



CITY COUNCIL AGENDA

CITY COUNCIL CHAMBERS . 11465 WEST CIVIC CENTER DRIVE . AVONDALE, AZ 85323

SPECIAL MEETING

July 20, 2009

7:30 PM

or immediately following the Regular Council Meeting

CALL TO ORDER BY MAYOR ROGERS

1 ROLL CALL

2 UNSCHEDULED PUBLIC APPEARANCES

(Limit three minutes per person. Please state your name.)

3 RESOLUTION 2842-709 - ALTERNATIVE EXPENDITURE LIMITATION (HOME RULE)

City Council will consider a resolution proposing an extension of the Alternative Expenditure Limitation (Home rule). The Council will take appropriate action.

4 EXECUTIVE SESSION

a. The Council may hold an executive session pursuant to ARIZ. REV. STAT. § 38-431.03 (A)(4) for discussion or consultation with the City's Attorney in order to consider its position and instruct the City Attorney regarding the Council's position regarding a potential lease.

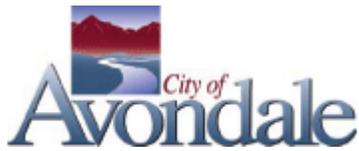
5 ADJOURNMENT

Respectfully submitted,

A handwritten signature in cursive script that reads "Carmen Martinez".

Carmen Martinez
City Clerk

Individuals with special accessibility needs, including sight or hearing impaired, large print, or interpreter, should contact the City Clerk at 623-333-1200 or TDD 623-333-0010 at least two business days prior to the Council Meeting.



CITY COUNCIL REPORT

SUBJECT:

Resolution 2842-709 - Alternative Expenditure
Limitation (Home Rule)

MEETING DATE:

July 20, 2009

TO: Mayor and Council

FROM: Kevin Artz, Finance and Budget Director (623) 333-2011

THROUGH: Charlie McClendon, City Manager

PURPOSE:

Staff is requesting that the City Council adopt a resolution proposing an extension of the Alternative Expenditure Limitation (Home Rule).

BACKGROUND:

The Arizona State Constitution and Arizona Revised Statutes impose an expenditure limitation on every City and Town in the State. The state-imposed limitation uses expenditures of local revenues from Fiscal Year 1979-80 as a baseline. Each year, the Economic Estimates Commission (EEC) adjusts baseline expenditures based on a standard inflation rate and the population growth in the community to establish a new expenditure limitation (See Attachment A for FY 09/10 final estimates).

Certain revenues are specifically excluded from the state-imposed expenditure limitation. For example, revenues received from the issuance of bonds, revenues received from interest or dividends, revenue from Federal grants, and intergovernmental revenue already subject to another entity's expenditure limitation, are all exempt from the expenditure limit.

If the state-imposed limitation does not allow for the expenditure of sufficient local funds (less the exemptions listed above), State law provides four options to potentially solve this problem.

- Alternative expenditure limitation (local home rule option)
- A permanent base adjustment
- A capital projects accumulation fund
- A one-time override

All of the options require voter approval. If none of the options are approved by the voters, the state-imposed limitation will apply.

In September of 2005, the Avondale voters adopted an alternative expenditure limitation (first approved in 1981 with six subsequent extensions).

The Home Rule option expires at the end of Fiscal Year 2009-10. The home rule option allows the City to adopt its own "alternative" expenditure limitation and sets the limit at its adopted budget. In other words, it allows the City to establish its own expenditure limitation without being subject to the state-imposed limitation. Home rule must be approved by the voters, and is good for a period of four years.

DISCUSSION:

In order to extend the home rule option, State law requires that two public hearings be held (the first public hearing was held July 6, 2009) and the City Council adopt a resolution proposing the extension at a special meeting immediately following the second public hearing (July 20th). The alternative expenditure limitation will then be submitted to the voters of Avondale at an election to be held in November of 2009.

The final state-imposed expenditure limitation for the City of Avondale for Fiscal Year 2009-10 is \$45,327,365. Staff estimates that the City would have an additional \$50,000,000 of exclusions from the state imposed limit for a total expenditure limitation of approximately \$95,300,000. The final adopted budget for FY 09-10 is approximately \$224,000,000 which would put the City approximately \$128,700,000 over the state-imposed limitation if the Home Rule option were not in effect for Fiscal Year 2009-10. There are several factors that would cause the City of Avondale to exceed the state-imposed expenditure limit.

First, the state-imposed expenditure limitation, which is calculated with population and inflation factors, is based on projections for one year's needs. In a high growth community, this doesn't allow for a City to plan infrastructure and city services to stay ahead of the growth curve (i.e., building a wastewater treatment facility with excess capacity, instead of one year's capacity needs).

Second, the City of Avondale has changed significantly since 1979-80, when the baseline was established. Current citizens are demanding increased services and amenities that may not have been required in 1980. The increased expectations of the residents are not adequately factored into the population and inflation calculation performed by the State. As a result, the state-imposed limitation is based on expectations from 25 years ago, instead of today's residents.

Finally, the State imposed limitation does not account for additional revenue sources received since 1979-80. The City of Avondale has established development impact fees and two, half-percent sales tax increases since 1979-80. Both of these local revenue sources are subject to the State-imposed limitation. Without an alternate expenditure limitation, the City would be unable to spend sales tax dollars from a voter approved initiative, which was approved to increase funding for public safety, and for basic water, sewer and street infrastructure improvements.

As the state-imposed expenditure limitation for the City of Avondale is not sufficient to allow the City to expend its local revenues and provide the basic services that the residents require, the City must seek approval from the voters to authorize an extension to the home rule option.

RECOMMENDATION:

Staff recommends that Council adopt a resolution proposing the extension of the Alternative Expenditure Limitation (home rule option).

ATTACHMENTS:

[Click to download](#)

 [Resolution 2842-709](#)

RESOLUTION NO. 2842-709

A RESOLUTION OF THE COUNCIL OF THE CITY OF AVONDALE, ARIZONA, PROPOSING AN EXTENSION OF THE ALTERNATIVE EXPENDITURE LIMITATION.

WHEREAS, the Arizona State Constitution permits the submission to the voters of a city or town of an alternative expenditure limitation; and

WHEREAS, in 1981 the voters of Avondale first adopted the alternative expenditure limitation known as "Home Rule;" and

WHEREAS, the Avondale voters approved extension of Home Rule in 1985, 1989, 1993, 1997, 2001 and 2005; and

WHEREAS, the Council of the City of Avondale after two public hearings has determined that a further extension of the alternative expenditure limitation is necessary.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF AVONDALE as follows:

SECTION 1. That the recitals set forth above are hereby incorporated as if fully set forth herein.

SECTION 2. That the alternative expenditure limitation extension be submitted to the voters of the City as follows:

Shall the following be adopted by the City of Avondale as an alternative expenditure limitation:

"The Mayor and Council of the City of Avondale shall annually, as part of the annual budget adoption process, adopt 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 Avondale for each of the four fiscal years immediately following such adoption. The alternative expenditure limitation shall be adopted each year after a public hearing at which the citizens of the City of Avondale 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 Council

may by three-fourths 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 3. That the Mayor, the City Manager, the City Clerk and the City Attorney are hereby authorized and directed to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Council of the City of Avondale, July 20, 2009.

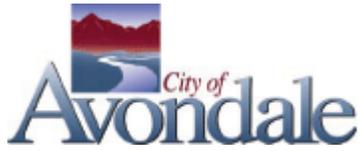
Marie Lopez Rogers, Mayor

ATTEST:

Carmen Martinez, City Clerk

APPROVED AS TO FORM:

Andrew J. McGuire, City Attorney



CITY COUNCIL REPORT

SUBJECT:
EXECUTIVE SESSION

MEETING DATE:
July 20, 2009

TO: Mayor and Council
FROM: Carmen Martinez
THROUGH: Charlie McClendon, City Manager

ATTACHMENTS:

[Click to download](#)

No Attachments Available