



Town of Queen Creek

Update on Arizona Expenditure Limitation – Analysis of the Permanent Base Adjustment Option

Town Council Meeting

November 17, 2021

Purpose of Presentation

- Updated Budget Estimates
- Calculations for Voter Information and Ballot Language
- Public Outreach
- Calendar & Remaining Tasks



Expenditure Limitation – by the numbers

(in millions)

Fiscal Year	Queen Creek's Expenditure Limit (Adopted Budget) (A)	Legal Expenditure Limit w/o Alternative (B)	Reduction Needed (B – A)
2019/20	\$452.7	\$49.2	(\$403.5)
2020/21	\$409.1	\$57.4	(\$351.7)
2021/22	\$487.2	\$63.5	(\$423.7)





Preliminary Budget Estimates

Preliminary Budget Estimates - Approach

- **30-Year Initial Projection**
 - Build out Population = 148,600 (no change)
 - Expense growth projections revised in certain areas
- **Considerations**
 - Town is still in high - growth mode
 - Create capacity for near - term infrastructure needs
 - Water Service Area outside Town boundaries
 - Water Resource Strategy

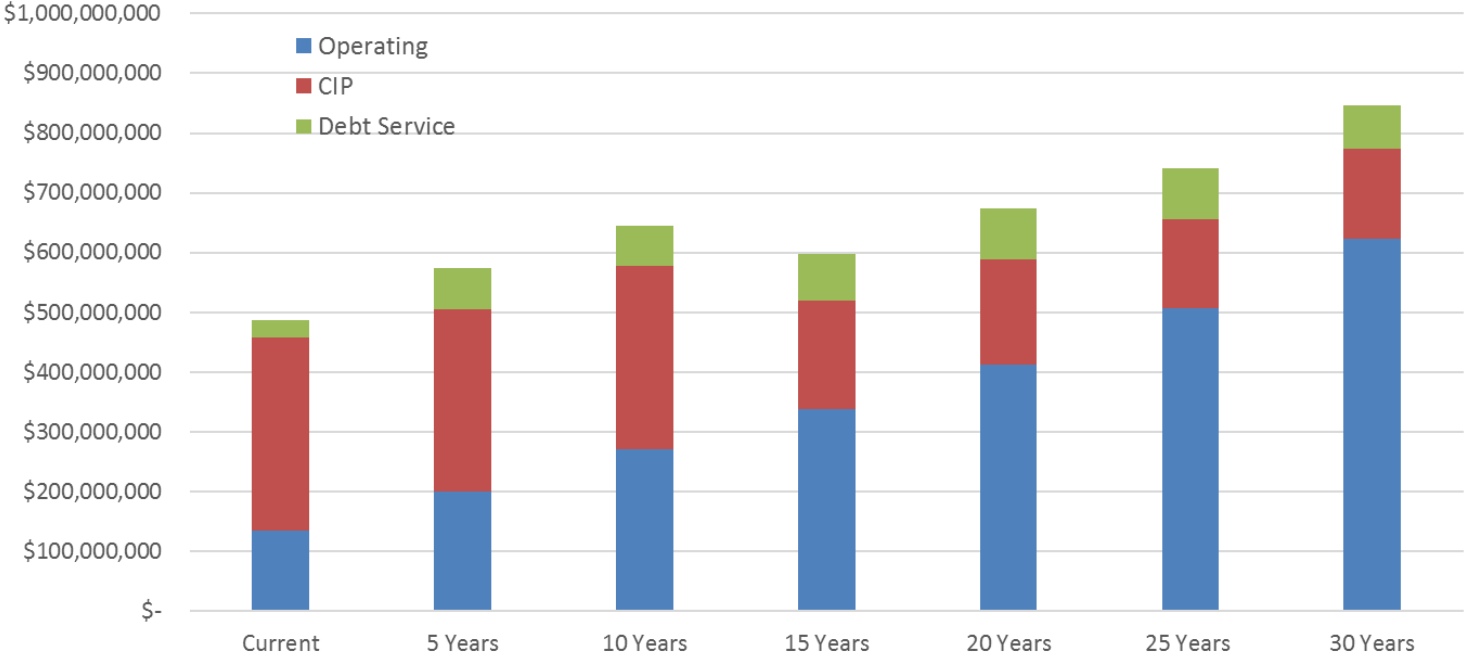


Estimates – Total Budget Current vs. Future

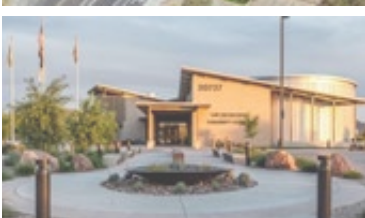
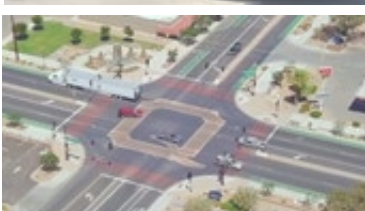
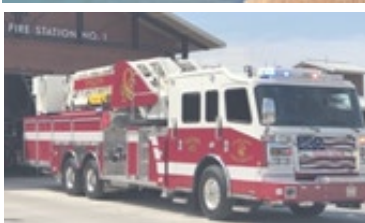


	FY 21-22 Adopted Budget	30-Year Build-Out Budget Estimate
Operations	\$135M	\$623M
Capital	\$323M	\$150M
Debt Service	<u>\$29M</u>	<u>\$73M</u>
Total	<u>\$487M</u>	<u>\$846M</u>
Population	68,500	148,600

Preliminary Budget Estimates



Estimates – Operations Budget Current vs. Future



	FY 21-22 Adopted Budget	% of Total	30-Year Build-Out Budget Estimate	% of Total
Police	\$19M	14%	\$143M	23%
Fire	\$14M	10%	\$89M	14%
Transportation	\$16M	12%	\$83M	13%
Parks & Recreation	\$3M	2%	\$43M	7%
Utilities – Water, Sewer, Solid Waste	\$34M	25%	\$177M	29%
All Other Services	<u>\$49M</u>	<u>37%</u>	<u>\$88M</u>	<u>14%</u>
Total	<u>\$135M</u>	<u>100%</u>	<u>\$623M</u>	<u>100%</u>



Calculations for Voter Information and Ballot

Permanent Base Adjustment Calculations - Approach

- **Forms and Calculations** **Use FY23- 24 as Target Year, not Build - Out**
- **Town is still in high - growth mode**
 - Need capacity for near - term infrastructure needs
- **Official population figures not yet available**
 - Expected December 15th



Budget Estimates Current vs. FY 23-24



	FY 21-22 Adopted Budget	FY 23-24 Budget Estimate
Operations	\$135M	\$161M
Capital	\$323M	\$397M
Debt Service	<u>\$29M</u>	<u>\$41M</u>
Total Budget	\$487M	\$599M
Less Exclusions	<u>(\$39M)</u>	<u>(\$52M)</u>
Net Budget Subject to Exp. Limit	<u>\$448M</u>	<u>\$547M</u>

Permanent Base Adjustment Recommendation

- Expenditure Limit Target = \$550 million
- Adjustment to the Base = \$5.4 million



Permanent Base Adjustment Calculations Based on Recommendation



		Amount
(1)	Proposed Adjustment to the 1980 Base	\$5,400,000
(2)	+ Current 1980 Base Limit	<u>\$818,277</u>
(3)	= New Adjusted 1980 Base Limit	6,218,277
(4)	x Population & Inflation Factors since 1980	<u>89.0752</u>
(5)	= NEW FY 23-24 Adjusted State-Imposed Expenditure Limit	\$553,894,278
(6)	– FY 23-24 Estimated State-Imposed Expenditure Limit, PRIOR TO Base Adjustment	\$72,888,189
(7)	= Increase to Expenditure Limit	\$481,006,089

PROPOSED PUBLICITY PAMPHLET

PERMANENT BASE ADJUSTMENT

SUMMARY ANALYSIS

Pursuant to the Arizona State Constitution, the Town of Queen Creek seeks voter approval to permanently adjust the expenditure base of the Town as determined by the Economic Estimates Commission. If approved by voters, the Town's 1979-80 base expenditure limitation will be increased by **\$ 5,400,000** adjusted each future year for population and inflation growth since 1979-80.

With voter approval, in fiscal year 2023-24 the Town's state-imposed expenditure limitation will increase by **\$481,006,089**, from **\$72,888,189** to **\$553,894,278**. The Town's adopted budget for fiscal year 2021-22 was \$487,183,614. The Town will utilize the additional expenditure authority for any local budgetary purposes including general government, public safety, streets, capital projects, water, sewer, stormwater, sanitation systems, parks and recreation, and economic development. The dollar figures in this statement are estimates only.

If approved, the additional authorized expenditures will be funded from revenues obtained from federal, state, and local sources. This is not a tax increase or decrease.

(Followed by Arguments For and Against the Proposition)

SAMPLE BALLOT LANGUAGE

**TEXT OF BALLOT
PROPOSITION #**

OFFICIAL TITLE:

A resolution proposing a permanent adjustment to the state-imposed expenditure base for the Town of Queen Creek.

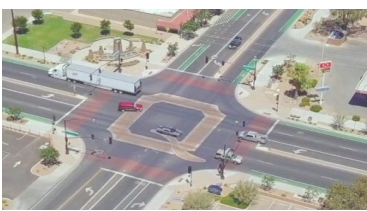
DESCRIPTIVE TITLE:

Pursuant to the Arizona Constitution, the Town of Queen Creek seeks voter approval to permanently adjust the base limit of the Town as determined by the Economic Estimates Commission. The Town seeks an adjustment of \$ 5,400,000

Shall the expenditure base of the Town of Queen Creek be permanently adjusted by \$ 5,400,000 ?

A "Yes" vote shall have the effect of allowing the Town of Queen Creek to permanently adjust its 1979-80 base limit. It is not a tax increase or decrease.

A "No" vote shall have the effect of not allowing the Town of Queen Creek to permanently adjust its 1979-80 base limit. It is not a tax increase or decrease.



If Voters do not approve...

- PBA and Home Rule elections can only be held on a regular election cycle (primary or general)
- If PBA or Home Rule election fails, cannot have next PBA or Home Rule election for two years
- **3 Elections Required to Override State Exp. Limit:**
 - May 2023 One - Time Override for FY24 Budget
 - May 2024 One - time Override for FY25 Budget
 - August 2024 PBAOR Home Rule for FY26 Budget





Public Outreach

Public Outreach

- **News Release & FAQ Fact Sheet**
- **Social Media**
 - TidBit Tuesday
 - Video posts
 - NextDoor
 - eBlasts
 - Water bill insert



Public Outreach



- **Presentations with Q&A**
 - Town Boards & Commissions
 - Chamber of Commerce
 - HOA's
- **Community Events**
 - Spring Into QC
 - Ice Cream Social



Calendar

Key Dates for PBA Election

Date	Description	Party
December 1, 2021	Final Decision on Permanent Base Adjustment vs. Home Rule	Town Council
Feb 1, 2022	Estimated State-Imposed Expenditure Limitation provided by Arizona Department of Revenue (ADOR)	ADOR
March 16, 2022 *	Council Meeting – Call of Election including Resolution on Proposed Permanent Base Adjustment	Finance & Clerk
April 1, 2022	Final Expenditure Limitation provided by ADOR	ADOR
April 5, 2022	Submit all required documentation to the State Auditor General	Finance Department
Apr 20, 2022	Receive back from the State Auditor General all reviewed financial information	Finance Department
May 4, 2022	Receive “Arguments For and Against” to be included in the publicity pamphlet	Town Clerk

* Pending Town Clerk verification

Key Dates for PBA Election (concluded)



Date	Description	Party
May 12, 2022	Send draft publicity pamphlet to the State Auditor General for review	Town Clerk
June 1, 2022	Send publicity pamphlets to the printer	Town Clerk
June 30, 2022 *	Make early ballots available AND send out publicity pamphlets	Town Clerk
July 6, 2022 *	Mail out early ballots	Town Clerk
August 2, 2022	Primary Election	Town Clerk
August 22, 2022 *	Canvass Vote – notify Auditor General and EEC of election outcome	Town Clerk

* Pending Town Clerk verification

Remaining Tasks

- **Confirm Calculations with Auditor General**
 - Population and Inflation Factors
- **Confirm Calendar with Town Clerk**
- **Town Council Decision by December 1st**





Discussion and Questions