

Minutes of the Regular Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Monday, April 10, 2017, at 6:00 p.m. at the City of South Tucson Council Chambers, 1601 South 6th Avenue, South Tucson, Arizona.

Council Present: Idelfonso Green
Vanessa Mendoza
Robert Larribas
Rufino Cantu
Carlos Romo

Staff Present: Sixto Molina, City Manager
Veronica Moreno, City Clerk
Lourdes Aguirre, Finance Director
Marilyn Chico, Housing Director
Joel Gastelum, Planning Director
Bobby Yu, City Attorney

Guests: Melva Ruiz, Take Back the Night

Mayor Green called the meeting to order at 6:00 p.m., and led the Pledge of Allegiance.

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

ITEM #05 – CALL TO THE AUDIENCE

(No response from the audience)

ITEM #06 – APPROVAL OF MINUTES: REGULAR MEETING OF MARCH 27, 2017

Motion by Vice-Mayor Mendoza to approve the minutes of the Regular Meeting of March 27, 2017. Seconded by Councilman Larribas. Motion passed unanimously.

ITEM #07 – PROCLAMATION OF THE MAYOR – NATIONAL DAY OF PRAYER

Mayor Green: I have a proclamation. Anybody here for the National Day of Prayer?

(No response from the audience)

Mayor Green: No? Okay. So I will dispense with the reading of that proclamation.

ITEM #08 – PROCLAMATION OF THE MAYOR – TAKE BACK THE NIGHT

Mayor Green: Anybody here representing Take Back the Night?

Ms. Ruiz: I am.

Mayor Green: You may approach, please.

Ms. Ruiz: Good evening. I was waiting on somebody else, the main organizer, Kate, to explain what we were looking for. But I believe she sent you the proclamations by email. We're going to have the event here on Wednesday. And ...

Mayor Green: Go ahead and approach, and identify yourself, please. State your name and your address.

Ms. Ruiz: Closer?

Mayor Green: Yeah, all the way to the podium.

Ms. Ruiz: Good evening. My name is Melva Ruiz. I am a South Tucson resident and also on the planning committee for Take Back the Night. So we had sent out the proclamations so we could get representation from the City, since Mayor Rosthchild and Councilmember (inaudible) is going to be here. And we wanted to have some representation from the City to read out the proclamations that we had sent over. And the event is on Wednesday from 4:00 to 9 o'clock here at the complex.

Mayor Green: And you received my notification that I would be here at 6:00, right?

Ms. Ruiz: I did, yes. Thank you.

Mayor Green: Not a problem. Okay. So we have a proclamation. Do you want me to read it here or do you want me to read it at the evening?

Ms. Ruiz: At the event would be ideal, but if you would like to read it now for the audience members, that's.

Mayor Green: Okay. Well, I could do that. Not a problem.

(Mayor Green read the Take Back the Night proclamation)

ITEM #09 – FISCAL YEAR 2017-2018: GENERAL FUND OVERVIEW & BASELINE BUDGET DISCUSSION AND DIRECTION

Mr. Molina: Mr. Mayor, members of the Council, our Finance Director, Lourdes Aguirre, will give us a General Fund Overview. And this is an educational process to inform Mayor and Council, and staff and members of the Public, so that they and Council can make an informed decision about how to proceed with the outcome of the budget.

Ms. Aguirre: Good evening, Mayor, members of the Council. This is now the third budget introduction-like presentation. We've gotten a little more in-depth into the baseline budget as we've gone on. We started out with the second presentation and now the third. And so it's mainly for discussion and direction. Given the point in time that we're at at this point in time, as well as the options that we're going to be looking at. So what we'll be discussing today is where the baseline budget sits. (Inaudible) sits at \$624,000 as the deficit. We're also going to be talking about the revenues, and whether increasing taxes is a reliable option. Also going to be talking about expenditures and what options we have, what options do we have related to expenditures. So first of all, the 2018 General Fund Baseline Budget. Since you recall, the baseline is pretty much taking fiscal '17 the way it was adopted with all the positions, taking that forward and adding anything that's changed, any changes you see, such as changes in revenue trends, or expenditures. If you see any expenditures rising, then we need to account for those. So from the first meet that we had, first, second and third meeting now, we're looking at this list of challenges, totally \$548,000. We can attribute the additional leading up to \$600,000 in additional revenue (inaudible). You've probably had a chance, an opportunity to go through each one of these line items here, but essentially, the ones that you see that are check marked, these are all items, these are all the larger items that were accounted for in previous reports, such as the 5-year model that was presented back in March of last year, as well as the one that was presented in July. So these are some of the ones we knew were coming. Here's just a summary of what that baseline revenues would look like; revenues, expenditures, and projected deficit. And again, I want to mention that this deficit does not include or does not account for any additional increases in medical insurance, worker's comp, property and casualty insurance. It does not include merits for employees, additional staffing. It doesn't include a contingency dedicated for the building. If anything major were to happen to the building, it doesn't account for that. And it doesn't account for any additional contributions to the Public Safety Retirement System. So, the only contributions that would be made are those ones that are recommended, the minimal ones associated with payroll. Now, looking at options related to revenues, we're going to look at some observations here, these were in the last presentation. So once again, we've listed options 2 through 9 and I first have to mention that option number 1 had to do with refinancing the bond. But as we learned last presentation, that's really not an option until we improve our financial health, or so to say, our credit score. So, options 2 through 9 address just different options, different line items where potential revenue can be brought in based on 1%. You've got different industries listed right here. Where you see an "X", is where those line items were presented last year, or in previous years. Also, where you see a date, is when some of those options were implemented. So, already, sales tax increases have taken effect for fiscal '15 and '17. And at the current moment, we're waiting to see how some of those increases are going to wind up coming in. So how does the City of South Tucson compare to surrounding jurisdictions? Well, first of all, when it comes to the property tax and this was also from last presentation, you realize that South Tucson collects .25 per \$100 valuation, whereas on the primary, that was the primary, City of Tucson collects .46. On the secondary, we do not collect anything. But the City of Tucson does collect \$1.06. So, total City of South Tucson collects only 1/6 of what the surrounding jurisdiction, that's the City of Tucson, collects in property taxes. I've got a breakdown below of exactly what that translates to, based on South Tucson property values. The City of South Tucson winds up collecting \$51,580 in one year. For some of you who are a little newer, that is less than what the City pays for one entry-level officer. So it's not even enough to pay for an entry-level officer. And it's very minimal when you compare it to the amount that the City of Tucson collect.

Mayor Green: Yeah, but you have to take into consideration that the City of Tucson is basically 200 square miles.

Ms. Aguirre: Absolutely, Mayor.

Mayor Green: And we're one square mile.

Ms. Aguirre: Absolutely. It's all those ...

Mayor Green: Yeah.

Ms. Aguirre: ... different things that play a role in the numbers. So that's the property tax comparison. So obviously, this is a revenue stream in which we're not bringing in much money. But the City of South Tucson has continued to provide all services and so to be able to do so, increases have occurred within the last couple of years on the sales tax side. And it's for that reason that you will see here, side by side, City of South Tucson (inaudible) the City of Tucson, and other jurisdictions, what's collected in different line items, different taxing line items. However, again, this is what the City of South Tucson has had to do to make sure more money is coming in to pay for all the services it provides.

Councilman Larribas: I have a question. So when I see, when we have 5.5, we're collecting more than any other, pretty much what I see here on this column?

Ms. Aguirre: Mayor and Councilman Larribas, yes, that's the fact; 5.5 from restaurant and bars, whereas other jurisdictions collect 2 and 2.5%. So we are higher. And again, the differences in demographics and geographics, that all play a role here. Some of these jurisdictions where their sales tax rates are lower, they may have a higher density of businesses. And so it balances out that way for them. So this is what we've seen occur. And the reason I went back to 2007 is because that was just the starting point where I, I pretty much picked up to show you all what the history has been. So to be consistent, I started with 2007. What you see there in those 10 years, is that basically, 9 out of those 10 years, sales tax revenues have come in below budget. They've come in below budget. That's representative of declining ...

Mayor Green: Well, ...

Ms. Aguirre: ... activity.

Mayor Green: ... I have a question. When you say that they come in below the budget or the presumed amount, one of the things that was happening is that they were over-inflating or over-estimating to try to balance the budget. I recall them doing that. Or am I wrong?

Ms. Aguirre: Mr. Mayor, I really don't have a recollection ...

Mayor Green: Okay.

Ms. Aguirre: ... (inaudible). I didn't have much to do with those numbers at that time.

Mayor Green: Okay.

Ms. Aguirre: But what I do know is that from 2015 forward, the estimates have been conservative. I believe from one year to the next, maybe you, you may not have seen a big jump, had it not been for increases in sales tax rates. But yet, sales tax revenues have continued to come in a little lower. So this spike right here, for those of you who are newer, this spike here is representative of the sales tax increases. It wasn't that the activity out there related to sales was going up, it was more related to increases in sales tax rates. And again, this was something that was done to be able to continue providing all services.

Mayor Green: Was there not a reduction in the sales tax of the food for home consumption?

Ms. Aguirre: Yes, Mayor, there was a reduction ...

Mayor Green: Of 1.5.

Ms. Aguirre: I believe it was half a percent.

Mayor Green: Oh, half a percent? Okay. I thought it ...

Ms. Aguirre: From June ...

Mayor Green: ... (inaudible).

Ms. Aguirre: ... (inaudible). But these numbers here are only reflected, are reflective of sales tax as a whole.

Mayor Green: Yeah. Okay.

Ms. Aguirre: So, this just shows that the City cannot continue to rely only on sales tax increases to sustain operations, to provide services. So now, we can go onto options and observations related to expenditures. This includes four options here; three of them, the top three involve, no, actually all four pretty much affect the largest portion of our budget, safety personnel; 62%, that's what the City (inaudible). As you may recall, 33% of our budget is for fixed costs, which are essential costs that we can't do anything about. It has to do with the bond payment, utilities, insurances, things that we cannot change. And the remaining 5% has to do with discretionary costs, which is the very little bit every department has to do its job. So all of these four here, affect personnel costs. One thing that I do want to point out to you all is that over the course of the years, as the City has struggled with its finances, options 10 through 12 have been implemented in the past. So employees have been subjected to salary cuts. They have been subjected to furloughs and unpaid holidays. Nonetheless, all options have ...

Mayor Green: Do you have ...

Ms. Aguirre: ... (inaudible).

Mayor Green: ... a question?

Councilman Larribas: I have a question. Now you're talking, that, that was in the past. Is that still going on now?

Ms. Aguirre: Mayor, Councilman Larribas, that is not going on now. The City has tried to do what it can with the revenue coming in to be able to pay employees their fair wage. They're low wages compared to other jurisdictions, but they're fair wage and there's no, they've done away with the furloughs and the unpaid holidays. Everybody is getting paid for their time.

Mayor Green: I have a question. On number 10, and it says that it's been done in the past, I'm aware that it's been done in the past but is there a certain amount, I mean certain departments got hit harder than other departments being the police department got hit harder because they had more whatever? But if they lost 5% in late '90's, and they lost 5% or 3%, or whatever, have we been able to close the gap to the original monies that they were making back in before the first budget? So, I mean before the first time they took a reduction in, you know, the pay cut? So let's say they took a pay cut, 3%. Then they took a 5%, then they took a 6%, and now we're talking about a 3%. If we add it altogether, and for an officer who has been here, or an employee who has been here for 15 years, have we been able to get them back to that point and then reduce them again, or are we reducing what we, you know, at the point, and do another reduction at that point? Am I make, I mean am I making myself understood?

Ms. Aguirre: Yes, Mr. Mayor, I'm following, I'm following ...

Mayor Green: Thank you.

Ms. Aguirre: ... what you're saying.

Mayor Green: 'Cause I was getting lost myself.

Ms. Aguirre: Without myself having any more institutional knowledge about what happened to reinstate salaries to where they should have been, I really can't speak to that. What I do know is that in 2013, 2014, salaries were increased, merits were provided, and employees were provided with cost of living adjustments.

Mayor Green: Yeah, if I recall, was a 2%.

Ms. Aguirre: Two percent ...

Mayor Green: And then there were ...

Ms. Aguirre: And ...

Mayor Green: Then there was a 5% increase. Yeah, but I mean if we can get a picture of, you know, because I would hate to think that we're going to, you know, that that's an option that we have on the table and I'm just speaking for myself. I'm not speaking for the Council. That somebody who started 20 years ago is making 5% or 10% less now than they were when they started.

Ms. Aguirre: I see where you're coming from, Mr. Mayor.

Mayor Green: Okay.

Ms. Aguirre: So here's some important things to consider and I think that the only one that really hasn't been touched is option 13. So things to consider; while the City of South Tucson's expenditure budget distribution may be in line with that of other jurisdictions. If you notice, that was on the memorandum I provided at the last meeting. South Tucson side by side with other jurisdictions, we're pretty much in line. Our expenditure distribution's in line. But what is not in line is the revenues to support those expenditures. And so, we need to remember that the deficit that needs to be filled is \$624,000. It's a very, very large amount of money. In fact, that's double what we've had to cover in the last budget cycle.

Mayor Green: And that is due to?

Ms. Aguirre: Mainly, Mr. Mayor, mainly due to declining sales tax revenues. So sales tax revenues are increased to a certain level based on projections, assuming that the trend continues the same, right, to match with the expenditures. But when they come below, then that's where you have your deficit.

Mayor Green: So this isn't really impacted on the Waste Management or any of those bills?

Ms. Aguirre: This is also, yes, so this right here, the \$624,000, I'm sorry, Mr. Mayor, I was talking about the previous years and what we've seen in previous years. But this year, it's all of those items listed on the list of challenges, which included Waste Management, the jail settlement, police operating expenditures coming over, that long list.

Mayor Green: Okay. And Waste Management was how much? If you ...

Ms. Aguirre: Was ...

Mayor Green: ... just, off the top of your, I mean, you know.

Ms. Aguirre: \$45,000 (inaudible).

Mayor Green: Forty-five, yeah, okay. Thank you.

Ms. Aguirre: Another thing to consider is that during the last couple meetings, I provided a chart to you all with what other cities and towns have done with regards to services, and pretty much who provides what. And so essentially, 37% of all cities and towns have contracted one or both of their public safety departments. That's one-third have done one or the other, or both. So if an option were to be to suspend an in-house service for the time being, definitely things to look at would be what would bring in the largest savings, what will be less impacting to employees, what is less disruptive, and what provides for a smoother transition. The goal is to obtain a balanced budget, yes, but while still providing services to the public, these basic services to the public.

Councilman Larribas: I have a question. When you say public safety, are you talking about Police and Fire?

Ms. Aguirre: Mr. Mayor, Councilman Larribas, yes, that is correct.

Councilman Larribas: So we have contracted out to other Police and Fire?

Mayor Green: No.

Ms. Aguirre: No. Mr. Mayor and Councilman Larribas, the documents that I provided last meeting were just the list of all 93 cities and towns in Arizona. And it showed at the top where about 1/3 of them that are comparable to the City of South Tucson in size, have either contracted out Police or Fire or both.

Mayor Green: I was looking at that list. That's, you know, they're not really comparable in size. I mean there's not very many one-square mile cities within the State. And then, especially the areas that they are, they're more influential neighborhoods and everything else. And, you know, the Scottsdale, the Fountain Hills, those, you know, those there were on there. You can't really compare that, and this is my opinion and I may be wrong, just for the mere purpose that household income, the property value is probably ten times to fifteen times, you know, what our houses are here. The revenue that it generates through the development of its infrastructure, meaning the, you know, not only the roads but the businesses that are there, those are what's generating the revenues. And, yeah, can they afford to pay? I mean do we even know what a cost analysis would be to do something like this?

Ms. Aguirre: Mr. Mayor, we don't know. And what these jurisdictions pay for contracting out their services isn't out there, you know, listed in a place where I could just go and ...

Mayor Green: Yeah, no, and ...

Ms. Aguirre: ... (inaudible).

Mayor Green: ... understood.

Ms. Aguirre: Nonetheless, that is something that City staff could do if direction were received. It's understood we are not comparable to any other jurisdiction out there. When I mentioned that those cities were similar in size, was mainly looking at the amount of population that a lot of them have, smaller populations. But certainly, that is something that staff can do. And so, again, here's a listing of the expenditure distribution.

Councilman Larribas: I have a question on what we're talking about. In those cities, did they have their own public safety? Is that why they contracted out? Or that they didn't, or did they have their own?

Ms. Aguirre: So Mayor and Councilman Larribas, the document that I retrieved from the League of Cities and Towns doesn't specify whether they originally had it or didn't, and that's why they're contracting out. But what it does indicate is that those cities do not own their own service. And so if

there aren't any other questions, I would like to just briefly go over this expenditure distribution. I know that this is the second time we're looking at it, but I think it's necessary for you all, as our elected officials, to know where the money is allocated. And, of course, you see this in your budget reports, but it helps to put it in perspective this way where it's split up by department, but it's also split up by expenditure classification. So, down below you see the budget categories. You see your sixty-two, thirty-three, and five percent. When it comes to your departments, here you have your totals. Administration, altogether, that's four departments there, that's \$711,000. Complete with personnel, fixed expenses, and discretionary. You've got your Courts. You've got non-departmental, that's where a lot of these expenditures, a lot of your fixed (inaudible), you've got IT, Public Works, and you've got your Public Safety. So, again, things to keep in mind are when looking out and seeing is it an option to contract out, or to suspend services temporarily? What is going to give us the most savings? What is less impacting to employees? What is less disruptive? And what provides for a smoother transition? Those are all things that we, that must be kept in mind. So, some of you may have heard about fire districts in the past. And the reason I'll mention this is because in some locations it's used, this method is used to be able to fund an operation. So the second slide, page 15 here, has a listing of all fire districts. Now, I need to say that this is not something that I'm advocating for as a solution, but I simply want to show you what other fire departments do. Okay? It's for informational purposes only, to give you a context. So here you have all these fire districts within Pima County, and what they charge for their operating. Now, their operating that's collected through their primary. The maximum operating tax, if you look at, below the table, is 3.25. That's the highest one of these fire districts charges. Now we know that, for instance, the Fire Department, the budget that's needed for operating is \$914,000. Just doing a basic calculation of what their operating budget is to what our property tax values are, and calculating how much the rate would be for property tax, that gives us \$4.48 per \$100 valuation. So what would that mean for a home within the average value of \$77,000? That means, and I used that example in the beginning when comparing primary property values, that means that a home that was paying South Tucson \$194.00, just on the South Tucson primary, would then jump to an additional \$3,400. For, to be able to bring in money for operating of a fire district. And that mainly has to do because, again, the density, the amount of homes, the values, and the high cost of providing the service.

Councilman Larribas: I have a question. On the tax rate, what is the normal tax rate right now for a house that would be ...

Mayor Green: Twenty-five cents.

Councilman Larribas: ... (inaudible)? Huh?

Mayor Green: Twenty-five cents for every hundred dollars.

Councilman Larribas: Twenty-five cents. What is the city's tax? Or Pima County's.

Mayor Green: That's, that is Pima County's.

Councilman Larribas: Twenty-five cents it is?

Mayor Green: Mm hm.

Ms. Aguirre: So Mr. Mayor and members of the Council, the only comparison that I provided was primary and secondary, what South Tucson. We only collect a primary, versus other jurisdictions, other cities and towns. There are tax rates that are collected from the County, as well as by (inaudible) district, school districts. So what you see on your property tax bill is not only South Tucson. It's all those other agencies listed there. But the only thing that comes to South Tucson is that rate of 25 cents per \$100 of valuation.

Unknown Councilman: Question. Is this system mandatory? Do we have to go through this system of sharing, I guess what I'm saying is off the property tax that we take in South Tucson that the owners pay, only 25 cents comes to ...

Mayor Green: No, no. That's the cost per every \$100. So if your house is valued, you know, let's say at \$1,000, okay, just, you're going to, they're going to get 25 cents times ten.

Unknown Councilman: Per hundred dollars.

Mayor Green: Mm hm.

Unknown Councilman: Right. And the rest of the money goes to the ...

Mayor Green: No, ...

Unknown Councilman: ... County?

Councilman Larribas: It goes to different areas.

Unknown Councilman: Different, different areas? Schools and stuff like that.

Mayor Green: Yeah, the County is going to take their share. Right?

Unknown Councilman: That's this ...

Mayor Green: And then ...

Unknown Councilman: ... one.

Mayor Green: ... there's a certain percentage that comes back to us. So, even though we pay the 25 cents for every \$100, it goes up to the County. And let's say there's \$300,000 that goes to it, we only receive \$54,000. Right?

Ms. Aguirre: That is correct, Mayor, as an example.

Mayor Green: Yeah, as an example. Because that's our portion of the taxes returned to the City.

Unknown Councilman: Yeah, my question was, is that mandatory that everybody else has to have a share of, ...

Mayor Green: Mm hm.

Unknown Councilman: ... yeah, okay. Thank you.

Ms. Aguirre: So, before concluding, and if there aren't any other questions, one thing I really want to emphasize is that something pretty drastic needs to occur, unfortunately, needs to be done. The City's finances going into next year are in a critical state, and time is of the essence. And so now, I'll refer to City Manager to request your direction.

Mr. Molina: Mr. Mayor, members of the Council, we checked and double-checked and everything that Finance Director Aguirre is letting you know today is pretty much true. It's a desperate situation which calls for desperate measures, probably unprecedented measures. We would like permission to come back to Mayor and Council with a report indicating what it would cost to substitute some of the major departments, and we would need that in the form of a motion because, obviously, the cost is more than \$25,000, and is beyond my scope of authority. But I think we need to look at it to continue to inform Mayor and Council and provide the best options on the table. And what we are telling you is a worst case scenario. We're preparing for the worst, hoping for the best. Hopefully, the revenues will be up this year versus last year, and maybe reduce this deficit somewhat. But at this point, we don't know. I've made it a point to talk to several business people in the City that are in the retail sales business. And almost all of them have said, "Can you do something about reducing the sales tax? We're losing business because if you buy something at my store and you go into the City and buy the exact same thing, you're going to pay less in the City because the tax rate is less than South Tucson's." You've heard that we've already raised taxes twice; in 2014 and 2017. To raise them again, you know, obviously is an option. But it's an option of last resort. So in that regard, we ask for your direction to continue studying suspending services and, for some of the departments, to see if we can contract out those same services at less cost to the City.

Councilman Larribas: I have a question. What kind of services would be suspended?

Mr. Molina: I would be looking at Police, Courts, and Fire. Those are the biggest departments that we have. For the kind of revenue that we have to make up, that would be where we would have to look. If you recall, the City of Tucson is in the same situation. I think all the cities in the State are in the same situation. So the City of Tucson is looking at merging some of their court services with Pima County because they are duplicate services and could probably be handled by one court instead of two separate courts. Perhaps we can do the same thing.

Mayor Green: So it has to be in the form of a motion. Anybody want to make a motion?

Vice-Mayor Mendoza: I have a question first, Mr. Mayor.

Mayor Green: Yes, go ahead.

Vice-Mayor Mendoza: When is the next time that we're going to have like an election? And I want to know, also, about the renters occupancy taxes that were not (inaudible) went through last time, exactly what that was again. And then the next time that we have an election. Because I think that, you know, me, you know, as a property owner and someone who pays taxes, my taxes have gone up every year. You know, and there's no getting away from that. And when we need to look at cutting

services, you know, my leadership style is that it starts from the top down. So, you know, I would give up my income from here just to put that somewhere else. You know, that always is my leadership style. It starts from the top down. And I know it's pennies, but it's something, it's something, right? I mean our department makes up \$35,000. You know, it's something. But I also think that as renters and as homeowners, we need to think about the price that we put on somebody's life when we make a 911 call. And it's being answered 20 minutes later instead of within two minutes. So, you know, I know that that wasn't a popular thing before, but we really need to, I would not like to see my elders or my in-laws who are elderly have to wait 20 minutes after having a heart attack to have somebody come because we didn't want to raise occupancy taxes or residential taxes. You know, it's been since 1980 and I know that it's probably not a very popular statement that I'm making right now, but I would be willing to argue that till the death of me because if my taxes get raised every month as a property owner, or every year as a property owner, then somebody who's (inaudible) willing to fight an increase that hasn't been made in 20 plus years, to me is just not fair. I'm not willing to put a price tag on someone's life. And I don't think that any renter would say, "My life is not worth two dollars," (inaudible). So, you know, I think that we need to revisit that. And I think that that needs to be brought back. You know, it's an avenue that, yeah, was not very popular, but you know, what is the cost of someone's life? What is the cost of waiting for services 20 minutes later versus two minutes? You know, having to wait for ambulances to come from Green Valley or police officers to respond to, you know, an attack or a domestic violence, fifteen minutes later. You know, it just, we've got to view it from a completely different perspective as we've viewed it from last time. And I really, really think that that needs to come back at some point because we just can't function as a City, and it's just not right that we have to put elderly people and everyone else's lives, you know, at stake because we're not willing to raise taxes on somebody. So, but aside from that, you know, I think that it starts from the top down. And if there's some way that our department can help as Mayor and Council, I will. I'll forfeit my, you know, \$200 a month. I don't depend on it, I never have, and I just don't work that way. So, you know, if my money goes towards somebody else, saving something else, then so be it. But I'd be willing to make a motion (inaudible) statement.

Mayor Green: And the motion would be for?

Vice-Mayor Mendoza: It would be to direct the City Manager and Finance Department to look at options in one, rental taxes, more information on that; residential taxes and occupancy taxes and stuff; next elections, when those dates would be. Two, contracting out ...

Mayor Green: So both, ...

Vice-Mayor Mendoza: ... for, ...

Mayor Green: ... so everything?

Vice-Mayor Mendoza: ... I would start, yeah, I would start ...

Mayor Green: Okay.

Vice-Mayor Mendoza: ... with the Magistrate, Police, and Fire. So we're going to have to look at those. It's unfortunate, but.

Mayor Green: And actually, I'll even add a little bit more into that, is every department. So the motion, if I'm correct, is to look at the ...

Vice-Mayor Mendoza: To direct ...

Mayor Green: ... property tax, ...

Vice-Mayor Mendoza: ... City ...

Mayor Green: ... to direct them to look into that, and to bring that ...

Vice-Mayor Mendoza: Not the property tax.

Mayor Green: No, the renters tax.

Vice-Mayor Mendoza: Yeah.

Mayor Green: Renters property tax (inaudible). Thank you. And then look at the departments, look at the cost, maybe elimination or suspension, or whatever the proper terminology would be, and then look at the departments. Because, I mean if it's going to hurt, it's going to hurt everybody. So that's the motion that you were looking at?

Vice-Mayor Mendoza: Yeah,...

Mayor Green: I'm sorry, do ...

Vice-Mayor Mendoza: ... (inaudible) ...

Mayor Green: ... you have a question?

Vice-Mayor Mendoza: I can state it again.

Mayor Green: Yeah.

Vice-Mayor Mendoza: Clearer.

Mayor Green: Okay. Go ahead.

Vice-Mayor Mendoza: Precise, if you need me to.

Mr. Molina: I think we got it. I'd like to say something.

Vice-Mayor Mendoza: We need a second.

Mayor Green: Hold on. He has a question.

Councilman Cantu: I think that's the only route we have, like you're saying, but is any other taxes that we can raise without having the voter's approval? Is there any other revenues that we can collect without voter's approval?

Ms. Aguirre: Mr. Mayor and Councilman Cantu, with your permission, City Manager, we've actually gone through that exercise multiple times before. The City identify an potential areas where taxes can be collected. Where those areas have been, that's where they've been increased. Again, in 2015 and then again for fiscal 2017. I think that the one available was the residential rental tax, but then again, that one requires a vote. We've also had our financial advisers look into that. They're very well versed people in the law and government finance. And looking at it, you know, we've pretty much done everything we can do with the exception of the residential rental tax.

Councilman Larribas: I have a question. Now you're saying we only pay 25 cents. Would that be able to be raised? Not, you know, say, 75 cents or something like that?

Vice-Mayor Mendoza: It was a 6 cents, correct? Six cents was able to be added to that ...

Councilman Larribas: And that's it?

Vice-Mayor Mendoza: (Inaudible). Yeah.

Ms. Aguirre: So, Mr. Mayor and Councilman Larribas, 6 cents was an estimate from last year in looking over some of the reports, more recent reports that have just been issued. Seems like a potential increase to the max ...

Mayor Green: Would hurt us.

Ms. Aguirre: ... of our limit would be like 35 cents, so 10 cents. And that could probably bring in \$74,000. But there's a whole process that we have to go through with that. And at the time, at the present time, the City Attorney and myself are looking into what the final determination and decision was on that, you may recall, State aid to schools, where if the tax went over a certain level, you know, there was a possible penalty that would then get swept away (inaudible), so we're looking to see where that litigation was at because it was between Pima County and the State. And so if the possibility is there to increase, if it's there, without possibly losing it by penalty, then we will bring it to your attention. But then again, that may only bring in \$20,000.

Mr. Molina: Mr. Mayor, members of the Council, I'd like to ask the Finance Director to explain why we can't raise property taxes like the City of Tucson is. Their taxes are six times higher than ours. And that's because it's tied to the value of the properties in South Tucson. Can you go into some detail about that? Why can't we have \$1.52 tax rate instead of a 25 cent rate?

Ms. Aguirre: Well, essentially, and this is basic because there is a lot of math tied to the different types of valuations, but like the Manager said, essentially, the values of all the properties here are not as high. They're low. And then there's also rules having to do with constitutional limits. And those are pretty much (inaudible). You can't increase it more than a certain percentage from the previous year. If I'm not mistaking, that's like 2% or so. So that's what gives in to the limit on the primary.

Councilman Cantu: Could we raise that 2% every year from now on?

Ms. Aguirre: Mayor, Councilman Cantu, that 2% that I mentioned is in the formula for that constitutional, meaning that legal limit by State statute, so we can't increase it more than what the Property Tax Oversight Commission indicates is the limit.

(Simultaneous conversation)

Mayor Green: I'm just trying to gather my thoughts. If you want to make the motion, you know, ...

Vice-Mayor Mendoza: Make another motion?

Mayor Green: Redo the motion or, or restate it, or is it clear to staff?

Vice-Mayor Mendoza: I'll restate my motion.

Mayor Green: Okay, thank you.

Vice-Mayor Mendoza: So I make a motion to direct City Manager and Finance Department to explore options of contracting out, I would say, the top four largest departments, and also to look into the residential occupancy tax and the next election dates to be able to put that on the ballot.

Mayor Green: Okay. So do you also want to put in there where suspend service if it comes to it?

Vice-Mayor Mendoza: Suspend ...

Mayor Green: On one, you know, ...

Vice-Mayor Mendoza: ... service of ...

Mayor Green: ... meaning we don't really get rid of a department. We just suspend the service until we can continue doing, or getting it back online.

Vice-Mayor Mendoza: So ...

Mayor Green: So, in other words, let's say we suspend the Court, or we suspend, you know, one of the departments.

Vice-Mayor Mendoza: Okay. So, not only looking into contracting out, but also suspending ...

Mayor Green: Right.

Vice-Mayor Mendoza: ... services.

Mayor Green: Yeah. Because one, if we contract out, we get rid of it completely. If we put a suspension on it, my understanding is that we can go back and reinstate it.

Vice-Mayor Mendoza: Gotcha.

Mayor Green: Would you like to add that into it?

Vice-Mayor Mendoza: I just did.

Mayor Green: Okay. Thank ...

Vice-Mayor Mendoza: While you ...

Mayor Green: ... you.

Vice-Mayor Mendoza: ... were talking.

Mayor Green: Thank you.

Vice-Mayor Mendoza: No, I'm just kidding. Yes, I did that state. Are we clear or do you want me to do it?

Mayor Green: No, no, I'm clear now.

Vice-Mayor Mendoza: Okay.

Mayor Green: Okay. I have a motion. Do I have a second?

Seconded by Councilman Larribas. Motion passed unanimously.

ITEM #10 – REPORTS

City of Tucson Environmental Services IGA, Lourdes Aguirre, Finance Department

Mr. Molina: Mr. Mayor, members of the Council, City Finance Director would like to provide a report on the update with the City of Tucson Environmental Services IGA.

Ms. Aguirre: Mayor, members of the Council, you may recall that more than a year ago, the City entered into an IGA with the City of Tucson for solid waste services. It appears all services have gone smoothly and so it is now time for renewal. I just wanted to give you an update that that's going to be coming up here very soon. The rate is going to be the same as what residents are being charged right now. The only thing surrounding fees that I should mention that may be included in there as an option, which Mayor and Council can turn on is brush and bulky and what it costs. So if Mayor and members of the Council want to activate that service, it can be done. So that will be there for your informational purposes. And then another service having to do, based on time and materials that they provide a quote for special events. So, that option will also be in there. Should the City of South Tucson host an event and needs services, roll-off bins or anything like that, then it's just stated, it will be stated in the IGA that they will provide a quote as to how much their time and materials will cost, and it will be up to the City.

Mayor Green: So this is just basically information or?

Ms. Aguirre: Basically.

Mayor Green: Okay. Any questions?

Councilman Larribas: I have a question on that, the bulk (inaudible). Is that what they would do is we would put our, whatever we have outside on the curb and they would pick it up?

Mayor Green: Yes.

Councilman Larribas: Or are we still, or is that considered that they would bring the dumpsters for every ten?

Ms. Aguirre: No, so, Mayor and Councilman Larribas, under the current contract that we've had, the provision was there for large roll-off if ten members of the community came together in an effort for, like a community clean-up, sort of deal. But this brush and bulky is similar to what they have in the City of Tucson. It's exactly what they have in the City of Tucson where you put those materials that are allowed for pickup, on the curb.

Mayor Green: And that's twice a year, am I correct?

Ms. Aguirre: Yes, Mayor. Twice a year.

Councilman Cantu: Is that going to be like part of the contract for the whole City of South Tucson or just individually, people that want that service?

Ms. Aguirre: Mayor and Councilman Cantu, that's a really good question. The way the service is provided is all or nothing. So that will be up to you all, if that's a service that you're interested in.

Mayor Green: And that would roughly add what to the bill if we did go with it?

Ms. Aguirre: Well, Mayor, we are in the process of getting that number back, but I don't think there's an anticipation of it being any higher than what it was last year when they quoted. And last year, what they quoted, it was a \$1.40, around \$1.40 per month.

Mayor Green: So \$1.40 per month, so basically \$19 or \$20 a year ...

Ms. Aguirre: About, Mayor.

Mayor Green: ... additional. Go ahead.

Councilman Cantu: I'm sorry.

Mayor Green: No, that's quite all right.

Councilman Cantu: And that's going to be every time you need to put your stuff on the curb there, or is it once a month or ...

Mayor Green: Twice a year.

Councilman Cantu: Twice a year.

Ms. Aguirre: Yes. Mayor, Councilman Cantu, the way they do it is they issue notifications to the community, fliers, indicating when those dates will be.

Mayor Green: Okay. Thank you. City Manager, any reports or anything?

Mr. Molina: Yes, Mr. Mayor, members of the Council, I'm reporting back from the previous Council meeting. The Police Department has processed fifteen applications for police officers to fill those positions. Two of those applications have survived the vetting process; people that meet the minimum requirements to be a police officer in the State of Arizona. So now the background checks are being completed. The application process is still open and continuous, so as we get applications we'll continue to process them. But there is a process for, they do have to meet minimum requirements not only from the H.R. in South Tucson, but also State standards for all police officers. And police, their State standards is to keep police departments performing at a very high standard and professional level, and to make sure that corruptions (inaudible) to the system by hiring bad apples.

Vice-Mayor Mendoza: Now would those be full-time or reserve?

Mr. Molina: Those could be reserve. They could be full-time but they're pretty much for reserve positions (inaudible). So it's either, either or.

Vice-Mayor Mendoza: The job descriptions said either or?

Mr. Molina: Yeah, well, I believe these (inaudible) because we were hiring, if somebody wants to be a full-time police officer (inaudible) and the regular police officer, they can be. If a retiree from another department retires, wants to be a reserve officer, they can be. So I believe it's either or. With regard to your specific question, I don't, I'm not sure what the job description specifically states but historically, it's been either or, whatever works out best, in the best interest of the department. So those are the reports, Mr. Mayor and Council.

Mayor Green: Okay. Thank you.

ITEM #11 - ADJOURNMENT

Motion by Vice-Mayor Mendoza to adjourn the Regular Meeting. Seconded by Councilman Larribas. Motion passed unanimously. The meeting adjourned at 7:06 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 10th day of April, 2017. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2017.

Veronica Moreno, City Clerk