



## TOWN OF PRESCOTT VALLEY STAFF REPORT

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**DATE:** March 28, 2024

**TO:** Mayor & Town Council

**THROUGH:** Gilbert Davidson, Town Manager

**FROM:** Celina Morris, Finance Director

**DEPARTMENT:** Finance

**AGENDA TYPE:** New Business (for Review, Comment, And/or Possible Action)

**SUBJECT:** Approve Election Renewal Alternative Expenditure Limitation - Consideration & Possible Action (Second Public Hearing) [Celina Morris, Finance Director]

**VISION 2024 FOCUS AREA:** How we conduct our business and ourselves through our culture, diversity, communication, delivery, outreach, processes, and values. What we do, how we do it, and who we do it for.

### SUMMARY/BACKGROUND:

In 1980, Arizona adopted expenditure limitations for its counties, cities, and towns. However, the Arizona State Constitution allows for an Alternative Expenditure Limitation, to be used in place of the state-imposed limitation. The use of an Alternative Expenditure Limitation must be referred to and approved by the local voters. The voters in Prescott Valley first approved an Alternative Expenditure Limitation in 1981. Such approvals are valid for four years. The most recent approval was in 2020.

Under applicable law, two public hearings must be conducted to determine whether an extension is necessary. The first public hearing was held at the regular Town Council meeting on March 14, 2024. It is proposed that a second hearing be held, after which the Council may convene a Special Meeting where it may adopt a resolution to hold an election for the voters to consider whether to renew the Alternative Expenditure Limitation. Resolution No. 2024-2365 has been prepared to hold such a vote on the Primary Election date set for July 30, 2024.

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**RECOMMENDED MOTION:**

Public Hearing - No Action Recommended.

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**STAFF RECOMMENDATION:**

Public Hearing - No Action Recommended.

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**FISCAL ANALYSIS:**

The Home Rule Option allows the Town Council, as part of the annual budget adoption process, to adopt an alternative expenditure limitation equal to the total amount of budgeted expenditures / expenses as it appears on the annual budget adopted by the Council.

The following expenditures are estimated over the next four years under the Home Rule Option:

**ESTIMATED AMOUNTS TO BE EXPENDED IN SPECIFIC AREAS**

Purpose	2025-2026	2026-2027	2027-2028	2028-2029
General Operations	\$ 75,683,118	\$ 78,837,106	\$ 81,677,366	\$ 87,896,794
Capital Improvements	64,915,000	34,695,000	16,560,000	55,760,000
Debt Service	6,366,599	5,259,244	4,072,200	4,073,600
Road Construction	6,350,000	18,630,000	8,900,000	25,300,000
Total Expenditures	\$ 153,314,717	\$ 137,421,350	\$ 111,209,566	\$ 173,030,394

The following table illustrates the difference between the projected State-imposed expenditure limitation and the projected expenditure limitation under home rule.

Fiscal Year	Projected Expenditure - State-Imposed	Projected Expenditure - Home Rule	Difference
2025-2026	\$ 61,230,284	\$ 153,314,717	\$ (92,084,433)
2026-2027	\$ 62,908,672	\$ 137,421,350	\$ (74,512,678)
2027-2028	\$ 63,905,153	\$ 111,209,566	\$ (47,304,412)
2028-2029	\$ 66,018,139	\$ 173,030,394	\$ (107,012,255)

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**Council Action at the Meeting:** N/A

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**ATTACHMENTS:** Yes