

**INFORMATION PAMPHLET  
FOR THE  
CITY OF FLAGSTAFF, ARIZONA  
GENERAL / SPECIAL ELECTION  
NOVEMBER 6, 2018**

Compiled and issued by the  
**CITY OF FLAGSTAFF, ARIZONA**



**FOLLETO DE INFORMACIÓN  
PARA LA  
CIUDAD DE FLAGSTAFF, ARIZONA  
ELECCIÓN GENERAL / ESPECIAL  
6 DE NOVIEMBRE 2018**

Compilado y publicado por  
**CIUDAD DE FLAGSTAFF, ARIZONA**

**FOR A SPANISH VERSION OF THIS PUBLICITY PAMPHLET CALL 928-213-2076 OR VISIT  
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To the Voters of the City of Flagstaff:

*This information pamphlet provides you with information regarding the City of Flagstaff's General Election of November 6, 2018, in which voters will select a mayor and three councilmembers, as well as a Special Election to consider propositions proposed by either the Flagstaff City Council or by initiative. The pamphlet has been printed in both English and Spanish. To request a Spanish version, contact the City Clerk's Office at (928) 213-2076.*

*This election will be held in conjunction with the statewide election. You may vote prior to the election date using early voting procedures or in person on the day of the election at your polling place. To cast your vote in person, make sure that you go to the address of the precinct in which you are registered or one of the three Vote Centers in Coconino County. Vote Centers are an alternative to the traditional precinct-assigned polling place. Voters from any precinct in the County may vote at one of the Vote Centers regardless of their residential address. The mailing label on this pamphlet will tell you your precinct-assigned polling place. The polls will open at 6:00 a.m. and close at 7:00 p.m.*

*In order to be prepared to fully exercise your right to vote on November 6, 2018, you are urged to thoroughly read all the material contained within the pamphlet. Please keep in mind that questions may be printed on both sides of the actual ballot and candidate names may appear in a different order.*

*The information provided in this document reflects the best information available to the City of Flagstaff at the time of its preparation. The descriptions of future programs and expenditures are based on currently available information and expectations. All such programs and expenditures are subject to future decisions and actions of the City Council. As such, the actual future programs and expenditures may vary from the descriptions herein. **The actual ballot language, of any ballot proposition that is approved, is legally binding on the future actions of the City Council, and no monies may be expended except for the purposes described in such ballot.***

Stacy Saltzburg, MMC, Acting City Clerk  
211 W. Aspen Avenue, Flagstaff, Arizona  
(928) 213-2076 - [ssaltzburg@flagstaffaz.gov](mailto:ssaltzburg@flagstaffaz.gov)

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**Vote Centers for the November 6, 2018  
General Election**

**Flagstaff Mall**

4650 N US Highway 89  
Flagstaff, AZ

**NAU Walkup Skydome**

1705 S San Francisco Street  
Flagstaff, AZ

**Tuba City High School**

Warrior Pavilion  
67 Warrior Drive  
Tuba City, AZ

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**Early Voting Sites for the November 6, 2018  
General Election**

**Coconino County Elections Office**

110 E Cherry Ave  
Flagstaff, AZ  
(Monday - Friday 8:00 am - 5:00 pm)

**Coconino County Elections  
Eastside Office - Flagstaff Mall**

4650 N. US Highway 89  
Next to JCPenney  
Flagstaff, AZ 86004  
(Monday – Friday 10:00 am – 5:00 pm)

## PRECINCTS AND POLLING PLACES – NOVEMBER 6, 2018

Precinct Name	Polling Place Location (Facility)	Room	Physical Address
Flagstaff 1	Harvest Bible Church (formerly Kingdomheirs Church)	Café/Fellowship Room	520 N Switzer Canyon Rd
Flagstaff 2	Shepherd of the Hills Lutheran Church		1601 N San Francisco St
Flagstaff 3	Federated Community Church	Rees Hall	400 W Aspen Ave
Flagstaff 4	Episcopal Church of the Epiphany	Parish Hall	423 N Beaver St
Flagstaff 5	Shepard of the Hills Lutheran Church		1601 N San Francisco St
Flagstaff 6	DoubleTree by Hilton, Flagstaff		1175 W Route 66
Flagstaff 7	Northland Christian Assembly	Main Sanctuary	1715 W University Ave
Flagstaff 8	Breath of Life Church		3500 N Fourth St
Flagstaff 9	College America		399 S Malpais Ln
Flagstaff 10	NAU Walkup Skydome & <b>VOTE CENTER</b>		1705 S San Francisco St
Flagstaff 11	Northern AZ Church of Christ	Back Meeting Room	2203 N East St
Flagstaff 12	Murdoch Community Center		203 E Brannen Ave
Flagstaff 13	NAU Walkup Skydome & <b>VOTE CENTER</b>		1705 S San Francisco St
Flagstaff 14	NAU Walkup Skydome & <b>VOTE CENTER</b>		1705 S San Francisco St
Flagstaff 15	Coconino County Health & Community Services Bldg.		2625 N King St
Flagstaff 16	Breath of Life Church		3500 N Fourth St
Flagstaff 17	Family Resource Center		4000 N Cummings St
Flagstaff 18	Flagstaff Mall & <b>VOTE CENTER</b>		4650 US Highway 89
Flagstaff 19	Christ's Church of Flagstaff		3475 E Soliere Ave
Flagstaff 20	NAU Walkup Skydome & <b>VOTE CENTER</b>		1705 S San Francisco St
Flagstaff 21	Church of the Resurrection		740 W University Heights Dr S
Flagstaff 22	Covenant Church		3926 S Walapai Dr
Flagstaff 23	Coconino Community College	Board Room	2800 S Lonetree Rd
Flagstaff 24	Country Club Terrace Apartment Homes	Clubhouse	5404 E Cortland Blvd
Flagstaff 25	Knoles Elementary School	Activity Room	4005 E Butler Ave
Flagstaff 26	Flagstaff Mall & <b>VOTE CENTER</b>		4650 US Highway 89


**Vote Centers** are an alternative to the traditional precinct-assigned polling place. Voters from any precinct in the County may vote at one of the Vote Centers regardless of their residential address.

Last Day to Register to Vote	10/09/2018
Early Voting Begins	10/10/2018
Last Day to Request an Early Ballot by Mail	10/26/2018
Last Day to Vote Early	11/02/2018

TO OBTAIN FURTHER INFORMATION, CONTACT:

Coconino County Elections Office  
 110 East Cherry Avenue  
 Flagstaff, Arizona 86001  
 Telephone: (928) 679-7860

**NOTICE TO VOTERS:** The candidates listed below may not appear on your ballot in the same order as shown.

To vote, fill in the oval next to your choices. To vote for an official write-in candidate, print the name in the space provided and fill in the oval. Do not exceed the number to elect. **VOTE LIKE THIS:**  No other marks will be valid or counted.

<b>MAYOR</b> VOTE FOR NOT MORE THAN 1	
<input type="radio"/>	EVANS, CORAL J.
<input type="radio"/>	_____
	Write-in
<b>COUNCILMEMBER</b> VOTE FOR NOT MORE THAN 3	
<input type="radio"/>	ASLAN, AUSTIN
<input type="radio"/>	DEASY, PAUL
<input type="radio"/>	LAVIN, DENNIS
<input type="radio"/>	MARTINEZ, ALEX
<input type="radio"/>	SALAS, REGINA
<input type="radio"/>	SHIMONI, ADAM
<input type="radio"/>	_____
	Write-in
<input type="radio"/>	_____
	Write-in
<input type="radio"/>	_____
	Write-in

# CANDIDATE STATEMENTS

*“The statements in this candidate pamphlet were reproduced as submitted and were not edited for spelling, grammar, or punctuation. These statements represent the opinions of the candidates and have not been checked for accuracy of content.”*

## CANDIDATE FOR MAYOR



Mayor Coral Evans was elected to council in 2008 and mayor in 2016. She is the third generation of her family to live in Flagstaff. Her family (the Dorseys) have been an active part of the Flagstaff & greater Northern Arizona community since the early 1900's.

In addition to serving on council, Ms. Evans is the executive director of a nonprofit organization (the Sunnyside Neighborhood Association of Flagstaff, Inc.), a small business owner (Destiney's Creations), and a published author.

Presently Mayor Evans is pursuing a Ph.D. in education with an emphasis in sustainability. She also holds a master's degree in business administration and a bachelor's degree in business management. Mayor Evans is a graduate of the Flagstaff Leadership Program, a Flinn-Brown Foundations Fellow, and a Babson College Social Innovation Fellow.

Her recognitions include the Chamber of Commerce Athena Award, the United Way of Northern Arizona Community Builder Award, and the Coconino Hispanic Advisory Council Cesar E. Chavez Community Award. In July 2018 the Arizona Business Magazine recognized Mayor Evans as one of Arizona's most influential women.

Mayor Evans believes in a balanced approach to the stewardship of community resources. She is passionate about creating opportunities that allow for civic engagement, civil discord, community revitalization, and genuine sustainability and advancement for Flagstaff citizens.

## CANDIDATE FOR COUNCIL



**Name:** Austin Aslan

**Age:** 42

**Education:** University of Arizona, BS Wildlife Management  
University of Hawaii, Masters Conservation Biology  
National Science Foundation Graduate Research Fellow

**Occupation:** Author

**Website:** [www.austinaslanforflagstaff.com](http://www.austinaslanforflagstaff.com)

**E-mail:** [austin@austinaslanforflagstaff.com](mailto:austin@austinaslanforflagstaff.com)

Dear Flagstaff resident,

I'm honored to seek your vote for a seat on Flagstaff's City Council. I'm a homegrown Northern Arizona local with 20 years of deep ties to Flagstaff. I hold a Masters degree in biology and my wife is an NAU professor in the School of Earth and Sustainability.

I'm running to maintain Flagstaff's community character and its thriving, small town vibe. Flagstaff faces accelerating threats to its DNA. Thanks to rising housing costs, the greed of outside developers, NAU's top-down directive to expand, and a lack of forward thinking, locals are feeling abandoned. From police officers to firefighters, from teachers to hospitality staff—our workforce is struggling to make a living here. Change is always inevitable and often positive, but who should dictate the shape and speed of Flagstaff's growth? Big Phoenix developers? ABOR (which governs NAU)? Or local residents?

I believe that if you grew up in Flagstaff, you should feel welcome and able to stay. We must improve housing affordability, and more adequately fund at present levels our worthy public safety personnel, including our police officers and firefighters and other city employees.

We shouldn't have to whittle away at our forests and dark skies and neighborhood diversity to achieve economic vitality. I envision Flagstaff becoming a national leader in sustainability, while simultaneously increasing opportunities for local businesses and top-notch job-providers.

I'm attracted to the non-partisan nature of the job. While others shout past each other at the national level, we are positioned locally to hash out solutions to problems we all share by listening to great ideas from all sides.

Your vote will help me to lead a new council toward delivering smarter, more sustainable solutions to our current problems and those we can already see on the horizon. Thank you for your consideration.

## CANDIDATE FOR COUNCIL



**Name:** Paul Deasy

**Age:** 32

**Education:** MA Economics, MA Political Science, BA Economics, BS Political Science

**Occupation:** Data Scientist/Policy Analyst

**Website:** [www.deasyforflagstaff.com](http://www.deasyforflagstaff.com)

**Email:** [pideasy1@gmail.com](mailto:pideasy1@gmail.com)

I moved to Flagstaff when I was 12 years old. My wife and I are now raising our 4 children here. Over time I came to realize that it is not enough to read to my children every night and go to every soccer game. To ensure my children can prosper in life, I have to directly influence the environment and community they grow up in, and I have a unique skillset to offer.

As a data scientist specializing in policy analysis I have indirectly influenced government policies, providing the evidence and data to encourage evidence-based decision making. It has become clear though that empirical evidence is not at the forefront of many political decisions. We need elected officials who rely more on evidence than emotion, who rely on proof not preconception, and are proactive not reactive. It is through evidence-based decisions that we build a better future for our children, and I intend to do just that.

Flagstaff has the highest educational attainment of any city in Arizona, yet our economy continues to rely on minimum wage jobs. We need middle class careers, particularly in science and technology, and we have the skills here already to do it. Additive manufacturing, app development, informatics and cybersecurity are among them. Not only should we foster more careers in these fields, we need to instill more science and technology into our basic government operations.

Other local governments are doing just that, mixing recycled plastic in asphalt to double the longevity of roads, building biofuel generators that create industry demand for forest restoration efforts, and using smart technology, artificial intelligence and advanced road sensors to improve traffic conditions. Government resources should be used more efficiently, and the path to efficiency is paved in innovative technology.

## CANDIDATE FOR COUNCIL



**Name:** Dennis K. Lavin  
**Age:** 67  
**Marriage status:** Married with two (2) children  
**Occupation:** Audit and Assurance Partner with an International Firm of Certified Public Accountants – retired status.

Affiliated with Flagstaff and Arizona:  
Flagstaff - Full or part time since 1997.  
Arizona – Full or part time since 1976.

I have no prior elected or appointed public positions

I currently I serve as Chairman of the Audit Committee for a local credit union. This is a volunteer position.

Over the years I have volunteered with a service organization; contributed to several community clean up events; and volunteered with youth organizations.

I enjoy reading, to include a range of topics. Those topics include history, fiction, and current events. In addition, my wife and I enjoy the museums and theatre scene in our Community. We are blessed to have so much culture available in our Community.

I am running for City Council to maintain our financial strength, support smart economic growth and job creation, and focus upon our infrastructure. Our current Flagstaff representatives have provided the community with a solid financial platform. I would offer my experience and skills with corporate governance, strategic planning, budgeting, and mentoring to grow Flagstaff's financial strength over the next four years. Given the opportunity, I will strive to continue securing our financial stability and working collaboratively with our partners.

These partners include federal, state, and county agencies; educational institutions; businesses; health providers; and our community and service organizations.

Many of our residents are concerned with our infrastructure and how continued community growth will affect their daily lives. I will try to enhance how the Council's message and goals are communicated to our community constituencies.

Our talented City employees take pride in their contributions to our greater Flagstaff community. I will continue to support their efforts.

Finally, I am a strong supporter of our public safety personnel. We as a community must support their vital role.

## CANDIDATE FOR COUNCIL



My name is Alex H Martinez and I am 70 years old. My current position is Executive Vice President for Research and Development at Hyper-Edge Corporation. I am a serving commissioner on the Flagstaff Planning and Zoning Commission. I am a retired Public School Superintendent and retired US Navy Reserve Captain with 36 years of service. My 36 years of military service did not stop with active duty but has let me to volunteer in obtaining services for needy veterans.

I am a 7<sup>th</sup> generation Arizonan whose family has deep roots in the state of Arizona and a strong sense of commitment to its future. I am a product of the Arizona Public Schools and University system. Our family has a strong belief in supporting the public educational system which directed me into the profession of public education. Our daughter and son have their Bachelor of Science Degrees and Master's Degrees from Northern Arizona University and the University of Arizona.

I have earned by Bachelor of Science, Master's Degree and Doctoral Degree from the University of Arizona in Educational Administration.

I am running for Flagstaff City Council as a citizen who want to address issues that cross over from partisan politics and develop comprehensive solutions that effect the safety and quality of life for all of us. It will be my responsibility to be focused on results while using a balanced approach to principles that will give out community peace of mind. The skills that I bring to the table would add to the council leadership. Our council needs to be outwardly focused and committed to issues that are clear and understandable using accurate data that is dedicated to our American culture and relevant to our city.

My email is [ahlamart38@gmail.com](mailto:ahlamart38@gmail.com) and my website is alexmartinezforflagstaffcitycouncil.

## CANDIDATE FOR COUNCIL



**Name:** Regina Salas

**Age:** 44

**Website:** <https://www.reginasalasforflg.com/>

**Email:** [ReginaSalasforFLG@gmail.com](mailto:ReginaSalasforFLG@gmail.com)

**Occupation:** Local business owner, I own ConnectEdge, a local consulting company helping small business and local nonprofits with business development, revenue development, capacity building and development.

**Education:** NC State University - National Recreation & Park Association: **Revenue Development and Management School**, A two-year comprehensive professional development program on proven revenue management and development strategies and techniques, emphasis on marketing and events/program development

ASU Lodestar Center for Philanthropy and Nonprofit Innovation: **Nonprofit Development and Management** training, workshop, and conference

University of the Philippines School of Labor & Industrial Relations: **Master of Industrial Relations**, Thesis: "Industrial Relations Transformation: Philippine Airlines' Flight to Industrial Peace and Profitability"

St. Scholastica's College, Manila, Philippines: **Bachelor of Arts in English**, Thesis: "Tolstoy's Images of Women", Campus Journalism Award of the Year Recipient

I'm the only female and an independent candidate for City Council. I'm a mother, a businesswoman and an immigrant living and thriving in Flagstaff for the last 12 years.

I'm running for office to offer my whole being to serve Flagstaff citizens and diverse communities. Born and raised in the Philippines, I bring diverse perspectives and wide worldview to the City leadership. My extensive background and experience in government (Philippine Congress, City of San Fernando and Coconino County), business sector, academe, and nonprofits are uniquely valuable capabilities: community and economic development, policy research and analysis, legislative development, budgeting, fiscal management, resource mobilization, labor dispute mediation, fundraising and friend-raising.

Through pragmatic leadership with focus on local issues, I pursue LIVE THRIVE FLAGSTAFF. We live, thrive, grow, and evolve in Flagstaff in spite of the challenges we experience, whether we have lived here since birth, for 2 years or for over 20 years. I have the energy and ability to bring people together, discover, develop and seize opportunities that serve us and our communities.

I bring forward the following priorities:

- BUSINESS RETENTION & EXPANSION: LOCAL SMALL BUSINESS, TOURISM, DIVERSIFY ECONOMIC SECTORS
- PLAN, MANAGE SUSTAINABLE GROWTH
- FOSTER SYNERGY AND COOPERATION WITH PUBLIC AGENCIES AND PRIVATE ENTITIES
- SUPPORT LOCAL NONPROFITS
- PROTECT NATURAL AREAS, OPEN SPACE AND DARK SKIES
- PURSUE QUALITY EDUCATION FOR CAREER/ENTREPRENEURSHIP READINESS AND WORKFORCE DEVELOPMENT
- IMPROVE EFFICIENCY, TRANSPARENCY AND FISCAL MANAGEMENT OF THE CITY

My passion for community advancement involves: Flagstaff Lodging & Restaurant Assoc., Flagstaff Chamber of Commerce, Flagstaff Independent Business Alliance, Local First Arizona, Flagstaff Communicators, Flagstaff CVB Marketing, Flagstaff Women's Leadership Network, COCONUTS Robotics Team, United Way VITA, Victim Witness Services.

I helped build, organize, fundraise and mobilize volunteers for the nonprofit Friends of Coconino County Parks supporting the County's efforts on land conservation, park development, volunteerism and recreation.

## CANDIDATE FOR COUNCIL



**Name:** Adam Shimoni

**Age:** 31

**Education:** Bachelors in High School Special Education & Career Tech Education with a minor in Business from NAU

**Occupation:** Business Owner, Teacher, Real Estate Agent, Community Organizer

**Website:** [www.ShimoniforCouncil.com](http://www.ShimoniforCouncil.com)

**E-Mail:** [ShimoniCampaign@gmail.com](mailto:ShimoniCampaign@gmail.com)

Flagstaff is a wonderful place to call home. The outdoors, diverse community, and quality of life are what makes our city so special. As Flagstaff grows, we face an increasing number of issues. I hear locals speak to the need for attainable housing, future water resources, economic development, and traffic congestion. I share these concerns, and I look forward to implementing long term solutions to these issues. My website, [shimoniforcouncil.com](http://shimoniforcouncil.com), describes my top priorities and outlines action steps. We need leadership to address these subjects head on, and to plan for the future, collaborating to implement models for sustainable growth.

To address our housing crisis, I hope to adjust the zoning code to ensure appropriate development, to negotiate with developers to construct affordable housing, and to advocate for building small homes. I will collaborate with NAU to find a better plan to accommodate their continued growth. To ease traffic congestion, I would support more road connections and a stronger public transit system. Future water resources is a strong concern of mine and one I hope to address through greater education and investment in conservation and re-use techniques.

We are strongest when we engage and address these issues together. One of my goals as a candidate is to encourage a culture of political engagement. My years leading "Speak Up: Bridging the Gap between Local People and Local Politics," and serving on the board of Friends of Flagstaff's Future have developed my passion for community involvement. My first bid for City Council in 2016, while only 59 votes shy from a win, furthered my understanding of engaging local communities and government. Check out my page, [facebook.com/ShimoniForCouncil](https://facebook.com/ShimoniForCouncil) for community events and ways of sharing your voice. I look forward to the opportunity to serve and represent the people of Flagstaff.

# PROPOSITION NO. 418

## INITIATIVE – SUSTAINABLE WAGES ACT

### COMPLETE TEXT OF PROPOSED ORDINANCE

AMENDING TITLE 15, CHAPTER 15-01 OF THE FLAGSTAFF CITY CODE  
RELATING TO MINIMUM WAGE LAWS

#### TEXT OF PROPOSED AMENDMENT

Be it enacted by the People of the City of Flagstaff, Arizona:

##### **15-01-001-0001 Short Title**

This act may be cited as the "The ~~Minimum~~ SUSTAINABLE Wages Act."

##### **15-01-001-0002 Definitions**

- A. "City" is the City of Flagstaff.
- B. "Office" is the department, division or office that the City shall establish, create or designate to enforce this chapter.
- C. "Employ" includes to suffer or permit to work; WHETHER A PERSON IS AN INDEPENDENT CONTRACTOR OR AN EMPLOYEE SHALL BE DETERMINED ACCORDING TO THE STANDARDS OF THE FEDERAL FAIR LABOR STANDARDS ACT, BUT THE BURDEN OF PROOF SHALL BE UPON THE PARTY FOR WHOM THE WORK IS PERFORMED TO SHOW INDEPENDENT CONTRACTOR STATUS BY CLEAR AND CONVINCING EVIDENCE.
- D. "Employee" is any individual who (1) works or is expected to work twenty-five (25) hours or more in any given calendar year within the geographic boundaries of the City for an employer and (2) is or was employed by an employer; BUT DOES NOT INCLUDE ANY PERSON WHO IS EMPLOYED BY A PARENT OR A SIBLING, OR WHO IS EMPLOYED PERFORMING BABYSITTING SERVICES IN THE EMPLOYER'S HOME ON A CASUAL BASIS.
- E. "Employer" includes any corporation, proprietorship, partnership, joint venture, limited liability company, trust, association, political subdivision of the state, individual or other entity acting directly or indirectly in the interest of an employer in relation to an employee, and shall include the City, but does not include the state of Arizona or the United States.
- F. "Minimum Wage" is the minimum wage rate as set under Section 15-01-001-0003 of this chapter.
- G. "Tip" means a verifiable sum presented by a customer as a gift or voluntary gratuity in recognition of some service performed for the customer by the employee receiving the tip.
- H. ~~"Tipped Employee" means an employee who customarily and regularly receives more than \$30 a month in tips, has been informed by the employer in writing about the tip notice provisions required by this chapter, and retains all tips that he or she receives.~~

##### **15-01-001-0003 Minimum Wage**

- A. Employers shall pay employees no less than the minimum wage, which shall be not less than:

1. ~~BEFORE JANUARY 1, 2021, \$10 an hour or \$2 above the state minimum wage as provided for under Section 23-363, Arizona Revised Statutes, OR ITS SUCCESSOR STATUTE whichever is greater, on and after July 1, 2017;~~
  2. ~~ON AND AFTER JANUARY 1, 2021, \$11 an hour or \$2 FIFTY CENTS PER HOUR above the state minimum wage as provided for under Section 23-363, Arizona Revised Statutes, OR ITS SUCCESSOR STATUTE. whichever is greater, on and after January 1, 2018;~~
  3. ~~\$12 an hour or \$2 above the state minimum wage as provided for under Section 23-363, Arizona Revised Statutes, whichever is greater, on and after January 1, 2019;~~
  4. ~~\$13 an hour or \$2 above the state minimum wage as provided for under Section 23-363, Arizona Revised Statutes, whichever is greater, on and after January 1, 2020;~~
  5. ~~\$15 an hour or \$2 above the state minimum wage as provided for under Section 23-363, Arizona Revised Statutes, whichever is greater, on and after January 1, 2021.~~
- B. The minimum wage shall be increased on January 1, 2022 and on January 1 of successive years, by the increase in the cost of living. The increase in the cost of living shall be measured by the percentage increase as of August of the immediately preceding year over the level as of August of the previous year of the consumer price index (all urban consumers, U.S. city average for all items) or its successor index as published by the U.S. department of labor or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of five cents.
- C. ~~In the event that the federal minimum wage is increased above the level of the minimum wage that is in force under this section, the minimum wage under this section shall be increased to match the higher federal wage, effective on the same date as the increase in the federal minimum wage, and shall become the new minimum wage in effect under this section.~~
- D. ~~Employees entitled to overtime pay under the federal Fair Labor Standards Act, 29 U.S.C. §§ 206, 207, 213 are entitled to overtime pay under this chapter in accordance with federal law and regulations concerning overtime compensation under 29 U.S.C. §206, 297, 213. Such overtime pay shall be calculated based on the employee's regular rate of pay or the minimum wage rate set forth in this section, whichever is higher.~~
- EC. For any tipped employee who customarily and regularly receives tips or gratuities from patrons or others, the employer may pay a cash wage up to: ~~\$3 per hour less than the minimum wage rate set forth in this section on or after July 1, 2017.~~
2. ~~\$2.50 per hour less than the minimum wage rate set forth in this section on or after January 1, 2022;~~
  3. ~~\$2 per hour less than the minimum wage set forth in this section OR on after January 1, 2023;~~
  4. ~~\$1.50 per hour less than the minimum wage set forth in this section on or after January 1, 2024;~~
  5. ~~\$1 per hour less than the minimum wage set forth in this section on or after January 1, 2025.~~

Provided, however, that the employer may only pay this lower cash wage if the employer can establish BY ITS RECORDS OF CHARGED TIPS OR BY THE EMPLOYEE'S DECLARATION FOR FEDERAL INSURANCE CONTRIBUTIONS ACT (FICA) PURPOSES that when adding tips received and retained to wages paid, the employee received not less than the minimum wage for all hours worked. ~~and the employee has been informed in writing by the employer of the provisions of this Section. All tips received by tipped employees are the sole property of the tipped employee and shall be retained by the tipped employee, except that nothing in this section shall prohibit a valid tip pool under which tips are pooled and distributed among tipped employees, provided that only the amount actually retained by each employee shall be considered part of that employee's wages for~~

~~purposes of this Section. On after January 1, 2026, an employer shall pay a tipped employee not less than the minimum wage set forth in this section for all hours worked.~~

#### **15-01-001-0004 Notice and Recordkeeping Requirements**

- A. The Office shall publish and make available to employers all of the following, in English, Spanish and any language spoken by more than 5% of the workforce in the City: (1) a bulletin announcing the adjusted minimum wage rate for the upcoming year and its effective date no less than two months before its effective date; (2) a template bulletin for employers to post in the workplace informing employees of the current minimum wage rate and their rights to the minimum wage, including information about the right to be free from retaliation and the right to file a complaint and the contact information for the Office; and (3) a template notice suitable for use by employers in complying with subsections B and C of this section.
- B. Every employer shall post the bulletin referred to in subsection A in a conspicuous place at any workplace or job site in English, Spanish and any language spoken by at least 5% of the employees at the workplace or job site.
- C. Every employer shall also provide each employee, at the time of hire or by July 1, 2017 whichever is later, written notice of: the employer's business name, address, and telephone number; the employee's right to earn the minimum wage and the current minimum wage rate; the employee's right to be free from retaliation; AND the employee's right to file a complaint; ~~and the contact information for the Office where questions about rights and responsibilities under this chapter can be answered.~~ If the employee's primary language is one spoken by at least 5% of the employees at the workplace or jobsite, the notice required by this subsection shall be provided in English and in the employee's primary language.
- D. Every employer shall maintain payroll records showing the hours worked for each day worked, and the wages paid to all employees for a period of four years ~~and shall allow the Office access to such records to monitor compliance.~~ Failure to maintain such records ~~and/or allow the Office reasonable access to such records~~ shall raise a rebuttable presumption that the employer did not pay the required minimum wage ~~and the employee's reasonable estimate regarding hours worked and wages paid shall be relied on, absent clear and convincing evidence otherwise.~~ THE RIGHTS OF PERSONS TO INSPECT AND COPY THE RECORDS REQUIRED BY THIS CHAPTER SHALL BE AS PROVIDED IN SECTION 23-364(D) OF THE ARIZONA REVISED STATUTES OR ITS SUCCESSOR STATUTE.

#### **15-01-001-0005 Requirements**

- A. No employer or other person shall discharge or take any other adverse action against any person in retaliation for asserting any claim or right under this chapter, for assisting any other person in doing so, or for informing any person about their rights. Taking adverse action against a person within ninety days of a person's engaging in the foregoing activities shall raise a presumption that such action was retaliation, which may be rebutted by clear and convincing evidence that such action was taken for other permissible reasons.

#### **15-01-001-0006 Implementation, Investigation and Enforcement**

- ~~A. Administrative Hearing Process. To the extent allowable under state law, the City shall have the authority to coordinate implementation and enforcement of this chapter, including but not limited to establishing a civil administrative hearing process, including procedural rules; whereby the city shall receive employee complaints in writing and by telephone, investigate and prosecute complaints it deems meritorious and keep complainants notified regarding the status of the investigation. An administrative hearing judge shall hear and adjudicate the case and enter appropriate rulings pursuant to this chapter.~~
- ~~A.B. The Office may investigate any possible violations of this chapter by an employer or other person. Any person or organization may file an administrative complaint with the Office charging that an employer has violated this chapter as to any employee or other person. When the Office receives a complaint, it may review records regarding all employees at the employer's worksite in order to protect the identity of any~~

~~employee identified in the complaint and to determine whether a pattern of violations has occurred. The name of any employee identified in the complaint shall be kept confidential as long as possible. Where the Office determines that an employee's name must be disclosed in order to investigate a complaint further, it may do so only with the employee's consent.~~ SHALL FORWARD THE COMPLAINT TO THE ARIZONA INDUSTRIAL COMMISSION FOR INVESTIGATION AND ENFORCEMENT PROCEEDINGS AS PROVIDED IN SECTION 23-364 OF THE ARIZONA REVISED STATUTES OR ITS SUCCESSOR STATUTE. THE OFFICE SHALL NOT HAVE AUTHORITY TO INVESTIGATE OR PURSUE ENFORCEMENT PROCEEDINGS IN CONNECTION WITH ANY COMPLAINT THAT ALLEGES CONDUCT IN VIOLATION OF TITLE 23, CHAPTER 2, ARTICLE 8 OF THE ARIZONA REVISED STATUTES, OR THEIR SUCCESSOR STATUTES, IRRESPECTIVE OF WHETHER SUCH CONDUCT ALSO WOULD VIOLATE THIS CHAPTER.

- B. IF, AFTER INVESTIGATING A COMPLAINT FILED PURSUANT TO THIS CHAPTER OR STATE LAW, THE ARIZONA INDUSTRIAL COMMISSION FINDS THAT THE EMPLOYER HAS ENGAGED IN CONDUCT THAT VIOLATES TITLE 23, CHAPTER 2, ARTICLE 8 OF THE ARIZONA REVISED STATUTES, OR THEIR SUCCESSOR STATUTES, THE OFFICE MAY NOT ASSESS OR IMPOSE ADDITIONAL CIVIL PENALTIES OR REMEDIES UNDER THIS CHAPTER FOR THE SAME CONDUCT.
- C. IF, AFTER INVESTIGATING A COMPLAINT FILED PURSUANT TO THIS CHAPTER OR STATE LAW, THE ARIZONA INDUSTRIAL COMMISSION FINDS THAT THE EMPLOYER HAS ENGAGED IN CONDUCT THAT DOES NOT VIOLATE TITLE 23, CHAPTER 2, ARTICLE 8 OF THE ARIZONA REVISED STATUTES, OR THEIR SUCCESSOR STATUTES, BUT THAT DOES VIOLATE THIS CHAPTER, THE OFFICE MAY ASSESS OR IMPOSE CIVIL PENALTIES OR REMEDIES UNDER THIS CHAPTER.
- G.D. To the extent allowable by law, a civil action to enforce this chapter may be maintained in the Flagstaff Municipal Court or in any court of competent jurisdiction by the City or by any private party injured by a violation of this chapter.

#### **15-01-001-0007 Civil Penalties and Remedies**

- A. Any employer who fails to pay the wages required under this chapter shall be required to pay the employee the balance of wages owed, including interest thereon, and an additional amount equal to twice the underpaid wages as liquidated damages.
- B. Any employer who retaliates against an employee or other person in violation of this chapter shall be required to pay the employee a penalty set by THE ARIZONA INDUSTRIAL COMMISSION, the Office or a court sufficient to compensate the employee and deter future violations, but not less than \$250 for each day that the violation continued or until legal judgment is final. ~~In any case where an Employee has been discharged in retaliation for exercising rights under this ordinance, the period of violation extends from the day of discharge until the day the Employee is reinstated, the day the Employee agrees to waive reinstatement or in the case of an Employee who may not be rehired, from the day of discharge until the day legal judgment is final.~~
- C. SUBJECT TO SECTION 15-01-001-006, Any employer who violates the recordkeeping, posting or other requirements that the Office may establish under this chapter shall be subject to CIVIL PENALTIES AS PROVIDED IN SECTION 23-364(F) OF THE ARIZONA REVISED STATUTES, OR ITS SUCCESSOR STATUTE. CIVIL PENALTIES SHALL BE RETAINED BY THE AGENCY THAT RECOVERED THEM. ~~a civil penalty payable to the City of at least \$250 for a first violation, and least \$1,000 for each subsequent or willful violation and may, if the Office or Court determines appropriate, be subject to special monitoring and inspections. In order to compensate the City for the costs of investigating and remedying violations under this chapter, the Office may also order a violating employer or person to pay to the City a civil penalty of not more than fifty dollars (\$50.00) for each day and for each employee or person as to whom a violation of this chapter occurred or continued. To the extent allowable by law, such funds shall be allocated to the Office and shall be used to offset the costs of implementing and enforcing this chapter. Not less than fifty percent (50%) of such funds, and of any other civil penalties assessed and retained by the City pursuant to this chapter, shall be earmarked for the funding of the community based outreach program provided for in this Section.~~

- D. ~~The Office and the courts~~ AND, SUBJECT TO SECTION 15-01-001-006, THE OFFICE, shall have the authority to order payment of such unpaid wages, liquidated damages, and civil penalties and to order any other appropriate legal or equitable relief for violations of this chapter. To the extent allowable by law, civil penalties paid to the City shall be retained by the Office and used to finance activities to enforce this chapter. A prevailing plaintiff shall be entitled to reasonable attorneys' fees and costs of suit from a violating employer.
- E. A civil action to enforce this chapter may be commenced no later than two years after a violation last occurs, or three years in the case of a willful violation, and may encompass all violations that occurred as part of a continuing course of employer conduct regardless of their date. The statute of limitations for bringing a civil action shall be tolled during any investigation of an employer by the ~~Office~~ ARIZONA INDUSTRIAL COMMISSION or other law enforcement officer, but such investigation shall not bar a person from bringing a civil action under this chapter. ~~The requirements of this chapter may also be enforced by the City Attorney. In such case, unpaid wages and damages recovered shall be payable to the individual Employee as to whom the violation occurred.~~ No verbal or written agreement or employment contract may waive any rights under this chapter.
- ~~F. The Office shall establish an education and outreach program in partnership with community based organizations to conduct education and outreach to employees and employers of their rights and obligations under this chapter.~~

#### **15-01-001-0008 Other Legal Requirements 15-01-001-0009 No Effect on More Generous Policies**

- A. Nothing in this chapter shall be interpreted or applied so as to create a conflict with Federal or State Law.
- B. This chapter provides minimum requirements and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, rule, requirement, policy, or standard that provides for greater protections to employees.

#### **15-01-001-0009 No Effect on More Generous Policies**

- A. Nothing in this chapter shall be construed to discourage or prohibit the adoption or retention of a wage policy more generous than that which is required herein.
- B. Nothing in this chapter shall be construed as diminishing the obligation of an employer to comply with any contract, collective bargaining agreement, employment benefit plan, or other agreement providing more generous wages to an employee than required herein.

#### **15-01-001-0010 Savings Clause**

This act does not affect rights and duties that matured, penalties that were incurred and proceedings that were begun before the effective date of this act.

#### **15-01-001-0011 Severability**

If a provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

OFFICIAL BALLOT

PROPOSITION NO. 418

OFFICIAL TITLE: SUSTAINABLE WAGES ACT

**DESCRIPTIVE TITLE:** Amendment to the Flagstaff City Code Chapter 15-01, Minimum Wage, reducing the current minimum wage in Flagstaff to at least the minimum hourly wage imposed by state law and eventually an additional fifty cents per hour; and making other provisions similar to parallel provisions in state law.

A **YES** vote shall have the effect of amending Chapter 15-01, Minimum Wage, of the Flagstaff City Code by reducing the current minimum wage to the state minimum wage until January 1, 2021, after which the minimum wage will be fifty cents per hour above the state minimum wage; and amending other provisions making Chapter 15-01 similar to state law. **YES**

A **NO** vote shall have the effect of not amending Chapter 15-01, Minimum Wage, of the Flagstaff City Code and retaining the existing current minimum hourly wage and provisions approved by the voters in 2016. **NO**

AS IT WILL APPEAR ON BALLOT

PROPOSITION NO. 418

**Proposed by initiative petition, amending Chapter 15-01, Minimum Wage, of the Flagstaff City Code**

A **YES** vote shall have the effect of amending Chapter 15-01, Minimum Wage, of the Flagstaff City Code by reducing the current minimum wage to the state minimum wage until January 1, 2021, after which the minimum wage will be fifty cents per hour above the state minimum wage; and amending other provisions making Chapter 15-01 similar to state law.

A **NO** vote shall have the effect of not amending Chapter 15-01, Minimum Wage, of the Flagstaff City Code and retaining the existing current minimum hourly wage and provisions approved by the voters in 2016.

**YES**

**NO**

## **ARGUMENTS FOR PROPOSITION NO. 418**

The "for" and "against" arguments were reproduced exactly as submitted and were not edited for spelling, grammar, or punctuation. These arguments represent the opinions of the authors and have not been checked for accuracy of content.

Voting YES on Prop 418 will preserve the character of the town we all love so much. In the last election, we voted to increase the state minimum wage by nearly \$4 an hour. Prop 418 will preserve that raise and, recognizing the higher cost of living here, places FLG's minimum wage 50 cents over the state level.

Studies conducted by the University of Washington on Seattle's minimum wage increase has shown the folks it was meant to help are actually being hurt by a combination of fewer hours, increased cost of living and jobs being cut. The costs to low-wage workers in Seattle outweighed the benefits by a ratio of three to one, according to the study. You have seen the impact of the increased minimum wage on the cost of things like child care, groceries and eating out. Those costs impact the very same low wage folks we had hoped to help the most. Remember, we're only half way to the unsustainable \$15.50 wage and without 418, you'll see these and other costs continue to make FLG even more unaffordable for all of us.

The evidence is clear, without 418, we're hurting those who can least afford to live here. Flagstaff's locally owned small businesses can't afford to pay the highest minimum wage in the country. Your Yes vote on 418 will preserve FLG and ensure everyone is paid a fair wage.

Rob Wilson

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Why is the minimum wage being confused with a livable wage? Minimum wage was never intended to be a livable wage.

Minimum wage was created for individuals, like students, who are without the skills to do a job. As they learn the job becoming proficient, then their hourly pay would increase to match that skill. If we are looking at this as a livable wage, then new hires will have to have all the skills to perform the job they are applying for. It does not allow for training, but the job seeker must have all the skills needed to do the job from day one.

I question why Flagstaff's minimum wage needs to be \$3.50/hr higher than the rest of Arizona? Prop 418's \$0.50/hr above Arizona is fair. Flagstaff's City Code 15-01, requires Flagstaff to be \$2.00/hr higher than the state's minimum wage, why? What would occur here if the national objective for \$15.00/hr occurs as AZ minimum wage is that Flagstaff's minimum wage would automatically jump to \$17.00/hr. Prop 418 corrects this too with the \$0.50/hr above AZ minimum wage. This will adjust the wage to compensate for the increased cost of living without the domino effect of increases across the board in price increases, job loss, and deterring businesses from coming to Flagstaff.

Prop 418 is a way to keep Flagstaff a city tourists will visit and spend money. Tourism is a vital part of Flagstaff's economy and a driver for Flagstaff's jobs. If our minimum wage hits \$3.50/hr above our neighboring cities, our cost for anything will be too high in comparison and tourist and locals will go else ware to shop and jobs will go out of Flagstaff.

Join me in voting YES for Prop 418.

Steve Finch

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The Sustainable Wages Act, Prop 418, adjusts Flagstaff's current \$15.50 minimum wage to \$12.50 to closely mirror our State minimum wage. **A YES vote on Prop 418** will keep Flagstaff livable and affordable for residents, workers, non-profits, the schools and businesses alike.

In 2017, the Greater Flagstaff Chamber joined numerous groups and citizens to collect 9000 signatures to qualify the Sustainable Wages Act for the ballot because many voters didn't understand the effects of two wage laws and

the extraordinary negative situations \$15.50 creates everywhere you turn. An additional 41% wage hike by 2022 is unsustainable and will cause employees to suffer, families to be disrupted, force people out of Flagstaff and create less services for the developmentally disabled.

People everywhere are alarmed at Flagstaff's higher cost of living the current \$11 wage is causing and can't imagine the inflation that \$15.50 will cause. In addition, many employees lost full work weeks; some have lost their jobs entirely; non profits cut back services to the most disadvantaged and vulnerable people among us. The price of goods and services has increased as well as rents so the net benefit to the minimum wage worker is actually negative yet cost of living is escalated. This is a shame and we can turn this around together.

The price of daycare has skyrocketed and elderly residents on fixed incomes are having a harder time to make ends meet. Flagstaff deserves better and we **DO** have a chance to vote again to keep Flagstaff competitive and vibrant.

**A YES vote on Prop 418** adjusts the minimum wage to closely mirror our state minimum wage, will restore balance to our mountain town and sustain the local quality of life we all value and cherish.

Julie Pastrick, CEO  
Randon Cupp, Chairman  
Greater Flagstaff Chamber of Commerce

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**What will it mean to vote YES? A YES vote will make Flagstaff Livable, Affordable, and Workable.**

**What will it mean if you vote NO? No would mean** all Flagstaff students/residents/visitors will see inflated rental prices, increased food costs, business closures, job cuts, and loss of jobs. Construction costs will continue to rise, causing housing cost to go up, and prices will mimic New York and California. Nonprofit care providers will be forced to shut down. Health care cost goes up. **Taxes will be increased to subsidize the city government budget.**

Two large Flagstaff employers will move jobs out of town to offset increased costs. This trend will cause concern for companies looking at Flagstaff to open new businesses here. Flagstaff becomes expensive and a financially undesirable place to be.

**This will also negatively impact fixed income citizens.** Majority of whom are seniors. **NAU student costs will continue to rise, while the 2000 students working for NAU will NOT receive any increase at all to offset the price rise.** They fall under the state minimum wage law. Flagstaff will quickly become uncompetitive with neighboring cities, causing tourism to go to lower-priced neighbors, impacting jobs and the tax base. This will increase the number of homeless citizens similar to California and Washington.

Flagstaff cannot afford to continue on this path. We do not have high paying Industry jobs in this city. A NO vote will Negatively impact the future of Flagstaff, our students, businesses, citizens, and visitors.

We are thankful to have tremendous support from our community. We are honored to represent this community and to be the voice of so many in Flagstaff to say: **VOTE YES on Prop 418. Make Flagstaff Livable, Affordable, and Workable.**

Dhiru Robin Prema & Dino Dullbson  
Flagstaff Lodging & Restaurant Association

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**Don't Make People with Intellectual Disabilities Collateral Damage**

We urge you to vote YES on Proposition 418, Sustainable Wages Act, on behalf of the approximately 850 children and adults in Flagstaff with severe intellectual and developmental disabilities (I/DD), and their caregivers, who would be devastated if services for these individuals are stopped.

These services are funded by Medicaid, mostly through the federal government, and include residential placements (group homes), day programs, employment supports and in-home care. The services are not funded well and providers of these services have been struggling since the higher minimum wage was passed in Flagstaff. Three of the providers have left or stopped operations; several clients have had to move to Phoenix. Of course we believe that the caregivers affected by this increase deserve a higher wage, but the reality is that our funding won't cover the current Flagstaff minimum wage increases.

Amending the Flagstaff minimum wage to \$0.50/hour over the State minimum wage accommodates the higher cost of living in Flagstaff, and helps prevent the loss of businesses and jobs, especially in our industry. Service providers for people with I/DD cannot increase prices to make ends meet, but, although it will be difficult, we believe we can survive the extra \$0.50/hour. The next scheduled increase (if Prop 418 doesn't pass) will be \$1.00 over the State minimum wage, beginning 1/1/19. This is about a \$400,000 increase in costs to Hozhoni and cannot be absorbed.

Please join us in supporting Proposition 418. Don't force people with intellectual and developmental disabilities from the only home many of them have ever known. Don't "cleanse" Flagstaff of this vulnerable population.

Monica Attridge  
CEO, Hozhoni Foundation

Lex Heerding  
COO, Hozhoni Foundation

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The Flagstaff disabled community is in crisis. Families are terrified for the future of their loved ones with developmental disabilities. We MUST realize that although well intentioned, Flagstaff's new minimum wage is doing irreparable damage to the disabled community here in Flagstaff.

Since Flagstaff voted to increase the minimum wage, at least 42 disabled people have lost their jobs and continue to struggle finding employment. There has also been a 66% decline in community job placements for disabled workers in Flagstaff. This is not a State funding issue, it is a Flagstaff minimum wage issue.

In the last 18 months of increased minimum wage, Flagstaff's disabled community has experienced:

- 3 Providers have closed or relocated (30% of the Flagstaff Provider Network).
- 2 Day Programs have closed.
- 68 direct care positions have been eliminated.
- 8 Group Homes have relocated out of Flagstaff.
- 26 individuals with disabilities have been forced to relocate.

Please keep in mind, the consequences above reflect a \$.50 difference between the minimum wage in Flagstaff and the State minimum wage. In January 2019, the difference will double to \$1.00, which will accelerate these trends. We will undoubtedly see more relocations of disabled individuals from their communities as more service providers close or leave town.

By passing the current minimum wage in Flagstaff, voters did not intend to say that one segment of our working poor is more fit to live here than another. The path to livable wages should not be sought nor attained through the destruction of an entire segment of our community...especially our most vulnerable.

I urge you to Vote Yes on Prop 418 and save Flagstaff's most vulnerable.

Quality Connections Inc.

Armando Bernasconi  
CEO

Gretchen Povlsen  
Board Chair

Nearly two years ago, Flagstaff voters were asked to increase the minimum wage – twice. Both a statewide law and a local ordinance were enacted on the same ballot.

To be fair, without a statewide ballot proposition, it was unlikely that the state would have increased the minimum wage on its own.

However, with the combined enactment of the statewide ballot proposition, the minimum wage in Flagstaff will grow to \$15.50 by the year 2022, or \$2.00 above the state minimum wage, whichever is greater. The Flagstaff minimum wage will be significantly higher than the rest of the state.

Given the cost of living in Flagstaff, there is little doubt that proponents of the Flagstaff wage hike in 2016 had the best of intentions.

That said, the adverse unintended impacts for various industries in Flagstaff have been significant – particularly for those that provide support services for individuals with intellectual and developmental disabilities.

Unlike most enterprises, these organizations, many of which are non-profits, do not set their own rates. The current reimbursement rates, set by the state, do not fully cover the increases in personnel costs. Regrettably, the simultaneous combination of the Flagstaff ordinance and the statewide increase in the hourly wage has forced providers to close facilities, reduce remaining services and generally threatens the long-term sustainability of operations in Flagstaff as a whole.

Looking forward, a “yes” vote on Prop. 418 will re-establish the hourly wage in Flagstaff to \$.50 above the statewide hourly wage (again, which was also increased in 2016). In our view, this a responsible approach to recognizing the cost of living in Flagstaff while minimizing the financial hardships and challenges for those organizations that are struggling to continue serving individuals with disabilities.

Please vote yes on Prop. 418.

Arizona Association of Providers for People with Disabilities  
Wendy Shaw, Vice Chair  
David Schwartz, Executive Director

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Please vote yes on Initiative 418 to amend the Minimum Wages Act to \$0.50/hour over the State Minimum Wage.

My name is Gloyes Lemons. My wife and our daughter Sherri who is 60+ years old, and I moved to Flagstaff so that Sherri could get the care that she requires. Sherri is profoundly intellectually and developmentally disabled and requires total care and she is unable to speak. Hozhoni Foundation provides all of this and so much more. Sherri lives in a group home and attends a day program Monday through Friday.

We know that this is a very difficult decision for all of us but we urge you to vote yes on Proposition 418, on behalf of the approximately 800 children and adults with severe intellectual and developmental disabilities, and their caregivers who would be devastated if services for these individuals would be stopped.

If this Initiative is approved by the voters of Flagstaff it will help prevent the loss of businesses and jobs and greatly increase the chances of the Non-Profit Service Providers to be able to continue their critical services and care for the most challenged citizens of Flagstaff.

We believe that Prop 418 should be passed as proposed by the City Council on March 21, 2017.

Again, please vote yes on Prop 418.

Gloyes Lemons

Please vote yes on Initiative 418 to amend the Minimum Wages Act to \$0.50/hour over the State Minimum Wage.

My name is Jane Lemons. My husband and our daughter Sherri who is 60+ years old, and I moved to Flagstaff so that Sherri could get the care that she requires. Sherri is profoundly intellectually and developmentally disabled and requires total care and she is unable to speak. Hozhoni Foundation provides all of this and so much more. Sherri lives in a group home and attends a day program Monday through Friday.

We know that this is a very difficult decision for all of us but we urge you to vote yes on Proposition 418, on behalf of the approximately 800 children and adults with severe intellectual and developmental disabilities, and their caregivers who would be devastated if services for these individuals would be stopped.

If this Initiative is approved by the voters of Flagstaff it will help prevent the loss of businesses and jobs and greatly increase the chances of the Non-Profit Service Providers to be able to continue their critical services and care for the most challenged citizens of Flagstaff.

We believe that Prop 418 should be passed as proposed by the City Council on March 21, 2017.

Again, please vote yes on Prop 418.

Jane Lemons

### **ARGUMENTS AGAINST PROPOSITION NO. 418**

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In November 2016, 54% of voters approved a pay raise for minimum wage workers in Flagstaff. Now, with dark money from the Koch brother's front, American Encore, voters are being asked to overturn Flagstaff's minimum wage ordinance. But since it went into effect just over a year ago, 14,000 workers in our community have seen their wages go up. That's a wonderful thing for the poorest workers in our community, many of whom are single moms, struggling to feed and clothe their children on impossible wages. By 2022, the number of workers who will benefit will rise to 30,000. That's a huge part of our population who, if we roll back the ordinance, will, once again, be trying to make it on starvation wages. It's the wrong thing to do. And, as it turns out, business has been flourishing under the new law, including in those industries that have the most low wage workers. In the past year, revenue for retail has gone up by 7.3%; for hotel/motel it has gone up 11.7%; and revenue for restaurants is up by 8.7%. (<https://www.flagstaff.az.gov/DocumentCenter/View/58534/MAY--2018-REVENUE->). And, according to a City of Flagstaff Management Services Report, 100 new businesses opened last year.

This is all very good news. In November, voters again have the opportunity to do the right thing by the community's poorest workers. And we now have a years worth of data confirming that it is economically the right thing too. Stand up for fairness and a strong economy. Stop the pay cuts. Vote No on Prop 418.

Kim Curtis

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Prop 418 Deserves a 'No' vote

Thankfully, voters like me across Arizona overwhelmingly agreed in 2016 to increase the state's minimum wage, and the state is seeing economic growth because of this. In Flagstaff, however, because of the high cost of living, we needed to raise the wage even higher, to give working individuals the living wage they need to be able to live in our mountain town. Simply put, to lower Flagstaff's wage, as proposed by Prop 418, will lower the standard of living for thousands of hard working people trying to live in Flagstaff, many of whom have families to support.

I respect the businesses that must slightly alter their business model to accommodate higher wages of their employees, and will continue to patronize those businesses that treat their employees in a manner that allows them to live and work in Flagstaff.

Even in our public schools, the Flagstaff minimum wage ordinance, combined with additional state revenue, has enabled us to raise the wages of the lowest paid support professionals that work for our children, without any adverse impact on the district budget.

Lastly, with a teenager eyeing the workforce who likely will work part of his life in Flagstaff, maintaining the scheduled minimum wage increases will benefit him as well as the thousands of other hard working low wage workers in Flagstaff.

Keep Flagstaff healthy now and into the future – vote no on 418!

Matt Nicholls

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Flagstaff and Arizona voters approved two separate minimum wage measures at the last election. Because of the interaction between the two, Flagstaff's minimum wage would have increased to \$12.00/hour in 2017. To soften the impact to local businesses and non-profits, the Flagstaff City Council amended the ordinance to have the minimum wage be \$10.50 that year, while the state minimum wage was \$10.00. "Both sides of the aisle" came together to approve this common-sense agreement, which required a council supermajority.

The existing law is that our minimum wage gradually increases from 50-cent above the state minimum wage, to \$15.00 total by January 2021. If Proposition 418 passes, our minimum wage would be reduced to the state minimum wage until then, but would be 50-cent higher after that. (That year, the state minimum wage will be \$12.00 plus the one-year increase in the consumer price index.)

The proposition would have other implications. For instance, it would remove the protection that the tips you leave at restaurants belong to the waiter or waitress, and not to the management. It would prevent the city from enforcing the minimum wage laws.

Because of the higher cost of living in Flagstaff, the state minimum wage is inadequate here. Yes, many adults have to live on what they can make on the minimum wage! All workers, including those in the service industries, deserve a reasonable wage.

Flagstaff businesses have thrived under the new law, including those sectors that employ the most low-wage workers. Workers now have more money to spend. The higher minimum wage has had negligible impact on consumer prices, but has significantly improved the life of our low-wage workers.

To keep the current law, vote NO on Proposition 418.

Jim McCarthy

The views of Mr. McCarthy do not necessarily reflect those of the Flagstaff City Council.

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I am a voting resident of Flagstaff, AZ and am writing this statement AGAINST Proposition 418, the attempt to repeal Flagstaff's minimum wage law, which passed with 54% of Flagstaff vote. This proposition goes against the wishes of local citizens, and is designed to only maintain the status quo for the wealthiest, and often, out-of-town business owners. The facts are that the Minimum Wage Law is working: 14,000 Flagstaff workers have received raises. While trickle-down economic theory has been shown repeatedly to NOT work, trickle-up theory does. The results of our minimum wage law is that permanent, salary-based jobs (not a part of the wage law) have also increased wages in town, to compete with the hourly-wages. Additionally, once fully implemented, the minimum wage law will have an economic impact of \$90 million annually. When citizens are paid a livable wage, they are able to buy services and further contribute to our local economy. The impact to our businesses has been misrepresented; our Flagstaff business have continued to thrive, with all tourism sectors (most of the hourly-wage businesses) showing a 7% to 11% increase in 2017-2018. Finally, we should all be concerned about propositions and campaigns funded by single-interest groups. This repeal effort is largely funded (59%) through a Koch-brothers

front; this organization is designed to keep wealth with the top 1% of Americans, while harming the American public. We need Flagstaff laws to come from Flagstaff citizens.

Amy Waltz

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I urge you to vote no on Proposition 418. Our local economy depends on thousands of workers who provide warm meals and clean beds to the Flagstaff tourist, care for both the elders and the youngest among us. Our best American value supports the idea that if you work hard, you can make it and improve your life. Flagstaff voters have supported this value by increasing the minimum wage.

In 2016, 54 percent of Flagstaff voters approved increasing the local minimum wage to \$15 by 2021, increasing the sub-minimum wage for tipped workers to the full minimum by 2026, protecting workers' tips, and establishing local enforcement to prevent wage theft. The Flagstaff City Council later amended the law to bring the wage to \$15.50 in 2022, with cost-of-living increases in subsequent years.

I remember years ago working as a carpenter celebrating a \$2 an hour raise from a great boss. As a young person, it was a big deal to me and I worked harder because I knew that I was valued. As a voter, you can show Flagstaff workers that support our economy that we value their work by voting no on Proposition 418.

Raising the minimum wage works. According to the U.S. Bureau of Labor Statistics, since Flagstaff voters approved increasing the minimum wage, Flagstaff's unemployment rate is its lowest in nearly 10 years, since May 2008. Flagstaff's economy has grown while 14,000 Flagstaff workers have received raises. Many who were working at \$8.05 an hour just a year-and-a-half ago are now up to the more livable \$11 an hour.

Use your vote to help grow our local economy by voting no on Proposition 418.

Sources: [https://www.bls.gov/eag/eag.az\\_flagstaff\\_msa.htm](https://www.bls.gov/eag/eag.az_flagstaff_msa.htm)  
[https://www.bls.gov/oes/current/oes\\_22380.htm#00-0000](https://www.bls.gov/oes/current/oes_22380.htm#00-0000)

Andy Bessler

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Vote **NO** on **Proposition 418** to protect working families.

In the General Elections of 2016 nearly 54% of voters in a record turnout voted to raise the minimum wage in Flagstaff to \$15 an hour by 2021 and eliminate the much lower tipped wage. The local initiative that passed establishes a law enforcement process at the local level and enables the City to work with Community partners to educate employers and employees.

Proposition 418 would repeal all these provisions and limit the minimum wage to be no more than \$0.50 above the state minimum wage.

According to the Bureau of Labor statistics, Flagstaff average wages are 14% less than the rest of the state and national averages. It has been well documented for decades that the cost of living in Flagstaff is 20% more than national averages. With a 34% wage gap, \$15 an hour is still not a livable wage. One in four children rely on our local food banks for the meals they need and 20% of our labor force earns less than \$10/hour and 40% are working for less than \$15 an hour.

The City of Flagstaff reports show economic growth in 2017—after the new wages went into effect. Comparing 2016 with 2017, sales tax revenue from sectors that primarily employ minimum wage workers has increased by 6.5% in

restaurants and bars, 4% in retail, and 13.4% in hotels and motels. Additionally, the number of new businesses—as evident by new business licenses that have a Flagstaff address—increased by 5% in 2017.

Misinformation funded with dark money from the billionaire Koch brothers front American Encore will contradict the facts and convince people to vote against their own best interests. Keep the local economy growing and our workforce out of poverty.

**Vote NO on Proposition 418.**

Eric Souders

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I'll be voting NO on Prop 418, the misleadingly-labeled "Sustainable Wages Act." We must honor the democratic process and respect the will of the voters from 2016, in which they decisively declared their support for raising Flagstaff's minimum wage. The 2016 measure has been working. Wages have increased for the lowest paid workers in town, new businesses have opened, and sales tax revenues for restaurants and hotels are up. Why fix what is not broken?

A higher minimum wage greatly benefits Flagstaff's workforce. It increases the sub-minimum wage for tipped workers, it protects workers tips, and it establishes local enforcement mechanisms to protect workers' rights and prevent wage theft. These undeniably positive outcomes for Flagstaff residents would disappear if Prop 418 were to pass.

I hope you will join me in voting NO on Prop 418.

Austin Aslan

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Flagstaff has a higher cost of living than the rest of the state, and therefore needs a higher minimum wage. It is the responsibility of both large and small businesses to pay workers a living wage. Vote NO on 418!

Dara Marks Marino

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Over the past 10 years, I worked closely with Latino community members working in the service industry. In that time, community members told me about the wide spread practice of wage theft. From their accounts, wage theft occurs in different ways, including people fired and not getting money owed, getting paid in cash and below the minimum wage, and being refused sick leave or compensation for vacation time. Currently, the City of Flagstaff has the ability to investigate minimum wage theft. If Prop 418 passes, it will kill local enforcement, thus rendering it much easier for some businesses to take advantage of workers. I urge you to vote no on Prop 418.

Luis Fernandez

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We should all be very proud that a majority of Flagstaff voters chose to raise the minimum wage to \$15/hr. by 2021. That decision speaks volumes about our sense of fairness and our desire to address economic insecurity in our community. It changed the lives of 14,000 Flagstaff residents for the better.

We are living at a time when the economy is robust, when revenues in our local community are up almost 11% on average, when over 100 new businesses have been established in the last year. And yet, even in this period of economic prosperity, those backing Prop. 418 want to take money away from our lowest paid workers.

We did the math: Flagstaff voters chose to increase minimum wage so that a person working 40 hours/week will finally earn about \$32,000/year (before taxes). Prop. 418 would reduce this income by \$6,000/year, pushing salaries back down to \$26,000/year. It is just plain cynical to call Proposition 418 the “sustainable wages act.” It is anything but that.

We are proud to live in a community that recognizes that the best way to address economic insecurity is through structural change. The working poor need decent wages, not charity. We urge you to vote no on 418.

Marcus P. Ford & Sandra Lubarsky

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VOTE NO on Proposition 418. Thanks to the #MeToo movement, the world has opened its eye to the prevalence and pervasiveness of sexual violence. The restaurant industry is a breeding ground for sexual harassment to occur as workers are reliant on tips to survive. Women make up the largest percentage of subminimum wage earners and are forced to comply with the desires of their customers to make a living, no matter how lurid or objectifying. This has led to more instances of sexual harassment in restaurants than any other industry. Our current minimum wage ordinance eliminates the sub-minimum tipped wage over time, enabling tipped workers to earn the full minimum wage plus tips. Prop 418 keeps the lower tipped wage in place, thus keeping these workers dependent solely on tips to earn a living. Workers should be able to make a living without the dependence on the whims of their customers. In the states that have one minimum wage for all workers, like California and Alaska, the rate of sexual harassment is HALF of what it is in states like Arizona. If Prop 418 passes, then tipped wage workers will remain at risk for experiencing sexual harassment in the workplace. VOTE NO on Prop 418.

Thanks so much,

Bonn Baudelaire

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VOTE NO ON PROP 418. This supposed “sustainable wages act” is a farce. It was created under the pretense that a livable wage is bad for Flagstaff businesses and the community. That is not true. 14,000 workers have received raises, many of whom were working for \$8.05 an hour are now making a more livable wage at \$11 an hour. What this means is that these people are now able to put more money into the local economy. In just one year, all industries in Flagstaff have gone up in revenue by 10.89%. Working families in Flagstaff deserve to be able to go out to eat and shop local retail, and Flagstaff business owners will be able to thrive because more money in the hands of consumers means more business for everyone. Vote NO on PROP 418.

Julia Collier

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I find it unconscionable that wealthy people (billionaires, in fact!) would fight to keep poor people poor. In our little town of Flagstaff we have voted openly and democratically to set minimum wage requirements for the most needed, not so that can buy land or travel abroad. No! So that the poor among us can begin to live healthy lives by minimizing the chronic stress of not having enough, by allowing nutritious food to become a real part of their lives, and by getting off government assistance and start living with a sense of dignity and personal accomplishment. With this approach we can truly build our town in a much needed way. If we authentically desire to make America great again, we can do this here in our mountain town. Let us start with the PEOPLE FIRST! And all their CHILDREN!

Most people do our best to catch and capture the goal and dream of being self-sufficient, providing for our children, and building a future based on individual independence. With the individual's hard work and a livable wage WE CAN DO IT! YES WE CAN!

Please do not deny this world of opportunity by taking money AWAY FROM THOSE WHO NEED AND DESERVE IT THE MOST!!

Vote NO ON 418!!

John Viktora

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I was lied to by a paid circulator who tried to get me to sign the petition to get 418 on the ballot. He told me that 418 wouldn't lower the minimum wage, that it would just exempt some small businesses. I knew this was false and I told him. He responded: "That's what they've been telling us to say." Prop 418 people had already been gathering signatures for weeks when this paid circulator lied to me about the initiative. Before that time, other voters had already complained about circulators lying to them. Why was this lying allowed to continue? How many voters were lied to about what is in Prop 418? Prop 418 should never have made it onto the ballot because we can't trust that the signatures were gathered honestly. Please don't reward the deceptive tactics the 418 people used. Vote No on 418.

James Taylor

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Raising wages raises the economy.

When people have more money to buy things, they buy more things. Businesses make more money when people buy their products. When we raise workers wages, workers have the money to buy products. This increases business profits and businesses spends more.

For example, a bartender whose wages increase will have the extra money to go out for coffee, the increase in business to the coffee shop means the barista has the money to spend at a restaurant, the increase in business to the restaurant means the waiter has the money to go to the pub. Everyone wins. Multiply this by 14,000 workers who have received a wage increase and you can see how raising wages raises the economy.

Lowering wages means people have less money to spend at local business and local businesses suffer. Proposition 418 will lower wages in Flagstaff and hurt our local economy. Please join me in voting no on proposition 418.

Walter Yuhl

Adjunct Professor at Clark University, Faculty of Economics

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I am writing to urge my fellow citizens to oppose Proposition 418. By voting NO, we will keep our 2016 minimum wage law on the books. We need to recognize the impact of this law. 14,000 Flagstaff workers have received a raise. We need to recognize that Flagstaff has a high cost of living. We are a tourist destination and tourists help bear the cost of this wage increase.

Despite the dire predictions of some business owners, we have not seen an economic disaster for local businesses. In fact, businesses have thrived with substantial increases in revenues. For example, all industries had a 10.89% increase in revenues for the year ending in May 2018, when compared to the same period the previous year. Further, our unemployment rate is the lowest in nearly 10 years.

We need to keep on track with our 2016 minimum wage law. All work is valuable and workers should be paid a living wage. Poverty is devastating to individuals and families. Our area has a high rate of children living in poverty—almost ¼ of the child population. The Flagstaff rate of child poverty is 18.3% of persons under 18.

Keep Flagstaff growing by supporting our minimum wage law. Vote NO on Proposition 418, which would repeal our minimum wage law.

Dorothy Renstrom

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I am writing to urge a NO vote on Proposition 418. Prop 418 not only reduces the minimum wage approved by Flagstaff voters in November of 2016, but it eliminates worker protections against wage theft that are built into our minimum wage law. Nationally, workers are robbed of \$15 billion dollars annually by employers who fail to pay legally earned wages. In Flagstaff to date, nearly two dozen complaints have been filed with the local Office of Labor Standards by workers claiming that they were not paid properly by their employer. Prop 418 removes the provision in the law for local enforcement of wage disputes and forces housekeepers, servers, cooks, car wash attendants, retail employees and others in the lowest paid occupations to appeal to distant, unaccountable state or federal agencies for a resolution of their claim.

The current law is working for Flagstaff's hard-working employees. It is also working for the many law-abiding employers who pay their employees properly. Why should they be forced to compete with employers who violate the law and steal wages from their employees? That is exactly what will happen if Prop 418 is passed and workers have no local protections against wage theft.

Let's support Flagstaff's workers and law-abiding employers. Join me in voting NO on Prop 418.

Joseph Bader

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I will vote NO on Proposition 418. In November 2016, 54 percent of Flagstaff voters approved a new minimum wage ordinance that raised our local minimum wage to \$15 per hour by 2021. The City Council subsequently increased that to \$15.50 per hour by 2022. This was an effort to address stagnant wages and increasing poverty in Flagstaff, affecting 1 in 4 children.

In response, the corporate lobby and a dark-money group in Phoenix connected to the billionaire Koch bros empire, launched a petition to overturn the will of Flagstaff voters. They called it the "Sustainable Wages" Act because the only way they can get people to support their phony initiative to decrease the wages is to confuse the voters. Prop 418 REPEALS the Flagstaff minimum wage law almost entirely. It lowers the minimum wage, repeals the provision for increasing the sub-minimum tipped wage to the full minimum wage, and eliminates all local enforcement of the law.

Flagstaff has prospered since our new law went into effect. Wages are increasing for those who need it most. By 2021 almost 30,000 workers will have received wage increases that they would not have received otherwise. New businesses are opening, unemployment is at its lowest point since May 2008, sales tax revenue is up, and "Help Wanted" signs are displayed everywhere, indicating a demand for labor.

Prop 418 threatens our current prosperity and economic growth. Let's not go backwards. Send a message to the business lobby that their anti-worker program isn't welcome here. Please join me in voting NO on Prop 418.

Eva Putzova

The views of Ms. Putzova do not necessarily reflect those of the Flagstaff City Council.

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Proposition 418 does not have the interests of our community at heart. I moved to Flagstaff sixteen years ago, in 2002, to take a faculty position at NAU. I was struck by the low standard of living of too many city residents compared to the other university towns of comparable size in which I've worked and studied. It's disgraceful, especially when one learns how many people in Flagstaff are working two jobs to survive because the wages are so low relative to

the cost of living. Despite the unsubstantiated arguments for Prop 418, evidence shows that higher wages stimulate the economy. When people have a disposable income, they can afford to patronize establishments that need business. This is self-evident, and our minimum wage increase has proven it, with Flagstaff industries boasting an average revenue increase of 10.89% as of May 2018. A number of businesses have expanded, and last year over 100 new ones opened their doors in Flagstaff.

Moreover, Prop 418 would remove many employee protections such as those relating to overtime pay, which are currently based on federal law. It would also end protections against wage theft, a huge problem for service industry workers, especially those in hotels and motels. Employers could once again expect them to work off the clock. Prop 418 would also dissolve the important Office of Labor Standards, which received eighteen claims in the first two months of 2018 alone. Flagstaff relies on tourism, and we must take care of the people who are the backbone of this industry.

Greta Murphy

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Please vote 'NO' on Proposition 418, and protect the minimum wage increase that Flagstaff voters passed in 2016.

No one who works a full time job should be living in poverty. The minimum wage has not kept up with inflation, and because of that, workers earning minimum wage are less and less able to support themselves as time goes on. Increasing the minimum wage to \$15.50 by 2022 goes a long way toward putting minimum wage workers on a more solid footing.

Businesses and business owners have a moral responsibility that is more than just maximizing their own profits. A business should be a public good where everyone benefits: workers earn enough to make a living, consumers pay a fair price for goods and services, and the owners and/or shareholders make a fair profit. Having a living minimum wage just ensures that the workers' part of the equation does not get lost in the competition of the "free market."

Paying workers a living wage is not only the right thing to do, it is the right thing to do to improve the economy as a whole. If people living paycheck to paycheck have more money to spend, more will be spent and go back into the community.

Flagstaff voters approved the increased minimum wage in 2016, and now outside interests are pouring money into this effort to undo that decision; we should not allow that to happen. The state's minimum wage law is also under attack, so it is crucial that we do what we can as a city.

Vote 'NO' on Proposition 418, defend workers' rights and help establish a living wage for all.

Phil Dudas

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In 2016, despite the dire warnings of the Chamber of Commerce, Flagstaff's citizens passed Proposition 414, raising the local minimum wage to a level more in keeping with Flagstaff's high cost of living. In the two years since Flagstaff has seen both an increase in the number of new businesses as well as a decrease in unemployment. Unfortunately, Flagstaff has also seen the introduction of Proposition 418, the falsely named "Sustainable Wages Act" whose only goal is to maintain Flagstaff's status as "Poverty With a View."

If you were to stand on any street corner in Flagstaff, the sheer number of "Now Hiring" signs might lead you to think that the proponents of Prop 418 haven't even been to Flagstaff lately—and you'd be right. The fact is that well over half of the money used to fund Prop 418 came from a Phoenix-based group—including the money paid to the out-of-town petition circulators who collected the signatures necessary to get Prop 418 on the ballot in the first place.

I am tired of Phoenix telling Flagstaff how we should run our city, and of the dire predictions that come out of Phoenix every time we act to make our city an even better place to live and work. Phoenix complained when we became an

International Dark Skies City that they wouldn't be able walk the streets at night. They complained when we banned smoking in restaurants that they couldn't enjoy their meal. They even complained when we passed the BBB tax, because the money they spent in Flagstaff would only be used to fund Flagstaff parks. And now they're complaining that we want our workers to be paid a fair wage.

Don't let Phoenix decide how we run Flagstaff. Vote "NO" on Prop 418.

Kelly Poe Wilson

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As a successful small business owner in Flagstaff, I am writing to urge you to join me in voting NO on Proposition 418. Prop 418 would lower Flagstaff's minimum wage, reduce the tipped wage earned by our hard working tipped workers, and eliminate local worker protections against wage theft. It would also harm our local economy. Since the passage of our minimum wage ordinance in November of 2016, the increased wages have fueled healthy economic growth in Flagstaff. Over 100 new businesses have opened, and sales tax revenues have increased 10.89% over the previous year.

I started my cleaning company TRUE SHINE, LLC 1.5 years ago. I have seen my business grow since the minimum wage increased and I already pay my staff \$15 per hour. I have plans to expand and continue to grow as the minimum wage increases and people have more money to spend.

If Proposition 418 passes it will have an adverse impact on both workers and local businesses. Even though Prop 418 would not directly affect the people who work for me (because we already pay more than the minimum wage), we stand in solidarity with those who would be affected. We have a moral, as well as an economic imperative, to VOTE NO on Proposition 418.

Lorena Zeilman

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Flagstaff voters already decided what they want their wages to be, and local businesses have listened. 14,000 Flagstaff workers have received raises, with many going from \$8.05 to \$11.00 per hour – a significant amount. In addition, Flagstaff has added over 100 new businesses despite the alarmist cries from those that have so much fear and so little regard for the American worker. Speaking of which, American Encore, the Koch Brothers funded, Phoenix based group behind Proposition 418 has a history of laundering money. It makes sense that a large corporate empire like the Koch empire, would do everything they can to keep money out of the pockets of the hourly wage earner. If 418 passes, you can expect that even if the Federal minimum is raised, Flagstaff wouldn't see that raise. In addition. The current rule that say tips belong to the employees would go away, paving the way for wage theft by restaurants. These and many other reasons are why we can't let 418 pass.

Don't let ANYONE take away our raises in Flagstaff – remember unemployment is at the lowest it's been in 10 years. Don't believe the hype. Flagstaff can, and will continue to improve the quality of life for all residents, as long as dark money and fear mongers stay out of the way. 'Raising wages doesn't kill jobs. It's just a thing rich people say to poor people.' – Nick Hanauer, self-made billionaire

Vote NO on Proposition 418

Naima Schuller

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I urge you to vote NO on Proposition 418. Prop 418 would repeal all the major provisions of our local minimum wage ordinance passed by 54% of the voters in November of 2016. Over 14,000 workers in our town have received a raise to date, including many of our poorest residents. Most low wage workers are women and people of color. It would be ethically reprehensible to lower their wages and once again make them vulnerable to wage theft like they were before we passed our minimum wage law.

Why should housekeepers and their children be kept in poverty while hotel owners take advantage of their inexpensive labor? The economy of Flagstaff has benefited, and will continue to benefit, from a more just minimum wage. Many of us are tired of Flagstaff being described as “poverty with a view,” as if our community's poverty were somehow a badge of honor. Flagstaff's high cost of living provides no comfort to the people who work in this town struggling to pay rent. Everyone deserves a livable wage. Let's tell the Chamber lobby and the billionaire Koch brothers that Flagstaff is not for sale.

Vote NO on Proposition 418.

Robert Neustadt

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Everything the Flagstaff Chamber of Commerce and their dark money campaign told us as they whipped up fear about Flagstaff's minimum wage increase was a lie, plain and simple. Same with the AZ Chamber's fearmongering about the statewide increase. Flagstaff is booming. Arizona is booming. And both are booming \*especially\* in the sectors of the economy most affected by higher minimum wages: food service, retail, and lodging. The lost jobs that the Chamber floated like bogeymen above our heads have instead turned out to be... more jobs. And thanks to Flag's minimum wage campaign, more and more of those jobs are offering greater dignity to those who work them, as they earn more livable wages.

While it is true that minimum wage alone can't solve all of Flagstaff's economic problems, that's not an excuse to avoid doing what's right: using one powerful tool in the toolbox for addressing inequality by giving fair pay for a day's work. Some have blamed rising rental costs on the higher minimum wage, but the data actually shows that the largest increase in rental prices over the past several years came between 2013 and 2015, months before the higher minimum wage came into effect. We will always struggle with high rental and housing costs because of our highly desirable location and difficulty expanding, combined with the fact that Arizona law prevents us from mandating affordable housing on developers.

But keeping our higher minimum wage schedule is a no-brainer for our town's future vitality as well. Once all of the increases have kicked in, these higher wages will generate \$90 million annually in Flagstaff, money that will be spent mostly locally to stimulate our economy, generating still further economic activity and growth.

So vote no on Prop 418 and stop the pay cuts!

Derek Born

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The Coconino County Democratic Party OPPOSES Proposition 418. Prop 418 repeals all the essential provisions of the Flagstaff minimum wage law passed by 54% of the voters in November 2016. Prop 418 would reduce Flagstaff's minimum wage to only \$0.50 an hour above the state minimum wage and remove the gradual increase in the tipped wage to the full minimum wage thereby maintaining the wage for tipped workers at \$3 per hour below the minimum wage. It would also remove the clause stating that tips received by tipped employees are their sole property, and remove the provision for the Office of Labor Standards and the city attorney to coordinate implementation, investigation, and enforcement regarding the minimum wage law.

A survey of our precinct committee persons who make up the voting membership of the party has demonstrated majority opposition to Proposition 418 and in addition, the City Council has already adopted amendments to the minimum wage law which further the purposes approved by voters while also giving businesses time to adjust to the combined impact of state and local minimum wage increases. In light of these developments, and after careful deliberation, the Coconino County Democratic Party urges the voters of Flagstaff to vote NO on Proposition 418.

Nathan Jones

Chair of Coconino County Democratic Party

No on 418

Vote No on Prop 418. Inequality of wealth is skyrocketing. The situation is now so bad that the USA is back to levels of inequality worse than at any time since the 1920's. The very richest Americans have taken virtually all of the gains of economic growth in the last ten years. They were also just granted massive tax cuts by Congress. By voting no on 418, you can give poor people a chance to survive in a society where inequality means shorter life spans, more emotional and psychological problems, less exercise, higher rates of smoking, higher crime rates, higher high school dropout rates, higher rates of employee turnover and absenteeism at work, higher rates of federal spending on public assistance programs and decreasing tax revenue. As ordinary people can barely consume, it even cuts back on economic growth. Raising the minimum wage benefits exactly those workers most likely to put their additional wages straight back into the economy. If approved, Prop 418 will:

- Reduce Flagstaff's minimum wage immediately
- Kill any increase in the tipped wage
- Overturn local protection of workers' tips from employer misuse
- Abolish local enforcement of minimum wage laws
- Allow some shady businesses to get away with wage theft

Don't vote for a Koch brothers funded poison pill designed to turn Flagstaff into the latest victim of the 1%.

Steve Zavodnyik

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Friends of Flagstaff's Future has long been a supporter of economic prosperity in this community, which is why we strongly oppose Proposition 418. The quality of work from employees and the overall quality of our community suffer when there is high turnover. It is more costly for businesses in the long-term for employees to leave Flagstaff for communities with better financial livability. Our cost of living is 15-20% higher than other metropolitan areas in Arizona; our wages should reflect that to keep trained workers here.

F3 supports our local businesses and their contribution to the unique character of Flagstaff. We want them to be able to provide the best customer service to establish repeat business; this comes from skilled employees who know their jobs well, who can more fully participate in Flagstaff activities, and who are able to focus on their jobs. A living wage, by reducing the stress of high rents and other expenses, allows employees to be full members of our community.

As soon as our living wage law was passed by voters in 2016, it was attacked by outside groups. Those who predicted economic catastrophe with any increase in minimum wage have been proven wrong. Instead of boarded-up shops, we have over 10% growth in all industries -the largest gains coming from service industries that pay the higher minimum wage. Instead of long unemployment lines, we have the lowest rate in over a decade.

20% of Flagstaff employees have already received a raise and a substantial improvement in their quality of life. Within the next four years, many more are expected to see the benefits of an increased minimum wage. Friends of Flagstaff's Future wants this economic prosperity for both employees and businesses to continue. Don't let its name fool you, vote NO on 418.

Friends of Flagstaff's Future

Emily Melhorn  
Vice President

Michael Caulkins  
President

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For decades we've been told that if we give money to the rich, they will invest the money, and it will trickle down, and we will all prosper. On this theory round after round of tax cuts have gone to those at the top, and handouts to corporations have exponentially increased.

It hasn't worked. Inequality is increasing; the middle class is vanishing. Once upon a time, people with minimum wage jobs could buy a modest home and raise a family. No more. Now people work two or three jobs just to make ends meet.

They tell us we haven't gone far enough, that the job creators are still hobbled by their tax burden. Just give the rich a little more, and surely they will finally be sated, and the excess will overflow back to the rest of us. Turns out if you give more to the wealthiest, they have no reason to spend it; they already spend as much as they want.

In contrast, when the poorest earn more money, they spend. First they buy food, healthier and in greater variety. They buy their kids new clothes and books and bicycles. They finally go for that checkup. The money spreads through the community. We are already seeing the effects in Flagstaff: revenue reported to the city tax office is up nearly 11% compared to last year. Many businesses are expanding and opening new locations. Unemployment has dropped and "now hiring" signs are everywhere.

Business owners forget that employees are also customers, that if they want their customers to spend money, those customers need to make money first. They fixate on the expenditure side of the balance sheet, and don't notice that revenues are increasing. They see one side of the equation, and scare themselves. Remember this when you vote.

Jody Clements

# PROPOSITION NO. 419



## CONTINUATION OF SALES TAXES – ROADWAY, PEDESTRIAN, BICYCLE, AND SAFETY IMPROVEMENTS

### SUMMARY ANALYSIS

(For more information see Frequently Asked Questions below)

Since 2000, the Flagstaff City Council has collected City Transportation Sales Taxes for roads, pedestrian, bicycle, and safety improvements at a combined rate of 0.426% or 42.6 cents on a \$100 retail purchase. That combined sales tax is scheduled to end on June 30, 2020.

#### History of City Road Funding

Historically, the City of Flagstaff funded all road projects with state-shared monies from the Highway User Revenue Fund (HURF). These state-shared revenues, as well as federal transportation revenues are generated primarily from taxes on gas and diesel fuel. The buying power of these taxes has been declining for several decades. At the same time, transportation project construction and repair costs have been increasing. Additionally, cars and trucks have become more fuel efficient, so fuel tax revenues have not kept pace with the increasing overall miles of travel on the roads. The State has also diverted some highway monies from road projects to pay for other state services that have directly reduced the City's annual revenues from HURF.

- Adjusted for inflation, the buying power of a dollar in fuel taxes today is only 54% of what it was worth in 1990. The steady decline of these major funding sources is straining street and road budgets for all levels of government (city, county and state), including the City of Flagstaff.
- Arizona ranks among the lowest states in combined federal and state gasoline tax rates.
- Over that last 15 years, the State has diverted over \$4 million in state-shared highway revenues that would otherwise come to Flagstaff due to transfers to other state purposes.
- The City is not authorized to collect its own gas tax.

Recognizing the importance of a good transportation system to City residents and the pending expiration of the current City Transportation Sales Taxes, the City Council voted to place a question on the November 6, 2018 election ballot seeking authority to continue the current City Transportation Sales Taxes, at the existing rate of 0.426% (42.6 cents on a \$100 purchase), for roadway, pedestrian, bicycle, and safety improvements. The estimated costs of these improvements and more-detailed descriptions of the proposed projects are as follows:

#### Project Description:

If Proposition 419 is approved by the voters, the City Transportation Sales Tax will fund new streets, widened streets, pedestrian and bicycle projects, safety improvements, and street operations, including but not limited to, traffic signal technology. To accommodate vehicles, pedestrians, bicycles, and buses, new and widened streets will be proposed to be built as "complete streets" that incorporate:

- Adjacent curbs, gutters, sidewalks, bicycle paths;
- Pedestrian safety projects, transit facilities; and
- Utilities under or near streets being constructed or repaired using City utility program funding. This ensures efficiency so that the City's Water Services Division (water, wastewater, and storm water) does not have to cut into recently improved streets.

The costs listed below are estimates only, based on City staff projections. Spending priorities for all transportation projects are established annually by the City Council based on regular public input, debate, and consideration as a part of the City's annual budget process.

## **New Streets Projects**

Several new streets will be added, if Proposition 419 is approved. These new streets will allow traffic to balance across the city to help improve circulation and manage congestion. They will also provide alternate routes for many reasons, such as accidents, major events, and construction. Pedestrian, bicycle, and transit movements will be provided for on or along the new streets.

Some of the new streets will include John Wesley Powell Boulevard from I-17 to Lake Mary Road and John Wesley Powell Boulevard from Lone Tree Road to Fourth Street at Butler Avenue. These streets have been identified as needed in the City's and region's major plans and by various City commissions.

This alternate route allowing east-west travel south of I-40 and connecting I-17 to Lone Tree Road and Fourth Street will support access to employment at the airport. Travelers to and from downtown, including winter tourists, will be able to better access Lone Tree Road. Long distance bicyclists may access Lake Mary Road and US Highway 89A. Traffic from residential and commercial development south of I-40 and east of I-17 can be distributed to multiple north-south routes.

If Proposition 419 is approved, approximately \$61 million is proposed to be spent on new streets. Private funding is expected to pay a significant portion of the cost of John Wesley Powell Boulevard and Fourth Street between Lone Tree Road and Butler Avenue. It is also expected that the City will negotiate with private partners along these corridors for partial funding of other public improvements along and near those corridors, such as parks, fire stations, and police stations.

## **Street Widening Projects**

A number of possible street widening projects will add two new lanes to several current two-lane roadways. Many locations will be landscaped with center medians and parkways between the street curb and sidewalk. Some intersections will be improved to be more efficient. Some streets that are part of the permanent transit network, will have transit related improvements.

Some of the streets that will be widened include Lone Tree Road, Butler Avenue between I-40 and Fourth Street, and West Route 66. The street widenings will correct some existing bottlenecks and challenging or unpredictable traffic merges. Capacity will be added at intersections to improve efficiency and operational improvements like traffic signals added where warranted.

If Proposition 419 is approved by the voters, approximately \$96 million is proposed to be spent on street widening projects. Additional funding through public-private partnerships is expected to help complete some of the projects. Partnerships with adjacent land owners, Arizona Department of Transportation, and Northern Arizona University will be pursued where appropriate.

## **Pedestrian & Bicycle Projects**

Improvements to bicycle and pedestrian pathways are important to make Flagstaff a more livable community. Various sidewalks, bike lanes, and Flagstaff Urban Trails System (FUTS) trails may be built where there are currently gaps in these systems and additional, enhanced street-level street crossings will be added for safety. Some pedestrian/bicycle bridges and tunnels will be added to improve travel times and safety. These projects will occur across the city.

Continuous, uninterrupted, and safe travel encourages more pedestrians and bicyclist travel. The improvements will also make it easier to get to some bus stops.

If Proposition 419 is approved by the voters, approximately \$54 million is proposed to be spent directly on pedestrian and bicycles facilities. This is beyond the new sidewalks, bike lanes, and crossings that will also be built in conjunction with new and widened streets.

## Street Operations

Safe and efficient street operations require constant monitoring and technology upgrades. If Proposition 419 is approved by the voters, funds may be used to partner with agencies like the Arizona Department of Transportation and Northern Arizona Intergovernmental Public Transportation Authority, the transit authority, on mutually beneficial projects. Developers building new subdivisions and commercial buildings will contribute their fair share to nearby transportation improvements like traffic signals and the City will use these monies to complete street improvements. Traffic signals will be added, older signals will be enhanced with new technology, and new street lights will be installed to maintain the City's commitment to maintaining Flagstaff's "Dark Skies". Improved traffic light technology allows better traffic management at intersections and quickly identifies problems in the signal system. Neighborhood and corridor plans will be developed with public input on new or improved facilities.

The City's Street Section will respond to the changing needs and pressures over the life of the City Transportation Sales Tax. Having funding available for partnership opportunities allows the City to respond immediately to opportunities when they occur and allows local tax dollars to do more.

If Proposition 419 is approved by the voters, approximately \$55 million will be spent on street operations.

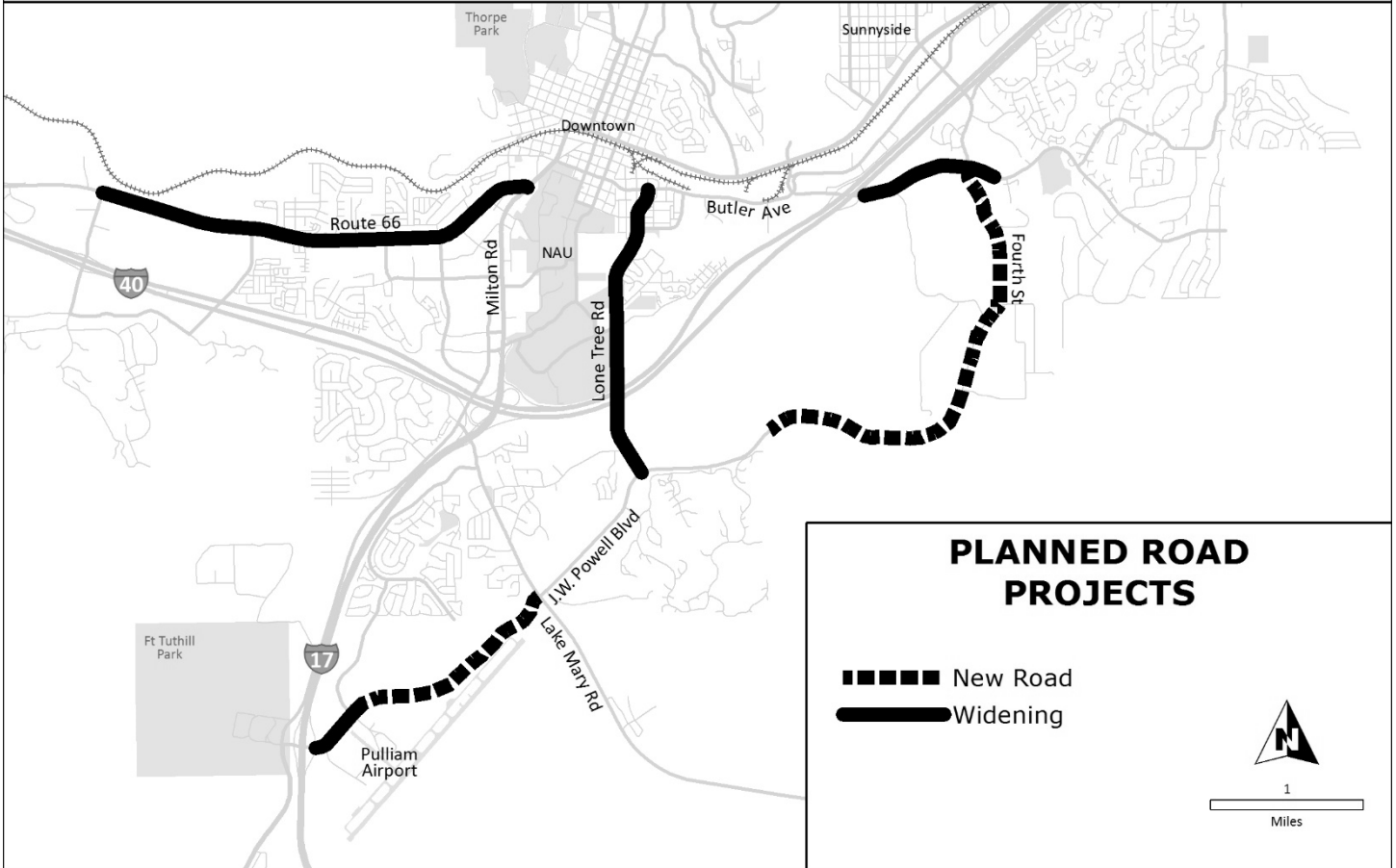
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## City Transportation Sales Tax Facts

- **Rate** – If approved, the City Transportation Sales Tax rate will remain 0.426%, which is the equivalent of 42.6 cents on a \$100 purchase. Because the City Transportation Sales Tax will be a continuation of the existing tax at the existing rate, the City's total sales tax rate for general and transportation purposes will not increase.
- **Length** – If approved, the continuation of the City Transportation Sales Tax will be for a period of 21 years from July 1, 2020 until June 30, 2041, if approved.
- **Revenue generation** – The City Transportation Sales Tax is projected to generate approximately \$266 million over the 21-year period, including anticipated inflation. The amount actually generated will be dependent on economic conditions during the period.
- **Borrowing** – If approved, the City may borrow to fund some projects secured by the City Transportation Sales Tax revenues. The financing proceeds will be used to expedite some of the larger projects. This way, critical projects can be completed sooner and will cost less.

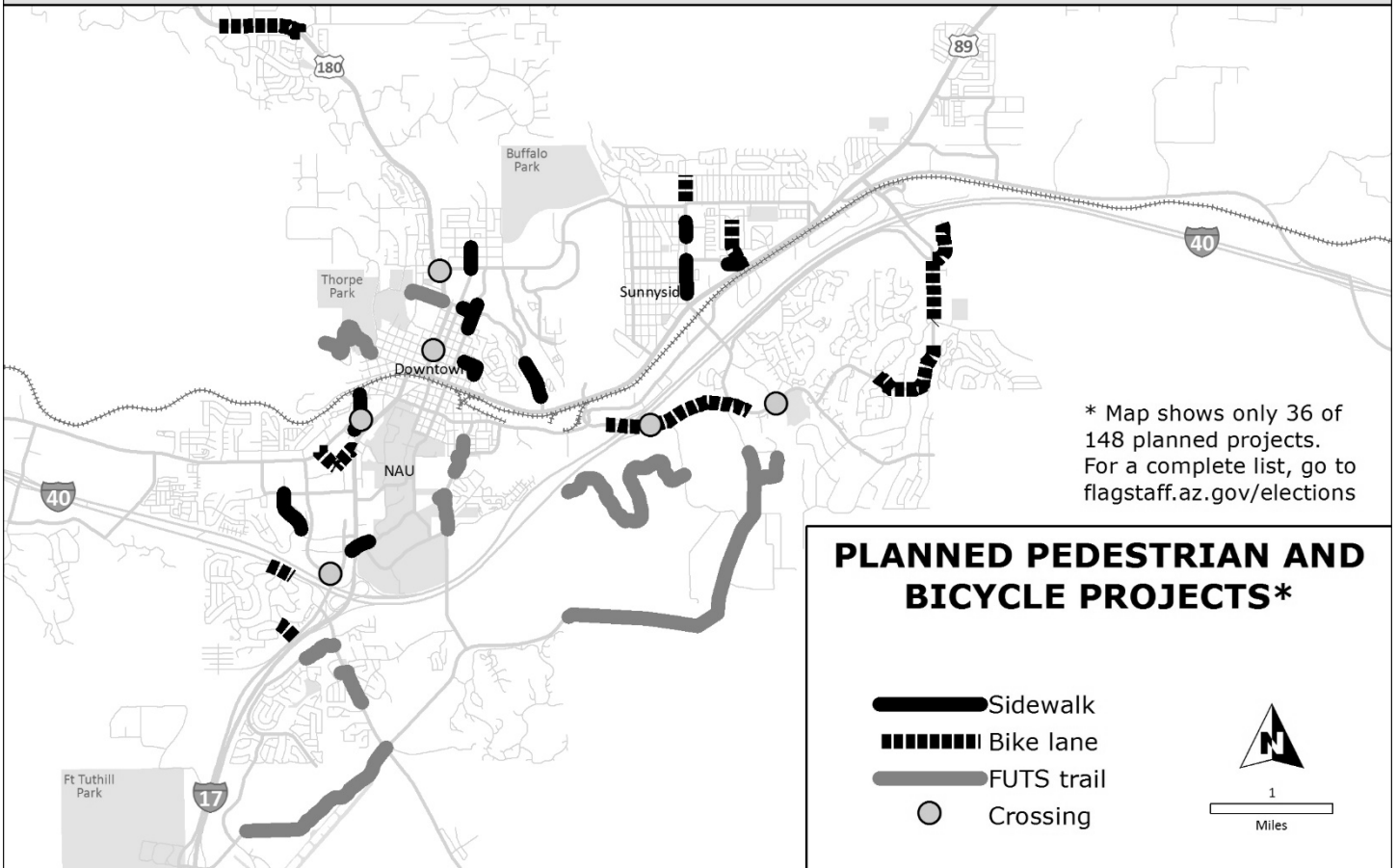
# PROPOSITION 419

## Roadway, Pedestrian, Bicycle and Safety Improvements



# PROPOSITION 419

## Roadway, Pedestrian, Bicycle and Safety Improvements



# Frequently Asked Questions

(For more information see Summary Analysis above)

## Questions about Proposition 419 – Continuation of Sales Taxes – Roadway, Pedestrian, Bicycle, and Safety Improvements

### 1. **Why is the City of Flagstaff sending this proposition to the voters?**

Flagstaff's City Transportation Sales Taxes, first approved by voters in 2000, expires on June 30, 2020. These taxes provide most of the funding for roadway, bicycle, pedestrian, and safety projects in the City as well as general transportation system operations. If the taxes are not continued, most transportation projects in the City will stop. Additionally, the proposed projects that will be funded, if determined by the City Council, have been identified in the Flagstaff's voter approved General Plan, *Flagstaff Regional Plan 2030: Place Matters*.

The City Charter requires voter approval to levy a city sales tax, such as the City Transportation Sales Tax.

### 2. **What is the City Transportation Sales Tax?**

The City of Flagstaff imposes a dedicated sales tax rate for general transportation purposes. This tax rate is referred to as the City Transportation Sales Tax. First approved by City voters in 2000, it has funded a significant number of roadway, bicycle, and pedestrian projects, including the Fourth Street Railroad Overpass, the connection of Soliere Avenue to Fourth Street, and the improvements to West Street.

The City Transportation Sales Taxes originated when City voters passed three separate transportation sales tax ballot questions in 2000. The three ballot questions concerned *Safe to School and Pedestrian and Bike Projects*, the *Fourth Street Railroad Overpass*, and *Traffic Flow and Safety Projects*. The combined sales tax rate for the three ballot questions was 0.426%, or 42.6 cents on a \$100 purchase. If approved, Proposition 419 would continue the City Transportation Sales Tax at that same rate through 2041. The City's sales tax is a transaction privilege tax on the gross revenues generated by retail sales and other taxable activities.

If approved, Proposition 419 would continue the City Transportation Sales Tax at the existing rate of 0.426% or 42.6 cents on a \$100 purchase.

### 3. **Why is the City sending this proposition to the voters now?**

The City Transportation Sales Taxes, first approved by voters in 2000, expires on June 30, 2020.

The Flagstaff Citizens' Transportation Tax Commission met through the last winter and spring and recommended to the Flagstaff City Council that a question to continue the City Transportation Sales Tax at the current tax rate level be placed on the November 6, 2018 election ballot. The Commission met numerous times and

- Received public comment;
- Reviewed, analyzed, and discussed the existing conditions of the City's street, transit, pedestrian, and bicycle systems;
- Reviewed, analyzed, and discussed the anticipated future conditions of the City's street, transit, pedestrian, and bicycle systems;
- Reviewed and discussed the Flagstaff Metropolitan Planning Organization's *Blueprint 2040 Regional Transportation Plan*;
- Reviewed a wide range of proposed transportation projects and needs in the city;
- Reviewed and discussed plans and policies frequently used in transportation planning;
- Reviewed and discussed the funding and financing of the City's transportation systems and projects;
- Reviewed, discussed, and initially prioritized a range of transportation needs within the city and possible transportation solutions; and
- Discussed and prioritized specific alternative solutions to meet the transportation challenges confronting the City.

The work of the Flagstaff Citizens' Transportation Tax Commission relied on the Flagstaff Metropolitan Planning Organization's *Blueprint 2040 Regional Transportation Plan* that was an extensive transportation planning effort

over 24 months. The *Blueprint 2040 Regional Transportation Plan* was supported by a steering committee of community leaders, presentations to numerous City and County commissions, and several surveys.

**4. Who will pay for the proposed transportation projects and what will they cost?**

If Proposition 419 is approved by the voters, any person, resident or non-resident, purchasing taxable goods within the city limits would continue to pay the City Transportation Sales Tax during the life of the tax extension. It has been estimated, that as much as fifty percent (50%) of City sales tax collections are on purchases made by non-residents.

**5. Why is the City considering issuing bonds for these proposed transportation projects?**

Bonds will allow the City to accelerate some of the larger projects, so they can be completed sooner, rather than later. Without the bonds, it could mean waiting up to 15 to 20 years for the completion of some projects.

**6. Has the City considered raising the gas tax to pay for proposed roadway, pedestrian, bicycle, and safety improvements?**

State law prohibits cities from levying a gas tax; only state and federal governments can do that in Arizona.

**7. Isn't there State funding for transportation projects like these?**

There has not been a significant increase in state highway user taxes in over 25 years and over that time the "buying power" of state shared highway revenues has significantly declined. That is one of the reasons that the original City Transportation Sales Taxes were submitted to Flagstaff voters in 2000.

**8. Why is the City considering continuing to use a sales tax to fund transportation?**

If Proposition 419 is approved, every person and business purchasing taxable goods or engaging in taxable activities within the city would continue to pay the sales tax. This includes visitors to Flagstaff as well as people who live outside the city limits and come into Flagstaff to work, shop, and socialize and who all use city streets. Many Arizona cities rely on sales taxes to pay for a portion of their transportation costs.

**9. How much will City sales taxes increase if Proposition 419 is approved?**

Proposition 419 is to continue the existing City Transportation Sales Tax, so the sales tax rate will not increase if Proposition 419 is approved. The current total City retail sales tax is now 2.051%. It will remain 2.051% if Proposition 419 is approved and no other sales tax increases are approved.

**10. How much will City sales tax total if Propositions 419, 420, and 421 are all approved?**

If only Proposition 419 – *Continuation of Transportation Sales Tax* is approved, the overall City sales tax will remain 2.051%. If Proposition 420 – *Lone Tree Overpass Sales Tax* is also approved, the overall City sales tax will increase to 2.281%. If both Proposition 420 – *Lone Tree Overpass Sales Tax* and Proposition 421 – *Increasing Transit Services* are also approved, the overall City sales tax will increase to 2.431%.

The City also levies a dedicated Bed, Board, and Beverage sales tax of 2.0%. If Proposition 419 is approved the total City tax on lodging, restaurants, and bars will remain 4.051%.

**11. What would the total state, county, and city sales tax rate on lodging, restaurants, and bars be, if Propositions 419, 420, and 421 are all approved?**

If Propositions 419, 420, and 421 are all approved, the total state, county, and city sales tax rate (with the City's 2% BBB tax) in Flagstaff on lodging, restaurants, and bars will increase from 10.951% to 11.331%.

**12. Why can city residents only vote on this increased tax when county residents will also pay?**

State law does not allow citizens who reside outside city limits to vote in city elections. County residents will only pay this tax on goods purchased within the city limits.

**13. What will ensure that the new tax money is being spent on these proposed transportation projects?**

The ballot language is legally binding. By law, the City may only spend the voter-authorized revenues for the improvements stated in the ballot question.

If Proposition 419 is approved, future City Councils will review, consider, and determine which projects proposed by City staff and commissions will be approved and receive necessary allocations for completion. This process will occur both at regular City Council meetings where public comment will be received, as well as through the budget process which includes a public hearing and City Council consideration/debate. Ultimately it will be future City Councils that determine which proposed projects will be approved, which real estate will be acquired, and how the money from the continuing sales tax will be spent.

**14. How can we be sure there is enough money to complete these proposed projects?**

In its projections, City staff has used conservative estimates of future revenue collections and inflation. The City has also been conservative in their proposed project cost estimation. The City will report to the public regularly to discuss transportation spending priorities. Any differences between expected revenue and actual revenues will be discussed by the Council and with the public regularly when reports are given at City Council meetings.

**15. Does a “yes” vote on one proposition require a “no” vote on the other propositions?**

No, each ballot item is a separate question. Voters may vote either “yes” or “no” on each proposition. The several potential projects and programs described in Propositions 419, 420, and 421 are designed to work together to improve the overall transportation system. But each proposed project that would be funded by Propositions 419, 420, and 421 is also designed to stand on its own. In this election, voters have the opportunity to decide whether it is important to undertake all, some, or none of these projects at this time.

**16. Have City voters previously supported additional expenditures for transportation?**

Yes. In 1988, City of Flagstaff voters approved bonds for several transportation improvements.

In 2000, City voters approved several sales tax increases to fund general street improvements, pedestrian and bicycle improvements, safety projects, the Fourth Street Railroad Overpass, and the start of the City’s transit system.

In 2008 and 2016 voters approved an expansion and then extension of transit sales tax.

In 2014, voters approved a sales tax for road repair and street safety improvements.

The City Transportation Sales Taxes, approved by voters in 2000, for general street improvements, pedestrian and bicycle improvements, safety projects, and the Fourth Street Railroad Overpass expire in less than two years.

**17. What is the purpose of the proposed projects?**

The roadway, pedestrian, bicycle and safety improvements projects are designed to address bottlenecks, needed connections, and facilities for pedestrians, and bicycles. If approved, Proposition 419 will also fund for a number of smaller projects designed to improve traffic flow and safety citywide.

**18. The City is asking for an extension, what do these taxes currently fund?**

The 0.426% City Transportation Sales Tax, approved in 2000 that ends in 2020, funded the *Fourth Street Railroad Overpass*, *Traffic Flow & Safety* improvements, *Safe-to-School* improvements, and other *Pedestrian and Bike Projects*.

**19. Which proposed projects will be built first?**

That will ultimately be a decision made by the City Council. If Proposition 419 is approved, those proposed projects for which engineering has been completed and that are already identified in City-adopted plans will likely be started first. A possible example of this is the Butler Avenue widening project between I-40 and Fourth Street. Smaller projects like new traffic signals and safety improvements will likely be built on an as-needed basis.

OFFICIAL BALLOT

PROPOSITION NO. 419

**Purpose: Continuation of Sales Taxes for Roadway, Pedestrian, Bicycle, and Safety Improvements**

Shall the City Council have the authority to amend the Tax Code of the City to continue the levy of three existing transaction privilege/sales taxes expiring in 2020 as a single "transportation" transaction privilege/sales tax rate of 0.426% (\$0.00426), to be in effect for a period of 21 years beginning July 1, 2020, to be used for the following purposes:

- design, construction, reconstruction, improvement, and maintenance of roadways;
- construction, reconstruction, and maintenance of walkways, bike paths, pedestrian and bicycle crossings;
- technology and signing;
- acquisition of necessary real estate and related interests;
- all incidental costs including relocation costs;
- debt service on debt incurred for such purposes

and authorizing the incurrence of debt to accelerate such purposes?

A **YES** vote shall have the effect of approving the continuation of a levy of a transportation sales tax at the same cumulative rate of 0.426% as the current taxes to be in effect for a period of 21 years beginning July 1, 2020, for roadway, pedestrian, bicycle, and safety improvements, and authorizing the incurrence of debt to accelerate such purposes.

**CONTINUATION OF SALES TAXES, YES**

A **NO** vote shall have the effect of disapproving a levy and allowing the existing transportation sales taxes to expire on July 1, 2020.

**CONTINUATION OF SALES TAXES, NO**

AS IT WILL APPEAR ON BALLOT

PROPOSITION NO. 419

**A measure referred to the people by the Flagstaff City Council relating to continuation of a Sales Tax for Roadway, Pedestrian, Bicycle, and Safety Improvements**

A **YES** vote shall have the effect of approving the continuation of a levy of a transportation sales tax at the same cumulative rate of 0.426% as the current taxes to be in effect for a period of 21 years beginning July 1, 2020, for roadway, pedestrian, bicycle, and safety improvements, and authorizing the incurrence of debt to accelerate such purposes

A **NO** vote shall have the effect of disapproving a levy and allowing the existing transportation sales taxes to expire on July 1, 2020

YES

NO

## **ARGUMENTS FOR PROPOSITION NO. 419**

The "for" and "against" arguments were reproduced exactly as submitted and were not edited for spelling, grammar, or punctuation. These arguments represent the opinions of the authors and have not been checked for accuracy of content.

Renewal of the transportation tax at the current rate is needed. This will provide continued system wide improvements to reduce congestion, extend elements of a transportation grid that has grown and affects all modes of transportation, and continue the expansion of bicycle/pedestrian and safety measures throughout the City.

I sit on many regional transportation organizations and am aware of the need. The improvements fit long-term plans that started with the Transportation element of the 2001 Regional Plan. A yes vote will allow plans for corridors to move up and be funded, roads to be part of a much-needed grid, and for pedestrian and bicycle improvements which are an attribute Flagstaff provides for its residents and visitors. Safety is also at the forefront of consideration as modifications are planned for the system. Please vote yes on question 419.

Matt Ryan  
Coconino County Supervisor

## **ARGUMENTS AGAINST PROPOSITION NO. 419**

The "for" and "against" arguments were reproduced exactly as submitted and were not edited for spelling, grammar, or punctuation. These arguments represent the opinions of the authors and have not been checked for accuracy of content.

I urge you to vote NO on Proposition 419. While I am fully supportive of investing in our transportation infrastructure in order to improve our system, I do not feel that this tax renewal was developed in a way that will ensure our transportation system meets the needs and desires of Flagstaff citizens, and yet we will be locked into this tax for 21 years, while transportation systems and options will be changing rapidly. The commission that evaluated the projects that this tax money would be used for did not take into consideration greenhouse gas emissions (GHGs) nor vehicle miles traveled (VMT), two metrics that will greatly impact your quality of life. The process also excluded the Sustainability Section at the City, meaning that it was siloed in the transportation department and did not take into account the developing Climate Action and Adaptation Plan (CAAP). If this proposition was to be defeated, we would have an opportunity to restart the process with greater input from the Sustainability Section and the directive of the CAAP and place it on the ballot in the next election. A different proposition could provide clear direction and actions on transportation that aim to reduce GHGs and VMTs, rather than continue to build more and wider roads and continue our reliance on single passenger vehicles.

Dara Marks Marino

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We urge a NO vote on Proposition 419.

We recognize transportation planning is not only a key function of the state and federal government, but also local government. However, we contend that the process the city used to determine whether to put this sales tax on the ballot was flawed for several reasons.

First and foremost, the City staff didn't bring forward any information to the Citizen's Transportation Tax Commission about greenhouse gas emissions and climate change despite the fact that the City Council has directed the City to produce a Climate Action and Adaptation Plan.

Second, we know from surveys that the people in Flagstaff strongly support bicycling and pedestrian infrastructure, yet the amount of the sales tax that will be used to address these needs is woefully inadequate.

Third, we believe that if this sales tax is approved, it will actually create MORE TRAFFIC congestion and not less because of the City's failure to engage in the difficult, yet very important, transportation planning conversations with City and County residents.

Because this is a 20-year tax, we urge voters to think carefully about whether doing things the way we've always done them, just because we've always done them that way, is the right approach. We believe that Flagstaff faces unprecedented transportation challenges and a NO vote will ensure that our community will get the chance it deserves to craft a real plan that incorporates important sustainability values BEFORE we vote to continue to collect the transportation sales tax. Let's engage in smart transportation planning and then the City could ask the voters to approve this tax in 2020.

Flagstaff-Northern Arizona Group  
Sierra Club

Joseph Shannon  
Chair

Marcia Burns  
Treasurer

Bob Baldwin  
Conservation

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I oppose Proposition 419 because the sales tax in Flagstaff is already too high (currently 8.951% for most goods and 10.951% for the privilege of eating out). If the three city sales tax propositions on this ballot pass, our new sales tax will be 9.331% for most goods and 11.331% for eating out (fast food, restaurant, bar, etc.). Flagstaff's restaurant sales tax rate already is one of the highest in the country.

Do not fall for the City's, "it's only \$0.46 on a \$100 purchase." That's how we got to our currently high sales tax rate. Pennies add up.

The City states that every new sales tax will end in "x" number of years, but they never expire. They always come back up for renewal and/or an increase. Renewals are increases.

Further, the City states in this "information" pamphlet (prepared by City staff with the help of a \$350/hour Phoenix consultant) that 50% of the City sales tax is paid by non-residents. Even if true, that does nothing to lower the tax burden on Flagstaff residents.

In addition to Prop. 419, there are at least six other tax increases on the ballot.

Not mentioned in this information pamphlet is the City's \$100 million unfunded Public Safety Personnel Retirement System (PSPRS) liability as well as the Rio de Flag project. The City will likely put these on the 2020 ballot thus increasing our sales tax another 1% or more. This is irresponsible and inexcusable.

Sales tax is regressive and disproportionately impacts the poor and those on fixed incomes. Flagstaff is already an expensive place to live and the City/Council is on track to continue making it even more unaffordable.

I urge you to vote no on Proposition 419.

Robert Miller  
Retired CPA

# PROPOSITION NO. 420



## SALES TAX – LONE TREE RAILROAD OVERPASS FROM BUTLER AVENUE TO ROUTE 66

### SUMMARY ANALYSIS

(For more information see Frequently Asked Questions below)

Since 2000, the Flagstaff City Council has collected City Transportation Sales Taxes for a range of transportation purposes, including the construction of the Fourth Street Railroad Overpass that connects East Route 66 and Fourth Street to Butler Avenue. Those City Transportation Sales Taxes are scheduled to end on June 30, 2020.

Recognizing the importance of a good transportation system to City residents, the City Council voted to place a question on the November 6, 2018 election ballot seeking authority to increase the City sales tax by 0.23%, or 23 cents on a \$100 purchase and authorize the issuance of bonds to finance the completion of the Lone Tree Railroad Overpass. If approved, the 0.23% sales tax would be referred to as the Lone Tree Overpass Sales Tax. The estimated costs of these improvements and more detailed descriptions of the projects are as follows:

#### **Project Description:**

If Proposition 420 is approved by the voters, the Lone Tree Railroad Overpass – a bridge connecting Butler Avenue to East Route 66 over the railroad tracks at Lone Tree Road – will be constructed. A new traffic signal will be located at the connection with East Route 66. The Overpass will have multiple lanes, sidewalks, bike lanes, and a Flagstaff Urban Trail System (FUTS) trail. Connections to the pedestrian and bicycle Santa Fe Trail along East Route 66 will also be made. Local street connections under the Overpass will also be completed.

The City is proposing to issue bonds to be repaid with the dedicated 0.23% City Lone Tree Overpass Sales Tax. By issuing bonds, the City will be able to complete the Overpass in six to eight years rather than possibly more than 18 to 20 years.

The Lone Tree Railroad Overpass would connect Lone Tree Road to East Route 66 over the railroad tracks starting from Butler Avenue. The connection at East Route 66 would be at the top of the hill between Downtown and Switzer Canyon Drive.

The Lone Tree Railroad Overpass will help traffic flow better throughout the city. Significant amounts of traffic are expected to shift from South Beaver Street and South San Francisco Street to Lone Tree Road and the new Overpass. Travelers will be able to use Lone Tree Road instead of Milton Road to access Downtown or medical facilities via nearby Switzer Canyon Drive. If John Wesley Powell Boulevard is extended to the Flagstaff Airport, peak traffic may be redirected to I-17 via the Overpass, Lone Tree Road, and John Wesley Powell Boulevard.

If Proposition 420 is approved by the voters, all monies generated by the 0.23% sales tax rate will be dedicated for the Lone Tree Railroad Overpass design, construction, right of way acquisition, and financing.

#### **Description of the proposed City Lone Tree Overpass Sales Tax and specific restrictions on use of proceeds**

If Proposition 420 is approved by the voters, the City Lone Tree Overpass Sales Tax will be restricted to specific uses related to the construction of the Overpass. Further, if approved, the City Council through policy establishment in the regular course of regular City Council meetings, public comment, and City Council consideration and determination, will ensure that these dedicated, City sales tax revenues are applied to the purposes set forth in the ballot question through annual monitoring by the City Council as a part of the City's existing budget process that

requires a public hearing and annual City Council approval. The City Lone Tree Overpass Sales Tax will fund the development and construction of the Lone Tree Railroad Overpass, related right of way acquisition, relocation costs, and other project related costs.

In addition, proceeds from the dedicated City Lone Tree Overpass Sales Tax may also be used for financing-related costs, including interest and borrowing related costs.

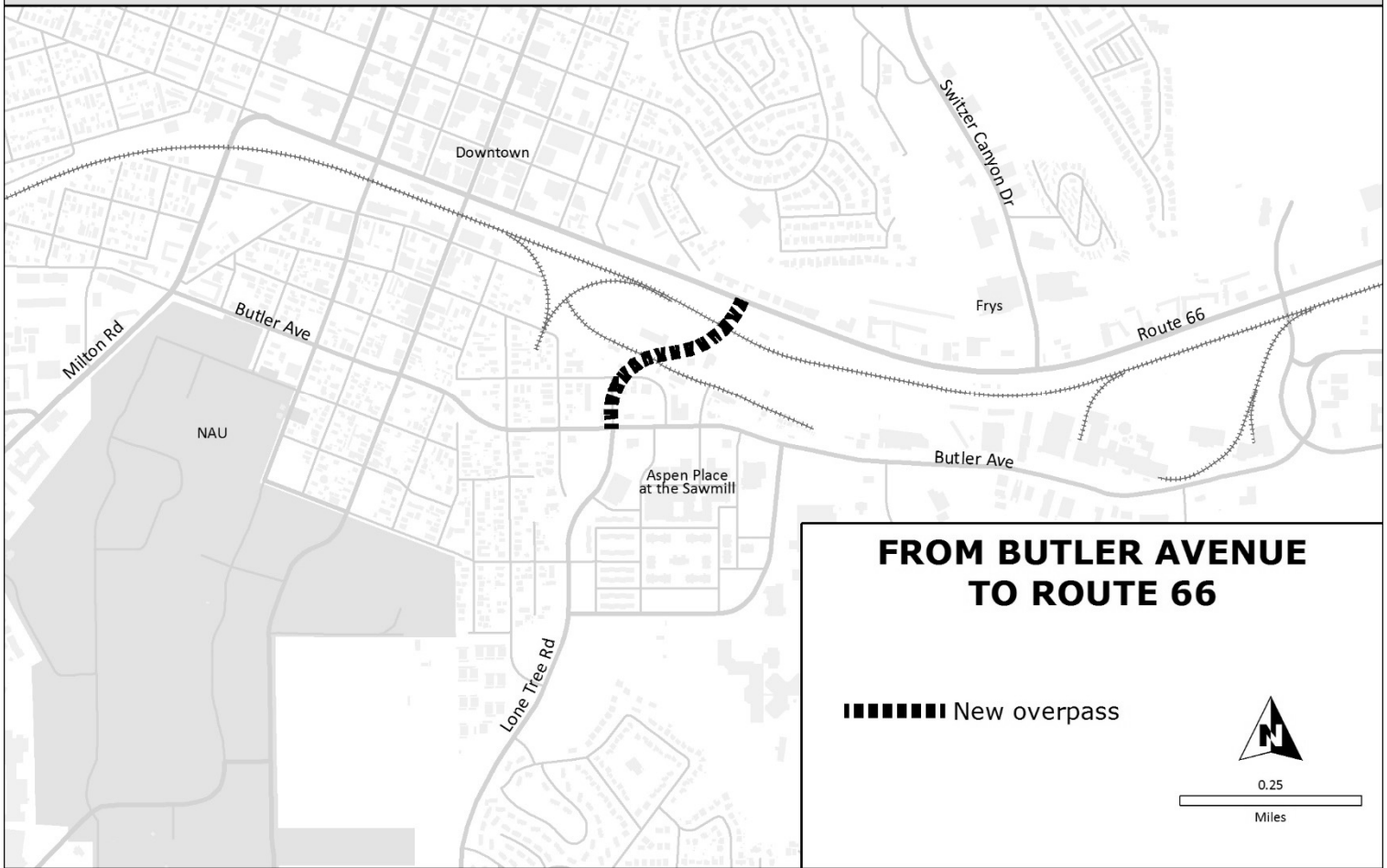
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#### **City Lone Tree Overpass Sales Tax Facts**

- **Rate** – If approved, the Lone Tree Overpass Sales Tax rate will be 0.23%, which is equivalent of 23 cents on a \$100 purchase. The current City retail sales tax is 2.051%. If Proposition 420 is approved, the City retail sales tax will increase to 2.281%.
- **Length** – If approved, the City Lone Tree Overpass Sales Tax will be for a period of 20 years from July 1, 2019.
- **Revenue generation** – If approved, the City Lone Tree Overpass Sales Tax is projected to generate approximately \$131.5 million over the 20-year period, including anticipated inflation. The amount actually generated will be dependent on economic conditions during the period.
- **Borrowing** – If approved, the City may borrow funds secured by the dedicated City Lone Tree Overpass Sales Tax revenues. The financing proceeds will be used to expedite the construction of the Overpass. This way, the project can be completed sooner and will cost less by avoiding years of inflation. It is estimated that the project cost saving, by avoiding future inflation, will largely offset the borrowing costs.

# PROPOSITION 420

## Lone Tree Railroad Overpass



### Frequently Asked Questions

(For more information see Summary Analysis above)

#### Questions about Proposition 420 – Sales Tax – Lone Tree Railroad Overpass

**1. Why is the City of Flagstaff sending this proposition to the voters?**

The City Charter requires voter approval to levy a city sales tax, such as the dedicated City Lone Tree Overpass Sales Tax.

**2. What is the City Lone Tree Overpass Sales Tax?**

The City of Flagstaff has imposed dedicated sales taxes for transportation purposes since 2000. The City Transportation Sales Tax, was first approved by City voters in 2000, and funded a variety of projects including the Fourth Street Railroad Overpass. Since 2000, City voters have approved additional dedicated sales taxes for specific transportation purposes. If approved, the Lone Tree Overpass Sales Tax would be another dedicated City sales tax for a specific transportation purpose. The City's sales tax is a transaction privilege tax on the gross revenues generated by retail sales and other taxable activities.

If approved by voters, Proposition 420 would increase the overall City Sales Tax by 0.23% or 23 cents on a \$100 purchase and dedicate the revenues from the increase to completing the Lone Tree Railroad Overpass.

**3. Why is the City sending this proposition to the voters now?**

The Flagstaff Citizens' Transportation Tax Commission met through the last winter and spring and recommended to the Flagstaff City Council that a question to approve constructing a Railroad Overpass connecting East Route 66 and Butler Avenue at Lone Tree Road be placed on the November 6, 2018 election

ballot. The Commission met numerous times and

- Received public comment;
- Reviewed, analyzed, and discussed the existing conditions of the City's street, transit, pedestrian, and bicycle systems;
- Reviewed, analyzed, and discussed the anticipated future conditions of the City's street, transit, pedestrian, and bicycle systems;
- Reviewed and discussed the Flagstaff Metropolitan Planning Organization's *Blueprint 2040 Regional Transportation Plan*;
- Reviewed a wide range of proposed transportation projects and needs in the city;
- Reviewed and discussed plans and policies frequently used in transportation planning;
- Reviewed and discussed the funding and financing of City's transportation systems and projects;
- Reviewed, discussed, and initially prioritized a range of transportation needs within the city and possible transportation solutions;
- Discussed and prioritized specific alternative solutions to meet the transportation challenges confronting the City; and
- Identified the Lone Tree Railroad Overpass as an integral part of the City's overall transportation plan.

The work of the Flagstaff Citizens' Transportation Tax Commission relied on the Flagstaff Metropolitan Planning Organization's *Blueprint 2040 Regional Transportation Plan* that was an extensive transportation planning effort over 24 months. The *Blueprint 2040 Regional Transportation Plan* was supported by a steering committee of community leaders, presentations to numerous City and County commissions, and several surveys.

**4. How does Proposition 420 – the proposed Lone Tree Railroad Overpass – work with Proposition 419 – Roadway, Pedestrian, Bicycle, and Safety Improvements?**

The projects that will be funded by both propositions are intended to work together seamlessly to improve the City's overall transportation system. Some of the road improvement projects that will be funded by Proposition 419, such as widening Lone Tree Road from Butler Avenue to John Wesley Powell Boulevard, extending John Wesley Powell Boulevard west to the Airport and I-17 and east to Fourth Street (with significant expected developer funding), directly connect to the Lone Tree Railroad Overpass. These connections would provide important alternate routes to congested areas and help residents get to and from places to work, shop, and play.

**5. Who will pay for the proposed Lone Tree Overpass and what will it cost?**

If Proposition 420 is approved by the voters, any person, resident or non-resident, purchasing taxable goods within the City limits would pay the additional sales tax during the life of the tax increase. It has been estimated, that as much as fifty percent (50%) of City sales tax collections are on purchases by non-residents.

**6. Why is the City considering issuing bonds for the Lone Tree Railroad Overpass?**

Bonds will allow the City to accelerate the construction of the Overpass so that it could possibly be completed within six to eight years, rather than possibly more than 18 to 20 years. By issuing bonds for the Lone Tree Railroad Overpass there will be interest expense associated with the borrowing. There could be approximately \$41 million in interest expense over the life of the bonds. However, by constructing the Overpass sooner the City will avoid significant construction cost inflation that likely exceeds the cost of interest expense.

**7. Has the City considered raising the gas tax to pay for the proposed Lone Tree Railroad Overpass?**

State law prohibits cities from levying a gas tax; only state and federal governments can do that in Arizona.

**8. Isn't there state funding for transportation projects like these?**

There has not been a significant increase in state highway user taxes in over 25 years and over that time the "buying power" of state-shared highway revenues has significantly declined. That is one of the reasons that the original City Transportation Sales Taxes were submitted to Flagstaff voters in 2000.

**9. Why is the City considering using a sales tax to fund transportation?**

Every person and business purchasing taxable goods or engaging in taxable activities within the City will pay the sales tax. This includes visitors to Flagstaff as well as people who live outside the city limits and come into

Flagstaff to work, shop, and socialize and who all use city streets. Many Arizona cities rely on sales taxes to pay for a portion of their transportation costs.

**10. How much will City sales taxes increase if Proposition 420 is approved?**

The current City retail sales tax is 2.051%. If Proposition 420 is approved, the City retail sales tax will increase by 0.23% to 2.281%, if no other sales tax increases area approved.

**11. How much will City sales taxes total if Propositions 419, 420, and 421 are all approved?**

If only Proposition 419 – *Continuation of Transportation Sales Tax* is approved, the overall City sales tax will remain 2.051%. If Proposition 420 – *Lone Tree Overpass Sales Tax* is also approved, the overall City sales tax will increase to 2.281%. If Proposition 419 – *Continuation of Transportation Sales Tax* is approved, Proposition 420 – *Lone Tree Overpass Sales Tax* is approved, and Proposition 421 – *Increasing Transit Services* is approved, the overall City sales tax will increase to 2.431%.

The City also levies a dedicated Bed, Board, and Beverage sales tax of 2.0%. If all three propositions are approved the total City tax on lodging, restaurants, and bars will be 4.431%.

**12. What would the total state, county, and city retail sales tax rate be, if Propositions 419, 420, and 421 are all approved?**

If Propositions 419, 420, and 421 are all approved, the total state, county, and city retail sales tax rate in Flagstaff will increase from 8.951% to 9.331%.

**13. What would the total state, county, and city sales tax rate on lodging, restaurants, and bars be, if Propositions 419, 420, and 421 are all approved?**

If Propositions 419, 420, and 421 are all approved, the total state, county, and city sales tax rate (with the City's 2% BBB tax) in Flagstaff on lodging, restaurants, and bars will increase from 10.951% to 11.331%.

**14. Why can only city residents vote on this increased tax when county residents will also pay?**

State law does not allow citizens who reside outside the city limits to vote in city elections. County residents will only pay this tax for goods purchased within the city limits.

**15. What will ensure that the new tax money is being spent on the proposed Lone Tree Railroad Overpass?**

The ballot language is legally binding. By law, the City may only spend the voter-authorized revenues for the improvements stated in the ballot question.

If Proposition 420 is approved, future City Councils will review, consider, and determine if a Lone Tree Railroad Overpass project will be approved and receive necessary allocations for completion. This process will occur both at regular City Council meetings where public comment will be received, as well as through the budget process which includes a public hearing and City Council consideration/debate. Ultimately it will be future City Councils that approve the specifics related to a proposed railroad overpass project and how the money from the sales tax would be spent for that purpose.

**16. How can we be sure there is enough money to complete the proposed Lone Tree Railroad Overpass?**

In its projections, City staff has used conservative estimates of future revenue collections and inflation. The City has also been conservative in their proposed project cost estimation. The City will report to the public regularly to discuss transportation spending priorities. Any differences between expected revenue and actual revenues will be discussed by the Council and with the public regularly when reports are given at City Council meetings.

**17. Does a “yes” vote on one proposition require a “no” vote on the other propositions?**

No. Each ballot item is a separate question. Voters may vote either “yes” or “no” on each proposition. The several projects and programs described in Propositions 419, 420, and 421 are designed to work together to improve the overall transportation system. But, each project to be funded by Propositions 419, 420, and 421 is

also designed to stand on its own. In this election, voters have the opportunity to decide whether it is important to undertake all, some, or none of these projects at this time.

**18. Have City voters previously supported additional expenditures for transportation?**

Yes. In 1988, City of Flagstaff voters approved bonds for several transportation improvements.

In 2000, City voters approved several sales tax increases to fund general street improvements, pedestrian and bicycle improvements, the Fourth Street Railroad Overpass, and the start of the City's transit system.

In 2008 and 2016 voters approved an expansion and then extension of transit sales tax.

In, 2014, voters approved a sales tax for road repair and street safety improvements.

The City Transportation Sales Taxes, approved by voters in 2000, for general street improvements, pedestrian and bicycle improvements, and the Fourth Street Railroad Overpass expires in less than two years.

**19. Why construct the proposed Lone Tree Railroad Overpass?**

The Lone Tree Railroad Overpass could provide 1) an additional north-south route between Butler Avenue and Route 66; 2) another route near the heavily congested Downtown that will not be interrupted by trains; and 3) an alternative route to Milton Road for peak winter traffic and for many daily commuters to locations like Northern Arizona University, the Aspen Place at Sawmill Shopping Center, and Southside.

**20. Why not make improvements to Milton Road?**

Milton Road improvements are also needed. However, the Arizona Department of Transportation owns Milton Road and is currently working with the City, other partners, and the public to determine exactly what improvements should be made. Until the study is completed, it cannot be determined what each partner's share might be and what, if any, city taxes will be needed. The Lone Tree Railroad Overpass would allow Lone Tree Road to serve as an alternative route to Milton and planners consider it part of the long-term solution for Downtown and Milton Road traffic congestion.

**21. Why is the Lone Tree Railroad Overpass so expensive?**

In order to get the roadway high enough over the railroad, the railroad tracks need to be lowered and East Route 66 needs to be raised. Much of the ground under and around the Overpass is developed and will be more costly to acquire than if it were vacant.

OFFICIAL BALLOT

PROPOSITION NO. 420

**Purpose: Sales Tax for Lone Tree Railroad Overpass from Butler Avenue to Route 66**

Shall the City Council have the authority to amend the Tax Code of the City to levy a transaction privilege/sales tax at a rate of 0.23% (\$0.0023) to be in effect for a period of 20 years beginning July 1, 2019, to be used for the Lone Tree Railroad Overpass from Butler Avenue to Route 66, including the following purposes:

- design, construction, reconstruction, improvement and maintenance of bridges and overpasses, adjacent streets, highways, walkways, trails and bike paths;
- lighting, landscaping, technology and signing;
- acquisition of necessary real estate and related interests;
- all incidental costs including relocation costs;
- debt service on debt incurred for such purposes

and authorizing the incurrence of debt to accelerate such purposes?

A **YES** vote shall have the effect of approving a levy of a sales tax at a rate of 0.23% to be in effect for a period of 20 years commencing July 1, 2019, for the design, construction and maintenance of the Lone Tree Railroad Overpass from Butler Avenue to Route 66, and authorizing the incurrence of debt to accelerate such purposes. **SALES TAX INCREASE, YES**

A **NO** vote shall have the effect of not approving a levy of a sales tax at a rate of 0.23% to be in effect for a period of 20 years commencing July 1, 2019, for the design, construction and maintenance of the Lone Tree Railroad Overpass from Butler Avenue to Route 66. **SALES TAX INCREASE, NO**

AS IT WILL APPEAR ON BALLOT

PROPOSITION NO. 420

**A measure referred to the people by the Flagstaff City Council relating to a sales tax levy for Lone Tree Railroad Overpass from Butler Avenue to Route 66**

A **YES** vote shall have the effect of approving a levy of a sales tax at a rate of 0.23% to be in effect for a period of 20 years beginning July 1, 2019, for the design, construction and maintenance of the Lone Tree Railroad Overpass from Butler Avenue to Route 66, and authorizing the incurrence of debt to accelerate such purposes

A **NO** vote shall have the effect of not approving a levy of a sales tax at a rate of 0.23% to be in effect for a period of 20 years beginning July 1, 2019, for the design, construction and maintenance of the Lone Tree Railroad Overpass from Butler Avenue to Route 66

**YES**

**NO**

## **ARGUMENTS FOR PROPOSITION NO. 420**

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The Lone Tree Avenue proposal will provide mitigation of traffic congestion on Milton Avenue as a parallel corridor. This is especially important as Milton and the areas west experience more intensified traffic due to higher densities of approved subdivisions to the west. The Lone Tree overpass is a critical element needed for the Lone Tree corridor. A yes vote for the overpass will provide relief for downtown traffic as an additional alternative to cross the tracks and access the south. This also includes Hwy 180 and snow play traffic that goes through downtown. The proposed corridor provides secondary relief for the east side of the University, which currently acts as a barrier to traffic flow, as well as relief for the Community College. It will provide broader access and alternatives north, south, east and west, as it aligns with JW Powell and 4th street improvements and alternate routes developed through a broader grid.

I sit on many regional transportation organizations that have made recommendations to mitigate congestion, while considering multimodal options and improvements. Lone Tree overpass is a critical piece of the grid and is needed to create corridors that have been recommended since the Transportation element of the 2001 Regional Plan. Please vote yes on question 420.

Matt Ryan  
Coconino County Supervisor

## **ARGUMENTS AGAINST PROPOSITION NO. 420**

The "for" and "against" arguments were reproduced exactly as submitted and were not edited for spelling, grammar, or punctuation. These arguments represent the opinions of the authors and have not been checked for accuracy of content.

I strongly urge you to vote NO on Proposition 420. Building a new overpass at Lone Tree will effectively dump more vehicles right into the most congested part of downtown, while costing you more on every purchase you make for the next 20 years. This overpass will increase greenhouse gas emissions and vehicle miles traveled and will not improve your quality of life. There are definitely ways to solve our transportation problems, but building more and wider roads is not the answer. If you always do what you've always done, you'll always get what you've always got. In this case: if you keep building more and wider roads, you will keep getting more and more traffic and congestion.

Dara Marks Marino

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I oppose Proposition 420 because the sales tax in Flagstaff is already too high (currently 8.951% for most goods and 10.951% for the privilege of eating out). If the three city sales tax propositions on this ballot pass, our new sales tax will be 9.331% for most goods and 11.331% for eating out (fast food, restaurant, bar, etc.). Flagstaff's restaurant sales tax rate already is one of the highest in the country.

Do not fall for the City's, "it's only \$0.23 on a \$100 purchase." That's how we got to our currently high sales tax rate. Pennies add up.

The City states that every new sales tax will end in "x" number of years, but they never expire. They always come back up for renewal and/or an increase. Renewals are increases.

Further, the City states in this "information" pamphlet (prepared by City staff with the help of a \$350/hour Phoenix consultant) that 50% of the City sales tax is paid by non-residents. Even if true, that does nothing to lower the tax burden on Flagstaff residents.

In addition to Prop. 420, there are at least six other tax increases on the ballot.

Not mentioned in this information pamphlet is the City's \$100 million unfunded Public Safety Personnel Retirement System (PSPRS) liability as well as the Rio de Flag project. The City will likely put these on the 2020 ballot thus increasing our sales tax another 1% or more. This is irresponsible and inexcusable.

Sales tax is regressive and disproportionately impacts the poor and those on fixed incomes. Flagstaff is already an expensive place to live and the City/Council is on track to continue making it even more unaffordable.

I urge you to vote no on Proposition 420.

Robert Miller  
Retired CPA

# PROPOSITION NO. 421



## SALES TAX – INCREASING TRANSIT SERVICES

### SUMMARY ANALYSIS

(For more information see Frequently Asked Questions below)

Since 2000, the Flagstaff City Council has collected a dedicated City Transit Sales Tax, frequently referred to as the Mountain Line Transit Sales Tax, for the funding of the Mountain Line system.

#### History of City Transit Funding:

In 2000, City voters approved a ten-year sales tax dedicated for public transportation – the Mountain Line Transit Sales Tax – that funded the initiation of the Mountain Line transit system.

In 2008, voters approved an extension of the sales tax for Mountain Line operations and four sales tax increases for four additional Mountain Line improvements, including the purchase of hybrid-electric vehicles, establishing the Mountain Link high-capacity transit route connecting NAU to Woodlands Village and Downtown, and service to new areas.

Proposition	Rate	Cents per \$100 Purchase	2008 Increase per \$100 Purchase	Improvement
Prop. 401	.00175	17.5 cents	None	Existing Service
Prop. 402	.00020	2.0 cents	2.0 cents	Hybrid Vehicles
Prop. 403	.00020	2.0 cents	2.0 cents	Additional Areas
Prop. 404	.00040	4.0 cents	4.0 cents	Additional Areas
Prop. 405	.00040	4.0 cents	4.0 cents	Increased Frequency

The 2008 election increased the Mountain Line Transit Sales Tax rate to .0295% or 29.5 cents on a \$100 purchase.

In 2016, City voters approved an extension of the Mountain Line Transit Sales Tax at the existing rate of 0.295% for an additional ten years through June 30, 2030.

#### Project Description:

Based on Mountain Line's Five-Year Transit Plan, public outreach and surveys, greater bus frequency and expanded service hours are the most requested transit enhancements. If Proposition 421 is approved by the voters, it will provide funding for a cross-town bus approximately every 15 minutes during business hours and reduce wait times by one-half to approximately 30 minutes or less at most locations. In addition, buses would run later on weekdays and weekends. Proposition 421, if approved, will also fund improvements to keep transit moving efficiently by building bus-only lanes and providing traffic signal prioritization in select areas.

The full range of transit improvements will be made possible by leveraging the transit tax revenue with a \$1 million+ per year commitment from Northern Arizona University to fund a Universal Access Pass (UPASS) program. The UPASS would provide free transit for all NAU students, which could help address congestion and parking challenges.

If Proposition 421 is approved by the voters, bus ridership is expected to increase due to increasing bus frequency, extended hours of service, and implementing the UPASS program. An enhanced transit system can lead to a more robust multimodal community and may have a positive impact on congestion.

If Proposition 421 is approved by the voters, all monies generated by the 0.15% sales tax rate will be dedicated to increasing bus frequency, extending hours of service, and transit related capital improvements. Over the past 14 years, Mountain Line has leveraged the existing transit tax monies to secure nearly \$56 million in federal funding. It is expected that similar leverage may be possible in the future.

### **Description of the Proposed Mountain Line Transit Sales Tax Increase and specific restrictions on use of proceeds**

If Proposition 421 is approved by the voters, the Mountain Line Transit Sales Tax will be restricted to specific uses related to the operations of the Mountain Line system. Further, the City will ensure that these dedicated Mountain Line Transit Sales Tax revenues are applied to the purposes set forth in the ballot question through annual monitoring by the City Council as a part of the City's existing budget process that requires a public hearing and annual City Council approval. The increase in the dedicated Mountain Line Transit Sales Tax will fund increased frequency of busses, expanded hours of service on many Mountain Line routes, and important capital improvements.

The information provided in this document reflects the best information available to the City of Flagstaff at the time of its preparation. The descriptions of future programs and expenditures are based on currently available information and expectations. All such programs and expenditures are subject to future decisions and actions of the City Council. As such, the actual future programs and expenditures may vary from the descriptions herein. **The actual ballot language, of any ballot proposition that is approved, is legally binding on the future actions of the City Council, and no monies may be expended except for the purposes described in such ballot question.**

### **Mountain Line Transit Sales Tax Facts**

- **Rate** – If approved, the increase in the Mountain Line Transit Sales rate will be 0.15%, which is equivalent of 15 cents on a \$100 purchase. The current City retail sales tax is 2.051%. If Proposition 421 is approved, the City retail sales tax will increase to 2.201%.
- **Length** – If approved, the increase in the Mountain Line Transit Sales Tax will be for a period of 11 years from July 1, 2019, until June 30, 2030. June 30, 2030 is when the existing Mountain Line Sales Tax expires.
- **Revenue generation** – If approved, the Mountain Line Transit Sales Tax is projected to generate approximately \$40.7 million over the 11-year period, including anticipated inflation. The amount actually generated will depend on economic conditions during the period.

## **FREQUENTLY ASKED QUESTIONS**

(For more information see Summary Analysis above)

### **Questions about Proposition 421 – Sales Tax – Increasing Transit Services**

#### **1. Why is the City of Flagstaff sending this proposition to the voters?**

The City Charter requires voter approval to levy a city sales tax.

#### **2. What is the City Transit Sales Tax?**

The Mountain Line Transit Sales Tax is dedicated to supporting the Mountain Line public bus system and the Mountain Lift van services for people with disabilities. The Mountain Line Transit Sales Tax was first approved by City voters in 2000 and funded the initiation of the Mountain Line transit system. City voters approved rate increases in 2008 and extended the Mountain Line Transit Sales Tax in 2016. The current Mountain Line Transit Sales Tax rate is 0.295%.

Proposition 421, if approved, would increase the existing City Transit Sales Tax of 0.295% by 0.15% or 15 cents on a \$100 purchase to a total of 0.445% or 44.5 cents on a \$100 purchase.

### **3. Why is the City sending this proposition to the voters now?**

The Flagstaff Citizens' Transportation Tax Commission recommended to the Flagstaff City Council that a separate question to increase the Mountain Line Transit Sales Tax by 0.15% be placed on the November 6, 2018 election ballot. The Commission met numerous times, and

- Received public comment;
- Reviewed, analyzed, and discussed the existing conditions of the City's street, transit, pedestrian, and bicycle systems;
- Reviewed, analyzed, and discussed the anticipated future conditions of the City's street, transit, pedestrian, and bicycle systems;
- Reviewed and discussed the Flagstaff Metropolitan Planning Organization's *Blueprint 2040 Regional Transportation Plan*;
- Reviewed a wide range of proposed transportation projects and needs in the City;
- Reviewed and discussed plans and policies frequently used in transportation planning;
- Reviewed and discussed the funding and financing of City's transportation systems and projects;
- Reviewed, discussed, and initially prioritized a range of transportation needs within the City and possible transportation solutions;
- Discussed and prioritized specific alternative solutions to meet the transportation challenges confronting the City; and
- Identified the Mountain Line System as an integral part of the City's overall transportation network.

The work of the Flagstaff Citizens' Transportation Tax Commission relied on the Flagstaff Metropolitan Planning Organization's *Blueprint 2040 Regional Transportation Plan* that was an extensive transportation planning effort over 24 months. The *Blueprint 2040 Regional Transportation Plan* was supported by a steering committee of community leaders, presentations to numerous City and County commissions, and several surveys. The Governing Board of the Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA), referencing NAIPTA's *5-Year Plan*, also recommended to the Flagstaff City Council that a transit sales tax proposition be placed on the November 6, 2018 election ballot.

Mountain Line transit services are an integral part of the City's overall transportation plan and are intended to work seamlessly with many of the projects that will be completed if Propositions 419 and 420 are approved.

### **4. What will the Mountain Line Transit Sales Tax cost?**

If approved by voters, Proposition 421 would increase the current Mountain Line Transit Sales Tax of 0.295% by 0.15% or 15 cents on a \$100 purchase. Because there is an existing Mountain Line Transit Sales Tax of 0.295%, if Proposition 421 is approved the total Mountain Line Transit Sales Tax for all purposes would increase to 0.445% or 44.5 cents on a \$100 purchase.

### **5. What will happen to Mountain Line if Proposition 421 is not approved?**

If Proposition 421 is not approved, the existing Mountain Line Transit Sales Tax of 0.295% will continue to support Mountain Line.

### **6. Why are taxes used to pay for the Mountain Line system?**

The Mountain Line system, like roads, bridges, and airports, is supported with tax dollars. NAIPTA, the operator of the Mountain Line system, also leverages the local transit tax to secure federal grants and funding to help fund the Mountain Line system operations and improvements. Northern Arizona University has committed to paying more than \$1 million per year to fund a Universal Access Pass (UPASS) program to open up free transit for all students, if Proposition 421 is approved, which could help address congestion and parking challenges. While Mountain Line passengers pay a fare to ride, that revenue is not enough to fund the system.

### **7. Why is the City considering using the sales tax to fund Mountain Line bus service?**

Mountain Line bus service impacts everyone, including visitors and people from neighboring communities who are working or shopping in Flagstaff. A sales tax means all would contribute to paying for the system.

If Proposition 421 is approved, every person and business purchasing taxable goods or engaging in taxable activities within the city will pay the Transit Sales Tax. This includes visitors to Flagstaff as well as people who live outside the city limits and come into Flagstaff to work, shop, and socialize. Many Arizona cities rely on sales taxes to pay for a portion of their transit costs.

**8. Has the City considered raising property taxes or increasing fares to pay for the transit system?**

Yes. However, the Transit Advisory Committee, the Governing Board of NAIPTA, and the Citizens' Transportation Tax Commission all recommended increasing the Mountain Line Transit Sales Tax.

Fares are reviewed, adjusted, and increased by the NAIPTA Board as needed. An increase in fares usually decreases ridership.

The Mountain Line Transit Sales Tax is dedicated to funding the Mountain Line system.

State law does not authorize NAIPTA to levy a property tax.

**9. Who will pay for the Mountain Line Sales Tax, if Proposition 421 is approved?**

If Proposition 421 is approved, any person, resident or non-resident, purchasing taxable goods within the city limits would pay the additional sales tax during the life of the tax increase. It has been estimated, that as much as fifty percent (50%) of City sales tax collections are on purchases by non-residents.

**10. How much will City sales taxes increase if Proposition 421 is approved?**

The current City retail sales tax is 2.051%. If Proposition 421 is approved, the City retail sales tax will increase to 2.201%, if no other sales tax increases are approved.

**11. How much will City sales tax total if Propositions 419, 420, and 421 are all approved?**

If only Proposition 419 – *Continuation of Transportation Sales Tax* is approved, the overall City sales tax will remain 2.051%. If Proposition 421 – *Increasing Transit Services* is also approved, the overall City sales tax will increase to 2.201%. If Proposition 419 – *Continuation of Transportation Sales Tax* is approved, Proposition 420 – *Lone Tree Overpass Sales Tax* is approved, and Proposition 421 – *Increasing Transit Services* is approved, the overall City sales tax will increase to 2.431%.

The City also levies a dedicated Bed, Board, and Beverage sales tax of 2.0%. If all three propositions are approved the total City tax on lodging, restaurants, and bars will be 4.431%.

**12. What would the total state, county, and city retail sales tax rate be, if Propositions 419, 420, and 421 are all approved?**

If Propositions 419, 420, and 421 are all approved, the total state, county, and city retail sales tax rate in Flagstaff will increase from 8.951% to 9.331%.

**13. What would the total state, county, and city sales tax rate on lodging, restaurants, and bars be, if Propositions 419, 420, and 421 are all approved?**

If Propositions 419, 420, and 421 are all approved, the total state, county, and city sales tax rate (with the City's 2% BBB tax) in Flagstaff on lodging, restaurants, and bars will increase from 10.951% to 11.331%.

**14. Why can only city residents vote on this increased tax when county residents will also pay?**

State law does not allow citizens who reside outside city limits to vote in city elections. County residents will only pay this tax for goods purchased within the city limits.

**15. What will ensure that the new tax money is being spent on increasing the amount of buses and frequency of buses?**

The ballot language is legally binding. By law, the City may only spend the voter-authorized revenues for the improvements stated in the ballot question.

If Proposition 421 is approved, future City Councils will review, consider, and determine if the funding provided to increase the frequency of buses, extend hours of service, and transit related capital improvements will be approved and receive necessary allocations of funding from this proposed increase. This process will occur both at regular City Council meetings where public comment will be received, as well as through the budget process which includes a public hearing and City Council consideration/debate. Ultimately it will be future City

Councils that approve the specifics related to how the money from the sales tax would be spent to accomplish the purpose as stated in the ballot question. By law, the City may spend the voter-authorized revenues only for the improvements stated in the ballot question.

**16. How can we be sure there is enough money to increase the number of buses and frequency of buses?**

In its projections, City staff has used conservative estimates of future revenue collections and inflation. The City has also been conservative in their proposed project cost estimation. The City will report to the public regularly to discuss transportation spending priorities. Any differences between expected revenue and actual revenues will be discussed by the Council and with the public regularly when those reports are given at City Council meetings.

**17. Does a “yes” vote on one proposition require a “no” vote on the other propositions?**

No. Each ballot item is a separate question. Voters may vote either “yes” or “no” on each proposition. The several projects and programs described in Propositions 419, 420, and 421 are designed to work together to improve the overall transportation system. But, each project to be funded by Propositions 419, 420, and 421 is also designed to stand on its own. In this election, voters have the opportunity to decide whether it is important to undertake all, some, or none of these projects at this time.

**18. Have City voters previously supported additional expenditures for transportation?**

Yes. In 1988, City of Flagstaff voters approved bonds for several transportation improvements.

In 2000, City voters approved several sales tax increases to fund general street improvements, pedestrian and bicycle improvements, safety projects, the Fourth Street Railroad Overpass, and the start of the Mountain Line transit system.

In 2008 and 2016 voters approved an expansion and then extension of Mountain Line Transit Sales Tax.

In, 2014, voters approved a sales tax for road repair and street safety improvements.

**19. Why increase Mountain Line transit services in Flagstaff?**

Mountain Line serves a growing population and helps reduce the number of cars on the roads. Between 2001 and 2018 Mountain Line system ridership grew from 114,274 to more than two million riders.

**20. What level of Mountain Line service will Proposition 421 fund, if approved?**

Mountain Line’s current service level is 363 days annually, with eight bus routes traveling the City from 6:00 a.m. to 10:15 p.m. on weekdays and from 7:00 a.m. to 8:15 p.m. on weekends and holidays. It also supports special services for people with disabilities in handicapped equipped vans and in taxis at current levels.

If approved by voters, Proposition 421 will fund more buses, more often. It will fund a cross-town route bus every 15 minutes during business hours and reduce wait times by one-half to 30 minutes or less at most locations. It also provides weekday service until 11:00 p.m. and weekend service until after midnight. These increases are designed to make transit a more viable option for Flagstaff residents and visitors to access jobs, community events, social activities, and medical appointments.

**21. Why are no new routes being considered as a part of Proposition 421?**

Mountain Line’s five-year planning process revealed that the current routing system was efficient and showed the advantages of increasing frequency and hours of service on those existing routes.

OFFICIAL BALLOT

PROPOSITION NO. 421

**Purpose: Sales Tax for Increasing Transit Services**

Shall the City Council have the authority to amend the Tax Code of the City to levy a transaction privilege/sales tax at a rate of 0.15% (\$0.0015) to be in effect for a period of 11 years beginning July 1, 2019, for increasing public transportation including constructing, acquiring, operating, and maintaining equipment and facilities for more frequent transit service within the City of Flagstaff?

A **YES** vote shall have the effect of approving a levy of a sales tax at a rate of 0.15% to be in effect for a period of 11 years beginning July 1, 2020, for increasing transit services within the City of Flagstaff. **SALES TAX INCREASE, YES**

A **NO** vote shall have the effect of not approving a levy of a sales tax at a rate of 0.15% to be in effect for a period of 11 years beginning July 1, 2020, for increasing transit services within the City of Flagstaff. **SALES TAX INCREASE, NO**

AS IT WILL APPEAR ON BALLOT

PROPOSITION NO. 421

**A measure referred to the people by the Flagstaff City Council relating to a Sales Tax Levy for Increasing Transit Services**

A **YES** vote shall have the effect of approving a levy of a sales tax at a rate of 0.15% to be in effect for a period of 11 years beginning July 1, 2019, for increasing transit services within the City of Flagstaff

A **NO** vote shall have the effect of not approving a levy of a sales tax at a rate of 0.15% to be in effect for a period of 11 years beginning July 1, 2019, for increasing transit services within the City of Flagstaff

**YES**

**NO**

## **ARGUMENTS FOR PROPOSITION NO. 421**

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Public transit in Flagstaff serves a critical need: mobility for NAU students and staff, flexible travel options for residents, and support of business, cultural, and recreational needs for everyone. Everyone wins with transit.

Proposition 421 will expand and improve transit options. The highest rated improvements by residents will include extending bus service along West Route 66 to Woody Mountain Road, extending Mountain Line service hours later in the evening, and improving bus frequency throughout the service area. Additional improvements will include later night service, and better weekend service. Overall, this additional funding will improve services by nearly 50%!  
Everyone wins.

Transit is a solution to gridlock, while providing better access along Milton through downtown, along 4th Street, and services to Flagstaff Mall and Woodlands Village. And in so doing, it will address the growing challenges of parking and congestion throughout Flagstaff. It's a win-win.

Also, by approving Proposition 421, it leverages additional dollars for the next 11 years from federal and local sources. The funding ensures that buses, technology, on-street facilities including enhancing the Downtown Connection Center, and specialized services -- will improve. Everything wins.

And approval of Proposition 421 supports other regional transportation solutions, too, as the improvements proposed are part of a larger community planning effort. These transit solutions are coordinated with local, regional, and state planning programs. This proposition ensures a coordinated solution. Everyone wins.

By supporting Proposition 421, you win. Vote yes on Proposition 421.

Christopher Bridges  
AzTA Vice President

Rebecca J Miller  
AzTA Executive Director

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Frequency and dependability are key factors leading to a successful transit system. NAIPTA has exceeded 2,000,000 annual ridership systemwide. NAIPTA needs to expand its frequency and routes to broaden its dependability.

A successful transportation system includes all modes of transportation and our transit system is one of those modes that assists additional modes including roads! NAIPTA is serving visitors, commuters/workforce, our elderly and youth, schools and the full range of our socioeconomic structure. It transports commuters to small businesses, larger department stores and supermarkets. Whether it's carrying workforce or consumer, NAIPTA has a positive effect on our economy. They have also provided a reduced carbon footprint for the region.

As a County Supervisor, I have been a part of the incremental growth of this system since it began as a small system the County ran. A yes vote will allow for the next step in improving and insuring that we have a system that can help absorb additional growth, as well as provide a needed piece to our regional transportation system. Please vote yes on question 421.

Matt Ryan  
Coconino County Supervisor

## **ARGUMENTS AGAINST PROPOSITION NO. 421**

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I urge you to vote NO on Proposition 421. While I am a huge proponent of investing in public transportation as well as a frequent user of the bus system, there are two problems with this proposition. 1) There are no plans in place to improve our transportation system in a way that prioritizes the flow of buses. The passing of this proposition will effectively put many more buses on roads that do not have dedicated bus lanes, resulting in buses that are stuck in traffic with the rest of us. 2) Jeff Meilbeck (from NAIPTA) specifically told the Transportation Tax Commission that NAIPTA had enough funding coming in from the last tax increase. So I am unclear why they are asking for a second tax increase when they just received one in the last election.

Instead, voting no on this proposition will improve the odds that in the next election cycle we can better fund NAIPTA while at the same time providing funding for a better-functioning transportation system in Flagstaff. There absolutely are ways to improve the system, but a tax increase right now before the City's transportation department has been given clear direction on real solutions simply means higher taxes, rather than developing true solutions.

Dara Marks Marino

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I oppose Proposition 421 because the sales tax in Flagstaff is already too high (currently 8.951% for most goods and 10.951% for the privilege of eating out). If the three city sales tax propositions on this ballot pass, our new sales tax will be 9.331% for most goods and 11.331% for eating out (fast food, restaurant, bar, etc.). Flagstaff's restaurant sales tax rate already is one of the highest in the country.

Prop. 421 is a transit tax on top of an existing transit tax. The City seems unable to operate within its budget or properly prepare long-range forecasts.

The City states that every new sales tax will end in "x" number of years, but they never expire. They always come back up for renewal and/or an increase. Renewals are increases.

Further, the City states in this "information" pamphlet (prepared by City staff with the help of a \$350/hour Phoenix consultant) that 50% of the City sales tax is paid by non-residents. Even if true, that does nothing to lower the tax burden on Flagstaff residents.

In addition to Prop. 421, there are at least six other tax increases on the ballot.

Not mentioned in this information pamphlet is the City's \$100 million unfunded Public Safety Personnel Retirement System (PSPRS) liability as well as the Rio de Flag project. The City will likely put these on the 2020 ballot thus increasing our sales tax another 1% or more. This is irresponsible and inexcusable.

Sales tax is regressive and disproportionately impacts the poor and those on fixed incomes. Flagstaff is already an expensive place to live and the City/Council is on track to continue making it even more unaffordable.

I urge you to vote no on Proposition 421.

Robert Miller  
Retired CPA

# PROPOSITION NO. 422



## SECONDARY PROPERTY, AD VALOREM TAX – GENERAL OBLIGATION BONDS IMPROVING HOUSING AFFORDABILITY

### SUMMARY ANALYSIS

(For more information see Frequently Asked Questions below)

#### **Background on Housing Affordability in Flagstaff**

The City has recognized the issue of the high cost of housing in Flagstaff for many years. As long ago as 1959, City planning documents identified the need for additional housing units that residents could afford.

The 2016 Arizona Department of Housing Study *2016 Housing At-a-Glance* recognized Flagstaff as one of the high-priced housing areas in the state. Of major Arizona cities, Flagstaff's median home price was second highest only to Scottsdale. The study also recognized that Flagstaff was one of only a handful of Arizona cities where a police officer, making the median salary for that city's police department, could not afford a median priced home.

A 2016 survey of the largest employers in the Flagstaff area and their stakeholders, conducted for the Economic Collaborative of Northern Arizona (ECoNA) by the Northern Arizona University W. A. Franke College of Business, showed that half of all respondents were considering leaving Flagstaff because of high housing costs. Of those "considering leaving", a large majority (67.8%) were renter households.

For the approximately 5,900 respondents to the survey, housing and housing affordability were critical issues. "Almost four-fifths of respondents also indicated that affordable workforce housing was a personal concern to them," as reported in ECoNA's 2017 *Housing Attainability for the Flagstaff Workforce Report*.

The Report also summarized the analysis and findings of Werwath & Associates on behalf of ECoNA. Those findings include:

- Flagstaff's cost of living is 14.1% above the national average, driven by housing costs 36% above the national average.
- 43% of households (which includes renters) in Flagstaff are cost burdened and paying more than 30% of their incomes for housing.
- 60% of renter households in Flagstaff are cost burdened.
- 22% percent of the population in Flagstaff is considered "extremely low income."
- The 2016 median sales price for a single-family home was \$350,000, requiring an income over \$90,000 a year to purchase.
- The 45% homeownership rate is strikingly low compared to the statewide average of 63% and national average of 64%.
- Sales of single-family homes below \$250,000 shrunk by more than 50% between 2014 and 2016.
- Sales of single-family homes below \$200,000 decreased by 60% between 2014 and 2016.
- There were only 15 homes listed under \$250,000 citywide and only six listings below \$200,000 in May of 2017; 1% of all single-family listings. The cost and availability before or after this date may be different.
- Only 2.6% of market rate rental units were available to rent and no income restricted units were vacant in February-March 2017.
- Reported rental rates exceed what is considered Fair Market Value for the US Department of Housing and Urban Development (HUD) by between \$200 and \$400 a month depending on unit size.

The ECoNA study recommended (among other things):

- Create dedicated local funding sources, both public and private, that can support more workforce housing creation and create mechanisms such as a workforce housing trust fund to recapture and recycle this funding.
- Create locally funded down payment assistance programs that serve a broader range of incomes than current sources.
- Engage the business community to proactively advocate for new housing developments that meets workforce needs, in addition to direct investment of resources.

## **Program Description:**

### ***Current City Housing Programs***

The City of Flagstaff's Housing Section works to improve local housing affordability, in conjunction with several non-profits and agencies, by supporting:

- Affordable home ownership opportunities;
- Down payment assistance programs;
- An owner-occupied housing rehabilitation program for health and safety repairs; and
- The creation of new affordable rental and ownership units through development incentives.

The **Homebuyer Assistance Program** provides qualified, first time home buyers down payment and closing cost assistance that must be repaid at the time the house is a) sold, b) refinanced for cash out, or c) no longer owner occupied.

The **Owner-Occupied Housing Rehabilitation Program** funds health and safety repairs, accessibility improvements, and efficiency/weatherization improvements for qualified, low-income homeowners. Rehabilitation projects can range from furnace replacement to large multi-system projects addressing issues throughout the home. The majority of rehabilitation costs are paid with a zero-interest rate loan funded by the City with Community Development Block Grant funds. The loan does not have to be repaid until the home is a) sold, b) refinanced for cash out, or c) no longer owner occupied.

The **Incentive Policy** for Affordable Housing and the Flagstaff Zoning Code offer financial and regulatory incentives through reimbursement and/or waivers of City development fees to assist private development of affordable housing units. The financial incentives and waivers lower the cost of development and thereby allow a percentage of units to be more affordable.

### ***Future Housing Affordability Programs, if Proposition 422 is approved.***

The ballot language of Proposition 422 is very broad and speaks generally to why the City wants to borrow \$25 million to address housing affordability issues. The ballot language identifies three specific areas to be addressed through the issuance of bonds:

- Increasing the number of housing units affordable for more residents in the City by construction, rehabilitation, redevelopment, and acquisition of land for housing units; and the related infrastructure;
- Assisting more Flagstaff residents to afford housing by making loans and grants for the construction, rehabilitation, redevelopment, and acquisition of housing units; and the related infrastructure;
- To pay all costs and expenses properly incidental thereto and to the issuance and sale of bonds.

A Housing Bond Committee will be established to advise the Council on the best ways to respond to changing market conditions to meet the legal obligations described in the ballot question. The initial programmatic solutions described in this document could change as the Flagstaff City Council considers these and other programmatic recommendations as developed through the City budget process to implement policy direction.

The City Council will likely continue the existing housing programs, described above, if Proposition 422 is approved by City voters. Additional programs may be added and may include programs such as the following:

- An **Affordable Housing Units Development Assistance Program** that will provide financial support to builders/developers of new housing units (home and apartment) to lower the cost of construction/development and thereby allow the units to be more affordable for more households in Flagstaff. The assistance to builders/developers will take a number of forms, including, but not limited to: gap funding for costs directly incurred in construction or rehabilitation of housing units; assistance to both for-profit and non-profit developers, contractors, builders, governmental agencies, and partnerships; assistance for both rental and

owner occupied housing units; and assistance in the acquisition, development/redevelopment, and rehabilitation of existing housing and housing infrastructure.

- **A Homeownership Assistance Program** that will provide expanded eligibility for qualified, first time home buyers down payment and closing cost assistance. The down payment and closing cost assistance will be provided in the form of a repayable loan. The new program will expand on the City's current programs to permit households with incomes above 80% of the area median household income to be eligible. Currently, the 80% of area median household income standard is set by HUD and prevents many Flagstaff working families, like those of teachers and firefighters, from qualifying for the down payment and closing cost assistance.

Because the down payment and closing cost assistance is eventually repaid, the monies can be reused for future homebuyers and the program could effectively become a revolving fund.

### **The Importance of Program Flexibility and Adaptation Over Time**

The City's response to housing affordability must be flexible to respond to changing conditions in the housing and mortgage markets. A program or approach that is effective at one point in time, with one set of market conditions, may be less effective as market conditions change. Therefore, different approaches must be used to assist households with housing affordability at different times. It is important to note that the ballot language allows the City, at the direction of the City Council, with advice from the Housing Bond Committee, to modify the particular programs being offered to assist with changing market conditions and housing affordability over time.

### **Housing Bond Committee**

If Proposition 422 is approved, the City Council will appoint a Housing Bond Committee to advise the Council on the programs funded by Proposition 422.

It is anticipated that the Housing Bond Committee will be composed of a variety of community members representing different interests and different areas of housing and housing market knowledge. Possible committee members could include: an at-large member, a realtor, a mortgage lender, a subject matter expert, a low-income community member, a moderate-income community member, a developer/builder, and a Flagstaff Housing Authority Board member.

The ultimate responsibility for the Housing Affordability Programs funded by Proposition 422 will rest with City Council. The programs will be monitored annually as a part of the City's existing budget process, which requires a public hearing and annual City Council approval.

The information provided in this document reflects the best information available to the City of Flagstaff at the time of its preparation. The descriptions of future programs and expenditures are based on currently available information and expectations. All such programs and expenditures are subject to future decisions and actions of the City Council. As such, the actual future programs and expenditures may vary from the descriptions herein. **The actual ballot language, of any ballot proposition that is approved, is legally binding on the future actions of the City Council, and no monies may be expended except for the purposes described in such ballot question.**

### **City Secondary Property Tax Facts**

- **Tax Rate** – Even with the approval of Proposition 422, the total secondary property tax rate for the City is expected to remain \$0.8366 per \$100 of assessed value if property values remain stable. It is estimated that the Housing Affordability portion of the total \$0.8366 secondary property tax rate for the City will require a projected average annual secondary property tax of \$0.2360 per \$100 of assessed value over the estimated twenty-year life of the bonds. The average home in Flagstaff was assessed at \$200,859 (10% residential assessment rate = \$20,086) in the current tax year and the owner of such a home would continue to pay approximately \$168 per year in total secondary property taxes for the general obligation debt of the City based on the \$0.8366 secondary property tax rate. The Housing Affordability portion will be approximately \$47 per year based on the \$0.2360 portion of the secondary property tax rate.
- **Length** – The City secondary property tax for the Housing Affordability portion is projected to be for 20 years, from tax year 2020.
- **Borrowing Amount** – The City may borrow an amount not to exceed \$25 million secured by the City secondary property tax to fund the Housing Affordability programs.

# Frequently Asked Questions

(For more information see Summary Analysis above)

## Questions about Proposition 422 – Improving Housing Affordability

### 1. **Why is the City of Flagstaff sending this proposition to the voters?**

Arizona law requires that bonds, like the bonds that pledge City property taxes for repayment, be voter approved. These bonds will be repaid with secondary *ad valorem* property taxes and are commonly called “general obligation bonds”. A general obligation bond is a contract between a bondholder, who, in effect, lends the City money, and the City, which pledges to repay it. It is a “general obligation” of the City. Repayment is by secondary property taxes levied on all taxable property in the City. Legally, the tax is unlimited in rate and amount.

### 2. **How do General Obligation Bonds work?**

If Proposition 422 is approved by the voters, the bonds will be issued and sold periodically. The bonds will be issued when funds are needed for a specific project or purpose, in the actual amount needed for such specific project or purpose, but the total amount of bonds issued may not exceed the amount approved by voters, in this case \$25 million. Money received from the issuance and sale of the bonds may only be used for the purposes specified in the bond ballot question.

Some of the costs may be paid from other City sources that will reduce the amount of property taxes required.

Present and future residents’ property taxes will be used to repay the bonds over a period of time - usually 20 years - in the same manner that homeowners pay off a home mortgage over time.

The total amount of general obligation bonds the City may have outstanding at any one time is limited by the State Constitution. The limit is based on a percentage of the value of all taxable property, within the City and is described in more detail below. The remaining, available, constitutional bond capacity of the City, for all permitted purposes is almost \$200 million.

### 3. **What are primary and secondary property taxes?**

The City collects two types of property taxes. Primary property taxes are generally used to support the maintenance and operation budgets for local governments, such as cities, counties, school districts, and community college districts. Secondary property taxes assessed by cities must be voter approved and are generally used pay for bond issues, budget overrides, and special districts. Each year’s property tax bill has a separate primary and secondary property tax rate for the City as well as most other local governments.

### 4. **What is the City Secondary Property Tax?**

The City collects a secondary property tax to repay City general obligation bonds.

The current City secondary property tax rate is \$0.8366 per \$100 of assessed value of property. That rate is currently repaying the principal and interest on the City’s outstanding general obligation bonds that total \$40,579,560 in principal amount.

### 5. **Is my secondary property tax rate expected to increase if Proposition 422 is approved?**

No. The City’s secondary property tax rate is expected to remain \$0.8366 per \$100 of assessed value, if property values remain stable.

Some existing City general obligations bonds will be fully repaid before the bonds are issued and the portion of the existing secondary property taxes that was repaying those existing general obligation bonds will be redirected to repaying the bonds.

While Arizona Revised Statutes require the City to make a disclosure that the issuance of the bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds, the City intentionally established the amount of the bonds and the timing of bond sales such that the City’s secondary property tax rate would not need to be increased, if property values remain stable. The City has consistently timed the issuance of new bonds with the full repayment of prior bonds in order to keep the secondary property tax rate constant.

**6. Will my total secondary property tax increase if my property value goes up?**

Property owners whose property value, for tax purposes, increases will experience higher taxes even with the City's constant secondary property tax rate.

It is important to note that other local governments also collect secondary property taxes that property owners pay. Whether the total of all secondary property taxes goes up depends in part, on the actions of other local governments and other questions that may be on the ballot. The City cannot speak to the impact of changes in primary property tax rates or in secondary property tax rates as a result of other ballot questions.

The City's secondary property tax rate has remained constant at \$0.8366 per \$100 of assessed valuation since the 2006 tax year.

City of Flagstaff Secondary Property Tax Rate	
Tax Year	Tax Rate
2004	\$0.9801
2005	\$0.8766
2006 to 2018	\$0.8366

**7. Why is the City sending this proposition to the voters now?**

The City has recognized the issue of the high cost of housing in Flagstaff for many years. As long ago as 1959, City planning documents identified the need for increased amounts of housing that residents could afford.

The 2016 Arizona Department of Housing Study *2016 Housing At-a-Glance* recognized Flagstaff as one of the high-priced housing areas in the state. Of major Arizona cities, Flagstaff's median home price was second highest only to Scottsdale. The study also recognized that Flagstaff was one of only a handful of Arizona cities where a police officer, making the median salary for that city's police department, could not afford a median priced home.

A 2016 survey of the largest employers in the Flagstaff area and their stakeholders, conducted for ECoNA, by the Northern Arizona University W. A. Franke College of Business showed that half of all respondents were considering leaving Flagstaff because of high housing costs.

**8. Who will pay for the new Housing Affordability programs and what will they cost?**

For the current tax year, the City levied a \$0.8366 per \$100 of assessed value secondary property tax to repay existing, outstanding bonds.

The average home in Flagstaff was assessed at \$200,859 (10% residential assessment rate = \$20,086) in the 2017 tax year and will pay approximately \$168 per year in total City secondary property taxes based on the \$0.8366 secondary property tax rate for such year.

**9. Why is the City considering issuing bonds for these Housing Affordability programs?**

Proposition 422 asks the voters to give the City authority to issue bonds to be repaid with secondary property taxes, so it will have a dedicated funding source for Housing Affordability programs. The City does not have many ways to raise large sums of money to address important needs. Bonding is one method available, with voter approval.

**10. Aren't there state and federal funds for Housing Affordability programs like these?**

Both the state and the federal government have programs for affordable housing, both rental and owned. However, in many cases Flagstaff residents who need affordable housing are not eligible because of the federally established income qualification limits.

**11. Why is the City considering using a property tax to fund Housing Affordability programs?**

The City has chosen to fund Housing Affordability programs with general obligation bonds, if approved. The City's general obligation bonds are repaid with secondary property taxes. For additional information, see "CERTAIN REQUIRED INFORMATION ABOUT GENERAL OBLIGATION BONDS" below.

**12. Will City property taxes increase if Proposition 422 is approved?**

No. The City's secondary property tax rate is expected to remain \$0.8366 per \$100 of assessed value, if property values remain stable. Some existing City general obligations bonds will be fully repaid before the Bonds are issued and the portion of the existing secondary property taxes that was repaying those existing general obligation bonds will be redirected to repaying the bonds. The City will time the issuance of new general obligation bonds as old general obligations bonds are completely repaid and in order to keep the tax rate constant.

**13. What will ensure that the new tax money is being spent only on Housing Affordability programs?**

The ballot language is legally binding. By law, the City may only spend the voter-authorized revenues for the purposes stated in the ballot question.

If approved, funds under Proposition 422 will only be spent after public City Council meetings are held where public comment is received, and decisions are ultimately made by the City Council to appropriate the funds for housing affordability purposes. The monies may not be used for any other uses. Future City Councils will make ultimate decisions on which programs are created, which housing programs are implemented, and how the money from the Bonds will be spent.

The City Council will also name a Housing Bond Committee, if Proposition 422 is approved, that will make recommendations on how the money should be used according to the purposes stated in the ballot question. The Housing Bond Committee will assist the City Council to make sure the housing programs established are consistent with the purposes stated in the ballot question and that such purposes are accomplished effectively despite variations in the economy, housing, and rental markets.

It is important to note that the ballot language allows the City, at the direction of the City Council, with advice from the Housing Bond Committee, to modify the particular programs being offered to assist with housing affordability over time. Such programs must be flexible to respond to changing conditions in the housing and mortgage markets. Programs that are very effective in some time periods and circumstances can be ineffective during different market conditions and therefore different approaches must be used to assist with housing affordability.

**14. How will the Flagstaff City Council be involved with Proposition 422, if it is approved?**

The City Council, with advice from the Housing Bond Committee and City staff, will be responsible for making the policy decisions regarding the expenditure of the funds in public meetings about how the Proposition 422 monies will be spent and for appropriating the funds through the annual budget process. These decisions by City Council will be made through the normal process of public Council meetings where the public may comment.

**15. How can we be sure there is enough money to achieve the goals of the Housing Affordability?**

In its projections, the City has used conservative estimates of future revenue collections and inflation. The City will adjust the Housing Affordability programs to the amount of funding available over time. The City will report back to the public regularly to discuss the Housing Affordability priorities. The City Council will routinely discuss publicly any differences between expected revenue and actual revenues.

**16. Does a "yes" vote on one proposition require a "no" vote on the other propositions?**

No, each ballot item is a separate question. Voters may vote either "yes" or "no" on each proposition.

**17. What is the purpose of potential Housing Affordability programs that could be created if Proposition 422 is approved?**

The City's Housing Affordability programs, and any potentially additional programs that may be established by future City Councils, are intended to: help Flagstaff residents become home owners; address health and safety

problems with homes; and incentivize builders and developers to increase the number of housing units that are affordable for Flagstaff residents.

**18. Will the Housing Affordability programs impact homes only in Flagstaff?**

The programs will affect housing units throughout all areas of the City. The programs will only operate within the city limits.

**19. Are there other communities with similar projects?**

Yes, Denver, Colorado and Santa Fe, New Mexico have similar programs. These programs have been underway for several years and both are successful.

**20. Can the City require developers to include affordable housing in their developments?**

The State of Arizona prohibits mandatory inclusionary zoning by law, meaning that it is illegal to require developers to include affordable housing within their development. Instead, the City of Flagstaff provides both regulatory and policy incentives to developers who are voluntarily willing to contribute to increasing affordable housing in Flagstaff.

**21. What is the City Council's role?**

If Proposition 422 is approved, the Flagstaff City Council will make all policy decisions about how the Bond money is expended through the budget. The City's Housing Section would be responsible for implementing the Council's directives and the Housing Bond Committee would provide advice to the City Council.

**22. Where can I find additional information on this Question?**

For more detailed information on the Housing Affordability programs and Proposition 422 contact the Flagstaff Housing Section at (928) 213-2743.

**CERTAIN REQUIRED INFORMATION ABOUT GENERAL OBLIGATION BONDS**

**Requested Bond Authorization/Purpose for which the Bonds are to be Issued:**

On June 19, 2018, the Mayor and City Council of Flagstaff (the City) passed and adopted a resolution calling a special bond election to authorize the sale and issuance of not to exceed \$25,000,000 principal amount of general obligation bonds.

The proceeds of the sale of the bonds will provide money for improving housing affordability in the City and for paying all necessary costs in connection therewith, as described herein.

**Maximum Interest Rate on the Bonds:**

The maximum interest rate on the Bonds will not exceed 10% per annum.

**Plan of Finance:**

If the bond question (Proposition 422) is approved by the voters, it is expected that the bonds will be sold in phases conducted over several years. The interest rate to be borne by the bonds would be determined by the market conditions that prevail at the time of sale, but in no event would the bonds be sold at an interest rate greater than 10% per annum. Average annual interest on the bonds is assumed herein at 5.0% for a 2019 sale and 5.5% to 6.0% for sales thereafter for purposes of estimating the tax impact. These rates are used because it is assumed that the interest on the bonds will be taxable. Repayment of both principal of and interest on each series of the bonds would occur over a period of not to exceed 20 years from their date of issuance.

If authorized and all sold, the bonds would be repaid from a levy of *ad valorem* taxes on all taxable property within the City. It is estimated that the bonds would require an estimated average annual secondary tax rate increase of \$0.2360 per \$100 of assessed valuation over the life of the bonds, if property values remain stable. The issuance of the bonds is projected to not impact the City's current tax rate of \$0.8366 per \$100 of net assessed limited property valuation.

The following is an estimated debt service schedule for the Bonds and the estimated impact to the secondary tax rate of the City given the assumptions described therein.

# CITY OF FLAGSTAFF, ARIZONA

## Estimated Debt Service Requirements and Projected Impact on Secondary Tax Rate\*

Fiscal Year	Projected Net Limited Assessed Value (a)	Bonds Currently Outstanding				Authorized, but Unissued Bonds			Bond Proposed to be Issued (b)			Projected Combined	
		Principal	Interest	Combined	Tax Rate	Estimated Debt Service	Estimated Interest	Principal	Estimated Interest	Combined	Tax Rate	Combined	Tax Rate (d)
2018/19	\$804,836,851	\$5,685,068	\$1,532,023	\$7,217,091	\$0.84 (c)							\$7,217,091	\$0.84 (c)
2019/20	804,836,851	5,682,592	1,337,699	7,020,291	0.84 (c)	\$1,077,200	\$250,000	\$250,000	\$250,000	\$0.03	7,270,291	0.84 (c)	
2020/21	804,836,851	4,385,432	1,128,783	5,514,216	0.68	2,046,575	250,000	250,000	250,000	0.03	6,841,416	0.84	
2021/22	804,836,851	1,781,298	968,968	2,740,266	0.34	2,082,075	525,000	1,275,000	1,275,000	0.16	6,061,841	0.75	
2022/23	804,836,851	1,853,822	888,444	2,742,266	0.34	1,043,750	486,250	1,236,250	1,236,250	0.15	6,060,591	0.75	
2023/24	804,836,851	1,936,423	812,043	2,748,466	0.34	1,049,750	747,500	2,147,500	2,147,500	0.27	5,939,716	0.74	
2024/25	804,836,851	2,009,106	738,510	2,747,616	0.34	1,055,075	671,000	2,146,000	2,146,000	0.27	5,943,366	0.74	
2025/26	804,836,851	2,081,872	662,194	2,744,066	0.34	1,064,725	890,250	2,140,250	2,140,250	0.27	5,939,391	0.74	
2026/27	804,836,851	2,154,724	586,968	2,741,691	0.34	1,053,475	822,000	2,147,000	2,147,000	0.27	5,953,416	0.74	
2027/28	804,836,851	2,242,664	509,027	2,751,691	0.34	2,042,225	1,049,500	2,099,500	2,099,500	0.26	5,904,666	0.73	
2028/29	804,836,851	1,340,695	427,871	1,768,566	0.22	2,035,975	993,125	2,093,125	2,093,125	0.26	5,903,916	0.73	
2029/30	804,836,851	1,393,821	375,145	1,768,966	0.22	2,027,475	934,000	2,084,000	2,084,000	0.26	5,888,941	0.73	
2030/31	804,836,851	1,447,043	320,323	1,767,366	0.22	2,041,725	872,000	2,097,000	2,097,000	0.26	5,891,841	0.73	
2031/32	804,836,851	1,395,000	263,400	1,658,400	0.21	2,027,600	805,875	1,905,875	1,905,875	0.24	5,606,000	0.70	
2032/33	804,836,851	1,455,000	207,600	1,662,600	0.21	2,036,225	741,875	1,941,875	1,941,875	0.24	5,632,075	0.70	
2033/34	804,836,851	1,510,000	149,400	1,659,400	0.21	2,491,475	672,000	1,922,000	1,922,000	0.24	5,617,625	0.70	
2034/35	804,836,851	1,090,000	89,000	1,179,000	0.15	2,498,100	598,500	1,723,500	1,723,500	0.21	5,393,975	0.67	
2035/36	804,836,851	1,135,000	45,400	1,180,400	0.15	2,725,225	531,000	1,231,000	1,231,000	0.15	4,909,500	0.61	
2036/37	804,836,851					2,617,725	489,000	2,164,000	2,164,000	0.27	4,889,225	0.61	
2037/39	804,836,851						388,500	2,263,500	2,263,500	0.28	4,881,225	0.61	
2038/39	804,836,851						276,000	4,876,000	4,876,000	0.61	4,876,000	0.61	
		<b>\$40,579,560</b>	<b>\$11,032,798</b>	<b>\$51,612,358</b>		<b>\$33,016,375</b>	<b>\$12,993,375</b>	<b>\$37,993,375</b>	<b>\$37,993,375</b>				

**Projected Average Additional Tax Per \$100 of Assessed Value: \$0.2360**

\* Tax rates stated per \$100 of assessed value and exclude earnings, rebate and delinquency adjustment.  
(a) Fiscal year 2018/19 is provided by the Arizona Department of Revenue. Assumes annual assessed value change of zero percent.  
(b) Assumes sale phases through 2023 and average annual interest at 5% for a 2019 sale and 5.5% to 6.0% for sales thereafter.  
(c) Assumes use of accumulated reserves of past secondary property tax collections to reduce rate to \$0.8366.  
(d) Excludes first 12 months of interest expected to be paid from proceeds of the bond sale.

### Estimated General Obligation Bond Issue Cost to Taxpayers

The Bonds would be repaid from a levy of *ad valorem* taxes on all taxable property within the City which would impact the taxpayers in the form of an estimated average annual secondary tax rate increase of \$0.2360 per \$100 of assessed valuation.

The tax impact over the term of the bonds on an owner-occupied residence valued by the County Assessor at \$250,000 is estimated to be \$59 per year for 20 years, or \$1,180 total cost. The tax impact over the term of the bonds on commercial property valued by the County Assessor at \$1,000,000 is estimated to be \$425 per year for 20 years, or \$8,500 total cost. The tax impact over the term of the bonds on agricultural or other vacant property valued by the County Assessor at \$100,000 is estimated to be \$35 per year for 20 years, or \$700 total cost.

Assessor's value for tax purposes is the value of property as it appears on a tax bill and does not necessarily represent the market value. Cost based on the projected average annual tax rate over the life of the bond issues and a number of other financing assumptions which are subject to change. Cost assumes the net assessed valuation of the property increases annually at the lesser of five percent or fifty percent of the projected total annual increase in net assessed valuation shown on the Projected Debt Service Schedule. Estimated average net assessed valuation of owner-occupied residential properties, commercial and industrial properties, or agricultural and vacant properties, as applicable, within the jurisdiction as provided by the Arizona Department of Revenue.

### Estimated Total Cost:

***Should the bonds be authorized and issued, the City estimates that the total cost of the bonds, including principal and interest will be \$37,993,375.***

### Estimated Issuance Costs:

Should the bonds be authorized and issued, the City estimates that the cost of issuance with respect to each series the Bonds will be approximately \$150,000.

### Current Outstanding General Obligation Debt and Constitutional Debt Limitation:

The City currently has \$40,579,560 general obligation debt outstanding. The constitutional debt limit of the City is \$241,059,225, being twenty-six percent (26%) of the net assessed full cash valuation of the taxable property in the City.

The Arizona Constitution limits the outstanding property tax secured bonded indebtedness of cities and towns. For combined water, sewer, light, parks, open space preserves, playgrounds and recreational facilities, outstanding bonded debt may not exceed 20% of net full cash assessed valuation. In addition to the 20% limitation, for all other purposes outstanding bonded indebtedness may not exceed 6% of a city's net full cash assessed valuation. Unused borrowing capacity for the 20% and 6% debt limitations is shown below based upon the fiscal year 2018/19 Net Full Cash Assessed Valuation.

#### **Water, Light, Sewer, Open Space & Park Bonds**

20% Constitutional Limitation	\$185,430,173
Net Direct General Obligation Bonds Outstanding	(40,579,560)
Reduction for Original Issue Premium	<u>(1,866,052) (a)</u>
<b>Unused 20% Limitation Borrowing Capacity</b>	<b>\$142,984,561</b>

#### **All Other General Obligation Bonds**

6% Constitutional Limitation	\$55,629,052
Net Direct General Obligation Bonds Outstanding	(0)
Reduction for Original Issue Premium	<u>(0)</u>
<b>Unused 6% Limitation Borrowing Capacity</b>	<b>\$55,629,052</b>

(a) *This amount reduces in equal amount the borrowing capacity of the City under State statutes and the Arizona Constitution and the principal amount authorized at the elections for the City from which bonds were sold based on changes in law. The amount is net original issue premium with respect to the bonds sold less the amounts of premium used to pay certain costs of issuance of, and interest on, the bonds sold.*

OFFICIAL BALLOT

PROPOSITION NO. 422

**Purpose:** Improving Housing Affordability

**Amount:** \$25,000,000

To address the high cost of housing in Flagstaff, shall the City of Flagstaff be authorized to issue and sell general obligation bonds in a principal amount up to \$25,000,000:

- for the purpose of increasing the number of housing units affordable for more residents in the City by construction, rehabilitation, redevelopment and acquisition of land for housing units; and the related infrastructure;
- for the purpose of assisting more Flagstaff residents to afford housing by making loans and grants for the construction, rehabilitation, redevelopment and acquisition of housing units; and the related infrastructure; and
- to pay all costs and expenses properly incidental thereto and to the issuance and sale of bonds?

The bonds may be issued in one or more series, will not mature more than 20 years from the date or dates of their issue, will bear interest at a rate or rates not to exceed 10% per annum, and will have such other provisions as are approved by the City Council.

If the bonds are approved, the City Council will create and appoint a Housing Bond Committee to advise the City Council on the use of the proceeds of the sale of the bonds and related matters.

The following sentence has been included on this ballot as required by Section 35-454(C), Arizona Revised Statutes: The issuance of these bonds will result in a property tax increase sufficient to pay the annual debt service on the bonds.

A **YES** vote shall authorize the governing body of the City to issue and sell \$25,000,000 of general obligation bonds of the City to be repaid with secondary property taxes.

**BOND APPROVAL, YES**

A **NO** vote shall not authorize the governing body of the City to issue and sell such bonds of the City.

**BOND APPROVAL, NO**

AS IT WILL APPEAR ON BALLOT

**PROPOSITION NO. 422**

**A measure referred to the people by the Flagstaff City Council relating to the issuance of bonds in a principal amount of \$25,000,000 to improve housing affordability**

A **YES** vote shall authorize the governing body of the City to issue and sell \$25,000,000 of general obligation bonds of the City to be repaid with secondary property taxes

A **NO** vote shall not authorize the governing body of the City to issue and sell such bonds of the City

**YES**

**NO**

**ARGUMENTS FOR PROPOSITION NO. 422**

The "for" and "against" arguments were reproduced exactly as submitted and were not edited for spelling, grammar, or punctuation. These arguments represent the opinions of the authors and have not been checked for accuracy of content.

My name is Stacy Fobar and as a citizen of Flagstaff, I support Question 422. The need for affordable housing for Flagstaff families is preventing our city from prospering. The cost of housing has grown far higher and faster than wages and the dream of owning a home is quickly fading for working professionals such as myself. The market is simply not providing decent, affordable housing options to the workforce where we can raise our families securely.

Passage of this housing bond would not raise our secondary property tax rates and works to address the supply-side and the demand-side of the housing problem. The majority of funds would be used to create housing units – both homeownership and rental – that are more affordable. Developers would "opt in" to using the funds and be held accountable to the community to create those rental and homeownership units through development agreements.

A portion of the bond will be used to help provide down payment and closing cost assistance – working on the demand side of the housing issue. Down payment assistance can be in the form of loans that will be repaid to help additional families in the future. The one-time investment of bond funds can generate a revolving fund to help homebuyers today and in the future. I know that this is something that my family would love to use, and I'm sure many other middle-class families could benefit from a program like this as well.

This strategy helps the entire community, not just a handful of homeowners or renters. It keeps teachers, firemen, nurses, social workers, lunch aides, baristas, maintenance personnel, dispatch operators, bank tellers and other workers in our community. This investment in housing is an investment in community and workforce development.

Stacy Fobar

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Proposition 422 is cost effective investment to begin to address the housing needs of local families, creating homes for workers in education, health, public safety, community businesses.

Communities that prosper are those that invest in their neighbors, small businesses and the local workforce.

Healthier and more reasonable housing is possible in Flagstaff when public and private sectors, nonprofits and business in our community strategize and invest in solutions together.

Proposition 422 is an investment in our community. This proposal does NOT increase the property tax rate because the proposed bond amount is within the existing tax rate. We can help neighbors find decent, reasonable housing with the property taxes we are already paying. It's win-win.

The need for homes affordable for working families in our community affects us all. Flagstaff is a place where we care about our neighbors and where we work collectively to ensure our small- and medium-size businesses can thrive, creating a vibrant, strong economy.

Investing in homes for local working families will make our community stronger. The \$25 million housing bond will be leveraged with private-sector investment, grants and national resources ensuring local funding is optimized to meet the greatest need. The creation of a revolving fund to provide down payment assistance loans is critical as this one-time investment can be repaid and loaned again – over and over to help families today and in the future. Accountability is built in to the Proposition, with the creation of a Housing Bond Committee to make expert recommendations to Council about program design and bond expenses.

Housing is the foundation for healthy and strong families. It's the foundation for a resilient workforce and strong local economy. It's time we finally invest in local solutions and strategies so we all benefit. Please vote YES on Proposition 422.

Devonna McLaughlin

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As 42% of Flagstaff pays more for housing than is considered affordable, F3 supports Proposition 422, a \$25M bond that is expected to increase affordable housing by over 1,000 homes. Council will have final authority on how the bond is spent, based on recommendations from an appointed citizen committee. Proposition 422 funds will be made available as other city bond obligations are paid off, and home-owners will not see a change in property tax rate.

Proposition 422 is written broadly in order to have flexibility over the 20-year period (the community's specific housing needs will change over time). Down payment assistance loans and development incentives to increase below-market housing are two expected programs through Proposition 422. These types of programs have a proven track record of success through the years. They have just been sorely underfunded in Flagstaff.

Proposition 422 will also have the advantage of helping middle-class people who otherwise cannot receive federal or state funds with homebuyer assistance. By moving these long-term renters into home ownership, it will also help affordability by increasing the housing stock for rentals.

Proposition 422 is a bold move towards more attainable housing that will increase the quality of life for all Flagstaff residents. The revolving door of talented people leaving Flagstaff because of a lack of affordable housing costs us in many ways. It affects the healthcare we receive with a 33% turnover rate of nurses at our hospitals; it affects the education of our future voters; it affects the city's bottom line as we continue to train employees who quickly choose to leave for more affordable pastures. A vote for Proposition 422 will make Flagstaff more accessible for people struggling to make ends meet who help make Flagstaff a more vibrant and diverse community.

Friends of Flagstaff's Future

Emily Melhorn  
Vice President

Michael Caulkins  
President

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The term “affordable housing” has come into question because most people automatically assume the term is associated with only the low-income members of our community. Recent studies conducted by the city clearly indicate that is not the case. We are losing nurses, police officers, firefighters, teachers, mid-level managers, highly skilled construction workers and others to communities that can offer them more reasonably priced housing. The cost of replacing employees who leave is a direct burden to every employer in Flagstaff, and an indirect burden to every citizen.

Another study shows it costs more to own a home in Flagstaff than it does in Scottsdale, Portland or Denver. Some say we simply need to focus on attracting higher paying jobs, but Flagstaff can never compete with larger communities to attract those higher paying companies. In this past decade we have lost Walgreens distribution, SCA Tissue and WL Gore is downsizing in Flagstaff & expanding in North Phoenix.

We have the highest rents in Arizona, and our rents have now exceeded those of Boulder, Colorado. Housing, both rental and home ownership, that is affordable to those earning up to 125% of the median income is critical to the long-term stability of our community and to our employers who depend on a quality work force.

This bond measure is vague on purpose. Within any given year we don’t know what the housing needs may be., where the largest gaps exist, and what or where the best opportunities may present themselves. A strong independent advisory committee to sort through that and make the best recommendations possible to the city council for funding will be critical. A committee consisting of industry professionals, both private and non-profit, that clearly understand our housing market.

If not this, What? If not now, When?

Rick Lopez

### **ARGUMENTS AGAINST PROPOSITION NO. 422**

The “for” and “against” arguments were reproduced exactly as submitted and were not edited for spelling, grammar, or punctuation. These arguments represent the opinions of the authors and have not been checked for accuracy of content.

I urge a no vote on Prop 422 because:

1. Borrowing \$25 million will use up too much of the city's bonding capacity for general obligation bonds that are repaid with the secondary property tax at the current rate. We have many other important and expensive needs, including paying for the city's share to finish the construction of the Rio de Flag flood control project, and the city should have the ability to bond for them.
2. The bond question doesn't have any parameters on how the \$25 million will be spent so we don't have any idea who the winners and losers will be.
3. There's good reason to believe that the City Council will go down the path of exercising the right of eminent domain and 'take' private property from property owners for affordable housing from property owners who DO NOT want to sell their property and use the bond money to compensate them. The bond language should've made it clear that the city won't use the public money for this.

Al White  
Flagstaff

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Don’t be fooled by Proposition 422: it will not truly make Flagstaff a more affordable place to live. Affordable housing is a complicated, nuanced problem, but this is a huge bond that will mostly go to putting money in the pockets of outside corporations and to paying the interest on money borrowed. To solve our affordable housing problems, save Flagstaff citizens millions of dollars, and keep local money local, landlords should simply reduce their rent to reasonable rates, rather than asking everyone in Flagstaff to pay outside interests to develop a modicum of almost-

affordable housing. Additionally, this bond does not guarantee that the housing will remain affordable permanently. Vote NO on Proposition 422.

Dara Marks Marino

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I oppose Proposition 422 because approval of this \$25 million bond would mean that for the next 20 years the City can issue only \$25 million in general obligation bonds at the existing tax rate, which is worrisome. Also, the measures purpose is too vague to be of any use to voters as there aren't any limitations or parameters to ensure such things as permanent affordability for the housing built with the bond money.

Not only will Proposition 422 increase our property taxes for years to come, voters are now being asked to consider seven tax increases (including Prop. 422). There are two proposed increases in our sales tax, one sales tax renewal (because we can never let them expire), one FUSD property tax override, one new FUSD \$75 million bond issue, and the CCC property tax override. I consider tax "overrides" and "renewals" a new tax increase because if they expired (as originally promised) our taxes would go down.

The City of Flagstaff also has a \$100 million unfunded Public Safety Personnel Retirement System (PSPRS) liability. It doesn't have a dedicated source of revenue to pay this off so I think it very likely the City Council will ask the voters to raise the sales tax (yet again) in November 2020.

And where is the City going to get the money to finally finish the Rio de Flag flood control project? Another stormwater fee increase? Another sales tax increase?

It's no surprise Flagstaff is such an expensive place to live and we may well be on track to continue making it even more unaffordable.

I urge you to vote no on Proposition 422.

Robert Miller  
Retired CPA

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Vote NO on Proposition 422, the \$25 million Affordable Housing Bon. Proposition 422 may render Flagstaff unable to fund future critical projects such as ensuring our water supply or finishing Rio-de-Flag Flood Control project. The City also may not be able to fund predicted emergencies such as wildfire or infrastructure failure.

Another red flag is the local realtor association brought this \$25 million bond to City Council with no plan and no qualified management committee. The future Housing Bond Committee, likely to include realtors and developers, will recommend how to spend the bon. We have no assurances they won't have a direct conflict of interest or benefit personally from the bond money. Proposition 422 is an ill-advised City plan to increase our property tax money.

Affordable housing projects need responsible, transparent plans. Citizens recently stopped an affordable housing plan at Shultz Pass Rd and Highway 180 because the land had more value to remain undeveloped due to its historic and conservation values. However, our City, lacking adequate public input and foresight, had already spent over \$500,000 (years ago) of our tax dollars on infrastructure for this land. Another ill-advised City plan.

No parameters exist in the bond that protect the public money. There's no guarantee the housing built with the \$25 million will be put in city land trust and kept permanently affordable. Future buyers of this housing could increase their resale price for a large profit, thus rendering the housing unaffordable.

The City will likely consume millions on new City staff to administer the bond money. Note that voters were NOT told before they approved the (currently failing and overdue) \$10 million FWPP Bond for forest thinning that the City would spend 1.2 million on staff salaries.

Vote NO on Proposition 422, an expensive, non-transparent, and dubious plan.

Emma Benenati

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I'm voting NO on Proposition 422. I hope you will also.

A \$25 million bond that doesn't even tell us what 'affordable housing' means and will increase property taxes is bad for Flagstaff. It's way too much money to give the city at one time and will mean that the city won't be able to borrow the large amounts of money it will need for other important city projects for at least another 25 years. I don't think bonding is a good idea, but if the city does borrow money then a smaller amount of money for the bond would make much more sense.

Developers like those who build monstrous projects like Mill Town and The Hub and who don't want to voluntarily give us affordable units will probably be just the kind of developers who will show up at City Hall for the public money and build us more of what they're known for – monstrous projects! And the city council will approve them just because they want the affordable housing. If you think we're headed in the wrong direction now, just wait and see what happens if the city hands out \$25 million for so-called affordable housing.

It's a big problem that the bond question doesn't promise the property taxpayers that all of the housing built with the bond money is permanently affordable and put in the city land trust. The property taxpayers should only subsidize permanently affordable housing otherwise it just doesn't make any sense.

We know affordability and the high cost of living in Flagstaff are big problems and now we're going to make it even more expensive with all of the sales tax and property tax increase questions on the ballot. The left hand doesn't know what the right hand is doing.

Vote no on Proposition 422.

Kathryn Jim

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This vague legally-binding bond question is the only information we have. I cannot support bond language that does not address permanent affordability. Why are we not guaranteed every unit built under this program is permanently affordable? Without permanency, the public investment in affordability is short-lived. Instead, after some period or after the life of the bond (20 years), the affordability would vanish and units would revert to the open market. This does not address permanent affordability which is needed for any such program to be truly successful. This would not be fail to City taxpayers who foot the bill for the bond and associated interest and deserve the assurance of affordability that lasts into perpetuity.

As presented, this housing bond is for the purpose of assisting more Flagstaff residents to afford housing by making loans and grants for the construction, rehabilitation, redevelopment, and acquisition of housing units and related infrastructure. Grants are a give-away without something of value in return, i.e. permanent affordability. This vague bond language could allow a for-profit developer to apply for public taxpayer money to build high-occupancy housing (think The Hub, Mill Town, The Standard, etc.). This is unacceptable.

The bond question is vague. Until we can get it right by ensuring permanent affordability please vote NO on Proposition 422.

Charlie Silver  
Flagstaff





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**SEE PAGE 5 FOR YOUR POLLING PLACE INFORMATION  
VEA LA PÁGINA 5 PARA INFORMACIÓN DE SU LUGAR DE VOTACIÓN**

**OFFICIAL VOTING MATERIALS** - ONLY ONE PAMPHLET HAS BEEN MAILED TO EACH HOUSEHOLD CONTAINING QUALIFIED ELECTORS OF THE CITY OF FLAGSTAFF. PLEASE MAKE IT AVAILABLE TO ALL QUALIFIED ELECTORS IN THE HOUSEHOLD.

**MATERIALES OFICIALES ELECTORALES** - SOLAMENTE UN FOLLETO SE HA ENVIADO A CADA DOMICILIO EN CUAL RESIDEN ELECTORES CALIFICADOS DEL MUNICIPIO DE FLAGSTAFF. FAVOR DE COMPARTIRLO CON TODOS LOS ELECTORES CALIFICADOS EN SU DOMICILIO.