CHAMBERS
500 N. GONZALES BLVD.
HUACHUCA CITY, AZ 85616

THE COUNCIL WILL CONVENE FOR THE PURPOSE OF HEARING COMMENTS FROM THE PUBLIC CONCERNING THE TOWN’S PROPOSED ALTERNATIVE EXPENDITURE LIMITATION “HOME RULE OPTION.”

AGENDA

A. Call to Order – Mayor

- a. Roll Call and Ascertain Quorum

B. Public Hearing – Mayor Wallace,

- 1. Members of the public are invited to address the Council concerning the Town’s proposed alternative expenditure limitation, “Home Rule Option” which will be on the general election ballot November 5, 2024.

G. Adjournment

Posted at 5:00 PM on June 12, 2024, at the following locations:

Town Hall Bulletin Board 500 N. Gonzales Blvd. Huachuca City, AZ 85616	Town Hall Lobby 500 N. Gonzales Blvd. Huachuca City, AZ 85616	Town Website https://huachucacityaz.gov
Huachuca City U.S. Post Office 690 N. Gonzales Blvd. Huachuca City, AZ 85616	Huachuca City Library 506 N. Gonzales Blvd. Huachuca City, AZ 85616	Huachuca City Police Department 500 N. Gonzales Blvd. Huachuca City, AZ 85616

Ms. Brandye Thorpe
Town Clerk

Note: This meeting is open to the public. All interested people are welcome to attend. A copy of agenda background material provided to the Councilmembers, with the exception of confidential material relating to possible executive sessions, is available for public inspection at the Town Clerk's Office, 500 N. Gonzales Blvd., Huachuca City, AZ 85616, Monday through Friday from 8:00 a.m. to 5:00 p.m. or online at www.huachucacityaz.gov

Individuals with disabilities who need a reasonable accommodation to attend or communicate at a town meeting, or who require this information in alternate format, may contact the Town at 456-1354 (TTY 456-1353) to make their needs known. Requests should be made as early as possible so there is sufficient time to respond.

Home Rule Option

Town of Huachuca City



Background – State Imposed Limit

Established in 1980 by Arizona voters.

Based on 1979-80 expenditure levels

Adjusted for inflation and population growth

Aimed to control government spending and taxation.

What is Home Rule?

Allows municipalities to set their own budget expenditure limits.

Overrides state-imposed expenditure limitations.

Home Rule is NOT

Not a Tax Increase

Home Rule does not authorize new taxes or increase existing taxes.

It allows the municipality to spend revenue it already collects.

Not a Permanent Solution

Requires re-approval by voters every four years.

It's a temporary measure needing continuous voter support.

Not Exemption from Balanced Budget

Municipalities must still maintain a balanced budget.

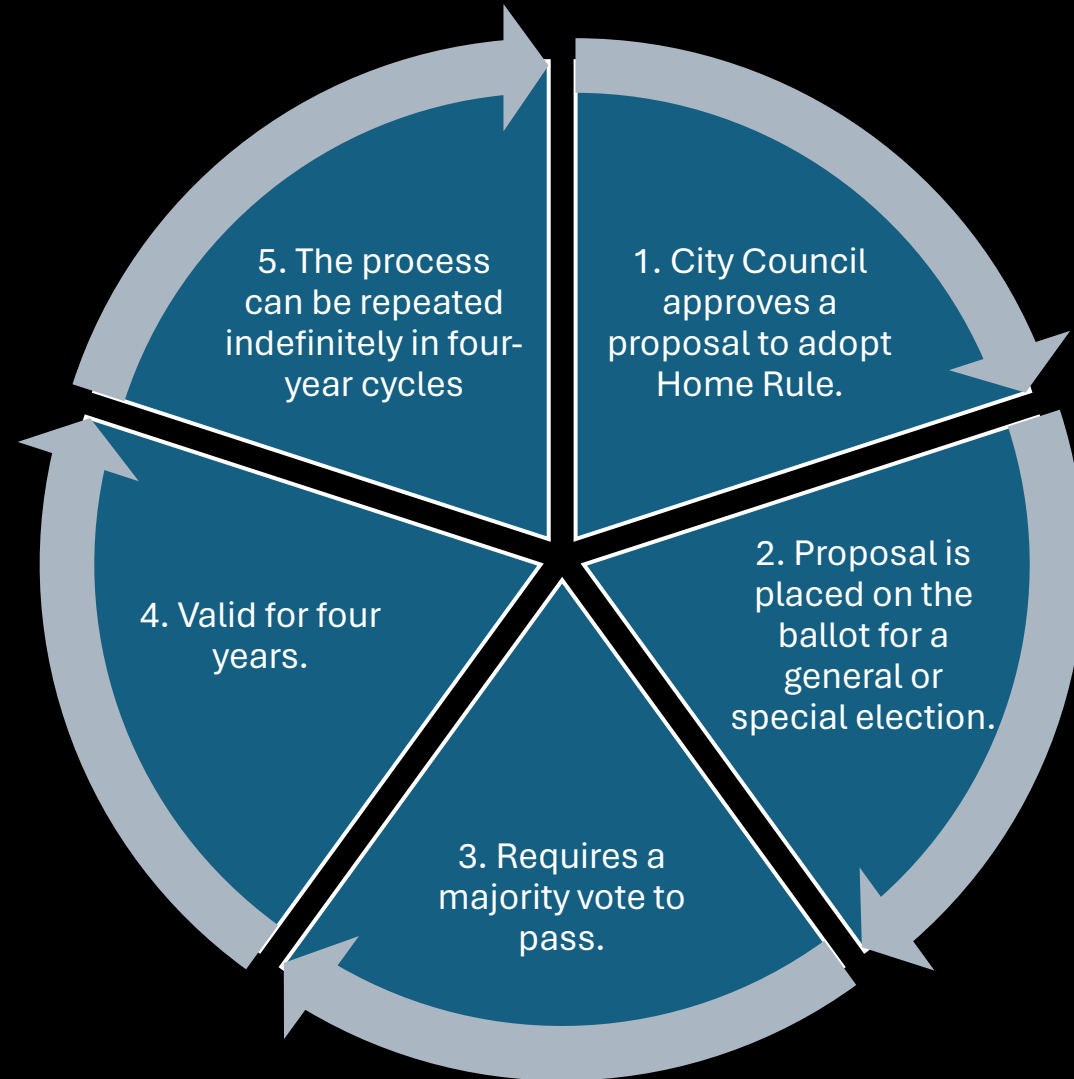
They must align expenditures with available revenues.

Not a Change in Services

It does not automatically alter the level or type of services provided.

It allows local control to determine service levels based on budget capacity

Implementation Process



Advantages

Local Control

- Flexibility to address specific financial needs.

Responsive Budgeting

- Ability to respond to local economic conditions.

Autonomy

- Enhanced local governance and service delivery.

Disadvantages

Voter Fatigue

- Frequent elections can lead to voter fatigue.

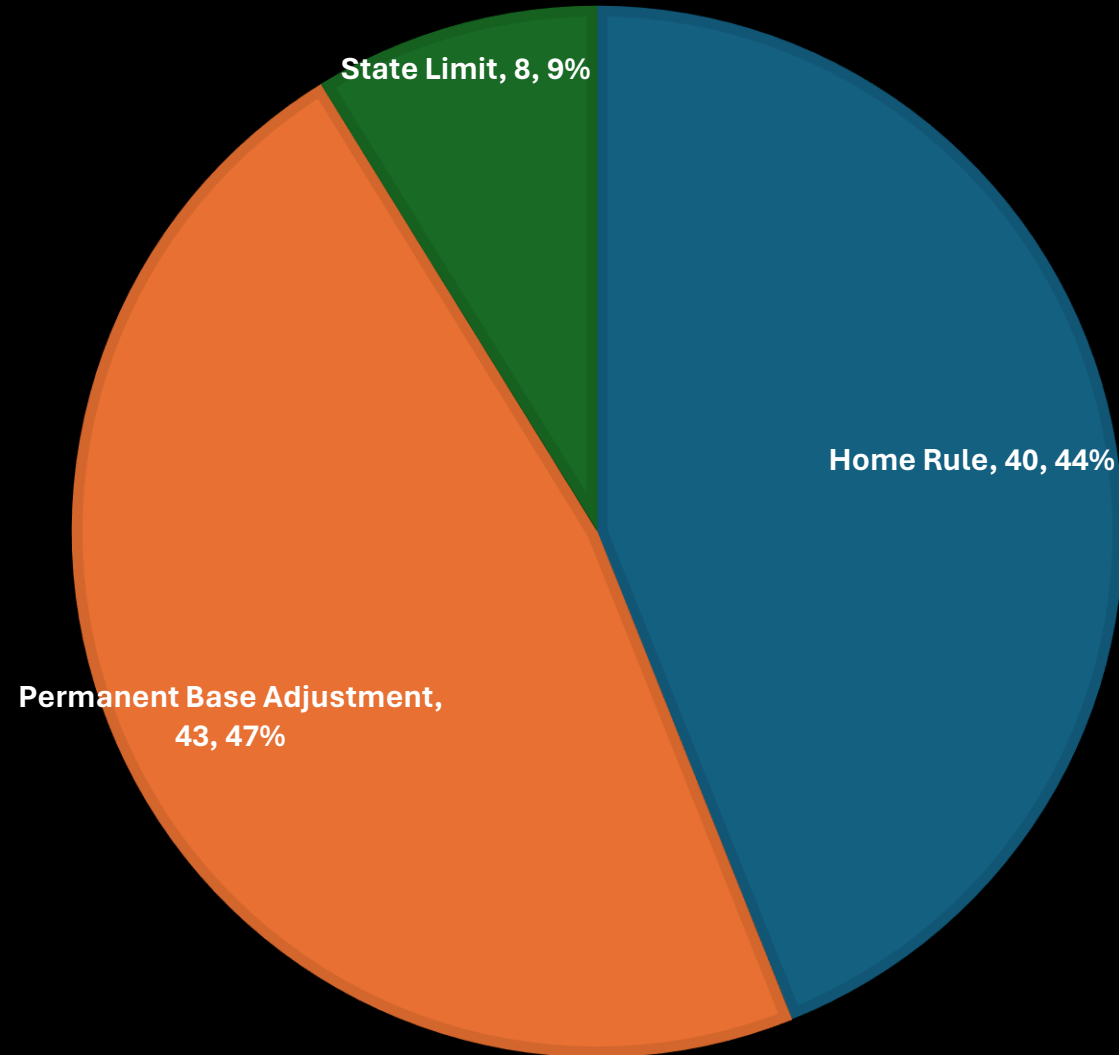
Complexity

- Resource-intensive process requiring voter education.

Risk of Rejection

- Potential for budget shortfalls if not approved.

Arizona Cities and Towns



City and Towns with Home Rule Option

BENSON	GILA BEND	PARKER	SOMERTON
BISBEE	GLOBE	PATAGONIA	SOUTH TUCSON
CAVE CREEK	GUADALUPE	PAYSON	ST. JOHNS
CHANDLER	HOLBROOK	PHOENIX	STAR VALLEY
CHINO VALLEY	HUACHUCA CITY	PINETOP-LAKESIDE	SUPERIOR
CLIFTON	JEROME	PRESCOTT	TAYLOR
COOLIDGE	MAMMOTH	PRESCOTT VALLEY	TOLLESON
DUNCAN	MESA	QUEEN CREEK	TOMBSTONE
EAGAR	MIAMI	SEDONA	TUSAYAN
FREDONIA	NOGALES	SNOWFLAKE	WILLIAMS

Home Rule 4 Year Expenditure Estimates

PURPOSE	2025-2026	2026-2027	2027-2028	2028-2029
General Government	3,485,000	3,590,000	3,707,000	3,837,000
Public Safety (Police/Fire)	1,641,000	1,690,000	1,745,000	1,806,000
Streets	308,000	317,000	327,000	338,000
Sanitation	215,000	221,000	228,000	236,000
Wastewater	324,000	334,000	345,000	357,000
Water	498,000	513,000	530,000	549,000
Other Public Works	154,000	159,000	164,000	170,000
Landfill	2,073,000	2,135,000	2,204,000	2,281,000
Capital Projects	1,500,000	1,500,000	1,500,000	1,500,000
Total	10,198,000	10,459,000	10,750,000	11,074,000

Home Rule 4 Year Revenue Estimates

PURPOSE	2025-2026	2026-2027	2027-2028	2028-2029
Federal	1,000,000	1,000,000	1,000,000	1,000,000
State	2,347,500	2,418,000	2,496,500	2,584,000
Local	6,850,500	7,041,000	7,253,500	7,490,000
Total Estimated Revenues	10,198,000	10,459,000	10,750,000	11,074,000

State Imposed Estimated Limit

PURPOSE	2025-2026	2026-2027	2027-2028	2028-2029
All Sources	4,261,233	4,338,365	4,453,735	4,574,935

Conclusion



Home Rule provides local control over budget limitations.



Balances state oversight with local autonomy.



Requires continuous voter engagement and approval.



Questions

- Q&A Session

Home Rule Option

The Home Rule Option for Cities and Towns in Arizona refers to a fiscal policy that allows municipalities to set their own budget expenditure limits independently of the state-imposed expenditure limitations. This option is part of Arizona's constitution, giving local governments more control over their finances.

Background

In 1980, Arizona voters approved a constitutional amendment to control government spending. This amendment established spending limits for all local governments based on 1979-80 expenditure levels, adjusted annually for inflation and population growth.

In 1984, the voters of the Town of Huachuca City adopted the Home Rule Option, allowing the town to set its own expenditure limits. The town has successfully renewed this option every four years since then.

Home Rule Option Overview

The Home Rule Option allows a city or town to override the state-imposed expenditure limit through voter approval. This means that the municipality can determine its budget based on local needs and priorities rather than adhering to the restrictive state formula.

Implementation Process

1. **Proposal:** The city council must first approve a proposal to adopt the Home Rule Option.
2. **Voter Approval:** The proposal is then placed on the ballot for the next general election. A majority of the voters must approve the measure for it to take effect.
3. **Effective Period:** Once approved, the Home Rule Option is effective for four years. After this period, the municipality must seek re-approval from the voters to continue using this option.
4. **Renewal:** The process of seeking voter approval can be repeated indefinitely in four-year cycles.

Advantages

1. **Local Control:** It provides local governments with the flexibility to address specific financial needs and priorities without being constrained by the state formula.
2. **Responsive Budgeting:** Municipalities can respond more effectively to changing local conditions, such as economic growth or decline, population changes, and emerging needs.
3. **Autonomy:** It enhances local autonomy and governance, allowing for more tailored and efficient public service delivery.

Disadvantages

1. **Voter Fatigue:** Frequent need for voter approval (every four years) can lead to voter fatigue and potential rejection, which could disrupt financial planning.
2. **Complexity:** The process can be complex and resource-intensive, requiring significant effort from local governments to educate voters and secure approval.
3. **Risk of Rejection:** If voters do not approve the Home Rule Option, the municipality must revert to the state-imposed expenditure limit, which could lead to budget shortfalls and service cuts.

Cities and Towns with a Home Rule Option

Voters in 40 of the 93 cities and towns in Arizona have approved the Home Rule Option. Cities such as Benson, Bisbee, Patagonia, and Tombstone base their annual budgets free from the state-imposed limitations.

Summary

In summary, the Home Rule Option is a valuable tool for Arizona's cities and towns, providing them with the flexibility to manage their budgets in a manner that best meets the needs of their residents. It represents a balance between state oversight and local autonomy, with the ultimate decision resting in the hands of the voters.

**ALTERNATIVE EXPENDITURE LIMITATION
(Home Rule Option)
SUMMARY ANALYSIS WORKSHEET**

POPULATION FACTOR COMPUTATION

Fiscal Year	Prior Fiscal Year Population	÷	1978 Population	=	Population Factor
2025-2026	1635	÷	1690	=	0.9675
2026-2027	1630	÷	1690	=	0.9645
2027-2028	1632	÷	1690	=	0.9657
2028-2029	1631	÷	1690	=	0.9651

STATE-IMPOSED EXPENDITURE LIMITATION

Fiscal Year	1978-80 Base Limit	x	Population Factor	x	Inflation Factor	=	Projected State-Imposed Expenditure Limitation	+	Estimated Exclusions	=	Total Expenditure Under State-Imposed Limit
2025-2026	\$317,153	x	0.9675	x	3.6671	=	\$1,125,233	+	\$3,136,000	=	\$4,261,233
2026-2027	\$317,153	x	0.9645	x	3.6724	=	\$1,123,365	+	\$3,215,000	=	\$4,338,365
2027-2028	\$317,153	x	0.9657	x	3.7572	=	\$1,150,735	+	\$3,303,000	=	\$4,453,735
2028-2029	\$317,153	x	0.9651	x	3.8353	=	\$1,173,925	+	\$3,401,000	=	\$4,574,925

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

Pursuant to the Arizona State Constitution, the Town of Huachuca City as authorized by Resolution [REDACTED] passed on [REDACTED] will seek voter approval to adopt an alternative expenditure limitation (Home rule option) to apply to the City for the next four years beginning in fiscal year 2025-2026.

Under a Home Rule Option if approved by the voters, the City estimates it will be allowed to expend approximately \$10,198,000 in 2025-2026, \$10,459,000 in 2026-2027, \$10,750,000 in 2027-2028, and \$11,074,000 in 2028-2029.

With approval of the Home Rule Option, the City will utilize the expenditure authority for all local budgetary purposes including general government, public safety (police and fire), streets construction and maintenance, sanitation pickup, wastewater, water, other public works activities, landfill, and capital projects.

ESTIMATED AMOUNTS TO BE EXPENDED IN SPECIFIC AREAS

PURPOSE	2025-2026	2026-2027	2027-2028	2028-2029
General Government	3,485,000	3,590,000	3,707,000	3,837,000
Public Safety (Police/Fire)	1,641,000	1,690,000	1,745,000	1,806,000
Streets	308,000	317,000	327,000	338,000
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Landfill	2,073,000	2,135,000	2,204,000	2,281,000
Capital Projects	1,500,000	1,500,000	1,500,000	1,500,000
Total	10,198,000	10,459,000	10,750,000	11,074,000

If approved, the expenditures authorized for budgetary purposes including general government, public safety (police and fire), streets construction and maintenance, sanitation pickup, wastewater, water, other public works activities, landfill and capital projects will be funded from revenues obtained from federal, state and local sources. It is estimated that the amount of revenues from each source for the next four years will be as follows:

ESTIMATED AMOUNTS FOR REVENUE FROM EACH AND ANY SOURCE

PURPOSE	2025-2026	2026-2027	2027-2028	2028-2029
Federal	1,000,000	1,000,000	1,000,000	1,000,000
State	2,347,500	2,418,000	2,496,500	2,584,000
Local	6,850,500	7,041,000	7,253,500	7,490,000
Total Estimated Revenues	10,198,000	10,459,000	10,750,000	11,074,000

The City property tax shall be limited to the amount prescribed in the Arizona State Constitution.

In determining the revenue sources to fund the authorized expenditures under the alternative expenditure limitation, it is assumed that federal, state and local revenues received by the City will continue to be available in 2025-2026 as they have been for the past four years. Their continued availability is also assumed for the next three consecutive 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.

ALTERNATIVE EXPENDITURE LIMITATION

(Home Rule Option)

SUMMARY ANALYSIS

The voters of the Town of Huachuca City on November 3rd of 2020 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 Town of Huachuca City seeks voter approval to adopt a Home Rule Option to apply to the city for the next four years beginning in 2025-2026. Under a Home Rule Option if approved by the voters, the city estimates it will be allowed to expend approximately \$10,198,000 in 2025-2026, \$10,459,000 in 2026-2027, \$10,750,000 in 2027-2028, and \$11,074,000 in 2028-2029.

With approval of the Home Rule Option, the city will utilize the expenditure authority for all local budgetary purposes including general government, public safety (police and fire), streets construction and maintenance, sanitation pickup, wastewater, water, other public works activities, landfill, and capital projects.

Under the state-imposed limitation the city estimates it will be allowed to expend approximately \$4,261,233 in 2025-2026, \$4,338,365 in 2026-2027, \$4,453,735 in 2027-2028, and \$4,574,925 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 the Town of Huachuca City is \$10,198,000 in 2025-2026, \$10,459,000 in 2026-2027, \$10,750,000 in 2027-2028, and \$11,074,000 in 2028-2029. These revenue estimates are the same under the Home Rule Option or the state-imposed expenditure limitation. (The City's property tax shall be limited to the amount prescribed in the Arizona State Constitution.)

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.