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## Minutes of MAYOR AND COUNCIL Meeting

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Approved by Mayor and Council  
on February 7, 2017.

Date of Meeting: June 21, 2016

The Mayor and Council of the City of Tucson met in regular session in the Mayor and Council Chambers in City Hall, 255 West Alameda Street, Tucson, Arizona, at 5:31 p.m., on Tuesday, June 21, 2016, 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:

Michael J. Ortega	City Manager
Michael Rankin	City Attorney
Roger W. Randolph	City Clerk

**2. INVOCATION AND PLEDGE OF ALLEGIANCE**

The invocation was given by Father Jim Hobert, Sacred Heart Church, after which the Pledge of Allegiance was led by the entire assembly.

Presentations:

- a. Mayor Rothschild presented Certificates of Appreciation and Recognition to the Tucson Jazz Institute, Ellington Band Members
- b. Mayor Rothschild proclaimed June 2016 to be “LGBT Pride Month.” Wendell Hicks, Adam Ragan and Abigail Jensen accepted the proclamation.
- c. Mayor Rothschild proclaimed Solidarity with the LGBT Community. Wendell Hicks, Adam Ragan and Abigail Jensen accepted the proclamation.

**3. MAYOR AND COUNCIL REPORT: SUMMARY OF CURRENT EVENTS**

Mayor Rothschild announced City Manager’s communication number 214, dated June 21, 2016, was received into and made part of the record. He also announced this was the time scheduled to allow members of the Mayor and Council to report on current events and asked if there were any reports.

Current event reports were provided by Council Members Romero, Cunningham, Uhlich, Scott and Fimbres. A recording of this item is available from the City Clerk’s Office for ten years from the date of this meeting.

**4. CITY MANAGER’S REPORT: SUMMARY OF CURRENT EVENTS**

Mayor Rothschild announced City Manager’s communication number 215, dated June 21, 2016, was received into and made part of the record. He also announced this was the time scheduled to allow the City Manager to report on current events, and asked for that report.

Current event report was given by Michael J. Ortega, City Manager. A recording of this item is available from the City Clerk’s Office for ten years from the date of this meeting.

**5. LIQUOR LICENSE APPLICATIONS**

Mayor Rothschild announced City Manager’s communication number 216, dated June 21, 2016, was received into and made part of the record. He asked the City Clerk to read the Liquor License Agenda.

- b. Liquor License Application(s)

New License(s)

1. Chuy's Mesquite Broiler, Ward 3  
4695 N. Oracle Rd. #108 & #109  
Applicant: Kevin Arnold Kramber  
Series 12, City 34-16  
Action must be taken by: May 29, 2016

Staff has indicated the applicant is in compliance with city requirements.

2. A Market, Ward 6  
3860 E. Pima St.  
Applicant: Bashir S. Hamdi  
Series 10, City 44-16  
Action must be taken by: June 30, 2016

Staff has indicated the applicant is in compliance with city requirements.

Public Opinion: Written Arguments Opposed/Support Filed

(This item was considered separately)

3. Bear Canyon Pizza, Ward 2  
8987 E. Tanque Verde Rd. #335  
Applicant: Justin Curtis Kent  
Series 12, City 45-16  
Action must be taken by: July 1, 2016

Staff has indicated the applicant is in compliance with city requirements.

4. Carnitas La Yoca, Ward 5  
3530 S. 6th Ave.  
Applicant: Hortencia Martinez Sanchez  
Series 12, City 46-16  
Action must be taken by: July 3, 2016

Staff has indicated the applicant is in compliance with city requirements.

5. Taco Giro Mexican Grill, Ward 6  
5754 E. 22nd St.  
Applicant: Maria Victoria Medina Sillas  
Series 12, City 47-16  
Action must be taken by: July 3, 2016

Staff has indicated the applicant is in compliance with city requirements.

6. Joy Buffet, Ward 6  
4780 E. Grant Rd.  
Applicant: Jared Michael Repinski  
Series 12, City 48-16  
Action must be taken by: July 3, 2016

Staff has indicated the applicant is in compliance with city requirements.

7. Culinary Dropout, Ward 3  
2543 E. Grant Rd.  
Applicant: Randy D. Nations  
Series 12, City 51-16  
Action must be taken by: July 4, 2016

Staff has indicated the applicant is in compliance with city requirements.

Public Opinion: Written Argument in Support Filed

NOTE: State law provides that for a new license application, “In all proceedings before the governing body of a city...the applicant bears the burden of showing that the public convenience requires and that the best interest of the community will be substantially served by the issuance of a license”. (A.R.S. Section 4-201)

Person/Location Transfer(s)

8. Boxyard, Ward 6  
238 N. 4th Ave.  
Applicant: Thomas Robert Aguilera  
Series 6, City 50-16  
Action must be taken by: July 4, 2016

Staff has indicated the applicant is in compliance with city requirements.

NOTE: State law provides that for a person and location transfer, Mayor and Council may consider both the applicant’s capability, qualifications, reliability and location issues. (A.R.S. Section 4-203; R19-1-102)

Location Transfer(s)

9. Circle K Store #1632, Ward 2  
5505 E. Grant Rd.  
Applicant: Kim Kenneth Kwiatkowski  
Series 9, City 49-16  
Action must be taken by: July 3, 2016

Staff has indicated the applicant is in compliance with city requirements.

NOTE: State law provides that for a location transfer, Mayor and Council may consider whether the public convenience requires and that the best interest of the community will be substantially served by the issuance of a license at that location. (A.R.S. Section 4-203; Rule R19-1-102)

c. Special Event(s)

1. Museum of Contemporary Art Tucson, Ward 6  
265 S. Church Ave.  
Applicant: Samuel Ireland  
City T56-16  
Date of Event: July 16, 2016  
(Good is Good, Summer Music Series)

Staff has indicated the applicant is in compliance with city requirements.

d. Agent Change/Acquisition of Control/Restructure

1. Thirsty's Neighborhood Grill, Ward 2  
2422 N. Pantano Rd.  
Applicant: Shane Lucifer Eplett  
Series 12, City AC7-16  
Action must be taken by: June 23, 2016

Staff has indicated the applicant is in compliance with city requirements.

NOTE: The local governing body of the city, town or county may protest the acquisition of control within sixty days based on the capability, reliability and qualification of the person acquiring control. (A.R.S. Section 4-203.F)

It was moved by Council Member Romero, duly seconded, and carried by a voice vote of 7 to 0, to forward liquor license applications 5b1, 5b3 through 5b9, 5c1 and 5d1 to the Arizona State Liquor Board with a recommendation for approval.

## 5. LIQUOR LICENSE APPLICATIONS

b. Liquor License Application(s)

2. A Market, Ward 6  
3860 E. Pima St.  
Applicant: Bashir S. Hamdi  
Series 10, City 44-16  
Action must be taken by: June 30, 2016

Staff has indicated the applicant is in compliance with city requirements.

Public Opinion: Written Arguments Opposed/Support Filed

Mayor Rothschild announced the item to be considered separately was Item 5b2, A Market, located in Ward 6.

Vice Mayor Kozachik asked if the applicant was present and to come forward.

Bashir S. Hamdi, A Market, stated he did not want to apply for a liquor license, but did so at the request of his customers.

Ronni Kotwica, Palo Verde Neighborhood Association (PVNA) President, stated she was speaking on behalf of her neighbors, as well as the representatives from Dodge-Flower, Garden District and Oak Flower Neighborhood Associations. She gave a brief history of the issues affecting this area. She stated they were in opposition of the liquor license due to not being able to convey to Mr. Hamdi their concerns about smoking paraphernalia, hookahs, etc. She expressed her concerns and those of the surrounding neighborhoods as to why the applicant should not be approved for the liquor license, including his lack of response to their questions and concerns.

Vice Mayor Kozachik asked Mr. Hamdi if he would like to respond or was he comfortable with his original comments.

Mr. Hamdi said he no longer had any smoke shop items in his store. His business was now a convenient store, which did have cigarettes and tobacco for sale. He stated, in regards to the homeless and the bus stop, he had never seen people hanging around the bus stop and from the time school was out, maybe five people came into his store to buy drinks, chips, and would then leave to catch the bus.

Larry Leber, Leber Orthodontics, stated his business was behind A Market and his practice had been there for forty years. He said his concerns were to keep the areas safe and unfortunately Midtown had the reputation of a high crime area. He said there were seventeen different businesses in his office complex and the tenants wanted to practice in a safe location. He continued his comments outlining some of the incidences that had happened in the area, the people he had spoken with and reiterated that they wanted to keep the area safe and continue improving it. He said he did not feel granting the license was a step in the right direction.

Vice Mayor Kozachik stated Youth on Their Own and Catalina High School were in close proximity to A Market; Palo Verde Neighborhood, Garden District, and all the adjacent businesses were in opposition to the request. He said there were certain bases in which they could oppose; one of which was saturation, another was location. He said the areas did not need the liquor license and they certainly did not need the attitude they had encountered time and again from Mr. Hamdi, so he was making the recommendation for denial.

It was moved by Vice Mayor Kozachik, duly seconded, and carried by a voice vote of 7 to 0, to forward item 5b2 to the State Liquor Board with a recommendation for denial.

Council Member Cunningham asked if a representative from the City attended the Liquor Board hearings to present the recommendation from the Mayor and Council.

Michael Rankin, City Attorney, replied a representative from his office attends the Liquor Board hearings to present the recommendations of denial from the Mayor and Council.

A recording and verbatim transcription of this item is available from the City Clerk's Office for ten years from the date of this meeting.

**6. CALL TO THE AUDIENCE**

Mayor Rothschild announced this was the time any member of the public was allowed to address the Mayor and Council on any issue except for items scheduled for a public hearing. Speakers were limited to three-minute presentations.

Mayor Rothschild also announced that pursuant to the Arizona Open Meeting Law, individual Council Members may ask the City Manager to review the matter, ask that the matter be placed on a future agenda, or respond to criticism made by speakers. However, the Mayor and Council may not discuss or take legal action on matters raised during "call to the audience."

Comments were made by:

Jason Wong	Rev. Leah Sandwell-Weiss	Art Mendoza
Paul Diggins	Theresa Ulibarri	Benjamin Nead
Sarah Launius	Ruth Beeker	Matthew Diggins
Paul Durham	Dirk Trachy	

Mayor Rothschild asked the Chief of Police to contact Ms. Ulibarri regarding her concerns.

A recording of this item is available from the City Clerk's Office for ten years from the date of this meeting.

**7. CONSENT AGENDA – ITEMS A THROUGH N**

Mayor Rothschild announced the reports and recommendations from the City Manager on the Consent Agenda were received into and made part of the record. He asked the City Clerk to read the Consent Agenda.

**a. APPROVAL OF MINUTES**

1. Report from City Manager JUN21-16-217 CITY WIDE
2. Mayor and Council Regular Meeting Minutes of November 4, 2015
3. Mayor and Council Study Session Legal Action Report and Summary Minutes of November 4, 2015

- b. TUCSON CODE: AMENDING (CHAPTER 23A) RELATING TO THE DEVELOPMENT IMPACT FEE PHASE-IN PERIOD FOR STREETS, PARKS AND RECREATION, POLICE AND FIRE
  - 1. Report from City Manager JUN21-16-227 CITY WIDE
  - 2. Ordinance No. 11375 relating to Development Impact Fees for Fire Facilities, Parks and Recreational Facilities, Police Facilities and Street Facilities; amending Tucson Code, Chapter 23A, Article III, Development Impact Fee Regulations, Division 4, Development Impact Fee Schedules and effective dates, Sections 23A-90 and 23A-91; and declaring an emergency.
  
- c. LICENSE AGREEMENT AMENDMENT: WITH AT&T CORP. FOR TELECOMMUNICATIONS SYSTEM IN CITY RIGHT OF WAY
  - 1. Report from City Manager JUN21-16-228 CITY WIDE
  - 2. Resolution No. 22588 relating to Transportation and Information Technology; approving and authorizing execution of an amendment to the License Agreement with AT&T Communications of the Mountain States, Inc., now known as AT&T Corp., (AT&T) for installation, operation and maintenance of a telecommunications system in City of Tucson (City) Right of Way (ROW); and declaring an emergency.
  
- d. TUCSON CODE: AMENDING (CHAPTER 15) RELATING TO CHANGES IN GROUNDWATER PROTECTION, AND RESIDENTIAL AND COMMERCIAL COLLECTION AND DISPOSAL FEES AND SERVICES
  - 1. Report from City Manager JUN21-16-230 CITY WIDE
  - 2. Ordinance No. 11377 relating to Environmental Services; amending Chapter 15 of the Tucson City Code; amending existing fees and services and updating a cost of service plan in regards to commercial, residential refuse collection, disposal and groundwater protection by amending Tucson Code Article I, Definitions, Section 15-1; Article V, City fees and charges for residential collection, commercial collection, and disposal services, Section 15-32.4, Environmental Services Low Income Assistance Program; adding Section 15-32.7, APC collection recycling surcharge; amending Section 15-33, Basis for commercial fees; Section 15-33.1 Commercial fee requirements; Section 15-33.2 Commercial fee schedules; Section 15-34.7, Disposal services fee schedule; Section 15-34.8, Disposal services contract fee schedule; Section 15-36 Groundwater protection; setting an effective date; and declaring an emergency.

(This item was considered separately at the request of Vice Mayor Kozachik)

- e. INTERGOVERNMENTAL AGREEMENT: WITH PIMA COUNTY COLLEGE FOR PUBLIC SAFETY TRAINING
  - 1. Report from City Manager JUN21-16-234 CITY WIDE AND OUTSIDE CITY
  - 2. Resolution No. 22592 relating to Intergovernmental Agreements; authorizing and approving an Intergovernmental Agreement between the City of Tucson, for the benefit of the Tucson Fire Department and Tucson Police Department, and the Pima County Community College District, for the Provision of Mutually Beneficial Educational and Training Services; and declaring an emergency.
  
- f. INTERGOVERNMENTAL AGREEMENT: WITH PIMA COUNTY FOR MAINTAINING A SUB-RECIPIENT AGREEMENT FOR IMPLEMENTATION OF THE FEDERALLY FUNDED HOME PROGRAM
  - 1. Report from City Manager JUN21-16-229 CITY WIDE
  - 2. Resolution No. 22590 relating to Intergovernmental Agreements (IGA); approving the IGA between Pima County and the City of Tucson (City) maintaining a subrecipient agreement relating to the implementation of the HOME Program; and declaring an emergency.
  
- g. INTERGOVERNMENTAL AGREEMENT: WITH PIMA COUNTY FOR ANIMAL CARE AND ENFORCEMENT SERVICES
  - 1. Report from City Manager JUN21-16-208 CITY WIDE
  - 2. Resolution No. 22585 relating to Intergovernmental Agreements (IGA); authorizing and approving the execution of an IGA between the City of Tucson (City) and Pima County to provide animal care services with Pima Animal Care Center (PACC) for Fiscal Year 2017 (FY17); and declaring an emergency.
  
- h. FINAL PLAT: (S13-048) CALLECITA VILLAS CONDOMINIUMS, UNITS 1 THROUGH 16
  - 1. Report from City Manager JUN21-16-218 WARD 3
  - 2. Staff recommends that the Mayor and Council approve the final plat as presented. The applicant is advised that building/occupancy permits are subject to the availability of water/sewer capacity at the time of actual application.

- i. FINAL PLAT: (S16-014) OAKMORE SIX, LOTS 1 THROUGH 68
  - 1. Report from City Manager JUN21-16-219 WARD 1
  - 2. Staff recommends that the Mayor and Council approve the final plat as presented. The applicant is advised that building/occupancy permits are subject to the availability of water/sewer capacity at the time of actual application.
  
- j. FINAL PLAT: (S16-021) 8640 EAST TANQUE VERDE, LOTS 1 AND 2
  - 1. Report from City Manager JUN21-16-220 WARD 2
  - 2. Staff recommends that the Mayor and Council approve the final plat as presented. The applicant is advised that building/occupancy permits are subject to the availability of water/sewer capacity at the time of actual application.
  
- k. REAL PROPERTY: APPROVING A GROUND LEASE WITH VERIZON WIRELESS FOR A TELECOMMUNICATION ANTENNA AT 48 NORTH TUCSON BOUVELARD
  - 1. Report from City Manager JUN21-16-221 WARD 6
  - 2. Ordinance No. 11374 relating to Real Property; authorizing and approving the Ground Lease Agreement between Verizon Wireless, LLC (VAW) and the City of Tucson (City) for a telecommunication antenna in City Right of Way at 48 North Tucson Boulevard; and declaring an emergency.
  
- l. MEMORANDUM OF UNDERSTANDING: WITH THE PIMA ASSOCIATION OF GOVERNMENTS FOR THE BIKE SHARE PROGRAM (CONTINUED FROM THE MEETING OF MAY 3, 2016)
  - 1. Report from City Manager JUN21-16-233 CITY WIDE
  - 2. Resolution No. 22566 relating to Transportation; authorizing and approving a Memorandum of Understanding (MOU) with the Pima Association of Governments (PAG) and City of Tucson (City) for Programming and Funding of Bike Share Program; and declaring an emergency.
  
- m. TUCSON CODE AMENDING (CHAPTER 4) RELATING TO IMPOUNDMENT AND RECLAIM TIMES FOR DOGS AT PIMA ANIMAL CARE CENTER
  - 1. Report from City Manager JUN21-16-231 CITY WIDE

2. Ordinance No. 11376 relating to Animals and Fowl: Amending the Tucson Code, Chapter 4, Section 4-99(1), to decrease the number of days a licensed dog can be reclaimed; and declaring an emergency.
- n. RESOLUTION: SUPPORTING ETHNIC STUDIES PROGRAMS IN ARIZONA
1. Report from City Manager JUN21-16-232 CITY WIDE
  2. Resolution No. 22589 relating to Education: supporting Ethnic Studies courses and programs of study in Arizona; supporting the creation of an Arizona Ethnic Studies Articulation Task Force; and declaring an emergency.

It was moved by Council Member Cunningham, duly seconded, and passed by a roll call vote of 7 to 0, that Consent Agenda Items a – n, with the exception of Consent Agenda Item d, which was considered separately, be passed and adopted and the proper action taken.

## 7. CONSENT AGENDA – ITEMS D

- d. TUCSON CODE: AMENDING (CHAPTER 15) RELATING TO CHANGES IN GROUNDWATER PROTECTION, AND RESIDENTIAL AND COMMERCIAL COLLECTION AND DISPOSAL FEES AND SERVICES
1. Report from City Manager JUN21-16-230 CITY WIDE
  2. Ordinance No. 11377 relating to Environmental Services; amending Chapter 15 of the Tucson City Code; amending existing fees and services and updating a cost of service plan in regards to commercial, residential refuse collection, disposal and groundwater protection by amending Tucson Code Article I, Definitions, Section 15-1; Article V, City fees and charges for residential collection, commercial collection, and disposal services, Section 15-32.4, Environmental Services Low Income Assistance Program; adding Section 15-32.7, APC collection recycling surcharge; amending Section 15-33, Basis for commercial fees; Section 15-33.1 Commercial fee requirements; Section 15-33.2 Commercial fee schedules; Section 15-34.7, Disposal services fee schedule; Section 15-34.8, Disposal services contract fee schedule; Section 15-36 Groundwater protection; setting an effective date; and declaring an emergency.

Vice Mayor Kozachik claimed he did not have a problem with the recycling surcharge; absorbing the groundwater protection fees into Environmental Services or the five percent commercial waste increases.

Mayor Rothschild stated his understanding was that the item was been pulled solely for the discussion of the landfill fees for guaranteed tonnage. He said there were additional issues which included the recycling surcharges, groundwater protection fees, commercial collections and some other changes to Chapter 15 of the Tucson Code. He asked if they could have a motion just to approve those items; then they could discuss the others.

It was moved by Vice Mayor Kozachik, duly seconded, and carried by a voice vote of 7 to 0, that Ordinance 11377, with the exception of the guaranteed tonnage fee, be passed and adopted and the proper action.

Mayor Rothschild said they would move onto the landfill fees.

Vice Mayor Kozachik said under the financial considerations it stated that changes in the fees would provide a \$5 million benefit to the City over a period of nine years. He said even assuming those numbers were accurate; the reality was based on a threat from Republic Services, stating they would leave. He said Republic was paying seventeen dollars per ton to dump, and if the City did not lock into sixteen dollars per tonnage for the next nine years, they would leave. He said small haulers paid anywhere from twenty-three to thirty-two dollars a ton and the City and homeowners were paying twenty-one dollars a ton.

Vice Mayor Kozachik stated the City, small haulers, and homeowners were in effect subsidizing Republic. He said the City instituted the tiered system a few years ago when Waste Management Services left and were afraid Republic would do the same; now Republic was now leveraging the City once again.

Vice Mayor Kozachik acknowledged Environmental Services' concerns of being an Enterprise Department; operating as a business; seeing their largest customer knocking on the door saying they would leave if the City did not institute the lower tiered system. He said he was concerned the City would be backing themselves into a corner, where Republic would become a larger piece of the City's businesses and with their subsidized rates, the locals would have greater incentives to leave town and costs would begin increasing.

Vice Mayor Kozachik claimed in the discussions, they were assuming the costs would be static over the nine years, and other than the Cost of Living Allowance (COLA) increase. He said by locking this rate in, he was concerned they were backing themselves into a corner where Republic could leverage the City even more and more greatly. He stated the reality check was if Republic left, Republic had to pay to operate their own landfill, unless they used their subsidized rates of seventeen dollars; assuming that amount was correct; or it could be as high as twenty-one dollars, because that was what the City paid. He added Republic would also have to pay in hauling to their new landfills; which was further away, and at the present, they were paying seventeen dollars a ton.

Vice Mayor Kozachik said in order to believe Republic would act on their threat, was a poor business decision on Republic's part, because they would be hurting themselves in making that move. He stated it was a high risk gamble in calling Republic's bluff, but if they did, it left the process in place and they had until the year 2020 and gave the City time to negotiate with everybody in the room, not just Republic to figure out how they could come up with a single flat rate that worked for everyone. He stated if Republic was not interested, it then allowed the City three to four years to work with the small local haulers in deciding a rate that worked for them.

Vice Mayor Kozachik stated he was not convinced Republic would act on the threat, but if they did, Rad Services and Waste Management Services had landfills in the Town of Marana. If the City expanded Republic's subsidy even more greatly, they would have to cost shift either to the locals; themselves; homeowners, but someone would have to pay more and it simply gave the locals more of an incentive to seek other services with Waste Management, Rad or Republic Services who were located in the Town of Marana. He said it was a dynamic decision and the market would work one way or the other and his concern was allowing Republic to have too much leverage over the City and locking that leverage in for nine years.

Vice Mayor Kozachik expressed his proposal was to reject Republic's threat; sit down immediately with all the players; begin hammering out a deal that worked with small locals, and if Republic chose not to participate, then let them increase their own costs; hurt their own bottom line and the City could work it out with the men and women that were working with the City.

Mayor Rothschild expressed his first priority was for the consumer customers and would be the basis for his decision. He asked the City Attorney if Republic's contract ran to 2019 and if they had any ability to move out of the contract prior to 2019.

Michael Rankin, City Attorney, stated Republic's contract was until 2020 and committed them to providing the tonnage for that time period.

Mayor Rothschild asked if Republic breached their contract, what the City's remedy was.

Mr. Rankin stated he had to examine the contract, but had the standard contract damages to pursue, which could include attorney fees and was fairly substantial.

Vice Mayor Kozachik asked if Republic had an alternative. He expressed they would have to build their own landfills and it would not happen in the very near future.

Michael J. Ortega, City Manager, claimed Republic had a contract in place until 2020 and if the contract was breached, they would handle it as any other contract. He said as he understood it, there was a dollar per ton reduction going forward and if the sixteen dollars was not approved, it would remain at the seventeen dollars per ton and

Republic would have to make a decision. He said the conversation for staff, was to look for direction beyond the 2020 contract.

Mr. Ortega said he acknowledged the Mayor and Council concerns and the points brought up by the other haulers. Staff had thought about things internally that could be offered to the other haulers, not in terms of giving them a discount, but suggesting to them that if they pooled their resources and got above those thresholds, conversations could be held. He said the reason it was so important was because the percentages of fixed costs for the landfill was very high and the more units it was spread over, the cheaper the rates would be and added that some of the customers from larger haulers would be at an advantage.

Mr. Ortega said staff could run the numbers and if it went away in five years, what would that do to the rest of the units, basically the unit costs. He said his thoughts were to keep it in tact for the next four and a half years and it assured the City of stability for that time frame and then they could build in whatever safety nets were needed; move forward, assuming the larger customers moved and went elsewhere.

Mayor Rothschild claimed they would not be losing Republic tomorrow, but also, Republic would not be waiting for another four and a half years. He said there was some time to continue the conversations, but was not aware of how much time. He asked if the City were to lose Republic today, how much would the costs increase for the consumers and the other small haulers.

Pat Tapia, Environmental Services Interim Director, responded saying the residential rates would increase by nine dollars per year and the disposal rates would vary about thirty-five dollars per ton.

Mayor Rothschild asked if at the present, they were charging eleven dollars a month per residential customers.

Mr. Tapia said at the present it varied between fifteen to sixteen dollars and seventy-five cents a month.

Mayor Rothschild said those costs would increase another nine dollars, so it basically was another seventy-five cents a month. He asked what would happen to the small haulers.

Mr. Tapia responded saying everyone would go to small haulers and disposals would increase to thirty-two to thirty-five dollars a month.

Mayor Rothschild said depending on what the small haulers were bringing in, they were paying between twenty-seven and twenty-eight dollars and seventy- five cents.

Mr. Tapia replied he was correct.

Mayor Rothschild asked if someone was delivering nine thousand tons and went from twenty-seven dollars to thirty-two dollars and fifty cents, would it be forty-five thousand dollars a month or a year.

Vice Mayor Kozachik challenged the entire notion that they would all increase that much, because the conversations that would take place between now and 2020, would be with the people who were not all paying the same; some were paying from twenty-three to thirty-two dollars. He said to say everyone's rate would go up by a certain amount was incorrect because of the various differences.

Mr. Ortega confirmed Vice Mayor Kozachik was correct in his approach. He said the way staff had looked at it was that they were trying to spread it out with as many units as possible, but clearly it was a conversation about holding the residential folks harmless and having conversations about the private haulers and how they could make up for loss revenues. He said, ultimately, if the decision was made and increased resident's costs, it would be a detriment and the City was be better off with the contract versus without it. He said the conversations would be if they held those harmless or at least some incremental amounts over the next five years; what it would look like in the sixth year, assuming they lost the contract and what would it looked like for the commercial and residential.

Mayor Rothschild asked if the Mayor and Council decided to protect the consumers and not raise the rates; coming to a full number with regards to the small haulers, what would that move the numbers to.

Mr. Ortega stated if they held the residential pieces harmless, there would be some projected increases over time; it was a cost of doing business, but you would eliminate that, they now would be spreading the costs; the need for them to comply with the regulations; all the things that went along with it. He said it meant the unit prices would be much higher and was a concern he had. He added if they reduced the number of folks they were spreading the costs over, an increase would be seen. He was not saying it would be an astronomical increase, but there would be an increase because they would have fewer units and they would be spreading it over less time.

Mr. Ortega said staff could have another conversation with all the haulers and bring back a recommendation for considerations if the Mayor and Council so desired.

Mayor Rothschild said he read the materials received from the haulers and one of their concerns was that rates were being reduced for some businesses and spreading that delta, what about them. He stated his concern was that everyone's rates were increasing and if they lost their largest provider, the rates would be increased even more. He was also concerned that negotiations went on with the one hauler and no conversations took place with the remainder of the groups. He did not want to wait on the item and if they bumped it, they would have to review it by the fall, and he was looking for guidance from the City Manager.

Mr. Ortega replied by saying he took the middle tier of the twelve thousand five hundred tons per year, which was about a seven dollar increase, which equated to about ninety-four thousand dollars a year and that is what they were talking about on a per hauler basis to make up the differences. He said it was an estimated number; looking at it as half; assuming they over estimated by twice, was forty-five, fifty thousand dollars of additional costs that needed to be spread out per users within that tier. He said they were making some static assumptions and was a dynamic world with fuel costs and all the other pieces out there as well. He said basically, they had someone who was guaranteeing the City a check and that was what they were reacting to. He said he felt it was important to bring that to the Mayor and Council for considerations.

Mayor Rothschild said his concerns, without the communications with the smaller haulers and using today's numbers were: the City could say to them that it was going to cost them fifty thousand dollars more a year; the small haulers might have a slightly different view of it. His other concern was if the City went down that road, it did not mean anyone had to stay with them and the small haulers too could run up north. He said he knew something had to be done and was clear that environmental services fees needed to increase, because what was being done within environmental services was one area within the community where there was still a lot of need in a broader sense.

Council Member Cunningham said it came to his attention the City was offering the main residential service provider, outside the City, sixteen dollars a ton range and charging themselves twenty-one dollars a ton. He said this was the first piece that made him ask the question as to who were they serving. He stated they were the City of Tucson Council and should be serving the City of Tucson residents not the unincorporated Pima County residents. He said he did not understand why they were subsidizing the service providers of people who did not live in the City less, than the people who lived in the City and he felt it was a poor decision.

Council Member Cunningham further stated it was sixty percent of the landfill and as for the capital piece, he said he hoped they were including the depreciation of the landfill in the financial projections. He said if Republic was dumping one-hundred and sixty thousand tons in the City's landfills and everyone else was dumping one-hundred forty thousand, it was half of the landfills life span. He said the City needed to decide how much it was worth to build a new landfill in fifty years, as opposed to not having to build one and include that amount into the costs. He said for him, it was offensive that Republic was receiving that much of a break.

Council Member Cunningham claimed he would not support giving Republic a discount and would not subsidize a multi-million dollar business from a Scottsdale operation, to place their costs on the backs of the City's residents. He further stated that \$5 million at one-hundred sixty thousand units came out to possible sixty-three cents a resident per year and with the smaller haulers, it came in at \$2.56 million dollars. He said the City would be losing a \$2.56 million dollar check, but it could easily be made up because who was to say with a fair rate to the other haulers, they could come in and out bid Republic.

Council Member Cunningham expressed that when he was elected, he would always try and protect the little guy and this was not protecting the little guy or the people who actually lived here; serving the City of Tucson; investing in the community. It was protecting a company that had no interest in seeing Tucson be successful. He went on to say the City had five years and why were they locking themselves into a nine year decision now. He said he was not here to do favors for Republic and it was not fair to everyone that lived in the City of Tucson. He said he appreciated the deal that was made a few years ago and had a foundation of cash to operate the landfill, but he felt it was not needed anymore. He again expressed he was not supporting it.

Council Member Romero asked staff to expand on the negotiations and why Republic wanted a better deal than what they already had in place and what were the contents of the letter Republic sent.

Mr. Tapia responded the letter was basically to inform the City that Republic had a permit to build a transfer station.

Mayor Rothschild asked Mr. Ortega and Mr. Rankin if either of them had seen the correspondence Republic submitted.

Mr. Ortega said he remembered seeing the letter and it basically said they would consider leaving the City of Tucson if the Mayor and Council did not approve their proposal.

Vice Mayor Kozachik stated the letter indicated that if the City did not drop the sixteen dollars and commit by July 1, 2016, Republic would act on their own internal commitment to move. He said it was simply a threat.

Mr. Ortega said that was what he recalled. He said on page seven of the ordinance it stated all the rates were basically the same and the only one that was scheduled to change was the one for the above one hundred fifty-two thousand tons per year. He said it could be left alone; where everything would remain the same; and staff could return whenever the Mayor and Council chose to; or at the end of the five years since there was already an agreement. He said once this was finished they could have conversations with the other haulers as well as with Republic, and if Republic, at that time decides to leave, they would re-run the numbers.

Mr. Ortega said he wanted to clarify they were not intending it to be a subsidy for anyone and what they were looking at was the unit costs and what would happen to the unit costs by spreading it out over a larger number. He stated it reduced everyone's costs which included the residents and his concern was if they lost this, there would be potential increased costs to the residents. He said it was not intended for it to be a subsidy for anyone and the selfishness on the staff's part was to try and reduce and continue to hold down the costs for residents.

Council Member Cunningham stated he understood and asked that staff program in the length and lifetime of the landfill into the formula.

Mr. Ortega responded, as a point of education, the City was mandated to do that. Arizona Department of Environmental Quality (ADEQ) required the City to keep dollars for closure and when going through the analysis and looking at the cost structure, that has to be factored in by law. He said all of staff's numbers included closure for the long term even though that seemed like a long time away, when the City gets audited, that was a factor the auditors could look at as to how much money was set aside or how was the City's cost structure.

Council Member Cunningham asked how much money was saved if the City's closure date got pushed out farther because of one hundred sixty thousand less tons going in every year.

Mr. Ortega replied they had looked at that a little bit and in looking at forty or fifty years, saving two years' worth of closure, did not really factor into the conversation.

Vice Mayor Kozachik asked you could save two years' worth of closure if the City was cutting its tonnage in half.

Mr. Ortega said he thought that number was a bit overstated and would get the correct figures to the Mayor and Council.

Mayor Rothschild said the Mayor and Council were provided a copy of the correspondence submitted by Republic with their meeting materials. He read a portion of the letter stating, "if Republic Services was unable to renegotiate an extension with mutual agreements between both parties by July 1, 2016, we as a Corporation would need to review and seek other opportunities for their disposal needs." He said it further went on to say, "Republic Services has already purchased, cited and received approval from Pima County and the Town of Marana for our transfer station location."

Mayor Rothschild said before moving forward, one way or the other, the City needed to understand what the impacts would be to the residential customers and small haulers. He said he understood where Council Member Cunningham was coming from, but he did not want to cut his nose to spite his face. He said Vice Mayor Kozachik indicated that maybe there was an alternate plan.

Council Member Romero stated her question was still not answered and she felt they needed to know the history of the letter. She said it concerned her that a private company would write a threatening letter and were deciding the monthly fees or price per tonnage they would bring in. She said that in itself did not feel right and wanted an explanation as to why it was good for the City to follow along with their threat.

Mr. Tapia responded he could not answer as to the threat or how long it would go on, but knew that Republic owned a landfill outside of Eloy, Arizona, but to build a

transfer station was just to feed their own landfill, basically where they could take the volumes and generate those tonnages in house. He clarified that it was not sixty percent of the City's volume of tonnages; Republic was only thirty percent of the total volume. He stated the City actually generated five hundred and fifty-seven thousand tons a year. He said the small haulers they had spoken about, was only five percent or less of the City's total volume, so it was quite a larger number he wanted to clarify, as to how much tonnage and revenue actually came in to the landfills.

Mayor Rothschild asked when speaking of the small haulers, was it a cumulative number or was it each at five percent.

Mr. Tapia responded it ranged from five to one percent, and was cumulative to nine percent.

Mr. Ortega responded to Council Romero's question stating it was his understanding from discussions they had with the large hauler was that they would commit to an additional five years; basically a ten year period and it would spread the costs over that time and was guaranteed, which was why the item was brought forth that evening.

Mr. Ortega said there was a section in the ordinance, Section 15-34.8. He stated the ordinance was basically the addition of that tier that seemed to be causing the problems. He said if the Mayor and Council chose not to add the additional tier, all it did was leave the cost structure for the high tier at the same level it currently was, which was seventeen dollars.

It was moved by Council Member Uhlich, duly seconded, to not add the additional tier in the cost structure and leave it at the same level of seventeen dollars.

Vice Mayor Kozachik stated, clearly, that the Mayor and Council were sitting at the dais claiming they were going to decide the fee structure. He said what they were being asked to do was to commit to nine years and that was brinkmanship on their part and to play it out, the question as to the threat, whether it was thirty, forty or fifty percent, the City was giving them the leverage. He asked when their contract expired and stated they were currently in the middle of a contract.

Vice Mayor Kozachik said if they agreed to the threat, and then that thirty, or forty, or fifty percent of the tonnage increased to sixty, seventy or eighty percent, based on them picking up more market shares; what was to stop Republic from returning in two years requesting twelve dollars. He said that was the corner the City was being backed up into and said he was not comfortable with it. He asked what percentage of unincorporated Pima County were Republic's customers.

Mr. Tapia replied he did not know.

Council Member Uhlich interjected stating she had a motion on the floor and acknowledged that no one was comfortable at that point. She further added it was volume; discounts and that it was not uncommon business practices, but there clearly were concerns about the dynamics around it; it was not a typical volume discount; it was a challenging dynamic and one the Mayor and Council did not feel comfortable with. She suggested extending the current pricing under the current terms of the contract for a year, in other words, continue the current agreement; not changing the terms of the agreement and allowing for much more thorough discussions.

Council Member Uhlich said she thought the other advantage of including everyone in the conversation was that she felt the other haulers knew what it cost to haul stuff up to Eloy. She wondered how big the transfer station and landfill was in Eloy; how much would it cost to make it bigger and meet the ADEQ requirements. She said the City did not know enough to really believe that they knew everything they needed to know on this subject.

Vice Mayor Kozachik clarified, it was for a year to continue the existing contract.

Council Member Uhlich clarified it was to continue the contract for this fiscal year for budget purposes and until it came back or other actions were taken, she wanted to continue with the existing contract.

Mayor Rothschild asked the City Attorney if he or anyone from his office had been involved in any of the conversations or if anyone from his office had met with personnel from Republic Services.

Mr. Rankin replied he had not been involved in terms of the negotiations with the haulers. He said there were discussions with his staff prior to the retirement of Andrew Quigley, Environmental Services Director. He continued stating he was unaware of any face to face meetings with Republic Services.

Mayor Rothschild said he did not want the message delivered indicating they were not doing business with Republic, but did want to say they needed more information and when conversations took place, the conversations should include the other haulers because that was the way to receive the fairest results. He agreed with Council Member Uhlich's motion, and felt they needed more time and information, and added when the item returned they would feel comfortable in making a decision.

Council Member Romero asked for clarification of the motion to also include what the City Manager recommended, in adopting the ordinance making changes to Chapter 15.

Mayor Rothschild indicated that had already been done.

Mr. Ortega clarified the motion that was made. He said his intent was that the Mayor and Council approve everything that was presented with the exception of the increase of the top tier up to the one hundred fifty thousand and everything else as recommended was approved.

The motion to continue the current contract with Republic Services for Fiscal Year 2017 at the current price per tonnage of seventeen dollars was passed by a roll call vote of 7 to 0.

Mr. Rankin stated for the record it was the adoption of Ordinance 11377, with the exception of the amendments to Section 15-34.8, relating to the tier for contract of disposal services.

**8. FINANCE: FIXING AND LEVYING THE PRIMARY AND SECONDARY PROPERTY TAXES FOR FISCAL YEAR 2017**

Mayor Rothschild announced City Manager's communication number 222, dated June 21, 2016, was received into and made part of the record. He asked the City Clerk to read Ordinance 11353 by number and title only.

Ordinance No. 11353 relating to Taxation; fixing, levying, and assessing primary and secondary property taxes for the City of Tucson upon the assessed valuation of the property within the City of Tucson subject to taxation, each in a certain sum upon each one hundred dollars of valuation, sufficient to raise the amount estimated to be received in the annual budget, less the amounts estimated to be received from other sources of revenue and unencumbered balances from the previous fiscal year ending June 30, 2017; and declaring an emergency.

It was moved by Council Member Scott, duly seconded, and passed by a roll call vote of 7 to 0, to pass and adopt Ordinance 11353.

**9. BOARDS, COMMITTEES, AND COMMISSIONS; EXTENDING THE SUNSET DATE OF THE ECONOMIC AND WORKFORCE DEVELOPMENT SELECTION COMMITTEE AND APPROVING THE FY2017 RECOMMENDED ALLOCATIONS**

Mayor Rothschild announced City Manager's communication number 223, dated June 21, 2016, was received into and made part of the record. He asked the City Clerk to read Resolution 22586 by number and title only.

Resolution No. 22586 relating to Boards and Commissions; approving the Economic and Workforce Development Selection Committee's (Committee) recommendations for Fiscal Year (FY17) allocations; amending Resolution No. 21605 (adopted August 4, 2010, and previously amended by Resolutions Nos. 22282 (September 9, 2014), 21802 (September 20, 2011), 21937 (August 7, 2012) and 22110 (August 6, 2013)) to extend committee's term to September 1, 2018; and declaring an emergency.

Council Member Fimbres stated they had just heard from folks about cuts made to JobPath and he had heard Mayor Rothschild was actively fundraising for JobPath. He asked for the Mayor to elaborate on that comment.

Mayor Rothschild stated there was a committee process that had to be honored and had been every year, but this year there was an extreme exception. He said JobPath was a great program, but what he had seen was a twelve-thousand dollar, or about a seven percent reduction, and said it happened when new programs are added. He said two new, very good programs were added this year and in fact, JobPath took less of a reduction than the other two programs.

Mayor Rothschild stated they had been having conversations for several years and invited JobPath to participate. He said there were several strategies that could be utilized; one was to go to the employers that JobPath was feeding and have conversations about the need to support the organizations that were feeding them. He said earlier in the year, they had conversations with Bombardier, Inc., where JobPath made a great presentation and asked for only one-thousand dollars, when they should have asked for twenty thousand dollars.

Mayor Rothschild said they had conversations afterwards with JobPath regarding the presentation to Bombardier and was told by JobPath staff that “they just wanted to get in the door.” He said it was time to go back to Bombardier for another presentation and others such as Tucson Medical Center (TMC). He said there were other organizations that were generous to the community and knew the values of JobPath.

Mayor Rothschild stated the City was constantly giving out workforce incentive dollars for sales tax. He said it was done on the annexation transactions and the Comcast transaction. He said JobPath needed to be alert as to where those monies were going, because they were in a perfect position and felt JobPath could expand their program a great deal. He said it was not a good strategy to continue relying solely on government. He stated he would make the commitment to make the “ask” if others were too shy.

Council Member Fimbres stated he would join in with Mayor Rothschild and stated it was a valuable program for the community.

Council Members Uhlich and Romero both stated they would join in as well.

Vice Mayor Kozachik stated no one denied the value of JobPath or the other agencies that were being funded.

It was moved by Council Member Fimbres, duly seconded, and passed by a roll call vote of 7 to 0, to pass and adopt Resolution 22586.

**10. ECONOMIC DEVELOPMENT: NOTICE OF INTENT TO ENTER INTO A TAX INCENTIVE DEVELOPMENT AGREEMENT WITH CREATIVE MACHINES, LLC**

Mayor Rothschild announced City Manager's communication number 224, dated June 21, 2016, was received into and made part of the record. He asked the City Clerk to read Resolution 22587 by number and title only.

Resolution No. 22587 relating to Economic Development; approving a Notice of Intent to enter into a Tax Incentive Development Agreement (Agreement) with Creative Machines, LLC for its acquisition, renovation, and relocation of operations to 4141 East Valencia Road, Tucson, Arizona; making certain findings with respect to that project; and adopting an independent economic analysis relating to it.

Council Member Fimbres thanked Camila Bekat, Economic Development Specialist, for her assistance. He said it was the first time they utilized a global economic development district and stated they were a great group. He said Creative Machines, LLC designed and fabricated sculptures and used their interactive museum exhibits for clients all over the world. He said they would be able to grow in the area they were moving into.

It was moved by Council Member Fimbres, duly seconded, and passed by a roll call vote of 7 to 0, to pass and adopt Resolution 22587.

**11. ECONOMIC DEVELOPMENT: APPROVAL OF PRIMARY JOBS INCENTIVE DEVELOPMENT AGREEMENT WITH COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC**

Mayor Rothschild announced City Manager's communication number 226, dated June 21, 2016, was received into and made part of the record. He asked the City Clerk to read Resolution 22591 by number and title only.

Resolution No. 22591 relating to Economic Development Incentives; authorizing and approving the Primary Jobs Incentive Development Agreement between the City of Tucson (City) and Comcast Cable Communications Management, LLC (Comcast) for construction of \$10 million in tenant improvements to its facility located at 4690 North Oracle Road (Project).

It was moved by Council Member Uhlich, duly seconded, and passed by a roll call vote of 7 to 0, to pass and adopt Resolution 22591.

**12. APPOINTMENTS TO BOARDS, COMMITTEES AND COMMISSIONS**

Mayor Rothschild announced City Manager's communication number 225, dated June 21, 2016, was received into and made part of the record. He asked for a motion to approve the appointments in the report.

It was moved by Council Member Uhlich, duly seconded and carried by a voice vote of 7 to 0, to approve the appointments of Nick Shipley and Laura Mielcarek to the Landscape Advisory Committee (LAC).

Mayor Rothschild asked if there were any personal appointments to be made.

Council Member Fimbres announced his personal appointments of Jesse Lugo to the Board of Adjustment (BAJ), and Roxanne Torres to the Commission on Disability Issues (CODI).

**13. ADJOURNMENT:** 7:35 p.m.

Mayor Rothschild announced the next regularly scheduled meeting of the Mayor and Council would be held on July 6, 2016, at 5:30 p.m., in the Mayor and Council Chambers, City Hall, 255 West Alameda, Tucson, Arizona.

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MAYOR

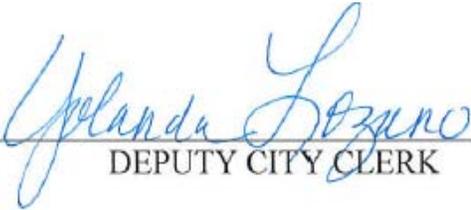
ATTEST:

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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 21st day of June 2016, and do hereby certify that it is an accurate transcription.

  
DEPUTY CITY CLERK

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