



City of Yuma

Legislation Text

File #: MC 2024-071, Version: 1

	STRATEGIC OUTCOMES	ACTION
DEPARTMENT: Finance	<input checked="" type="checkbox"/> Safe & Prosperous	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Active & Appealing	<input type="checkbox"/> Resolution
	<input checked="" type="checkbox"/> Respected & Responsible	<input type="checkbox"/> Ordinance - Introduction
DIVISION: Administration	<input checked="" type="checkbox"/> Connected & Engaged	<input type="checkbox"/> Ordinance - Adoption
	<input checked="" type="checkbox"/> Unique & Creative	<input checked="" type="checkbox"/> Public Hearing

TITLE:

Public Hearing: Truth in Taxation, Main Street Mall and Off-Street Parking Maintenance District No. 1, Levy for 12 Municipal Improvement Districts, and Final Budget Adoption for Fiscal Year 2025

SUMMARY RECOMMENDATION:

Conduct a combined public hearing on the proposed City of Yuma primary property tax levy (Truth-in-Taxation); the Main Street Mall and Off-Street Parking Maintenance District No. 1 expenditures and levy, as well as for the 12 Municipal Improvement Districts (MID) and the proposed revenues and expenditures (budget) for Fiscal Year 2025 pursuant to A.R.S. § 42-17104.

The City of Yuma expenditure budget for Fiscal Year 2025 in the amount of \$521,167,546 which is comprised of a Capital Improvement Program Budget of \$222,418,219; 12 Maintenance Improvement Districts combined for \$672,094 and an Operating Expenditure Budget of \$298,077,233; including Governmental and Enterprise operations. Following the close of the public hearing, City Council may open a special meeting to adopt the proposed budget resolution, which includes a 3% increase in solid waste fees. (Administration/Finance) (Jay Simonton/Doug Allen)

STRATEGIC OUTCOME:

Both the Public Hearings and the final adoption by resolution of the Fiscal Year 2025 Annual Budget provide the financial framework for the City Council's vision and supports all five of City Council's strategic outcomes across all departments and funds at the City.

REPORT:

Pursuant to the Arizona Revised Statutes, a public hearing will be opened to hear community comments on the City of Yuma Fiscal Year 2025 tentative budget and tax levy, the Downtown Mall Maintenance District, and the 12 Municipal Improvement District expenditures and levies.

Overall, assessed values have increased 4.6% compared to last year FY 2024. This includes an increase of 3.1% to base properties and a 1.5% increase associated with new construction for FY 2025.

The primary tax rate is proposed at the maximum allowed rate of \$2.1526 which is more than the FY 2024 primary property tax rate of \$2.1321. The FY2025 base levy (excluding new construction) is \$636,201 (4.0%) more than the total FY2024 levy. This will result in a total increase in General Fund revenues of \$875,852

including both the base and new construction activity.

If the proposed primary tax levy, excluding amounts that are attributable to new construction, is greater than the amount levied in the preceding tax year, a truth in taxation hearing must be held under requirements in Arizona Revised Statutes § 42-17107. The City combines the truth in taxation hearing with the budget hearing.

The Downtown Mall Maintenance District was established in 1969 and the levy for FY 2024 was \$151,704 with a rate of \$4.2500. The City is proposing to increase the levy to \$156,109 with an associated rate of \$4.2750 in FY2025. The City's financial support for Downtown Mall Maintenance, in addition to the levy, is approximately 54%, which the City contributes from the General Fund, with 100% being for general operations and no one-time capital contribution for FY 2025.

In accordance with the property owners' petitions, the City has established 12 active MIDs for FY 2025 for the maintenance of landscape improvements paid through the levy and collection of assessments on the assessed value of the real and personal property within the MID. The 12 active MIDs tax basis is ad valorem, meaning the costs of the MID are shared based on the property values in the district. To avoid large tax spikes, new MIDs typically begin with a temporary loan from the City. To not over burden the early home buyers, this loan is repaid over time via the MID. As more homes are purchased, the tax base grows to cover the costs of the district.

A summary of the proposed rate, levy, and expenditures each of the 12 MIDs is shown on the following table:

Maintenance Improvement District	Proposed Tax Rate	Proposed Estimated Levy	FY 2025 Tentative Expenditures	Temporary Loan from City	Cost per \$100,000 of Property Value
Park West Units 4 and 5	\$ 0.7000	\$ 27,551	\$ 18,000	\$ -	\$ 70.00
Cielo Verde Unit Three Phases 1 and 2	1.2245	19,118	12,140	-	122.45
Desert Sky Unit 1	1.6000	73,262	62,500	28,545	160.00
Saguaro Units 3 and 4	0.5000	23,724	21,140	-	50.00
Driftwood Ranch Units 1 and 2	0.5000	22,516	19,030	-	50.00
Livingston Ranch Unit No. 2	1.6000	38,681	30,500	30,556	160.00
Desert Sands Unit No. 1	1.6000	36,506	34,768	-	160.00
Villa Serena Unit No. 1	1.8000	11,062	21,200	49,622	180.00
Araby North Subdivision	1.8000	6,399	12,243	33,077	180.00
Autumn Valley Subdivision	1.8000	3,112	19,030	31,923	180.00
La Estancia Subdivision	1.8000	58,070	49,081	5,136	180.00
Santana Sub Units 1-4	1.8000	38,246	82,440	108,857	180.00

The City Administrator and City staff, after receiving City Council input through several vision and goal setting sessions throughout Fiscal Years 2022, 2023 and 2024, prepared the Fiscal Year 2025 Proposed Annual Budget for City Council's consideration. City Council approved the tentative budget by motion on May 15, 2024, which set the ceiling on expenditures for FY 2025 and there have been no changes. Following the close of the public hearing, the City Council may open a special meeting to adopt the Fiscal Year 2025 Annual Budget of \$521,167,546 by resolution with accompanying schedules, which includes a line item 3% solid waste fee increase.

The FY 2025 budget is comprised of the following amounts:

TOTAL BUDGET (EXPENDITURES / EXPENSES)				
Expenditures / Expenses	BUDGET FY 2024	BUDGET FY 2025	FY 2025 AND FY 2024 CHANGE IN	
			\$	%
General Fund	\$ 107,080,057	\$ 124,484,257	\$ 17,404,200	16%
Water Operating and Capacity	41,382,184	37,609,349	(3,772,835)	-9%
Waste Water Operating and Capacity	47,898,213	57,355,492	9,457,279	20%
Highway Users Revenue Fund	12,380,601	12,130,185	(250,416)	-2%
City Road Tax Fund	20,591,038	21,394,286	803,248	4%
Public Safety Tax Fund	8,593,151	9,358,314	765,163	9%
Two Percent Tax Fund	10,564,250	16,320,094	5,755,844	54%
ARPA	20,537,035	18,040,898	(2,496,137)	-12%
All Other Funds	203,794,963	224,474,671	20,679,708	10%
Total Expenditures / Expenses	472,821,492	521,167,546	48,346,054	10%
Less: Capital Improvement Plan	(216,040,262)	(222,418,219)	(6,377,957)	3%
Operating Expenditures / Expenses	\$ 256,781,230	\$ 298,749,327	\$ 41,968,097	16%
Does not include interfund transfers				

Adoption of the tax rate and tax levy ordinance is scheduled for the June 26, 2024 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 2025 Annual Budget by resolution. A separate tax rate and tax levy ordinance introduction is included in this June 5, 2024 Agenda.

Notice of the Public hearings, including the improvement districts and the Main Street Mall and Off-Street Parking Maintenance District No. 1, was published in the Yuma Sun on May 21, 2024, and May 28, 2024, as part of the statutorily required Budget Financial Schedules. The Fiscal Year 2025 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 April 30, 2024. The proposed budget has been reviewed by the City Administrator, City staff, and City Council. The end result is a Fiscal Year 2025 financial planning document incorporating the vision and strategic outcomes established by the City Council.

FISCAL REQUIREMENTS:

CITY FUNDS:	\$ 0.00	BUDGETED:	\$ 0.00
STATE FUNDS:	\$ 0.00	AVAILABLE TO TRANSFER:	\$ 0.00
FEDERAL FUNDS:	\$ 0.00	IN CONTINGENCY:	\$ 0.00
OTHER SOURCES:	\$ 0.00	FUNDING: ACCOUNT/FUND #/CIP	
TOTAL \$ 0.00			
To total; right click number & choose "Update Field"			

FISCAL IMPACT STATEMENT:

N/A

ADDITIONAL INFORMATION:

SUPPORTING DOCUMENTS NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT ARE ON FILE IN THE

OFFICE OF THE CITY CLERK:

None

IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL?

- ☐ Department
- ☐ City Clerk's Office
- ☐ Document to be recorded
- ☐ Document to be codified

Acting City Administrator: John D. Simonton	Date: 05/28/2024
Reviewed by City Attorney: Richard W. Files	Date: 05/28/2024