



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE:

June 16, 2021

DEPARTMENT:

Administration

DIVISION**STRATEGIC OUTCOMES**

- ☒ Safe & Prosperous
- ☒ Active & Appealing
- ☒ Respected & Responsible
- ☒ Connected & Engaged
- ☒ Unique & Creative

ACTION

- ☐ Motion
- ☒ Resolution
- ☐ Ordinance - Introduction
- ☐ Ordinance - Adoption
- ☒ Public Hearing

TITLE:

Public Hearing: Truth in Taxation, Main Street Mall and Off Street Parking Maintenance District No. 1, Municipal Improvement Districts and Final Budget Adoption for Fiscal Year 2022

SUMMARY RECOMMENDATION:

Conduct a combined public hearing on the proposed City of Yuma primary property tax levy (truth in taxation); the proposed Main Street Mall and Off Street Parking Maintenance District No. 1 expenditures and levy as well as for the five Municipal Improvement Districts including Park West Units 4 and 5 (MID No. 100), Desert Sky Unit No. 1 (MID No. 104), Saguaro Units 3 & 4 (MID No. 107), Driftwood Ranch Units 1 & 2 (MID No. 108), and Livingston Ranch Unit No. 2. (MID No. 109); and the proposed expenditures (budget) for Fiscal Year 2022 pursuant to A.R.S. § 42-17104. The City of Yuma expenditure budget for Fiscal Year 2022 of \$522,477,302 includes a Capital Improvement Program budget of \$158,300,018, an Operating Expenditure Budget of \$343,738,923, Interfund Transfers of \$20,245,293; and Wastewater Infrastructure Borrowing of \$193,068. Following the close of the public hearing, adopt the proposed budget resolution which includes a 3% line item increase in solid waste fees. (Administration/Finance)(Philip Rodriguez/Barbara Goodrich)

STRATEGIC OUTCOME:

The combined public hearing and final adoption of the Fiscal Year 2022 Annual Budget by resolution provides a financial framework for the City Council's vision and supports all five of City Council's strategic outcomes across departments and funds at the City.

REPORT:

Pursuant to the Arizona Revised Statutes, a combined public hearing will be opened to hear community comments on the proposed primary tax levy (truth in taxation), the City of Yuma Fiscal Year 2022 budget, the Downtown Mall Maintenance District and five Municipal Improvement District (MID) expenditures and levies.

The primary tax rate is proposed at \$2.2681 which is less than the FY 2021 primary property tax rate of \$2.3185. If the City of Yuma would choose to not levy at the statutorily allowed amount, the primary property tax rate would decrease to \$2.2198, or an annual difference of \$4.83 per \$100,000 of residential property valuation. Should the City Council choose to levy at the lower rate of \$2.2198, City general fund revenues would decrease by \$315,239. The City advertised the Truth in Taxation Public Hearing on May 31, 2021 and June 7, 2021 as required.

The Downtown Mall Maintenance District was established in 1969 and the levy for FY 2021 is \$117,500 with a rate of \$3.4152. The City is proposing to increase the levy to \$139,257 with an associated rate of \$3.9800. For a Class 1 business that has an 18% assessment ratio, the annual property tax would be an increment of \$101.66 per \$100,000 of valuation. The City's financial support for Downtown Mall Maintenance, in addition to the levy, is approximately 50%.

With the concurrence of the developers, several Municipal Improvement Districts have been established for the maintenance of landscape improvements paid through the levy and collection of ad valorem taxes on the assessed value of the real and personal property within the MID. A summary of the proposed rate, levy, expenditure and transfer for each of the five MIDs is shown on the following table:

Municipal Improvement District Overview

Municipal Improvement District	Proposed MID property tax rate for FY 2022	FY 2022 Projected Revenues	FY 2022 Proposed Expenditures	City Road Fund Transfer	Cost per \$100,000 of Property Value
Driftwood Ranch	\$1.1209	\$14,000	\$14,000	\$-	\$112.09
Livingston Ranch #2	1.1107	6,600	18,656	12,056	111.07
Saguaro # 3 & 4	0.8050	14,000	14,000	-	80.50
Park West # 4 & 5	1.1056	13,400	13,400		110.56
Desert Sky #1	1.1033	21,800	21,800	-	110.33

The City Administrator and City staff, after receiving City Council input through several vision and goal setting sessions throughout Fiscal Year 2021, prepared the Fiscal Year 2022 Proposed Annual Budget for City Council's consideration. City Council preliminarily approved the proposed budget by motion on June 2, 2021 which set the ceiling on expenditures for FY 2022 and there have been no further changes. Following the close of the combined public hearing, the City Council may adopt the Fiscal Year 2022 Annual Budget of \$522,477,302 by adopting the attached resolution and accompanying schedules which includes a line item 3% solid waste fee increase (no increase last year due to the pandemic). The FY 2022 budget is comprised of the following amounts:

Operating	\$206,561,052
PSPRS Funding	\$122,376,210
ARPA (American Rescue Plan Act)	\$14,801,661
Capital Improvement Program	\$158,300,018
Subtotal	\$502,038,941
Interfund Transfers	\$20,245,293
Wastewater Loan Payback	\$193,068
Total proposed FY 2022 expenditure budget	\$522,477,302

Adoption of the tax rate and tax levy ordinance is scheduled for the July 21, 2021 regular City Council meeting at 5:30 p.m. in the City Council Chambers located at City Hall, One City Plaza, Yuma, Arizona. In order to adopt the ordinance, it must be separately introduced following the adoption of the Fiscal Year 2022 Annual Budget. A separate tax rate and tax levy ordinance introduction is included in this June 16, 2021 Agenda.

Notice of the combined hearings, including the improvement districts, was also published in the Yuma Sun on June 7 and June 14 as part of the statutorily required Budget Financial Schedules. The Fiscal Year 2022 Proposed Annual Budget has been available online, in the City Clerk's office, and at the public library located at 2951 S. 21st Street since May 19, 2021. The proposed budget has been reviewed by the City Administrator, City staff, and City Council. The end result is a Fiscal Year 2022 financial planning document incorporating the vision and strategic outcomes established by the City Council.

FISCAL REQUIREMENTS	CITY FUNDS:	\$0.00	BUDGETED:	\$522,477,302
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT/FUND/CIP:	
	TOTAL:	\$0.00		
	FISCAL IMPACT STATEMENT:			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK:			
	1. 2. 3. 4. 5.			
ADDITIONAL INFORMATION	IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?			
	<input type="checkbox"/> Department <input type="checkbox"/> City Clerk's Office <input type="checkbox"/> Document to be recorded <input type="checkbox"/> Document to be codified			
SIGNATURES	CITY ADMINISTRATOR:			DATE:
	Philip A. Rodriguez			
	REVIEWED BY CITY ATTORNEY:			DATE:
	Richard W. Files			6/8/2021
	RECOMMENDED BY (DEPT/DIV HEAD):			DATE:
SIGNATURES	WRITTEN/SUBMITTED BY:			DATE: