

Alternative Expenditure Limitation

Home Rule

Primary election – Aug. 28, 2018



What is Home Rule?

- The Az Constitution allows a Home Rule ballot proposal so citizens can determine city service levels.
- Authorizes the city to set its own spending.
- Without Home Rule, cities and towns must use a 1980 base-spending level with adjustments for inflation and population.
- Home Rule is also known as the Alternative Expenditure Limitation.



History

- Sedona voters have approved Home Rule 7 times since 1990.
- Az League of Cities and Towns stats: 87% of Arizona cities and towns use Home Rule or a permanent increase in their base budget.
- AZ law requires cities to adopt balanced budgets:
ARS Title 42



Will my taxes decrease?

- No. Taxes and fees are not affected by your vote on the Home Rule proposal.
- Taxes and fees will continue to be collected.



A no vote means

We start with projected spending of **\$49.5M** in FY20.

\$10.8M in spending for things such as bond payments, HURF (streets), IGAs and grants is excluded, leaving a state-imposed limit of **\$13.5M**.

In other words, the remaining budget must be **cut 51%**.

A hypothetical scenario

To bring the total FY20 projected budget in line with the state limit requires cutting **51%**

If excluded costs -- bond payments, grants, HURF -- are fully funded, the remaining budget must be cut **66%**

If wastewater is fully funded, the remaining budget must be cut **77%**

If police services are fully funded, the remaining budget must be cut **96%**

What cuts could mean

\$0 for Parks and Recreation

\$0 for IT

\$0 for Public Works

\$0 for Admin - *City Mgr, Council, Clerk, Finance, HR*

\$0 for transportation projects

\$0 for Community Development

\$0 for Attorney and Court

\$0 for Economic Development

\$0 for the Library, Sedona Recycles, Humane Society, Community Center, VV Care Givers, Small Grants

Forecasted FY20 spending

*Excludes debt service.
Rounded, in millions*

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|--|-------------|
| Parks | 1.0 |
| Attorney and Court | 0.8 |
| Economic Development | 2.4 |
| Information Technology | 1.6 |
| Admin: City Mgr, Council, Clerk, Finance, HR | 2.9 |
| Community Development | 2.4 |
| Public Safety | 6.8 |
| Public Works | 3.1 |
| Highways and Streets | 2.4 |
| Wastewater Utility operations | 4.5 |
| CIP Stormwater Mgt | 0.9 |
| CIP Wastewater | 1.2 |
| CIP Sedona in Motion | 10.1 |
| CIP Other streets improvements | 1.1 |
| CIP Arts, Parks, Police, Public Works | 2.5 |
| Total | 43.7 |

Impacts of cuts

- Police dispatch services
 - Police officer shifts
 - Traffic control services
 - Maintenance staff
 - Building permit review
 - Building inspections
 - Code enforcement
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Yes vote – what if

- Supports Home Rule. City Council continues to adopt a balanced budget as the elected representatives of Sedona residents.
- Services, capital projects, grants continue at similar levels as adopted in an annual budget.
- City must still balance the budget as required by Arizona law – *ARS Title 42*.



City budgeting practices

- Citizen committee reviews budget plans. City Council receives input, adopts balanced budget.
 - 18 years: Certificate of Achievement for Excellence in Financial Reporting. - *Government Finance Officers Association*
 - Regular independent audits - *CliftonLarsonAllen LLP*
 - Annual finance audit
 - Annual expenditure limitation audit
 - Annual Highway User Revenue Fund audit
 - Triennial court procedures review
 - Bond rating is A, *Standard and Poor's*. “Capacity to meet its financial commitments on obligations is strong.”
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Alternative Expenditure Limitation

- YES** Approves Home Rule, the Alternative Expenditure Limitation. Sedona continues to set its own budget.
- NO** State-imposed spending limit

Questions?

Sedona Home Rule & primary election info
sedonaaz.gov/elections

More about the Alternative Expenditure Limitation
Az Office of the Auditor General
azauditor.gov

