

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: April 28, 2016**

SUBJECT: Second Public Hearing for Extension of the Alternative Local Expenditure Limitation

SUBMITTING DEPARTMENT: Management, Legal and Management Services

PREPARED BY: Larry Tarkowski, Town Manager
Ivan Legler, Town Attorney
William E. Kauppi, Management Services Director
Diane Russell, Town Clerk

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: Alternative Expenditure Limitation Detailed and Summary Analyses

SUMMARY/BACKGROUND: The Arizona State Constitution permits the submission of an Alternative Expenditure Limitation (also called a Home Rule Option) to the voters of a city or town. This expenditure limitation, if approved, is in effect for four years. The Mayor and Council approved an Alternative Local Expenditure Limitation in 1981 and have referred to the voters every four years thereafter, the option of extending this Alternative Local Expenditure Limitation for the Town of Prescott Valley. The Town has adopted an extension to the Alternative Local Expenditure Limitation in the years 1985, 1989, 1993, 1997, 2001, 2005, 2009 and 2013. Due to the passage of State House Bill 2527 in 2013, cities and towns were given the ability to shorten or lengthen terms of office to coincide with the state election schedule. To abide by this law and adhere to the state's consolidated election calendar, the Town cannot hold an election in 2017, but must select either 2016 or 2018 for their next election. As 2018 would be too late for this four-year obligation, the Town is therefore required to hold their election in 2016.

Consequently, the Town would like to propose an extension of the Alternative Local Expenditure Limitation to the Prescott Valley voters in 2016. Two public hearings must be conducted to determine whether an extension is necessary for the Town of Prescott Valley. The first was held at the regular Council meeting on April 14, 2016. After hearing public comments, Council will vote whether to approve an extension of the Alternative Local Expenditure Limitation, and submit that approval to the voters at the August 30, 2016 primary election.

OPTIONS ANALYSIS: Public Hearing; no options proposed.

ACTION OPTION: Public Hearing; no action required.

RECOMMENDATION: Public Hearing; no action recommended.

FISCAL ANALYSIS: The standard Arizona-imposed expenditure limitation does not generally provide rapidly growing communities like Prescott Valley with the financial and budget flexibility to meet its needs. That is why the Town has sought an Alternative Expenditure Limitation throughout its history. That limitation is set each year as part of the budget process. Because budgets must be balanced each year, expenditures are limited by revenues available. Reliance on the standard Arizona-imposed

expenditure limit could actually have the undesirable result of limiting expenditures even though the revenues are available.

REVIEWED BY:

Management Svcs Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____