

Minutes of the Special Agenda Meeting of the Mayor and Council of the City of South Tucson, Arizona, held Tuesday, July 9, 2024, at 6:00 p.m., at the City of South Tucson Council Chambers, 1601 S. 6th Avenue, South Tucson, Arizona.

Staff Present: Veronica Moreno, Interim City Manager
 Lourdes Aguirre, Finance Director
 Danny Denogean, Public Safety Director and Chief of Police
 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 (telephonically)

Mayor Diaz called the Special Agenda Meeting of Tuesday, July 9, 2024, to order at 6:02 p.m. Please stand for the Pledge of Allegiance, 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 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 Ms. Moreno):

Vice Mayor Lopez. Here.
Acting Mayor Rogers. Here.
Councilor Romero. Here.
Mayor Diaz. Here.
Councilor Flagg is not present.
Councilor Valenzuela. Here telephonically.
Councilor Aguirre. Here.

Mayor Diaz: Thank you.

Ms. Moreno: Mayor, let the record reflect Councilor Flagg is just walking in.

Mayor Diaz: Thank you.

ITEM #05 - APPROVAL OF MINUTES

Mayor Diaz: Approval of Minutes of the Regular Meeting of June 18th. Are there any additions, corrections to the Minutes?

Acting Mayor Rogers: Yes, Mr. Mayor. On page 15 of 38 pages, I think it's page 15, I could be wrong, but I don't see the two people missing, or if they are missing, Anita and -

Councilor Flagg: Cesar.

Acting Mayor Rogers: They need to be added on there unless they are missing or something; they are Commissioners but there are only five of us voting as Commissioners. It's page 15.

Councilor Flagg: I noticed that, too.

Acting Mayor Rogers: Ok, so it's in the Minutes. We need the other ones, Anita and Cesar, as Commissioners for the Housing.

Mayor Diaz: Thank you. Do I have a Motion to accept the Minutes as amended?

Vice Mayor Lopez: So moved.

Councilor Flagg: Second.

Mayor Diaz: Moved and Seconded. Roll Call.

Vice Mayor Lopez. Aye.

Acting Mayor Rogers. Aye.

Councilor Romero. Aye.

Mayor Diaz. Yes.

Councilor Flagg. Yes.

Councilor Aguirre. Yes.

Councilor Valenzuela. Yes.

Call to the Public

Mayor Diaz: I'll go ahead and read the instructions for the call to the public. It says, "The open meeting law does not establish a right for the public to participate in the discussion or ultimate decision of the Public Body, Arizona Attorney General's Op 78-1. If public comment is allowed all individuals desiring to participate must be provided with some period of time to do so. Pursuant to Chapter 7 of the AG Agency Handbook Section 7.7.7; 7.10.1 and A.R.S. § 38-431-01(H) action taken as a result of public comment will be limited to directing staff to study the matter; responding to criticism at the completion of the call to the public; or scheduling the matter for further consideration and decision at a later date by placing matter on a future agenda". I believe that we have a time established at three minutes for that, so does anybody in the audience wish to address the Council? Saying none, hearing none, we will go to the next Item.

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

Mayor Diaz: Do any of the Council have any reports on current events?

Vice Mayor Lopez: Mr. Mayor, last night I attended the TEP Midtown Reliability Project presentation they had at the Doubletree Hotel. It was a very interesting meeting because it seems like last night it was a 50/50 chance of people for the issue and against it. It goes on until the end of the week, so hopefully by that time they will make a decision.

Councilor Flagg: Can I ask a question? What was it like? Did people get to get up and talk for three minutes or something like that?

Vice Mayor Lopez: When they signed in, in their rosters they had a place there if you wanted to speak to put a yes or a no and then during the meeting they started calling people up that wanted to speak, so they started calling out people for the issue or against it, but it was pretty interesting.

Councilor Flagg: Did most people say no or what did you take from it?

Vice Mayor Lopez: Well, some of them came off the wall. They were saying the project is too much bigger for them to accept something that TEP wants to implement in their neighborhood, so they want to bury it underground instead of putting in lines.

Councilor Flagg: Still? They still want that? They already lost an election on that.

Vice Mayor Lopez: It's controversial. Anything else? Ok, so on July 15th I have a meeting with the RTA/PAG meeting, the CART meeting, where they discuss what they were discussing in previous RTA/PAG meetings.

Councilor Flagg: You going to go? When is it?

Vice Mayor Lopez: The 15th at 11:00.

Councilor Flagg: The 15th of July?

Vice Mayor Lopez: Yes, next week.

Councilor Flagg: Ok.

Vice Mayor Lopez: And that's all I have.

Mayor Diaz: Thank you.

Councilor Flagg: Can I do future agenda items?

Mayor Diaz: No, we're still on current events. Are there any more current events reports? No? Ok, hearing none.

Vice Mayor Lopez: I have one more, Mr. Mayor.

Mayor Diaz: Ok.

Vice Mayor Lopez: On the 20th, my election committee and us, we are having a meet and greet -

City Attorney Paladini: Stop, we cannot use the Council meeting to announce or discuss anything about election campaigns and all that.

Vice Mayor Lopez: Thank you.

City Attorney Paladini: I had to do this before on calls to the public where somebody would come up and start and I would have to cut them off.

Vice Mayor Lopez: Alright, thank you. That's all I have, Mr. Mayor.

Mayor Diaz: The next item is future agenda items.

Councilor Flagg: Yeah, so I had the pleasure of meeting with Capt. Luna and also the head guy of the Tucson Fire Union recently, and they made a strong case for the fact that we could use a fire truck now, as you have also made the case, Mayor, that we could use a new fire truck now, especially if it was a real good one, a bargain, and that we should consider putting some of the contingency money that we have, I'm comfortable putting half of it into a fire truck, so regarding it being a future agenda item, I want it to be a future agenda item that we look into buying a fire truck, or at least start the process of thinking about it, and I talked about this with my colleague, Councilwoman Valenzuela, and she looked around and made some calls and there's some consulting companies that that's what they consult on, and one guy said he would do like three free meetings before you had to pay him a boatload of money, you know. So, he seemed like he is willing to talk with us, so maybe we could go down that road and see about a new fire truck, future agenda item.

Mayor Diaz: I guess that the request would be for discussion and possible action regarding a fire truck.

City Attorney Paladini: Just to clarify that the action would have to be to start a procurement process because we have to basically go out to bid or look at different ways of procurement for purchasing. You can't just say, let's buy this truck. The procurement code requires us to put out some sort of bids and you can still do that with used equipment, so I would suggest that that be the discussion and action would be to start the procurement process, because then when we get bids, then the subsequent action would be for the Council to decide whether or not to purchase based on these bids.

Mayor Diaz: Ok, so it would be for discussion using the bid process and action.

Councilor Flagg: And I think part of the conversation would be finding out who can consult us in addition to what we have in house, what expertise we have in house.

Councilor Aguirre: Also, Mayor, a separate one when you get done.

Acting Mayor Rogers: I have a separate one, too.

City Attorney Paladini: I'm not sure, what would the consultant be retained for?

Councilor Flagg: Figuring out the best deal on a fire truck and then actually buying it.

City Attorney Paladini: Like a broker deal.

Councilor Flagg: Yeah, and just get some expertise on like, used fire trucks.

City Attorney Paladini: That could be part of discussion and direction if Council determines whether or not to retain a consultant up to a certain amount, or you get it for free, that kind of thing.

Councilor Flagg: Hey, Mayor, can I ask Mr. Luna if he has any input on this?

City Attorney Paladini: This is not on the agenda.

Acting Mayor Rogers: Mr. Mayor, I have something to say. I don't know if it has to go on or not. It's a different subject than that one, if we're finished with that one.

Mayor Diaz: Ok.

Acting Mayor Rogers: I would like to see, for example, this is a time in which, in the older days, I've been here for 8 years, we used to see like Public Works. I have so many people that would like us not to be pitch dark where we live, so it's pitch dark. I need to get at least nine people off the hotel that is across the street from us every day, and I think the Police know because I've showed them several times, but I don't like to make calls about it, but it's pitch dark from the interstate all the way to the restaurant that is getting fixed up, the one that is getting fixed up at I think 36th, and then on the other side, right where the mental health thing is, their light dies.

City Attorney Paladini: Without going into great detail, so what are you asking, that somebody from Public Works come in and speak about streetlights?

Acting Mayor Rogers: Yeah, that Angel would let us know when it's solved, instead of two or three months from now.

City Attorney Paladini: So, streetlights.

Acting Mayor Rogers: Yeah.

Mayor Diaz: Ok, excuse me, we will do that for the current events or reports of the Council, that possible streetlights, that something be studied in regard to the condition that she described, instead of an agenda item.

City Attorney Paladini: Well, you want it on Staff Reports?

Mayor Diaz: Right.

City Attorney Paladini: Rather than a separate agenda item?

Mayor Diaz: Right.

Councilor Aguirre: Yes, Mayor, I would like to see if we could put something on the agenda if not at the following meeting, the one after that, to give Staff some time to collect some data. I had an email from a constituent about, asking about, I can't remember the Prop number, but the marijuana legalization or decriminalization for the taxation of that. I don't believe we are receiving any funding from that at this point, but I do know we had recently a dispensary open up in South Tucson very recently. So, I would like to see if maybe you could figure out what kind of funding might be due to us and maybe some projections of that. I'm thinking of something along those lines.

City Attorney Paladini: We can provide general information like percentages. I think it is 16%, we don't charge a TPT, I think we get 16% of sales. We can come back but we can't give you those specific numbers because we can't give what a particular taxpayer pays, that's confidential.

Councilor Aguirre: No, what I'm look more for, I'd like to be more educated on the percentages that we will be receiving on any marijuana sales.

City Attorney Paladini: We can do that under Reports as well.

Councilor Aguirre: Yeah, that would be fine, thank you.

Mayor Diaz: So, that would be an agenda item for a Resolution. In other words, we know that the presentation was done here quite a while ago in regard to the Ordinance that covers dispensary and in that, we had some discussion regarding taxation and all that, so in other words, the Resolution exists, am I correct, for the dispensers?

Ms. Moreno: If I may, Mayor, in regard to the first part of the question from Councilor Aguirre, there is a Proposition that was passed where all local jurisdictions within the State of Arizona, once marijuana was legalized for recreational use, jurisdictions throughout the state get a certain percentage. We do have a line item on our current budget that has a balance of I believe \$80,000.

Ms. Aguirre: It's about \$80,000 in the budget. It is estimated to end up for Police with about \$100,000 by the end of next fiscal year, and for Fire, about \$20,000 by the end of next fiscal year. That's Prop 207.

Ms. Moreno: Yes. With regard to the new business operation in South Tucson, we have yet be able to know how much they would generate. We do have language in our Code that has certain line items for taxes for any sales that come from that.

Councilor Flagg: How did they determine that 80% going to the cops and stuff?

City Attorney Paladini: It's in the State. It's in the Proposition; that is the way they got it passed.

Councilor Flagg: Oh, ok, got it.

City Attorney Paladini: It kind of appeases the owner.

Councilor Aguirre: So, in that, I would like to know where we can spend the money, if there are any limitations on it, those types of questions I'll be having.

City Attorney Paladini: We can charge our normal TPT, so this dispensary when it opens will pay, 5% of their sales will be collected as TPT. We just can't report any specific numbers for particular taxpayers. It's not a privilege tax, it's a sales tax.

Mayor Diaz: There was another issue that I brought up and that was delivery. At that time, the Council chose not to have deliveries, not to do deliveries, excuse me. I'd like discussion on that also, deliveries are the taxes we collect here, it seems the purchase happens, and it is delivered outside of the City.

City Attorney Paladini: Yes, I know where you are going with that. We can bring that discussion back, look at the current Codes, and bring it back for discussion to talk about whether or not you want to allow your local dispensary to deliver, because if they deliver in Tucson, usually they will collect a fee, just like when Tucson dispensary delivers here. We will bring that back, if that makes sense.

Mayor Diaz: Are there any more future agenda items? Hearing none, next item.

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

Ms. Moreno: I have no reports, Mayor, since this is a Special Meeting, I have no reports tonight.

Mayor Diaz: Ok, thank you.

Councilor Flagg: Wait, hey, can I ask a question? Let's see, how do we figure out where the lawsuit against Brian Bowers and all that stuff is going?

City Attorney Paladini: I will email Veronica the latest filing. It was a status report to the Court, then she can email it to you all. It basically shows that almost everything is done.

Councilor Flagg: Ok. That should be on the next agenda because if it ain't done in terms of what this community sees and lives through every day, could we put it on the next agenda?

City Attorney Paladini: The lawsuit, the crime abatement suit, is a very narrow subject matter, so I'm not sure, it's really, the whole point to abate, is to reduce the crime rate, so I don't know if PD had statistics at this point based on, we had them before and maybe we can prove some after, since these required improvements were installed, to look at the number of calls for service to determine whether they have been effective. I would just be cautious about going into any other sort of further topics about these properties. I'm not sure what authority we have to do.

Councilor Flagg: Well, if you do not want to do it at the next meeting, the meeting after that, that's fine with me, but we need to discuss some of those things, but we have to put it on the future agenda either for the next meeting or the one after. Is that ok with you, Mayor?

Mayor Diaz: I need to read the disclaimer, then, and it says, "The City Council acts on behalf of City of South Tucson by majority vote at a duly noticed open meeting. Individual Council members cannot bind the City. Council members should avoid discussing City business with one another outside of a duly noticed Council meeting to avoid potential violations of open meeting law. Individual acts by Council members are not necessarily considered acting in one's official capacity and may be considered acting within one's personal capacity and not on behalf of the City." We need to be very careful in regard to the position the City is in. I would agree for an agenda item to be in place for discussion.

Councilor Valenzuela: Mayor?

Mayor Diaz: Yes, go ahead Councilor Valenzuela.

Councilor Valenzuela: If I understand correctly, it is putting an item on the agenda that is going to discuss the status report of the lawsuit, and at some point, doesn't the Council have to sign off on the settlement, or on compliance?

City Attorney Paladini: No, Council member. The lawsuit was brought under my authority under statute, allowing City Attorneys to bring a lawsuit, so the settlement or the resolution of the case was the list of all of the improvements that we wanted for both properties. The Judge is overseeing that and once that list of improvements is completed, and that is determined by the Police Department, then the case gets dismissed without prejudice, which means if things start happening again, we can still bring similar cases. I want to emphasize the crime abatement lawsuit we brought was for very specific purposes, to reduce the amount of crime on and around the properties, and the way we can determine that, one of the ways, statistically from that, is the number of calls for service to the properties. So, my suggestion on the particular topic of crime abatement case is, I just emailed Veronica a status report that we filed about a week ago on where all the improvements are and for 6th Avenue, they are all completed. There was I think one item left on Spanish Trail which was the gate, the power gate, the automatic gate, and I don't know where that is at. Chief may know, but the other thing we can provide to Council is basically the data from calls for service to these two

properties since these improvements were installed to determine whether or not the calls for service/crime rate has dropped. This lawsuit is very narrow, it was for a very specific purpose.

Councilor Valenzuela: So, the next agenda item would be more like a report, maybe of who checked out those properties, how many times they went, time specific, because there's really no (inaudible) is what I am hearing.

City Attorney Paladini: We can do a report at the next meeting, City Manager, Department Heads Reports.

Councilor Flagg: Yeah, we should, that's a future agenda item, right? And I would like, let's see, if he's so perfect and everything has been figured out, like, I would like the Chief to include in his report about whether there's less calls for service because he has his thugs, or his security team or however you want to define that, take care of business over there, how appropriate that is, because we as a Council can't just sit here and let life go on at those two places and go home and sleep at night.

Chief Denogean: I don't know if we would be able to quantify something like that.

Councilor Flagg: Maybe like, you could look into it and include it in your report. And maybe we should bring a whole bunch of the community in here to sound off. I think you might have missed that, City Attorney, when numerous people have come in here and talked about the conditions there.

City Attorney Paladini: Well, the quality of living conditions is outside of the crime abatement lawsuit, so if you want to talk about the quality of living conditions, we would really have to figure out whether or not the City has any jurisdiction over that, or whether it's the County Health Department or whether it is HUD, since all of the housing over there presumably is HUD vouchers.

Councilor Flagg: Yeah, yeah.

City Attorney Paladini: Without getting into too much discussion because we are supposed to keep it at a surface level, we could bring as much information as possible to the next meeting on the crime abatement issue.

Councilor Flagg: Ok.

Councilor Valenzuela: Can we maybe have an Executive Session to talk about next steps?

City Attorney Paladini: If you would like.

Councilor Flagg: I like doing business in the public, though, you know. The guys are all here.

Councilor Valenzuela: Yeah, but there are things we cannot share with the public, but we do need to discuss it.

Councilor Flagg: Yes.

Councilor Valenzuela: Meeting in Executive Session we can start the discussion of the next step.

Mayor Diaz: But again, I think the City Attorney mentioned that we are limited on some of this discussion that would happen if we go into Executive Session. Yes, we will explain ourselves and so forth, but there is nothing legally that we can do.

City Attorney Paladini: Yeah, we would have to, let me figure out, an Executive Session is primarily for legal advice. If you think there is something you want legal advice on and it's reaching out to me that way, to see if that would be appropriate for an Executive Session. I just don't want to, I'm anticipating questions, Tucson can do much work because Tucson is a Charter City, so that city has broader powers than a general law city like South Tucson. So, we are limited to statutory authority and what is in our City Code and there's just not a lot of, in fact, there's more restrictions in Title 9 State law in cities and towns than there are powers of what we can do in regard to quality of living conditions in rental units. We can't adopt bed bug regulations, those kinds of things. The Legislature really has tied our hands on a lot of things, but that being said, let us get back to you at the next meeting with a report, and if you think there is a topic that you think would be appropriate for Exec Session, email me and we can try and put it on an agenda in the future, if it is appropriate for legal advice. But, that is up to the Council, you know, ultimately, it's up to you all whether you want to go into Exec Session or not. You still have to vote to go in even if it is on the agenda.

Mayor Diaz: I would suggest we do discussion by report first.

City Attorney Paladini: Yes, that is my suggestion as well.

Mayor Diaz: And then decide if we need your counsel. Is that ok, I mean, do we have consensus on having a discussion first and then having, if we need to, ask for legal advice. Yes?

Councilor Flagg: Yeah.

Mayor Diaz: Ok. We will do that. We will put it on the agenda for discussion.

Acting Mayor Rogers: What's the date the agenda is going to be? What's it going to say for the agenda? It's not just those two places.

Mayor Diaz: Report and discussion.

Acting Mayor Rogers: Of what?

City Attorney Paladini: The status of the crime abatement lawsuit.

Acting Mayor Rogers: Because there's one in the middle of those we need to talk about.

Mayor Diaz: Ok, thank you. So, anymore? Let's go to Item #08.

ITEM #08 - RESOLUTION NO. 24-17 OF THE MAYOR AND COUNCIL OF THE CITY OF SOUTH TUCSON, ARIZONA, FOR THE ADOPTION OF THE TENTATIVE BUDGET OF THE CITY OF SOUTH TUCSON FOR THE 2024-2025 FISCAL YEAR, ADOPTING THE ESTIMATED AMOUNTS REQUIRED TO MEET THE PUBLIC EXPENSES FOR THE FISCAL YEAR 2024-2025, AUTHORIZING AND DIRECTING PUBLICATION OF THE STATEMENTS AND SCHEDULES OF THE TENTATIVE BUDGET

Mayor Diaz: Do I hear a Motion?

Councilor Flagg: To pass it?

Mayor Diaz: Well, no, so we can go into discussion.

Councilor Flagg: Oh, yeah, sure. Let's discuss, that's the Motion.

Mayor Diaz: That's the Motion. Second. Discussion. Ms. Aguirre, do we have any updates or anything on this?

Ms. Aguirre: Yes, Mr. Mayor, members of the Council, so the budget you have in front of you as indicated on the agenda before you shows you a total of \$38,238,196. This is a combination of both \$7.3 million from the general fund and about \$30.9 million in special revenues. One of the things I do want to mention in special revenues or restricted funds, we have included \$15 million for pension bonds, so you all know that is the market current with interest rates improved and there is a possibility of issuing bonds to resolve our issue with pension, then that budget capacity will be available, \$15 million. Also included in the restricted funds are \$6.1 million. That's the amount, \$6.1 million appropriated for the general obligation bond that Mayor and Council approved to have here in November that will provide funding for Fire. We need to be ready and have that budget capacity built into the budget already, so that is included in that \$30.9 million, special or restricted revenue funds. Another thing to mention is that during the last couple of Council meetings, Mayor and Council have discussed and reviewed those personnel and department needs to implement. During the last meeting, we identified a total of \$288,000. Originally, we started with a list that totaled \$458,000, but I think Mayor and Council did a really good job of discussing and bringing those costs down from \$458,000 to \$288,000. If approved in the final budget, then that is when we would see that amount of funding be transferred into contingency, or into the special GL accounts that I would indicate to you all. Other than that, for the record I want to mention all those details are included in the budget that has been presented to you all in pages 60 and 61.

Acting Mayor Rogers: Mr. Mayor, I have a question, I have a lot of questions, but I'll just go with one or two. I cannot find the Human Resources employee personnel roster, I don't know that I have it. I looked them up.

Ms. Aguirre: Personnel roster is reported in page number 54.

Acting Mayor Rogers: Page 54?

Ms. Aguirre: Page 54.

Acting Mayor Rogers: Several people called me about it, and I tried to say I would find out from you guys.

Ms. Aguirre: Start on page 53, that's the very first page of the that roster.

Acting Mayor Rogers: I think I missed it. These are the reserve things, right? That's what's on page 63.

Ms. Aguirre: Page 53.

Acting Mayor Rogers: Oh, I heard 63. Thank you very much.

Ms. Aguirre: Page 53. Just to mention to you all, if this tentative budget is approved, then we will be on track to have this budget before you for final approval before the statutory deadline.

Acting Mayor Rogers: When is that?

Ms. Aguirre: That's July 29th.

Councilor Flagg: And the idea is that we pass it tonight, right, so you can publish it, or whatever that is.

Ms. Aguirre: That is correct. So, then after approving the tentative budget tonight, then we would post it for once a week for two weeks consecutive weeks as required by statute and that means we would then have it

for final approval on July 23rd. And that is the date it would be published, so just that you all would know, and be familiar with the items that will be published are at page 62 and page 69. So, page 62 is the required Auditor General form, page 69 is a very easy to read format. This is for your general public. This is for Auditor General purposes.

Councilor Flagg: Are you done?

Mayor Diaz: Go ahead.

Councilor Flagg: So, we have \$600,000 in contingency, right?

Ms. Aguirre: Yes, Mr. Mayor, Councilor Flagg, yes, currently, because all we did was we transferred budget capacity that was left in the current fiscal year to next fiscal year.

Councilor Flagg: How does that compare to other years, because you are an experienced Finance Director?

Ms. Aguirre: Well, Councilor Flagg, this is the most that has ever been appropriated towards contingency and I think we all know it's been appropriated toward Fire, so it's a major contribution for the general fund for Fire operations.

Councilor Flagg: Ok. So, like we will pass the thing I assume with the \$600,000 in it, but we can go into that if we want to for purposes of fire trucks or other things like the day after the budget gets passed, right?

Ms. Aguirre: Uh huh.

Councilor Flagg: Do you have a problem with that as a Financial Director? I'm asking you to editorialize, I guess, if that's appropriate.

Ms. Aguirre: Mr. Mayor and Councilor Flagg, that funding can be utilized by Mayor and Council however Mayor and Council sees fit.

Councilor Flagg: Ok.

Ms. Aguirre: It is our job, it is my job, to present to you all with options. It is my job to also mention to you all which ones are the best ones, you know, based on my experience and also the recommendations of others.

Councilor Flagg: You did that with the cops, yeah.

Ms. Aguirre: Yes, so I have absolutely no problem. The money is the people's money, literally, their tax dollars, and you all use it at your discretion.

Councilor Flagg: Ok, should I keep going?

Ms. Moreno: Can I just add to that if I may, Mayor and Councilor Flagg, Lourdes. Just keep in mind that this is one-time money, so the money that is there does not grow. Those are savings that are set aside as Lourdes said to use at your wish and as you see fit, however, once that money is spent, it's not like a revenue type generating fund, it's one-time money.

Councilor Flagg: Right.

Ms. Aguirre: City Manager, Mayor and Councilor Flagg, one thing I should point out to you all, and it's a really good visual, if you turn to page 1, what you are going to see is a snapshot, ok, of basically where we think we

are going to end up at the end of this fiscal year. I don't know if you all have page 1 available, so at the very bottom of that second column where we have estimated actuals for fiscal year 2024, we are estimating that this fiscal year, at the end of the fiscal, we are going to wind up with \$700,000. But really that's because we didn't touch contingency for \$600,000. There was money in there, whether it be from other sources or that wasn't utilized, and you can figure that out by looking at the individual department savings, ok, because there were all those departments that didn't utilize some of their budget. That's what we are looking at as a surplus by the end of the year. As published in our fiscal year '23 audited financials, in those audited financials, the general fund balance or savings were \$3 million, so we add those two up, \$3,700,000. Now, required contingency, or not required contingency, the required fund balance of 20% as for the policy that Mayor and Council adopted, this is in accordance with the size of our budget for next year, is \$1.4 million, \$1.5 million. We subtract that out. In essence, what you have is excess savings of \$2.2 million.

Councilor Flagg: Sounds good.

Ms. Aguirre: That's what our audited financials for fiscal year 2024 should look like, about \$2.2 million. Now, going back to City Manager's point, this is money that has been made up of one-time monies, one-time savings year over year, it's not revenue generating. We are not seeing that type of growth in our revenues. I just want to make sure we point that out and you can see how I calculated it into the next year. So, that pretty much goes to cover the deficit, plus whatever you guys add. So that's pretty much how it works.

Councilor Flagg: Ok.

Ms. Moreno: Just as an example, some departmental savings, some departments show savings maybe because of a delay of filling a position or not funding filling those positions, but it's in the budget as being in the budget. It's not savings over the course of the year or it's filled halfway through the year, the difference is added to the overall savings.

Ms. Aguirre: Absolutely.

Ms. Moreno: I'll be selfish, if and when the Mayor and Council decide to fund a City Manager, the position that I have that I look up frequently as far as where's her name, how is she getting funded, is she getting paid three positions, you know, the answer is no. For the line item under City Clerk's Department, year-to-year since I've been holding this position on an Interim basis, that has added to your savings year-to-year. If you quantify the longer the Council has kept me in this position, and it has helped to save money for these types of situations or whatever the City needs to purchase equipment or help buy things for City Hall and things like that. So again, it's one-time monies. Anytime there is a position or any time there is equipment that you haven't purchased, or any time there are supplies that are not purchased, then there is a savings in that budget for that department, then that does have a year-to-year impact on the overall budget for the City. I am using my department as an example because I think it is very obvious, we're a small city, so you could see exactly department for department, position for position, where the actual savings are. For example, the Fire Department has a vacant position, so year-to-year if you don't fill those positions, then you have that accrual of savings for that line item. We have a small staff; everybody does really good, and we have a very dedicated staff, you know, so we wear a lot of hats. Again, anytime we don't fill a position we will save some money and our departments, which overall create savings in the general fund, and it is one-time money. It doesn't replenish itself unless we can definitely forecast what businesses, for like example, marijuana dispensary opens here, so we give them one solid year to actually see a trend in the sales and we can come back and say,

Mayor and Council (inaudible) some average amount and not specific but we are going to have to show Mayor and Council specific industries sales tax, where you are seeing more come in, whether it be retail or restaurants and things like that so you can see if you are getting more money and where you would like to dedicate it. It could be for Police, it could be for Fire.

Councilor Flagg: We needed explained before and I think that you should explain that whenever you can because I think it helps people's understanding right down into our budget. Thank you for doing that.

Ms. Moreno: A lot of us don't hear this all the time, we've heard it for many, many years, we see it daily, we see exactly where the money goes, so we have year-to-year A1, I would say, rating on our audits. Our Finance Department does a very good job and when it comes to our audit, and when our auditors come and conduct a very thorough audit, the way Finance Department conducts operations, we get A+ on the rating, and we already know what is going on with the other audits when it comes to Housing, but as far as it goes with the general fund, we have a very good operation. What you see here is what we have to the penny. If you ever want to know specifically line item by line item how much is going toward my salary, how much I am paying into my medical insurance, how much I am getting paid per pay day, you are welcome to ask the Finance Director, ask me. We are all paid by public dollars, so everything is subject to public record. When it comes to those departments that have vacancies, you will see a savings year-to-year.

Mayor Diaz: Correct me if I am wrong, but didn't we start with \$1.9 million in contingency fund, at the beginning of the discussion of finance? In other words, what I am getting at is that also in regard to contingency fund, we are keeping \$1 million in there because more or less it's our insurance that we will make our bond payments. More or less, that's what it's there for?

Ms. Aguirre: Mr. Mayor, the payment for our bond, that is in a separate line item and toward the last page of the general fund budget.

Mayor Diaz: Right.

Ms. Aguirre: There is actually, and it hasn't changed; I haven't changed it since the initial discussions that we had, it's more like \$800,000, \$800,000 in contingency. What that included was \$600,000 which you all appropriated for Fire, and an additional \$200,000 contingency, a portion of which is going to fund the rear loader.

Mayor Diaz: So, the next question is what happened with the street sweeper, the grant for the street sweeper?

Ms. Aguirre: Mr. Mayor, we received the money. We took the money out a couple of months ago and the order was placed with a vendor, but it is on back order for the street sweeper. Just like the rear loader has taken more than a year to deliver. Every vendor, practically related to the auto industry, has been on back order. You see this same delay with the police vehicle that has been purchased from grant funds as well, there's been a delay with those as well. The orders have been placed; there's a delay from the vendors.

Mayor Diaz: Ok, thank you.

Councilor Flagg: So, you know, page 41, the Corona Virus Relief Fund, I mean, that went straight up to pay for the cops, right? It doesn't really read that way. I don't know, maybe you could, did I get that right?

Ms. Aguirre: Mr. Mayor and Councilor Flagg, it doesn't read that way on page 41, it doesn't really read that way, but if you look at the personnel roster and you flip toward Police, you see that total of \$477,000 offset Police. We could do the same thing and put it toward any other department, well, actually, what is more eligible is Public Safety, so we could put it toward Police, Fire. That money is providing the same amount of relief on the general fund regardless of where you put it.

Councilor Flagg: Ok. This thing looked different. I got it and I looked through it, and I thought I had already been through it five times or something, and then there's all this stuff that comes at you that looks different.

Ms. Aguirre: Mr. Mayor and Councilor Flagg, this has been put into our accounting system. This is the format for publishing, but it's from our accounting system. Maybe that is why it looks different. But the numbers should be the same, the numbers are the same.

Councilor Flagg: Yeah, but I mean, the format is different. This one has more information in it than what we had before, so like, I don't understand, so I am going to ask you some more questions. What is that, no question is a stupid question, I hope. What is a JAG grant? I never heard of that until I got this thing, and it's got a whole section on it. What the hell is a JAG grant?

Ms. Aguirre: That is the Justice Assistance Grant, also referred to as the Edward J. Burns grant. It is a segment of the Justice Department. They give grants to municipalities, police departments, and typically that one runs around \$13,000. That's what the award is, year over year. It's \$13,000 or \$10,000; I might be mistaking it for the other grant.

Councilor Flagg: Ok, let's see. I saw the line item that said Impound Towing, and it looked like it was hardly anything. I can't believe that. I thought jurisdictions always had problems with that. And then, that's been a big issue in the City of Tucson and especially because like those tow truck guys, a whole bunch of them have been exposed as total crooks, you know, some worse than others, but the whole industry takes its toll on people. Then we had a whole section on impound towing that seemed like it was bigger than what I saw in the earlier stuff. Can you talk about impound towing? Is that a bigger issue in the City of Tucson than here, because isn't it, you know the city, Chief, am I on to anything at all here?

Chief Denogean: Several years ago, the law was if you had a suspended license and got pulled over, your vehicle was automatically towed, and the city would get a fee and the tow company would get a fee. They changed that law where now the only way, well, not the only way, but they eliminated where you can tow a vehicle for a suspended license basically for the most part. Now, if you are pulled over and you don't have a driver's license and you never had a driver's license, then that vehicle will be impounded. So, where it used to be a bigger, for lack of a better term, a bigger business, it has gone down considerably in the last several years of what agencies get money from that, so it has decreased the amount of money a city gets because the law changed several years ago. Do you understand what I am saying there?

Councilor Flagg: Not really, so we're not making any money off of it?

Chief Denogean: Very little money because you do pull over people that don't have a driver's license, but also, they never had a driver's license before, so at that point, you would impound the vehicle.

City Attorney Paladini: Just to be clear, that is mandated by State law.

Chief Denogean: That's mandated by State law.

City Attorney Paladini: You don't have a choice and the amount of money that goes to the city for that basically doesn't even cover the cost of the program for the city.

Councilor Flagg: So, it's a non-issue for us?

Chief Denogean: It's a non-issue and like he was saying, it used to be if you had a suspended license, it was a mandatory impound, and they eliminated that. When I was with the City of Tucson, you had tow companies making big bids for that contract, for the big money maker for the towing companies.

Councilor Flagg: Yeah.

Chief Denogean: So, it's not the money maker for the tow companies like it used to be because they changed the law.

Councilor Flagg: Ok.

Mayor Diaz: I've got a similar question for the Chief. I guess recently there was a felon that was captured by South Tucson, and he is being booked and held for a \$1 million bond. Is that going to affect our jail bill?

Chief Denogean: It could affect our jail bill because he's probably going to be in jail for a while, yes. I believe you're talking about the homicide we had a couple weeks ago that we just made an arrest this past weekend.

Mayor Diaz: Yes.

Chief Denogean: So yes, he will be in jail and will be charged while he is in jail, most likely.

Councilor Flagg: Doesn't the County take care of the felonies, jail charge?

Chief Denogean: I will have to double-check on that.

Councilor Flagg: That's what we have been told before.

Chief Denogean: Let me double check on that and I will get back to you on that.

Councilor Flagg: That's a big deal.

Chief Denogean: I know that when we arrest someone and we book them, the first day is the expensive day, \$400 approximately, and every day after that is \$107. Let me double check on the misdemeanor felony thing because you might be right about the felony part but let me double check on that.

Councilor Flagg: So, I read the stuff about Stonegarden, and you commented, talked about it last time, so that's this federal money and you talked about it has to have a nexus.

Chief Denogean: Well, there has to be a nexus to drugs and violent crime.

Councilor Flagg: Yeah, and you made the point, if I am not mistaken, that the traffic stops is how you use that money.

Chief Denogean: Well, we do a lot of traffic stops but we also do a lot of looking for drugs, too. Traffic stops are a part of it, yes.

Councilor Flagg: So, a creative Council could re-direct that money away from traffic stops into something else because drugs and violent crimes are like way at the top of the issue here. I don't know.

Chief Denogean: This is the thing you have to remember. South 6th Avenue going to Nogales, there's a nexus there going to Mexico, and drugs come in there. A lot of times when you do traffic stops it ends up leading to drugs or to, there's a nexus there. Basically, what we are using Stonegarden for is to enhance our patrol. It helps enhance our patrol; it helps us put more officers out there to do things. You have to work areas that have a connection to drugs, which South 6th Avenue has a connection to drugs and violent crime. 10th Avenue and 4th Avenue, because they are all connected together and connected to corridors that involve drugs. I think you are overthinking it.

Councilor Flagg: Yeah, but it's creating money that goes in, significant money, that goes into cops, to the cop budget, right?

Chief Denogean: Yeah, but it goes to deployment. You talk about deployment and that's what they are doing. Traffic stops are part of deployment, patrol is part of deployment, visibility is part of deployment, and that's what we are doing with it out there.

Councilor Flagg: Can we as a Council re-direct some of that? I guess we could discuss it, right, but ultimately, I don't want to say, I'm going to tell you how to do your job, but I mean, how does that work?

Chief Denogean: You can discuss everything. I think we are getting too far into the weeds.

Councilor Flagg: Or not. Anyway -

Chief Denogean: And I think we could cause more complications by continuing to go this route.

Ms. Aguirre: If I may, Chief, I just want to mention, I'm sure you have the terms of the award.

Chief Denogean: Yeah.

Ms. Aguirre: Those usually list the eligibility for expenses.

City Attorney Paladini: And oftentimes, just to add on, oftentimes these federal grants don't allow you to use it as replacement, so let's say you get a \$20,000 grant and you go, oh, we'll just shift \$20,000 from police budget to somewhere else and replace it with that \$20,000, it's supposed to be supplemental or additional to it.

Councilor Flagg: That's what Kris Mayes said to the Governor about the Department of Corrections stealing that money and plugging their budget, right?

City Attorney Paladini: It's sort of the same thing. It's supposed to be additional money; grants are additional money, especially law enforcement ones, not replacement money. So, I think that is your thinking, being creative, well, we'll just take that \$20,000 that now we got from the feds and take \$20,000 out of the Police budget and give it somewhere else.

Councilor Flagg: Yeah.

City Attorney Paladini: You are not allowed to do that unless you -

Councilor Flagg: Yeah, another way to fight violent crime and drugs.

City Attorney Paladini: You are supposed to use it as additional money, not supplemental.

Councilor Flagg: Ok. I have one other question.

Councilor Aguirre: Just real quick on that, so, we could then take funding from within Public Safety, Police Department, that we are using, say specifically for equipment and move that, so we can move within the police budget as long as we are not taking from their total budget.

City Attorney Paladini: That's that weeds issue, you know, it's going to depend on specifics. It's really hard to talk about it in big concept, but certainly you can look at, well, there are situations where, so let's say you get a grant, you don't have the money and you get a grant for radios, you spend it on radios because you can budget, but let's say you get an \$80,000 grant to buy radios. You don't have any money or revenue for that, so that's why you budget that money in anticipation of getting that grant revenue. But if you don't get the grant revenue, you don't buy the radios, so there's those that start at zero and then there are others that are supplemental.

Councilor Flagg: That's what Keris Mayes would say, the Attorney General. Hey, I've got one more question, ok, Paul?

Mayor Diaz: One more, are you sure?

Councilor Flagg: Yeah, one more. Don't you want me to keep asking questions? So, you know, we talked about the DEA agent thing, so that's still in the budget, it looks like, but I assume you have some, you can explain it to me, because we took it out, right?

Ms. Aguirre: Yes, Mr. Mayor and Councilor Flagg, what you see in the budget is only the amount related to the overtime, so employee related expenses. However, that is money that could be moved over to what you see as \$104,000, that's for patrol. That's for all the cops so it can come out of that DEA section. What I got rid of was the \$19,000 that actually comes from the DEA, but the rest of the money is there for benefits, employee related expenses. That's still general fund so you can definitely just do it through a budget modification and transfer it over to the main pot for police.

Councilor Flagg: For the cops?

Ms. Aguirre: Correct. That's not a problem.

Mayor Diaz: I do have a comment. In regard to the line items, I think the Interim City Manager and the Police Chief had discussed quite a few items, line items, that they have the proper equipment, that they have the proper stuff that the Department needs, the conversation probably on a monthly basis, so I am pretty confident as far as the items that are listed as far as expenditures are within the ballpark, in other words, they are in the ballpark and some of the items that are in there can be moved to other line items as far as spending the money, but as far as the end amount, we are pretty close to being accurate. I thank you for that, thank you Chief, and Interim for that. Are there any more comments in regard to the budget?

Councilor Flagg: Is it time for a Motion?

Mayor Diaz: It's time to call the question.

City Attorney Paladini: We need a clearer motion because I think the original motion was a motion to discuss. I think you need a specific motion to approve the tentative budget. I guess it's a Resolution, so a motion to approve the Resolution.

Vice Mayor Lopez: Mr. Mayor, I'd like to make a Motion that we approve the Resolution No. 24-17 of the Mayor and Council here in South Tucson, adopting a tentative budget for 2024-2025 fiscal year, adopting the estimated amounts required to meet the public expenses for fiscal year 2024-2025, authorizing and directing the publication of the statements and the schedules of the tentative budget.

Councilor Aguirre: I'll Second that.

Mayor Diaz: It has been Moved and Seconded. Roll Call.

Vice Mayor Lopez. Yes.

Acting Mayor Rogers. Yes.

Councilor Romero. No.

Mayor Diaz. No.

Councilor Flagg. Yes.

Councilor Aguirre. Yes.

Councilor Valenzuela. Yes.

Mayor Diaz: Motion passes.

ITEM #09 - ADJOURNMENT

Acting Mayor Rogers: So Moved.

Councilor Aguirre: Second.

Mayor Diaz: We stand adjourned.

The meeting adjourned at 7:08 p.m.

Mayor

ATTEST:

Veronica Moreno, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Agenda Meeting of the City Council of South Tucson, Arizona, held on the 9th day of July, 2024. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2024.

Veronica Moreno, City Clerk