



INDEPENDENT AUDIT AND PERFORMANCE COMMISSION (IAPC)

Minutes of the Wednesday, September 2, 2015 Meeting

Location: City Hall – 255 W. Alameda, Budget Conference Room, 4th Floor West, Tucson, AZ

Members Present: Jeff Singleton (Mayor); David Cormier (Ward 1); Mark Crum (Ward 2); Jim Hannley (Ward 3); Kevin Oberg, Chairperson (Ward 4)

Members Excused: Robert Clark (Ward 5)

Staff: Joyce Garland, Budget and Internal Audit Program Director; Silvia Amparano, Finance Director; Victoria Cortinas, Contract Administrator; Pete Saxton, Internal Audit Manager (Ex-Officio Commission Member); Bob Kulze, Principal Auditor; Diane Link, Administrative Assistant

Roll Call: 3:01 P.M. - A quorum was established.

1. Introduction of City Manager Michael Ortega

Mr. Ortega could not attend due to a news conference. He will come to the next meeting.

2. Approval of the July 1, 2015 IAPC Meeting Minutes

It was moved by Mr. Crum, duly seconded and carried by a voice vote of 4 to 0, to approve the minutes. Mr. Hannley was absent from the July 1, 2015 meeting and abstained from voting.

6. Small Business Enterprise (SBE) Program Update (This item was taken out of order.)

Mr. Oberg introduced Ms. Cortinas and noted there have been updates to the SBE program. Ms. Cortinas stated that the City SBE and the County are meeting with the Arizona Transportation Builders Association at the end of the month. This meeting will examine a sample transportation project in order to enhance the knowledge of the general contractors and the subcontractors. No action was taken.

5. IAPC Pension Subcommittee Update (This item was taken out of order.)

Mr. Oberg asked if Councilmember Kozachik appointed someone to the Ward 6 vacant position. Mr. Crum (who volunteers in Councilmember Kozachik's office) stated that it takes time to identify an appropriately qualified candidate who is interested in becoming a volunteer. He further stated that it is likely there will be an appointment in the near future. Mr. Hannley noted that the IAPC should wait until the new appointee is known before it determines which member is best suited to fill the vacancy on the IAPC Pension Subcommittee. Mr. Oberg confirmed that this was the expected course of action.

7. Discussion of Business Licensing Structure and Fees (This item was taken out of order.)

This item was discussed at length. Mr. Cormier indicated this project can be daunting if the goal is to determine whether each business within the City pays a combination of fees and taxes commensurate with the demands that business places on the infrastructure and services of the City. He suggested that revenue constraints are a major concern of the City, and the IAPC might benefit from understanding new fees or increases to fees which had been recommended by staff to Mayor and Council but not implemented.

Mr. Crum, Mr. Singleton and Mr. Hannley suggested various ways of limiting the scope of this topic. Specifically, looking at the fees which generate the highest amount of revenue and evaluating these fees, or looking into whether or not business licensing creates an unequal burden among different businesses.

Mr. Oberg asked Mr. Crum, Mr. Hannley, and Mr. Cormier if they would consider being on the Business License Subcommittee if the commission decides to take on the project. All agreed. IAPC requested staff make a presentation to the IAPC of the fees which have been recommended to Mayor and Council but have not been adopted. No other action was taken.

3. Staff Update

Ms. Garland provided an update on the following:

- Pete Saxton, the new Internal Audit Manager, was introduced to the commission.
- Sun Tran is still on strike.
- City Manager, Michael Ortega, has been bringing the departments together to identify new revenue ideas and to develop an employee recognition program.
- There may be a proposition on the November ballot to remove the red light cameras, which will impact the city's revenues.

Ms. Garland fielded and answered questions. No action was taken.

4. Discussion of the General Fund Reserve Calculation

Ms. Garland presented a Powerpoint to the commission and described the difference between various fund balance categories and how they can be expended. Ms. Garland and Ms. Amparano fielded and answered questions. No action was taken.

8. Approval of the July 7, 2015 IAPC Cost Allocation Subcommittee Meeting Minutes

A quorum of the Cost Allocation Subcommittee was present. Mr. Hannley asked that the minutes be corrected to reflect the correct meeting location. It was moved by Mr. Crum, duly seconded and carried by a voice vote of 2 to 0, to approve the minutes as corrected.

9. Presentation and Discussion of the IAPC Cost Allocation Subcommittee Draft Report

Mr. Hannley presented the report to the committee. Mr. Cormier felt the report needed definitions of terms, clear explanations, and consistent terminology. He identified several specific passages the IAPC-CAS should reconsider. Mr. Singleton noted that this is a complex area and it might be made more understandable if the report contained specific examples and tables of data. The members of the IAPC-CAS indicated their willingness to use the feedback to improve the draft report. Further they indicated they would bring a new draft back to the IAPC at the October meeting. No further action was taken.

10. Call to the Audience

Mr. Brian Wong, Citizen's Water Advisory Committee Chairperson, spoke. He thanked the IAPC for its efforts in reviewing the Cost Allocation. No action was taken.

11. Future Agenda Items

The IAPC discussed moving the next IAPC from October 8 to October 7 depending on Mayor and Council meeting date. No action was taken.

Adjournment: 4:52 P.M.