Legislation Details (With Text)

File #:	18-121	**Version:** 1	**Name:**	Permanent Base Adjustment
Type:	Ordinance		**Status:**	Agenda Items
File created:	3/12/2018		**In control:**	City Council Work Session
On agenda:	3/19/2018		**Final action:**	

Title: Presentation and discussion on the proposed budget alternative of Permanent Base Adjustment. A Permanent Base Adjustment would permanently adjust the Base Expenditure Limit of the city plus allowable population and inflation growth annual increases. Permanent Base Adjustment must be voter approved and would eliminate the need for a vote every four years on Home Rule. The current base budget expenditure limitation through statute only allows the city to expend $19,705,150. The Home Rule election, if approved by the voters, allows the city to spend $45,127,135. The Permanent Base Adjustment would allow the city to spend up to $93,225,651 with the excess funds to be used for debt and operations on the water and sewer districts should the city desire to absorb those functions like most cities. This authority will also continue to support critical city functions such as police, public works, parks and the library without having to get voter approval every four years.

Sponsors: Al Bravo, Donna Meinerts

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result

Presentation and discussion on the proposed budget alternative of Permanent Base Adjustment. A Permanent Base Adjustment would permanently adjust the Base Expenditure Limit of the city plus allowable population and inflation growth annual increases. Permanent Base Adjustment must be voter approved and would eliminate the need for a vote every four years on Home Rule. The current base budget expenditure limitation through statute only allows the city to expend $19,705,150. The Home Rule election, if approved by the voters, allows the city to spend $45,127,135. The Permanent Base Adjustment would allow the city to spend up to $93,225,651 with the excess funds to be used for debt and operations on the water and sewer districts should the city desire to absorb those functions like most cities. This authority will also continue to support critical city functions such as police, public works, parks and the library without having to get voter approval every four years.

In 1980, Arizona voters passed a law (AZ Constitution, Article IX Section 20-21) imposing expenditure limits for cities and towns. The expenditure limitation was based on programs/services in existence at the time, during that base year, and is referred to as the "Base Expenditure Limit". Although the Base Expenditure Limit has built-in increases based on population and inflation, this formula has not kept pace with the rate of growth. Additionally, the city was just completing its first full year as an incorporated city and had limited services, far fewer than it offers today.

Apache Junction's 1979-80 allowable Base Expenditure Limit is $1,581,484, which over the years increased to $19,705,105, still well below what the city needs to cover its services and operations. To overcome the deficiency, the city, pursuant to state law, every four years, has asked the voters for permission to go beyond the Base Expenditure Limit. This process is known as the "Home Rule" election. State law also allows the city to ask permission from the voters to establish a "Permanent Base Adjustment", which will avoid the need for

the city to ask the voters every four years to exceed the Base Expenditure Limit.