

Minutes of Study Session Number 4 of the Mayor and Council of the City of South Tucson, Arizona, held Wednesday, July 12, 2013, at 6:00 p.m. at the City of South Tucson Council Chambers, 1601 South 6th Avenue, South Tucson, Arizona.

Council Present: Paul Diaz
Mary Soltero
Miguel Rojas
Vanessa Mendoza
Anita Romero
Oscar Patino

Staff Present: Luis Gonzales, Interim City Manager
Ruben Villa, Finance Director
Veronica Moreno, City Clerk
Marilyn Chico, Housing Director
Mick Jensen, Planner
Larry Anderson, Fire Chief
William Lackey, Police Chief
Jeff Inorio, Police Dept.
Dennis Rankin, Police Dept.
Patrick Moran, City Attorney

Mayor Diaz led the Pledge of Allegiance.

All members of the Council were present except for Councilman Rojas, who was excused.

Mr. Villa presented the differences in the budget between last week's meeting and tonight's meeting. Last week, the meeting began with the General Fund unbalanced in the amount of \$152,373. There were six items that affected the number; the position of Fire Chief to be placed on hold (unfunded); the Commander position in the police department (unfunded); the Finance Director's car allowance has been removed; the Magistrate's salary has been reduced from \$85,000 to \$80,000; there is a \$25 increase in uniform allowances for both police and fire departments; and account set up in the amount of \$1,200 for uniforms for reserves.

The Housing Authority has three separate funds: Section 8, Low Rent, and Capital Projects. Mr. Villa explained that because the Housing Authority is a department within the City, the department is included in the budget, but the balanced budget totals are set by HUD. He reviewed the budget amounts and Ms. Chico was available to answer questions from Council regarding utilities, revenues, salaries, operational expenses, etc. Mayor Diaz asked questions about the unpaid rents within Section 8, making changes to the recreational line item, and increasing the amount for transportation services for the elderly. Mr.

Villa stated that during the construction of the Housing budget in February, the Council can make recommendations to that budget.

The IT department has one full-time IT specialist. The Finance Director writes applications and computer programs for the entire City, and does much of the construction on the website. Currently, the City has a contract for IT services, and a new contract will be negotiated with a new company which will save the City approximately \$20,000. Mr. Villa stated computer equipment is relatively new but there are a few desktops that need to be replaced. A grant has been awarded to assist with the purchase of server equipment.

Mr. Villa explained the contractor the City has worked with for several years has not been compliant with a request from the police department for documentation for a background check. In the interim, while Staff waited for documentation, other contractors were contacted. In doing so, the IT specialist, the City Manager and the Finance Director discussed the shift in responsibilities where the in-house staff becomes more involved with the maintenance of the overall network and the new contractor will assist in the technical training needed. The new contractor has a different approach in billing. Fees are charged by the hour and the City can control the number of hours needed (except in emergencies).

Planning and Zoning Department budget was discussed including salary, salary increases, dues, memberships, advertising, and subscriptions. Mr. Villa answered questions from Council regarding operating supplies listed in the amount of \$500 but which actually cost \$1,253. Mr. Villa spoke about the salaries affected by the EDA grant, and how personnel not only perform the functions of a particular position, but also take on other jobs as well. Mr. Gonzales stated that currently there are disparities in salaries based on the responsibilities of departments and employees. Once the 5% increases are plugged in, there will be further disparities such as staff being close in salary to a supervisor. Mr. Gonzales stated staff will, in the future, make some adjustments to ensure sure there are no disparities and that there is a balance in salaries.

Mr. Villa provided an overview of the Public Works Department and explained that HURF pays for almost everything in the Public Works Department. Councilwoman Mendoza asked about funds for office supplies. Mr. Villa stated office supplies are covered by HURF and amounts are placed into the budget to cover emergencies. Mayor Diaz asked about shirt allowances for Public Works employees. Staff recommends the addition of one crew worker for Public Works in the amount of \$31,435.

The mechanic's budget was discussed which includes fleet vehicles maintenance, supplies, cost of utilities for the bays, etc.

Development Services includes building inspection functions. CDBG pays for approximately 10% of the position, with 80% being funded by the General Fund. Mayor Diaz stated in regards to the vehicle, office supply and operating expenses, whether that could be lowered to \$300 each. Councilwoman Mendoza asked about training and travel. Discussion followed and adjustments were made.

In addressing the Contract line items, Mr. Villa stated \$80,000 has been placed into the City Manager's budget to fund attorney fees.

The budget for the John Valenzuela Youth Center was reviewed. Mr. Villa explained the only and major significant difference is the improvements line for repair of doors throughout the building. The building will need repainting which can be done by the City crew.

The Council discussed repair of the sign at the center. Mr. Gonzales mentioned the building may need some sprucing up, but that can be discussed at a later time.

Mr. Villa reviewed the City-wide account which includes the City's insurance policy, health reimbursement account, phones, contracts not attributed to a particular department, etc.

Short-term and long-term debt service discussion followed. Mr. Villa stated \$9,000 has been set aside for the remainder of one more vehicle that will be paid for this fiscal year. The bond amount is based on a schedule. Mr. Villa explained this is the second year of the loan where the City is paying principal. The payment has gone up by \$2,000 from last year and is funded 100% through secondary property taxes. It is the second largest expense in General Fund.

Mr. Villa stated the City would not be in any sort of difficulties if the Council added \$5,000 to the sales tax line item to balance the budget.

HURF is a grant based on population with \$34,400 more being awarded this year than last. The total amount is \$376,000. Adjustments have been made in Administration with reduction of \$73,000 to allow for more money for crew workers. Mr. Villa explained in detail the audits that are conducted, legislation that goes along with grant monies, etc.

Mr. Gonzales and Mr. Villa addressed employee titles/positions with regards to State law (regarding State Retirement).

Discussion followed regarding salary freeze, merit increases, 5% pay increases and disparities, increased job duties, street lighting, the Pima County Flood

Control drop in revenue, RTA projects, bike lane repair/maintenance on 6th Avenue; LTAF funds, bus passes, John Valenzuela Youth Center, etc.

Mr. Villa stated he estimates \$200,000 will be received in federal grants. The grants will fund equipment installed in police vehicles, a new server, and a vehicle. DEA grants range between \$100,000 to \$400,000 and can be used for surveillance and recording equipment, and mobile communication equipment.

Two new projects, which have not been identified, are in the amount of \$632,000 and funded through PAG.

Mr. Villa reviewed in detail the Home Rule Option with the Mayor and Council.

Councilman Green asked about the Firefighter fund. Mr. Villa explained the fund is available for retirees and volunteer firefighter's spouse. He explained this is not an expense to the City, but funds which have been set aside for years in an investment account which accrues some interest.

Mr. Gonzales informed the Council there is one item not in the budget and it has to do with potential debt and a potential contractual negotiation regarding jail costs. The item will be discussed in Executive Session.

The study session adjourned at 8:05 p.m.

Paul Diaz, Mayor

ATTEST:

Veronica Moreno, City Clerk

CERTIFICATION

Minutes of Study Session
July 12, 2013
Page 5 of 5

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of South Tucson, Arizona, held on the 12th day of July, 2013. I further certify the Study Session was duly called and a quorum was present.

Dated this _____ day of _____, 2013.

Veronica Moreno, City Clerk