

Minutes of the Regular Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Monday, May 13, 2013, at 6:00 p.m. at the City of South Tucson Council Chambers, 1601 South 6th Avenue, South Tucson, Arizona.

Council Present: Carlos Salaz
Miguel Rojas
Paul Diaz
John Felix
Mary Soltero
Anita Romero

Staff Present: Enrique Serna, City Manager
Ruben Villa, Finance Director
Veronica Moreno, City Clerk
Marilyn Chico, Housing Director
Bill Lackey, Police Chief
Dennis Rankin, Police Dept.
Larry Anderson, Fire Chief
Patrick Moran, City Attorney

Councilman Felix called the meeting to order and led the Pledge of Allegiance.

ITEM #04 – ROLL CALL – All members of the Council were present except for Vice-Mayor Tadeo, who was excused.

ITEM #05 - APPROVAL OF MINUTES: REGULAR MEETING, APRIL 15, 2013 – Motion by Councilman Rojas to approve the minutes of the Regular Meeting of April 15, 2013. Seconded by Councilwoman Soltero. Motion passed unanimously.

ITEM #06 – RESOLUTION NO. 13-10 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND ADOPTING THE SOUTH TUCSON HOUSING AUTHORITY'S LOW RENT OPERATING BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2014, AUTHORIZING THE EXECUTION OF THIS RESOLUTION FOR THE PURPOSE OF AUTHORIZING THE CITY OF SOUTH TUCSON HOUSING DIRECTOR TO SUBMIT SAME TO HUD AND DECLARING AN EMERGENCY TO EXIST – Motion by Councilman Rojas to pass and adopt Resolution No. 13-10 of the Mayor and Council of the City of South Tucson, Arizona, approving and adopting the South Tucson Housing Authority's Low Rent Operating Budget for fiscal year ending June 30, 2014, authorizing the execution of this resolution for the purpose of authorizing the City of South Tucson Housing Director to submit same to HUD and declaring an emergency to exist. Seconded by Councilwoman Soltero.

Councilman Diaz: I have a question. Is there a dollar amount attached to this?

Mr. Serna: That's what I was going to jump into, but I figured my print on my page is very, very light, but I'll let the Finance Director address that.

Mr. Villa: Mr. Mayor, members of the Council, I do apologize the copies did not make it to the agenda. The total budget, let me first say that traditionally the Housing budget is adopted first. The Housing Authority submits their budget to HUD, they approve it, the Council looks at it, and then it's incorporated into the annual budget, which you will see shortly when we begin the process of developing the 2014-15 budget. The total amount of the budget for Low Rent is \$902,964; \$589,000 of that comes from HUD subsidies. And Marilyn is here to discuss any details that you may have, or questions that you may have. But the total of this budget will be incorporated into the annual budget of South Tucson.

Councilman Rojas: I had a question. So there's a difference between the federal amount and other amount. Is that what's generated from rents or?

Mr. Villa: Yes. There's, from tenant rents it's estimated it will be \$304,000. So the total of local tenant revenues is roughly \$309,000; five hundred and eighty-nine comes from federal subsidy for a total of \$902,000.

Councilman Rojas: Okay.

Motion passed unanimously.

ITEM #07 – RESOLUTION NO. 13-11 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING THE SOUTH TUCSON HOUSING AUTHORITY'S 2013 ANNUAL PHA PLAN AND AUTHORIZING THE EXECUTION OF THIS RESOLUTION FOR THE PURPOSE OF AUTHORIZING THE CITY OF SOUTH TUCSON HOUSING DIRECTOR TO SUBMIT SAME TO HUD AND DECLARING AN EMERGENCY TO EXIST

Mr. Serna: Acting Mayor, members of the Council, it seems like this particular one keeps coming back, but it just does once a year. So if it looks familiar to you, you're familiar with the rationale for this item. The Housing Authority Director has submitted a total amount of \$569,000 in the form of anticipated needs for the authority. And as much as she may not actually get that much, there are some significant renovations, repairs that need to be made at the Authority. It's a very, very old building, but it's been kept up very, very well. So we just recommend the suggested motion, Mayor and Council.

Motion by Councilman Rojas to adopt and pass Resolution No. 13-11 of the Mayor and Council of the City of South Tucson, Arizona, approving the South Tucson Housing Authority's 2013 Annual PHA Plan and authorizing the execution of this resolution for the purpose of authorizing the City of South Tucson Housing Director to submit same to HUD and declaring an emergency to exist.

Councilman Diaz: I have a question. I have a resolution 13-10. Is that, on the cover sheet.

Ms. Moreno: Correct. It should be 13-11.

Councilman Rojas: 13-11.

Councilman Felix: On the whereas?

Mr. Serna: Does anybody else have that on theirs? I, ours shows Resolution 13-11. So does everybody have 13-11 on theirs? So I don't know. The actual resolution has 10 on it. Thanks for catching that.

Councilman Diaz: The other thing is that it kind of, the background, it says attachments (inaudible) policies. Is that, is that really here, the attachments?

Mr. Serna: It's not included. They're, they've been available in the office. Marilyn, do you want to address that?

Ms. Chico: Councilman Felix, members of the Council, the attachments were all of the changes, revisions that we made to our Low Rent admissions and continued occupancy policy, as well as our Section 8 Administrative Plan, anything that affected our policy. And, quite frankly, there's probably about an inch and all I had to do was submit Resolutions and recaps. These are not policies. The policies would be about eight inches thick. But these are now required to go along with our PHA Plan. So those were the main attachments. We also had the resolution when you approved our local working preference. Anything that affected our policies in the last fiscal year are all attached here and they were brought to the office here in case anybody wanted to review it.

Mr. Serna: Marilyn, could you give a couple of examples for the councilman on some of those policy changes that were made?

Ms. Chico: We did the Violence Against Women. It had been a policy, but it was enhanced through HUD's final rule. We changed even our termination policy so if somebody was being terminated because of the Violence Against Women, or a domestic violence, we cannot evict them, but we can evict the abuser, of course.

We have greater preference for people who are victims of domestic violence. That's one of the things with (inaudible). We changed, oh, my Lord. What ...

Mr. Serna: What I think that, Mr. Diaz, in listening to those, you might remember that not too long ago, just within the last couple of months, that we had a lot of those changes brought back before the Mayor and Council. And so they were actually addressed previously. So these are merely those same policy attachments that will go with this request that she submitted to HUD.

Councilman Rojas: So when the submission is made to HUD, then they, they're interested in getting an annotation of the different policy changes that are going to, that implemented as a new result of this action:

Mr. Serna: And in fact, they have. Yes.

Councilman Rojas: Okay. Thank you.

Seconded by Councilwoman Soltero. Motion passed unanimously.

ITEM #08 – RESOLUTION NO. 13-12 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND ADOPTING THE AGREEMENT BETWEEN THE CITY OF SOUTH TUCSON AND INTERGRAPH, AUTHORIZING THE MAYOR AND/OR THE CITY MANAGER TO EXECUTE THE AGREEMENT AND DECLARING AN EMERGENCY TO EXIST

Councilman Felix: Agenda Item No. 08, we'll be tabling for, at this time.

Mr. Moran: For the postponement of a vote on that particular resolution, it does require to either postpone to the next scheduled meeting, postpone indefinitely, or take a vote on it. So there will need to, there will need to be a motion to either postpone to next meeting. If it's something that we think needs more time, then a motion to postpone indefinitely and then voted on. Or it can obviously be called for a vote. So one of those three motions needs to be made properly.

Councilman Felix: Do I have a motion to postpone until next meeting?

Councilman Rojas: Let me ask, let me ask staff here what, what their situation is in terms of the information pack.

Mr. Serna: Just let's postpone it indefinitely. We're going to go into a new Council.

Councilman Rojas: Oh, why don't we table to a new Council that takes effect. Table this. It's yes or no. That's it.

Councilman Felix: Okay. Do I have a motion?

Motion by Councilman Rojas to table Item No. 08 indefinitely. Seconded by Councilman Diaz. Motion passed unanimously.

ITEM #09 – RESOLUTION NO. 13-13 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND ADOPTING AMENDMENT 1 FOR CONTRACT NO: 13*430 TO THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM BETWEEN THE CITY OF SOUTH TUCSON, ARIZONA, AND PIMA COUNTY AND AUTHORIZING THE MAYOR OF THE CITY OF SOUTH TUCSON TO EXECUTE SAID IGA AMENDMENT AND DECLARING AN EMERGENCY TO EXIST

Mr. Serna: Thank you, Mayor Felix, members of the Council. There has been a discussion between myself and the Chairman of the Board of Supervisors, along with previously, with Mayor Eckstrom and staff here. We have some monies in previous year grants that have been unexpended, and HUD is putting some pressure on Community Development Services to reprogram these dollars so that they don't show as being unspent funds. So they're being moved around amongst the various grants to remove the agent nature of the monies that have been unspent. They will be spent judicially and it's, again, something that was agreed to with the Chairman of the Board as something they could pass through their body as soon as we (inaudible).

Motion by Councilman Rojas to pass and adopt Resolution No. 13-13 of the Mayor and Council of the City of South Tucson, Arizona, approving and adopting Amendment 1 for Contract No: 13*430 to the Community Development Block Grant Program between the City of South Tucson, Arizona, and Pima County and authorizing the Mayor of the City of South Tucson to execute said IGA amendment and declaring an emergency to exist.

Councilman Rojas: Does that mean it has to be done at or through or before 12-31-14?

Mr. Moran: Yes.

Councilman Diaz: In regards to the, do we not have already a grant for this year under the CDBG grant? We do?

Mr. Serna: And actually, we'll actually be coming back to, seek some resolution or, for updating previous grants that have, need to be forwarded to JV, Catholic Community Services, which acts as the intermediary for the John Valenzuela Youth Center. And so those documents, a signature is missing so we're going to have to bring that back to get the, that particular resolution signed. But yes, you're correct that these funds have been brought before you.

Councilman Diaz: Okay. Doesn't the County have a grant also under the Eat Well program? I'm not sure if that's the proper name that they use, but isn't there an Eat Well program by the County?

Mr. Serna: Eat Well, yes. It's the, typically what we now refer to locally it's our Healthy Habits monies that are expended and I recall that you had raised that issue, that question before in a previous meeting. And yes, the County had that federal program monies appropriated through a number of different agencies, in excess of a dozen. We were the focus, we didn't specifically get monies, but we were the focus of the Healthy Habits portion of it with our community garden, the garden kitchen that we have. And so that's where we're beginning to visualize the, you know, the effects of those monies coming into the community. But again, you're absolutely correct. The County has orchestrated the dispersal of those funds and actually it's been, it has borne a lot of fruit in our community as around the County as well. So it's a County-wide program.

Mr. Villa: Acting Mayor Felix, Council member, just to add to the first question you had, the current grant is being amended here. The current grant was for a total of \$300,000; \$137,000 is being combined from previous year's balances. So the current year is now \$437,000 to be spent in December of 2014. Within a short period of time, we'll be back here with brand new grant applications for the following year. So this is the current grant that's been awarded.

Councilman Felix: So the total of \$137,509.51 has not been spent at all yet?

Mr. Villa: No. It's a combination of four prior years and it's the first page of the agreement it will list out the different programs that have small balances and have accumulated over the years, and they're now being combined or reprogrammed within the same type of line item within our current grant.

Councilman Felix: So which agency paid for the \$101,345 for the garden kitchen?

Mr. Villa: Well, a combination of several programs that you will see on the first page. You'll see you have Community Cleanup. You have Pride. You have several community clean up years, some balances there, some fire safety equipment. And a little bit left from the youth program. But you will also see

there's some increases in some of those programs as well. So it's just basically taking \$137,000 and rearranging it so it gives us more of an opportunity to spend those from here to December of '14. And we've, all these funds will be spent. Now that they're reallocated into specific line items that we do need, they will be spent fairly quickly.

Seconded by Councilwoman Soltero. Motion passed unanimously.

ITEM #10 – RESOLUTION NO. 13-14 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND ADOPTING THE AGREEMENT BETWEEN THE CITY OF SOUTH TUCSON AND COX COMMUNICATIONS ARIZONA, LLC, FOR LICENSES FOR THE INSTALLATION, OPERATION AND MAINTENANCE OF CABLE SYSTEMS IN THE CITY, AUTHORIZING THE MAYOR AND/OR THE CITY MANAGER TO EXECUTE THE AGREEMENT AND DECLARING AN EMERGENCY TO EXIST

Mr. Serna: Acting Mayor Felix, members of the Council, I'm going to ask the Assistant City Manager to address the renewal of this agreement with Cox Cable.

Mr. Villa: Acting Mayor Felix and members of the Council, representatives of Cox Communications are here in the audience to answer specific questions related to the agreement. What I'll do is just very briefly explain the financial part of the agreement. This is an ongoing relationship the City has had with Cox Communications going back several years. The proposal tonight is to extend that relationship for additional fifteen years. The City receives 5% of the gross revenue that Cox produces within our jurisdiction. Over the course of ten fiscal years, the average is roughly between .5 to thirty-five hundred dollars a quarter. The annual revenue from this arrangement ranges between \$13,000 a year and fourteen. So basically, 5 percent. Also, the City receives 2% from sales tax, and again, any specifics related to the contract, either the City Attorney or the representatives from Cox can answer those.

Motion by Councilman Rojas to pass and adopt Resolution No. 13-14 of the Mayor and Council of the City of South Tucson, Arizona, approving and adopting the agreement between the City of South Tucson and Cox Communication, LLC, for the licenses for installation, operation and maintenance of cable systems in the City, authorizing the Mayor and/or City Manager to execute the agreement and declaring an emergency to exist. Seconded by Councilwoman Soltero. Motion passed unanimously.

ITEM #11 – RESOLUTION NO. 13-15 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND ADOPTING THE

EXCHANGE AGREEMENT BETWEEN THE CITY OF SOUTH TUCSON AND
MADERA ASSOCIATES GROUP, LLC, FOR ROADWAY EXCHANGE,
REALIGNED GREENWAY AND PROPERTY IMPROVEMENTS, AUTHORIZING
THE MAYOR AND/OR THE CITY MANAGER TO EXECUTE THE AGREEMENT
AND DECLARING AN EMERGENCY TO EXIST

Mr. Serna: Acting Mayor Felix and members of the Council, actually the Madera Associates group (inaudible) pronounced it as something else. We just want to correct ...

Councilman Felix: It's Madera, not Madera?

Mr. Serna: Well, it's actually Madera, but I think ...

Mr. Villa: Yeah, I think I heard Miranda, so ...

Councilman Felix: Miranda. Okay. I'm sorry. Madera.

Mr. Serna: So now everybody is confused but in any regards, members of the Mayor and Council have been apprised of some ongoing conversations we've had with representatives that are here; the attorney representing Karen Silva and I think Mr. Larsen is here. And they have brought to us and I've had conversations with some of the council people, the, very kind of enterprising undertaking for a property in our community that we all know on Old Vail Road, the old business park there. And it's been pretty much vacant for a great number of years. And this development company has been very successful throughout the greater community in rebuilding commercial centers in areas that have been vacant. Part of their, before they can pursue this issue, they needed to come to terms with a problem they had with regard to the property, if they were going to purchase a property and develop it, and that was the Old Vail Road. They've got some perspective anchors that will actually lead that to act as the full campus so they came and asked us to consider the abandonment of Old Vail Road between 5th and 4th Avenue. And then in exchange for the property, that they would convey to the City that would allow for us to continue, and I don't want to (inaudible) the themes here but the El Paso Greenway Belt project that, again, you all are familiar with, that would allow us to actually implement that way before we ever get close on either side of these properties with that project. And there's provisions within the agreement. And I'll let the City Attorney speak to those in just a second, in case the appraisal that is yet to come in comes in higher than what the actual cost for the conveyance of the property that is traded and the landscaping of the improvements that they themselves will make on our behalf to address that El Paso Greenway Belt project. So we're really pretty excited about it because, as you know, we're beginning to get a tinge of sensitivity from folks about developing around that area. And so it's truly one of the initial economic

development projects that's on our horizon that I'm sure the Mayor and Council will be excited to support. They are here to answer any questions that you might have regarding that, and/or to embellish the presentation (inaudible). There's a small narrative there that describes this project so we would recommend the suggested motion. But again, if you have any questions, the parties are here to address them.

Councilman Felix: I'd like to hold the suggested motion and go into any discussion to ask any questions. Is that okay with you, Council? Is there any discussion that we have to ask any questions to ...

Councilman Rojas: Yeah. Acting Mayor Felix and Council, and please, or whoever wants to answer question, I like the idea and definitely progress is what we want to see in the City. Is there a better way to present this other than just a straight suggested (inaudible)? I'd like to see what we're trading. What we're giving and for what we're getting.

Mr. Serna: The packet you have has a legal description and then on the third page is a color picture. Sorry I didn't address that earlier.

Councilman Rojas: Okay. I don't want to be blind when I get into this dance, you know?

Mr. Serna: Patrick can discuss ...

Councilman Rojas: It's like a blind date, Patrick.

Mr. Moran: Mr. Felix and members of the Council, and we do have the representatives here and I think we have Ms. Sylvan, who is the legal counsel and then also Mr. Larsen, correct, is also present. I think it would be very beneficial, I did have a chance to sit in with both of them at the initial presentation of this to the Council. And I think maybe Mr. Larsen, maybe if he's willing to give us a couple minutes of his time, could present what their envisioned use of the property is going to be. And so, Mr. Larsen, if you don't mind giving us a couple minutes of your time.

Mr. Larsen: If I can bring Carrie up with me, would that be okay?

Mr. Moran: As I advise my clients, it's always good to have an attorney at your side (inaudible) speaking in public.

Mr. Larsen: Acting Mayor Felix and City council members, my name is George Larsen. I live at 85 North Camino Espanol in Tucson, Arizona. And we are in escrow to acquire with what they call hard earnest money, meaning we lose it to

acquire this property. And our goal when we started this process was to figure out a way in which we could take that property and make it into a campus because one of our clients has been the Department of Economic Security and they were looking at that time for a 40,000 square foot facility in order to do job training and handle the administrative aspects of the Department of Economic Security. They came, they went. They came back again. They were going to, they at first like our project, then they thought they would go to 22nd and Alvernon, and that didn't work out for them, and they're back with us. Julia Cortinas is the person that we're coordinating with. And we ask Carry Silvan if there was a way we could get the roadway that just seems to not be carrying a lot of traffic called Old Vail Road, between 4th and 5th, that we could incorporate that into an area we could then enclose with a wrought iron fence. That's what call centers, NGO Health Services would want and the DES would want. And you were kind enough, through Mr. Serna, to listen responsively to our request and so far we've tried our hardest to come up with our side of the bargain, which would be to make this property a lot better looking than it is now, and try to turn it into an office complex as opposed to a incubator industrial project. It's been vandalized. Most of the copper is off the roof. We're going to be spending upwards of a million and a half dollars trying to make it back to what we think it could be. And our vision is to add, as necessary, additional buildings because our one client wanted 41,000. We didn't have that much. So we have an opportunity to add. We don't want to commit to that because we might not get a tenant that needs that space. But our goal is a call center, a medical treatment facility, possibly education facility, and if possible, something along the line of a back office operation. With a campus, with a guard shack at the front, with a wrought iron surround, we should be able to do that. Our trade off is to say that if you can dedicate the road to us, we'll dedicate a greenway along the side. They're not equivalent in size. However, they, we do understand that we'd have to make up the difference in either cash or doing the development of the greenway in the equivalent amount of money. Carrie, what did I miss?

Ms. Silvan: Not much. Carrie Silvan, 4733 East Camp Lowell Drive. The only thing that I want to highlight on the drawings that are in front of you, in the actual agreement we went into the documents on the El Paso Natural Gas Greenway and took a look at the improvements that are suggested in the Greenway so that it would be an appropriate extension. So there will be an eight foot meandering asphalt path and adjacent, a four-foot meandering gravel path. And that's all in the agreement, along with the vegetation. While you're seeing palm trees, that is not the vegetation. We had our architect draw these up very quickly without a lot of direction. So they will not be palm trees. They will be native vegetation and particularly ...

Councilman Rojas: Yeah, (inaudible) ...

Ms. Silvan: ... the, yes, and that's all in the, that verbiage is in the agreement. It's also thorn less, the big trees will be thorn less mesquites.

Mr. Larsen: Go from here to here.

Councilman Rojas: So they'll be native.

Ms. Silvan: Yes.

Councilman Rojas: Not the things that come from South America. Now I understand underneath this ground, if I remember correctly, there's a line, a gas line or a something line. I've always, you know, I have my thoughts about that. I'm not going to say because me and El Paso had a conversation about that when I was very young. Is there any prohibitive things with this particular line and this building? I mean, you know, I'm all for this except I don't want to get caught. Later, I'll be left on third base, can't get home because of a line.

Mr. Serna: Acting Mayor Felix and Councilmen, we have addressed that particular issue. In fact, that's an issue that we've been dealing with throughout the whole line of that. And typically, in cases like this, even if it was active, you know, there's not actually any building being built over it so if there's an emergency, whatever, it's something that can easily be addressed. So that's actually the quickest and safest answer to your particular question but we have studied that and obviously, with their development, that's something that they want to have locked down before they get into something like that. So thanks for bringing it up 'cause that's actually the number one question to ask. Thank you.

Councilman Diaz: Where are you going to put Domino's?

Mr. Larsen: Well, only two tenants left now and those are both on the way out. One of the things we, you can't see too well here, again, because we were rushing, as always, you're always rushing, is along 4th Avenue, this is one of the worst looking facades. And we plan to make it look as good as this part of the façade. I didn't get the architect to give me those details. There's the part where the pod is. And we would like to make this look similar to this. And he just didn't pick that up. And he also seems to have found the most palm trees anybody could possibly find to put in a artist rendering.

Councilman Diaz: The other recommendation is that we have Mexico's (inaudible) export business. We hired an empowerment zone here. And that would be ideal too. That gives us sales tax and so forth, you know, that if we were able to get some of those businesses to come in South Tucson, especially in conflicts like this.

Mr. Larsen: It's a great location. We just think that the problem with it being bifurcated by the roadway means that no one can actually make it a unified property that would have a benefit both to your community and to the investors.

Ms. Silvan: And also to answer Mayor and Council member is that we're working with your staff as well, and know when there's opportunities 'cause sometimes those opportunities appear at your doorstep for potential users such as that that we are, we haven't locked down a user yet so we're trying to keep our eyes and ears open. We'll be working with your staff on that as well.

Mr. Serna: If I could quickly address Councilman Diaz's question with regard to that because we submitted our economic development plan to the County. It was almost simultaneously with the release of theirs that described the activity taking place with the economic development activities taking place on our east and to the north of us. We have actually been in conversations with individuals who have very, very good relations similar to the ones that the City of Tucson has with states in Mexico and that part of that presentation that we remitted back to the County included exactly what you're addressing. There are, there's a significant interest by almost all the states in Mexico to establish some offices here and specifically in our community. So 4th Avenue is typically what they're looking at as a corridor to do that. And it's, you know, it's going to take a little time but then again it's taken time to get started here. And so I think once this takes place and we've got that, facility has taken (inaudible) on the east side of 4th Avenue, that this is really going to kick off so you all are going to have some wonderful opportunities here in the immediate future. You'll see this bear fruit and entice those other interested parties to come to our front door. So that's a very, very likely possibility.

Councilman Rojas: So this building, there used to be a crematorium?

Mr. Larsen: Yes. It was not actually a crematorium but it was an office for a crematorium.

Councilman Rojas: What does that mean?

Mr. Larsen: They did not, I don't think they actually had the flames or the ...

Councilman Rojas: No ovens?

Mr. Larsen: ... facility. No ovens there. They were gone by the time we found an interest in this property, before we discovered this property. This is bank-owned so it was a repossession of a property that had formally been fairly well occupied and just had gone downhill in the recession.

Councilman Felix: Councilman Salaz, any questions?

Councilman Rojas: No? Charlie, you're good?

Councilman Felix: I have a couple of questions. I see you're going to do some re-elevations of the buildings. Is that the way it's going to look off this plans here?

Mr. Larsen: Yes, it is. If you give us just a little flexibility, substantially the same way that it looks. Stack block or a ceramic tile look.

Councilman Felix: And did we do a traffic control study on Old Vail Road between 4th Avenue and 5th Avenue to see how many pedestrians and how many vehicles use that portion of the roadway, and how it would affect them to have to travel north to 37th or south to 39th Street?

Mr. Larsen: We could certainly do that. That would be a fair thing to ask.

Councilman Felix: Okay. Because that would be nice to know for the pedestrian and vehicle use that uses that portion of the roadway.

Motion by Councilman Rojas to pass and adopt Resolution No. 13-15 of the Mayor and Council of the City of South Tucson, approving and adopting the exchange agreement between the City of South Tucson and Madera Associates Group, LLC, for roadway exchange realigned greenway and property improvements, authorizing the Mayor and/or City Manager to execute the agreement and declaring an emergency to exist. Seconded by Councilwoman Soltero. Motion passed unanimously.

ITEM #12 – TUCSON-PIMA COUNTY HISTORICAL COMMISSION APPOINTMENT

Mr. Serna: Acting Mayor Felix, members of the Council, dating back many years, the Historical, Tucson-Pima County Historical Commission, since the earliest of my days in the City, we've had representatives on the Commission but we never really had anyone that consistently participated or even attended the meetings. And ever since the appoint of this Patsy Waterfall, not only has she attended every meeting but she's very much praised by members of this Commission as a person who volunteers for a lot of the committee work representing the City of South Tucson. So they are hopeful that Mayor and Council will continue to let her sit on this Commission, one of many that you all will have an opportunity to

make appoints for. And she is very excited about wanting to be appointed to this position.

Motion by Councilman Rojas to approve and reappoint Ms. Patricia Waterfall for the four year term as the City of South Tucson's representative of the Tucson-Pima Historical Commission, effective May 20, 2013. Seconded by Councilwoman Soltero. Motion passed unanimously.

ITEM #13 – DISCUSSION AND POSSIBLE APPROVAL TO CONTRACT WITH HEALTH NET AS THE CITY OF SOUTH TUCSON'S HEALTH INSURANCE PROVIDER FOR FISCAL YEAR 2013-14

Mr. Serna: Acting Mayor Felix, members of the Council, staff and I have been meeting to help the broker for looking at the different health plans. And I'm going to let Ruben address the general (inaudible) that have come out of those conversations regarding the health services that we'll be receiving this next year.

Mr. Villa: Acting Mayor, members of the Council, just a quick background, in 2005, up to 2005, the City had a contract with Cigna where the benefit was, actually qualified as a program that only South Tucson had. And we filed with the State of Arizona as a unique benefit. It was considered a Cadillac health insurance. Of course, since things have changed since 2005, in 2006 we, the City received an estimate, a renewal rate of 60% which would have made the actual annual payments for the City of South Tucson about \$600,000. So at that time, the City was forced to devise a new approach and with the cooperation and help of our brokers, we went out and searched for other plans. Since then, we've changed several plans several times. As we've said before during the budget process, the most expensive part of the budget is salaries and the next most expensive part of the salary, wages, are benefits. One of them is health insurance and the other one is retirement. So we are forced, on an annual basis, to look at the best option, what fits, what can be available to fund. This year, the current plan and you will find it in the first page of the presentation, currently, the annual premium for South Tucson, around \$165,000. The renewal came back at 13% higher than last year, taking that total to \$187,000. So again, we were forced to look at a different option. Civas came back with three additional options for Health Net and two for Humana. All of them have differences in that some coverages are not the same. The RX co-pays are higher in one. So there's always a menu and there's always an assortment of factors that will modify that. And one of the things to mention is that the best way the City found, or staff found to be able to afford a health insurance plan was to introduce for the first time in 2007, the deductible which basically means the City gradually is in some ways self-insuring. By introducing the deductible, the employee is left whole. The employee goes to the doctor. And whatever the insurance does not pay

goes to deductible. The City will reimburse the employee through an HRA plan. What that allows the policy, or the policy, what happens is it reduces the amount because the insurance is not paying that much out. The City is reimbursing. What we found is that by budgeting \$60,000 in HRA, we're actually saving over \$200,000 in premiums. So every year, we analyze the actual usage of the HRA and this year, we are recommending increasing that deductible to be able to achieve a reduction in our premium. So the option that we are recommending is actually option number 3 on page 2, which increases the deductible from \$6,000 to \$10,000, meaning that up to \$10,000 the City reimburse the employee if need be. But it only means that it has to be a hospitalization or certain things that the insurance wouldn't pay and it would be under the deductible. And you see them listed here. All office visits are paid 100% by the insurance; x-rays, labs, but what you will see is out-patient hospitalization, it's the first part where the deductible would kick in. Again, the City would reimburse the employee and, up to \$10,000. This option here leaves the rates exactly the same for the employee. The difference from last year's plan and this is that we are requesting the Council to approve a change in the HRA plan where the employee would be reimbursed up to \$300 of the Rx co-pays just to make it a little bit more affordable and as an incentive since the City's saving 3.5% with this plan, and the employee is paying the same amount. It's a request that puts things back in balance. And it just allows for the employee to be reimbursed a little bit more. And I gotta also mention that the employee, up to 2008, had not had to pay for their own health insurance. The City provided a 100% plus by subsidy. And until 2008, the employee began paying a portion of the, the employee only, plus 100% of the employee's dependents. That's a little bit to do with reversing of a bit of those policies that we've had to recommend over the last few years that impacted employees directly. And this is a step in that direction in trying to reverse some of those things that affected specifically health care. So again, Option 3 is what staff is recommending. And if you have any specific questions, I'll try to answer those.

Councilman Rojas: Is that page 3, the first column?

Mr. Villa: Yes, where it says, under Health Net, renewal Option number 3.

Councilman Diaz: Page 4. Is it not page 4?

Mr. Villa: Yes, I'm sorry. For the second page of the actual proposals, it's after the (inaudible). Just for reference, the actual amount is a hundred and fifty-nine thousand ...

Councilman Rojas: Okay. I see ...

Mr. Villa: ... (inaudible).

Councilman Rojas: ... page 4. Okay. I was looking at the year 13. Okay. Page 4. Okay. We're good.

Councilman Diaz: This is based on the, that's the number of employees to the right of the rates? Employee only, twenty-five three eight five.

Mr. Villa: Acting Mayor Felix, Council member Diaz, these numbers are based on a current census. Those are the number of employees that have chosen those particular tiers. And this estimate is based on those numbers being exactly the same from last fiscal year. And there's some employees that choose not to take health insurance. They're insured elsewhere. But this is the current population of employees that have signed up for health insurance.

Councilman Rojas: Mayor Felix, does ...

Councilman Felix: So those ...

Councilman Rojas: ... that mean that they were, might probably have insurance via another spouse or husband or?

Mr. Villa: Yes.

Councilman Rojas: Yes, the ones that are not.

Mr. Villa: Yes.

Councilman Rojas: So these will be the ones that we would, or don't have anything except what we provide?

Mr. Villa: Yes. Well, the employee pays a portion of the tiers below employee only. The City pays \$218,000, I mean \$218 minus nineteen.

Councilman Rojas: Right.

Mr. Villa: So the employee pays \$19 for that tier.

Councilman Rojas: Okay. Good.

Mr. Villa: In fact, for that specific detail, you may want to refer to page number 6, and we'll show you the amount of money that the employee pays and what the City pays. Number 6, and it's the second box.

Councilman Rojas: Looks like a pretty good deal to me.

Motion by Councilman Rojas to direct City Manager to negotiate and execute contract with Health Net, Option 3 for fiscal year 2013-14 medical insurance benefit. Seconded by Councilwoman Soltero.

Councilman Diaz: So the contract would be for a year?

Councilman Rojas: Yeah. Only a year.

Councilman Diaz: Okay. So, can it be amended within the year?

Mr. Villa: Acting Mayor Felix, Council member Diaz, it may and it may have to do with the Obama Care. But that doesn't go into effect until 2014. We still don't have enough information regarding that. We assume that it will have no effect on this contract. And we'll proceed as it won't. And we'll come back to the Council if anything significantly will change this.

Motion passed unanimously.

ITEM #14 – REPORTS – None at this time.

ITEM #15 – CALL TO THE AUDIENCE – No response.

ITEM #16 – ADJOURNMENT - Motion by Councilman Rojas to adjourn the Regular Meeting. Seconded by Councilwoman Soltero. Motion passed. The meeting adjourned at 6:52 p.m.

John Felix, Acting Mayor

ATTEST:

Veronica Moreno, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the City Council of South Tucson, Arizona, held on the 13th day of May, 2013. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2013.

Veronica Moreno, City Clerk