

Minutes of the Regular Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Monday, August 8, 2016, 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: Miguel Rojas  
Robert Larribas  
Herman Lopez  
Vanessa Mendoza  
Anita Romero

Staff Present: Veronica Moreno, Interim City Manager  
Lourdes Aguirre, Finance Director  
Michael Ford, Police Chief  
Cory Lakosky, Fire Dept.  
Joel Gastelum, Planner/Personnel Director

Guests: Joe Sowkowsky, TEP  
Walter Richter, Southwest Gas

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 Vice-Mayor Patino and Councilman Green, who were excused.

#### ITEM #05 – CALL TO THE AUDIENCE

Mayor Rojas: The first individual to be called is Tim Alexander, 332 East Pennsylvania. Come forward, please, sir.

Mr. Alexander: Thank you for the time. Flo is a 62 year old lady. She's retired. She's on a fixed income. Elijah is a disabled young man. He, again, is on a fixed income. Both of these people are tenants of mine and I own five units, a five-plex, here in the City of South Tucson. The proposed increase to the rental tax that you're going to discuss tonight will adversely affect both of these people. Fixed income, and they have to come up with an additional approximately \$32 dollars a month, almost \$400 a year, in order to keep renting here in the City of South Tucson. So they have a choice. They can either move out, or they can try to come up with extra money. Of course, moving out doesn't help you, it doesn't help me because we all lose income that way. For every day a unit is unavailable, that's lost revenues that (inaudible). So I know your question is well why don't I just pay it? I'm a small businessman. I work 40+ hours a week at a regular job. I have the five units here in South Tucson as a way of helping make my family a little bit better. Quite frankly, five units at \$32 a month, comes up to \$1920 a year that I would have to pay out in addition, plus I'm already paying \$100 per unit a year so now you're up to almost \$2,500 a year just for me to have the properties and rent them. So much for helping my family. At some point, it just becomes not worthwhile because I have all the other expenses of the property to go with that. So I have to pass it on to my tenants. I

can't afford to, quite frankly, I don't have the money to do that. Two of my tenants, I don't, I have four rented right now. Two of them, half of them, can't afford an increase of another \$400 a year. Look around the City. There are empty houses everywhere. And that's been a problem in this City is trying to get people like myself to come in, put \$120,000 into a piece of property and fix it up. With increase in taxes, with less financial gain, that's going to become worse and worse for regular investors. I don't really consider myself a regular investor. I just have a few units. But it's going to increase, it's going to make it more difficult to get the people in that you need to fix the City up and to make it look better to attract more people. Thank you.

Mayor Rojas: Thank you very much.

Councilman Lopez: Thank you.

Mayor Rojas: The next individuals on the agenda here, Dennis Lattrell and Rita Rogers. Is it one or two or? Thank you.

Mr. Lattrell: Mayor, Council, Dennis Lattrell. I reside at 305 East Benson Highway and I also rent apartments in a complex. Unfortunately, I wasn't really aware of, until today, by somebody on the site, that this public hearing was coming up, because I have approximately 100 tenants who would probably have shown up. (Inaudible) notice because I understood at the last Council meeting that there was a recommendation that you were going to hand out fliers or do something (inaudible) to let interested people know. On an apartment complex, usually whenever it's sold or it's (inaudible) worth, usually people (inaudible) what percentage they make on an apartment. And on an apartment complex, usually it's around 6.5%. So now, with the licensing, which I believe is more of a riddle test because the licensing is approximately \$1,000 a month for my licensing now with my tenants where before that, it was like \$20 a month. So there's another \$12,000 a year that I'm paying for that. And this increase is about a 300% increase. I pay approximately \$1,200 a month in taxes for (inaudible) now but it will raise it another \$2,000. Well, the thing is I can't really raise my rents. One is because my people don't have the money to pay more rent. The other thing is is the City of Tucson doesn't have penalties for living in Tucson. In the City of Tucson, there's no sales tax for residential and I believe my business (inaudible) \$100 or so (inaudible) I'm not sure. Where it was reasonable here at \$20 a month, whatever it was, I paid it. When you raised it up to \$12,000 a year, it's just another burden. And I request that if you, that there be an extension so I can hang a poster up so that South Tucson residents who live in my apartment complex can have a say on the thing. And I'd be happy to meet and talk. Maybe (inaudible) public hearing. Thank you.

Mayor Rojas: Thank you very much. The next speaker will be Soraya Bellon. I think I got it right.

Ms. Bellon: Good evening. My name is Soraya Bellon, and thank you for having me and letting me speak today. I'm here on behalf of my tenants. I would like to start off by saying that we found out Friday, late Friday evening that this was a tax that was going to be put on the ballot. And after speaking to several tenants today, no one was aware that this was happening. They weren't given notice. So I totally believe if they knew that this was happening, that they would have been here today to speak on behalf of this tax because in reality, it affects them. No matter how we look at it, if you increase this, if you put this tax on there, it's going to affect them. And a lot of these folks don't have the money to, you know, pay the higher tax. They are already having a higher tax that's going

to be put on, I know a lot of companies going up in their tax. TEP, I believe, also went up. So they're already having this cost increase for, you know, living expenses. And the City actually did give us already a tax. If you recall, and I know that Dennis spoke about it, we were paying \$20 per year for the occupational tax is what it was. And then, I think it was last year and I don't know exactly when, it became \$25 per unit per quarter. And if the Council believes that the landlords did not pass it on to the tenants, then I, I hate to say that you're sadly mistaken because it's an occupational tax. And so they are already getting part of that. They already got that increase and now that you're going to tax them again and it's going to be another tax that they're going to have on top of that. And they can't afford that. So I'm here to speak for them that doing this would do them an injustice. It would, it would increase what they have to pay. It's, anywhere else in the U.S. is not being charge as tax except for Arizona and Alaska. And I know that a lot of places in Arizona have a problem with that; Marana and Sedona and different places do not do this tax because it's a double taxation that you're actually imposing on tenants. And why is it that it should be put on the tenants responsibility to provide this money for the General Fund? I do understand that you're raising it for the General Fund is my understanding. But the tax, occupational tax is already going to the General Fund, and that was a huge increase, like I said, from \$20 a year to \$25 per unit per quarter. So that's a huge amount of money. Where is that money going? Is it not going to the General Fund already? So, you know, those are questions that we have and I really don't feel that the tenants should have to, you know, bear this burden. And that's what it will be for them, is a burden, you know, if you increase this tax. I know I had more, but at this point I've forgotten it. So I do thank you for your time and I hope that you really do reconsider this and know how it will affect, you know, the residents here in the City of South Tucson. Thank you very much for your time.

Mayor Rojas: Thank you.

Ms. Moreno: I have one more, Mayor. Daniel Nicolini, who just gave me his name moments ago.

Mayor Rojas: Okay. One more.

Mr. Nicolini: Thank you, Mr. Mayor, Council members. I think most of you know me. I'm Dan Nicolini. I've been the South Tucson City Prosecutor for two years. Ms. Moreno advises me that the Council has chosen not to renew my contract for another year, and to advertise the position. She told me I'm welcome to reapply myself. And I intend to do that. But I would ask the Council to reconsider this action. I'm a believer in the adage "if it ain't broke, don't fix it". And I can assure the Council that the South Tucson Prosecutor's Office is not broken. As a matter of fact, I'm confident that the Police Department from the Chief down to the Sergeants and Officers, as well as the Court staff and Judge Lassen, all believe that I've been doing a very efficient and a very good job as City Prosecutor. In addition to ...

Mayor Rojas: Excuse me. Are you talking about something else other than the issue with the taxing?

Mr. Nicolini: I'm not talking about taxes.

Mayor Rojas: Okay. I think the Public Hearing is strictly for the taxing ...

Mr. Nicolini: Oh.

Mayor Rojas: ... item issue. If I'm not correct.

Ms. Moreno: This is the Call to Audience, Mayor, ...

Councilwoman Mendoza: Yeah.

Ms. Moreno: ... so ...

Mayor Rojas: Call to, okay, so we can go ahead. I just wanted to know what we were talking about.

Ms. Moreno: No, that's okay.

Mr. Nicolini: No, I'm talking about my City Prosecutor ...

Mayor Rojas: Oh, okay.

Mr. Nicolini: ... (inaudible).

Mayor Rojas: All right. Just want to make sure I'm clear.

Mr. Nicolini: Which I would like you to ...

Mayor Rojas: Okay. Go ahead.

Mr. Nicolini: ... (inaudible). As I was saying, in addition to resolving routine cases with appropriate plea offers, including diversion and probation offers where appropriate, we have actually conducted over a dozen trials in this Court over the last two years, which the Court staff tells me it's fair more than happened for years and years preceding. I also take particular pride in my victim contact efforts. Since every single crime that's prosecuted in this Court happened within a mile of right here. I like to go out and talk to the people, to meet with the people involved, the victims, the witnesses, so I've been to dozens of South Tucson businesses. I've gotten to know owners, managers, security personnel. I've been to dozens and dozens of South Tucson homes, meeting with victims and witnesses, particularly in domestic violence cases, and really maintaining contact with them so they know what's going on in the case, so that their input is taken into account so that they get restitution when it's appropriate. So my request is that the Council consider renewing my contract or discuss any modifications you might want to see in the contract, if that is the Council's desire. But if you choose to advertise, I'm going to apply again because I like this job. I like the people I work with, the Police Department, the South Tucson personnel and the general public that I get the opportunity to meet with on a regular basis.

Mayor Rojas: Thank you.

Mr. Nicolini: So thank you very much.

Mayor Rojas: Threw a curve there on me, but I got straightened out. Okay. Any other?

(No response from the audience)

Mayor Rojas: Okay. At this time, we're going to close the Call to the Audience.

ITEM #06 – APPROVAL OF MINUTES: JUNE 27, 2016 – REGULAR MEETING; JULY 25, 2016 – REGULAR MEETING; JULY 28, 2016 – SPECIAL MEETING; AUGUST 1, 2016 – SPECIAL MEETING

Motion by Councilman Lopez to approve the minutes of June 27, 2016; July 25, 2016; July 28, 2016, and August 1, 2016. Seconded by Councilwoman Mendoza. Motion passed unanimously.

ITEM #07 – EXECUTIVE SESSION PURSUANT TO A.R.S. SECTION 38-431.03(A)(1)(3)(4)

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

1. WASTE MANAGEMENT OF AZ, INC. – ALL LITIGATION PERTAINING TO CASE – C20146328

Mayor Rojas: The time is 6:34.

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

Motion by Councilwoman Mendoza to direct the City Manager to move forward with items discussed in Executive Session. Seconded by Councilman Lopez. Motion passed unanimously.

ITEM #08 – PUBLIC HEARING - TRANSACTION PRIVILEGE TAX ON RESIDENTIAL RENTALS

Ms. Moreno: Thank you, Mayor. Can I get a couple minutes so I can set up here?

Motion by Councilwoman Mendoza to open the Public Hearing. Seconded by Councilman Lopez.

Ms. Moreno: Can I request that we hold off on a Public Hearing so I can give the Council another walk-through on what this proposition is?

Councilwoman Mendoza: Okay. I'll withdraw.

Mayor Rojas: Withdraw. Okay. Go ahead.

Ms. Moreno: If you can give me just a couple minutes to set up. Thank you, Mayor, members of the Council. I wanted to go ahead and do another walk-through on the ballot measures that we have proposed here, the upcoming election. And most particularly, I want to focus on the Proposition 442.

And Proposition 442 is an increase on residential rentals. And I just want to clarify, for the audience because I know we have a lot of audience here interested in this particular ballot measure, but this is an increase that's going to be placed on the ballot to the voters in the City of South Tucson to increase the current residential tax from 2.5% to 6.5%. And I'd like to just kind of talk a little bit about what the City of South Tucson is because it's part of what I'm going to mention is not part of the Power Point presentation. And again, it's for the public to listen in and just take into consideration. The City of South Tucson is 1.2 square mile City, entirely surrounded by a big metropolitan City. So we're a small little City that provides a full level of service. So when I talk about a full level of service, I talked to the Council about what the City of South Tucson does and the services that we provide. And that includes Police, Fire, the Courthouse that we're in right now. This is where the Judge meets and the Prosecutor when, you know, officers are around the community citing people. They come in here before our judge. We also have a Public Works Department that maintains the streets, cleans them, maintains the alleys, the street lights, and that is a service they provide. We also have a Finance Department. We have Administration, which is the City Clerk's Office. And I think I covered everything. So I just wanted to make sure that everybody understands what a full service City is. So with that in mind, the City has taken into consideration a different array of options to continue providing that service to all its residents. There are other communities throughout the State and even the country that are much larger than the City of South Tucson that are totally unable to provide these services. They either provide Police, or Fire, or neither. And what they do is they contract to other cities. And what happens at that time is there's still a fee associated but yet their residents are not able to receive that level of service. So for example, the residents here in South Tucson if you call 911, you will have either an officer there or you'll have a Fire Department there within three minutes. This Proposition is to allow the City to continue providing these services. There is a different array of options the Mayor and Council looked at as far as trying to increase revenue. And that could have even included making cuts. That could have meant cutting a department, which could have been Police, or Fire, or the Court. Or it could have meant decreasing personnel which I mean you can cut officers, you can cut firefighters, you can cut staff. But in reality, that's just a Band-Aid. Because what happens is you never really fix the problem because what you need is you need to get revenue to continue to provide services. So this is one area that staff recommends to Mayor and Council. And this is not a decision that Mayor and Council make. Please understand that they do not decide if this tax gets passed. This is a question that's going to be placed on the ballot on November 8, on the General Election, and will ask the voters of South Tucson, will you increase the current rate to the landlords of the current 2.5% to 6.5%? We have 70% rentals in South Tucson. That means that 7 out of every 10 homes is a rental unit. The other 3 are owner occupied. So, again, when we did the research, we looked at different options to try to balance this budget moving forward and to allow the City to continue providing the service. And this is what the staff ultimately, myself and the rest of the staff asked the Council to allow us to do is put this question on the ballot and let the voters decide. You, as voters, will decide if this measure will be passed. So let me give you some more facts based on what it is that our research determined. So let me start with this first slide here. So the first slide is the topic of discussion I just went over. The General Fund and the Proposition 442, which will be placed on the ballot here in the General Election on November 8.

Unknown male: I don't mean to interrupt you, but you said Proposition 422?

Ms. Moreno: 442.

Unknown male: 442. It won't be, it will be placed on the ballot. You're saying that's not what (inaudible)?

Ms. Moreno: It will be this, this whole, the question we have before you is Proposition 442 ...

Unknown male: Should be placed on the ballot, right?

Ms. Moreno: It's going to be placed on the ballot, yes.

Unknown male: (Inaudible) but if the Council says no, it won't go on the ballot, right?

Mayor Rojas: No. No, it goes on the ballot.

(Simultaneous conversation)

Ms. Bellon: Our understanding was that this was to decide if it was going to go on the ballot and that's why we were addressing the Council.

Mayor Rojas: No, it's just a public hearing. We hear you out to see what you think about the, the proposition. And then, and then we move on. We don't discuss it with audience.

Ms. Moreno: Yeah, and let me just talk a little bit more about that. State statute states that an increase such as a residential rental must be, increase or decrease, either way, must be approved by voters. So what staff has asked Mayor and Council is to give us authority to put that ballot, that question on the ballot.

Unknown male: Right. And if they say no, it doesn't go on the ballot.

Ms. Moreno: If they say no, it does not.

(Simultaneous conversation)

Ms. Moreno: I just want to make sure that's understood.

Ms. Bellon: So when would they be making a decision if they're going to allow it on the ballot or not?

Ms. Moreno: Tonight.

Ms. Moreno: So they public hearing we just had right now, this is an opportunity for myself to explain to ...

Ms. Bellon: To who?

Ms. Moreno: ... to the public, right now, what this is and how it's going to affect the City and why.

Unknown male: The decision to put it on the ballot has already been made. Is that correct?

Ms. Moreno: Yes, it has.

Ms. Bellon: So if (inaudible) made them, why are we here? Because we (inaudible) ...

(Background conversation)

Unknown male: (Inaudible) is the public hearing right now?

Mayor Rojas: Yes.

Unknown male: It's, it, she just confirmed that it's a yes vote automatically it's going to be on the ballot. However, given (inaudible) ...

Ms. Moreno: So ultimately, it's up to the Council after the public hearing if they ...

Unknown male: But you just confirmed that they already said yes.

Ms. Moreno: No, no, no, no.

Unknown male: You just said that. That's in the minutes.

Ms. Bellon: Yeah.

Ms. Moreno: No. Let me, let me rephrase my answer. That way it's articulated properly.

Unknown male: Thank you.

Ms. Moreno: Just to clarify and nobody puts words into my mouth and I'll correct my words if I, I make mistakes like anybody else. This ballot, the question on the ballot will be approved by the Mayor and Council to be placed on the ballot. It's up to the community to vote yes or no.

Ms. Bellon: If they vote yes or no?

(Simultaneous conversation)

Ms. Bellon: So the clarification is that we all understand that it's going to be left up to the public to decide ...

Ms. Moreno: Correct.

Ms. Bellon: ... (inaudible) voted in or not.

Ms. Moreno: Yes.

Ms. Bellon: However, my understanding was that today the Council was going to decide if they were even going to place it on the ballot.

Ms. Moreno: Correct.

Ms. Bellon: So have they decided that already, if it's going to be placed or not placed?

Ms. Moreno: Not yet, not until after the public hearing.

Ms. Bellon: Thank you. That's ...

Ms. Moreno: Right.

Ms. Bellon: ... the clarification that we wanted.

Ms. Moreno: So it's our opportunity now to present the facts to the Council, as we have through the budget process, and again, prior to that approval (inaudible) resolution after the public hearing. Then we will get, you know, direction from Mayor and Council on whether or not we will be putting that question on the ballot.

Unknown male: So the, so the, the decision does not depend on people. It depends on the Council, regardless of ...

Ms. Moreno: The Council is either going to approve or disapprove if the question is on the ballot. Ultimately, the voters approve the measure, yes or no.

Unknown male: So it's ...

Ms. Bellon: (Inaudible).

Unknown male: ... yeah, in other words, the Council knows ...

Ms. Moreno: The Council (inaudible) ...

Unknown male: (Inaudible).

Ms. Moreno: The Council has to give staff authority to put questions on the ballot.

Unknown male: Yeah, my, my point is did Council go out and talk to the residents before they make this decision?

Ms. Moreno: It's up to the Council to talk to their constituents. As staff, it's my job to make sure that I educate the Council as to what our recommendations are and why.

Ms. Bellon: If I may, one last time ...

Ms. Moreno: And typically, I, we don't do this but I'm just doing it because I know that, I think everybody deserves an answer here. So I'm willing to answer your questions.

Ms. Bellon: I guess the issue that I have is since the general public, especially the, right now, the tenants do not know that this is even happening. And so how would, you know, if they don't even know that this is ...

Ms. Moreno: Right.

Ms. Bellon: ... going on, then how was the Council able to even speak to them? Because I think if they would've spoken to them, they would've known that this was happening and they would've been here tonight.

Ms. Moreno: Right. So what's going to happen is it's just like any other election where the registered voters will receive information prior to the election. And it's called the publicity pamphlet. So every registered voter in the community will receive information prior to the election, telling them this is what's going to be on the ballot. These are the questions and ...

Unknown female: You're speaking like it's going to be on the ballot ...

(Simultaneous conversation)

Unknown male: It sounds like you've already discussed this with the Council and it's already been decided, so ...

Ms. Moreno: I have, ...

Unknown male: ... (inaudible) ...

Ms. Moreno: ... I have certainly discussed this with the Council.

Unknown female: (Inaudible).

Ms. Moreno: Yes, I have. As a matter of fact, we discussed all these options to the Council and that's what I'll be presenting this evening. So the Council will direct staff whether they approve or disapprove any of the ballot measures that we're requesting to be placed on the ballot, to be placed on the ballot. Once we get direction from the Council, then we'll be able to know what we will put on the publicity pamphlet.

Unknown male: Is the reason for the lawsuit that we have now for the illegal taxes, was it the fact that it didn't go to the voters?

Ms. Moreno: That was another ...

Unknown male: So now this.

Ms. Moreno: ... Council and another time, but I do believe that from what I know, because I was not directly involved, that that tax was another matter so we're not talking about that right now. So we're going to stick with this topic.

Unknown male: But it's the same topic. I guess what I'm asking is ...

Ms. Moreno: It's completely separate.

Unknown male: ... (inaudible) if it doesn't, if it doesn't go to the voters and the voters don't approve it, it'll be illegal to raise taxes.

Ms. Moreno: Oh, yes, ...

Unknown male: Okay.

Ms. Moreno: ... yes.

Unknown male: Same thing.

Ms. Moreno: So we're ...

Unknown male: Same thing.

Ms. Moreno: ... (inaudible). Okay. Now if I have no further questions, I'll move forward.

Unknown male: (Inaudible) question.

Ms. Moreno: Okay.

Unknown male: Does this, for one of my neighbors here, there was a notice about this hearing here today.

Ms. Moreno: Yes.

Unknown male: My hundred and something tenants never got anything ...

Unknown female: We have no notice.

(Simultaneous conversation)

Unknown male: (Inaudible) pick and chose or ...

Ms. Moreno: No.

Unknown male: ... so I would ...

Ms. Moreno: I do know that our ...

Unknown male: ... like, I would like my tenants who are South Tucson residents, who pay tax in South Tucson, I'd like an opportunity to let them know there's a public hearing ...

Ms. Moreno: Okay.

Unknown male: ... so that this can be (inaudible) that might give the Council time to talk to its constituencies about whether or not that, well, if they want to go with this.

Ms. Moreno: Thank you for your questions. Again, if the Mayor and Council directs staff to move forward with proceeding with the process, then we will do what's mandatory based on State statute for elections, and notify the entire community and the registered voters on the ballot measure.

Ms. Bellon: We thank you. Other than the fact that I think what my, the gentleman here in front is saying is that they weren't given the opportunity to come today. And I think that's what his issue is, if I'm not mistaken. We agree that you will give them notice if it gets put on the ballot, and that they will have the opportunity to vote on it. However, they weren't given notice to come today to speak and to maybe influence the Council not to put it on the ballot. Because like I said, it's, ...

Unknown female: Wrong.

Ms. Bellon: ... it is. You're double-taxing the tenants. And, you know, they're already in a financial strap and it's a huge burden on them. But thank you.

Ms. Moreno: No, you're welcome.

Unknown male: Just to clarify that, if I may, is this, is that if the actual renters haven't got that paperwork for this meeting, they should have a right to at least know that this is coming up. And that's a lot of people as far as, you know, we know here in South Tucson. They haven't got that paper. I don't think, I mean how can you make a decision? Even (inaudible).

Ms. Moreno: Well, we didn't (inaudible) and we sent notices out. We hand-deliver to every ...

Unknown male: (Inaudible).

Ms. Moreno: ... single ...

Unknown male: (Inaudible).

Ms. Moreno: ... property in South Tucson. I can't speak on behalf of who (inaudible) but obviously, the message was received if I have almost a full room tonight. So I'm going to take that as the last question and I'm moving forward (inaudible). Thank you. Thank you. Okay. So everyone paid attention to the first slide here entitled "Fiscal Year 2017 Budget Structure". Mayor and Council, and we've gone over this before, and the top part here shows the revenues. So if you look at the very top line and (inaudible) down you'll see that our largest revenue generator right now is the sales tax here

in the City of South Tucson, which is close to \$3,000,000. And then the State share revenues are a little below 1.5 million; permits and licenses are below \$500,000; Court fees and fines are less than permits and licenses; charges for services are even less than Courts fines; miscellaneous revenue, which would be fees that we receive for anything that is not on these line items; hotel and occupancy, which is any of the hotels and motels here in South Tucson, is less than that of the miscellaneous revenue, which is, again, a business; and then ultimately, it's the property tax. So the property tax is charged to the property owners in the City of South Tucson brings in the least amount of money to the City than any other line items you see above. Moving down towards the expenditures and let me point as a reference before I go down. So the property tax, the City charges .25 cents which is 25 cents for every \$100 of assessed value. So for the entire City of South Tucson in one year, the City receives \$56,000 in primary property taxes. So you see the line in the middle, the one that's golded, it will show you that it takes \$76,000 to hire one entry level officer. So what we're receiving in property taxes City-wide is not even enough to pay an entry level police officer. So putting that into perspective, tells you that the property taxes in South Tucson are not, we do not receive quite enough to even hire an entry level police officer. Okay. Now, moving to the second round, expenditures, the highest expenditure we have here in the City is the Police Department. So the Police Department is our biggest department. That costs the City in the range of, it's about 1.8 million dollars. The next line item there is for the non-departmental and that is for anything that is not a department. So that could be anything from paying the insurances and things such as that. And then the third highest expenditure is the Fire Department. And then going down from there is the Court, the Finance Department, the City Manager's Office, Development Services, the City Clerk's Office, IT, Municipal Services, which is the Public Works Department, and lastly is the Mayor and Council who receive a stipend for their elected positions. So, again, that's showing what we receive in revenues and what we pay.

Ms. Bellon: With all due respect, I agree that the police officers are a big value to our community and they deserve to be paid. There is no question, and Fire Department as well. But shouldn't it be a burden for everybody in the community, not just the renters?

Ms. Moreno: Right. Can I finish my presentation and then ...

Ms. Bellon: Sure.

Ms. Moreno: ... we (inaudible). I'm sorry. Okay. So this is another way to kind of look at it but based on a pie chart. So if you look at the distribution at the top left pie there, and you'll see that, again, the Police Department is the biggest expense. And then moving down is, in the orange is non-departmental. And then next is the Fire Department. And then you have the Court in purple, Administration in green, and then the little red above the corner there on the top is for Public Works and the 1% is for Mayor and Council. And then the graph below shows the expenses, again. So 62% of the City's entire budget is for personnel costs. And you can see that most of that is in Public Safety. The rest is towards all other operating costs, which have to do with operations, our bond payment, animal control, the fees we pay to Pima County for prisoner detainment. We have only 3% that we pay for contracts because basically, every service that the City provides is done here at City Hall. There's only one contract that we have outside the City that the City contracts with. Also, we pay insurances, which is under the property and casualty line item, and then we have one little sliver down at the bottom for legal counsel. So the City of South Tucson does not spend any money

outside what you see. There's no money and, you know, as you can see, there's no money in community things. There's no money to put in contracts. So what you see is basically all we have. Okay. The next page we have here is cost to the average property owner. So if we look at the left side of this document where it's titled "City of South Tucson Primary Property Tax", the average property in South Tucson is assessed at about \$70,000. That's an average. So going back to how I explained to you, so .25 cents for every \$100 of assessed value. That translates into the property owner paying to Pima County Assessor's Office, \$176.96 per year, which if you break it down per month for the property owner, those are the ones that own property that live in there, they pay \$14.76 a month. Okay. So on the right side of the screen you'll see where it says residential rental. Those are the properties that are not occupied by the owner. These are properties that are being rented out. Okay. So based on the average of about \$400 that a landlord received in rent, they receive about \$4,800 a year based on that number. Of that amount, they currently pay 2.5% in taxes, which is the ballot measure that we're discussing right now. So what that one unit is paying in \$400 per month, per year it comes out to \$120 to the City of South Tucson and \$10 per month overall. Again, that is getting a Police Department, a Fire Department, a City Hall that you can walk into and get a permit in a matter of 24 hours. So, you know, the City, again, provides a full level of service to its community for a very small amount. I'm going to finish my presentation. I'm sorry.

Unknown male: Okay. Before you change the slide, though, I'd like to talk.

Ms. Moreno: So a property owner collects, again, about \$4,800 per year based on an average of \$400 per month. And the City receives from that property of the \$4,800, \$296.96 from that licensed property, for that one parcel.

Unknown male: Are you forgetting the occupational tax you charge (inaudible)?

Unknown female: Not to mention that the figure that you have up there, I know it's a huge figure, the \$4,300 per year, you're not taking into account all the expenses that are being paid by the landlord. The landlords pay water, they pay electric for their tenants, they pay their garbage, they pay property taxes, they pay insurance, so there is, that is not, I mean that's a false figure if you really look at it.

Ms. Moreno: So the next line will show the South Tucson housing stock. So let me show the facts behind the housing stock. And this will break down what the City of South Tucson is broken into as far as the housing stock. Every single parcel that you see in South Tucson is either "A" or rental, or "B" owner-occupied. So that pie that you see there on the left hand corner of the slide, shows that 71% of our total housing stock are rentals. These are properties that are being rented out to outsiders who own them. So they come in, they purchase properties, they rent them. That's what it means, a rental. These are not owned by people that own, that, these are not inhabited by people that own the property. Twenty-nine percent of that total are owner occupied. So 29% of those property owners live in the property and 71% are tenants.

Unknown male: What percentage of those that are rental occupied are exempt from the statute?

Ms. Moreno: Moving to the right hand side of the slide, and the (inaudible) we account for 2,266 total housing units. So parcel per parcel, home for home, the total is 2,266. Of that number, there are 1,829 that are occupied. To break it down even more, there are a total of 526 of that total that are

owner occupied. What you see in red, the first line says renter occupied. So of that total amount at the top, 1,303 are occupied by renters. And if you break it down by unit, that number is 1,167 that are paying rent.

Unknown male: Are those ...

Ms. Moreno: So the difference of that with the houses that are vacant, is 437. So again ...

Unknown male: Is that ...

Ms. Moreno: ... that's based on the total housing units.

Unknown male: Okay. So we don't know what portion 71% is taken the full tax group then.

Ms. Moreno: Okay. Moving forward to the next slide. The next slide is a graph. And this is comparing the City of South Tucson to other cities and towns that are either close to our size in population, or much larger in our size and population. So I know it's kind of hard to read so I'll read the numbers for you from here. The first line is Colorado City. And I'll point out that the City of South Tucson, remember this number, we have 5,730 in population. Okay? Again, we provide a full level of service to the entire community. And based on other cities that are much larger than the City of South Tucson, like Tempe who is right below us, we have a larger number of rentals in South Tucson than Tempe holds. And Tempe has one thousand seven hundred, one thousand, 172,816 in population. Their renter occupied ratio is 57% out of that total. We have 5,730 in population. And our renter occupied number is 71%. Mayor, Council, so again, so when you take that into consideration, you think of, you know, the City of South Tucson is a one small square mile city with 5,730 in population at 71% rental occupied. And another city such as that of Tempe is 172,000 with 57% renter occupied. And even the city that is comparable with South Tucson, I'll look at Guadalupe, who is a little bit bigger than South Tucson. They're at 6,106. And their renter occupied rate is 49%. So we're even more than Guadalupe.

Unknown female: But their rental rate is ...

Unknown male: Extremely (inaudible) ...

(Simultaneous conversation)

Unknown female: You're asking to be, you know, charged ...

Unknown male: Triple of what they're getting.

Ms. Moreno: Okay. So the next slide shows, and if I may ask, if you could please let me finish this so that everybody can hear. Thank you. The next line is the South Tucson residential rental. Again, broken down. So you look at the left part of the screen here where it shows occupied unit paying rent. So there's a total of 1,167 occupied units paying rent. And the comparison is to your right where it says occupied units paying rent. And you look at the difference in the rate. So the rate to your left shows 2.5% and the rate to your right on the tax is 4.0%. So for an average monthly rate of

\$582, you will see that the total rental tax for the City of South Tucson that could be collected is, on 2.5% is \$203,758 versus \$326,013.

Unknown male: I'm sorry, but your comparison is off. That's four (inaudible). You're asking for 6.5. How is that even accurate? (Inaudible) tax rates four (inaudible) 6.5.

Ms. Moreno: No, but we're comparing.

Unknown male: Well, why don't you compare real numbers? That's my concern. That's not a real number.

(Simultaneous conversation)

Ms. Moreno: So total in occupied units entirely, landlords receive a total of \$9,100,152. And if you look at the bottom number for the monthly tax per rental, the City receives \$13.03 on 2.5% versus \$20.03 on a rental taxed at an increase of 4%.

Unknown male: The total is \$33.86. That's going to be the total.

Ms. Moreno: Okay. So residential rental business licenses, again, 35% of the City's business licenses are residential activity. That means out of the 663 licenses that we have for all activities, including commercial, rentals, and any other sort of business, 237 are for residential rentals. And those are licensing 800 rental units. So, again, the increase going back to some of the questions I heard, is, in fact, a question that could possibly be placed on the ballot from the current increase from 2.5% to 6.5%. So it indicates an increase of \$4.00 more per month, more, above the current rate, for every \$100 of rent.

Unknown male: So that's a 300%, pretty much, increase.

Ms. Moreno: Okay. Now going back to the next, going forward to the next slide, Mayor and Council, we discussed the General Fund outlook, and this is with a five-year model. So this is going from fiscal year 2016, '17, '18, '19, '20, all the way up to '20. If the City continues moving at the rate that it is right now without receiving any more revenue in any area, just keeping things the way they are, you can see that at the bottom here, the City will be in a deficit totaling 2.8 million dollars. So in an effort to keep costs low and stay with a deficit elimination plan, meaning that we need to eliminate the deficit that we have, the City needs to keep costs down and look at areas to increase revenue. The options that we have before you were taken into consideration because the tax that we have in question here to be placed on the ballot, has not increased in over 20 years. It's been over 20 years that this tax has not increased. And putting it into perspective will show you that based on this module, if these rates stay the same in this area, the City will fall to be in over a \$2,000,000 deficit. So should this not be placed on the ballot, shall this vote eventually not get passed, it's up to the voters, the City will have to be faced with making the decision of where will they cut. Will they cut from one of the biggest expenses, Police? Will they cut from Fire? Will they cut staffing? They're, the City will be faced with making those tough decisions as to where are the going to make up. Where will the City make up that difference? So there needs to be a plan moving forward. This right here will show that this could be an ongoing revenue-generating option where it continues so that in

the next five years the City could have financial sustainability. And that is the reason why staff is taking this to Mayor and Council for consideration to be placed on the ballot. Again, should this not pass, this could be a total detriment to the City. Again, the City would lose a service and at the same time, will have to pay. So not having an answer to where to increase revenue will result in a cut in any, it could be an area, it could be, like I said, Police, Fire, any service, so the question is, is that, you know, we have 71% rentals in South Tucson. And this is not to take away, it's not, you know, I just want everyone to just listen to the facts.

Unknown male: Is this, ...

Ms. Moreno: You know, ...

Unknown male: ... is this ...

Ms. Moreno: ... can I finish? Let me finish.

Unknown male: Okay.

Ms. Moreno: This is for everyone to really understand the logic behind why this is being recommended. It's a small City. We can't grow. We are totally surrounded by a huge city that is way bigger than us. We don't have a whole lot of options so right now, what we're asking is what can we do to continue to offer and provide to the residents, the service that we have. We're asking the City, and this community, to help the City. And the question to Mayor and Council is all we ask is can we put this on the ballot and ask your residents what they think. Because if this doesn't pass, there's going to have to be (inaudible). What if this doesn't happen? Where are we going to fix that? Where are we going to plug that hole in five years of \$2,000,000? Where can we cut? It's going to have to be a biggest expense. You cannot even remove two of your small departments to make up for the biggest department. And if the City were to eventually outsource Police or Fire, Mayor and Council, you are not going to get the A-1 service that you receive today. You can call 911, you can call Police, you can call Fire, and you will get someone at your door in three minutes.

Unknown male: Well, that (inaudible) ...

Ms. Moreno: And what we're doing ...

Unknown male: ... (inaudible) ...

Ms. Moreno: ... is we're asking the community to take all these services into consideration. You know, you receive a full level of services for a very small amount. Ten dollars per month. We're asking for \$14 per month. Four dollars.

Unknown male: Per unit.

Ms. Moreno: Yes.

Unknown male: (Inaudible) ...

Ms. Moreno: Four dollars per unit. So

Unknown male: (Inaudible) increase?

Ms. Moreno: No.

Unknown female: So, may I ...

Ms. Moreno: Can I just finish, please?

Unknown female: I'm sorry.

(Simultaneous conversation)

Ms. Moreno: Okay. The next line is the General Fund outlook. Going back to what I was just explaining to you right now, a five- year model will show that you will see that if the revenues don't come in at the projected rate that we took into consideration with the increase potentially, because we don't know if this is even going to be on the ballot, yet even pass, but shall that this not pass right now, 'cause this is what we recommended, then this is what you will see. If you see the red line on the top, you will see that our expenditures will clearly outweigh our revenue. There is no way the City will be able to continue to operate. There will have to be a fix. And it will have to be an ongoing fix. It won't be get rid of a department, get rid of two employees. It has to be a fix that will assist us moving forward. Not just for five years, but for the future. So this is an effort to continue to allow the City to provide the service at the level provided now, without having to cut any area. So these are some of the things that need to be thought of and need to be considered to Mayor and Council, and to the public to think about what could happen shall this not pass. There's going to have to be an exclusion of some service. Either way. It could be anything. It could be closing the Courts. And then what would happen is you would have to send all your officers downtown to the County. And then have to pay more to get officers to cover while they're downtown. So an elimination of a department doesn't necessarily mean that the City is safe. No. Something has to make up for something else. An employee has to assume more responsibility. Employees have to get cuts in their benefits. An employee will have to get cuts in their salaries, which has already happened over the course of the last 10 years. At one time, we had 10, about 100 employees. Over the last 10 years, we have seen the reduction in force from 100 all the way down to a little over 50 right now. So we're still able to provide those services. The City hasn't seen what has happened as far as operations because we are still able to provide that full level of service yet internally they're having cuts. I can show you, you can ask, it's public record, there have been cuts. So, again, you know, this is factual information to present to the Mayor and Council, and to the entire community, for you to kind of put a picture as to why this is getting recommended, why this question will possibly be put on the ballot. There's no guarantee until after this presentation here. But again, Mayor and Council have already been listening to some of the background information. We've talked, you know, we are able to prove to the Council that we think this would be in the best interest of the City. So let me go to the next line. Okay. So going back to, I think I'd like to point out is the Police and Fire Department being the highest cost to the City. So look at this graph here. This puts it into perspective. So the City of South Tucson is highlighted in red. Going back to our size and population, or even our size in

general, we're 1.2 square mile City. We have 5,730 in population. In 2015, we received 2,346 in both Police and Fire combined. Okay. If you look at a city such as, let's look at Page, at the very bottom of the screen. Their numbers are much higher than ours, okay? Population is 7,440. Their calls for service are a little bit higher than ours, 2,835. Take into consideration that from April to December, they have tourists. We don't have tourists. Why would we even reach that number?

Unknown male: So you should compare ...

Ms. Moreno: So...

Unknown male: ... (inaudible).

Ms. Moreno: ... a city like Page surpasses our numbers only because they actually have services. I mean, I'm sorry, they have tourists that come into their city. Another city that ...

Councilwoman Mendoza: Excuse me. Let me just interrupt you for a second. Your 2,346 calls was just for Fire. That wasn't ...

Ms. Moreno: Yes, I'm sorry.

Councilwoman Mendoza: ... including Police.

Ms. Moreno: For Fire.

Councilwoman Mendoza: And then second of all, to address what the gentleman said in the audience, you're comparing us to Page because Guadalupe doesn't have a Police Department. That's why she's comparing ...

Unknown male: She's talking about ...

Councilwoman Mendoza: ... us to Page.

Unknown male: ... (inaudible) Fire. That's ...

Councilwoman Mendoza: Yeah, but ...

Ms. Moreno: I was going to ...

Councilwoman Mendoza: ... we have to ...

Ms. Moreno: ... (inaudible).

Councilwoman Mendoza: ... do, we have to compare, you know, the cities that have a Police and a Fire Department, and then compare their population to ours, and then the calls that they receive to ours, so just ...

Unknown male: If we're talking Fire, let's talk Fire.

Ms. Moreno: I was going to (inaudible) ...

(Simultaneous conversation)

Mayor Rojas: I'm going to have a point of order right now. I'm going to have a point of order. Could I go ahead and have you remove your dark glasses?

Unknown male: I can't. I have a light sensitivity. That's bad ...

Mayor Rojas: Oh, do you?

Unknown male: ... (inaudible).

Mayor Rojas: They're prescription?

Unknown male: Yes, correct.

Mayor Rojas: Okay. Just want to make sure.

Unknown male: (Inaudible) just to confirm.

Mayor Rojas: I just want to make sure.

Unknown male: (Inaudible).

Mayor Rojas: Oh, no, I just want to make sure because I can't, if I put dark glasses like that I wouldn't be able to see anything.

Unknown male: Well, I can see everything.

Mayor Rojas: Oh, do you? Okay.

Ms. Moreno: I'm sorry. Thank you, Councilwoman Mendoza. Going back to the comparison and to make sure that we cover everything here, so those are for the Fire Department (inaudible) both Police and Fire. So in the Fire Department alone, we received 2,346 calls compared to Page who received 2,835. In Police, we received 9,582. Page received 16,000, and I'd like to point out, like I just said, they do have tourist season, we don't. Comparing City of South Tucson to another city that's close to our population is starting from the top, Colorado City. Colorado City has 4,792 in population. They don't offer a police department. Their fire calls are half of ours, 1,007. Eager, who has a population of 4,913, they received 3,000 calls. Again, we receive 9,500. Their fire calls were 228. We received 2,346. The City of Benson has a population of 4,926. No police department there and their fire calls were 989, compared to 2,346. They have a volunteer fire department. We don't. We pay our firefighters and we pay our ...

Unknown male: The only thing I ...

Ms. Moreno: ... (inaudible).

Unknown male: ... (inaudible).

Ms. Moreno: So we have a ...

Unknown male: City of ...

Ms. Moreno: ... full service ...

Unknown male: ... Tucson or Pima ...

Ms. Moreno: ... Fire Department.

Unknown male: ... County Sheriff out there.

Ms. Moreno: Excuse me. Moving onto the next city, Holbrook, which is 5,016 in population. They don't have a police department and their fire department receives only 75 calls in 2015. And again, their entire fire department is volunteer. We pay our fire department. Cave Creek, who has 5,253 in population, they contract with Maricopa County Sheriff's Department for their police calls. So they don't get the service that South Tucson does, and they don't have a fire department. So everything is contracted with the county over in Cave Creek. I'll go down below after South Tucson, Guadalupe. They have, their population is slightly higher than South Tucson, 6,106, and they contract with the Maricopa County Sheriff's Department, as well as Cave Creek, with 2,500 calls in fire and they contract for police services. So they can't afford a police department. I started with Page only because that number stuck out to me, but we'll go through that again. Their numbers are at 7,440 in population. They do have tourism, which increases their calls for service of police to 16,000 which is an enormous number. And their calls in fire are 2,835. And this is just in 2015. That is the amount of calls that this small city received in both police and fire. That is amazing.

Mayor Rojas: I'm going to make just one statement now because I heard, in general, there was a question how come we didn't mention City of Tucson and some other entity, and the reason we don't is because we're only comparing the small cities that are close to our population. We can't compare the City of ...

Unknown male: Well, the only ...

Mayor Rojas: ... Tucson to ...

Unknown male: ... reason I was saying that was they get police, they get fire, and they don't pay (inaudible) tax. They don't pay an exaggerated ...

Mayor Rojas: No, they have a heck of a revenue from sales tax and a heck of a revenue from other sources.

Unknown male: All it does is force us to compete with City of Tucson. There's no way to keep ...

Ms. Moreno: And let me ...

Unknown male: ... (inaudible) ...

Ms. Moreno: ... point out, Mayor, ...

Unknown male: ... and one other thing is (inaudible) show what is the change and vacancy rate now (inaudible) budget.

Mayor Rojas: Okay. Go ahead.

Ms. Moreno: In comparing the City of Tucson with that of the City of South Tucson, there's no comparison. As a matter of fact, we do not compare to any other city. We are a very small city. You know, Guadalupe is entirely surrounded by Tempe. We're entirely surrounded by City of Tucson. But if you do the research, the Town of Guadalupe, they receive a lot of monies from the tribe government. We do not get that. We do not have a high number of tribal people, residents in our community. So we're not able to take advantage of those monies whereas other communities are. So, I mean I wish I could say that we do and we wouldn't be in the situation that we are, but the facts are the facts. And I am presenting the facts. I'm not trying to, you know, offend anybody. I'm not trying to get the Council, to convince them in any way. What my job is to do is to present the facts to the Council, to the community, to tell them this is what I recommend to the Council so that we can continue providing the services that we provide. We have a large amount of rentals in South Tucson. You know, I talked to other jurisdictions. I talked to other managers. I talked to other chiefs and fire departments. I mean, you know, we did our research. We looked around and said, "Can you guys look at us," and, you know, financial advisors that we talked to, I mean we've been doing this since early this year. This just didn't happen overnight. These numbers just don't pop up. There's a lot of work that's attached to this. You know, our staff worked hours on end to make sure the Council got the exact information they needed to make these decisions. These are not easy decisions to make. And these are not even easy recommendations for staff to make. I mean we are really put in a hard place when we have to look at creative ways to continue and to not take away from employees, from the residents, from the property owners, from anybody. We've looked at, you know, increasing taxes to businesses. That was done. We looked at increasing retail. We looked at increasing restaurant taxes. All that has already been done. In the last 20 plus years, this has not been done. It's been over 20 years. So, again, these are just the facts. I'm not trying to sway anybody. I understand everybody's concerns. You all have very, very valid concerns. I understand the positions, you are all business people. You're very smart, intelligent people. I mean you guys have great questions and thank you for your questions. I just want to make sure that I stay focused and I'm sorry. I'm not trying to be rude or anything, but I just want to make sure that everybody understands why it's being recommended to the Council. And the information that they're receiving, I want them to really, you know, have them listen and process. This has been ongoing. They didn't hear this for the first time tonight. We've been talking about this for a long time now. So I don't want the first (inaudible) from the public to be misconstrued and think that nobody's telling you. We have meetings that are open to the public. We put them on our website. We post them here at the City. You know, the City can only

do so much with our limited resources to let people know that we have meetings and do what's mandated by the State to make sure people know that we have meetings. People need to make it a point to make sure that they reach out to their cities and ensure that they're informed on everything. We're here Monday through Friday from 8:00 to 5:00. You know, come, I'm here. I'm always here. Come in, we'll sit down and I can tell you everything what we went over and for some reason, the information did not get understood, you know, let's sit down and have a meeting and let's talk. You know, I'm always here, but I don't want anyone to be under the impression, Mayor and Council, that the City is trying to not inform its residents. We have a meeting scheduled every second, third and fourth Monday of the month, as you know. And if they need to be cancelled, we cancel them. We post them. And when we have them, you know, we have them on those scheduled dates, outside of any special meetings. So I just want to, you know, make sure that everybody understands that the City of South Tucson is totally transparent. We're not trying to cover everything. We're always here. I thank God that, you know, that the City Hall is still able to operate Monday through Friday from 8:00 to 5:00. And I want to continue to be able to be here for all of you. So unless the Council has any more questions, I think that finishes my slide.

Unknown female: Can I say something?

Ms. Moreno: Thank you.

Unknown female: First of all, I'd like to apologize. We did not mean to interrupt you and ...

Mayor Rojas: It's okay.

Unknown female: ... get you off topic.

Mayor Rojas: This will be your chance. We're now going to have Item No. 08.

Unknown female: I'd like to apologize and that wasn't our intent. I guess we just have questions and concerns that we weren't understanding. So first of all, and then we'd like to thank you on the presentation. We, I think all of us agree that the City has issues and has problems that need to be fixed. I don't think that anybody here disagrees with that comment at all. How we're fixing it, might, we might have different ideas on how to fix it. But the reason that, what we're here to talk about is about the tax. And as far as the tax, I know you said that we haven't increased it in, I don't remember ...

Mayor Rojas: Over 20 years.

Unknown female: Over 20 years. However, back 20 years from now, which was what, 1980 something, the rental rates were say, \$200, and 2% of \$200 was "X" amount of money. Now the rental rates are \$400 and 2% of \$400 is a higher amount of money. So kind of, in essence, they have been going up. And then the other equation is that you guys did apply the occupational tax, which is a huge tax, that is money that is being brought in that wasn't there. This was about a year ago that it started. And so it's quite a substantial amount of money that is being brought in. And I know that you're talking about the City has 71% of renters. But that's what's bringing in that money. So if you make these people find residency elsewhere, you will be losing that money. So I do want the Council

to take that into consideration. If you drive the folks away, you will not have that extra money. And my last comment is the tax that you're imposing, right now, there is a bill in the Arizona State House, it's Arizona HB2254, where they are trying to eliminate from anybody, any city to do an additional tax on renters because they're seeing it as double taxation and penalizing renters. And why should they be taxed twice and be penalized for renting? You know, I mean I rented a long time ago and yes, I'm fortunate enough to own a home now, but I wouldn't have wanted to be taxed twice. I don't know if anybody here has rented, but would you want to be taxed twice? I think that we would find that as being unfair because we are a renter. And with that being said, thank you again for letting me speak.

Mayor Rojas: Would anybody else, since we are at the public hearing.

Ms. Rogers: I just wanted to say Rita Rogers, 305 East Benson Highway, Mayor and Council, when I signed up to speak this evening, you didn't call on me because you equivocated Dennis Lattrell with Rita Rogers. I'm a 100% separate person and a resident. And I love my 80 neighbors for many, many years. They would be here if I knew this before 2 o'clock this afternoon. And I know the Arizona Star is going to call and ask me all kinds of questions, so I'm going to try to be very, very brief. Since I'm very disappointed on something this important, unless they're in the hospital, that there are not seven board members here. Very disappointed. And I would suggest if you are able to do it, to table this matter. There is never a discussion on a table, second the motion and call a vote on this matter. That's my input. Thank you.

Mr. Carrillo: This is Rick Carrillo.

Mayor Rojas: I didn't get it.

Mr. Carrillo: 456 East 32<sup>nd</sup> Street. Now my concern is this, basically, from what I gather from all of this here.

Mayor Rojas: What was your first name, I'm sorry?

Mr. Carrillo: Rick.

Mayor Rojas: Okay.

Mr. Carrillo: So with that increase here, what I'm seeing is, basically, from what I've heard from some of the owners that own rental properties, you know, for example, they're making maybe an average 6.5%. If you put that tax into place, you guys are making more money. Over 7.8%. More than they're making, but if you add that into the whole mix of it. The other side of it that I'm gathering here is the occupancy. I didn't see anything about growth. In that whole, the plan, the five-year plan, there was no growth in that. We can still grow. We're not stagnant. You know, with those openings that we have, the rental properties, probably T & T Market is going away, as you guys know. You know, those kinds of places, we need to try to grow something. There was nothing in that. Nothing against you guys but there was no plan of what we can do. Everything around us is growing. South Park is blowing up, all this. That's going to bring up property value here. It's coming closer this way. Everything is coming back this way, so I didn't see any planning ahead as far as that. You know, and it goes with (inaudible). The other side of it, you said being creative. I didn't see any creativity in this,

any other options given to us. No plans for bringing us into (inaudible). What can we do? You know, we can't stay (inaudible) any longer. We gotta go up, we gotta find that, and I'll jump in there and give you some ideas. You know, I'm from here but I left. But you know when I left, I came back here so we can do better. That's all I have to say (inaudible).

Mayor Rojas: Thank you very much. Point well taken, Rick. Anybody else?

(No response from audience)

Unknown male: (Inaudible). I was just looking around to see if anybody else was going to show up.

Mayor Rojas: Three minutes.

Unknown male: Two, three minutes?

Mayor Rojas: Yeah. It's a public hearing.

Unknown male: (Inaudible) ask for an extension on a public meeting (inaudible) almost two minutes.

Mayor Rojas: Just three minutes.

Unknown male: Okay. I submit to you, one, is I am of belief, I don't have evidence, that the Council already knew, had already decided that they were going to vote for this without an open meeting before. Also, that none of my tenants were given public notice. I'll swear to that, but, on the speaking. And the day that we're using on meeting, it needs some clarification, I think some corrections in it because, for example, there was 75 or (inaudible) approximately of rentals, rented properties. Was that all the rental properties or (inaudible) exemptions for people who have three apartments or less? Did that include them or are we going to pick up their burden? See, those are unclear and possibly, I would volunteer if I get a copy of the slides, maybe I can take a look at those and see where we could save some money, and also maybe some corrections so that they'll be valid numbers that the Council can use to make its decision. And this, I'm struggling right now to pay my bills and to pay these taxes. And you're going to tax me approximately \$2,000 a month, first, and the other \$3,000 you get from me already (inaudible) occupational taxes. That's a lot more than when I started here in, it's, my people they're on fixed income, most of them are. And some of our vets, and some are teachers. Like they don't have that type of money and I just have a fear if I raise their rates, I've already done a rate this last couple of years on utilities, all my utilities. Now I pay a State, I pay a tax on those utilities to you people and then I pay another tax for like on the rent. So I pay twice for utility tax (inaudible). And I would just hope that there would be more open, if we could have maybe 30 days or something like that, or two weeks, so that we can get some of our questions answered and get some input from our residents.

Mayor Rojas: Thank you very much.

Motion by Councilwoman Mendoza to close the Public Hearing. Seconded by Councilman Lopez. Motion passed unanimously.

ITEM #09 – RESOLUTION NO. 16-31 OF THE CITY OF SOUTH TUCSON, PROPOSING A TRANSACTION PRIVILEGE TAX INCREASE ON RESIDENTIAL RENTAL ACTIVITY; ORDERING AN ELECTION TO BE HELD ON NOVEMBER 8, 2016, FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF SOUTH TUCSON THE PROPOSED MEASURE

Councilwoman Mendoza: Before I make a motion, Mayor, I have some questions that would help me in deciding. What is our deadline as far as if the Council, the majority of the Council does decide, what is our deadline to ...

Mayor Rojas: Forward to the State.

Councilwoman Mendoza: ... forward the information.

Ms. Moreno: You mean as far as a ballot measure?

Councilwoman Mendoza: Right.

Ms. Moreno: Well, we're cutting it pretty close because the City has, you know, so many days for posting requirements of 60 days. Failure to adopt this this evening could result in a lesser amount of money that is projected in this line item for the fiscal year. So, I mean have, tabling this item would basically result in the projections being reduced as far as this ballot measure passing. And this is, again, this is, we're asking for permission to put the question on the ballot and the information to the community will be sent out just like any other ballot measure. The public hearing, as we got legal advise from this, and it's not really specific on the statute as far as the public hearing requirement, but in order to make sure that, you know, if it got challenged at another time, that we met that requirement because it would for any other tax, but it's not specific on State statute for this specific tax. It is a requirement for retail tax and other industries. However, this is the first of many, so we sought advice from more than one legal advisor in this matter. And it was not specific, but this is not necessarily a requirement. This is just a courtesy that I think that I wanted to make sure that the Mayor and Council did have a public hearing just to make sure we met the requirement if in case it was interpreted such as we did or did not. But right now, it's not specific. It's just, I wanted to make sure that it was a consideration and it was a courtesy to the public and we made sure that the Councilman's request at the last meeting was given and there was a request to make sure that the public was informed on this meeting, and the notices were hand-delivered to every single parcel here in the City of South Tucson. I can't speak for those that didn't get it. I mean I know that both Public Works and the Fire Department hand-delivered the notices. And that's it.

Councilwoman Mendoza: So my answer would be what?

Ms. Moreno: The answer would be that if you were to table this item ...

(Simultaneous conversation)

Councilwoman Mendoza: For like a couple of days, like if we were to table this until Thursday, and have a Council meeting on Thursday and have a special meeting just to make sure that we can get

fliers out to the appropriate residents that somehow did not get them, whether that be the storms that came about or, I mean I just want to know, I mean a factual answer on whether or not Thursday are we going to look at detrimting the City if it gets pushed off until Thursday. That's all I want to know.

Ms. Moreno: Any day outside the approval today would be, would result in a loss.

Mayor Rojas: Yes, it will.

Ms. Moreno: If that is what, overall decision of Mayor and Council, we will do that. You know, this happened previously. I don't want to go back to what happened in the past, but again, if the Mayor and Council wishes to table this item and direct staff to again deliver notices to the public, we will definitely do that. I just want to make sure that I let all of you know that this could result in a loss, regardless, but ultimately, this is a measure that's going to be on the ballot for the (inaudible).

(Simultaneous conversation)

Councilwoman Mendoza: I just feel like it's ...

Unknown male: You just confirmed ...

Councilwoman Mendoza: ... going to cost us if we do it ...

(Simultaneous conversation)

Mayor Rojas: Let's do it and let them vote on it.

(Simultaneous conversation)

Councilman Larribas: I have a question.

(Simultaneous conversation)

Mayor Rojas: Councilman Larribas has, ...

(Simultaneous conversation)

Mayor Rojas: ... excuse me, Councilman Larribas.

Councilman Larribas: I just have a question. It's going to cost us, but let's say that they vote no, it's going to cost us if they vote no either way. So how do we lose? I mean how is it that we're going to, how is it, how is it going to cost us?

Mayor Rojas: I know.

Councilman Larribas: That's what I want to know.

Ms. Moreno: Well, based on the projections that it could possibly bring, if the Council allows and approves for this question to be placed on the ballot, then the numbers that are being projected can be taken into the overall budget for this next year. If they don't, then the question will not go on the ballot and we'll have to go back again and try to figure how we're going to plug that hole for the projections that were taken into consideration. And will have to result in reducing expenses in some form.

Mayor Rojas: What are the wishes of the Council on Item #09, Resolution No. 16-31? It's time to bite the bullet. The wishes of the Council, please?

Motion by Councilman Lopez to adopt and pass Resolution No. 16-31.

Mayor Rojas: Is there a second to Councilman Lopez's motion to adopt and pass Resolution No. 16-31?

(No response from Council)

Mayor Rojas: I will call for a time limit on the second to the motion. Is there a second to the motion?

(No response from Council)

Mayor Rojas: No second to the motion heard. I will call the motion dead.

(Applause from the audience)

Councilwoman Mendoza: We can't make another motion?

Mayor Rojas: Make whatever motion you want.

Ms. Moreno: If it's not on the agenda ...

Mayor Rojas: If it's not on the agenda ...

Ms. Moreno: ... (inaudible).

Mayor Rojas: ... we can't discuss it.

Councilwoman Mendoza: I mean to table it until Thursday.

(Simultaneous conversation)

Mayor Rojas: Should've done it before.

(Simultaneous conversation)

ITEM #10 – PUBLIC HEARING – SOUTHWEST GAS COMPANY FRANCHISE FEE

Ms. Moreno: Thank you, Mayor, members of the Council. The next item we have is a public hearing regarding the franchise agreement with Southwest Gas. And every 25 years, Southwest Gas makes an agreement with the City of South Tucson to provide gas into our City right of ways. And at this time, they are here to educate the Council, to answer any questions you have regarding the agreement. And this would be for 25 years. This question would be placed on the ballot to renew the current agreement as is, no changes, no increases in utilities in any way, shape, or form. It's allowing Southwest Gas to enter into the City's right of way to provide gas to the community. We have Mr. Walter Richter here if you have any questions.

Mr. Richter: Mr. Mayor, members of the Council, assembled staff, Walter Richter. I come before you to discuss any items that you may have regarding the Southwest Gas franchise. I do think it's detailed fairly well. There's no increase to the percentage amount that we're remitting to the City or collecting from your residents. As was indicated, they are 25 year agreements, by statute. I'd like to note that this agreement has several openers, if you will, at the 5-year, 12-year, that if there's ever an issue that's big enough, we can reopen this and talk about it some more, but this is a very standard agreement that does allow us to have our facilities within your rights of way and does not prevent you from collecting or having any other taxes that may appear on our bills that we would do on behalf of the City. Are there any questions that you may have?

Mayor Rojas: Any questions for anybody? None?

(No response from Council)

Ms. Moreno: (Inaudible) did you want to open the Public Hearing, Mayor? You can make a motion (inaudible) ...

Mayor Rojas: Well, there's a public hearing but I don't think, all the public wanted to say left. Anybody in the public like to address Southwest Gas?

Ms. Moreno: Can we make a motion to open the public hearing, please?

Motion by Councilwoman Mendoza to open the Public Hearing. Seconded by Councilman Lopez. Motion passed unanimously.

Mayor Rojas: Anybody want to address the issue on the Southwest Gas Company franchise?

Unknown female: Just a question. So you're not raising any rates. You're providing a service.

Mr. Richter: That is correct. It's a standard agreement that utilities have with municipalities. They give us the rights to bury our facilities in the roadways. (Inaudible) that we need to do in order to go in and do that work. But it gives us the right to be there. And we do also like a franchise fee that we remit to the City for that as well. It in no way changes the rates of the utility (inaudible).

Unknown female: And this contract has to be renewed how often?

Mr. Richter: Every 25 years. The procedure will be is to either if Southwest Gas is so fortunate, Mayor and Council will refer this to the ballot. And when this goes to ballot, it's one of the most transparent laws in Arizona Revised Statutes. It requires Southwest Gas to advertise for 30 days in a publication of record, in both English and Spanish, make sure that the residents before they go to the ballot box can make an informed decision.

Motion by Councilwoman Mendoza to close Public Hearing. Seconded by Councilman Lopez. Motion passed unanimously.

ITEM #11 – RESOLUTION NO. 16-32 OF THE CITY OF SOUTH TUCSON, ARIZONA, DECLARING THAT THE CITY COUNCIL DEEMS THE GRANTING OF A CERTAIN FRANCHISE BENEFICIAL FOR THE CITY OF SOUTH TUCSON, ORDERING AN ELECTION TO BE HELD ON NOVEMBER 8, 2016 FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF SOUTH TUCSON THE QUESTION AS TO WHETHER OR NOT A FRANCHISE SHALL BE GRANTED TO SOUTHWEST GAS COMPANY

Motion by Councilman Lopez to pass and adopt Resolution No. 16-32 for the renewal of the franchise for the Southwest Gas Corporation. Seconded by Councilwoman Mendoza. Motion passed unanimously.

ITEM #12 – PUBLIC HEARING – TUCSON ELECTRIC POWER COMPANY FRANCHISE FEE

Motion by Councilman Lopez to open the Public Hearing. Seconded by Councilwoman Mendoza. Motion passed unanimously.

No comments from the audience.

Ms. Moreno: The next item here is just almost the same as Southwest Gas. It's the agreement between the City of South Tucson and Tucson Electric Power Company to renew the current franchise for an additional 25 years to said agreement. No changes to the agreement. This is to allow entryway into the City of South Tucson's public right of way. We have a representative from TEP if you have any questions, Mr. Joe Sowkowsky.

Mr. Sowkowsky: As Mr. Richter told you on this matter, ours is very similar to that, Mr. Mayor, members of the Council. Once again, Joe Sowkowsky, Tucson Electric Power. It's a continuation of the terms that we operate under today. Franchise agreement laws approves access to the right of way and no increase in fee. The same terms we've been doing business under previously, updated to reflect the current state of affairs. So if there's any questions, I'm happy to answer them.

Mayor Rojas: Any questions? None noted. Okay. Can we close the Public Hearing?

Motion by Councilwoman Mendoza to close the Public Hearing. Seconded by Councilman Lopez. Motion passed unanimously

ITEM #13 – RESOLUTION NO. 16-33 OF THE CITY OF SOUTH TUCSON, ARIZONA, DECLARING THAT THE CITY COUNCIL DEEMS THE GRANTING OF A CERTAIN FRANCHISE BENEFICIAL FOR THE CITY OF SOUTH TUCSON, ORDERING AN ELECTION TO BE HELD ON NOVEMBER 8, 2016 FOR THE PURPOSE OF SUBMITTING TO THE QUALIFIED ELECTORS OF THE CITY OF SOUTH TUCSON THE QUESTION AS TO WHETHER OR NOT A FRANCHISE SHALL BE GRANTED TO TUCSON ELECTRIC POWER COMPANY

Motion by Councilman Lopez to pass and adopt Resolution No. 16-33 for the franchise renewal for the Tucson Power and Electric Company. Seconded by Councilwoman Mendoza. Motion passed unanimously.

ITEM #14 – APPOINTMENT TO MUNICIPAL PROPERTY CORPORATION BOARD OF DIRECTORS

Ms. Moreno: Thank you, Mayor, members of the Council, at the meeting last Monday we brought to the Mayor and Council this item which was appointment to the Municipal Property Corporation. This board needs to meet in order to move forward with the transaction with the sale of the library. And this is part of that mechanism to have that done. So we provided you with a lot of background information and questions from Mayor and Council at the last meeting. I specifically heard the questions raised from the Council at the last meeting, in verbatim, to make sure that the Council had every piece of information and more that they asked at the last meeting. I know Councilman Green is not here today, but he did have several questions that I provided those answers in your agenda packet and Councilman Larribas had some questions as well. So these would be on your executive agenda report. All those answers have been provided and we did provide you with the articles and the information that we felt that you should have. And looking back, I'm actually really glad that Councilman Green and Councilman Larribas raised these questions because I think as staff and I being new to even having a meeting with the Municipal Property Corporation, it gave us more insight as to what the Board does, why they exist and what powers they have. So, as you know, and what we have explained to the Council, this is a board that gives a recommendation to Mayor and Council. So there is no final decisions made at their level. What they'll do is they'll look at what is presented to them and then make a recommendation to Mayor and Council. So we have a need to have a meeting here as soon as possible, hopefully. The board consists of five members. The last meeting, Mayor and Council appointed two members. So we still need three members to appoint to this board. I also want to make sure that Mayor and Council are aware that the five members of this board all serve at different terms. So there's two of them that serve three-year terms. The next two serve two-year terms, and the last, one year. So what I did is the first two members that were appointed at the last meeting, will serve three-year terms. And whichever order the next three members are appointed will serve at the two and one-year terms.

Mayor Rojas: Do we have any names from the Council?

Councilman Lopez: Yes. Mr. Mayor, I'd like to nominate Josie Romero to be a member of this Board of Directors for this Municipal Property Corporation.

Mayor Rojas: Okay. Any others?

Councilwoman Romero: Me. Arlene Lopez.

Mayor Rojas: Arlene Lopez. Any others?

Councilwoman Mendoza: Margaret Martinez.

Mayor Rojas: Margaret Martinez. Is that two or three names?

Ms. Moreno: Yes, can I please get their addresses for the record?

Councilman Lopez: Yes. Josie Romero, she lives at 147 West 30<sup>th</sup> Street.

Ms. Lopez: Ms. Lopez, Arlene Lopez?

Councilwoman Romero: 240 West 34<sup>th</sup>.

Ms. Moreno: And Margaret Martinez?

Councilwoman Mendoza: She's at 219 West 29<sup>th</sup> Street.

Ms. Moreno: Okay.

Mayor Rojas: I will now entertain a motion for these three members to be appointed to the Municipality Corporation Board of Directors.

Motion by Councilwoman Mendoza to appoint the three members to the Municipal Property Corporation. Seconded by Councilman Lopez. Motion passed unanimously.

#### ITEM #15 – REPORTS

Councilman Lopez: I'd just like to remind the community and the City Council that on Thursday, our Neighborhood Watch Program and we're having a meeting on Thursday, 6 o'clock. It's a potluck. Everybody is welcome. So it's going to be at the House of Neighborly Service, so hopefully you all can come and join us at our little area that we have. Thank you.

Ms. Moreno: Let me just kind of make that statement one more time because I don't think everybody heard it. But the House of Neighborly Service hosts a Neighborhood Watch meeting. It's once a month, the second Thursday of every month, a community watch meeting is held at the House of Neighborly Service, which is located at, on the corner of 9<sup>th</sup> Avenue and 33<sup>rd</sup> Street. The meeting is held at 6:00 p.m.

ITEM #16 - ADJOURNMENT

Motion by Councilman Lopez to adjourn the Regular Meeting. Seconded by Councilwoman Mendoza. Motion passed unanimously. The meeting adjourned at 7:55 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 Regular Meeting of the City Council of South Tucson, Arizona, held on the 8<sup>th</sup> day of August, 2016. I further certify the meeting was duly called and a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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