

Minutes of the Regular Agenda Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Tuesday, May 21, 2024, at 6:00 p.m., at the City of South Tucson Council Chambers, 1601 S. 6<sup>th</sup> Avenue, South Tucson, Arizona.

Staff Present: Veronica Moreno, Interim City Manager  
Lourdes Aguirre, Finance Director  
Danny Denogean, Public Safety Director and Chief of Police  
Imelda Robles, Housing Director  
Josue Licea, Planning Director  
Jon Paladini, City Attorney

Councilors Present: Mayor Paul Diaz  
Vice Mayor Herman Lopez  
Acting Mayor Rita Rogers  
Councilor Anita Romero  
Councilor Cesar Aguirre  
Councilor Brian Flagg  
Councilor Roxanna Valenzuela

Others Present: Terrell Day, Resident  
Diana Sears, Resident  
Billie Peard, Resident  
Ashley Clark, Resident  
Nick Bruno, Resident  
Elizabeth Cheboya, Resident

Mayor Diaz called the Regular Agenda Meeting of May 21, 2024, to order at 6:00 p.m. Please stand for the Pledge of Allegiance, and Land Acknowledgment and Mission Statements.

#### ITEM #03 – LAND ACKNOWLEDGMENT AND MISSION STATEMENT

Vice Mayor Lopez: On behalf of South Tucson residents, we honor the Tribal Nations who have served as caretakers of this land from time immemorial and respectfully acknowledge the ancestral homelands of the Tohono O’odham Nation and the multi-millennial presence of the Pascua Yaqui Tribe within South Tucson. Consistent with the City of South Tucson’s commitment to diversity and inclusion, we strive toward building equal-partner relationships with Arizona’s Tribal Nations.

Acting Mayor Rogers: The Mission Statement of the City of South Tucson is to build up our community through mutual cooperation between we, your public servants, and you our citizens so that jointly we can build a safer and stronger City. Amen.

Mayor Diaz: Thank you.

#### ITEM #04 – ROLL CALL (By City Manager Moreno):

Vice Mayor Lopez. Here.  
Acting Mayor Rogers. Aye.

Councilor Romero. Here.

Mayor Diaz. Here.

Councilor Flagg. Here.

Councilor Aguirre. Not present.

Councilor Valenzuela. Here.

Mayor Diaz: Thank you.

ITEM #05 - APPROVAL OF MINUTES

Mayor Diaz: Approval of Minutes for Regular Meeting of May 7, 2024. Are there any additions, corrections, deletions to the Minutes? Hearing none, I'd like to have a motion to approve.

Vice Mayor Lopez: So moved.

Councilor Flagg: Second.

Mayor Diaz: It's been Moved and Seconded. Roll Call, please.

Vice Mayor Lopez. Yes.

Acting Mayor Rogers. Aye.

Councilor Romero. Aye.

Mayor Diaz. Aye.

Councilor Flagg. Aye.

Councilor Aguirre. (Not present)

Councilor Valenzuela. Aye.

*Call to the Public*

Mayor Diaz: If there is anybody in the public that would like to address the City Council, there's cards to be filled out. Ms. Aguirre.

Ms. Aguirre: Yes, Mr. Mayor, the first speaker we have for today is Terrell Day, resident, address 305 E. Benson Highway, topic is Spanish Trail.

Mr. Day: How you guys doing? My name is Terrell Day and I stay at Spanish Trail that is owned by Brian Bowers. I have issues with, I have pictures of, I don't have a doorknob for 3 months, no a/c, I'm not allowed to open my door. He seen me today in Court. I walked into Court today, I walked into Court, and he threatened, what you looking at, me and told me, I'm going to beat you up when I get back home. I'm new to Tucson. I got the place out of desperation because I moved here, but it's \$800 a month and if you look at my house that I got pictures of a burned hole in the bathroom, there's no doorknob, my whole front panel is on my door so if you push it a little bit it will come in, like, I'm paying \$800 a month and it's just like I don't know what to do. I'm new here. I'm not used to your law here. In Michigan you put the money in escrow, now here, they say you can't do that so I'm tired, man. I'm paying \$800 a month but basically for nothing. I walk out, I walk past drugs, I smell drugs all day. My friend can't bring her grandson over here because I don't want him outside because if you walk downstairs, it's a bag full of that, but yet they still want to harass me. I don't know, man, it's like I don't know what to do. I'm trying to do it the right way. I'm trying my best. I just need some help

trying to figure out what I got to do so I can continue to do it the right way so I don't do it the wrong way and get in trouble, which I don't want to do. I came here in January. I've had a job since January 4<sup>th</sup>. I work at Dominic's, I'm a cook by trade, so I'm trying everything I can.

Mayor Diaz: Thank you for the information but rest assured that we and the whole City is working on this.

City Attorney Paladini: Mayor, we really shouldn't be commenting on Call to the Public.

Mayor Diaz: It has been referred then to the Interim City Manager.

Mr. Day: Do you need these pictures? Who do I leave these with?

Ms. Moreno: I can take them.

Mr. Day: Thank you very much for your time, I appreciate it.

Acting Mayor Rogers: Thank you.

Councilor Flagg: Thank you.

Ms. Aguirre: Mr. Mayor, the next one is Diana Sears, resident at 2301 S. 6<sup>th</sup> Avenue, topic is matters involving the City. I think we will be giving her eight minutes because other people are forfeiting their time to her. We better clarify this with the City Attorney.

City Attorney Paladini: Mayor, if people are going to cede their time to one speaker, it's really to get more time, it's your call, and those people who are giving up their time should identify themselves, because otherwise, they could get up and take their own three minutes. So, if people are going to give up their time, they need to stand up or identify themselves, that they are giving up their time. It's up to you whether you want to allow one person to speak for more than three minutes if other people give up their time.

Mayor Diaz: Ok. Apparently, they're willing to give up their time to the speaker.

Councilor Flagg: He's saying they should identify themselves.

Mayor Diaz: Identify yourselves.

Jerry Parras: Business owner, South Tucson.

Mr. Luttrell: Dennis Luttrell, resident, South Tucson.

Mr. Sears: Scott Sears, resident, South Tucson.

Mrs. Sears: Good evening, Mayor and Council. I am coming in front of you today representing the voices of some of our community, city residents, city employees, businesses, and the Citizens and Business Advisory Committee of South Tucson. We have questions and concerns. We want to know when the full resolutions and new ordinances are going to be posted on the City of South Tucson website as they were before. Our committee needs it for full disclosure purposes and openness in our government. Please, Mayor and Council, the committee would like it on the agenda. Our committee and city employees are demanding a new H.R. Director, independent of our city, to be hired immediately, in order to prevent any further conflict of interest for our city's employment. Some of our city employees feel there isn't anyone who they can safely and confidentially turn to with any issues regarding any employment conflicts, including those complaints against

the Interim City Manager, City Clerk herself for fear of retaliation. Ms. Moreno cannot be impartial and fair in those instances, leaving our city employees voiceless and without recourse. Therefore, some of our community and some of our city residents do not want the City Clerk in that position any longer. We would like an intermediate, we would like an immediate resignation from Ms. Moreno and an emergency recruitment of an H.R. Director. If the excuse for denying this request is because of a budgeting issue, then it is all more of a reason to remove Ms. Moreno of her responsibilities, who might just be solely responsible for mismanagement of our city's money. Our community is requesting that the city accountant itemize a spreadsheet including all back-up receipts of our city's budget for the last five years, as Ms. Moreno has been the Interim City Manager position. Mayor and Council, some of our community and city employees would like it on the agenda. Two to three meetings ago we discussed a budget for a new fire truck as well as a repair budget. Our community is desperate for an update, Mayor and Council. Some of our community members have been asking outside of the city for assistance and we have first-hand knowledge from a fire staff that works closely with Ms. Moreno that the Fire Department has been successful in finding a promising resolution. Perhaps the Fire Captain can comment on this that there is currently and quite possibly in our reach a newer fire truck with low miles and low engine hours that could be purchased with our emergency funds of \$1.9 million that our city has in reserve for this fiscal year. Our community, our residents, business owners and city employees feel it is critical and that this truck is a must and a purchase now. Mayor and Council, please, we shouldn't squander this opportunity nor allow the purchase to be tabled as previously done behind closed doors. Please, Mayor and Council, we would like this to be on the agenda. Our community, city residents, business owners and city employees feel there are major conflicts of interest within our Council. One of our Councilmembers is currently serving on a Pima County Board which is a conflict of interest in our city. Additionally, there are Councilmembers on our committee who are closely affiliated with one another and who all work together at Casa Maria. Possible conflict of interest in our city. There are two Councilmembers who sit on the board of the same non-profit organization as well as other boards, also a conflict of interest to our city. It is public knowledge that those same Councilmembers of the same non-profit are buying properties in South Tucson below fair market prices, possibly for their own profits and agendas. These Councilmembers do not have our city's best interest, nor do they desire to build up our city's economic development, and do they want to see our community grow nor prosper any further. Councilor Valenzuela personally voiced her negative outlook and her oppositions regarding the new line transit that may be coming through our corridor to a few of us in attendance at tonight's meeting. And then a few months ago, the interview gets on the TV stating that she is in favor of it. I'm pretty sure what they meant to say is a few months ago she said it and just recently went on TV stating she's in favor of it. Why now, is it because of the newly acquired property purchased by Casa Maria, the Arizona Motel? For the record, the business owners attending today's meeting have always supported the idea of this new proposed development. We just weren't informed by anyone on Council that attended and enjoyed the news spotlight on May 14th. Nor were we invited by the Interim City Manager to show up and show our support. Some of our city residents, city employees and business owners charge our own Interim City Manager Ms. Moreno with breach of etiquette, inappropriate behavior, fraternizing, biased, displaying favoritism involving the City Attorney and towards both from the same Councilmembers that are here today. We are mentioning, by having private meetings that do not involve the Mayor creating outside friendships and bending the rules and ignoring laws and ordinances in place. Our Interim City Manager Ms. Moreno normally has allowed Councilor Valenzuela and her infant child to live in a building that has not been properly inspected by Fire and Code Enforcement and deemed safe and habitable enough to obtain proper business licensing or permitted for occupancy. By doing so, Council and Ms. Moreno are endangering said infant and any additional families with children at the

Arizona Motel who might think they have a safe place to call home and thus opening up our city to potential lawsuits. The Arizona Motel, owned by Casa Maria, has been out of compliance for almost a year. Councilors Valenzuela, Flagg, and Interim City Manager Moreno are violating our city's own safety, bylaws, and ordinances, including the run-down travel park that has persons in it residing behind the Arizona Motel. Why? We are demanding the immediate resignation of Interim City Manager Moreno who seemingly is behaving in moral turpitude. Mayor and Council, our community would like to put this issue on the agenda for the sake of the wellbeing of our city, our community, and our employees. Mayor and Council, as you all know, our current Interim City Manager does not meet the minimum requirements for the position of a City Manager. At the last meeting, Councilor Flagg suggested raising all of our property taxes to raise revenue for our city. Easy for him to say that since he won't be impacted on any of his properties owned by Casa Maria and Barrios Comillos which are worth approximately \$5 million and are all tax exempt. Our community is speaking against raising our property taxes and want that put on the agenda. It's also been publicly announced by Councilor Flagg and Councilor Valenzuela that they are endorsing married couple Dulce Jimenez and Pablo Robles for City Councilmen because 'this couple thinks the same way we do' as Councilor Flagg has stated. Our community, our residents and our business owners don't need that kind of thinking on our Council. Thank you for your time.

Acting Mayor Rogers: Thank you.

Mayor Diaz: Thank you for that information.

Ms. Aguirre: The next speaker is Billie Peard, address 1749 S. 6<sup>th</sup> Avenue, resident, topic is Brian Bowers.

Mr. Peard: Good evening. This is Melena, she is an infant. She lives with me at the Arizona Motel, and she is pretty safe in response to the previous speaker. I rise here today not to talk about the previous speaker but to talk about Brian Bowers. Prior to today, I regarded Brian Bowers as a pretty notorious slumlord, but I also regarded him as a businessman and, you know, decently smart. What I observed today as you heard earlier from a previous speaker, Terrell Day, is that he is unhinged. The reason I mention this is because I understand that today, perhaps in Executive Session, the Council here is going to receive a report from the City Attorney about the status of the pending litigation, and I expect, based on court filings, that the City Attorney is going to point out that Mr. Bowers is about 80-90% in compliance with the settlement that was rendered three months ago in Superior Court. I rise here today to share with you that in my experience working in the legal career for 14 years, I never observed from anyone, from any litigant, what I observed in court today from Mr. Bowers in a routine eviction proceeding. I have been in court with clients who have been high on meth, fentanyl, withdrawing from fentanyl, withdrawing from meth, withdrawing from alcohol, in order words, every substance known to man that would lead someone chemically to be aggressive. I've been in court with many people like this. I'm not suggesting that Mr. Bowers was inhibited today, chemically, but what I am suggesting is what I observed today in court was not someone who was acting rational. He is someone who is unhinged. He was aggressive beyond anything I have observed from any of my previous clients or other people I have observed in court under chemical inducement, and so I urge you to take that into consideration today when you receive your report. Thank you.

Mayor Diaz: Thank you.

Ms. Aguirre: Next speaker is Ashley Clark, resident, address 305 E. Benson Highway, topic Spanish Trail.

Ms. Clark: Hello everybody. I am Ashley Clark, and I am a resident at Spanish Trail Apartments, and I am here to talk about Brian Bowers. I am another tenant that is going through, I don't know if you guys know, I'm going through a lot with Brian. It's very emotional and tiring because the only thing I want to do is pay my rent and live, and it's getting impossible to do so, dealing with this guy. You can't talk to him, you can't expect him to do what is promised in the lease, and then he wants to sue you for it. So, yeah, and like the previous person said, because I was in court whenever it happened because it was crazy, like I know where the anger coming towards us tenants, and we're just trying to live. And we're in there, you know, not recalling our rent or trying to negotiate our rent based off because we don't have the money, it's because the a/c doesn't work, we don't have doorknobs, out there, you know, people doing whatever type of drugs they want to do in front of our apartments, where you can't sleep. And with a cleanout date, if something is broken, it's like, what would you expect me to do, and like, you're the landlord, we didn't ask you to be the landlord, and we just want you to fix it, or no house key or whatever the case may be and it's not happening. We don't get nothing but bed rash and they walk around the property, the times we do see Brian, and his other (inaudible), it's just like, we pay to live there and it's not safe and it's not fair and that's the only thing we want to do. There are elderly people there that can't even get into their homes because they don't have any ramps, properly built (inaudible), there's rats in there. I'm sorry, I don't like rats. And then when we ask for the simplest stuff like a/c so we're not sweating, our kids are not sweating, it's like, I don't know, horrible. I am here today to seek help and try to, you know, get my voice heard for the people who can't talk at Spanish Trail, and yeah, thank you so much for hearing my story and I hope you guys have a wonderful day.

Councilor Flagg: Thank you.

Mayor Diaz: Thank you. Give your name to the Interim City Manager.

Ms. Moreno: We do have a card.

Mayor Diaz: Ok. Thank you.

Ms. Aguirre: Next speaker is Nick. He is not a resident and has not provided an address. Topic is Bowers.

Councilor Flagg: I think he's out the door. Somebody can open the door and scream, "Nick". He's here.

Mr. Bruno: I'm sorry, I had to give their file back. My name is Nicholas Bruno, and I am here today to speak about Brian Bowers, and how he has treated us when visiting his property. I was visiting a friend who invited me there and so it was at the end of April, and I went to talk with some of the tenants there as I am also a member of the Tucson Tenants Union, and I was followed and harassed by Mr. Bowers saying I was there violating laws. He was following me to my car, threatening to have the police come and this was all in a span of a few minutes, and after that, you know, basically he threatened to not only have me charged for passing out flyers on a party that we had to bring attention to him and keeping people treated in that condition, that they had been in, but also to attack the Tenants Union through that. And so, we talked with all the tenants that were there and everybody had said, you know, multiple complaints of issues that were not only not being addressed but being consistently disrespected and threatened themselves, if not physically then in other ways about their housing, about social program, so this is not just like your everyday landlord, you know, that we can try to negotiate with. This is basically a glorified thug, you know, he's just out there using his power over people in terrible conditions, you know, to maintain control and taking advantage of people. So, I'm here to stand with the other tenants, people in South Tucson who don't want, you know, people that run businesses like that, treating people like that in their own homes. To say that, he is not in compliance with the charges

that were made against him in terms of public nuisance statement and correcting that, but as far as all the other basic landlord/tenant rights and responsibilities that are reverted to him in that position, so that's all I can say. Thank you.

Councilor Flagg: Thanks.

Mayor Diaz: Thank you.

Ms. Aguirre: The final speaker we have for today is from Elizabeth Cheboya, resident, address is 305 E. Benson Highway and topic is Spanish Trial Suites.

Ms. Cheboya: Hello. I am Elizabeth Cheboya and I have been a resident at the Spanish Trial Suites for almost a year now. I've been trying to get out of my lease but once you get in there it's hard to get out because people don't like Brian. They don't want Brian over there. There's just a lot of people that he lets trespass and do whatever. Broken washing machines because they are always bugs and fentanyl in there and drugs in the laundry. It is infested with cockroaches. A lot of people have been getting bed bugs from the mattresses outside, you know. There are mice, like rabid mice. I've been told from maintenance that there is asbestos in the old buildings that did not burn down. The new has no air circulation and it's so hot in there. The a/c runs poorly and my electrical is so high that I can't afford it. I hopefully can find another place that I can afford to go to before my lease is up, which will be in June. As Ashley said, you can ask for anything from any of the maintenance, either Brian himself, to get things done, (inaudible). Last summer there were so many OD's there from residents, a lot of homeless folk that just hang out, come out to hang out with other people that live there that happen to do drugs. It's a personal decision but I don't agree with it. It's also very hard being a recovering addict and alcoholic to be around that. Again, I had my niece come over. It's embarrassing. She can't see, I call it fentanyl-(inaudible), they are bent over and walk around like zombies about to drop on the floor and back up because they are doing something else, too. A lot of windows have been broken, I don't know for how long, six or seven months now. I've asked for replacements several times. I've asked them if they could please fix the weathering strip around my door. You can clearly see the sunlight coming through and bugs are getting in through there.

Mayor Diaz: Excuse me, time.

Ms. Cheboya: Out of time, my bad. Thank you for your time.

Councilor Flagg: Thank you, yeah, right on.

Vice Mayor Lopez: Thank you.

Mayor Diaz: Thank you.

Ms. Aguirre: That's all.

Mayor Diaz: That concludes the Call to Public. The next item is Item #06.

ITEM #06 - MAYOR AND COUNCIL MEMBERS: REPORTS OF CURRENT EVENTS AND FUTURE AGENDA ITEMS

Mayor Diaz: Are there any reports? Does anyone on the Council need future agenda items? Hearing none, Item #07.

ITEM #07 - CITY MANAGER AND DEPARTMENT HEADS: REPORTS TO MAYOR AND COUNCIL

Ms. Moreno: Yes, good evening, Mayor, Members of the Council. We have a report from our Public Safety Director, as well as our Planning Director.

Chief Denogean: Good evening, Mayor and Council. I will go ahead and start with the Fire Department. So, we have two new hires. We just hired one firefighter this week for reserves, and we are in the process of hiring another one. We are waiting for his medical exam to come through then we will get him going. The schedule for the Fire Department, the difference in the schedule started the beginning of May where we are including four people per shift. That's worked out pretty fair so far, I think we have only had one day where we had less than four and we had at least three, so that's going good so far. Last week the firefighters responded over to Ochoa School for a community event. They did a wet-down, it's what they call it. They get the fire hoses out there and wet the ground down and wet the kids, play with the kids, stuff like that. This is something our Fire Department does every year over at Ochoa School. Captain Luna is the one who coordinates that. They are very appreciative, and they like it when they go out and do that kind of thing, so that's a good thing. On the Police side, unfortunately, on the Police side, we have one of our full-time Police Officers who will be leaving. He put in his two-weeks' notice. He's going to be working for the Airport and he's going to be making substantially more at the Airport as an incoming Officer. It's something both our Fire and our Police face. We are the lowest paid as I said in the State and it's something we need to really address on both sides of the issue. We had an incident on Sunday where I believe 17 campaign signs were stolen. They were recovered over at 27<sup>th</sup> and 6<sup>th</sup> Avenue. Fifteen of the campaign signs were the ones that had Dolce Jimenez, Pablo Robles, Melissa Dominguez and Herman Lopez on it. Excuse me, the fifteen were for those and two of them were with Mr. Herman Lopez on it. So, we are investigating that and looking into that. The other thing on the Police side that we really have been focusing on is on 6<sup>th</sup> Avenue and 10<sup>th</sup> Avenue, is onsite activity. We are really trying to enforce traffic speed on those two streets because there's a lot of speeding that goes down on those two streets, but we also have a lot of drug activity and other kinds of stuff going on. We've made multiple arrests for fentanyl here in the last few weeks. I can think of two arrests where we had people with over 100 pills. Usually if they have over 100 pills on them, they are selling them. It's so cheap for people to buy fentanyl pills. It's anywhere from \$1 to \$5 where people can buy it and it's just prevalent, you know. It's not just the City of South Tucson, although it's hurting us really bad, it's all over the City of Tucson where fentanyl is hurting people. That's all I have. Thank you.

Acting Mayor Rogers: Thank you.

Mayor Diaz: Thank you.

Mr. Licea: Good evening, Mayor and Council. I hope everybody's doing well today. I'll keep it really short about some cool things going on with the Planning side, some community projects. First, I want to talk about a demolition project that we are working on for a local residence over on the west side of 10<sup>th</sup> Avenue. We are doing a collaborative effort with Pima County where the County is actually going to fund the demolition, the environmental testing was funded through a grant through a program here, so a collaborative effort. So, once that house comes down, the family intends to rebuild on that same site, so it will be an owner-occupied home, a nice little win-win, long-term here. You are going to see here an agenda item talking with a representative from Pima County, an instructor. We are going to bring you guys an idea for some potential sustainability projects here in South Tucson. I'm just greasing the wheels on some future items that I want to bring to your attention, some potential applications, grant efforts. One is Pima County. There is a Planet Pollution Reduction grant. We've already been involved with that. We got looped into that through the 23<sup>rd</sup> District, more or less. That's already been submitted by Pima County. We are expecting to hear if that grant is



awarded, it would allow some money to come to South Tucson, it would allow us to put some solar panels over our existing facilities to reduce our energy from TEP. Also, the University of Arizona reached out to us. They want to do some air quality monitoring here in our community. There's not a lot of mechanisms to collect air quality data here in our community or the south side in general, so they reached out to us to see if we would be willing to work with them on this grant application. So, that's in the future. Also in the future, the City of Tucson reached out to us, Department of Energy grant application for building industry training. I just read about this one this week, so I don't have any details, but basically what they are trying to do is, you know, do some work force training for local folks and get the community in the building industry. I'll bring those to you guys as items to see if you want to move those forward in working on those collaborative efforts going forward. Past meeting, I was asked about the Tucson 2030 District in the report, and I followed up on that. The report is actually under review before its final stages, and I recommended that once that report is finalized, then it gets presented to Mayor and Council so you guys get to see the report's findings, and you can actually ask questions of the experts. PAG/RTA related items, there's an RTA Board of Directors meeting scheduled for May 30<sup>th</sup>. Projects, 36<sup>th</sup> Street, El Paso Southwestern Greenway, I'm still waiting on that outreach proposal from the consultant, so I haven't been able to move that forward. Once we get that, we will be inquiring with PAG and RTA to see if we can move those monies around in the existing budget and see if we can fund outreach activity through those existing funds. The speed alert monitor signs project along 6<sup>th</sup> Avenue and 10<sup>th</sup> Avenue, that is moving along, a little slower than expected, but equipment was ordered recently. Some of the equipment has been delivered here to the Public Works already, so we've got some of the stuff there. We are just waiting to do the bid. We are holding our pre-bid for that project this Thursday. So, we do the pre-bid with the contractors then expect formal bids from all the contractors and then we will select a contractor and we will bring that to your attention at that point. Thank you.

Councilor Flagg: I think the day after our last meeting, I think there was an RTA Board meeting. Can you and/or Mayor Diaz give us an update on that? And are they making progress towards, you know, on doing RTA Next, or not?

Mr. Licea: You know, honestly, I didn't catch the second part of this. Those Board meetings are broken up into two pieces. One is the Regional Council, and the second part is the PAG Council. So, I watched the first part of it, and it was really long. There was a lot of back-and-forth discussion about the overall workplan and that's when the Regional Council basically oversees the more of your environmental issues and stuff, so I did not get to the part where they were talking about the RTA Next. I missed that part, unfortunately. I'm sorry about that.

Councilor Flagg: Can you weigh in on that, Mayor?

Mayor Diaz: A majority part of that was implementation of the project the city wants to complete within the regular RTA projects and not include it into the Next RTA project. The discussion again was directed, and we went into Executive Session to really discuss the process, so a lot of the process took most of the RTA time and it was a regular report between the City and the RTA attorneys. I would refer to them for continued discussion. As far as the PAG goes, I was not able to attend the PAG meeting.

Mr. Licea: Thank you.

Mayor Diaz: The next is the City Council adjourns from Regular Session and Convenes into South Tucson Housing Governing Board Meeting. Motion?

Acting Mayor Rogers: So moved.

Councilor Aguirre: I Second.

Mayor Diaz: It's been moved and seconded. Roll Call.

Vice Mayor Lopez. Yes.

Acting Mayor Rogers. Aye.

Councilor Romero. Aye.

Mayor Diaz. Aye.

Councilor Flagg. Aye.

Councilor Aguirre. Aye.

Councilor Valenzuela. Aye. We have Ms. Ochoa here.

Ms. Moreno: We have Resident Councilmember Ms. Ochoa here. Please let the record reflect that Ms. Adela Ochoa is here on behalf of the residents.

***THE CITY COUNCIL ADJOURNS FROM REGULAR SESSION AND CONVENES SOUTH TUCSON HOUSING GOVERNING BOARD MEETING***

Ms. Robles: Good evening to the Board.

Acting Mayor Rogers: Good evening.

Vice Mayor Lopez: Good evening.

Ms. Robles: So, I am going to be keeping my report brief today. I do have a couple of important things I do want to report on, and the main thing is that all of our fire units were complete, and we have begun these. So, our staff is going to be changing, it's going to be changing drastically by the end of June, the end of our fiscal year, so I've got real good news to report on that. We have been leasing up steadily but surely, and it goes for both our programs, both for Public Housing and for Section 8. Section 8 vouchers, right now we have been issuing on average, we got six out last month and we have a target of ten for this month, and ten for June. That is supposed to turn our numbers around and get us out of trouble status for Section 8. That is the goal. That is where our eye is on the prize and we are working tirelessly; staff is working tirelessly to meet those goals. For Public Housing, we have available right now about 40 units. It's been happening but because of our preferences and we are going by our waitlist, it is happening. It is happening. We are getting people slowly staggering in, you know, there's a lot of backgrounds that we have to go through, a lot of hurdles to get these people housed. We have a lot of people coming in from out of state as well as people coming in from within the City of Tucson and other parts of Arizona. For our next waitlist opening, we know now how we are going to be managing it from the get-go. As I stated in a previous meeting, we did open our waitlist giving preference to City of South Tucson residents. What I didn't know at that time is that we should have opened it and left it at preference for all of the City of Tucson, because we are getting people coming in from out of state before we get people from Tucson. And because of the way our preferences were set up, that's the way we have to stick with it until we are completed with this list. So, unfortunately, we all learned it the hard way. But we are trudging forward and still trying to go by using the community numbers first, so this has been brought to the attention of HUD in what we are trying to do. Our waitlist has dwindled down. We are now looking at under 300 for our public housing waitlist and we are still in the upper 400's for our Section 8 vouchers. Also, we had three formal evictions in April so because of some of those numbers, we also had a couple of move-

outs, we had a couple of tenants that were deceased. Even though we're leasing up, we're also losing, so that has kept us in not much of a change these previous months. So, we're barely starting to look at the change now. We're starting to get the effects now, in May. So, by my next report in June, I'm going to have a lot better numbers. We've already improved now, but they are going to be improving even more by June, so that's the good news. The next thing I wanted to talk about was our compliance. Our compliance is going to be turning around. HUD has been working with me one-on-one and more frequently in the last couple of weeks, last actual month, and they are seeing where we are deficient in an area, but they are there pushing us to house people. They are starting to understand now where my staff has been talking about this for months, that are we going to be able to fund the new vouchers coming out for Section 8. They want to push our numbers but then we are going to fall into a shortfall, so we are working on that now, so there is going to be more to report on that because I am actually working on that this week to see how we can keep our numbers up. We want to keep our numbers up as far as voucher issues but at the same time, we need to be able to afford those vouchers that we are issuing out. So, even though we have been conservative in trying to keep ten vouchers a month going out, we want to make sure that we can pay for those, so that's where we're coming into concerns from staff from the previous month. So, we are taking care of it, we're catching it. There's a lot of loose ends and we're starting to tie those loose ends now. It's been a little bit, you know, it's taken us months from the time I came on, but we are really starting to get things to tie together now. We are slowly starting to see progress, but it is progress, I'm very happy to announce. As far as announcements, we have had successful tenant meetings. I am holding them quarterly. I believe I did send out the calendar for this fiscal year and also, I haven't sent out the one for July. July is our next fiscal year, but I will be sending that out as soon as I put it together. Right now we are holding our quarterly meetings for tenants. This past two weeks ago, we had a health fair replacing our tenant meeting and it was successful. We had over 75 attendees. We had sponsors that provided hamburgers and hot dogs. They grilled them out there. They provided Eegees. We had a lot of our neighboring businesses donate to our raffle prizes. We raffled a lot of gift cards, restaurant certificates, a couple of VISA cards from Walmart and Frys, regular VISAs for \$50. That was something I requested instead of charging vendors or whoever was going to have a table, for example, dental places, medical places, instead of them paying a fee, we asked that they donate a \$50 gift card, a gift that we could raffle off to our tenants, but it wasn't something that was required but if they couldn't provide something like that, they weren't disqualified, it was ok. Believe it or not, we did get a lot of good turnout, a lot of support from the community and a lot of our partners which are here today which helped us put together this event. And thanks to our partners with Pima County, that they really stepped up to help out with boots on the ground and delivering fliers and getting people to participate. So that was a real good event. I am really happy to say that participation is increasing at each meeting we have for tenants, it's increasing, and the feedback is really starting to improve. And finally, it is under No. 4 for Resolution, so this Resolution we started the process back in February and that was to provide a 45-day comp period. We had a public meeting that was held on May 9<sup>th</sup>, and we did have about 13 tenants that participated, that showed up. We also had a Council that met, and they provided their comments. There weren't any major changes. Everything stayed pretty much the same as last year, but it is a process that as you know, we have to do annually, and once it is approved by our Board, then it will be submitted to HUD and then it becomes final for the year until next year. Along with that, we also submitted our Capital Fund Program and that is our action plan; that is pretty much the plan from 2021 and it goes through 2026. That just pretty much breaks down the funding of how it was created and needs to be updated, actually. I was told that I could do that later in the year because some of the prices and costs of some of the items that we are replacing and remodeling have increased from the beginning of when they started the action plan. I was told that I still have time to do that because there has been almost a triple, some of the

costs have tripled since 2018 and some of those costs, we're starting to feel it and we're going to be running out of money before we complete some of these projects, so it is in the spotlight that we do have to request from HUD an increase in our funding to be able to complete the projects that we already have in our scope, in our plan. With that said, we can continue with our Resolution.

ITEM #04 - RESOLUTION NO. 24-08 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING THE SOUTH TUCSON HOUSING AUTHORITY'S REVISED 2024-2025 ANNUAL PHA AGENCY PLAN AND ANNUAL CAPITAL FUND ACTION PLAN AUTHORIZING THE EXECUTION OF THIS RESOLUTION FOR THE PURPOSE OF AUTHORIZING THE CITY OF SOUTH TUCSON HOUSING DIRECTOR TO SUBMIT SAME TO HUD

Chairman Diaz read the above Resolution out loud.

Commissioner Rogers: So moved.

Commissioner Lopez: Second.

Chairman Diaz: Anymore discussion on the Resolution? Hearing none, Roll Call.

Commissioner Lopez. Yes.

Commissioner Rogers. Aye.

Commissioner Romero. Aye.

Chairman Diaz. Aye.

Commissioner Flagg. Aye.

Commissioner Aguirre. Aye.

Commissioner Valenzuela. Aye.

Commissioner Ochoa. Aye.

Ms. Robles: Thank you very much, have a good evening.

Commissioner Rogers: Thank you, dear.

Commissioner Lopez: Thank you.

ITEM #05 - ADJOURNMENT

Chairman Diaz: This Item is for adjournment and Housing Board convenes as City Council into Regular Session.

Commissioner Lopez: So moved.

Commissioner Flagg: Second.

***HOUSING BOARD CONVENES AS CITY COUNCIL INTO REGULAR SESSION***

ITEM #08 - CITY MANAGER - RECRUITMENT

Vice Mayor Lopez: Mr. Mayor, I would like to make a motion that we end the recruitment since we never had a chance to discuss this among ourselves so I would just like to put an end to this recruitment once and for all because we have other employment issues to take care of.

Councilor Flagg: That's a motion?

Vice Mayor Lopez: Yes.

Councilor Flagg: I'll second it.

Mayor Diaz: I am going to call that as an Out of Order motion because the agenda already calls this for the City Manager Recruitment, so it is Out of Order, and they call it that.

Councilor Flagg: Is there such a thing, City Attorney?

City Attorney Paladini: I guess I am trying to figure out what the agenda item is, then.

Mayor Diaz: Right. The agenda item, all it says is, "City Manager - Recruitment".

City Attorney Paladini: Right.

Mayor Diaz: No discussion, no motions, nothing to it. It's just the item number and the recruitment. That's why I'm calling it Out of Order and it's just done that way because it's not on the agenda for discussion or motions.

City Attorney Paladini: Then we should just skip to #09?

Mayor Diaz: Excuse me?

City Attorney Paladini: We should just skip to #09, then?

Mayor Diaz: No, because there's still Item #08, Recruitment.

City Attorney Paladini: If your position is that it is not for discussion or decision, what else is there?

Mayor Diaz: To start to open up the position of City Manager recruitment to end on July 16<sup>th</sup>.

Councilor Flagg: We have a motion on the floor.

Mayor Diaz: I called it Out of Order.

City Attorney Paladini: Hold on, I've got to look at the agenda item.

Acting Mayor Rogers: Mr. Mayor, may I speak to it, to the Item?

Mayor Diaz: Hang on just a minute, Rita.

Acting Mayor Rogers: I refuse to do it.

City Attorney Paladini: I'm trying to get through the Housing Director's documents here. It should just be a minute. There's nothing on there, Mayor. It says City Manager - Recruitment. It doesn't say anything about any dates or any discussion.

Mayor Diaz: That's correct, it shouldn't, because all we are doing is City Manager - Recruitment.

(Audience members speaking)

City Attorney Paladini: Keep it down. I can't hear, Mayor, with what's going on in the back, so can you either keep them quiet so I can understand what you are asking, please. So, what are you, are you making a motion?

Mayor Diaz: No.

City Attorney Paladini: What are you asking?

Mayor Diaz: I'm asking for the position of City Manager be open for recruitment and the process to end July 15<sup>th</sup>.

City Attorney Paladini: So, that's a motion. It's a Council decision, I mean, that decision is for the Council to make.

Acting Mayor Rogers: Or hear. We need to study it.

City Attorney Paladini: Right. So, it's a motion or a decision for the Council and normally the Council makes its decision by a motion and a second and a vote.

Councilor Flagg: There's a motion on the floor.

City Attorney Paladini: Are you saying unilaterally you have the authority to do this? If so, that's not the case, I'll say that. Your Code, the Manager works for the whole Council, the whole Council is essentially the hiring body of the Manager, so I'm not sure, you're effectively making a motion to open up the City Manager recruiting and closing it on July 15<sup>th</sup>. So, I would suggest to you that that is a motion that requires a second and a vote. I'm not sure how else you get that to happen. Unless you have a different idea, I'm happy to hear it but it's a Council decision.

Acting Mayor Rogers: Mr. Mayor, Mr. Mayor.

Mayor Diaz: Yes.

Acting Mayor Rogers: I have something else, it won't hurt anybody. Let's just change up, because I've been here for 2, 4 and 4. Just change the word in your mind, City Manager Recruitment, we do two other things that we do here, so if we put the recruitment for a Judge here, it would come on and we would discuss it.

City Attorney Paladini: Yeah.

Acting Mayor Rogers: And we have City Manager recruitment, and we can't talk.

City Attorney Paladini: I agree with you. This was for the Council to discuss.

Acting Mayor Rogers: It's our job. Five years have passed.

City Attorney Paladini: Whether it wants to proceed with a City Manager recruitment and that would require, ultimately, a vote by the whole Council. I don't know how else you get there.

Mayor Diaz: Ok.

Vice Mayor Lopez: Mr. Mayor, we have a motion here to end this recruiting.

Mayor Diaz: No.

Councilor Flagg: And I seconded it.

Mayor Diaz: No, I called it Out of Order.

Councilor Aguirre: If I could, Herman, just for clarification, so your motion is that we not open it up for recruitment, correct?

Vice Mayor Lopez: Correct, yes.

Councilor Aguirre: So that is the motion.

City Attorney Paladini: But I am still trying to figure out, Mr. Mayor, what it is your finding that motion out of order, but you want to make, it sounds like a motion to actually open up the recruitment.

Mayor Diaz: Yes.

City Attorney Paladini: Yes.

Mayor Diaz: I'm going to make a substitute motion to open it up, like I said.

City Attorney Paladini: So, Vice Mayor, could you just withdraw your motion, please.

Vice Mayor Lopez: No.

City Attorney Paladini: Well, it may be easier I think, if the Mayor made his motion to open it up and then got a second, and then you vote on it, I just think that it would make it cleaner at this point. Let's just put it this way, you can't bind future Council, so if your motion passes it's good for this meeting.

Councilor Valenzuela: Let's just go with Herman's motion and then we can -

City Attorney Paladini: Mayor, you're running the meeting, but I'm just trying to get there.

Mayor Diaz: So, I made a substitute motion. So, a substitute motion goes first.

City Attorney Paladini: No, not unless the person making the motion agrees to that.

Acting Mayor Rogers: This is unbelievable, it would be great for TV.

City Attorney Paladini: Sorry?

Acting Mayor Rogers: It would be great for TV.

City Attorney Paladini: Councilmember, you tell me then what is it you are trying to accomplish?

Acting Mayor Rogers: WE need to have a second motion on this Item. If he moves it, I would second it.

City Attorney Paladini: But there's already a motion and a second on the floor.

Acting Mayor Rogers: That's because none of us got to talk.

Councilor Aguirre: Then we can have discussion now on that Item.

City Attorney Paladini: I guess there is, whether a motion is ultimately made, this is an opportunity for Council to discuss whether you want to proceed or not and have a vote one way or the other.

Acting Mayor Rogers: Right.

City Attorney Paladini: I mean, frankly, you could do two votes, one on Vice Mayor's motion and one on your motion, but now's your opportunity to discuss it.

Councilor Valenzuela: Well, we haven't voted on it.

City Attorney Paladini: You can vote on it at anytime.

Councilor Valenzuela: I know, there's no discussion on it until after we vote.

Acting Mayor Rogers: No, it's before the vote.

City Attorney Paladini: No, it's before you vote.

Councilor Aguirre: It's before the vote. It's discussion before you vote. If I could, Mayor. Essentially, we have the first motion that was on to not open it up, which we got a second motion afterwards by the Mayor after he claimed that this was Out of Order, to open it up. Essentially, either motion, regardless, we've got to vote on it. It's a decision in the public that we are making. I believe that by Robert's Rules of Order that the first motion on the floor should be voted on, and if that motion doesn't pass, then you could pass another motion. That's essentially what we are doing. If that motion that Herman put forward doesn't pass, then you could put the motion forward and we would go the same way, and vice versa. If you would have made the motion first, we would have all voted, if we would voted it down, then Herman could make his motion. That's how Robert's Rules of Orders go.

City Attorney Paladini: What was the basis of you finding the Vice Mayor's motion Out of Order? What was the reason?

Mayor Diaz: The basis is that there was nothing on the agenda that said we were going to discuss or to, in other words, because of the fact that there was nothing on the agenda that said we were going to discuss and action.

City Attorney Paladini: So, we should move on to Item #09.

Mayor Diaz: Ok.

City Attorney Paladini: I would just tell you from an open meeting law standpoint, you can relatively easily infer from that agenda item that this was the purpose to discuss whether or not to open up a recruitment for City Manager and to make a decision. Yes, it doesn't technically say direction and possible decision, but I don't think there is any secret as to what that agenda item meant. So, my view is, from an open meeting law standpoint, you can discuss it, you have discussed it, and you can decide one way or the other to move forward. The other option is simply just to move on to Item #09 without any discussion or any vote.

Unknown: It has to be tabled.

City Attorney Paladini: No, it doesn't have to be.

Mayor Diaz: Let's go on to discussion on #08 and #09 and go from there and there's no vote on #08.

(Multiple people in audience speaking - no City Manager because we have an Interim.)

Mayor Diaz: Wait, wait, no comments.

Acting Mayor Rogers: Those folks can't comment.

City Attorney Paladini: Let me just clarify. You have an Interim City Manager. That is the person who is appointed by the City Council to act and take the role of City Manager.



Mrs. Sears: Temporary.

Acting Mayor Rogers: For five years.

Mayor Diaz: Stop, please.

City Attorney Paladini: Interim doesn't mean temporary. In fact, this Interim has been your City Manager for four years, four times. The point is you have a City Manager. The Council as a whole has the authority to recruit for a City Manager, but it's a Council decision. So, if you want to decide on Item #08 whether to open up a recruiting for a City Manager, it's a Council decision that you have a discussion on and that requires a motion one way or the other. If you want to just cancel Item #08, it's not tabling it, it's not getting back on an agenda simply in that form, if that's your position, then it's over. You continue to operate with an Interim City Manager. So, it's your call.

Mayor Diaz: So, by cancelling #08, it's not a good issue.

City Attorney Paladini: Well, Item #08 can't be brought back on the agenda in that form if your position is it does not allow you to discuss or make a decision. It would have to be brought back as a different item at a future agenda in a different form.

Mayor Diaz: I would like to cancel Item #08 and continue with Regular Meeting, Item #09.

ITEM #09 - CITIZENS ADVISORY COMMITTEE RECOMMENDATION: FINANCING OPTION TO HELP WITH THE FUNDING GAP AND CAPITAL EXPENSES RELATED TO FIRE AND EMERGENCY MEDICAL SERVICES

Mayor Diaz: Ms. Aguirre.

Ms. Aguirre: Good evening, Mr. Mayor and members of the Council. So, the item you have before you is pretty much a culmination of a total of four meetings that were held by the Citizens Advisory Committee which you all formed. It was a very good committee comprised of seven members and basically, they were appointed to look at financing options that would help with the funding gap and capital expenses related to Fire services. The committee members, like I said, had a total of four meetings in which they thoroughly reviewed and discussed options with the City's Financial Advisor, Mr. Mark Reader. These people were excellent; they asked all the right questions, the tough questions. They looked at the numbers thoroughly and I know it was not a light decision. They began to review the presentation that you all received on April 15<sup>th</sup> and then they went on from there. That same presentation that you were given, the scenarios were modified as we went along. They were modified with this committee's recommendations and comments. During the meeting of Monday, May 13<sup>th</sup>, which was just last week, the Citizens Advisory Committee did vote on a recommendation for their option to be brought forward to you all for consideration. It was a unanimous vote. I think it's very, very important to mention. These seven members that were appointed by each one of you voted unanimously on this Item because they are aware it is a very important topic, and it involves the health and safety of the community. We need to get money in in order to be able to pay for our Fire and Emergency Medical Services, as well as equipment.

Councilor Flagg: Amen.

Ms. Aguirre: What we are going to do is, we are going to show you some of the options, but before we go, not some of the options, the option. It's just one option, ok, but before we go there, what I want to do is I want to mention some of the comments. If you are at any point cruising through the website and looking at the

Minutes, these are some of the comments you will find. So, from the meeting of May 6<sup>th</sup>, and I'm going to mention them also because some members weren't able to be present at this meeting. At the meeting of May 6<sup>th</sup>, Mr. Metzger, Dwight Metzger, mentioned, and he says, and I quote, "I guess at the last meeting I was ready, halfway through the meeting, and ok, I'm done, I'm going to support this, that's what my Council Member wanted me to do. I'm still there. I know it would be best if we were unanimous in our support for this, so we could take a strong, awesome Committee of people to say we all want this to happen. I'll look at it as it is cut and dry. If you want South Tucson to have a fighting chance, you vote yes on the bond". And this was Mr. Metzger's words, "if you want to keep it the way it has been running, you know, without money, it's pretty cut and dry". And here's some words from Mr. Sears. He said, and I quote, "yeah, we're just here to see, this is basically to help South Tucson try to get on its feet right now, whether it is going to work or not, it's up to City Council and City Manager." So pretty much in support. At the meeting of May 13<sup>th</sup>, these were the words from Mr. Eckstrom: "I am in favor of the Motion and I would recommend the action that this Committee has undertaken and I think everybody, whether you agree with me or disagree with me, because I think this is really citizen government at work, and I want to thank all of you and I only wish I would have known the meeting was at 5." We actually started the meeting a little later, but in essence, throughout the meeting, he was in support. He has a wealth of knowledge and understanding of government as well, so that was his stance. Ms. Dominguez didn't have any extra comments. She said, "I think that I am in favor of moving this forward and giving the recommendation to Council." Ms. Lopez said she was in favor of this "because the City of South Tucson doesn't have many options, so this is a good option that has been presented and this is the way to go". Mr. Luttrell said, "I would support". That said, again, the motion, or the vote, was unanimous.

Councilor Flagg: Right on.

Ms. Aguirre: At this point we are going to go ahead and call Mr. Mark Reader over to give us his presentation, and so the copy of the presentation that I put in your file was the most up-to-date version that I had. I was provided with another version, not version but updated copy, of the last agenda that was issued because there was just a little slight difference on the ballot language and we will point that out to you, ok.

Mr. Reader: Mr. Mayor, members of the Council, Advisory Committee members, good evening.

Acting Mayor Rogers: Good evening.

Mr. Reader: Mark Reader of Stifel, thanks for having me back. As mentioned, we have been hard at work with the Committee, which I truly enjoyed working with, helping to educate them, of course, on the situation and what our options are. So, with that, they worked extremely hard as Lourdes said, and so, we were in front of this Council I think on April 15<sup>th</sup>, so that's been about a month, and as Lourdes mentioned, we tweaked a few things. Nothing, I don't think, materially changed, but let me walk you through some tweaks to the financing plan that has been developed. I'll share my views which I view as a very reasonable potential solution to your challenge. And so, on page 2, this was a page that we kind of cleaned up from our last presentation. I kept learning as we went along as well. I appreciate everybody's patience on that. So, it's my understanding to run a Fire Department is going to be about a \$2.1 million budget, give or take. I think Council is familiar with that number, and when I was asked to come in the room to help with this public policy situation, the City has about \$1.7 million that's in the budget or could be in the budget. Good job on that. Fire Departments aren't cheap, we all know that, very, very expensive service, but obviously very needed. So, there was a budget shortfall of about \$400,000. The question was, how did we come up with this shortfall. And remember, we dug under

every rock we can for the City of South Tucson for revenue, and we know, as you know, Arizona cities and towns live and die on local sales tax. That's a significant part of their budget, that's a significant part of your budget, but we are also very sensitive to local sales taxes, aren't we. So, the decision has been made that we are not going to move that. You could, but it's not a decision that as I understand it, Council, Staff or even your committee wanted to go for. How did we come up with the \$400,000 shortfall, question number one, and if you remember, there's some small amount of capital needs that have been identified as I understand it that would help you get your Fire and your EMS program up to where you want it at a higher level. We have a budget of about \$1.5 million. We raised that a little bit because of inflation and working with a lot of other cities and towns around the state we are seeing some surprises. So, we thought it made sense to go in and put a cushion in there and if you don't need it all, you don't need to spend it all. We can get into that later, but we've got \$1.5 million budget for capital and then we are dealing with the shortfall situation. Any questions with regard to that slide, then I will get into the details.

Acting Mayor Rogers: I'd like to ask you a question about what you are talking about the budget shortfall and that \$400,000. Could it come from, each Councilmember, at least the Mayor, got the letter from the Tohono O'odham Nation and I know our Church is working with them on a big deal, too, so maybe we could get the \$400,000 from there. There's seven people who should have an envelope, at least the three Mayors do, and I don't know what I want.

Mr. Reader: Ok, that would be wonderful. Are you saying you might be able to -

Acting Mayor Rogers: If you're asking me as Acting Mayor what I want to get done.

Ms. Aguirre: Mark, Acting Mayor, that's a topic related to grants so we can consider that later or I'll make a note of that, but right now we're talking about bonds, the bond option, which the Citizens Advisory Committee is recommending to you all.

Mr. Reader: We can address that, sorry, I didn't mean to get off on a sidetrack there. So, go to page 3 of our presentation and remember this stuff is fairly complex, bear with me. We are now moving down the direction, potentially, if the City Council takes the recommendation from your committee, and elects to call a Bond Election, General Obligation Property Tax Bond Election, ok, that's on the agenda tonight. As you know, in order to achieve this financing plan, we looked at all other options and the recommendation is to take a look at, unfortunately, raising property taxes. It happens in communities, it happens in school districts, it happens in community colleges, and you know, everybody's extremely careful before they do this ask, and I know you are as well. So now we are going down potentially a call for an election this November wherein the citizens will come to the voting booth, and they will either vote for this or not, fifty plus one percent, fifty plus one percent. If it passes then we can move forward, help you sell bonds in the marketplace, take that money and do what I am going to share with you here in a moment. All good? So, remember on page 3, and I have been doing this for 35 years and I've never done this financing plan, but again I think it is very well thought out, I think it's very reasonable, my own personal opinion. So, on this page 3, remember we have the 20% money, and we have the 6% money under the Arizona Constitution. What can cities do? They put a cap on what you can do. Same thing for Tucson or Oro Valley or Sahuarita or any city in the state. So, if you look at the middle column in the blue there, cities can issue bonds up to 20% of their tax base. It's called full cash value. It comes from the County for water, sewer, lights, parks and open space, transportation and public safety purpose bonds. So, 20%. Your tax base is \$44 million, is what the County gave us recently for '24-'25,

that's up. Tax base has grown the last couple of years, good job, we like that. Very simple math, you've got almost \$9 million of authorization in your 20% category. You don't need that much.

Acting Mayor Rogers: No.

Mr. Reader: All you need is \$1.5 million, so you are good there. Talk about tax rates in a moment. Then, we have this 6% category, remember, and that's \$2.6 million, ok. I am going to reference 20% money and reference 6% money here in a moment. Are we good? Ok. So, I'm going to take you to page 5 because some of this is a repeat. Page 4 is your tax base and who pays property taxes, still largely commercial. Depending on your perspective, not bad. On page 5 is our revenue bonds that we issued in 2019, remember, to save a bunch of money, and that was done to refinance a bunch of Fire bonds issued over the years if you remember, and interest rates had dropped and so we took advantage of that. We saved you a lot of money. We issued \$6.4, you're down to about \$5.2. It's 2.94%, so let's round up to 3% on your balance, not bad, right, that's where we got that savings. And remember, when we did the transaction, we were very smart about it in the sense we wanted the ability to pay that down anytime, remember. That was important to the City. So, we went out and raised the money and your City has the ability if you have the resources to pay this down. That's what we are going to use our 6% money for. If it passes, we are going to issue bonds and we are going to pay this down, freeing up money in your general fund to help with our shortfall. Ok, now go to page 6 real quick. Remember, you're about \$600,000 a year you are paying on that bond that we did in 2019. That's being paid from the general fund. So, when we got into all this, we said to ourselves, is there any way we can maybe pay this down and see if we can reduce that \$600,000 a year that's putting pressure on your general fund. And that's exactly what we are going to do here. Ok, page 7. Remember the 6% bonding amount was \$2.6 million, remember. That's the amount we have on November 1 when the election passes and we would propose if it passes, we would sell bonds pretty quickly, pay down that 3% money, take \$2.6 million and call up the bank and pay them off, pay off \$2.6 million, not pay them all off. Then if you go to page 7, what we did here, look at the payment on page 7. It's \$200,000, isn't it, because we paid down principal to achieve your \$400,000 objective. Relatively simple math. So, as you see on page 7, the \$200,000 versus the \$600,000 all the way right through 2029, we achieved our objective. We have \$400,000 if this passes to help you with your budget shortfall. So, I like it. Page 8 is what we just went over. We put it in a nice chart for you, \$400,000 in savings starting in budget year '25-'26, and then that's good. Page 9 is the same kind of chart. Here are your savings. Now, let's go to page 10 and we're going to come back to 6% one more time. We've got four years of savings there that we needed. Let's talk a little bit about tax rates now. Let's talk a little bit about tax rates, what it is going to cost our citizens of your community who are registered voters that go into the voting booth. Obviously, that's important. You sent the message to me to keep that as low as possible and that's what we tried to do. So, on page 10, there's our \$1.5 million and that's our new money, that's our capital. That's our Fire Station improvements, that's our Fire apparatus. That's our 20% money which we're good on column 6. That's about \$140,000 a year. We are going to amortize it over 15 years, 20 years. I think we are going to do 20 years on this, ok, and our tax rate in column 7 is going to be .45 cents. .45 cents per \$100 of net (inaudible) assessed value. So, we have to apply that .45 cents which I will do in a moment to the value of their home. It's going to be about \$3.00 to the average homeowner for the new money. I'm going to give you the other amount here in a moment because we pay our debt down, all good?

Acting Mayor Rogers: Yeah.

Mr. Reader: Page 11, this is what changed a little bit from our last conversation as we were all learning together trying to come up with this plan for you. On page 11, remember, we only have \$2.6 million of

capacity under the statute, but you recoup your capacity every year with a principal payment you make and growth in your tax base. We anticipate some growth for you. We have kept it to a minimum at 3% in column 3, so we are not trying to over-project your growth, and you can see what I did here to generate additional capacity to pay down the remaining part of that 2019, right? We created a program here where in 2029, if you see in columns 6 and 7 to principal payments in column 4 primarily. See those bigger principal payments? Every year that is coming back to you in terms of capacity. If you add all those up, it's about \$2 million. That is exactly what we need to pay off the remaining amount of the 2019 that we can't pay off now because we only have the \$2.6 million. A lot of math there, all good? It was a little bit of relatively simple math, recognizing I needed to get you another \$2 million to pay down the remaining amount so you have after that \$600,000 a year in savings. It will be all paid off in 2029.

Ms. Aguirre: Mark, something really important to point out is that with the original \$2 million that was in one of the first pages over here, that freed up \$400,000 of the general fund liability for five years, four or five years. Now including this option on top of it, once the City's tax base grows a little bit more and you have more availability to tax,

Mr. Reader: And principal reduction.

Ms. Aguirre: Right, then you will be able to extend those savings an additional 16 years. So, you have just grown savings from four years to twenty.

Mr. Reader: Ok, thank you for that, Lourdes. I know that was a lot, so we basically just designed a program to pay down the 2019 bonds, right?

Acting Mayor Rogers: Right.

Mr. Reader: And we do it in two phases, initially \$2.6 million, followed by another \$2 million. We did it by increasing your principal a little bit and we figured it out. The math works. Now, let's talk about the comps; this is what is important. Go to page 11 and go to column 9 and you can see how we are generating the tax rate. You see there in column 9, so we had to increase it a little bit to get those principal payments off the books, didn't we. Ok, so we increased it a little bit, then we hit level debt service there which you can see, and you can see the tax rates in column 9 start to go down and we are calculating your tax rate to pay down the 2019 that helps us with the Fire service budget and Emergency Medical Services budget, an average tax rate of about \$1.15. Remember the capital was .45 cents, right, up on top, breaking these out. I didn't think that was too bad, and then go to page 12. These are the exact numbers that will be in your voter information pamphlet that will be shared with the citizens to help educate them on the financing plan that has been developed by the City. Owner-occupied residential property, we shared this with you last time, the latest numbers we have from the County that the average County valuation of a residential home is almost \$80,000. You have some in your community that are more than that, of course, and you have some residential homes in your community that are less than that. So, it's a simple average calculation that we get. Let me pause because I am seeing some eyes rolling here a little bit. These are a couple years old.

Councilor Aguirre: We had a huge boom in the housing market in the last two years.

Mayor Diaz: Excuse me.

Mr. Reader: Yes, Sir.

Mayor Diaz: Even if we use newer values, it means that their property tax would go higher.

Mr. Reader: Yeah, over time, you're right. As homes go up in value, these numbers will change each fiscal year. These are the current numbers.

Mayor Diaz: Right.

Mr. Reader: So, you take your \$78,874 and you multiply it by 10% because residential homes are assessed at 10%, you divide it by 100, because tax rates are per 100. Ms. Rogers remembers all this from her K-12 days, and in the orange, this is for our pay down of the debt to get to the \$400,000 savings, which ends up being \$600,000 in about 5 years, good news. It's \$7.60 a month to the average homeowner for paying off the debt portion to free up your emergency services and your Fire Department. So, I'll round up, \$8.00 a month for that portion. Then, if we issue the \$1.5 million for the fire station improvements and what we call apparatus, equipment, pumper trucks, whatever the budget is, then you can see that adds another \$3.00 on the right-hand side. You see my numbers there, I'm in the red column, and when we add that up, it's \$10.59 a month to support this plan. So I thought that, me personally, I always like to put myself in your shoes, if I were in your chair, I think that's all-in-all a reasonable amount that any tax increase is easy to do, but for fire service protection, EMS protection, and all the other benefits of a fire service you are aware of, public health, safety, insurance, all the other things we are not talking about tonight, \$10.59 is reasonable. One more and then I will address your questions. On page 13 would be the ballot question. Thanks to the committee and Staff on this, really thinned this out because a lot of times it can be a little legalese and Jon and your bond attorney and staff did a good job here of respectfully asking for simplicity. You can see the two bullet points here that basically articulate what I just shared with you. Two bullet points, one is to pay down debt, and the other one is to provide monies for equipment repairs and renovations to our Fire Station. That would actually be the ballot question at the top, it says, "enhance community safety through fire protection services and emergency medical services for \$6,120,000. \$1.5 million for the new money and \$4 million for the two 6% numbers to pay down your debt. We wanted to share that with you. I hope that brief presentation was helpful. I know some of that was repetitive. I'm glad to answer any questions as is Staff, and I hope you found that to be of interest.

Councilor Aguirre: One question. At the beginning of the presentation you mentioned, I believe it was about the estimated capital improvements that we had a flat number, up to \$1.5 million, and you had made a comment about if we don't spend it all, could you talk a little bit about that, what our options are, because I know that our bonds are specifically meant to be spent on what we asked them for.

Mr. Reader: Sure. Good question, the committee asked the same question. The \$1.5 million is an estimate, we hope it's a high estimate, but we want to be measured, too, because of inflation. If this passes and comes to City Council, we can sell all or a portion of what I just described. We don't need to sell the whole, in this case, \$1.5 million. Let's say you get some better information, and we only want to issue \$1 million. We switch it then. If we end up issuing some bonds and you don't spend it, we can take that bond money and we can use it to reduce the tax rate. So, we have a lot of different options here, but I hope that answered it. This authorization to proceed in an amount not to exceed \$6,120,000. Paying off the debt is easy because we know what that number is, and then we have the \$1.5 million and you tell us how much of the \$1.5 million you would like to issue come November/December.

Councilor Aguirre: Thank you.

Councilor Valenzuela: I was wondering if we could hear from a member of the Citizens Advisory Committee, if anybody is here.

Mr. Reader: Is the Chairman here?

Ms. Dominguez: She left, she had to leave. Is there a specific question?

Councilor Valenzuela: No, I just wanted to hear any thoughts of how the process was in the committee and maybe hear any insightful information you have. That's ok, we can hear from the Chair, I'm sure she will tell us.

Ms. Dominguez: She left. We will both come up. You want to know the process?

Councilor Valenzuela: Is there anything you want to share about your experience with this committee and how you guys came to this conclusion and I'm glad you did and just wanted to hear your thoughts.

Ms. Lopez: Well, my feeling was that I thought that our committee was great. We asked a lot of questions, we got a lot of information, we learned a lot, and I think we all came to a consensus which was pretty good. There was no arguing or fighting, nothing like that. It was a very professional process and I'm glad, you know, and I was very happy to sit on this committee. At first, I was like, eh, but now I am glad that I got the opportunity to sit.

Mr. Sears: It's a fresh start for South Tucson to get the finances in order, the budget in order, give it a fighting chance before whatever happens, happens, if it goes bankrupt, you know.

Mr. Luttrell: I was against raising property taxes, but I elected to go with the issue because it looked like the alternative would have been bankruptcy for South Tucson.

Ms. Dominguez: Yeah, and I think what was great was that all of our questions were heard, and we received prompt answers to everything. It was very clear, because we had the same question, like with the property values, is it market? No, it's assessed by the Pima County Assessor's Office. All those little questions that we had, the whole team was really great about clarifying everything so that we all felt good about the decision. Every question we asked was answered.

Ms. Lopez: You know, we know it's hard on families especially with everything going up, but to me, as to the committee, having fire and paramedics and everything is vital to this community and to our citizens, so we have to think of the community, what is best for the community.

Councilor Flagg: Yeah, right on.

Councilor Aguirre: I would like to thank you all for your work. I know how difficult it can be and to make time out of your day for this, we really, really appreciate it. Thank you.

Acting Mayor Rogers: Thank you.

Councilor Flagg: Thank you.

Vice Mayor Lopez: Thank you.

Mayor Diaz: So, with that, that concludes Item #09.

Councilor Valenzuela: Excuse me, Mr. Mayor. I also think there's an action item on here.

Councilor Aguirre: Yeah, I move -

Mayor Diaz: Wait, wait, wait, that's the next item.

Councilor Aguirre: I'm sorry, you're correct.

Mayor Diaz: We are at Item #10.

ITEM #10 - CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION NO. 24-09 ORDERING AND AUTHORIZING ALL MATTERS NECESSARY FOR A BOND ELECTION TO BE HELD ON NOVEMBER 5, 2024. IF THIS RESOLUTION IS SO ADOPTED, THE DEADLINE FOR SUBMITTING ARGUMENTS WITH RESPECT TO IT IS AUGUST 9, 2024, AT 5:00 P.M.

Mayor Diaz: So now, if you have a motion.

Vice Mayor Lopez: Mr. Mayor, I make a motion that Resolution No. 24-09 get approved.

Councilor Flagg: I'll second that.

Mayor Diaz: The motion has been moved and seconded, Roll Call.

Vice Mayor Lopez. Yes.

Acting Mayor Rogers. Aye.

Councilor Romero. Aye.

Mayor Diaz. Aye.

Councilor Flagg. Aye.

Councilor Aguirre. Aye.

Councilor Valenzuela. Aye.

Councilor Valenzuela: Does that mean we have to call an election or does that-

Ms. Moreno: Yes.

Mr. Reader: Good night, thanks everybody for having me here.

Councilor Flagg: Thanks a lot, Mark.

Acting Mayor Rogers: Bye, Mark.

ITEM #11 - DISCUSSION AND DIRECTION AUTHORIZING CITY MANAGER ON BEHALF OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON TO EXECUTE CONTRACT FOR THE SERVICES OF PUBLIC DEFENDER NOT TO EXCEED \$35,000

Mayor Diaz: Ms. Moreno.

Ms. Moreno: Yes, Mr. Mayor, Members of the Council. As you read out loud, the item on the agenda here is discussion and direction authorizing the City Manager to execute a contract for the services of a Public Defender not to exceed \$35,000. To start, the contract for this position is \$25,000, which I think is the amount we have had for at least more than 10 years. I think during the last two to three years, we had at least three different Public Defenders. We do compete with other jurisdictions, especially with the Consolidated Courts,



City of Tucson. And speaking with the Public Defenders that have served the City, it's just really hard because we can't compete because of the amount we pay. I am asking Council if Mayor and Council would consider increasing the amount for the contract. We do have a current Public Defender who is here on a temporary basis, and we have advertised for this position at least twice in the last two years and we come back again to repost it on that. We don't have a lot of options but increasing the amount will give us more ability to fill this position. The person that is currently filling in on a substitute basis is interested and if Council is willing to accept this item, I can move forward with offering this contract in this amount.

Councilor Aguirre: If I could, I would like to move to authorize the City Manager on our behalf to execute the contract for the services of Public Defender, in the amount of \$35,000.

Vice Mayor Lopez: Second.

Mayor Diaz: It's been moved and seconded. Roll Call.

Vice Mayor Lopez. Yes.

Acting Mayor Rogers. Aye.

Councilor Romero. Aye.

Mayor Diaz. Aye.

Councilor Flagg. Aye.

Councilor Aguirre. Aye.

Councilor Valenzuela. Aye.

ITEM #12 - PRESENTATION OF FISCAL YEAR 2023 ANNUAL FINANCIAL REPORT AND AUDIT

Mayor Diaz: Ms. Aguirre.

Ms. Aguirre: Mr. Mayor, my apologies because I am having a little bit of technical difficulties. I am trying to get the auditor on the line if you can just bear with me a moment. I don't know if you guys would want to take a brief recess.

Acting Mayor Rogers: Don't we have an Executive Session?

Councilor Valenzuela: Did she ask if we can have a recess so she can call the auditor?

Councilor Flagg: Or just go to the next item.

Councilor Valenzuela: Well, she still needs to get ahold of him. Five minutes?

Ms. Aguirre: Five minutes, yes.

Mayor Diaz: Let's just go ahead and change the order, go to Item #13 and come back when the auditor is available for Item #12.

Ms. Aguirre: Do I need to call him or just give the presentation?

Ms. Moreno: Would you prefer he be present during that item or wait until he comes back and skip it and go to Item #13 now. He can wait until we are finished with Item #13.

Ms. Aguirre: I need to open up the meeting and call him.

Ms. Moreno: Ok, we can skip Items #12 and #13 and come back.

Mayor Diaz: Right.

Ms. Moreno: Then we can go to #14.

Mayor Diaz: We are going to skip #12 and #13, and we are going to Item #14.

ITEM #14 - RESOLUTION NO. 24-10 OF THE COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, APPROVING THE FORM OF AND AUTHORIZING THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF SOUTH TUCSON AND PIMA COUNTY, ARIZONA, TO JOINTLY PROVIDE STREET NAMING AND ADDRESSING SERVICES

Ms. Moreno: Planning Director Josue Licea will talk about this item, Mayor.

Mr. Licea: Good evening again, Mayor and Council. This item was an item that has been in discussion with Pima County for quite some years, you know, with the budget capacity of South Tucson, it's something that was offered by Pima County to South Tucson for them to take over, or work together, I should say, in the addressing of properties here in South Tucson. It only seems right to me that at the County level they actually are the owners of all the data, parcel data, and all that stuff, so it will just simplify all our lives as well, I'm sure, with consistency with the Region whenever we have to do issue new addresses for any new developments, new housing construction, or modifications to existing commercial structures, you know, when there are new addresses being created.

Mayor Diaz: Are there very many address changes that they found or looked at?

Mr. Licea: Since I've been here, in about a year and a half, I've probably processed like seven or eight.

Mayor Diaz: Seven or eight?

Mr. Licea: Yeah.

Ms. Moreno: If I may, Mayor and Josue, I don't want to speak as I know you can speak more directly to this tonight, but I think that part of the concern that we have at the staff level is we noticed that through research recently like looking through a GIF, we could do that, although the addressing is not consistent. A lot of it we see has to do with where you have one residential that may have 2 a/c units, but you have one address, like thinking on a bigger perspective, we think about the Census and how some of that data couldn't be captured because of all the addressing. So, we can get the County to help us to make sure that we get a true stock of what is out there in the community, like residential, all the parcels and exactly what's on there so that we know everything is accurate, make sure that those that don't have addresses, do have addresses. So, that's part of why we even reached out to the County.

Mayor Diaz: Alright, is there any more discussion on this Item?

Acting Mayor Rogers: No.

Vice Mayor Lopez: I've got a question. Is there a five-year limitation on this project?

Mr. Licea: I believe so, yeah, but we'll certainly, if we do enter into it, I'm sure we'll -

Vice Mayor Lopez: Can we get an extension to it?

Mr. Licea: Yes.

Vice Mayor Lopez: To set it for another five, if things are going good and they're not finished with it.

Mr. Licea: Yes.

Vice Mayor Lopez: Thank you.

Mayor Diaz: Do I have a motion?

Councilor Aguirre: I move to adopt Resolution No. 24-10.

Vice Mayor Lopez: Second.

Mayor Diaz: It's been moved and seconded. Roll Call.

Vice Mayor Lopez: Yes.

Acting Mayor Rogers: Aye.

Councilor Romero: Aye.

Mayor Diaz: Yes.

Councilor Flagg: Yes.

Councilor Aguirre: Yes.

Councilor Valenzuela: Yes.

ITEM #15 - CONSIDERATION TO WORK WITH RACHELLE HORNBY AND A PIMA COMMUNITY COLLEGE SUMMER CLASS TO DEVELOP FACILITY AND/OR WATER CONSERVATION PROJECTS AT MUNICIPAL HALL OR MINI-PARKS

Mr. Licea: Good evening, Mayor and Council. Joining us here is Rachel Hornby. She is actually an instructor from Pima Community College. I actually met her, she also works for a local contracting company called Resilience Developers. I was connected to her through the Tucson 2030 District when they did the audit here of our facilities, and certain conversations with her, she offered the opportunity to bring a potential project to South Tucson. I'll just mention this then let her take it from here. One of the ideas she had mentioned was possibly in working with their students in their sustainability class, there's an idea to bring water conservation to our area and the idea she mentioned is possibly doing some facility improvements here at our facility, which would include, one idea was to possibly to scope out reviving the water fountain that is right here at the Municipal Complex. This idea, obviously that was just one potential idea, but I'll leave it open to that. Obviously, there's a bunch of other ideas that could be considered, but I will let her take it from here and see if you guys want to consider us to work with her and her class on some type of a project like this.

Ms. Hornby: Hi, good evening.

Acting Mayor Rogers: Hi.

Ms. Hornby: I'm Rachel Hornby. The class that I am teaching that he is speaking of is LPC-140 which is a sustainable landscape and rainwater harvesting course. So, throughout the whole entire course they are exposed to different rainwater harvesting strategies as well as permaculture. It goes way beyond what they would possibly do here. I would like to mention that the last time I taught this class, we used the YWCA House of Neighborly Services as our project, which it ended up being a great project, because in the end of the presentation they also have a booklet that they create. They presented it to the YWCA and what was

awesome was they took their projects and showed them to the public at some of the events that they had, there was a lot of interest. It created a great community building, which I am really big in doing projects that are real, potentially, and also, they can include the community as well. So, in the end they would use everything they learned, and they would use the project, so, possibly here, and we also talked about mini parks. So, there's just a few ideas that we thought of, so what the students would do here, and of course there is no obligation to do anything. We just wanted to have an area that they can apply all the stuff they have learned. So, in the end, they show what their ideas are, they would also hopefully be able to interview Josue and also come out to the project to actually see the facility, outside, obviously, and in the end come up with their ideas. What's really awesome about it is in the end you can use their projects, possibly to use towards grants. You could use it as grant potential like, our students did this project, we like this aspect of this person's project and this aspect of this person's project, and there might be grant opportunities and then you have those ideas already built behind grant proposals. I would love my students, it would be a great honor for us to be able to do our project here because like I said, the community building is the biggest thing for these students.

Councilor Flagg: Can you do something that would involve water harvesting?

Ms. Hornby: Yes, so the class is called sustainable landscape and rainwater harvesting, so we do passive and active, is what we teach them both. When we were talking about the fountain, when I was a student at the University, we talked about reviving the fountains at the TCC and so one of the ideas was to take water off of the roofs and use strictly rainwater to revive the fountains. So those were some of the ideas we talked about when I was a student. Those would be some ideas I would give them a little carrot and then make them do the work to figure it out, you know. I'm just the facilitator but yes, it's all about rainwater harvesting and permaculture and aquaponics.

Councilor Flagg: That sounds great.

Councilor Valenzuela: I just have a question. A bunch of community members just recently opened up an old park and he does it here, so I'm sure the kids could benefit from some sort of a splash pad or something using rain harvesting, so just an idea. Just throwing it out there.

Ms. Hornby: We kind of talked about do we do it here, do we do it in the parks, I mean, my goal would be that we do maybe one or two things this year and next year we have another class and continue on. When I was in school, we did Organ Pipe National Monument and it was a four-year grant, so it was eight classes that went out there. That would be my goal as an instructor, that we could maybe focus on a park or maybe focus here, and then maybe next year I can present to you again. There is a presentation at the end that we love to have people come and watch the presentation. That's also great for students to get feedback from that as well. It would also start with them asking Josue as an example, questions like, I know there's a budget, but dream out of the budget and what are some of the things he might like, and the park is a good example.

Councilor Valenzuela: Thank you.

Vice Mayor Lopez: I've got a question. Would you be willing to work with elementary schools since they have gardens in their own schools.

Ms. Hornby: If you have that connection with one school in town, I can try to get ahold of them because the other thing I do is, I do a lot of field trips throughout the course, like I'm really big on field trips; hands on learning. I learn best that way. I've reached out to Manzo Elementary, is it Manzo?

Councilor Aguirre: Well, we have Mission View. We have two elementary schools but one of them actually sits on right on the city limits, right on the border in the city limits.

Ms. Hornby: Right.

Councilor Aguirre: It's Mission View and Ochoa.

Ms. Hornby: Yes, they do, it's in the summertime unfortunately. Maybe that's a good thing, maybe it's a bad thing. The kids wouldn't be there because it starts the middle of June, but I'd love to have my students come out to see what they are doing there. Are you talking about using that as a project, too?

Vice Mayor Lopez: Just your ideas, you know, they may be doing something that catches your eye.

Ms. Hornby: I'd love to have them as a field trip. That would be great. If there's people there, I don't know if they have a summer program, if we can do that in the summertime, then I would be very open to that.

Vice Mayor Lopez: Let me contact the school principal to see their schedule and from there I can go to Josue and you.

Ms. Hornby: Perfect.

Vice Mayor Lopez: We'll team up, how does that sound?

Ms. Hornby: That sounds great, I'd love to do that. Thank you.

Mayor Diaz: Consensus or motion?

City Attorney Paladini: I think you have direction, is that what you need?

Mr. Licea: Yes, direction is needed.

Mayor Diaz: And that's direction for Item #15. Do we have the auditor, Ms. Aguirre?

Ms. Aguirre: Mr. Mayor, I do have Mr. Ben Hur on the line. What I am try to now do is connect the computer to the TV screen but it might be a little cumbersome. I can turn the computer over to you and you can see some of the image and follow along in your packet. That way I don't have to, let me figure this out.

Mayor Diaz: So, we are on Item #13?

City Attorney Paladini: #12.

Ms. Moreno: Item #12, Presentation.

#### ITEM #12 - PRESENTATION OF FISCAL YEAR 2023 ANNUAL FINANCIAL REPORT AND AUDIT

Ms. Aguirre: Hello, Ben. So, I am not sure if you will be able to hear Mayor and Council, but I am going to do my best to communicate any questions or comments that we have to you so you can provide an answer. So, we are now on your item, and I am briefly going to give an introduction to this item.

Mr. Hur: Sure.

Ms. Aguirre: So, Mr. Mayor and Members of the Council, do you want to wait until the other two return?

Mayor Diaz: Yes.

Ms. Aguirre: So, we've taken a little break, Ben, and so they are only going to be able to see the screen, my computer screen, because they are up close, I wasn't able to mirror the image.

Ms. Moreno: The information is in the pamphlet.

Ms. Aguirre: Thank you, very good. So at least, Mayor and Council, you will be able to see what page he is on.

Mr. Hur: Good evening.

Councilor Valenzuela: Good evening.

Mayor Diaz: Alright. Ms. Aguirre.

Ms. Aguirre: Mr. Mayor, Ben, are you still there?

Mr. Hur: Yeah, I'm here.

Ms. Aguirre: So, I am going to start with the introduction to this Item. I do want to mention to you all that this is required by law. In your packets, the cover of the report, they do cite the statute that mentions pretty much when this has to be done, so this is actually the presentation for fiscal year 2023 financials, that ended last June 30, 2023. We finished the financial reports and all the required audit material by March 31<sup>st</sup> of this year, well within the required timeline for both the state and for the federal government. In your mailboxes you should have received a memorandum which I issued back on May 9<sup>th</sup> providing you copies of some of the audited material, pretty much anything that was noted. Also, the highlight page, page 21, from our annual financial report. One thing I would like to mention before Mr. Hur gives his presentation, though, is that if you look at that page there in your memorandum, page 21, what you are going to find is the condition of the general fund. The conditional material is very healthy.

Ms. Moreno: And I hesitate to say it out loud because I don't want to give the impression that we are anywhere close to (inaudible). We are very healthy when it comes to the position of City finances.

Ms. Aguirre: Absolutely, as a matter of fact, what you will see on this annual financial report is that the fund balance as of June 30, 2023, is \$3 million, which is leaps and bounds from where it was ten years ago, five years ago. It has improved greatly, and one of the reasons why the City has been able to grow its fund balance, its reserves, is because of good management at the top and within every department. Everyone has done a really good job of managing the budget. In that \$3 million, Mayor and Council has a 20% fund balance policy that was adopted in 2019, I believe it was. That fund balance's policy is about \$2.1 million because it is 20% of your current budget. That fund balance policy also has pretty much, you know, it's designated for a rainy day. It's a rainy-day fund, \$3 million, but your fund balance policy is only \$2.1 million or so, I think that's what I said. So that's not a lot of difference there, plus whatever condition the fiscal year end position is going to be for this year will add to that, so things are being taken care of the way the budget is adopted. It is being managed within the budget constraints. When we talk about a deficit or shortfall, what we are talking about is for the future because we have been considering the fire and the emergency medical services and how to augment for that. The budget has been adopted a certain way to operate the way it's been adopted, right.

But the difference that you have here in your savings, between the fund balance policy and your fund balance report of \$900,000, that's not enough to continually year over year sustain a fire service, much less equipment. That's what we want to point out here. So, these are your audited financial reports. What I am going to do now is turn it over to Mr. Hur so he can go over his presentation and highlight his best observations. Ben, it's all yours.

Mr. Hur: Thank you. Good evening Mayor and members of the Council. My name is Ben Hur with Fester & Chapman. We have prepared the financial statements and single audit for the City of South Tucson for Fiscal Year Ended June 30, 2023 and I will be providing a summary of the audit highlights. The presentation will be presented in two sections, the Audit Results Summary and the Financial Overview. With regards to the Audit Results Summary of the Financial Statement Audit, an unmodified opinion was issued on financial reporting. Financial statements were presented fairly in all material aspects and in accordance with Generally Accepted Accounting Principles (GAAP). No findings were reported in Internal Controls over Financial Reporting. No material misstatements were noted. On the Audit Results Summary for the Single Audit, an unmodified opinion was issued on compliance for major program. This was on major programs, FAL No. 14.850 – Public and Indian Housing and FAL No. 14.871 – Section 8 Housing Choice Vouchers. Our findings were reported as a Material weakness in Internal Controls over compliance and noncompliance. For eligibility, the city lacked proper internal control over the tenants' eligibility determination process. On the Audit Results Summary Report to the City Council, sensitive estimates were included in financial statements for net pension liability for ASRS, PSPRS, CORP-Detention, CORP-AOC and EORP (Note 9), and useful lives of capital assets. Sensitive disclosures were included in financial statements for retirement plans (Note 9). There were no difficulties encountered in performing the audit, no disagreements with management and 2 Material weaknesses were reported. Under the Financial Overview and Summary of Net Position, total assets/deferred outflows were \$27.3 million and total liabilities /deferred inflows were \$25.5 million for a net position of \$1.8 million. Revenues for FY2023 were \$10.7 million with 39% coming from sales tax, 34% from operating grants and contributions and 17% from state shared revenues. Expenses during FY 2023 were \$7.7 million with 33% expensed in Public Safety, 34% in Redevelopment and Housing, 21% in General Government and 6% in Highways and Street. This concludes the presentation. Any questions?

Ms. Aguirre: Are there any questions? No questions just yet.

Councilor Valenzuela: Do we do this annually?

Ms. Aguirre: Yes, it is required by law, Councilor Valenzuela.

Ms. Aguirre: Good job, Ben.

Mr. Hur: Thanks so much. Have a good evening.

Ms. Aguirre: You as well.

Mayor Diaz: Thank you.

Mayor Diaz: Ok, are we going to do discussion on Home Rule?

Councilor Flagg: You know, I'm on the El Rio Health Center Board and Fester Chapman comes every year and does the same thing. But, the guy comes in person, I think it's more effective and you know, he's getting paid

by them and he's getting paid by us, so I think for next time it would be better if he is here in person. The guy is getting paid.

Ms. Aguirre: Mr. Mayor, Councilor Flagg, I will make note of that. I will mention it to him.

Councilor Aguirre: I guess my mind is upon that, too, but I guess looking at the findings, the only places it looks like where we are out of compliance has to do with public housing and that's being addressed. I mean, that's something we are working on now currently and so it's really not a question, just kind of giving kudos to the Housing Department on the work that they have been doing to get us back into compliance, to make sure we stay there, thank you.

Ms. Aguirre: Yes.

Mayor Diaz: That concludes Item #12.

#### ITEM #13 - DISCUSSION & DIRECTION: HOME RULE OPTION

Ms. Aguirre: Yes, Mr. Mayor, under this Home Rule Option, cities and towns have a little more flexibility with the budget cap, the setting of the budget cap. The alternative to that is following the state-imposed limits which put a cap on your general fund. That said, just as an example on the very last page, because the examples I attached were from the 2020 election, which was very successful. The voters approved it. The last page, what you will see is the third column before the end. It is the projected state-imposed expenditure limitation, state-imposed for the years in question at that time which are going to be fiscal years '22, '23, '24 and '25, through next year. Those state-imposed projections were going to be around, let's say an average of \$5.6 million. But as we know, our general fund budget has been tracking along at more than \$6 million. So, that's why it was necessary to go with our own Home Rule, which is our own estimates. So, through this process if Mayor and Council approve Staff to proceed, what we would then do is update the RO estimate forms which we would then have them available for you to view and consider during a total of two public hearings, which were also listed on the calendar I provided with a memo. I have given you a guide of what was going to happen during this budget season. So, there's going to be two public hearings and we have to actually post them. We have to publish them. You would have this in front of you with new estimates. That doesn't mean that should the voters approve this, we have to stick to these actual estimates. Estimates are estimates. Things can happen. Big businesses come in; wow, now we have a big company paying sales tax, it increases our revenue, it increases our expenditure cap for our next budget. It just gives you that flexibility. These forms also get published both in Spanish and in English in a publicity pamphlet. So, we would work on that that here in house, have you look at it, approval, then we would proceed to sending it off to the Auditor General's Office for inspection. They review all of our estimates, they review all of our calculations when it comes to the state-imposed limits. They do all of that and they give us the thumbs up or the thumbs down. If they give us the thumbs up, then we can proceed with the process and send them to the printer for publication of the publicity pamphlet and ballots. So, I just wanted to give you guys an overall idea of what this is and what it entails. If you all are interested, then tonight would be the night to give us the direction to proceed, because according to our state deadline, we would have to publish here very soon, no later than next Monday. Advertising for the first public hearing which we would then hold probably the first regular meeting of June 4<sup>th</sup>, and then subsequently after we would publish for the second meeting, which we would then have on the Regular Meeting of June 18<sup>th</sup>. So, that is why I kind of laid all of that out for you as a visual aid.

Councilor Aguirre: Can you repeat that second date, did you say June 19<sup>th</sup>?



Ms. Aguirre: June 18<sup>th</sup>, yes, and what is published, actually it's a very general statement indicating the who, what, where and when, not so much any of the forms I talked about, just that Mayor and Council is going to be having a public hearing on such and such date, place and time.

Councilor Aguirre: Mayor, if I could. We just need direction, right, there's not a motion?

Mayor Diaz: Correct.

Councilor Aguirre: I think this is something we as a City that we should consider and look at, and move forward with.

Councilor Flagg: Yeah, I agree with that.

Mayor Diaz: So, the recommendation is to direct Staff to proceed, is that correct?

Councilor Flagg: Yeah, yeah.

Mayor Diaz: Ok, so that has been done. Proceed.

Ms. Aguirre: Thank you.

ITEM #16 - EXECUTIVE SESSION PURSUANT TO A.R.S. SECTION 38-431.03(A)(3) FOR DISCUSSION OR CONSULTATION FOR LEGAL ADVICE WITH THE ATTORNEY OR ATTORNEYS OF THE PUBLIC BODY

1. Council discussion and direction authorizing an investigation into a complaint and allegation of a hostile work environment by a City employee.

Mayor Diaz: I will need a motion to move into Executive Session.

Acting Mayor Rogers: So moved.

Vice Mayor Lopez: Second.

It's been moved and seconded. All in favor, say Aye.

Councilmembers: Unanimous Ayes.

***The City Council adjourns from Regular Session and Convenes into Executive Session.***

***The City Council adjourns from Executive Session and Convenes into Regular Session.***

Mayor Diaz: I will need a motion to close the Executive Session and reconvene into Regular Session, and to direct the attorney to proceed as discussed, and adjourn from Regular Session, all in one.

City Attorney Paladini: I like that.

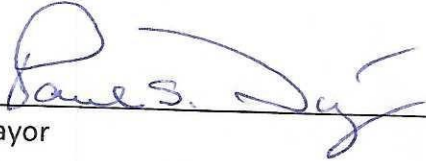
Councilor Aguirre: So moved.

Vice Mayor Lopez: Second.

Mayor Diaz: Thank you.

ITEM #17 - ADJOURNMENT

The meeting adjourned at \_\_\_\_ 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 Agenda Meeting of the City Council of South Tucson, Arizona, held on the 21st day of May, 2024. I further certify the meeting was duly called and a quorum was present.

Dated this 18<sup>th</sup> day of June, 2024.

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