



Minutes of SPECIAL MAYOR AND COUNCIL Meeting

Approved by Mayor and Council
on February 20, 2013.

Date of Meeting: June 5, 2012

The Mayor and Council of the City of Tucson met in special session in the Mayor and Council Chambers in City Hall, 255 West Alameda Street, Tucson, Arizona, at 6:40 p.m., on Tuesday, June 5, 2012, all members having been notified of the time and place thereof.

1. ROLL CALL

The meeting was called to order by Mayor Rothschild and upon roll call, those present and absent were:

Present:

Regina Romero	Council Member Ward 1
Paul Cunningham	Council Member Ward 2
Karin Uhlich	Council Member Ward 3
Shirley C. Scott	Council Member Ward 4
Richard G. Fimbres	Council Member Ward 5
Steve Kozachik	Vice Mayor, Council Member Ward 6
Jonathan Rothschild	Mayor

Absent/Excused:

None

Staff Members Present:

Richard Miranda	City Manager
Roger W. Randolph	City Clerk
Dave Deibel	Deputy City Attorney

2. FINANCE: FINAL BUDGET ADOPTION FOR FISCAL YEAR 2013

Mayor Rothschild announced City Manager's communication number 228 dated June 5, 2012, was received into and made part of the record. He asked the City Clerk to read Resolution 21890 by number and title only.

Resolution No. 21890 relating to Finance; finally determining and adopting estimates of proposed expenditures by the City of Tucson for the Fiscal Year beginning July 1, 2012 and ending June 30, 2013, declaring that together said expenditures shall constitute the budget of the City of Tucson for such fiscal year and declaring that the 5 year Capital Improvement Program (CIP) has been approved with the first year of the CIP being adopted as part of the aforementioned budget.

It was moved by Council Member Scott, duly seconded, to pass and adopt Resolution 21890.

Mayor Rothschild asked if there was any discussion.

Comments were made by Council Members Romero, Cunningham and Fimbres, explaining their vote.

Council Member Romero explained that the Golf Enterprise would repay any subsidy provided in the past and any future subsidies, and must cover its annual expenses and revenues with the next two fiscal years. She said a five-year plan must be developed in detail on how staff planned to move forward given Mayor and Council direction.

Council Member Romero added that she expected staff to make this their mantra, identify solutions and let the Mayor and Council make a final policy decision. The issues with the Golf Enterprise were not brought to the Mayor and Council by staff, but rather by the Independent Audit and Performance Commission (IAPC). She said she wanted to ensure that in the future staff would prepare clear and well researched factual documentation for all of the City's budgets, especially those meriting historically troublesome areas such as the Golf Enterprise, Tucson Convention Center and the City's self insurance plan. She stressed that staff would give the Mayor and Council the facts and the Mayor and Council would provide policy direction.

Council Member Cunningham added he hoped that over the next year the City stretches its "buck" and addressed the issues with roads. He said he wanted to see City roads improved no matter what the degree of the improvement was. He stated it was vital economic development and wanted visitors to know that we took care of our city. He also spoke about transit planning as Sun Link moved forward and looked at how Sun Tran and Sun Link were married. He said he wanted to ensure staff looked at the City of San Diego's transit line and how they made it work.

Council Member Cunningham also commented on pay compression and how he hoped the City could find a way in the future to help those employees in lower classifications; the Tucson Convention Center (TCC); the Golf Enterprise; and not laying off any public safety workers.

Council Member Uhlich had questions about the transit five-year plan, and Dave Diebel, Deputy City Attorney, indicated that would be addressed in a separate item after the budget adoption.

Council Member Fimbres commented on no lay offs for public safety; the small increase in pay to city employees; the Vote by Mail election; the Procurement Card (Pcard) Program, Bring Back the Splash and other positive issues the City had moved forward on.

Council Member Uhlich voiced concerns about affirming economic development expenditures with Tucson Regional Economic Opportunities (TREO) before an analysis was completed.

Kelly Gottschalk, Interim Assistant City Manager and Finance Director, clarified that the money was in the budget if the Mayor and Council chose to enter into a contract with TREO for 2013, but the City did not have the ability to spend that money until the next contract was entered into with TREO.

Vice Mayor Kozachik requested an explanation of the basis of why primary taxes were dropping, and secondary taxes were increasing.

Vice Mayor Kozachik asked if the City was adopting the tax rates, and did they need to build capacity in anticipation of the potential for road repair bonds or would these bonds be effective in fiscal year 2014.

Ms. Gottschalk explained that secondary taxes were increasing because the total assessed value had decreased, and the City had to assess enough to cover the secondary property tax. She added the primary taxes were decreasing because the tort liability amount went down.

Vice Mayor Kozachik asked what the differences were between the Final 2013 Budget and the Final 2013 Budget Subject to State Budget Law, as the numbers were fundamentally different.

Marie Nemerguth, Budget and Internal Audit Program Director, explained there were certain expenditures and revenues exempt from State Budget Law, as it only addressed revenues that were not necessarily locally generated, so the expenditure limitation imposed by the State was based on a population and inflation factor. She said revenues subject to State Budget Law were within an eleven million dollar cap, and the City would have to report expenditures to the State by the end of the year, which presumably would be below the cap; therefore, the City would be okay for Fiscal Year 2013 regarding State expenditures.

Vice Mayor Kozachik asked if that was the item that Mayor and Council could only address bi-annually with voters.

Ms. Nemerguth responded affirmatively, as it was tied to the general election by going to the voters as a Home Rule or a five-year plan or a permanent adjustment. She added staff intended to bring the conversation back to the Mayor and Council in the fall.

Vice Mayor Kozachik asked where the twenty million dollars allocated for roads was in the budget schedules.

Ms. Nemerguth replied it was entirely in Tucson Department of Transportation's (TDOT's) budget.

Vice Mayor Kozachik stated he attended a recent meeting where the idea of repurposing Metropolitan Tucson Convention & Visitors Bureau (MCTVB) funds to civic events. He mentioned some of the groups involved in the meeting such as the City Manager's Office, the Mayor's Office, MTCVB, El Tour de Tucson, Tucson Meet Yourself, the Fourth Avenue Merchants Association, Optimus and Feets Arizona. He said the take away from the conversation was the talk about how important civic events were in the community.

Vice Mayor Kozachik said there was nothing in the budget earmarking the TCC and because there was an obligation to take care of it by the lease terms with Rio Nuevo, he asked if transient occupancy tax dollars could be used.

Ms. Gottschalk stated the money could be reallocated from the budget, and Mayor and Council would need to decide from where.

Vice Mayor Kozachik asked if the half a million dollars earmarked for TREO could be allocated as a place holder entitled Tucson Economic Development.

Ms. Gottschalk said that the four hundred thousand dollar line item for TREO could be used for another purpose if the Mayor and Council chose to do so.

Mayor Rothschild explained the four hundred thousand dollars budgeted for TREO was a reduction from the previous year, and there would be a reduction each year while TREO built private capacity.

Mayor Rothschild asked if there was further discussion, and hearing none, asked for roll call.

Resolution 21890 was declared passed and adopted by a roll call vote of 7 to 0.

It was further moved by Council Member Uhlich, duly seconded, to direct staff to work with the Transit Task Force (TTF) and return to the Mayor and Council by September 18, 2012, with a draft five-year plan that addressed:

- 1) The efficiency of the vehicles, including a mix of the types and sizes of vehicles, and the use of alternative fuels;
- 2) A plan for maintaining fare box recovery rates that would remain above average for cities the size of Tucson, according to the Federal Transit Administration metrics;
- 3) Segregation of projected operating vs. capital costs, including separate financing mechanisms;

- 4) Segregation of projected operating costs for Sun Link, Sun Tran / Van Tran and Express routes;
- 5) Segregation of projected revenues for Sun Link vs. Sun Tran / Van Tran and Express routes explicitly;
- 6) A plan for increasing choice ridership that would maintain the integrity of the low-income fare program and address reasons why choice riders would choose to ride the bus;
- 7) A plan for conducting a comprehensive operational analysis to evaluate the overall system within the next two years;
- 8) A plan for independently auditing the management company on a regular basis to ensure sound fiscal management;
- 9) An evaluation of options for the insurance and risk management elements that would be best for the system and the City.

Mayor Rothschild agreed that transit was an issue that needed to be addressed, and stated that the five-year plan could be supplemented with other resources and information.

A friendly amendment was made by Council Member Scott, accepted by Council Member Uhlich, to include an analysis of documented survey results from other areas of the City that did not receive the kind of ridership opportunities available in certain parts of the city, as there may have been population changes.

A second friendly amendment was made by Council Member Romero, accepted by Council Member Uhlich, for the goal to begin with an independent audit within the first six months of fiscal year 2013.

Vice Mayor Kozachik asked if a new contract had been awarded to the same company for management services. He stated an analysis should have been performed during the RFP process, and the company should be allowed to get their feet on the ground before engaging in another analysis.

Andrew Quigley, Interim Assistant City Manager, replied the selected contractor, PTM, was also the previous contractor. He said the analysis would go into the bus system itself, not just PTM. The expenses on PTM were minimal compared to the bus service issues.

Ms. Gottschalk added there was a part of the RFP process where all of the financial statements of all the firms that submitted were reviewed for strength of the company, but what she understood was it was to go more in-depth as to how the company was managing their day-to-day fiscal management.

Vice Mayor Kozachik expressed concerns over redundancy and performing analyses before a contract is awarded, and stated he hoped the Regional Transportation Authority (RTA) would be paying for it, as they were responsible for managing the system on a region-wide basis, and the RTA should fund the kind of analysis with respect to the capacity needs in other areas of the town.

Richard Miranda, City Manager, said it was an issue the City could present to the Regional Transportation Authority (RTA) on a formal basis.

Vice Mayor Kozachik further commented on choice ridership.

Mayor Rothschild asked if there was further discussion, and hearing none, he asked for a vote.

The motion, as amended, was carried by a voice vote of 7-0.

3. ADJOURNMENT: 7:10 p.m.

Mayor Rothschild adjourned the Special Meeting and reconvened the Regular Meeting.

MAYOR

ATTEST:

CITY CLERK

CERTIFICATE OF AUTHENTICITY

I, the undersigned, have read the foregoing transcript of the meeting of the Mayor and Council of the City of Tucson, Arizona, held on the 5th day of June 2012, and do hereby certify that it is an accurate transcription.

DEPUTY CITY CLERK

RWR:rlm:dr