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## Minutes of SPECIAL MAYOR AND COUNCIL Meeting

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Approved by Mayor and Council  
on March 18, 2014

Date of Meeting: July 9, 2013

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 6:23 p.m., on Tuesday, July 9, 2013, all members having been notified of the time and place thereof.

Roger W. Randolph, City Clerk, announced Vice Mayor Romero was unable to be present for the evening's meeting, but would be participating by telephone. This was allowable under the Mayor and Council Rules and Regulations. He stated Council Member Romero could vote on all matters in the same way as those members physically present as long as she participated in the discussions. On the evening's agenda, all votes would be done by roll call rather than voice vote.

### 1. ROLL CALL

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

Present:

Regina Romero	Vice Mayor, Council Member Ward 1 (electronic attendance)
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	Council Member Ward 6
Jonathan Rothschild	Mayor

Absent/Excused:

None

Staff Members Present:

Richard Miranda	City Manager
Michael Rankin	City Attorney
Roger W. Randolph	City Clerk

**2. BUDGET AND RESEARCH: APPROVING THE PROPOSED ALTERNATIVE EXPENDITURE LIMITATION – HOME RULE OPTION, OR THE PROPOSED PERMANENT BASE ADJUSTMENT, CALLING A SPECIAL ELECTION FOR THE PROPOSAL FOR NOVEMBER 5 AND SPECIFYING THE FORM OF BALLOT**

Mayor Rothschild announced City Manager's communication number 303 dated July 9, 2013, was received into and made part of the record.

Marie Nemerguth, Budget & Internal Audit Director, stated the purpose of the special meeting was to determine whether or not to place an expenditure over-ride option on the November 5<sup>th</sup> ballot, which would be either Home Rule or Permanent Base Adjustment. She explained the City's annual expenditure limitation was being set by the state. It was calculated from a 1980 expenditure base that was adjusted by population and inflation. Ms. Nemerguth stated if the City did continue under the current State imposed limit, Staff had projected the City's planned expenditures could exceed that limit by 2016. She said the expenditure limitation the City was operating under would turn into a provision of services issue. She defined both the proposed alternative expenditure limitation and the permanent base adjustment. She stated both options had been approved by the voters in the past and provide for more local control than the State imposed limit. She went on to say that both options allow for the use of existing and any increased revenues to provide City services as determined by Mayor and Council. Neither of which would increase current taxes. She stated the first option was Home Rule which was effective for four years. The second option was the Permanent Base Adjustment which never expired.

Council Member Uhlich asked if the specific ballot language for each option was generated by the Clerk's Office or the Attorney's Office.

Michael Rankin, City Attorney, stated the Attorney's Office produced the ballot language.

Council Member Uhlich expressed her concerns with the succinctness of the ballot language, stating it was not very informative. She asked if there was an opportunity to adjust the language and if so, did it need to be completed that evening.

Mr. Rankin confirmed any changes needed to be completed that evening. In addition, he stated there was limited ability to expand upon the language because it was primarily dictated by Statute.

Council Member Uhlich asked if the most recent base adjustment, established in 1987, would remain in effect. She also inquired about inserting this clarification into the ballot language.

Mr. Rankin answered affirmatively. He said they could include the information in the "Choice Is Yours" pamphlet, which would be distributed to voters.

Council Member Uhlich stated the sample ballot for the proposition did not specify that they were adjusting the base established in 1987. She said she felt the language read as if the Mayor and Council wanted to increase the budget by \$50 million annually or by \$50 million from last year.

Council Member Cunningham expressed his concern and stressed the importance of the Permanent Base Adjustment and the role the ballot language played in whether or not it passed.

Council Member Scott commented on the current state imposed limit. She agreed with Council Member Uhlich's stance and expressed her own concerns with the clarification of the ballot language to make it clear to the public that it meant the City did not spend more than it received in terms of revenue.

It was moved by Council Member Scott, duly seconded, to pass and adopt Ordinance No. 11096, Tucson's Permanent Base Adjustment.

Council Member Fimbres asked staff to explain the advantages of the Permanent Base Adjustment over the Home Rule option. He also asked the effective date of the proposal, if passed, and how the City would relay the importance of this issue to the public.

Ms. Nemerguth stated the current budget was below the State imposed limitation. If the City projected five years out we would exceed the State imposed limitation by fiscal year 2016. The City was not allowed to exceed the State limitation, so the City would not be able to spend all of the revenues we had. In addition, she described how the Permanent Base Adjustment option would help to mitigate future issues. She stated, if passed, it would go into effect in fiscal year 2015. She also said that the "Choice Is Yours" publicity pamphlet would be used to inform the public on this matter.

Council Member Scott pointed out the restrictions imposed by the current state limit and the effect it had on funds used for public services.

Ms. Nemerguth answered affirmatively and added that the budget needed to be set at the state imposed limit.

Council Member Scott asked if the State limitation stayed in place, and the City did receive increased revenues, the City, under law, would not be allowed to spend it for services.

Ms. Nemerguth answered affirmatively and stated the budget would have to be set at the State imposed limitation.

Council Member Scott said the State has a limitation, the City Of Tucson was currently under that limitation but there might be a time the City came up to the limit. She asked if the State limitation stayed in place, without this being passed, any funds the City received over that, sat somewhere and could not be used even if needed.

Council Member Kozachik asked for confirmation that once the City reaches the state imposed limit all remaining revenue gained by private sector development cannot be used even for public needs.

Ms. Nemerguth answered affirmatively. The State imposed limits was on local revenues.

Council Member Kozachik stated the proposal was not a tax increase, but rather it would permit the City to spend the taxes they generate through private sector development. In addition, he acknowledged the issues with the current ballot language.

Mr. Rankin clarified they were adjusting the state imposed base limit as previously adjusted in 1987, not the 1987 limit.

Mayor Rothschild suggested that the ballot mention the \$50 million increase in the limit set by the State Legislature in 1987.

Mr. Rankin noted they were limited by statutes to 50 words under the descriptive title. He stated the words currently under the descriptive title were legally required, which was why they limited flexibility with the language. He said they could add one additional sentence stating “the last adjustment to the City’s base expenditure limit was made in 1987.” Mr. Rankin added that if they were in agreement with that addition they could treat the language as being read into the record; however, in the event they ended up approving the Ordinance with the addition and it was later deemed problematic, he wanted it be stricken before it was put on the final ballot.

A friendly amendment was offered by Council Member Cunningham, accepted by the motion-maker, to add language to Ordinance No. 11096 in the context for the sample ballot and the official ballot format, indicating the last adjustment to the City base expenditure limit was made in 1987.

Council Member Uhlich asked if staff could add similar language above the title to make the proposal very clear.

Mayor Rothschild inquired about the deadline for statements in support of a ballot proposition.

Roger Randolph, City Clerk, stated the deadline was August 7, 2013. However, he noted there was no cost to place an argument on the issue.

Mayor Rothschild asked the City Clerk to read Ordinance 11096, by number and title only.

Ordinance No. 11096 relating to a Proposed Permanent Increase in the City of Tucson's Base Expenditure Limitation; pursuant to Article IX, Section 20, Subsection 6 of the Arizona Constitution, referring to the City's qualified electors a proposal to adopt a permanent increase in the City's base expenditure limitation; calling a special election on the proposal; specifying the form of ballot for this special election; and declaring an emergency.

Ordinance 11096, as amended, passed by a roll call vote of 7 to 0.

**3. ADJOURNMENT:** 6:48 p.m.

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

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MAYOR

ATTEST:

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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 9th day July of 2013, and do hereby certify that it is an accurate transcription.

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DEPUTY CITY CLERK

RWR:lo:yl