

Minutes of the Regular Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Monday, February 23, 2015, at 6:00 p.m. at the City of South Tucson Council Chambers, 1601 South 6<sup>th</sup> Avenue, South Tucson, Arizona.

Council Present: Paul Diaz  
Anita Romero  
Miguel Rojas  
Idelfonso Green  
Vanessa Mendoza  
Herman Lopez

Staff Present: Benny Young, Interim City Manager  
Veronica Moreno, City Clerk  
Marilyn Chico, Housing Director  
Ed Machett, City Attorney  
Michael Ford, Police Chief  
Robert Leyvas, Acting Fire Chief  
Lourdes Aguirre, Finance Director

Others: Kelly Gottschalk, City of Tucson Asst. City Mgr./CFO

Mayor Diaz called the meeting to order and led the Pledge of Allegiance.

ITEM #04 – ROLL CALL – All members of the Council were present.

ITEM #05 – CALL TO THE AUDIENCE – No response from the audience.

ITEM #06 – APPROVAL OF MINUTES: REGULAR MEETING – FEBRUARY 9, 2015

Motion by Councilman Rojas to approve the minutes of the Regular Meeting of February 9, 2015. Seconded by Councilwoman Mendoza. Motion passed unanimously.

ITEM #07 – STUDY SESSION

#### Public Safety Retirement System

Mr. Young: I requested that this item be advanced on your agenda because we have guests with us this evening. This is Kelly Gottschalk. She's the Deputy City Manager for the City of Tucson. She also serves on the task force of high level staff in the cities and agencies across Arizona, not just cities, trying to work on the Public Safety Retirement System moving forward and make some suggestions, ultimately, that (inaudible) and I'll let her talk a little bit about that after we present the issue to the Council. And with your indulgence, we're going to walk through a slide presentation that should be in your packet. If any of you don't have it, please let me know and I will give you another one. It's entitled "Discussion of the Public Safety and Retirement". And for the members of the

audience who might be interested (inaudible). We'll try to move through this relatively quickly and then we'll take as much time as the Council would like to try to answer questions you may have, and talk about the issue in as much detail as you would like to. What I kind of really wanted to do this evening is just provide a kind of a quick primer of the Public Safety and Retirement System as it affects the City of South Tucson. First of all, preface this by saying this is not just a City of South Tucson issue, it's a State wide issue. And all of the agencies in the State who have Public Safety personnel are struggling with this issue. And there's a couple things that make it even more severe as an issue for us to deal with and the normal Arizona State Retirement System, which the rest of our employees are on, but the Arizona State Retirement System we're swimming in a deeper pool, all the assets are pulled, liability. However, for the Public Safety Retirement System, we have our own account. We have one for Police and we have one for Fire. And you'll see that they're in kind of a fragile financial condition. And going into next budget year, we need to start to plan for some additional investment in our Public Safety Retirement System somehow. I'm not going to ask the Council to make any decisions tonight. I will come back later with specific recommendations for you, but we will be discussing some options that you might want to be thinking about between now and then. It would be my intent to come back to you before the end of March to get your direction with regard to how we should approach this issue as we build your budget for the next fiscal year, for 2016. So slide 2, don't worry too much about the details. Suffice it to say it is a State wide problem. There is about 12 billion dollars in accrued liabilities in Public Safety agencies across the State, and only about 6 billion in assets. So the total State Public Safety Retirement System is only about 50% funded, 49.2 to be exact, based on the most recent actuary report. So that illustrates the point that it's not just our issue, it's an issue that all the Public Safety agencies are dealing with. And Kelly, please jump in if I say something incorrect or if anything need to be clarified. The employee contribution rate is 11.65 effective July 1 of 2015. And that's important only because we'll come to a subsequent slide that shows that there's a lawsuit pending that could potentially roll that back to 7.65% as an employee contribution. And if that were to happen, we'd have an even more severe issue with regard to financial exposure. Slide 3, second page, starts to talk about some of the reasons for the deteriorating financial condition of the Public Safety Retirement System across the State. Obviously, the great recession starting in 2008 is a major contributing factor, investment income was not what it was expected to be over the last 7 years. And there were substantial layoffs in Public Safety agencies across the State and when you remove contributing members, the layoffs were necessary for cost control in public agencies but when you lay off people that would otherwise be contributing members to the system, you have less money coming in to help fund your liabilities down the road. Think of liabilities as debt that we have to the people who served us faithfully and have retired and we have to assure that we're able to pay their retirement benefits. So when we talk about liability, that's just our long-term debt to pay our retirees. There are some subtleties with regard to how much employees get paid. For example, there's a pension benefit increase called PBI and there's a couple of lawsuits that relate to that. One of those cases has been decided and rolled it back to 2011. So now that's been restored. There are effectively cost of living increases associated with pension payoffs. There's a second case called the "Hall Case" that's still pending. It's not been decided. It's the one I mentioned earlier that if it's decided in favor of the litigants, would roll the employee contribution rate back to 7.65% so that's a 4% rollback. If that were to happen, the unfunded liability, the long-term debt, what we would need to pay our pensioners across the State would be even more substantial than is presently estimated to be. Slide number 4, the bottom of page 2, starts to talk specifically about the situation here in South Tucson. The key takeaway for this slide is we have about 8 million dollars in accrued liability for our pensioners right now in the Police that have served us in our Police Department. They are now retired. We have 15 retirees. We have

only 14 paying into the system so you can see we're already, we're paying out, we have more people that have pensions from us than we have paying into the pension system. That's a contributing factor. So our accrued liability is about 8 million and we have only, just a little bit under \$100,000 in assets in our fund. So our total unfunded liability is almost 8 million, 7.9 million, which means that if you take the ratio of our assets over our liabilities, we're only 2.2% funded. We'll come back to that later. But you can also see it's been a declining percentage. Five years ago, we were at 17% almost. Now we're only at 2%. So we, the curve is going down and we have to start to turn it and get it to where it's moving in a positive direction, if at all possible. In fact, it's mandatory that we do that. If we don't, we won't be able to satisfy our obligations to our retirees. There's some details there that I won't dwell on right now but suffice it to say that we budgeted in the current fiscal year \$440,000 for the City's contribution to the Retirement System. And that's scheduled to go up to almost \$600,000 next fiscal year so (inaudible) we have about, it's exactly \$153,000 additional obligation over this year's current budget level for the Public Safety Retirement System, the Police. Page 3, the slide at the top (inaudible) fiscal year 2016, we have several options. The group that manages the pool, the funds are managed centrally. But we have our own accounts within the pool. We can defer having our contribution rate go up all the way to 90%, which is what is Schedule D, left alone, for 3 years starting this year and we would pay \$.78 for every dollar you invest in salaries, \$.78 would go to pension. Right now, for every dollar you invest in salaries, \$.72 goes to pension. If you don't take that option, that deferral option, then it will go up to almost \$.92 per dollar invested in salaries. So we have the option of deferring using \$.78 for the next 3 years; Option 2 would not defer it and we would pay \$.92 on the dollar; Option 3 would be a lump sum payment if we could budget out of the General Fund to start to reverse the decline and get it back on a positive trend. Or, more likely, what I think we will do, Mr. Mayor, ultimately recommend to you is a combination of the options above. If we can find capacity in our budget as we prepare it for fiscal year 2016, I would recommend that we consider making a cash investment out of the General Fund to increase our assets as well as considering whether we would defer and just pay \$.78 per dollar next year for the next 2 years (inaudible) per dollar. So you don't need to make that decision tonight, but the difference between those two, if we defer it, our budget will need to increase by \$65,000 for next year, just for Police. If we don't defer, our budget will need to increase by \$153,000. So you can see there's some substantial cost implications as we build our budget for fiscal year 2016. The Fire Department is the next slide and they're in a little better shape than the Police Department. They have an accrued liability of 3.5 million, roughly, and total assets of just under 1.5. So the unfunded liability for the Fire Department is about 2 million. The total for those two funds, South Tucson Police and South Tucson Fire, our total unfunded liability is about 10 million altogether. And starting next fiscal year, that will have to be shown on the L sheet for the City of South Tucson. Historically, it's been kind of a side bar in the balance sheet but it's going to have to be shown as a formal liability on the books of the City starting next fiscal year. With regard to the Fire Department, we are currently paying \$.56 per dollar invested in salaries. And on the next page, you can see the same options for South Tucson Fire. Page 4, the top of the page, South Tucson Fire options, we have the same options that we have for Police. We can defer the results to the Fields case for three years or we can go ahead and pay it. The difference between deferring and going ahead with the higher rate of \$.93 per dollar invested is, if we defer, it's \$15,000 increase in our budget. I'm sorry, is that right? If we don't defer, it's a \$52,000 increase in our budget for next year. So the total difference between the deferral option and the just go ahead and take the higher rate option for the City is somewhere between \$80,000 on the low end and \$205,000 on the high end. So that's a substantial issue for us as we move into next fiscal year. And I just kind of wanted the Council to be aware of this, to track along. It's a substantial issue. We're not the only ones dealing with this. But we are going to need to deal with it in our

budget for fiscal year 2016. And I just wanted the Council to be aware of that. We have an obligation to our retirees. And it's a legal obligation as well as an ethical one. So we need to start to reverse the negative trend and get it off the track. And having said that, I will ask Kelly to please help me out if there is anything I left out? And then would you talk about the task force that you're working on that might come up with some suggestions around this issue.

Ms. Gottschalk: Sure I'd like to. Thank you for allowing me to come, Mr. Mayor, members of the Council. As Mr. Young mentioned, I'm on a 15 member task force. And the task force was put together by the Arizona League of Cities and Towns. And I actually lobbied hard to get on that task force and what they did was it's 15 members and the City Managers group got to appoint five people and the finance group got to appoint five people so I kind of lobbied both groups because I really wanted to get on there. Just like your city, the City of Tucson is really facing the very same situation where no fault of our own, the pension contribution that we're required to make is squeezing out our ability to provide services, to provide raises to our employees, to replace our police cars and those kinds of things. So on our civilian side, our Mayor and Council has been able to make changes to that plan because we manage that plan. But on the Public Safety side, we have no control and we have no control because it is managed at the State level. Those promises are promises made and must be kept by law. They're not of anybody's fault that's here today and a lot of times people like to blame our Police and Fire that are here. You know, they didn't put us here. It just is what it is. So I wanted to see what options do we have and I wanted to understand more about it. So there's a group of 15 of us. Some are from the City Manager's side, some are from the HR side, some are from the Finance side. They're from big cities, small cities, some fire districts, and some counties. And we've met for about 9 months. We've brought in, I think, 12 different national groups to educate us on all matters related to pensions; what should you look at, what should the citizens fair share be, what should the employees fair share be, you know, what should your goals be, why are we where we are, what's different about Arizona that's (inaudible) plan and everything else, and how do we deal with it moving forward. So our task group has been broken into three parts. And the first part was really just the education piece to understand what happened, how did we get here, and why didn't we see it coming. So we spent a long time doing that. We knew, going into this, that the legislation that the legislator approved, SB1609, was probably not going to stand up because what you're doing is taking away contract rights for employees. So we anticipated that we would lose that lawsuit and we would have this big hit coming. So we worked on that. So one of the things that we spend some time on is to say what can we control, what can we do? And our task force came up with some recommendations and one of those, Mr. Young will recommend it to you, if you can contribute more money into your plan than you're required to or earlier than you are, say a lump sum payment up front instead of each pay period, that will help you. And if you just think of about it, the plan is supposed to make about 7.65% Maybe it will, maybe it won't. But your investment has probably been less than 1%. So you are gaining by just moving that money to them earlier in the year than you would by holding out. The other thing that you can do, which is probably the biggest thing that I see just by looking at your actuary report, is really look at your local board decisions. All entities, all 256 plans have local boards. And those local boards make recommendations on things like disability, up to 14 or 15 retirees, 8 of them were disability retirements. And what that means to you is they never paid in their full amount. And they're going to be on the plan longer and pay out longer. Those are very expensive decisions. And you want to give people disability retirements when that's the right thing to do. But you need to make sure that that person really meets qualifications. So I think what we do on the City's plan is we have outside legal attorneys that help us review the disabilities. That's something that if you're not doing that, you might want to take a look at. We also use a system where

we're bringing people in if they have pre-existing conditions, it's not that we don't hire them but let's say you come in as a police officer and maybe you have something wrong with your left elbow. You can still come work for the City of Tucson, but you're going to sign something when you come in to say, "You can work here but we're not going to give you a disability based on your left elbow. Anything else, any other parts that break along the way, we can give you disability." So there's a lot of things as a local entity you can do now and there's a report I'll provide to Mr. Young to provide to you, that really goes through some of those. And they're really pretty simple things. The other thing that I wanted to mention is this decision whether you're going to do the deferral or not, one way to think about it is it's similar to your house payment. You're basically not paying your full house payment for two years. But the interest is still accruing. So over the next 20 years you're going to pay more than had you paid for the full amount these first two years. So that's something to think about as you make this decision.

Mr. Young: Kelly, when do you think the task force will complete its work or are you finished?

Ms. Gottschalk: We're still meeting and right now, the phase that we're in right now with the task force is we're doing a lot of public presentations with the PSPRS to talk to different cities and tell them what we've been doing and really to encourage them to demand more from their PSPRS representatives. Because they hadn't really been working with the cities and towns, the level that we think is appropriate. But we're also going through and we're saying what should a good pension plan look like? Because any changes that we make to PSPRS are going to need to go to the voters of the State. And our feeling is if we're going to do that, let's fix it right. Let's make sure that it's affordable for the employee and it's affordable for the citizens, and it's affordable for the entity, and it works for everybody. So we're working on a yardstick really to say what is our goal? What is a fair share for an employee to pay for their retirement? Should they pay 90%? Should they pay 50%? Some people, right now, are paying 120%. Is that okay? So we're working on this yardstick piece. We're trying to be methodical about that and that may end up not serving us well in the end because there's a group of police and fire that are trying to push forward a plan designed that they have designed to the next ballot. And that one might make it. That one is an improvement of where we are today, but it has some definite downsides for the employer, we believe. So we're trying to work those two together and see if we can (inaudible).

Mr. Young: Thank you very much. Just say one more thing and then we'll open for questions. We do have a local board and I plan to convene both the local boards for Police and Fire and have a similar discussion with them so that they can track along with us. I sense that the local boards here haven't been engaged in a while and it's an opportunity to engage them on what is really an important fundamental structural financial issue for us. So I plan to do that. With that, Mr. Mayor and members of the Council, I'd be happy to try to answer questions. I realize it's kind of a complex topic. The key takeaway is we have a big budget hit coming and we need to prepare for it.

Mayor Diaz: Okay. Does anybody want to start first?

Councilman Green: I have a question for the City Manager. One of the reasons that I believe that we're losing or have lost from 17 down to 2% was because of the high attrition that has happened within the Police Department. You have individuals that are working here for five, six, seven years, then they leave this department. And correct me if I'm wrong, when they transfer into the same

retirement fund into, let's say Marana or let's say they go to Prescott or wherever, another agency, they take a portion of our pot of money and they dump that into their pot, right?

Ms. Gottschalk: Mr. Mayor, Council member, actually, the way it works is they take their portion but they ...

Councilman Green: Right.

Ms. Gottschalk: ... also take their unfunded liability.

Councilman Green: Right.

Ms. Gottschalk: So the real pertinent entity with the detriment is the one getting the, basically, 98% unfunded level. So if then you were to hire a new employee in that position, you would actually be better off because you've relieved yourselves of that liability. Of course you have the training costs and all of that as well.

Councilman Green: Yeah, and I understand that but what I'm saying is that if we have individuals right now in the Retirement System and we're paying, and we were at 17%. We're down to 2%. It's because of the attrition. And, yeah, it's easier to get a new person in because there is, you know, you're 20 years away from a retirement check on this person. But if they leave at 15 years, I mean if an officer right now with 19 years, 20 years, retires right now out of this department and gets his or her money, he'll take probably a percentage point away. Am I, is my math off that bad?

Ms. Gottschalk: So if, let's just for a simple example, let's say that this person left and their retirement value was a \$100. Since you were 17% funded, they would take 17 dollars worth of assets but they would also take \$83 worth of debt. And your plan would be relieved of the \$83 worth of debt so your plan would actually be better off. What has happened here with your funding level is nothing that the City of South Tucson did to make it ...

Councilman Green: Oh, no, ...

Ms. Gottschalk: ... (inaudible).

Councilman Green: ... no, yeah.

Ms. Gottschalk: What happened here over the last two years where you see the big decrease was because PSPRS hadn't for years, ever been calculating their COLA or their PBI, the Permanent Benefit Increase, into the actuary amount. So for years, the number that they were telling us that we owed was too low. So when they get a new actuary fund in 2011, they realized they had made this mistake. They didn't correct it back then because they had a legislation that would make that problem go away. Well, then that all got overlooked. They had to do a huge correction. And that's really, if you could take that change out, I bet your change would be much more modest.

Councilman Green: Okay.

Mayor Diaz: I have a question. Kelly, could you share some numbers with us in regards to what the City is doing, top, bottom, to compare what we have to do as far as our adjustments?

Ms. Gottschalk: So the City of Tucson, right now, your contribution rate as a percentage is higher than ours. So our police contribution rate, with the new amount, will be about 67%. We have an equal number of retirees as we do active, similar to you. In our numbers, that means we're facing an 18 million dollar increase next year to face the full amount. That's a big part of our budget. Just as it is a big part of your budget. So we, I have to say, South Tucson, the City of Tucson, we're unfortunately on the leading end of this issue. There's not a lot we can do. And it's just because we're older entities and we haven't been doing the hiring of a lot of places. Everybody will get here as they leave because your working life is less than your life after retirement because people are living longer. So everybody is going to get into this boat. We're just kind of at the, you know, front end of the boat.

Mayor Diaz: The, you're trying to keep it in the realm of the general budget, general fund budget, so you're not thinking of raising taxes yet or anything like that?

Ms. Gottschalk: Mr. Mayor, I thought about a lot of things. Unfortunately, I don't get to vote on those but our charter requires that any type of, any sales tax increase over 2% requires a vote of the people (inaudible) the charter. And if we were to tax something like food, which we currently don't do, that also requires a vote. So without a charter change, the City of Tucson has no ability to raise any meaningful taxes at this point.

Mayor Diaz: That's interesting. Thank you. Anybody else?

Councilwoman Mendoza: I do have just a couple questions. I guess my, first off, would be if we're looking at the different options, like Option 1, if we defer it's lower interest two years, meaning basically like what you said about mortgages. So do we know what we would be paying in the remainder of the 20 years after that, what percentages we're looking at that? Or Option 2, as well, if we pay more now, what we would be looking at for the remainder of the 20 years. Do we have percentages on those?

Ms. Gottschalk: I do have a model. And it's calculated a little bit differently than budget numbers are so I'm going to tell you the difference in percentage (inaudible). So in your Police plan, you'll pay obviously less in the first two years. And then in the next 20 years, your percentage will be a half a percent higher than it would have been had you not taken that deferral. Over the 22 year period, the net cost to the City is \$190,000. So that's basically what it's costing you to defer those two (inaudible). Our, the City of Tucson's cost is 24 million dollars to do that.

Councilman Rojas: So it would be \$190,000 versus the \$240,000 or?

Ms. Gottschalk: No. So it's, for just an example, if you, it gets confusing, but if you just take, the reason it's confusing is they split this in a normal cost in the unfunded. But basically, the unfunded portion of your plan over the 22 period if it was a mortgage, you would pay \$18,600,000. If you do it with the (inaudible) and you'll pay \$18,800 for that over the same 22 year period. So, for example, if that was the mortgage and you look at that big number on your mortgage statement.

Councilwoman Mendoza: Okay. So the South Tucson Police, going back to that Option 1 deferred, the remaining 20 years would be a half a percent interest increase. And then Option 2, if we go higher in the first two years, the remainder 20 years would be what? No increase or ...

Ms. Gottschalk: Right. It ...

Councilwoman Mendoza: (Inaudible) ...

Ms. Gottschalk: ... would be the same amount as it would be for fiscal '16 moving forward, if everything else stays the same. And I can tell you not everything, nothing is going to stay the same. It doesn't. And the big thing is the other case.

Councilwoman Mendoza: Right, right. And another question of mine is whether or not we need to calculate that into, I mean are we going to do a possibility of, if this goes this way, if it's ruled on in their favor, do we need to calculate that and consider that into our, I mean 'cause we don't know when the ruling is going to happen. Correct? Or is it getting close or do we know or?

Ms. Gottschalk: We know that it will not affect your fiscal '16 numbers. We do know that. We don't know when it will be. It will come down. And there's no way that we have, maybe PSPRS does, to estimate the impact of that. What I'm doing with the City of Tucson because I'm kind of in a similar situation is I have an equal number of retirees as actives. One case dealt more with retirees than active. But since I'm kind of equal, I'm assuming I'm (inaudible) to this hit.

Councilwoman Mendoza: So the Hall case, so correct me if I'm wrong, is for active members paying into their pensions? It's not retirees?

Ms. Gottschalk: Right. So the Fields case was retirees. And that dealt with the COLA or the PBI. The Hall case deals with actives. That also deals with the COLA or the PBI calculation for the future, but it also deals with this increase that they've had to pay from the 7.65 to 11.65.

Councilwoman Mendoza: So if it goes back to the 7.65, cities and all that other stuff would have to come up with that difference.

Mayor Diaz: Okay. Thank you (inaudible).

Councilman Rojas: I'll be waiting for the study from the City Manager.

Mr. Young: Mr. Mayor, at that point, I plan to come back to you with a recommendation before the end of March because the State has asked us to make a decision on whether or not we would defer by March 31<sup>st</sup>. So I will need to come back to you in March with a specific recommendation. So wish me luck.

Mayor Diaz: In the meantime, please keep the City Manager advised of your preferences and stuff like this or information that you need from him. So, you know, that he has everything that he's able to take with him to come up with a good decision.

Mr. Young: Thank you, Mr. Mayor, members of the Council. I would like to thank Kelly for coming down and giving us some spare, precious personal time to assist us with this issue. I really, really appreciate it. Thank you very much.

Ms. Gottschalk: Thank you.

Mayor Diaz: Thank you, Kelly.

## 2. Pima County Library Lease

Mr. Young: Mr. Mayor, if you'd like, we can go ahead and take the second study session item and while we're at it, it won't take long.

Mayor Diaz: Please.

Mr. Young: And I can summarize it fairly quickly. We had a 10 year lease, the County leases the library facility from the City. That's an old facility. And currently, the lease rate is just \$100,000 per year for a 5,000 square foot facility. And it's going to expire in April. And I wanted to let you know that I intend to ask the County to consider a rental rate increase for their lease of the facility from the City of South Tucson. If you were to figure out how much that is per square foot, it's under \$2.00. The going rate for rental property here is substantially more than \$2.00 per square foot. Inside the City of Tucson, it can go as high as 20. I do think it's fair for us to ask the County to consider a rent increase for the next 10 years as we go into this lease renewal. I plan to ask for that and I will keep you posted with regard to the response that I get from the County. I am of the personal opinion that we're in the position to ask for a fairly substantial rental increase. If they were only about \$5.00 per square foot, that would be \$300,000 in annual lease rental income to us, which is a tripling of our current lease rental income of only \$100,000. And so I just wanted the Council to track along on that. I didn't want it to surprise you if you get a call from someone at the County that says, "Your City Manager is over here trying to extort money from us," or something like that. I just think the citizens of South Tucson deserve a better rental rate for the library facility.

Councilman Rojas: This was a 10 year agreement in 2004? Is that when it started or?

Mr. Young: 2005.

Councilman Rojas: 2005. For \$100,000.

Mr. Young: Just under. Yes, sir.

Councilman Rojas: And since then, the rate, or rental rate, or square footage rate, which is the way we do commercials, has increased. What, is there a way we can have some market percentages ...

Mr. Young: Sure.

Councilman Rojas: ... just to make sure when we make the presentation we look like we did our homework and I definitely agree \$100,000 is way off the mark.

Mr. Young: Yes, sir.

Councilman Rojas: At \$2 a foot. I'm involved in some other corporations and I wish I could get some buildings downtown for \$2 a foot. I'd jump on it.

Mr. Young: It's a gonga deal.

Councilman Rojas: It's a gonga deal.

Mr. Young: But, you know, to be fair on the issue, it's good for us, too. I mean we really appreciate having a library in South Tucson. It's not only used by South Tucson residents. It's kind of a semi-regional ...

Councilman Rojas: Community, ...

Mr. Young: ... facility.

Councilman Rojas: ... yeah, it's a community library.

ITEM #08 – RESOLUTION NO. 15-09 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, AUTHORIZING FY 2014-2015 MIDYEAR INTERDEPARTMENTAL BUDGET REALLOCATION (BUDGET TRANSFERS) WITHIN ESTIMATED REVENUE AND APPROPRIATIONS FOR FISCAL 2014-2015; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE

Mr. Young: These are relatively routine budget changes that we need to make in the middle of the year. We discussed them with you when we did the session on the mid-year budget report. So it's the same changes we showed you at that time, consolidating utilities and IT services and debt service. The other thing that we did was provide capacity for some recently authorized expenditures, or expenditures we have to make, I should say. We have to cover the cost of the special election in May, for example. And then the Council previously authorized me to spend a couple thousand dollars on the Cesar Chavez commemoration on South 6<sup>th</sup> Avenue. So that's also included. And I do this as housekeeping changes. Lourdes is here with me. We'd be happy to answer any questions that you might have.

Motion by Councilman Rojas to approve Resolution No. 15-09. Seconded by Councilwoman Mendoza. Motion passed unanimously.

ITEM #09 – RESOLUTION NO. 15-10 RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND ADOPTING THE AGREEMENT BETWEEN THE CITY OF SOUTH TUCSON AND CLIMATEC FOR INSTALLATION OF SECURITY CAMERAS AND RELATED SYSTEM UPGRADES AT THE CITY OF SOUTH TUCSON HOUSING AUTHORITY ADMINISTRATIVE OFFICES MAINTAINED BY THE SOUTH TUCSON HOUSING AUTHORITY, AUTHORIZING THE MAYOR AND/OR THE CITY MANAGER TO EXECUTE THE AGREEMENT

Mr. Young: I'm very tired of listening to Benny and you probably are, too, so I'm going to have Marilyn present this item.

Ms. Chico: Mr. Mayor and Council, we had a contract with Climatec in the past where they installed several security cameras throughout El Senioral, Casa de Bernie Sedley, and a couple in our four-bedroom area of our family section. These were all paid from our capital fund grants which had been in a previous PHA plan, our Public Housing Authority Plan. Because of, unfortunately increased criminal activity in another section of our family section, I've requested that we be able to install two more cameras. They have a wider angle. We can see more. But it will also center on a couple of our problem areas. Since this was, security cameras were in a PHA plan within the past five years, we can still go back to our capital funds. This does not come out of our low rent housing budget. It can still come out of capital funds. So we did ask Climatec to put together a proposal for us. They are with the GSA, which means that they, we can (inaudible). I wanted to make sure that this would be approved by HUD because I do not want to waste your time, the City Manager's time, and then have HUD say no. But because of the background with the company, because they're on the GSA listing, we don't have to advertise. We can save time, we can save money. And for \$9,458.24, which is the total amount, we can have the two cameras installed and they will put the, they will hook it up to the monitor that we have in our conference room in the Housing office. So we can look at any one of those cameras, any floor, then we'll be able to look in those specific areas, especially in our family section now. It will show a little red activity at the bottom. We just push it to that and we can see everything that's gone on. So now if a resident tells us something happened at whatever apartment on Saturday night, we can go to that camera and see exactly what happened Saturday night around that time. It's not fun because a lot of it, and you try to catch something and it can last quite a while. But that's actually how we caught one of our elderly residents stealing from another resident about a week and a half ago. We saw it right on the camera and actually what we did is took a picture of that part, because you can stop it. And there was our evidence. So with this what I'm requesting is that we do be approved to award the contract to Climatec for the two additional cameras in, have that installed (inaudible).

Councilman Rojas: Does that complete the need for your business at this time, just two cameras? Will that take care of the (inaudible)?

Ms. Chico: Councilman Rojas, right now, I believe that will take care of it. Again, we've got it in one section and I don't, I can't tell you why we had cameras but they weren't set up, quite frankly, where we should have had them. And, you know, sometimes it's hindsight. But now with these two cameras, we'll be, we should be covered.

Councilman Rojas: Did we get any feedback from the Police Department the last time? I guess, 'cause you said for some reason you missed angles, or angles were missed.

Ms. Chico: No, I didn't go to the Police Department for angles. I went to ...

Councilman Rojas: Well, for ...

Ms. Chico: ... Climatec in our problem areas that I know of.

Councilman Rojas: Well, yeah, but apparently, well, you said some areas were missed. We might have needed some feedback from the Police Department, who I think know, more or less, how to look for crime or which way crime happens.

Ms. Chico: Actually, Councilman Rojas, they know exactly the apartments I'm talking about. All I have to do is say our criminal element and they can tell me my apartments.

Councilman Rojas: Okay.

Ms. Chico: So they're widely known. It's trying to get ...

Councilman Rojas: Get a fix on, get a fix (inaudible).

Ms. Chico: Yes.

Councilman Rojas: Okay. No more questions.

Motion by Councilman Rojas to approve Resolution No. 15-10. Seconded by Councilman Green. Motion passed unanimously.

#### ITEM #10 – REPORTS

Mr. Young: Just a couple things that I would mention to the Mayor and Council on Item 10, Reports, and I'm not asking for direction or discussion. This is just my report to you. We'll be back, if necessary. We did receive an appeal to the Board of Adjustment on Friday for the decision that was made by the Zoning Administrator on the change of use issue on Pasadera. And that will be scheduled for the Board of Adjustment to hear before the end of March. And I just wanted the Council to be aware of that. And then I mentioned something with the City Attorney's concurrence or interjection, if he wishes, please do not engage in any ex parte communications. What that means is discussions outside the formal hearing process with any member of the Board of Adjustment. That could compromise the City's position as the hearing moves forward and we don't want to do that. We want it to be an impartial hearing. So I just wanted the Council to track along on that. Mr. Matchett, do you have anything to add on that point?

Mr. Matchett: No, I would just concur. That's pretty important because we don't have, you know, the neutrality and the fairness of the Board of Adjustments by members of the Council or others talking to them and, you know, even a pick, you know, about having the appearance of trying to influence in one way or the other.

Mr. Young: Second thing, Mr. Mayor, I would just mention that I met with the County Administrator regarding our bond package for the City of South Tucson. As you know, the bond committee is working feverishly to try to finalize a package of improvements that would potentially go to the voters this November. They've settled on a dollar amount of \$640,000,000. The City of South Tucson only has \$3,000,000 in the six hundred and forty as the package presently stands. And that's a drainage project. We had requested three drainage projects so we're missing about \$5,000,000 based on the initial request with the City. I talked to the County Administrator about that because I just didn't think

the citizens of South Tucson were receiving an adequate share of the proposed bond package, quite honestly, and what he agreed to do was invite us to submit a possible economic development package for the City of South Tucson and so Mr. Gastelum and I are working on that now for submission to the County Administrator and be considered by the bond committee at their next meeting, which is, I think has now been pushed off until March the 13<sup>th</sup>. And the Mayor serves as your representative on that committee. And I just wanted the Council to be aware of that. And what we're proposing as a package would be to start to assemble property at the intersection of 4<sup>th</sup> Avenue and just north of I-10 for possible eventual development. And there's a quite a bit of vacant property in that area that could potentially be assembled into future development project for the City of South Tucson. We would have to have a lot of discussion with regard to what kind of development. As a public policy matter (inaudible) that location but a start might be to voluntarily have the property owners consider being acquired so that we could assemble some of the property for potential (inaudible). I happen to believe that's a very key location for us. I just wanted the Council to track along on that. When we have a finalized submittal to the bond committee, I will share that will all members of the Council so that you can all track along on the issue. And finally, the rodeo is this week. And we sent a note out inviting those of you who are interested to ride in a float. It will be the City of South Tucson's in the parade. I know the Mayor intends to ride. And it could be a fun thing for you. If you are interested in that, you can let Veronica know by tomorrow because our float will only, wagon I should say, will only accommodate six or seven people. So I hope you will all ride. But you need to know that you're invited to. And I'll probably fill one of the seats if you don't. Thank you, Mr. Mayor.

ITEM #11 – EXECUTIVE SESSION PURSUANT TO A.R.S. SECTION 38-431.03(A)(3)(4)

1. **CONTRACTS: WASTE MANAGEMENT – CONSULTATION WITH LEGAL COUNSEL AND UPDATE**

Motion by Councilman Rojas to adjourn the Regular Meeting and convene into Executive Session. Seconded by Councilwoman Mendoza. Motion passed unanimously.

Motion by Councilman Rojas to adjourn the Executive Session and reconvene into Regular Meeting. Seconded by Councilwoman Mendoza. Motion passed unanimously.

ITEM #12 - ADJOURNMENT

Motion by Councilman Rojas to adjourn the Regular Meeting. Seconded by Councilwoman Mendoza. Motion passed unanimously. The meeting adjourned at 7:22 p.m.

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 23<sup>rd</sup> day of February, 2015. I further certify the meeting was duly called and a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Veronica Moreno, City Clerk