

Minutes of the Regular Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Monday, May, 22, 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
Robert Larribas
Anita Romero
Carlos Romo

Staff Present: Sixto Molina, City Manager
Veronica Moreno, City Clerk
Lourdes Aguirre, Finance Director
Joel Gastelum, Planning Director
Michael Ford, Police Chief
Cory Lakosky, Fire Administrator
Angel Lopez, Public Works Director

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 Vice-Mayor Mendoza, Councilman Patino, and Councilman Cantu, who were excused.

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

ITEM #06 – APPROVAL OF MINUTES: NONE AVAILABLE

ITEM #07 – RESOLUTION NO. 17-09 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING AND ADOPTING THE AGREEMENT BETWEEN THE CITY OF SOUTH TUCSON, AND UNITED HEALTH CARE (MEDICAL INSURANCE PROVIDER), AUTHORIZING THE MAYOR AND/OR THE CITY MANAGER TO EXECUTE THE CONTRACT FOR FY 2017-2018 SERVICES

Mr. Molina: Mr. Mayor, members of the Council, I'm going to defer to the H.R. Director to talk about the United Health Care medical proposed agreement.

Ms. Moreno: Thank you, Mr. Manager, and Mayor, and members of the Council. The item you have before you is a renewal of our medical insurance plan. And we currently have United Health Care for fiscal year '16-'17. The City works in coordination with our insurance brokers (inaudible) where they have gone out to bid for health insurance services and the results is that, I'm sure that you guys are aware that, you know, with medical insurances they're going high and that's kind of going on throughout the country right now. But the City received a response from the bids and they were not competitive. As a matter of fact, the only option we have right now is to go with the current provider which is United Health Care. And the current trend was most renewals are, or most medical providers between 9 and 15%, but because of the recent claims that we've had, there is an increase of 30%. So I do know that Lourdes put that in the budget for next year, so it's something that we can

barely absorb. However, I still think that you know the City is, and we as employees are very fortunate to still have medical insurance for our families. The only thing that I know that is being recommended by the Manager is that the employees sacrifice, you know, an additional \$5.00 per pay period, to kind of just help to offset a little bit of the cost. So that is the recommendation to Mayor and Council, is to renew the current plan, which provides two options; one is the HMO, and the second is the PPO. Are there any questions?

Mayor Green: We had a 31% increase?

Ms. Moreno: Mm hm. I'm sorry. I said 30. Yes, 31%.

Councilman Larribas: I have a question. Do we have a lot of big accidents here that, that's taking up the insurance or is it just ...

Ms. Moreno: I'm not really privy to information as like employees and the claims that they submit. But I do know claims that are submitted do affect the overall cost. So, I mean that's part of the calculations. But as far as like employee by employee, I think that we have a pretty overall healthy group, but it's always that one or two claims because we're such a small group, that could affect, you know, the year-to-year amount.

Mayor Green: Cancer claims and stuff like that, ...

Ms. Moreno: Yeah, ...

Mayor Green: ... yeah, that's ...

Ms. Moreno: ... you know, ...

Mayor Green: ... probably what ...

Ms. Moreno: ... cancer claims are always going to ...

Mayor Green: Mm hm.

Ms. Moreno: ... (inaudible) so sometimes you can look at the numbers and you can figure out more or less, ...

Mayor Green: Yeah.

Ms. Moreno: ... but for the most part, you know, that's what insurance is for.

Mayor Green: Yeah.

Ms. Moreno: Kind of how I see it, and I think that we're very fortunate to have insurance, so if, God forbid, anybody becomes ill, I think that it's good to know that, you know, aside from already enduring the news, or whatever is going on of having an illness, it's good to know that in the back of your mind, you have insurance.

Councilman Larribas: This insurance that we have, where is that rated at? Is it one of the best or just?

Ms. Moreno: Councilman Larribas, Mayor, I don't really know as far as where they fall regarding like, you know, what's the best out there. But for the City, I mean we don't have a whole lot of options. For now, it's good for what we need. But overall, I think most of the employees are, you know, somewhat satisfied. There was a change. I mean you guys probably saw in the news where this health care provider was not going to offer the hospitals on the northwest side of town. And after some negotiations, that changed so that it's going to be offered. But I think that, you know, (inaudible) little bit of relief to some of the employees who have their primary physicians at that location. But I don't know where they rank as far as overall, you know, with relation to the other providers. I'm not really sure. I can't answer that question.

Mayor Green: I have a question. When you go for a renewal, are, we have one agent that ...

Ms. Moreno: We do.

Mayor Green: Okay. Have we looked at what it costs, you know, what the cost of renewing every year to that agent is?

Ms. Moreno: We have not, but we can certainly do that.

Mayor Green: Yeah, because in a lot of cases, you know, probably 30% of the total thing is running through his fingers, or her fingers.

Ms. Aguirre: Mr. Mayor, if I may, members of the Council. In consulting with that broker, what they charge is about 5%, so that's (inaudible).

Mayor Green: That's not bad. Okay. Probably because it's been a fixed account for a while.

Ms. Aguirre: Yes. And also, if I may, also piggyback on some of the information that Ms. Moreno was going over, talking about with regards to the richness of the plan, one of the things that has been done is a modification of the plan structure. So typically, what you see is that with really rich plans, come very high premiums. So in order to keep the premium low, I know that what we're facing right now is high for us, but it's relatively low compared to all other carriers. And so the benefit with this plan and the renewal is that it covers a lot of things like specialists. It also covers X-rays and labs. It keeps the cost of prescriptions low. And also, the deductible is a little lower. And so to help supplement the deductible, we have that health reimbursement account, which we keep in the budget at around \$25,000.

Mayor Green: Okay. Thank you. Any other questions?

(No questions from the Council)

Motion by Councilman Larribas to adopt Resolution No. 17-09. Seconded by Councilwoman Romero. Motion passed unanimously.

ITEM #08 – STUDY SESSION – FISCAL YEAR 2018 BUDGET: RESTRICTED FUNDS

Motion by Councilman Larribas to close the Regular Meeting and enter into Study Session. Seconded by Councilwoman Romero. Motion passed unanimously.

Mr. Molina: Mr. Mayor, members of the Council, at this time, the Finance Director will do a review of the proposed restricted fund budget.

Ms. Aguirre: Mr. Mayor, members of the Council, I want to apologize in advance for not having had the materials ready for the agenda. There was quite a bit of a collaboration between myself and other people who handle grants in the different departments, going back and forth, looking (inaudible) just to be able to compile this because there's a lot of different grants that have been funded now. A portion that is unspent will be carried forward for next year. So we've got to look at those balances, as well as the balances on new grant applications. Just putting all that in a format that we can ...

Mayor Green: Simplify.

Ms. Aguirre: Yes, simplify. So what I'm giving you here, the stapled packet, is pretty much page 1 and 2. The total is on the last page. And the headings indicate, pretty much, what those are for. The page that is called summary, tells you what's inputted in each one of those headers. So, hopefully, that helps clarify, simplify. So, again, it's very basic. So we identify restricted budget capacity of 3.8 million dollars. Like I said, that's in grants that have already been awarded this year. A portion, you know, will be left unspent by June 30th. It will carry forward on the next year, and then also, it includes the balance of any other grant applications that we have not been awarded yet. However, the money has to be accounted for to set a limit, a spending limit. So if the money comes in, is awarded, then the recipient can spend it. If the money does not come in, then we cannot spend it. But it simply sets a limit. And so if the money comes in and you spend it, this is pretty much the guidelines by which the auditors and the Auditor General also (inaudible) make sure we haven't gone over our limits. So it's just best to account for everything. So, you might say, "Why are some unspent funds going into the following year?" Well, a lot of those have to do with federal money. And so while the City's fiscal year goes from July through June, the federal funds actually goes from October to September. And so there's a couple of months there that we have to use the money up in. I'm going to be going through just the summary page and giving you a little bit of insight. So first of all, included in here is money for the South Tucson Housing Authority at 1.2 million. The Highway User Revenue Fund, or HURF, \$441,000. It actually was approved on the Governor's Budget a little above what the current year's levels is, so \$13,000 higher, and that was plugged into improvements. The John Valenzuela Youth Center, JVYC, that's what we call the funding. That comes from Pima County. And so what the City does is it contracts, currently is contracted with Pio Decimo for the administration of that program with the kids. And it's pretty much a reimbursement. So that contractor bills the City, we pay them out of the award. This is one of two funds, or awards that are given to, or contracts that are received. I'm sorry, let me rephrase that. This is one of two awards that are received from Pima County. One is just, this that we call JVYC and the other one comes from CDBG, Community Development Block Grant. Next we have police grants for a total of \$719,000. So we know that they're going to be putting in for quite a few grants that will cover the cost of equipment. A lot of these funding agencies cover specific equipment. I am not privy to that

information just yet. But the Chief works with Mr. Jensen, Mick Jensen, to put these applications together, and those are the amounts there. The one grant that goes to cover ...

Mayor Green: Let me ask you a question real quick. On the grants for the police department, are these monies that we have, or are anticipating, or strictly just have?

Ms. Aguirre: Mr. Mayor, these are monies, it's a combination. It's a combination of the two. Because, like I said, it includes balances for grants that have been awarded. And so there's going to be a balance that's going to be unspent at the end of the fiscal year, carrying forward, and it also includes amounts for which applications were submitted ...

Mayor Green: Okay, ...

Ms. Aguirre: ... and have ...

Mayor Green: ... but that ...

Ms. Aguirre: ... not been awarded.

Mayor Green: Have not been awarded, may not be awarded.

Ms. Aguirre: Exactly.

Mayor Green: Okay. And what would that amount be, do you know?

Ms. Aguirre: Mr. Mayor, I don't know because sometimes we see in a year that we get awarded for something we applied for the previous year we didn't get. And so it fluctuates. Nonetheless, we could let you all know, you know, as the awards come through what it is that the City is ...

Mayor Green: Well, either that ...

Ms. Aguirre: ... (inaudible) ...

Mayor Green: ... or they could be broken up in a different method where these are the grants that we have, that we physically have monies for, or they're matching grants, or whatever the case is, and these are grants that we have requested that may or may not come in. So that would give us a more of a true picture than, you know, \$719,000 in grants.

Ms. Aguirre: Yeah, in fact, if you go onto the packet that is stapled, I wanted to go through the summary because ...

Mayor Green: Okay.

Ms. Aguirre: ... the summary just breaks it down for you. But you see right there where it says police grants. Do you see pending applications? It's on the first page.

Mayor Green: Am I going blind?

Ms. Aguirre: The third column in.

Mayor Green: Oh, I was looking on the left hand side margin. Okay. So the RTA, the PAG, you have forfeitures, \$100,000; federal agencies, a total, combined total of \$474,000.

Ms. Aguirre: Yes.

Mayor Green: So, we basically have five, six, seven, yeah, okay.

Ms. Aguirre: So that pretty much tells you, in pending applications, there's \$145,000. In grant monies that have already been awarded, \$474,000. And we include some capacity in there for any potential money going into the forfeiture fund of \$100,000. One thing that I do really want to highlight is that under federal agencies, what we've already received, or been awarded, \$474,000, in there is \$250,000 for a COPS grant. It's a school resource officer position. And so, the purpose of a COPS grant, we know, is to augment positions and it doesn't cover the full amount of the salary and benefit. And so, we know we're facing challenges in our General Fund because a portion would be covered by COPS, and a portion would be covered by General Fund. We have challenges on the General Fund. So, this should, has to be postponed until a later date. But it's there. It's included because (inaudible) there. If you go all the way down to the bottom of the page where it says surplus deficit, it's a surplus of two-fifty, indicating funds not used.

Mayor Green: Okay. And getting back on that \$250,000, is it one of these where we lose a portion of the grant every year, or is it going to remain \$250,000?

Ms. Aguirre: So, Mr. Mayor, the full amount of the award is \$250,000, spread out over three years.

Mayor Green: Right.

Ms. Aguirre: The first year starts at 75%, where they cover 75%. Then 50, then 25.

Mayor Green: No, but what I'm saying is if we do not put anybody in that position for this year, do we lose the \$75,000 or is it assumed if we put somebody, hopefully next year in there, they start three years from whenever we put 'em in?

Ms. Aguirre: Yes, sir. So, the money is not lost. It could be pushed out as far as ...

Mayor Green: Okay.

Ms. Aguirre: ... we need to.

Mayor Green: Okay.

Ms. Aguirre: Once you reach the third year, you can even contact the COPS office and ask for an extension and it will go out another three years.

Mayor Green: Okay. That's great.

Ms. Aguirre: Yes. So I just thought I would let you all know, \$719,000 capacity, we need to account for that \$250,000 there, right, because we were awarded that grant, but it's not being accounted for (inaudible). All right. So, going back to the summary page, you can see miscellaneous grants, or before that, Community Development Block Grant. This grant is awarded pretty much year after year. And the types of things that are on the application are demolition, youth programs, graffiti abatement, fire safety equipment, community policing, emergency home repair, community clean-up, bicycle safety and administration. Recently, some of the line items that have not been awarded, but still remain available at a regional level with Pima County are, for instance, the home repair, the emergency home repair, as well as demolition. And so any South Tucson residents that are interested in that program, that type of funding, can go ahead and apply through Pima County because the money is available at a regional level. Still, for the upcoming fiscal year (inaudible) City put in (inaudible). So, all that combined, \$497,000. But we know that year after year, we've been getting more like \$220,000. But it doesn't hurt to try. Miscellaneous grants, \$765,000 total. In there is included the Environmental Protection Agency amount of \$359,000, so according to EPA, that's for the clean-up and reuse of contaminated properties. Also being applied for is monies from the 12% gaming plan. So, Pascua Yaqui and Tohono O'odham every year make available 12%, or make available some of their earnings from their operations and they award, I think, yeah, it's 12% of their earnings that they make available. From that, they distribute it to the applicants, whoever they approve for that year. For this year, I think that the applications will be submitting for both police and/or fire equipment. With regards to the Pima County Neighborhood Reinvestment, that, we put a note here, capital improvement projects, \$200,000. I really don't know much about what the use is. If you have questions, Mr. Gastelum is here and he's very much aware and familiar with that.

Mayor Green: Mr. Gastelum.

Mr. Gastelum: Mr. Mayor, members of the Council, that specific Pima County Neighborhood Investment project that's been brought to your attention, we approved an IGA with Pima County, gosh, probably going back at least a year or more. It's specifically for the acquisition of a mini-park along that greenway linear park at the area of 7th and 35th Street. That was just to acquire the land. We're still seeking other funding opportunities to actually put in different amenities. And also, it will pay for any funding that's left over from the acquisition will go towards signal light crossings at either 12th and 10th Avenue, or along that greenway crossing. But we're looking like more than likely in that 12th and 10th Avenue area, which is a lot more traffic and there's a lot more need for it in that area. And I'll report to you guys definitely, Mayor and Council, as we proceed and get closer to some of those things, exactly what's going on.

Mayor Green: Thank you.

Ms. Aguirre: So going down the line, we have the fire reserve pension fund. This fund is a special retirement fund for fire reserves. The way it works is a 5% deduction is taken out of the paychecks. The City matches the other portion. There are regulations that will go along with that. But that's just to give you a little bit of insight of what that money that's listed in the actual restricted budget is coming from. The explorer program, a thousand, coming from donations and fundraisers for their program. And the capital fund project, which you see in the very last column of page two, or the second to the last column, that's any money that's allocated to the City of South Tucson by the Pima

Association of Governments and/or the Regional Transportation Authority. The \$25,000 that's allocated there is for youth art.

Mayor Green: Okay. Is that the same thing that they were using for the greenway?

Mr. Gastelum: Correct.

Mayor Green: So it's ...

Mr. Gastelum: Yes, Mr. Mayor, members of the Council, you all may recall, so that's something we have brought up regarding an art feature at the (inaudible) greenway that it's something else. And, yes, that's what this is for. Correct.

Mayor Green: I thought it was \$75,000.

Mr. Gastelum: This is a yearly allocation.

Mayor Green: Okay.

Mr. Gastelum: Yeah, so we have, Pima Association of Government policy, with respect to youth art, is you can save up to \$75,000 to do one major project versus a \$25,000 one and that's what (inaudible).

Mayor Green: The \$25,000 or the \$75,000?

Mr. Gastelum: Seventy-five. Correct.

Mayor Green: Okay. And are we still looking at going out and soliciting the different art, you know, Pima College, University, local artisans?

Mr. Gastelum: Yes, correct.

Mayor Green: And have that contest like we had spoken before?

Mr. Gastelum: Correct. Mr. Mayor, members of the Council, at the time, you recall, it was a separate, you know, administration, ...

Mayor Green: Yeah, mm hm.

Mr. Gastelum: ... things happening back then. So, at the time, we were told to put it on hold for a bit, but we definitely have it, you know, the scope already and we're ready to do a bid as you ...

Mayor Green: Okay.

Mr. Gastelum: ... (inaudible). We're ready (inaudible).

Mayor Green: Okay. Looking forward to it.

Ms. Aguirre: Mr. Mayor, so for purposes of capacity, since the money hasn't been spent in previous years, would you like for me to augment the \$25,000 to \$75,000 for next year?

Mayor Green: It would, it would, it would give us a, well, I don't think it really makes a difference right now as long as we know that the, that it's there. I mean somebody, well.

Ms. Aguirre: Again, it creates capacity.

Mayor Green: Yeah.

Ms. Aguirre: So if a lot of these fundings come through, we may not have that much more wiggle room to spend, if it sets a limit.

Mayor Green: Right. Then, I'll leave it to you.

Ms. Aguirre: I'll go ahead and up that to \$75,000 then.

Mayor Green: Okay.

Ms. Aguirre: So, again, the total capacity is 3.8 million.

Mayor Green: Plus 50,000 more. Yeah, ...

Ms. Aguirre: I'm sorry?

Mayor Green: ... plus \$50,000 more.

Ms. Aguirre: Yes, yes.

Mayor Green: Okay.

Ms. Aguirre: Plus 50,000 more, yes. Just about 3.8.

Mayor Green: Yeah.

Ms. Aguirre: Okay. So now going onto this little packet here, it's just a little breakdown. It consolidates all this information, prevents it from going on for hundreds of pages. But here, at least you know what is included. You've got different headers along the side here indicating to you where the money is kind of coming from, as well as a breakdown. With regards to the Housing Authority, you will notice that under expenditures, I put "See programs". Just for the purposes of expediting this report, I put the total amount of Housing's budget in the programs line at the bottom. I'll still go through the exercise of correlating her accounts to the City's accounts. You may or may not be aware, but there's two separate accounting practices. So, the Housing Authority has a separate accountant that does things and reports things according to HUD regulations. And as a form of checks and balances, the City does it on its own side as well. And so it's just tying the two different

sets of general ledger accounts, one to the other, it's just a little difficult. But that's the total amount of the Housing Authority's budget.

Mayor Green: And theirs runs until October, right?

Ms. Aguirre: Actually ...

Mayor Green: Their funding source.

Ms. Aguirre: ... hers, the budget for Ms. ...

Mayor Green: Or September?

Ms. Aguirre: ... Chico.

Mayor Green: September.

Ms. Aguirre: She adopts it for the fiscal year.

Mayor Green: Oh, really? Okay.

Ms. Aguirre: Yes. So this is, I guess, an anomaly or maybe it's ...

Mayor Green: No, because ...

Ms. Aguirre: ... (inaudible) projects in Housing Authority.

Mayor Green: Yeah, 'cause the City has it the other way. We end ours in June. July, we start new year, but the Feds start October 1st.

Ms. Aguirre: Yeah, yeah, we've never had really any budget sessions like in September, October, so for Housing Authority, so, yeah, we stick to same budget for July. So if you have any questions, I'll be happy to.

Councilman Larribas: I have one question. Under expenditures on the (inaudible), the second one. Where you have insurance, what's that referring to? The three thousand.

Ms. Aguirre: Insurance, that may be in there to cover the cost, Mr. Larribas, Councilman Larribas, to cover any incidentals. I know that in the past, the deductible for any incidental had to be covered. So that's just a little buffer.

Mayor Green: Any other questions?

(No response from the Council)

Mayor Green: Thank you. Any other topics, Mr. City Manager, or should we convene back to Regular Session?

Mr. Molina: I think we need to convene back to Regular Meeting.

Motion by Councilman Larribas to close the Study Session and reconvene to Regular Meeting. Seconded by Councilman Romo. Motion passed unanimously.

ITEM #09 - REPORTS

Mr. Molina: Mr. Mayor, members of the Council, (inaudible) set a Mayor and Council meeting for next Tuesday because next Monday is a holiday. If there are issues with that date, please let us know.

Mayor Green: Is it a heavy load or is it a heavy agenda?

Mr. Molina: At this point, it's not a heavy load, no.

Mayor Green: Okay. Well, if anybody has any conflicts, let the City Manager or the City, you know, well, the City Manager know and then we'll make a decision if we're going to have one or not. Because if it's only one agenda item, I think somebody, did you have a question?

Ms. Aguirre: Yes, Mayor, members of the Council, rather than a question, it's just to let you know that one of the things I would really like to present to you all is information on the pension. And so, I want to give you an update on also some new legislature that came out and how that may affect us going forward and some possible room for slight savings under a different plan, or not a different plan, under a plan that PS (inaudible) is offering to cities.

Mayor Green: Who is PS?

Ms. Aguirre: Public Safety Retirement System.

Mayor Green: Okay.

Ms. Aguirre: They are offering the cities that may be experiencing some financial difficulties for next fiscal year an option that may reduce the contribution rates slightly. So I would really just like to brief you all on that, as well as other issues surrounding the system so you can gain a better understanding. And so when the time comes to present on that matter, you will have a better picture of what it is that we're dealing with.

Mayor Green: So the, so basically, there may be a program out there that is going to generate, or be able to save us some money. But what does it do to the retirement on the, on the public safety side?

Ms. Aguirre: It doesn't affect, Mr. Mayor, members of the Council, it doesn't affect their benefits. It simply helps the City ...

Mayor Green: Okay.

Ms. Aguirre: ... with the contribution rate.

Mayor Green: Oh, okay. Okay. No, I, I didn't want to take anything away from Public Safety.

Ms. Aguirre: No.

Mayor Green: Okay. Anything else?

(No response)

Mayor Green: No? No questions? Okay.

ITEM #10 - ADJOURNMENT

Motion by Councilman Larribas to adjourn the Regular Meeting. Seconded by Councilman Romo. Motion passed unanimously. The meeting adjourned at 6:36 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 22nd day of May, 2017. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2017.

Veronica Moreno, City Clerk