

Minutes of the Special Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Wednesday, July 28, 2016, at 6:00 p.m. at the City of South Tucson Council Chambers, 1601 South 6th Avenue, South Tucson, Arizona.

Council Present: Miguel Rojas
Oscar Patino
Herman Lopez
Vanessa Mendoza
Anita Romero

Staff Present: Veronica Moreno, Interim City Manager
Lourdes Aguirre, Finance Director
Mark Raven, City Attorney

Mayor Rojas called the meeting to order at 6:00 p.m., and led the Pledge of Allegiance. Councilman Lopez led the Invocation.

ITEM #04 – ROLL CALL – All members of the Council were present, except for Councilman Green and Councilman Larribas, who were excused.

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

ITEM #06 – APPROVAL OF MINUTES: NONE AVAILABLE

ITEM #07 – PUBLIC HEARING – SALES TAX & OCCUPATIONAL FEE INCREASE

Motion by Councilwoman Mendoza to adjourn the Special Meeting and convene into Public Hearing. Seconded by Councilman Lopez. Motion passed unanimously.

Mr. Green: Good afternoon. My name is Raul Green. My address is 307 West 36th Street here in South Tucson. I think, two things. One is that I think we should let a lot more people know about this issue so that like we knew at the last moment. And this is not right. This is, a tax increase affects everybody. If you increase the taxes on landlords, they're going to pass this to the tenants. If you increase the tax on stores, on sales, our citizens, the people here, our community, is going to have to pay more. What worries me is that we used to hear the word business-friendly, the words business-friendly back in the previous administration, which I never saw any of that, but nevertheless, I think that by doing this, we're getting away from that business-friendly idea. The thing here is that South Tucson makes their money from businesses. And we need to be business-friendly. We're broke. The only way we can get out of this is by bringing in more businesses. And this is not going to help us. I understand that we need money, but before we raise taxes, before we decide to raise taxes, I think we need to look at all the departments and see what needs to be done. We need to do more with less. That's the, most governments are saying that. We need to do more with less. As far as management managing the City, we can't just manage it to survive. We need to manage with results in mind. It's, this is wrong. This is, taxes, especially, not many people know, first of all. And raising taxes on businesses is, what's going to happen when people start leaving? We're not going to be

able to get more people, more businesses. It's going to be harder to get businesses here in South Tucson. And some of the businesses we have here might leave. We'll see. That's it. Thank you.

Mayor Rojas: Thank you very much. Appreciate it, Mr. Green. Any other individuals wish to express their, address the Council in the Public Hearing?

(No response from the audience)

Mayor Rojas: If none noted, then I will entertain a motion to close the Public Hearing.

Motion by Vice-Mayor Patino to close the Public Hearing. Seconded by Councilman Lopez. Motion passed unanimously.

ITEM #08 – ORDINANCE NO. 16-04 OF THE CITY OF SOUTH TUCSON, ARIZONA, RELATING TO THE PRIVILEGE LICENSE TAX; AMENDING THE FEE SCHEDULE; AMENDING AND INSERTING NEW SECTIONS 11-194, MANUFACTURED BUILDINGS; 11-195, MINING; 11-204, TIMBERING AND OTHER EXCAVATIONS TO CHAPTER 11 OF THE SOUTH TUCSON CITY CODE, ADOPTING “THE JULY 2016 AMENDMENTS TO CHAPTER 11 OF THE SOUTH TUCSON CITY CODE”, WHICH INCLUDES THE ADOPTION OF MODEL CITY TAX CODE SECTION 446 RELATING TO THE TAXATION OF NON-RESIDENTIAL BUSINESS ACTIVITY, 11-197.4; AND REPEALING ALL RESOLUTIONS, ORDINANCES, RULES OF THE CITY OF SOUTH TUCSON IN CONFLICT THEREWITH AND DESIGNATING AN EFFECTIVE DATE

Ms. Moreno: Thank you, Mayor, members of the Council. The item before you is Ordinance 16-04, which, as you read over, and just to summarize what this ordinance is for, if you recall, we brought to Mayor and Council a variety of options in which we could get this budget balanced. And taking into consideration looking at cuts that we have internally, staff-wise or increasing revenues was part of those options that we provided. Looking closely at some of the options that we were recommending was looking at our City Code and some of those options that we recommended were increasing areas under the Occupational Licenses. And part of the recommendations and considerations that were brought from staff to the Council, the determination from staff was because those rates had not been increased in over 20 years. And I know that what we did is we looked at other cities and towns to make comparisons and brought to you some information based on facts. There are other cities and towns that are bigger than the size of the City of South Tucson that do not provide the services that we provide with regard to Police and Fire and the Courts and Public Works. So the City of South Tucson does continue to provide a full lever of service to our community in Public Safety and throughout the whole City. And the Council did make this consideration because the fact that we continue to provide those services and also because of the timeline that has passed. You know, over 20 years. I also believe that that was another consideration that all of you had in mind while recommending that we move forward with the increase on this tax. And State statute has very specific posting requirements in which we have already implemented. They were posted as required by State law. And that required a 60-day posting requirement, which the 60 days has since passed. So today, is the time to have a Public Hearing, which we just had now, and after that is the adoption of the ordinance. And the effective date for the implementation of the increase would be in October. Am I correct?

Mayor Rojas: Thank you.

Ms. Aguirre: That is correct. Mayor and members of the Council, the first item entitled "Public Hearing", you have the chart that helps summarize (inaudible) make sure there is clarification. In the recommendations that were brought to your attention, there was no proposed increase to retail, food for home consumption, restaurant and bar, and residential rental. There was a slight increase of .5% or ½ a percent on telecommunications and utilities. These are all industries that would affect your residents. Also, limited by statute, or having no activity here in the city were the industries of timbering and mining. There was, and all the other industries were basically an alignment to the 5.5%, that's a 1% jump, which is the rate currently being collected by restaurants and bars. The only other exclusion, which was selected by the members of the Council, was the one to increase the activity of rental, of tangible personal property, by 2%. And that's pretty much the summary and you can see it.

Mayor Rojas: Thank you.

Vice-Mayor Patino: I've just gone one question. Under timbering, is that going to effect like the gentleman that's right over there, Mr. Morris, that sells doors, that sells cabinets, that sells ...

Mayor Rojas: No.

Ms. Aguirre: No. Mayor and Councilman Patino, no. This is for a completely separate industry. The industry actually of timbering.

Vice-Mayor Patino: Just lumber itself.

Mayor Rojas: Forest, yeah, lumber.

Ms. Aguirre: Yes, that is correct.

Mayor Rojas: Any other questions?

(No questions from the Council)

Motion by Vice-Mayor Patino to pass Ordinance No. 16-04. Seconded by Councilman Lopez. Motion passed unanimously.

ITEM #09 - REPORTS

Ms. Moreno: We do have some Council meetings come up for the other ballot measures that will be on the upcoming election. One of those meetings will happen next Monday, so I'll let all of you know there will be a meeting next Monday, same time, 6 o'clock. And that has to do with the franchise and also the residential rental. The State law is not specific on either ballot measure, especially that pertains to residential rental tax as far as public hearing and posting requirements because it's really never been done before. So what we did is we sought legal advice from our City Attorney and

another attorney that actually has an expertise in election law. And they recommended that we move forward with a Public Hearing as noted for franchise agreement. So that would require one Public Hearing, which will be sent out to everybody within the community, as further requested by Councilman Green at the last meeting. So I just wanted to give you all a heads up that we will be having Public Hearings for both of those ballot measures, again, for the franchise fee agreement, which is 25 years, and then for the residential rentals.

Mayor Rojas: Thank you very much. Any other reports?

Ms. Aguirre: Yes, Mayor. I'd like to just clarify. Did you indicate, City Manager, that those meetings would be on the 1st? Or did you say the next Council meeting?

Ms. Moreno: Well, the next, the meeting next Monday would be ...

Mayor Rojas: First.

Vice-Mayor Patino: That's the first Monday of the month.

Councilwoman Mendoza: The first week of the month.

Ms. Aguirre: Right. So those Public Hearings would actually be on the 8th.

Ms. Moreno: Right.

Ms. Aguirre: The notice of Public Hearing is being published next week, Monday, with the meeting to be held on the 8th.

Ms. Moreno: Right. And the meeting for next Monday is a Public Hearing. The second, they'll be hearing for the Alternative Expenditure Limitation. It's the last of, the second Public Hearing.

Ms. Aguirre: Yes.

Ms. Moreno: Right.

Mayor Rojas: Thank you very much, Ms. Finance Director. Any other reports?

Ms. Moreno: No, that's it. I just wanted to let Council know that there will be future meetings coming up here, back to back, to meet those posting requirements.

Mayor Rojas: Any other comments from the Council?

(No comments from the Council)

Mayor Rojas: I do have one matter of information only. We have, for the last two or three years, tried to rid ourselves of some of the businesses that are not, counter-productive to the community. And we've just been informed that, through media or other methods, that there is a, next to the Circle K store on South 6th Avenue, the 24-hour smoke shop has been closed and as far as I understand, the

business will cease and decess, and probably never come back to the City of South Tucson, which is really a great bit of information. The City Attorney is now working on some other, drafting some other legal information to rid ourselves of this type of businesses. And those businesses will no longer happen in South Tucson. I know the City of Tucson is drafting some legal codes to, period, prevent them at all. So I hope we will continue with that or move forward with that, and that will not happen any more. We don't, we can't have our young adults or our young youth, or even people, may not be young, getting fooled by this drug that is just causing havoc. If there is no other business on the agenda, I will entertain a motion for adjournment.

ITEM #10 - ADJOURNMENT

Motion by Vice-Mayor Patino to adjourn the Special Meeting. Seconded by Councilman Lopez. Motion passed unanimously. The meeting adjourned at 6:14 p.m.

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 Special Meeting of the City Council of South Tucson, Arizona, held on the 28th day of July, 2016. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2016.

Veronica Moreno, City Clerk