



Explanation of the Permanent Base Option

Camp Verde Proposition 452
November 3, 2020 General Election

What is a permanent base adjustment?

- In 1980, the State enacted spending limitations on cities in Arizona. The limitations were based on the municipalities budgeted expenses for that year.
- Camp Verde's expenditure limitation was set in 1987 after the Town incorporated at \$2,072,112.
- Each year, that base expenditure limit is adjusted based on inflation and population modifiers.
- A *permanent base adjustment* would increase that original spending limitation amount by the amount requested in Proposition 452, which is \$565,000.

Why is this proposition on the ballot?

- When Camp Verde incorporated in 1986, it had neither a wastewater utility nor a water utility.
- In 2013, Camp Verde took on the operations of the Camp Verde Sanitary District. In 2020, this added \$1.5 million of expenses to the Town's total expenses.
- Currently, the Town is looking at purchasing a water utility as well, which would add another approximately \$1.5 million of expenses.
- The 2 utilities together would increase total Town expenses by a minimum of \$3.0 million each year putting the Town right up against its expenditure limitation each year.
- The current Town budget only allows for only 9 months of water company operations to stay within our current expenditure limitation.
- The Town cannot operate a water utility of this size without a *permanent base adjustment*.

Will the proposed permanent base adjustment increase your taxes?

- **No.** Approving proposition 452 to increase the permanent base adjustment only allows the Town to spend the funds it currently has and expects to receive in the coming fiscal years. It does not authorize or cause the Town to impose new or additional taxes or to spend revenues it does not have or expects to receive.

Why an increase of \$565,000?

- \$565,000 when multiplied by the current modifiers results in an increased expenditure limitation of approximately \$3.5 million.
- That is the amount of the additional \$3.0 million utility operating expenses and an additional \$500,000 for potential capital purchases.

What are the consequences of a YES vote?

- A yes vote would add \$565,000 to our current "base" expense limitation (before modifiers are applied) creating a new base limitation of \$2,637,112.
- With modifiers applied, our estimated expenditure limitation for fiscal year 2022 would increase from 13,116,221 to \$16,692,603 and allow us the expenditure room necessary to continue Town operations.

What are the consequences of a NO vote?

- A NO vote would limit operations, capital project funding and the Town's potential ability operate utilities.

For more information, contact Camp Verde Finance Director Mike Showers
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