

City of Tucson Charter Review Committee

Meeting 01/11/16

Minutes approved on 1/25/16

TUCSON CHARTER REVIEW COMMITTEE MEMBERS:

Bonnie Poulos, Chairwoman (arrived at 5:00 p.m.)
Randi Dorman, Vice-Chair
Mark Crum
Tannya Gaxiola
Joseph Howell
Luke ~~Knigh~~ **Knipe**
Lenny Porges
Tom Prezelski (arrived at 5:15 p.m.)
Jeff Rogers
John Springer (arrived at 4:50 p.m.)
Joe Yee

ABSENT MEMBERS:

John Hinderaker
Grady Scott

TUCSON CHARTER REVIEW COMMITTEE STAFF MEMBERS:

Roger Randolph, City Clerk
Mike Rankin, City Attorney
Deborah Rainone, Chief Deputy City Clerk
Suzanne Mesich, Assistant City Clerk
Silvia Amparano, Finance Director
Yolanda Lozano, ~~Assistant~~ City Clerk's Office

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1 VICE-CHAIR **Dorman**: Hello, hello.

2 ~~MALE SPEAKER~~: Hello.

3 VICE-CHAIR **Dorman**: Hi. So Bonnie is gonna be here
4 shortly, but in the - until she gets here, I'll start the
5 meeting. Do we have to have a motion to start the meeting or
6 anything?

7 ~~MALE SPEAKER~~ **Roger Randolph**: No.

CITY CLERK NOTE: This transcript was amended to correct names of speakers and inaudibility. Transcript was corrected by Yolanda Lozano of the City Clerk's Office. RWR:DR:yl 1/26/16

1 VICE-CHAIR **Dorman**: Okay. Let's, let's start the
2 meeting. And just a couple of reminders about this room. The
3 microphones in front of you, in order for everything to be
4 recorded for the Minutes, you have to push where it says "push",
5 and the green light has to be on.

6 So if you want to be heard during the meeting, and
7 also because since we're all not facing the audience, it'll be
8 so helpful for the audience. So please make sure to push. And
9 then if you want to turn it off, you just push it again. Do you
10 want to do roll call?

11 CLERK: Mr. Burke.

12 MR. BURKE: Present.

13 CLERK: Mr. Crum.

14 MR. CRUM: Here.

15 CLERK: Ms. Dorman.

16 MS. DORMAN: Here.

17 CLERK: Ms. Gaxiola.

18 MS. GAXIOLA: Here.

19 CLERK: Mr. Hinderaker. Absent. Mr. Howell.

20 MR. HOWELL: Present.

1 CLERK: Mr. ~~Knight~~ **Knipe**

2 MR. ~~KNIGHT~~ **Knipe**: Here.

3 CLERK: Mr. Porges.

4 MR. PORGES: Here.

5 CLERK: Ms. Poulos is gonna be late. Mr. Prezelski.

6 Absent. Mr. Rogers.

7 MR. ROGERS: Here.

8 CLERK: Mr. Scott is absent. Mr. Springer. Absent.

9 Mr. Yee.

10 MR. YEE: Here.

11 CLERK: We have a quorum.

12 VICE-CHAIR **Dorman**: Great. Thank you. And I'd like

13 to welcome - we have a new member of the Committee. Would you

14 like to introduce yourself?

15 MR. HOWELL: Hi, good evening. My name is Joseph

16 Howell.

17 VICE-CHAIR **Dorman**: Hi, Joseph.

18 MR. HOWELL: It's a pleasure to be here.

19 VICE-CHAIR **Dorman**: So, Joseph, just a couple of

20 things. If you look around the room, well, over there and over

1 there, are the goals that we've established. So we just try to
2 remember those goals as we're having our discussions. And off-
3 line we can bring you up to speed on anything that you would
4 like, and introduce ourselves better.

5 MR. HOWELL: Okay.

6 VICE-CHAIR **Dorman**: Okay? Thanks. So first, we're
7 gonna have a Call to the Audience. Oh, okay. You can pass them
8 down. So, each Call - there's a Call to the Audience at the
9 beginning and at the end of each session. You have three
10 minutes in which to speak and the little timer is **right** there.
11 The green light will be on, and then about 30 seconds before the
12 end, the yellow light will come on. So the first speaker that I
13 have is Christopher Cole.

14 Oh, I'm sorry. I'm just gonna interrupt for one
15 second. I just want to remind everyone that we, we are
16 listening, but we're not allowed to respond during the comments.
17 It's a little bit awkward. So that's why I wanted to make sure
18 that you -

19 MR. COLE: I'm familiar with the open meeting law.

20 VICE-CHAIR **Dorman**: Okay. Just wanted to make sure.

1 MR. COLE: My name is Christopher Cole. I'm the First
2 Vice-Chair for Pima County Libertarian Party, as you may
3 remember from last week.

4 I'm going to speak on two points here. First, the
5 finances of the City. Every dollar that the government takes
6 from the public, at whatever level, harms the economy. Ideally,
7 a discussion is, is done on balancing the harm with the good.
8 But, if you do not constrain how much the government can take
9 from the local economy, then they're not gonna pay attention to
10 the harm they do when they confiscate the money.

11 So I advise you, I request, almost plead with you,
12 don't unfetter the ability of the City Council to tax, to take.
13 Make sure that they have some constraints so that they have to
14 consider what they do, and balance, as I said, the harm they do
15 with the good they try to do.

16 The second point I'm going to make, I hope, is if you
17 go with ward-only elections for both the primary and the
18 general, or if you go with city-wide elections for both the
19 primary and the, and the general, your first instinct is
20 probably going to be to stay with the, what's called the "first

1 past the post" election system.

2 If you have a larger number of candidates than two,
3 you run the risk of nobody getting a majority, and you gotta do
4 it all over again. Ideally, you should hope to have more than
5 one candidate, more than two candidates. There's four political
6 parties recognized by Pima County. The Democrats, the Greens,
7 the Libertarians, and the Republicans.

8 Ideally, four candidates should be running for every
9 office, ideally. First past the post, you may have to do the
10 elections twice, maybe even three times to get a majority for
11 one candidate, and that gets expensive. Consider some other
12 forms of election other than first past the post. Thank you.

13 VICE-CHAIR **Dorman**: Thank you very much. Next, Arnold
14 - is it Larkin?

15 MR. ~~ERKIN~~ **Urkin**: ~~Erkin (ph.)~~.

16 VICE-CHAIR **Dorman**: ~~Erkin~~ **Urkin**. Thanks.

17 MR. ~~ERKIN~~ **Urkin**: Thank you. Can you hear me?

18 VICE-CHAIR **Dorman**: Yes. Very well.

19 MR. ~~ERKIN~~ **Urkin**: I have a, a long history of academic
20 and practical, practical experience in voting in election

1 systems. And I, I've wanted to, to put forward an idea which I
2 haven't seen discussed in the context of provision of election
3 systems for Tucson.

4 And that is that putting aside partisan reasons for
5 complaining about the, about representation. It seems to me
6 that there's not any consideration to the idea that whether you
7 have general or, or ward-only elections, that individuals,
8 taxpayers who pay for the primary system should have the right
9 to express their preference for the candidates that every party
10 on the ballot offers.

11 That's done in some states in presidential elections,
12 for example. It's clearly constitutional. It also strengthens
13 the parties that may not be perceived that way, as clearly
14 California with the top two system, I'm not sure they, they
15 investigated the idea of allowing the so-called general
16 participation at, at the primary level.

17 But it makes the parties more competitive, more
18 vibrant and more responsive to public opinion. And it also
19 creates a sense of trust because there's not - it's not so easy
20 to manipulate the system in which there's such complex and

1 detailed expression of voter preference.

2 So I, I simply offer that as an idea. I think it
3 would be fruitful to consider, and hope that if there's any
4 question about it, I'd be glad to offer more information.

5 VICE-CHAIR **Dorman**: Thank you. That is it for the
6 Call to the Audience. Next on the agenda is the presentation
7 and discussion on current and proposed Charter taxing and
8 bonding limitations, starting with the overview of the City of
9 Tucson financial status.

10 MS. AMPARANO: Good afternoon. My name is Sylvia
11 Amparano. I'm the Finance Director for the City. You should
12 have three handouts in front of you. One is a copy of the
13 presentation that'll be on the, on the screen up there. And the
14 other two, I'll get to in a couple of slides so I can explain
15 what they are.

16 So today, today I want to cover the City's financial
17 condition for the general fund, provide an overview of the
18 City's debt program, and then talk about the three Charter
19 amendments that were recommended from the last Charter Review
20 Committee. And that was part of the direction for Mayor and

1 Council to review those again.

2 So starting with the budget, the City Manager gave a
3 presentation ~~and~~ **in** a retreat to Mayor and Council at the
4 beginning of December, giving him - giving them a preliminary
5 look at what the challenge will be for fiscal year '17.

6 And so they - we are gonna be challenged with
7 balancing the budget. We have a structural imbalance, meaning
8 that revenues are not covering projected expenditures. And so
9 the focus that we are going to be concentrating on is balancing
10 the operational budget in the next two years.

11 So fiscal year '17 and '18, we want - by the end of
12 fiscal year '18, we want to be structurally balanced, meaning
13 that recurring revenues will cover recurring expenditures. And
14 then slowly start adding some capital improvements 'cause we
15 deferred maintenance and deferred repairs on City facilities and
16 vehicle replacement, and technology has also - upgrades have
17 been deferred as well.

18 So this slide was presented to Mayor and Council at
19 the retreat in December. And basically, it's preliminary
20 numbers on what the difference, the delta between one year to

1 the other. So we start with this current fiscal year, which is
2 fiscal year '16, and we are anticipating - well, we, we know
3 that we balanced the budget with one-time funding sources of
4 \$12.7 million. So that's the number that you see at the bottom.

5 So going into fiscal year '17, we're already starting
6 with a \$12.7 million gap. Early estimates for revenue show that
7 we are expecting increases in revenue to that total about \$13
8 million, and then expenditures are estimated to be increasing at
9 \$42 million.

10 So the difference between \$42 million and the 13 is
11 the \$29.5 million, which is the second line from the bottom.
12 And then when you add the \$12.7 million to that, that gives us
13 the \$42 million deficit that we're facing for next fiscal year.
14 And it does that for the next couple columns. And as you see,
15 if we do nothing, by the end of fiscal year '20, we have a \$63
16 million gap between revenues and expenditures.

17 The next slide is just a snapshot of the general fund
18 revenues, to give you an idea how much comes from sales tax and
19 how much comes from property tax. And as you notice, about 40%
20 of our budget is based on sales tax, and we only get about

1 \$13.4 million in primary property tax.

2 State-shared is also a big part, so the income tax,
3 sales tax, and auto lieu (~~sic~~) are coming from the State of
4 Arizona. Together the sales tax and the state-shared revenues
5 make up about 69% of the total general fund revenues. So the
6 City - yes?

7 VICE-CHAIR **Dorman**: The chart on Slide 4 that was the
8 operational projections for the changes to expenditure and
9 revenue, -

10 MS. AMPARANO: Yes.

11 VICE-CHAIR **Dorman**: - what does that mean in the
12 absolute regarding what the total revenues projected for 2016
13 are gonna - for fiscal year 2016, '17, versus expenditures? So
14 what, what's the gap, what's the actual gap in the budget versus
15 just the gap in the change?

16 MS. AMPARANO: So for fiscal year '16? So right now,
17 we know that we started with sevent- -- I'm sorry. With \$12.7
18 million. We're trying to manage this year's budget with vacancy
19 savings, not hiring, and just, you know, limiting the
20 expenditures. We're trying to make up that difference, but

1 we're probably not even halfway there. So it's probably \$7 to
2 \$8 million of a gap still.

3 VICE-CHAIR **Dorman**: Okay.

4 MS. AMPARANO: And we'll have probably more num- --
5 better numbers later this week. But this - they're all
6 preliminary at this point.

7 VICE-CHAIR **Dorman**: Okay.

8 MS. AMPARANO: With the second quarter just ending,
9 we're gonna be doing projections again.

10 VICE-CHAIR **Dorman**: Okay. Thanks.

11 MS. AMPARANO: So the City Managers put together a
12 financial assessment team. And they are a group of City
13 employees from different departments with different backgrounds.
14 And they were tasked with looking with a critical eye at the
15 general fund budget, to look to see if they can identify any
16 potential savings or new revenue ideas, you know, by finding
17 efficiencies or, you know, looking at how programs were
18 resourced and, and such.

19 So this slide came out of that group. And they were
20 brainstorming to come up with what are all the new revenue

1 sources that we can put in front of the City Manager as far as
2 ideas. Staff is not recommending any of these at this point.
3 This was just, what is all out there? If we had a menu to
4 choose from, what are all the revenue sources that the City has
5 available to it?

6 So this first one is opportunities that require Mayor
7 and Council approval, but not voter approval. So these, Mayor
8 and Council could approve without a vote. And there's probably,
9 when you look at the next slide, I'll just push - this is a list
10 of items that do require voter approval, and it's per the
11 Charter, most of them, except for the last one. The rental tax
12 is not a Charter restriction. It's actually a state
13 restriction.

14 The law changed a couple years ago where it changed it
15 from requiring only Mayor and Council approval to now having to
16 take it to the voters. So the first four, the food tax, the
17 construction tax, restaurant and sales tax all would require a
18 change to the Charter to do.

19 And when you look at the dollar amounts in these, it's
20 a lot more than the ones in the previous slide. And that's why

1 that we are limited in our flexibility on what revenues the City
2 can pursue at this time. You have a question?

3 MR. ~~KNIGHT~~ **Knipe**: Yeah.

4 MS. AMPARANO: Okay.

5 MR. ~~KNIGHT~~ **Knipe**: Yeah. Sylvia, on Slide 6, Options
6 for Increased Revenues, are all of these potential actions,
7 actions that have - that are yet to be taken or are some of them
8 already underway?

9 MS. AMPARANO: So none of these have been proposed at
10 this time. These were just, again, a brainstorming session of
11 what's all there. Mayor and Council could consider any of these
12 at any given time as part of the budget process. We could come
13 back with a couple if they want us to, to bring them back. But
14 we're not there yet in the pro- -- in the budget process. But,
15 again, all, all options are on the table at this point.

16 MR. ~~KNIGHT~~ **Knipe**: Thank you.

17 MS. GAXIOLA: I have a question, if I may. On page 7
18 for the construction tax, the potential financial impact says
19 TBD. Is that a number that you guys are working on it, or you
20 just don't have a way to estimate it currently?

1 MS. AMPARANO: We don't have a way to estimate because
2 there's been recent changes to the construction tax last year.
3 They're actually - we're trying to figure out where it's gonna
4 land. So we have seen a reduction in construction sales tax
5 because of the change.

6 And it's moved from the construction line item to
7 retail. So we haven't put in - we haven't assigned someone to
8 look at that. But it - basically, this is sitting at a 4-1
9 right now, it's at two.

10 MS. GAXIOLA: Thank you.

11 MS. AMPARANO: So the City Manager has been meeting
12 with the executive leadership team which is all the department
13 heads, and communicating a lot with Mayor and Council about how
14 can we manage through the current year's budget deficit and also
15 trying to plan ahead and trying to balance the next couple
16 years, because it's a big gap.

17 There is a hiring freeze basically that we can't hire
18 from the outside unless they're very specific technologically
19 needed positions. The general fund - I'm sorry. The, the other
20 item is the, the City is offering a retirement incentive to

1 TSRS, the Tucson Supplemental Retirement System, which is
2 basically the non-public safety pension plan.

3 And the incentive is that if they decide to retire by
4 February 5th, they get three months of pay. We were hoping to
5 get about 90 general fund positions. We don't know what that
6 number is yet because people are still talking to their
7 retirement office and signing up. And, but we don't anticipate
8 that's gonna reach the 90 at this point.

9 We are also evaluating all probationary employees,
10 some employees that just started with the City, or in positions
11 in the general fund that, that haven't been pa- -- they haven't
12 passed probation in that position. And they couldn't, if they
13 didn't already pass probation in a Civil Service protected
14 position, they're being evaluated to see whether we can
15 eliminate them at this point. Because they haven't passed
16 probation, they don't have Civil Service protection, and that's
17 a way to eliminate positions without going through that process.

18 We have started beginning combining functions, so the
19 Office of Budget is being combined into Finance. And HR is
20 looking at how they can use the resources in other departments

1 to help them meet the needs that they have to provide, or the
2 all the services they need to provide to the departments.

3 There has been discussions with the City Manager and
4 other jurisdictions about how best to partner up, and how we can
5 help each other in maybe not duplicating resources, or if
6 there's things that, opportunities there where we can eliminate
7 some duplicate - duplication of services.

8 And then as part of the consolidation for finance and
9 budget, we've started looking at departmental finance and budget
10 staff and how they can be resourced to help central finance and
11 budget so that we're not duplicating efforts in that point. And
12 also questioning whether what they working on, is that a
13 priority for the City at this point, or should that be
14 eliminated?

15 I thought I saw a question. Sorry. And then again,
16 just overall the, the financial assessment team has also been
17 looking at this since reorganizing departments. For example,
18 the - there's evaluation going on with the Office of Integrated
19 Planning and Development Services to see whether they can merge,
20 or if there's duplication of efforts there, too.

1 So that's on the expenditure side. And so we kind of
2 started all of these, and have been for a few years, some of
3 these, trying to find efficiencies throughout our departments.

4 On the revenue side, again, I think we have limited
5 options. One is, you know, some of them that we can do without
6 voter approval, and some that Mayor and Council can do with- --
7 without the vote.

8 So the Charter Committee recommended three - basically
9 three amendments to the Charter that are related the finances.
10 The first one was to modify the \$1.75 per \$100 of assessed value
11 limit on the as - that should be "add" and not "as" -
12 (inaudible) taxes, so it does not apply to the secondary
13 property tax.

14 Currently there's - and I'll go into each of these in
15 more detail. So I'm gonna break up the, the rest of the
16 presentation, giving you more detail.

17 The second is to authorize Mayor and Council to
18 propose to voters an increase to the business transaction
19 privilege tax of two percent. And then the third was to
20 authorize the City the ability to pledge the City excise tax, or

1 sales tax.

2 But before I get into those three specific amendments,
3 I wanted to give you a debt overview, so because some of it's
4 related to the decisions and discussion that you'll have. But
5 basically, the City issues three different types of debt -
6 general obligation debt, revenue pledge debt, and Certificates
7 of Participation, or what we call COPS.

8 They all have different funding sources. So the
9 general obligation debt is repaid with secondary property tax.
10 The revenue pledge debt pledges a specific revenue to repay the
11 debt so we'd issue the water obligations, or the water bonds
12 with this, this financing mechanism. We had ~~HERE~~ (ph.) **HURF**
13 revenues that were pledged also as revenue bonds. We don't have
14 anymore authorization for that, so - and there's no plans to do
15 a reauthorization of ~~HERE~~ **HURF** revenues for bonding purposes.

16 And Certificates of Participation are like a lease-
17 purchase agreement where we pledge City assets until whatever
18 the improvement is paid off. And there's a master trust
19 indenture where we have a pool of assets, and that is the, the
20 reason we keep Certificates of Participation interest costs

1 lower.

2 So a little bit more detail on, on what they are.
3 General obligation debt requires voter approval. There is a
4 couple of limitations on this one. There's the state limitation
5 and also a City Charter limitation.

6 So the state limitation is limited to a percentage of
7 secondary assessed value. And it's also tied to six percent and
8 twenty percent type of debt, depending on the purpose of the
9 debt issued.

10 Currently the ~~see (sic)~~ **GO** debt capacity under the
11 state limitation is just under \$600 million. The City Charter
12 limitation is the \$1.75 per \$100 of assessed value for both the
13 primary and the combined primary and secondary tax rate. The
14 current tax rate for fiscal year '16, the one we're in, is at
15 \$1.596. If we would go up to the max of \$1.75 per 100, we would
16 get an additional \$75 to \$100 million of ~~see (sic)~~ **GO** bonding
17 capacity currently.

18 ~~(Inaudible)~~ Debt services paid by secondary property
19 taxes, and this is the cheapest type of debt to issue, has the
20 lowest interest rates because it is pledged with secondary

1 property tax. And the City has the authority to levy that.

2 So the next slide gives you an overview of the whole
3 debt program. We have a \$1.1 billion debt program. The first
4 two are water, that is the largest portion of that. They have a
5 very comprehensive capital improvement program that's financed
6 with both pay-as-you and bonds.

7 Clean, renewable energy bonds were issued as part of
8 the bill America bonds in 2010. Certificates of Participation
9 is another large chunk which is paid with mostly general fund.
10 And so this is a demand on general fund revenues to repay this
11 debt service.

12 There's about \$27 million debt service annually right
13 now. And that's a commitment - it's an annual appropriation
14 that the Mayor and Council make. The, the senior lien highway
15 user revenue bonds are the ~~HERF~~ **HURF** bonds, and those are gonna
16 be paid off in about seven years.

17 Improvement district bonds are small. We haven't
18 issued any of those in about ten to twelve years. And there's
19 ~~(inaudible)~~ **none** in the plans to do so. Rio Nuevo is listed
20 here, even though we didn't issue the debt, Rio Nuevo issued the

1 debt.

2 The City makes the COPS lease payment for the 2009, it's a lease
3 payment for the use of the TCC. That's equal to the debt
4 service on these 2009 COPS.

5 And then the last one which is the Rio Nuevo revenue
6 bonds, that is paid with the TIF, the tax increment financing
7 revenue that the Rio Nuevo District receives. It's listed here
8 because the City backs those bonds. So if they don't make the
9 payment, the City's on the hook to pay those back.

10 So revenue bonds may require voter approval. So
11 revenue bonds require voter approval, revenue obligations do
12 not. We are currently issuing revenue obligations for Tucson
13 Water. Again, Tucson Water revenues pay for those. And there's
14 usually some reserve requirements or coverage tests that we have
15 to keep to insure to the bondholders that we aren't issuing too
16 much debt, or that there's enough revenue to cover the debt
17 service in future years. Yes?

18 MR. ~~KNIGHT~~ **KNIFE**: The revenue obligations cost more
19 than voter-approved bonds?

20 MS. AMPARANO: They do not. They're, they're pretty

1 comparable. Because we have a long history of issuing debt with
2 the Tucson Water, it's the same revenue source that's being
3 pledged. And so the, the same debt coverage ratios are applied.
4 Yes?

5 ~~MALE SPEAKER~~ **Mr. Knipe:** Is there, is there any
6 advantage to voter-approved bonds for that funding source?

7 MS. AMPARANO: For revenue? At this point, the market
8 doesn't, does the distinguishing in between them. We've been
9 pretty good about getting really, really good interest rates on
10 the obligations. So on the Certificates of Participation, they
11 do not require voter approval. They have been used pretty
12 routinely in the last ten years.

13 2007 was the last time we had any geo (sic) bond
14 remaining, and those were for specific projects. So probably in
15 '99 is when we started issuing Certificates of Participation
16 more routinely. They do require an annual appropriation, so
17 that's why they are a little bit more expensive. No, there is
18 no limitation by state or by Charter for these. The limitation
19 is, can the general fund afford to pay the debt service in the
20 future on this?

1 Mayor and Council did put a cap on this type of debt
2 last year. They restricted it to 10% of general fund revenues,
3 an average of - the average, the last five years revenue
4 average, and we're about five percent right now. And I said
5 this is the most type - this is the most expensive type of debt.

6 MS. ~~CAXIOLA~~ **Dorman**: What prompted them to put the
7 limitation on?

8 MS. AMPARANO: Because it is (inaudible) with the
9 tightening budgets, \$27 million of the general fund goes to pay
10 the COPS debt service. So they just wanted to restrict the
11 going forward saying, "We don't want to get worse, put, put us
12 in a worse position than we are now."

13 Now I'm gonna go into the, the three different issues
14 that the Charter Review Committee discussed last time, and just
15 give you some background. So property taxes are levied by
16 multiple jurisdictions, cities, counties, school districts,
17 community college, special districts all can levy a property
18 tax.

19 There are two types, or two reasons why jurisdictions
20 levy this. One is for the primary property tax, which basically

1 goes to pay for operations and maintenance, and there's also a
2 tort, tort payment that we can add onto the primary portion.
3 The secondary pays for the principal and interest, or debt
4 service for the voter-approved general obligation bonds.

5 So the tax liability is calculated based on the net
6 assessed value, and so there's an assessment ratio, depending on
7 the different type of property that's being assessed. The law
8 changed in 2015 where it used to be two different types of
9 assessed value, one for primary, one for secondary. Now there's
10 one - it's called the limited property value, that is for both
11 primary and secondary.

12 These are just an example of the current rates,
13 assessment ratios for the different types of property uses. And
14 this is just an example of - I'll just walk it through. So Year
15 One, you say for example you have \$100,000 home, and the
16 property tax rate is \$1.50. The annual tax would be \$150.

17 In Year Two, if your house increases by five percent,
18 so it's worth \$105,000, but the property tax rate goes down to
19 \$1.46, you pay \$153 that year. So this goes into just a couple
20 scenarios of the tax rates can change. It can increase or

1 decrease, but it really depends on the value of the house on how
2 much you end up paying.

3 So for those three bottom examples, you end up paying
4 \$153, but it really is dependent on both the value of the house
5 and also the rate that's assessed in total.

6 So the limitations on property tax are - there's a
7 state limitation that limits us to two percent growth from year-
8 to-year except for any new construction or annexation. And
9 there's also the assessment for the qualifying tort liability.
10 So any payments that we've made on tort liability can be added
11 to the primary property tax.

12 There's also a limit as far as the, the new limited
13 property value can only be increased five year - five percent
14 from year-to-year. And then again secondary property tax can
15 only be used to pay debt service on ~~geo~~(sic) **GO** bonds, and
16 there's also a small allowance for uncollectibles, and allowance
17 is twice there. I just caught that. Plus an allowable - oh,
18 no, it's right. Allowable allowance.

19 So then the City restriction is that the City Charter
20 has a combined limitation of \$1.75 for both primary and

1 secondary. And then Tucson is unique in this, that we're the
2 only city that has this restriction.

3 So the current rates for this fiscal year is \$1.59, or
4 a dollar - \$1.60. And this is the dollars that we collect. So
5 we collect \$16.6 million for the general fund and for the tort
6 liability. And the secondary is \$33.2 million that goes to
7 repay the debt, the ~~geo~~-(sic) **GO** debt. Yes?

8 ~~MALE SPEAKER~~ **Mr. Burke:** Back to the previous page.
9 Tucson is unique in having this restriction. Can you explain
10 how we got there?

11 MS. AMPARANO: It's written in the Charter that way.

12 ~~MALE SPEAKER~~ **Mr. Burke:** (Inaudible) **For what purpose?**

13 MS. AMPARANO: And I don't know the history of that,
14 do you?

15 MR. RANKIN: No. I, I can't articulate what the
16 purpose was other than that section of the Charter is where the,
17 the cap on both the property tax and the sales tax are
18 contained. And the, the - that section is written in such a way
19 that it authorizes the imposition of the sales tax sort of as a
20 trade-off for keeping the level of property taxation low.

1 And that's, if you take a look at that section, you
2 could see that it written to say, if the City is going to impose
3 a sales tax which, by the way, can only be up to two percent, at
4 any time that the City's imposing that sales tax, its property
5 tax, combined primary and secondary cannot exceed \$1.75 per
6 hundred, so -

7 MS. AMPARANO: So it does tie those two together in
8 that section which is strange to begin with, I think. But, but
9 no other city that I know of has this restriction. So when
10 we're dealing with the rating agencies, they, they, they show
11 that as a limitation on our flexibility to increase revenues if
12 we had to.

13 MR. RANKIN: And I can add a little bit there. In, in
14 looking at some other charters, Phoenix, for example, I know has
15 a cap in their charter. But it only applies to the primary.
16 And it may have just been sort of a fluke in the way our Charter
17 developed that ours was written.

18 I've tried to read it in ways that it would not apply
19 to both the primary and the secondary, because after all, the
20 secondary property taxes already have to be approved by the

1 voters in each individual instance. But the way it's written,
2 it just can't be read that way. It, it applies to any
3 (inaudible) tax imposed by the City.

4 So it may not even been the intent at the time it was
5 approved. But the level that it was set at in the Charter was
6 so much above what the, the taxation rate was at the time, it
7 may not have ever occurred at the time to think, "Well, we're
8 never gonna need more than \$1.75 per hundred anyway."

9 I think looking at our notes from when we were going
10 through this before, I think we looked at an adjustment, the
11 time value of money from when the \$1.75 was established to now,
12 and that \$1.75 per hundred would be something like \$11.50, or
13 something, now adjusting for the time value of money.

14 MS. ~~CAXIOLA~~ **Dorman**: Was that part of the original
15 Charter or when was that language added?

16 MR. RANKIN: I'll have to look back. I think the
17 amount was changed and adjusted from like a dollar to a dollar -
18 or \$1.50 to \$1.75. But I believe that the cap, as a combined
19 cap, has been there from, from early on.

20 ~~MALE SPEAKER~~ **Mr. Prezelski**: I think the last time we

1 discussed this many months ago, I think it turned up that Mr.
2 Crum had done some research on the history of these limitations.

3 MR. CRUM: I think the way it was how Mr. Rankin has
4 described it is probably the, the best way you can read the City
5 Charter. However, if you go back and read some of the
6 information that went out to the voters when this was originally
7 done, then it may indicate something else.

8 But, gosh, I'm - I think we should stick to what the
9 Charter says, and as Mr. Rankin indicated that's probably the
10 best you can get in terms of the interpretation. But as I
11 recall, I think it was around 1952 or '53 when this originally
12 went to the voters. Thank you.

13 MS. AMPARANO: Okay. So options to amend this piece
14 of the Charter are listed here, and these are just things we
15 thought of, you know, that any type of variation of this could,
16 could apply. But you could it leave as - you can recommend to
17 leave it as is. You can modi- -- recommend to modify the \$1.75
18 limit on the taxes so it doesn't apply to the secondary and just
19 the primary.

20 You can remove the Charter-imposed cap of \$1.75

1 altogether. You can increase \$1.75 cap on the combined to a
2 higher amount and just keep it still on both of them, but raise
3 that amount. So the next section, is there anymore questions on
4 property tax? Yes?

5 ~~MALE SPEAKER~~ **Mr. Rogers:** And, and what was the
6 recommendation?

7 MS. AMPARANO: The recommendation was the second one.
8 Modify the \$1.75 so that it doesn't apply to the secondary. So
9 it doesn't, yes, it doesn't apply to the secondary and just the
10 primary. Yes?

11 ~~MALE SPEAKER~~ **Mr. Porges:** When was the last time that
12 the property tax rate was increased?

13 MR. RANKIN: Looking at the annotations in the
14 Charter, it was - that section was amended in 1969, last amended
15 in 1969.

16 ~~MALE SPEAKER~~ **Mr. Porges:** Well, what, what I'm, what
17 I'm actually getting as is, why are we looking at increasing it
18 if it hasn't reached its cap yet? How often does it go up, and
19 by how much?

20 MS. AMPARANO: It only goes up with a Charter

1 amendment. And the restriction is limiting us on how much geo
2 (sic) bonds we can issue. So there's a restriction on the
3 primary of two percent, which isn't really the restriction, it's
4 more on the ~~geo~~ ~~(sic)~~ **GO** bonding capacity. So right now, we
5 only have \$75 to \$100 million of bonding capacity remaining to
6 meet the \$1.75. Okay. Yes?

7 ~~MS. GAXIOLA~~ **Dorman**: I just want to add that when we
8 deliberated this the last time, it was, I'm pretty sure it was
9 unanimous - that this bullet point was unanimously approved. So
10 we had really studied it at length and felt that this was the
11 best option for the City.

12 ~~MALE SPEAKER~~ **Mr. Burke**: Can I just ask about that
13 approval?

14 **VICE-CHAIR**: Sure.

15 ~~MALE SPEAKER~~ **Mr. Burke**: (Inaudible) Thank you. So
16 that it does not apply to the secondary property taxes, there's
17 a state-imposed limit?

18 **CHAIRWOMAN Poulos**: The reason that I think that the
19 Committee was unanimous last time around was that to remove the
20 cap, we felt that the voters would feel that there was no

1 balance in the Charter, and they would probably vote it down.

2 And that if we increase the cap on the combined, that the voters
3 would look at it as a tax increase.

4 By removing the cap on the secondary tax, the
5 reasoning was that the secondary tax is already on a voter-
6 approved bond project. And therefore, we felt that if we were
7 going to sell anything to the public, that would be the one that
8 would assure them that there's still a cap, but we're removing
9 it to allow ourselves greater flexibility and the kind of
10 interest rate that we could apply for because it increased our
11 revenue, our, our, our bonding capacity, our capacity to spend
12 that revenue. Luke?

13 MR. ~~KNIGHT~~ **Knipe**: Yeah. I just wanted to articulate
14 what I think is one of the salient features of the, of the
15 second option. And correct me if I'm wrong, Mr. Attorney.

16 But if we were to take that option and modify the
17 limits so that it does not apply to the secondary, that would
18 have no impact on the requirement for voter approval if we
19 wanted to increase the debt load.

20 We would still need to go to the voters. So it would

1 have no impact on that. We would, we would always need to go to
2 the voters in order to increase the tax.

3 MR. RANKIN: That's right. There would still be two
4 limitations in place on the secondary property tax. The first,
5 what you've just described requires voter approval for each
6 proposal that would be funded by the secondary property tax.
7 And secondly, there is a limit imposed under state law to the
8 overall amount of secondary property tax that you could impose,
9 based on, there's a formula for the valuation of properties
10 located within the city. And that's where those numbers came
11 from that you saw earlier.

12 In the absence of our Charter provision applying to
13 the secondary property tax, our bonding capacity through geo
14 (sic) bonds, which are funded by the secondary property tax is
15 about 600 million. Because of the restriction under our
16 Charter, we're at about 75 to 100 million.

17 The other thing is we don't want to get right up
18 against that \$1.75 because you have annually the primary
19 property tax being adjusted a little bit, too, up to two
20 percent. And you also have that tort liability in property tax

1 elements which changes pretty dramatically from year to year.

2 It's a comparably small number. Some years it's under
3 a million dollars. I think our highest year has been around \$3
4 million. But you don't want to get into a situation where you
5 inadvertently go over that \$1.75 because now you've violated the
6 Charter, and that's a big deal.

7 MR. ~~PREZELSKI~~ **Burke**: So, Madam Chair, it, it sounds
8 like, if I'm capturing this right, that both the substance and
9 the optics of this is one that the Committee felt would pass
10 (inaudible) with the general public.

11 CHAIRWOMAN **Poulos**: We did, if the public could be
12 apprised of what the change meant in a very understandable way.

13 MR. ~~PREZELSKI~~ **Burke**: I guess that's where I go. And
14 is that the sense of the Committee, it was something that could
15 be done in that way?

16 CHAIRWOMAN **Poulos**: It was felt that it could be done
17 that way. However, I think Mayor and Council chose not to put
18 it on the ballot because of the bonds this time.

19 MR. ~~PREZELSKI~~ **Burke**: Thank you.

20 MS. AMPARANO: Moving on to sales tax. Business,

1 business privilege tax, also known as sales tax, is currently
2 capped by the Charter at two percent. It also restricts the
3 City from collecting sales tax on food for home consumption. So
4 food that isn't for, to make at home, or to take out is taxable,
5 but food for home consumption is not taxable. And that's -
6 those are the two restrictions related to sales tax. Yes?

7 MR. PREZELSKI: Madam Chair, I think it should be
8 pointed out that, that restriction on food - on the sales tax on
9 food that's in the Charter was later added to the State
10 Constitution. So it's, it's not just something that's in the
11 Charter. So even if we were to remove it, we still couldn't tax
12 food and medicine.

13 CHAIRWOMAN **Poulos**: (Inaudible)

14 MR. PREZELSKI: But state law - I thought it was state
15 law that we couldn't -

16 MR. RANKIN: I -

17 MR. PREZELSKI: Yeah. But wasn't that passed by an
18 initiative in the early '70's?

19 MR. RANKIN: I don't think so.

20 MR. PREZELSKI: I, I -

1 MR. RANKIN: I'm gonna have to check 'cause my
2 understanding is that Phoenix actually collects and imposes its
3 sales tax on food consumption.

4 MR. KNIGHT **Knipe**: I think I can -

5 CHAIRWOMAN **Ms. Amparano**: So does South Tucson.

6 MR. KNIGHT **Knipe**: I think I can explain.

7 MR. RANKIN: Yeah.

8 MR. KNIGHT **Knipe**: My understanding of what the
9 Legislature did was eliminate the state tax on food items.

10 MR. RANKIN: Right. Not local.

11 CHAIRWOMAN **Ms. Amparano**: Oh, **yes**.

12 MALE SPEAKER **Mr. Prezelski**: Oh.

13 MR. KNIGHT **Knipe**: Cities can still tax them.

14 MR. RANKIN: Right.

15 MALE SPEAKER **Mr. Prezelski**: All right.

16 CHAIRWOMAN **Poulos**: So there's no -

17 MR. RANKIN: Yeah.

18 CHAIRWOMAN **Poulos**: ~~(Inaudible)~~ **I'm sorry, so the**
19 clarification is there's no state tax on food?

20 MR. RANKIN: There's no state tax -

1 MR. ~~KNIGHT~~ **Knipe**: No state (inaudible)

2 MR. RANKIN: - on food.

3 MR. ~~KNIGHT~~ **Knipe**: Cities can, and many do.

4 MR. RANKIN: Yeah.

5 MS. AMPARANO: Okay. So this chart just shows the
6 history of what the City has collected in the last few years for
7 sales tax. And the 2011, the first one was kind of where we hit
8 our low on sales tax collec- -- collections in the recession.
9 And it's been slowly climbing after that.

10 Last year we collected \$188.8 million. Fiscal year
11 '16's adopted budget was set at \$197.1 million. We're currently
12 estimating collections at \$194.8 million.

13 So this, this slide was prepared by the City Manager,
14 and presented to the Mayor and Council at the budget retreat in
15 December. And it was just some ideas to put out there, what are
16 some potential sales tax options that we could talk about and
17 consider to really deal with the operational budget issues.

18 So then, again, the main focus for the City this year,
19 and next year, is to try to get operationally balanced. And so
20 any amendments to the property tax really aren't helping the

1 operational budget issues. It's really gonna be a sales tax
2 amendment that can help the immediate challenge of balancing the
3 budget.

4 So ideas that half a cent sales tax could generate \$50
5 million. The option was the one-fifth cent sales tax for \$20
6 million, and whether it would be dedicated to a specific
7 purpose. And then at the bottom, it was talking about, again,
8 the property taxes which isn't, again, for operational, it's for
9 capital improvements under the geo (sic) bond authority that
10 needs voter approval.

11 And the current capacity that we have, again, is
12 between \$75 and \$100 million. And this is an old thing,
13 potential County projects that can still be included was around
14 300 million.

15 So options for this section of the Charter are, you
16 can recommend to leave it as is. You can recommend to authorize
17 the Mayor and Council to propose a voter - to voters a sales tax
18 that exceeds two percent.

19 You can leave it as is, unless the voters approve the
20 increase to the two percent. And then you can recommend to keep

1 the percentage cap, but set it at a higher rate. Or you could
2 take the cap off altogether. So those are the five options that
3 this Committee can discuss. Yes?

4 MR. ~~KNIGHT~~ **Knipe**: Yes, Sylvia. I'm sorry. On Slide
5 26, the funding opportunity slide under the bullet point that,
6 that says - and I can't really read it here. It's 20, 20
7 million a year for five years.

8 If, if general, if general fund revenue is, is the,
9 the scarce thing that we all talk about it being, why, why are
10 we putting capital in this item? Why - and, and not the
11 property tax item?

12 MS. AMPARANO: Let me just make sure I heard the
13 question right. Why are we putting capital into the sales tax
14 option?

15 MR. ~~KNIGHT~~ **Knipe**: Why are, why are we exploring sales
16 tax for capital if, if it's such a scarce thing, and the
17 operational needs are so great? Why are we talking about using
18 it for capital?

19 MS. AMPARANO: I, I agree with you. I think it was
20 put out there. That's one of the needs, the, the, the unmet

1 needs that the City has is improvements to roads, facilities,
2 vehicle replacement. Transit is another high demand on the
3 general fund.

4 So this was just another - these are all the options
5 out there. But it is probably better to do the road
6 improvements under the ~~geo~~-(sic) **GO** bond, which is covered by
7 property tax and not sales tax.

8 MR. ~~KNIGHT~~ **Knipe**: Thanks.

9 CHAIRWOMAN **Poulos**: Luke, I was at a meeting this
10 weekend where the City Manager talked a little bit about that.
11 And even though general obligation bonds may be a better way to
12 pay for road maintenance -

13 MR. ~~KNIGHT~~ **Knipe**: Uh-huh.

14 CHAIRWOMAN **Poulos**: - the biggest complaint the City
15 is getting today from citizens all over the community is the
16 state of the roads. And they felt that if they could help
17 resolve that problem that the public might be more responsive to
18 approving increasing ~~(inaudible)~~ **in** taxes because they see an
19 actual tangible improvement in their quality of life.

20 MR. ~~KNIGHT~~ **Knipe**: Thanks.

1 CHAIRWOMAN **Poulos**: (Inaudible)

2 MR. BURKE: Could I also speak -

3 CHAIRWOMAN **Poulos**: Bruce?

4 MR. BURKE: - 'cause I, by coincidence, happen to be
5 on the Bond Oversight Commission for the current bond program.
6 And the unmet needs, as we understand it, for the City with
7 regard to the inventory of unmet needs with respect to roads is
8 something on the order of \$800 million, I believe.

9 So they were talking about a huge unmet and
10 deteriorating inventory of road repairs. And it's, it's really
11 something that has to be addressed, in my judgment, kind of
12 putting on a different hat here, but that's, that's a really
13 critical unmet need within this community.

14 MR. ~~KNIGHT~~ **Knipe**: I suppose one advantage of
15 financing any kind of capital need with sales tax rather than
16 bond revenue is that you're not incurring interest.

17 MS. ~~AMPARANO~~ **Dorman**: I just want to clarify regarding
18 the options. I think that the option that we recommended last
19 time is not actually up here because we recommended that the cap
20 be increased in the Charter, but only with voter approval. It's

1 a little different than bullet point number three.

2 We were saying, have the Charter piece of that taken
3 care of already, so it would be a Charter change, but it could
4 be, go higher than two percent. But any actual change would
5 have to be voted on by the voters. Is that - do you understand
6 that the same way?

7 **CHAIRWOMAN Poulos:** In the, in the notes that I, that
8 I wrote from last meeting, I actually took the recommendation
9 directly out. And it says that we would authorize - the, the
10 recommendation that we made would authorize Mayor and Council to
11 propose a transaction privilege tax, a sales tax that exceeds
12 two percent, but only if that additional sales tax could only
13 become effective after it is placed on the ballot and approved
14 by a majority of the voters at the next election.

15 **MR. RANKIN:** Right.

16 **CHAIRWOMAN Poulos:** (Inaudible)

17 **MR. RANKIN:** And that, that's what bullet point two is
18 trying to capture. So that option is to authorize the Mayor and
19 Council to propose to the voters for approval a sales tax that
20 exceeds two percent. So it would be contingent upon voter

1 approval, that it would be implemented.

2 CHAIRWOMAN **Poulos**: Well, I think, I think that
3 doesn't exactly state how we, how we made the recommendation.
4 What we would do is write into the Charter that the Mayor and
5 Council has that opportunity, not that they would do that at the
6 next election.

7 MR. RANKIN: Correct.

8 CHAIRWOMAN **Poulos**: Okay.

9 MR. RANKIN: It would just, in the Charter, authorize
10 them, or a future Mayor and Council, to do that at such time.

11 CHAIRWOMAN **Poulos**: They could do that. Tom, you look
12 confused.

13 MR. PREZELSKI: ~~(Inaudible)~~ **Yes**, Madam Chair, because
14 this all seems redundant. But I don't know if this is a
15 clarification to -

16 CHAIRWOMAN **Poulos**: Redundant in what manner?

17 MR. PREZELSKI: It's redundant because currently the
18 Mayor and Council could put the higher sales tax on the ballot,
19 and as part of that ballot item, you'd have the Charter change
20 that allows it to happen. So it just seems to be something - is

1 this a clarification -

2 CHAIRWOMAN **Poulos**: Okay. No. No, because I think
3 the redundancy would only come in if the Mayor and Council
4 currently were allowed to just blanket in- -- blanketly increase
5 the, the sales tax on all items.

6 I think in the past what they've done is said, "If we
7 want to go to the voters and ask for an increase in the tax on
8 such-and-such over two percent, we would ask for it." But this
9 would remove the cap entirely, and say if you want to go for a
10 sales tax, you have to ask the voters.

11 ~~MALE SPEAKER~~ **Mr. Rogers**: But wasn't the rationale of
12 this to basically eliminate a two-step process so you don't have
13 two things on the ballot that -

14 CHAIRWOMAN **Poulos**: Yes.

15 ~~MALE SPEAKER~~ **Mr. Rogers**: - that, that - to effectuate
16 that change, you only have to put one on there so you don't have
17 to sell two ballot initiatives at the same time, which could
18 come up with different votes, and -

19 CHAIRWOMAN **Poulos**: That's correct.

20 ~~MALE SPEAKER~~ **Mr. Rogers**: - then you would - it would

1 fail.

2 CHAIRWOMAN **Poulos**: And they would be confused, right.

3 MR. ~~BURKE~~ **Rogers**: Right.

4 CHAIRWOMAN **Poulos**: Go ahead, Tannya.

5 MS. GAXIOLA: Yeah. I mean I think we talked about
6 this last time. That was an attempt to add some transparency
7 because that's one of our goals for recommendations was to make
8 the processes and things that we're asking of the voters more
9 transparent. So by eliminating the need for Mayor and Council
10 to ask for a Charter amendment, at the same time that they would
11 ask for a sales tax increase, it would be a more transparent
12 proposal to the voters for people to have to consider and
13 deliberate.

14 MR. ~~KNIGHT~~ **Knipe**: Well, and on Jeff's point, and I
15 think the City Attorney can clarify it, but it's my
16 understanding that Mayor and Council does have the ability to
17 combine the Charter change question and the sales tax increase
18 question in a single question that would go to voters.

19 I believe that we did that in 2010, Prop 400, the core
20 tax we called it. That was, if I remember correctly, one such

1 measure. It's a little bit more of a confusing way to do it,
2 but I do believe they have the ability to do that right now.

3 MR. RANKIN: That's true. So let me kind of give you
4 some history on how the Mayor and Council in the past have tried
5 to navigate this restriction that's in the Charter.

6 We've done it two ways, and both have failed
7 historically. We have done it as two questions where
8 Proposition One says, "Voters, do you authorize amending the
9 Charter to raise the cap from two percent to 2.3 or 2.5, subject
10 to a specific proposal being approved by the voters?"

11 And a second question, Proposition Two that says,
12 "Do you authorize a tax to increase from two percent to 2.3 or
13 2.5% to fund transportation," okay? Or to fund public safety,
14 whatever it is, okay? In that instance, both have to pass for
15 the authorization to occur and for the tax to be implemented and
16 collected.

17 The more recent attempt was in the core tax example,
18 2010, where it was combined into a single Charter amendment.
19 But it's a Charter amendment. So what you're asking the voters,
20 "Will you amend the City's Charter, the City's Constitution, to

1 raise the cap from two percent to 2.5% for a period of five
2 years? And even though this is a temporary tax, we have to put
3 it in the Charter because we're trying to adjust this cap."

4 So it's like amending the Constitution for a temporary
5 program or, or authorization. And, yes, we're able to do it.
6 So we can put it into a single Charter question, but it's a
7 Charter amendment as opposed to just having the authority to put
8 in front of the voters, "Do you authorize a five-year tax to
9 fund the following purposes?" Bing, bing, bing. And you just
10 list what those are.

11 So, but it's fair to say that Mayor and Council have
12 the authority to do it now, it just has to be put forward as a
13 Charter amendment. And then we explain what is a charter. What
14 type of authority are we creating if we approve this? How long
15 is it gonna be in place, and you know, all those things.

16 CHAIRWOMAN **Poulos**: Thank you, Mike. Mark, you had a
17 comment?

18 MR. CRUM: Yes. This really is an excellent
19 discussion, and truly my feeling. But when we send our
20 recommendations to the Mayor and Council - when we send our

1 recommendation to the Mayor and Council, albeit brief, I think
2 it's reasonable to add a comment, or comments, to what we're
3 recommending and saying why.

4 MS. AMPARANO: All right. So let me go - let you know
5 what the two handouts that I gave out. One that looks like this
6 is the program cities in Arizona. Program cities means that the
7 State of Arizona is collecting the sales tax for them, so
8 they're in a different chart that I maintain. Yes?

9 MR. ~~KNIGHT~~ **Knipe**: I would be very surprised if
10 anybody at this table besides maybe me knows what program cities
11 are.

12 MR. PREZELSKI: I do.

13 MR. ~~KNIGHT~~ **Knipe**: Okay. Me and, me and Tom.

14 ~~MALE SPEAKER~~ **Mr. Rogers**: I don't.

15 MR. ~~KNIGHT~~ **Knipe**: Can, can, can you explain -

16 MALE SPEAKER: Confess.

17 MR. ~~KNIGHT~~ **Knipe**: - what program cities are? I'm not
18 sure everybody knows.

19 MS. AMPARANO: So in the program cities is Oro Valley
20 and Sahuarita that are smaller jurisdictions that the Arizona

1 Department of Revenue collects ~~(inaudible)~~ **them**. They are
2 currently a 2.5% sales tax. That's why I gave you this one so
3 they can compare the surrounding jurisdictions. South Tucson is
4 also at two and a half percent. Sahuarita's still at two.

5 This bigger one is all the non-program cities. So the
6 bigger cities that collect their own sales tax, which is gonna
7 change, but that's another story. So this gives you - the first
8 column is what the tax is, the history of. Tucson is the first
9 city that's on here, and then it goes in alphabetical order
10 after that.

11 So basically this - these two sheets cover all the
12 cities and towns in Arizona and what their current sales tax
13 rates are, so that you can peruse and compare. Is there anymore
14 questions on the sales tax portion?

15 CHAIRWOMAN **Poulos**: Go ahead, Randi.

16 MS. DORMAN: I just want to add that this point was
17 the one financial point where we were not in complete agreement
18 with the Committee last time, just so that you know. Part of
19 that - I don't want to speak for - other people can chime in if
20 they recall better.

1 Some of it was just feeling that it was brought up at
2 the last minute, and that we didn't have enough time to really
3 study all of the implications. The majority felt that it was
4 important enough to put forth to Mayor and Council, but it was
5 not unanimous the way most of the other recommendations were.

6 CHAIRWOMAN **Poulos**: And my other recollection from
7 that was part of our reasoning for addressing it at the tail-end
8 of our discussions was that we had somewhat rejected it early
9 on. But when we held the public meetings, if people talked
10 about the revenue stream, they were asking for us to be able to
11 increase the sales tax for certain purposes.

12 And so we felt that there was some public support and
13 public request to give that option to Mayor and Council as a
14 recommendation.

15 MS. AMPARANO: Let me just update you on what Mayor
16 and Council discussed at their last Mayor and Council meeting,
17 'cause I gave a similar presentation to them on, on sales tax
18 and debt and all that kind of stuff.

19 And they have given direction to Staff to proceed with
20 looking at polling the public, the community, to see whether

1 they would be supportive of a sales tax. And if so, what, what
2 would be the item that they would be willing to pay for? So
3 would it be parks, would it be public safety, would it be
4 transit?

5 Those questions are still to be developed, and we're
6 actually gonna be giving them more information at next week's
7 Mayor and Council agenda. And it was, was unanimous, though,
8 wasn't it? I think so. Yeah. Yes?

9 MR. ~~KNIGHT~~ **Knipe**: Sylvia, does this poll ask voters
10 about a particular election, like this coming November's
11 election? Or does it - is the question just open-ended without
12 regard to a, to a, to a particular time line?

13 MS. AMPARANO: A time line hasn't been set yet. There
14 are deadlines that they're required to do to meet to get on the
15 ballot. The discussion at the table was that if they wanted to
16 do a good polling, we weren't gonna have time to put it on the
17 May election. So November is probably the next available option
18 that they would seriously consider.

19 MR. ~~KNIGHT~~ **Knipe**: Okay. 'Cause this project is gonna
20 have implications for this Committee.

1 CHAIRWOMAN **Poulos**: Randi. And then Tannya.

2 MS. DORMAN: Do we have the ability to make
3 recommendations for which questions should be asked in the poll
4 as a Committee?

5 MR. RANKIN: You know, I don't know that you're gonna
6 have an opportunity, given the time line and how it's moving
7 forward. But, you know, I suppose that you could make a request
8 that the Council consider certain questions to be asked during
9 the polling.

10 MS. GAXIOLA: Yeah. I think that, you know, as we're
11 going through and evaluating the different opportunities to make
12 changes to the Charter, I'm thinking back to some of the
13 comments that Raphe made when he was here. And I hope he's
14 gonna be here with us soon for our future meetings.

15 But he reminded us repeatedly that it's not our job to
16 figure out what we can sell to the voters, and not sell to the
17 voters. It's our job to figure out what is the best change for
18 the best Charter that we could put forward. And whether or not
19 that gets sold to the voters or not is up to the Mayor and
20 Council and folks who want to advocate for and against things.

1 Our job is really to figure out what are the changes
2 that should be made, in our sort of studied opinions, based on
3 the information that we're able to gather in our discussions.
4 And so I don't think that we need to be worried about the
5 results of a poll that may or may not, you know, include
6 questions that would be relevant to this.

7 That our job is really to say, "What would be the best
8 change?" And then, you know, Mayor and Council and other folks
9 can figure out if they want to sell that to the voters.

10 CHAIRWOMAN **Poulos**: So my reading of this so far is
11 that a change in sales tax revenue would bring the most revenue
12 advantage to the City of Tucson of the three proposals that we
13 have looked at so far in the Charter. Is that an accurate
14 assessment?

15 MS. AMPARANO: That is true. And that will help
16 support the operational budget versus the capital. And that's
17 what we're currently challenged with.

18 Okay. So moving on to excise taxes. So the
19 limitation on pledging sales tax is unique to the City. Most,
20 or probably, I think we're the only one that has this

1 restriction. Other cities and towns have the ability to pledge
2 sales tax, and issue revenue bonds which are cheaper than
3 Certificates of Participation.

4 So we don't have that authority right now to pledge
5 general fund revenues. We use the COPS mechanism to, to get
6 that - to get capital needs paid for, but then it's a little bit
7 more expensive tool. The difference between the excise tax
8 secured bond and a Certificates of Participation is about 50
9 basis points.

10 So an example of that is if we were to issue \$100
11 million, and have it repaid over ten years, that would cost the
12 City an additional \$5 million in interest expense. So because
13 we can't use this financing mechanism, we're issuing
14 Certificates of Participation instead, which is more costly than
15 a tax secured bond.

16 So, the options that this Committee can discuss and
17 recommend is to leave this section as is, or authorize the City
18 the ability to pledge the City excise tax revenues in the
19 future.

20 One more comment that I'd like to make. Any of these

1 three restrictions have come up in discussions when I go out to
2 the three rating agencies every spring. They see all of these
3 as limiting our flexibility to increase revenues that, you know,
4 to kind of put policies and revenues to meet the community's
5 needs and demands.

6 So if they see it as a negative, they were very
7 interested in, in, in seeing the results of the last Charter
8 Review Committee, and we haven't gone back to them as far as
9 notifying them that they did not get onto the ballot in
10 November.

11 CHAIRWOMAN **Poulos**: Luke?

12 MR. ~~KNIGHT~~ **Knipe**: So the question for Sylvia, the
13 three recommendations that we're talking about here that were
14 moved forward by the last iteration of this Committee, is it -
15 it is your view that all three of those would be looked upon
16 favorable - favorably by the rating agencies. Is that
17 (inaudible)

18 MS. AMPARANO: That is correct.

19 MR. ~~KNIGHT~~ **Knipe**: Okay.

20 MS. AMPARANO: Yes.

1 MR. ~~KNIGHT~~ **Knipe**: Thank you.

2 MS. AMPARANO: And like the, the sales tax, again, is
3 gonna help the, the operational problem. The other two are to
4 help with the capital, unmet needs.

5 CHAIRWOMAN **Poulos**: Thanks, Sylvia. Tom?

6 MR. PREZELSKI: Yeah, forgive me if this question,
7 Madam Chair - forgive me if this question is beyond the scope of
8 what we're talking about here. But sales taxes are about the
9 least reliable form of revenue. They're very responsive to any
10 economic fluctuation. How, how wise is it, from public policy
11 standpoint, to pledge sales taxes to pay off bonds relative to
12 pledging, let's say, a more stable source of revenue like, like
13 property taxes?

14 MS. AMPARANO: Because we have that restriction on
15 property taxes for both the combined primary and secondary, that
16 had limited the ability to go out and ask the voters for
17 additional bonding capacity.

18 So when the capital needs came up that were necessary,
19 and approved to go forward with, that's when the COPS mechanism
20 was issued. So that restriction has, has impacted the, the way

1 we finance capital projects.

2 MR. ~~KNIGHT~~ **Knipe**: So in other words, it, it might not
3 be any more wise, but it's a little less expensive?

4 ~~MALE-SPEAKER~~ **Mr. Prezelski**: Or, Madam Chair, so what
5 it sounds like that you're saying is that merely having this
6 restriction is limiting our ability to borrow money?

7 CHAIRWOMAN **Poulos**: It costs us money -

8 ~~MALE-SPEAKER~~ **Mr. Prezelski**: Yeah.

9 CHAIRWOMAN **Poulos**: - to have this restriction is -

10 ~~MALE-SPEAKER~~ **Mr. Prezelski**: Yeah, so -

11 CHAIRWOMAN **Poulos**: - essentially what I think I'm
12 hearing.

13 ~~MALE-SPEAKER~~ **Mr. Prezelski**: Yes. So it doesn't even
14 matter if we use sales taxes to back up bonds. It's that the
15 fact that we have a restriction is the problem. Okay.

16 MS. AMPARANO: And let me just clarify. The, the
17 Certificates of Participation are paid with general fund
18 revenues right now. They're just not pledged. So it's the
19 source that is, is used to repay it. And that's why it's more
20 expensive because we aren't able to pledge it.

1 CHAIRWOMAN **Poulos**: Thank you very much for your
2 presentation. I hope you will stay so if we have more questions
3 while we have this discussion, we'll have someone who can
4 possibly answer them.

5 MS. AMPARANO: Okay.

6 CHAIRWOMAN **Poulos**: So, where do we want to go from
7 here? Do we want to take them one-by-one? Do we want to have a
8 more in-depth discussion of some of the options that were
9 presented to us in this presentation, or do we want to refine
10 the recommendations we made last time? Randi.

11 MS. DORMAN: Why don't we go through each one
12 individually and see where everyone is. Some of them might be
13 easy and some of them may be more complicated.

14 CHAIRWOMAN **Poulos**: Well, I guess if we're gonna go
15 through them one-by-one, I'd like to take the one that we had
16 the least agreement on last time, and that was removing the cap
17 on the sales tax. And whether or not that's sufficient to deal
18 with the restriction that would provide enough flexibility in
19 the future to the Mayor and Council, and looking at what the
20 other options were. Where are the options? Some of the options

1 that -

2 ~~MALE SPEAKER~~ **Mr. Burke:** Think it was a page number.

3 CHAIRWOMAN **Poulos:** Let's see. Page 14 at the top of
4 the page.

5 ~~MALE SPEAKER~~ **Mr. Burke:** Thank you.

6 MS. GAXIOLA: ~~(Inaudible)~~ **Slide** 527.

7 CHAIRWOMAN **Poulos:** **Oh, slide 27 527.**

8 (Inaudible discussion.)

9 CHAIRWOMAN **Poulos:** So the options were to leave the
10 cap on the sales tax, leave the Charter alone. Authorize the
11 Mayor and Council to recommend to the voters that we remove the
12 cap. To ask the voters to vote in a new cap that is higher than
13 two percent which would retain a cap within the Charter, but
14 would increase it. And to take the cap off altogether, which I
15 don't know would involve a vote of the public to raise the cap
16 in the future, which is what we recommended in the last
17 reiteration of this Committee.

18 So maybe we should go around the table and see how
19 people feel. Just your general thought about whether or not you
20 could support the recommendation we made before. I'll, I'll put

1 that out on the table, or if you have another suggestion. And
2 why don't we start with Luke, since you seem to be one of the
3 more knowledgeable people on the Committee about ~~(inaudible)~~
4 **this issue.**

5 MR. ~~KNIGHT~~ **Knipe:** Okay. Well, thank you. I, I would
6 support the recommendation that we moved forward before. I
7 would also consider supporting a stronger recommendation. It
8 sounds like we're about to have some discussion about that. I
9 think that it's important to recognize that this two percent cap
10 is a pretty unique feature. It's not a burden that other cities
11 face.

12 As I talked about, or tried to talk about at our last
13 meeting, the business privilege tax isn't just one tax, it's a
14 collection of taxes. It's taxes in different categories that
15 you see here. Those categories are defined in state law in
16 Model's City Tax Code.

17 There, if you look at South Tucson, for example, which
18 has a lot of restaurants. They've got a high tax on food and
19 beverage because they're, they're relying on that revenue
20 stream. A lot of cities tax advertising. We don't, maybe we

1 shouldn't. But I think that we should be able to.

2 The construction sales tax in virtually every city in
3 Arizona is higher than two percent, including the Pima County
4 cities. And so, you know, as our - as the City's revenue needs
5 increase, I think that Mayor and Council is gonna need the
6 flexibility to, to maneuver, flexibility that they don't have
7 right now.

8 And so I would support the recommendation that was
9 moved forward by the, the previous incarnation of this
10 Committee. But I would also support a stronger one and, and I
11 hope that we, that we have some discussion about that.

12 CHAIRWOMAN **Poulos**: And how would you define a
13 stronger one?

14 MR. ~~KNIGHT~~ **Knipe**: Well, the, the strongest one we're
15 capable of doing is removing the tax altogether. We could also
16 increase the percentage. I would support either of those.

17 CHAIRWOMAN: Tom.

18 MR. PREZELSKI: Thank you, Madam Chair. I'd like to
19 concur with what, what Mr. ~~Knigh~~ **Knipe** was saying. Also I
20 think we should look at what other cities have a restriction and

1 what the results have been of that restriction.

2 My understanding is that most of the jurisdictions
3 that surround Tucson either have a higher cap, or no cap at all.
4 And I think that's useful for future reference because the chief
5 argument against this is that it's gonna drive business away,
6 when in fact, many of the cities that we compare ourselves to
7 seem to have higher sales taxes than we do, and are better able
8 to fund improvements.

9 But I also think we have to look at it the other way.
10 I, I remember when I was in the Legislature, the city that
11 people kept on looking at that had sales taxes that were too
12 high was Yuma.

13 They had sales taxes that well over ten cents on the
14 dollar. So it is possible that you could have sales taxes that
15 are too high to - that are high enough to actually inhibit
16 economic development.

17 So I think we need to look at this from both sides,
18 and I, I, at this point, I support at least raising the tax, if
19 not, getting rid of it altogether. I, I, I just don't think
20 that - I think that people have a right to expect that the

1 government that they elect has the flexibility to solve their
2 problems. And we don't have that flexibility right now.

3 CHAIRWOMAN **Poulos**: Mr. Porges.

4 MR. PORGES: Thank you. I agree. I think that we
5 should simply remove the cap, period. Since the - any raise in
6 the sales tax has to go to the voters anyway, it seems a
7 redundancy. It seems an absolutely unnecessary part of the
8 Charter.

9 And to raise it means that five, ten, twenty years
10 from now, our children, or grandchildren will sit around this
11 table and have the same discussion, and talk about the need to
12 raise that cap again. I think it makes much more sense just to
13 eliminate it.

14 CHAIRWOMAN **Poulos**: Bruce?

15 MR. BURKE: I'm undecided, although I'm looking for
16 flexibility. I guess I, I, I can't decide yet 'cause I don't
17 have enough information about whether to take it off altogether,
18 or some stronger version that you were talking about (inaudible)

19 MR. ~~KNIGHT~~ **Knipe**: I don't think that there's any
20 stronger option than taking it off altogether.

1 MR. ~~PORGES~~ **Burke**: I guess that's why I need to
2 understand a little more (inaudible)

3 MR. ~~KNIGHT~~ **Knipe**: Sure. I mean we, we could, we
4 could recommend increasing it to three percent.

5 CHAIRWOMAN **Poulos**: What kind of other additional
6 information would you require to be able to make a decision? I
7 mean is there something that we're lacking in our knowledge
8 here, or -

9 MR. ~~PORGES~~ **Burke**: ~~Humbly~~ **It's probably**, a fact that,
10 that I haven't studied enough to make a judgment. And I think
11 the discussion's helpful and, and my reading's helpful, and I
12 haven't finished that.

13 CHAIRWOMAN **Poulos**: Okay. Thank you. Randi.

14 MS. DORMAN: I would support either raising or
15 eliminating the cap, and making sure it's understood that any
16 actual increase would require voter approval. But I think the
17 flexibility for the City's **is** extremely important.

18 CHAIRWOMAN **Poulos**: Mike, just to, to refresh my
19 memory, if we were simply to recommend a removal of the cap,
20 raising the sales tax would still require voter approval, is

1 that correct?

2 MR. RANKIN: Well, not really.

3 CHAIRWOMAN **Poulos**: Okay.

4 MR. RANKIN: And so I think - but what your discussion
5 was, was contemplating was a level above what the earlier
6 recommendation was, which was to at least allow proposals that
7 if the voters approve anything above two percent, then they -
8 you could, the Council could have that flexibility.

9 But if you were just to strike a portion of the
10 Charter revision such that it still read that the Mayor and
11 Council have the authority to assess and impose and levy and
12 collect a sales tax, and then take the cap out altogether, then
13 the Council would have the legislative authority to set what the
14 cap is, because the Model City's Tax Code itself doesn't include
15 a cap on individual categories of, of sales tax.

16 CHAIRWOMAN **Poulos**: Luke, go ahead.

17 MR. ~~KNIGHT~~ **Knipe**: Well, I don't want to interrupt too
18 much as we're going around the table here. But one, one thing
19 that we could do as a Committee is recommend to the Council that
20 they either increase or remove, and leave it up to them.

1 That's, that's an option, too.

2 CHAIRWOMAN **Poulos**: Mr. Springer.

3 MR. SPRINGER: I, I'm still undecided (inaudible)

4 CHAIRWOMAN **Poulos**: Randi?

5 MS. DORMAN: I just want to clarify. So for me,
6 anything above that, anything above two percent would require
7 voter approval.

8 CHAIRWOMAN **Poulos**: For you to support.

9 MS. DORMAN: Right. I think it's important that the
10 Mayor and Council have the ability to put forth to the voters
11 what they think is important, but that there's limitations in
12 that the voters get to decide if they accept that tax above two
13 percent.

14 CHAIRWOMAN **Poulos**: Tannya?

15 MS. GAXIOLA: Yeah. I continue to support the
16 recommendation that we made last time. I think if we're looking
17 - I'm gonna keep going back to the goals every time. I'm sorry.
18 But, you know, one of our goals is to increase the flexibility
19 for Mayor and Council to be able to finance the business of the
20 City. And this is, you know, allowing them to raise the, the

1 cap would allow them that sort of flexibility.

2 At the same time, it's important for us that the
3 processes of the City be transparent, predictable and
4 flexibility, and that there be accountability. And the way that
5 you make sure that you do that is that you involve the voters in
6 the process.

7 And so continuing to include the voters in a process
8 when there is a proposal to raise sales taxes I think would be
9 important. And I think that we struck that balance in the
10 recommendation last time.

11 So I would support that recommendation, and I would
12 not support a stronger recommendation, just simply eliminate the
13 cap altogether without requiring voter approval for an increase.

14 **CHAIRWOMAN Poulos:** Mr. Crum.

15 **MR. CRUM:** Well, I do like was when - what was
16 mentioned is what are the City's other restrictions? And that's
17 just to remove that concern off of other people's minds because
18 I think there aren't very many, to tell you the truth.

19 It was mentioned that taxes may inhibit economic
20 development. Good point. But also, bad roads and other poor

1 government infrastructures. But, infrastructure also inhibit
2 economic development. So I would favor anything over two
3 percent would require voter approval.

4 CHAIRWOMAN **Poulos**: Mr. Yee.

5 MR. YEE: (All statements were inaudible.)

6 CHAIRWOMAN **Poulos**: Mr. Rogers.

7 MR. ROGERS: I agree with Lenny, Tom and Luke that the
8 strongest provision's what we ought to do. And I do that from a
9 good governance point of view of what, what's - ideally what are
10 we trying to do, is make this Charter the best it can be. And I
11 think the Model City's got it right.

12 However, I'm a political pragmatist at heart, and I
13 understand that, that that might something that just doesn't go
14 over with the voters. And so, I think we probably go with what,
15 what, what I would recommend most of all is exactly what Luke's
16 last remark was, that we present it to the - that, that we
17 recommend that you either remove the cap or raise the cap.

18 And advise them that the Committee, you know, that
19 maybe half the Committee felt one way, and the other half
20 Committee said, "We'll do either one of them." But I, I think

1 that's where we go. And I think that's where, you know, our,
2 our expert would tell us to go, you know, from good governance
3 point of view.

4 And I think that's how I'm kind of looking at this is
5 what, you know, I - I'm, I'm - been in politics a long time and
6 I can't help but look at it pragmatically from a political
7 perspective. But from the good governance point of view, I
8 think we'd get rid of it.

9 CHAIRWOMAN **Poulos**: Mr. Howell, first I'd like to
10 welcome you since I didn't meet you earlier because I was late
11 in attending this meeting. But - and I realize this is very
12 complex issue, but we would like to hear your thoughts if you
13 feel like you have enough information to be able (inaudible)

14 MR. HOWELL: Absolutely. You know, having the
15 pleasure of going last, there's not much that I can say that
16 hasn't already been said. And I'd like to also add that I was
17 appointed to this Committee on Friday.

18 So I haven't had a lot of time to do a great deal of,
19 to do a great deal of research. But my initial knee-jerk
20 reaction would be to follow with what's being proposed as either

1 removing the cap or raising the cap.

2 CHAIRWOMAN **Poulos**: All right. Thank you. I guess
3 I'm still a little confused. So right now under the current
4 Charter, we have a two percent cap. If Mayor and Council wanted
5 to raise the tax a half percent, could they do that without
6 voter approval today?

7 MR. RANKIN: No, they could not because it would
8 require a Charter amendment. And a Charter amendment requires
9 voter approval.

10 MS. GAXIOLA: And it would require a Charter amendment
11 because that would put them over the two percent cap.

12 MR. RANKIN: Correct.

13 MS. GAXIOLA: But let's say they were at 1.5%, and
14 they wanted to raise it a quarter percent. They could do that
15 ~~(inaudible)~~ **without going to the voters.**

16 MR. RANKIN: They could do that without going to the
17 voters.

18 CHAIRWOMAN **Poulos**: So I guess my thoughts are, I
19 think the recommendation that we made previously, which would
20 have, which would have left the two percent cap in place, but

1 would have given the Mayor and Council the ability within the
2 Charter to raise it if they went to the voters for approval for
3 that tax.

4 We're a poor city. I think that the last bond
5 election had a lot of issues surrounding it that didn't really
6 necessarily have to do with, "Do I want to pay more for my
7 services?" And maybe it had to do with the number of projects
8 and the timing of the election, and the questions that were
9 posed in that, in that bond election.

10 But I feel that voters are often willing - people are
11 often willing to pay for the services that they need if they're
12 asked about the services that they need. So I'm a little bit
13 hesitant about recommending that we remove the cap altogether,
14 because I'm just not sure how prudent that is. But I also feel
15 that this is our best opportunity, given the current
16 restrictions that we have to raise money to improve the
17 infrastructure within our community.

18 So my sense would be to remove, or raise the cap, but
19 to still recommend to Mayor and Council that they get voter
20 approval for any sales tax increase that they want from the

1 voter - from the, from the general public. So, Luke, you had
2 your hand up. And then Tom.

3 MR. ~~KNIGHT~~ **Knipe**: You know, Tom raised his hand just
4 before I did. So I'll defer to him.

5 MR. PREZELSKI: Madam Chair, I, I'd just like to
6 direct a question to Staff. How many other cities require
7 voter, voter approval for any sales tax increase?

8 MR. RANKIN: I, I don't know the numbers. We did do a
9 - some kind of sheet on that I think the first time around, or
10 at least identified a couple that require voter approval for any
11 increase. In fact, I do recall one city that required voter
12 approval for an increase or decrease in the sales tax.

13 I think it was - well, I won't say where 'cause I'll
14 get it wrong. But, but so there are some restricters (sic) out
15 there in certain other cities' charters, but I don't know the
16 number offhand.

17 MR. PREZELSKI: If I may follow up, Madam Chair. So
18 how about the cities that surround Tucson? Oro Valley, Marana,
19 Sahuarita. Do they have such a restriction?

20 MR. RANKIN: I don't believe any of those have that

1 restriction.

2 MR. PREZELSKI: Thank you.

3 MR. ~~KNIGHT~~ **Knipe**: Only one of those is a chartered
4 city anyway, and that's the City of South Tucson, and it does
5 not have that restriction. ~~Oh~~ So, am I next?

6 CHAIRWOMAN: (Inaudible)

7 MR. ~~KNIGHT~~ **Knipe**: Again, it's my view that Mayor and
8 Council need some flexibility here. And currently they don't
9 have the authority to exceed the cap. If given that authority,
10 I'm confident that they would use it wisely. But I'm also
11 confident that the voters would do something about them if they
12 didn't use it wisely. And that's why we have elected officials.

13 With that, it's still my view that what this Committee
14 should recommend is that we, that we either increase the cap by
15 a, by a percentage, or remove it altogether. That we leave that
16 decision to Mayor and Council. And I would like to put that in
17 a motion.

18 CHAIRWOMAN **Poulos**: There's a motion on the floor -
19 would not require voter approval as part of that motion.

20 MR. ~~KNIGHT~~ **Knipe**: Well, in order to enact that

1 Charter change, it would require voter approval.

2 CHAIRWOMAN **Poulos**: Well, to rai- -- to raise the cap
3 would require voter approval. But once they rai- -- okay.

4 MS. GAXIOLA: Please clarify your motion.

5 CHAIRWOMAN **Poulos**: Yes. Please clarify.

6 MR. ~~KNIGHT~~ **Knipe**: My motion is to recommend that
7 Mayor and Council increase the cap either by increasing the
8 percentage or removing the cap altogether.

9 (Unidentified person seconds.)

10 ~~MALE SPEAKER~~ **Mr. Burke**: Some discussion? I, I guess
11 I'm wondering why this has to happen today when we've got
12 several of us, including me, who are undecided, and pressing the
13 point now versus a week from now. I, I'm curious to know one
14 thing, and that is where, where the gentleman is that has been
15 discussed as, as the authority here, and was gonna brief us and
16 isn't present.

17 CHAIRWOMAN **Poulos**: I think we're all disappointed
18 that Mr. - or Dr. Sonenshein couldn't be here today. Mike,
19 would you please explain what the holdup has been?

20 MR. RANKIN: Sure. And in fact, I've been

1 communicating with him over the weekend. So the contract for
2 his consulting services was only good for the first round of, of
3 what we went through. So in order to get him back onboard to
4 help on this second effort, first of all, we had to identify
5 funding.

6 And it was towards the end of December that the
7 foundation that funded his contract the first time confirmed
8 that they could fund an extension of that contract. And then I
9 had to write up a new contract for Dr. Sonenshein to review,
10 including with his employer to make sure that they're fine with
11 him spending as much time in this effort as it's gonna take.

12 So he communicated back to me this morning a couple of
13 changes that he'd like to see in the proposed contract. I am
14 expecting him to be here and available as part of the January
15 25th - is that the next scheduled meeting? And that we will
16 have resolved all those issues.

17 He has let me know that he will not be able to be here
18 three times per month. That he'll only be able to be here twice
19 per month, so that will be something to consider going forward.
20 He also suggested that if you're gonna have meetings three times

1 a month, then he can only be here for two.

2 That you might want to address the financial
3 provisions during the meeting when he's not here, because his
4 expertise is more on the structure of governance, etc., and less
5 so on these financial matters.

6 CHAIRWOMAN **Poulos**: Thank you, Mike. And, and that
7 was one reason I wanted a more in-depth discussion today because
8 I have been alerted that he wouldn't be here. And I felt that
9 this was a discussion that perhaps we could try and moderate
10 ourselves. Tannya, you had -

11 MS. GAXIOLA: Yeah. I think if we - two things. I
12 think if we want to give the Mayor and Council more flexibility
13 than what was in our previous proposal, we could talk about in-
14 -- could just - you know, recommending an increase to the cap to
15 three percent, for example, and then saying if they wanted, if
16 they needed to increase beyond that, then they could go to, go
17 to the voters with an increase that goes beyond that.

18 And so that would be an additional level of
19 flexibility that Mayor and Council would have without just
20 eliminating the cap altogether. The, the hesitation I have,

1 Luke, with your recommendation of recommending to Mayor and
2 Council that they either remove the cap or they raise the cap,
3 is that then it feels like we're passing the buck.

4 It's our job to figure out what that answer is
5 supposed to be. They can ultimately - from whatever we send
6 them really is only a recommendation, and they can advance to
7 the voters whatever they think is appropriate.

8 So I think it's up to us to figure - to do the hard
9 work and to figure out what that right answer is, and make the
10 strongest recommendation possible to Mayor and Council. That's
11 a recommendation that's clear.

12 CHAIRWOMAN **Poulos**: Randi.

13 MS. DORMAN: I just want to support what Tannya said,
14 and also point out that when we started the last Charter Change
15 Committee, we reviewed past efforts. And many of the past
16 efforts have not been successful when recommendations were put
17 forth that were not supported by the whole Committee.

18 So really our job is to do the hard work here, and
19 certainly not to force anyone to agree with an opinion with
20 which they don't agree. But as we discuss these issues and

1 learn more, we're more likely to come to an agreement that we
2 think makes the best sense for the City. And more unanimous
3 that it can be, the stronger message it will send to both the
4 Mayor and Council and the City regarding those recommendations.

5 CHAIRWOMAN **Poulos**: Mr. Yee?

6 MR. YEE: (All statements were inaudible.)

7 CHAIRWOMAN **Poulos**: So currently if the Mayor and
8 Council want to increase taxes, sales tax above two percent,
9 they must go to the voters with two questions. Allow us to
10 amend the Charter to raise that sales tax by a certain percent,
11 and the -

12 MR. YEE: (Inaudible)

13 CHAIRWOMAN **Poulos**: No, to - and then to put forward
14 the actual amount that they want to raise that tax by.

15 MR. YEE: (Inaudible)

16 CHAIRWOMAN **Poulos**: The Charter says now you can raise
17 the tax to two percent, period.

18 MR. YEE: (Inaudible)

19 CHAIRWOMAN **Poulos**: Yes. For the most part I think we
20 are at two percent - are we at two percent for everything?

1 MR. RANKIN: There are a couple of categories that
2 we've chosen not to tax for whatever reasons. Advertising and -
3 just advertising. There is one category that's above two
4 percent, which is the utility tax, and that's because in a
5 separate provision, the Charter exempts the utility tax from the
6 two percent ~~tax~~ cap.

7 CHAIRWOMAN Poulos: And the bed (sic) tax is also
8 (inaudible)

9 MR. RANKIN: A bed (sic) tax is a - there's a - it's
10 considered an occupational tax as opposed to a transaction
11 privilege tax, so it's treated a little differently.

12 CHAIRWOMAN Poulos: And what about construction?

13 MR. RANKIN: Construction sales tax is under the two
14 percent cap. In fact, one of the proposals that was put to the
15 voters in, I think it was 2003, would have amended the Charter
16 to raise the cap from two percent to 2.3% for most sales taxes,
17 and to six percent for construction sales tax. That failed
18 about 70 to 30.

19 CHAIRWOMAN Poulos: Mr. Rogers.

20 MR. ROGERS: Well, let me read the recommendation that

1 went to Mayor and Council last time.

2 "Amends Chapter 4, Section 2 to authorize Mayor and
3 Council to impose a transaction privilege tax that exceeds two
4 percent, but only if such additional sales tax could only become
5 effective after it's placed on the ballot, and approved by a
6 majority of voters at the next election."

7 That's pretty weak tea. I mean, really that, that,
8 that's almost no different than where we're at right now, having
9 to put it on the ballot to raise the, to raise the, the, the,
10 the ceiling and to also impose the tax.

11 And so we're really, you know, kind of - if we stick
12 with this last recommendation, we're not doing anything almost.
13 I mean it's, it's just pretty weak. I mean we may as well do
14 nothing at all.

15 So I, I continue to believe that we need to give them,
16 tell them that, that it needs to be raised or eliminated. And,
17 and which they choose to do, that becomes a political question.
18 And, and I think the political answer's probably gonna be, raise
19 it.

20 CHAIRWOMAN **Poulos**: Luke. And then Randi.

1 MR. ~~KNIGHT~~ **Knipe**: Well, actually I wanted to, to echo
2 Randi's point that she made when she spoke up previously and,
3 and say a few words in support of it. Consensus is so important
4 in these efforts, and not just consensus from this Committee,
5 but consensus from the Mayor and Council, and ultimately
6 consensus from the voters.

7 The last time we tried to do something like this was
8 back in 2010. We put a comprehensive package of Charter changes
9 on the ballot, and it failed. And it failed by a pretty big
10 margin.

11 It went to the voters on a split decision, on a four-
12 three vote from Mayor and Council. There were, there were
13 proposals in it, including a huge salary increase for Mayor and
14 Council that were deeply controversial.

15 This is a nice list of goals. I, I was - we all voted
16 to advance it. One goal that's not on this list, and I don't
17 think we need to vote on, but I think it's important is that we
18 not repeat past mistakes. We've made a number of them in the
19 history of this Charter and efforts to change it.

20 And we, you know, we have an opportunity right now to,

1 to do lasting good, but we also have an opportunity to waste
2 everybody's time and resources and have an outcome that's not a
3 good one. So the more consensus the better. Maybe I was
4 premature in making my motion, you know. I'll, I'll withdraw it
5 if I need to, but that was a very good point. That's all.

6 CHAIRWOMAN **Poulos**: Randi.

7 MS. DORMAN: I just want to clarify for Jeff, 'cause I
8 think you might be misreading the previous recommendation. It's
9 - the essence was to change the Charter to allow for increases,
10 but that those increases would then have to be approved by
11 voters.

12 So it's changing the Charter so that increases are
13 allowed, but any increase would have to be voted on. So that's
14 not completely weak tea. There's -

15 MR. ROGERS: Well, if that's (inaudible)

16 MS. DORMAN: - increases, and then there's provisions
17 for voter input.

18 MR. ROGERS: But that's kind of placing form over
19 function. I mean the basic, basically, you're saying they gotta
20 go to the voters to get it approved. Right now they can go to

1 the voters and get it approved.

2 So we're really not changing much except, you know, a
3 little bit form of there. And, and so I just don't see how
4 advancing that really makes a significant enough change to help
5 the Mayor and Council achieve, you know, any, any, any real
6 flexibility in funding.

7 MS. DORMAN: Well, if I can just respond. We felt
8 that there was a big difference because asking the voters to
9 change the Charter is more significant than asking them to
10 approve a tax. So we were getting the Charter change done, and
11 then giving the flexibility to follow later.

12 CHAIRWOMAN **Poulos**: Luke?

13 MR. ~~KNIGHT~~ **Knipe**: Just real, real quick. So, so if
14 the current recommendation, that we keep the two percent cap,
15 one of the things that that entails is that the City of Tucson
16 should face a legislative burden that Oro Valley doesn't face,
17 that Marana doesn't face, that South Tucson doesn't face,
18 Sahuarita doesn't face, that most Arizona cities doesn't - don't
19 face. Why? Why, why should we have that additional burden in
20 these, frankly, very, very desperate times?

1 **Mr. Porges:** The other burden that we impose by not
2 removing the cap is that we don't show the credit rating
3 agencies any difference. If we take the cap off, we also end up
4 very possibly paying a lower rate in the long run. So it has,
5 it has long-term political advantages as well.

6 MS. GAXIOLA: Okay. I think you guys are winning me
7 over. But, but I'm, but I'm torn because on the one hand, you
8 know, I come from a finance background, and I appreciate the
9 financial implications of this, especially the flexibility when
10 we're talking about things like rating agencies where that's so
11 important.

12 At the same time, I don't - I'm, I'm hesitant to go to
13 a position where we would give the Mayor and Council the ability
14 to raise the tax, the sale tax without any requirement that they
15 consult the voters beyond a certain point because, you know,
16 it's important for us to think about not just the Mayor and
17 Council, but future Mayor and Councils as well, which are people
18 who we don't know.

19 We, we don't know what they're going to do. We don't
20 know what their motivation is going to be. And, you know, there

1 is a risk of people playing fast and loose with, you know, the
2 City money, and taxpayer money. And I think having no
3 restriction on that, I, I agree, Luke, that, you know, if they,
4 if they go crazy, they're gonna get voted out next time. I get
5 that.

6 But in the meantime, they're gonna have gone crazy,
7 right? And so, so I'm, I'm really hesitant to say let's just
8 eliminate it altogether and, and not have a cap because the, the
9 risk, I think, I don't know - the risk worries me. The risk
10 worries me.

11 MR. ~~KNIGHT~~ **Knipe**: I, I don't remember what the
12 percentage increase currently under consideration with Mayor and
13 Council is. Is it half a cent?

14 MS. AMPARANO: That hasn't been decided, but they
15 talked about the half cent. They want to have it simple, so one
16 question, the amount hasn't been set or what the question would
17 be -

18 MR. ~~KNIGHT~~ **Knipe**: You know, I would -

19 MS. AMPARANO: - they would ask.

20 MR. ~~KNIGHT~~ **Knipe**: - I would be willing to support any

1 recommendation that would, that would at least accommodate that.
2 And I certainly would accept a friendly amendment to that
3 effect.

4 ~~MALE SPEAKER~~ **Mr. Rogers:** (Inaudible) ask Mr. Rankin a
5 quick question. When, when did the two percent get, get put
6 into the Charter and what was it before it was two percent, if
7 you know?

8 MR. RANKIN: So it was either sixty- -- 1962 or '69.
9 I'd have to look at the ordinances from them. But it was
10 increased from one percent to two percent. And at the same time
11 the exemption for food was put in, so to try to, you know,
12 mitigate the increase.

13 ~~MALE SPEAKER~~ **Mr. Rogers:** Okay.

14 CHAIRWOMAN **Poulos:** And was that ballot initiative, do
15 you know? I think I could look it up, but I don't have it on-
16 hand. Was that a stand-alone item when the public voted on it?

17 MR. RANKIN: I have no idea.

18 CHAIRWOMAN **Poulos:** I, I think that one of the
19 recommendations we made last time was to encourage Mayor and
20 Council to spend the extra money and separate these issues out

1 on the ballot so that voters would really have a choice.

2 I, too, am very hesitant about removing the cap and
3 then giving the Mayor and Council ability to raise taxes
4 without, without some kind of voter approval. I'd also like to
5 know, just because of a comment that Bruce made and the fact
6 that we have several new members here, whether or not we can put
7 a vote off on this motion, possibly modify it until the next
8 meeting when people can think a little bit more deeply about
9 what they would really like to see in a recommendation.

10 MR. ~~KNIGHT~~ **Knipe**: I'd be happy to withdraw my motion
11 for the time being.

12 CHAIRWOMAN **Poulos**: And would the seconder be willing
13 to postpone this until - or withdraw the motion until next week.

14 MR. ~~KNIGHT~~ **Knipe**: Better say "yes".

15 ~~MALE SPEAKER~~ **Mr. Prezelski**: Yes.

16 CHAIRWOMAN **Poulos**: So I guess, I guess the issues
17 that we need to come to grips with at the next meeting with
18 regard to sales tax is do we want to recommend a new cap, and,
19 Luke, your proposal was one percent. Do we want to recommend
20 removing the cap?

1 And do we want to add to the recommendation that the
2 Mayor and Council go to the voters for approval when they raise
3 the sales tax? So those would be the three items that we would
4 examine at the next meeting.

5 And we'll put it at the beginning of the agenda, and
6 if there are questions that you have of Sylvia or Mike prior to
7 the next meeting, please don't e-mail all of us, but you can e-
8 mail the Staff with that question. And then we'll try to have
9 it addressed at the next meeting, so that we'll be prepared to
10 answer those questions.

11 Does that meet with everyone's approval if we give it
12 some more thought? Do we need anymore discussion on the sales
13 tax right now? I think looking at this chart and what other
14 communities do is very educational in terms of where they feel
15 they can raise revenue and by how much.

16 But I also have to say that if there wasn't a cap
17 already in these communities, then they didn't have the hurdle
18 of trying to change their Charter in order to be able to enact
19 those. So, so I think we need to keep that in mind when we have
20 that discussion.

1 So, if we want to move on and continue - what time is
2 it? 6:32. Let's discuss the other two items. We may be able
3 to come to a recommendation (inaudible) And then we'll move on
4 to a discussion for the last item on the agenda.

5 So the first one was to modify the business, or the,
6 the ability to have a cap on the assessed value of property
7 taxes so that it would apply only to the primary property tax,
8 and not to the secondary tax. And I think one of the
9 recommendations was that we could recommend removing the cap
10 altogether from both.

11 So, are there thoughts about a new recommendation or
12 the previous recommendation? I think those are the two items
13 that are really on the table. Well, let's see, let's have
14 people have comments, and then if it feels like we need more
15 discussion, I'll - Randi?

16 MS. DORMAN: Just to reiterate the reasons that we,
17 that we recommended putting the \$1.75 cap only on the primary
18 and removing it from the secondary, it was going to increase our
19 bonding capacity. The primary tax can only increase two percent
20 a year anyway.

1 And I think we felt that there was still enough room
2 in the primary tax so that \$1.75 was, was sufficient, a
3 sufficient cap. And the secondary required voter approval
4 regardless. So that's why we made that recommendation, and I
5 support that recommendation as it, as it was put forward.

6 ~~MALE SPEAKER~~ **Mr. Rogers**: I think, I think you got it
7 right the last time on that one. That was - seems pretty easy.

8 **CHAIRWOMAN Poulos**: Bruce?

9 **MR. BURKE**: My feeling is it's easy as well.

10 **CHAIRWOMAN Poulos**: Do we have a motion then?

11 ~~MR. KNIGHT~~ **Knipe**: I'm apparently dying to make
12 motions, so -

13 **CHAIRWOMAN Poulos**: I don't think we'll ask you to
14 table this one.

15 ~~MR. KNIGHT~~ **Knipe**: I'll make that motion. Why not?
16 It's a good recommendation. We should move that forward.

17 **MR. BURKE**: I'll second.

18 **CHAIRWOMAN Poulos**: Okay. We have a motion by Mr.
19 ~~Knigh~~ **Knipe**, then seconded by Bruce -

20 **MR. BURKE**: Burke.

1 CHAIRWOMAN **Poulos**: - Burke. (Inaudible)

2 MR. ~~KNIGHT~~ **Rogers**: My friendly amend - I have a
3 friendly amendment to just adopt the exact language in the box
4 that's -

5 CHAIRWOMAN **Poulos**: Okay.

6 MR. ~~KNIGHT~~ **Rogers**: - on page 7 and 9.

7 CHAIRWOMAN **Poulos** : I was gonna, I was gonna
8 reiterate that. The motion that we made last time was to amend
9 Chapter 4, Section 2, to change the heading to Business
10 Privilege Tax and Property Tax. And modify the \$1.75 per \$100
11 assessed value limit on ~~(inaudible)~~ **ad valorem** taxes so that it
12 does not apply to the secondary property taxes, but only so long
13 as state law requires a majority of voters to approve any
14 increase to the secondary property tax on the ballot in a
15 general election.

16 So that's the motion on the floor, and we have a
17 second. Do we have further discussion? I will call a vote.
18 All those in favor of this motion?

19 (Affirmative.)

20 CHAIRWOMAN **Poulos**: Are there any opposed? So this is

1 a preliminary recommendation of this Committee. We will revisit
2 this at the end of our deliberations to recommend to Mayor and
3 Council.

4 The third recommendation that we had states, "Amend
5 Chapter 4, Section 116(a) to delete the prohibition of pledging
6 excise taxes." And this, I think, was one of the real sticking
7 points for being able to get better financing, is that correct?
8 Is there any discussion on this item? Do we want to move
9 forward with the recommendation that we made last time?

10 MR. ~~KNIGHT~~ **Knipe**: Yes, I'll make that motion.

11 MS. DORMAN: I'll second it.

12 CHAIRWOMAN **Poulos**: Okay. So Luke and Randi have made
13 the motion and seconded it. Are there any other discussion
14 items related to it? All those in favor?

15 (Affirmative.)

16 CHAIRWOMAN **Poulos**: Any opposed? Okay. Motion passes
17 unanimously and again, we will revisit this at the end of our
18 deliberations. Now if I can just find my (inaudible)

19 The next item on the agenda I think we will be
20 discussing for a while, and this is a presentation and

1 discussion regarding our forms of election, and a list of topics
2 for future deliberation.

3 My notes from the previous meeting was that I was to
4 come up with a list, which I did. But I never got any other
5 input and it did not make it into your packet, I do not think.
6 So do we want a presentation first -

7 MR. ~~KNIGHT~~ **Knipe**: You scared Tom off.

8 ~~MALE SPEAKER~~ **Mr. Rogers**: Is this the presentation
9 that the doctor was going to address with us?

10 CHAIRWOMAN **Poulos**: Well, I think this is an important
11 discussion to have with the Facilitator, because I think he is,
12 he is very knowledgeable about forms of government and how
13 people hold elections. So if you like, I will go over the sheet
14 that I prepared. Randi, did you have a comment before I
15 proceed?

16 MS. DORMAN: I was just gonna recommend that given the
17 time that we create the list of the issues that we would like
18 Dr. Sonenshein to explore further and present to us next time.
19 And I think it would be great to start with your list and then
20 we can add onto it. I have a bunch on mine, too.

1 CHAIRWOMAN **Poulos**: Okay. The first thing I did was
2 look at the electoral process itself. Our current system is
3 called a hybrid system. In the primary, we - and what I'd like
4 to say is all these recommendations would leave the Mayor being
5 voted for in both the primary and the general as an at-large
6 position. I don't think there is any discussion that we would
7 want to make any recommendations to change that, correct?

8 Okay. So what we're talking about in terms of our
9 electoral process has to do with our Council seats. Currently,
10 we nominate individuals to run in the general election, in a
11 primary election where only members of that particular ward may
12 choose a candidate.

13 And then when we go to the general election, any
14 member of the City may elect, or vote for all seats on the
15 Council. So in this case, the Council is nominated in a primary
16 by their ward and elected at-large in the general election.

17 If we were to go to a completely at-large system, that
18 would mean that everyone in the city would be able to vote on
19 the candidates for each ward in a primary election, and then
20 vote for them in the general election.

1 In a ward-only election, that means that in the
2 primary, only members of a particular ward would be able to
3 nominate the candidates to run in the general election. And
4 they would be the only ones to be able to vote for those
5 candidates in the general election.

6 The other consideration that we had discussed was
7 having a mixed Council where we would either use the six seats
8 we have now, or what was recommended at the time was to increase
9 the number of Council Members from six to either seven to nine.

10 So we would be increasing the number of Council
11 Members by one to three members. And those new wards, or those
12 new members, would be elected at-large both in the primary and
13 in the general, so that we would have a mix on the City Council
14 of probably six seats that were elected by ward, and represented
15 their district, and one to three members who would be elected
16 at-large on both in the primary and in the general election.
17 And they would not be restricted to having to live in a certain
18 part of the city to run for that seat. Are there any other
19 kinds of processes that you could imagine that we might do?
20 Jeff.

1 MR. ROGERS: Well, if the Mayor still has a vote, we
2 would need to increase it by two or four, not one or three,
3 because you would risk tie votes. So I think, and in all
4 practicality, probably two would be the most voters would
5 accept.

6 CHAIRWOMAN **Poulos**: And - yeah. Now that would assume
7 that the Mayor retained his mayoral parity with the Council.
8 But one of the issues that might be addressed is whether or not
9 we would move to a slightly stronger form of Mayor government,
10 and not have mayoral parity, but give the Mayor the opportunity
11 to veto (inaudible) a Council - a vote by the Council. So the
12 electoral process doesn't just stand on its own.

13 The related issues that I got from last time and from
14 my reading of the Charter are all contained on, I think, pages
15 32 to 37 of the Charter. One is the timing of the elections.
16 Staggered terms for Council Members, currently we elect the
17 Mayor and three Council seats in one year, and two years later,
18 we elect the other three Council seats. Everyone has a four-
19 year term.

20 One of the recommendations was that we could stagger

1 just the mayoral election from the Council elections so that,
2 for example, if the Mayor served a four-year term as well as all
3 the Council Members, that we would elect the Mayor at an
4 election where we were not electing the other Council Members.

5 If we were to increase the mayoral term to a six-year
6 term, then de facto, the Mayor would be elected in one cycle
7 with three of the Council seats, and in the next cycle, would be
8 elected at the same time that the other Council seats are
9 elected. Randi.

10 MS. DORMAN: Just to, to clarify. Part of that
11 thinking was that if we go to ward-only elections, and so you're
12 only voting - the only people really showing up are the people
13 with those wards.

14 If the Mayor is elected with only three of the wards,
15 wouldn't that skew the turnout? Would you show up just to vote
16 for the Mayor if you weren't voting for at least your Council
17 person at the same time?

18 So that was the, the rub with ward-only elections.
19 And if we were to put that on the ballot, what would we also
20 have to put on the ballot to mitigate some of the problems that

1 arise from ward-only?

2 CHAIRWOMAN Poulos: Thank you. And that, and that is
3 exactly what our thinking was. The other option is to elect all
4 members of the Council and the Mayor at the same time. And the
5 reason that's not being done now, and in looking over the sheet
6 we were given, it's rarely done in other communities that I
7 could see is that you lose your institutional memory among the
8 politicians if you were to vote out all of the incumbents and
9 vote in new members. Yes, Tom.

10 MR. PREZELSKI: ~~(All statements were inaudible.)~~ Madam
11 Chair, if you are electing by ward that becomes a lot less
12 likely. If you're electing at-large, then that's a problem
13 because, I'll go back to tribal, we usually, in tribes, usually
14 have these distinct factions, it all depends on which faction
15 turns out the election, so if we have an at-large election in
16 tribal government you turn over, you can potentially turn over
17 the chairman and entire council every single election and that
18 happens sometimes. If you have a system where you're breaking
19 it down to electoral districts, that's much less likely to
20 happen.

1 CHAIRWOMAN Poulos: Yes. At one time.

2 MR. PREZELSKI: ~~(All statements were inaudible.)~~ Unless
3 there's a really good reason to vote everyone out, then it would
4 happen.

5 CHAIRWOMAN Poulos: So what you're saying -

6 MR. PREZELSKI: ~~(Inaudible)~~ You're not gonna get that
7 kind of consensus.

8 ~~MALE SPEAKER~~ Mr. Knipe: Well, and if there is a
9 really, if there is a really good reason, that's why the recall
10 provisions in the State Constitution -

11 MR. PREZELSKI: Yeah.

12 ~~MALE SPEAKER~~ Mr. Knipe: - exist. And that's -

13 CHAIRWOMAN Poulos: Correct. So -

14 ~~(Inaudible conversation.)~~ Ms. Dorman: So right now we
15 are just listing the issues we want Raphe to

16 CHAIRWOMAN Poulos: No, that's a good point. I'm glad
17 you brought that, that (inaudible) The role of the Mayor, if we
18 go to ward-only elections, if we went to ward-only elections and
19 we did not have any at-large Council Members, then that means
20 that the Mayor is the only elected official that's elected at-

1 large.

2 Do - does that change people's thinking about the
3 power that the Mayor should have? Does the Mayor already have
4 more power because they represent an entire community, or are
5 elected by the entire community? Or do we feel that we want to
6 give the Council an opportunity as ward-only representatives to
7 make decisions about policy, and perhaps not give the Mayor an
8 opportunity to vote on that, but to give the Mayor more power in
9 forms of a veto, should he disagree with the Council? Or should
10 there be a greater community awareness that he has, that he
11 feels the Council is lacking?

12 There are other stronger forms of mayoral government
13 that might want to be considered, although I think at the time
14 we felt that moving too far to the - I don't want to say to the
15 right, but to the righthand side of the spectrum, was more than
16 we could expect from the community considering the weak form of
17 Mayor government that we had up until now.

18 But that's one of the other issues is would we want to
19 also make a recommendation about the power of the Mayor? And I
20 think this handout that Randi is holding up that shows the form

1 of government that Dr. Sonenshein put together would be an
2 excellent handout to have for the next meeting. So if you could
3 make a note of that, Mr. Randolph, that would be great.

4 The other issue that came up, it stood on its own was
5 whether or not to increase the number of Council seats. Whether
6 that means seven wards over six, all ward, ward-only elections,
7 or to have at-large members included in that. The cost of
8 having new Council seats was an issue that was brought up in
9 those discussions.

10 Term limits. Tom, I'm sorry. I didn't mean to
11 (inaudible)

12 **MR. PREZELSKI:** (All statements were inaudible.) **I'm**
13 **sorry Madam Chair, I think, if we could go back just a little**
14 **bit to if we switch to a ward only system, obviously we would**
15 **have to address Campaign Finance.**

16 **CHAIRWOMAN Poulos:** Yes. And that's later on the
17 list. It's still on - I'm still going through the list. So, so
18 we have timing the elections, the role of the Mayor, the number
19 of Council seats.

20 The next issue that we briefly discussed was whether

1 or not we wanted to institute any term limits on Council - Mayor
2 and Council Members. And currently, there are no term limits.
3 Mayor and Council may run as many times as they want to, and can
4 be elected.

5 The other issue that came up that we had discussion on
6 and chose not to move forward on were partisan versus non-
7 partisan elections. The State tried to institute non-partisan
8 elections in the City of Tucson, and they were told by the
9 courts that we're Charter government, thank goodness. And so we
10 had the right to make that decision ourselves.

11 However, if we are looking at the electoral process in
12 general, considering partisan versus non-partisan elections
13 should probably be a part of that discussion.

14 Residency requirements. Page 33 of the Charter says,
15 "Currently, Council Members must reside in their ward at least
16 one year prior to becoming a candidate," and there is a caveat
17 if that candidate - or that ward has an annexed area within it.

18 But one of the discussions that came up very briefly
19 initially was whether or not we wanted to institute a
20 requirement for Council Members to live in the ward for the

1 duration of the office that they hold. And that was an item
2 that was up for discussion and we chose not to pursue it.

3 Campaign financing is covered under pages 35 to 37,
4 that I could see. There might be some other places, but I think
5 that's where it was. Currently, Mayor and Council Members may
6 accept the maximum of \$500 per person for any campaign. They
7 may accept a maximum of \$1,000 for campaign finance committee,
8 and they may voluntarily apply for public matching funds which
9 means they are under another set of restrictions.

10 The question that may come up, especially if we move
11 to ward-only elections, is should those limits be increased or
12 decreased and should they be different for the Mayor, if he's
13 elected at-large versus the Council Members if they're elected
14 by ward?

15 And at the time, those were the only issues that I
16 could come up with based on our past discussions. Are there any
17 other issues that might be related to the electoral process that
18 we would like to address? And, Jeff, I see your hand on that.

19 MR. ROGERS: I think that's an outstanding list, and
20 it's pretty darn thorough. There's one thing that I'd like to

1 hear from Dr. Sonenshein that doesn't have to do with that kind
2 of process. It's more of a general good governance kind of
3 thing.

4 One of the things that has always bothered me about
5 ward-only, and, and that would apply even to our Board of
6 Supervisors, is I'd like to hear from him some, some, you know,
7 maybe it's anecdotal, maybe there've been studies, maybe
8 there's, there's some information, and maybe he covered some of
9 this with you guys last time.

10 But, you know, from a good governance point of view,
11 you know, is there a tradeoff that when you lose your - the at-
12 large voters, all at-large or the hybrid we have now, do people
13 tend to look out for their ward? I'm, I'm gonna do only what
14 needs to be necessary for me to get elected in my ward.

15 Do they become more narrow-minded and parochial in
16 their interests? And I'll give you a few good examples. I mean
17 I don't want to throw Congressman Grijalva under the bus, but he
18 already admitted this himself. We all remember the baseball
19 stadium on the south side.

20 Deals were cut, and the baseball stadium got built in

1 probably the wrong place. And it probably wouldn't have
2 affected whether we lost baseball or not, but, but the fact is,
3 is that when people are, you know, cutting deals and log-rolling
4 to get things in their ward or in their district, you know, does
5 that enhance good government for the City?

6 Does one, one - does one ward say to themselves:

7 Well, that's (inaudible), now I gotta help my - me in my, my
8 area, and who knows, sure, it may be good for the City, but not
9 my ward. I'm getting nothing for this, so I'm -, I mean I'd
10 like to have a philosophical discussion about what works to
11 create a better governed city, you know, from, from Dr.
12 Sonenshein. Did he kind of cover some of that stuff?

13 **CHAIRWOMAN Poulos:** We did cover some of that, and
14 that was where I think the idea of having at-large as well as
15 ward-only Council Members initially came from. But I certainly
16 think it is worth having that discussion again because we have
17 new members. And I think we are much more involved in
18 addressing this issue in total than we were previously. So, I
19 would say, yes, we would like to ask him to have that in-depth
20 discussion.

1 So right now, in the interest of time, I would like to
2 ask if there are any other issues that you can think of now
3 besides this list that I came up with, that we should consider
4 discussing? And it doesn't mean we can't discuss other issues,
5 but at the time, is there anything else you can think of?
6 Randi.

7 MS. DORMAN: At the first Call to the Audience there's
8 a gentleman who discussed primaries where everyone votes for all
9 parties. Was that the gist of what he said?

10 CHAIRWOMAN **Poulos**: So no closed primaries?

11 MALE SPEAKER: (Inaudible)

12 MS. DORMAN: But it was something like that.

13 ~~MALE SPEAKER~~ **Mr. Rogers**: It's some kind of a weighted
14 voting where, you know, you can vote. And it might - yeah,
15 there's, there's weighted voting like that. That's one
16 possibility. You know, there, there are, there are
17 experiments going on around the nation where you, you list your
18 first choice. And if that person doesn't prevail, your second
19 choice might get counted, and, and there are, there are various
20 formulas for doing that.

1 But some people think that it's a system that - people
2 make compromises, and don't get their, you know, their first
3 choice might actually be, you know, win the race. Or their
4 second choice, they would at least have a vote saying, "Well, if
5 it can't be the perfect candidate, this one's the next best."

6 **CHAIRWOMAN Poulos:** So I'll put weighted voting as a
7 topic that we might want to touch on at a, at another meeting.

8 **MS. DORMAN:** And I, I think if we could ask Dr.
9 Sonenshein if there's any trends that we should be aware of that
10 have been particularly effective.

11 **CHAIRWOMAN Poulos:** Okay.

12 ~~MALE SPEAKER~~ **Mr. Rogers:** Can we get a copy of your
13 list -

14 **CHAIRWOMAN Poulos:** Yes.

15 ~~MALE SPEAKER~~ **Mr. Rogers:** - when, when you -

16 **CHAIRWOMAN Poulos:** I think I've sent it, and we'll
17 add weighted voting to other issues, and, and we have a request
18 for Dr. Sonenshein to also talk about what trends might be
19 occurring now. Tom. And then I think we'll close this - oh,
20 Bruce, and then - Tom and then Bruce, and we'll close this item

1 for tonight.

2 MR. PREZELSKI: Madam Chair, if we're gonna discuss
3 weighted voting, I think we should also discuss potential of
4 proportional representation, which require that we expand the
5 Council. But that, that's another possibility as well.

6 CHAIRWOMAN Poulos: I don't know what that is, so,
7 yes, we need a discussion. And Bruce.

8 MR. BURKE: I just wanted to come back to the campaign
9 finance issues. I, I would interested to having a dis- -- in
10 having a discussion that could broaden it from simply the
11 transition to maybe some hybrid system.

12 Is that system effective? Is it functioning
13 correctly? Are there improvements that can be made? And we
14 know **from** Supreme Court precedent that there are lot of
15 challenges to those systems. So if, if there's interest among
16 the Committee, I think that would be an interesting one to
17 explore.

18 CHAIRWOMAN Poulos: Okay. We can do that. Okay. If
19 that's it, we will move on to - and I, and we will make sure
20 this list gets to you. If, Randi, if you think we should modify

1 how I put it together, we can do that. But we'll send it out in
2 the next packet of information.

This is the opportunity for another Call to the
Audience.

FEMALE SPEAKER: (Inaudible)

CHAIRWOMAN: Those are the old ones. Do we have any
new cards, and if not, are there any other ~~(inaudible)~~ **members**
of the public who would like to address us? Okay. Thank you
very much.

So meeting schedule. We were given a list in our
packet of tentative dates. And I'd like to know - let's see.
There's one other holiday that comes in besides next week, and
that's Presidents' Day.

In light of the fact that Dr. Sonenshein will only be
here for two meetings a month, do we want to remain at two
meetings a month, and have a three-hour meeting? Have a two-
and-a-half-hour meeting, and extend it a half hour if we need
to? What's the sense of the Committee? Randi?

Those of you who have prior commitments, or
commitments that your time is very crucial to you, please speak

up now so we can set the agenda.

MS. DORMAN: Just to repeat what I said at the last meeting, I don't think that we have to be truly done in April. There's several elections for us to choose from, and I would prefer twice a month, and to have Dr. Sonenshein at almost all of the meetings, and 4:30 to 7:00.

I think that there are fewer number of issues than we had to tackle last time, and I think twice a month really would be fine.

~~MALE SPEAKER~~ **Mr. Burke**: Thank you.

CHAIRWOMAN **Poulos**: Okay. I'm seeing a nodding of the heads. So do we want to go through and - did Dr. Sonenshein indicate to you if he met twice a month, would it be advantageous to come every other week or did he give you any indication whatsoever?

MR. RANKIN: Nothing other than that Mondays were his best days, and so -

CHAIRWOMAN **Poulos**: Okay. Then I'd like to recommend, in light of the fact that we want Dr. Sonenshein here, that we go ahead and schedule our next meeting for Monday, January 25th. And then we can decide at that meeting which dates in February

and March we would like to meet.

MS. DORMAN: And John Hinderaker can't do the second Monday, so it might make sense to do the first and third Monday of the month.

CHAIRWOMAN **Poulos**: So I think (inaudible)

MS. DORMAN: Where that works.

CHAIRWOMAN: I think we're leaning towards that. So please look at the schedule, mark off those dates. If you have any conflicts, and it looks like we're not gonna have a quorum for that meeting, we can set that now. And then we'll set the final schedule at our next meeting when Dr. Sonenshein is here. It's looking like the first and third Monday from 4:30 to 7:00. Okay. Is there any other items that we need to put on the next agenda? Yes, Luke.

MR. ~~KNIGHT~~ **Knipe**: Maybe I'm jumping the gun. I don't have a future agenda item. I just wanted to, to make a final remark that wasn't part of the - I just wanted to thank everybody that came out tonight, our stakeholders in the audience and our Call to the Audience speakers. I know these are, these are long meetings and you're here because you care and, and thanks.

And also, one of the things that I noticed in the three years that I worked for the City of Tucson is our Staff that staff these meetings tend to work some pretty long days. And so Mike and Roger, and Suzanne and Deborah, and Elaine, thank you very much for staying through this.

CHAIRWOMAN **Poulos**: I think we all second that. And if there's no further discussion, I'd like to - oh, Mr. Randolph.

MR. RANDOLPH: Madam Chair, I just wanted to make clarification on one comment that I made at the last meeting. I promised the Mayor that I would clarify my statement.

When I was talking about the fact that the Mayor and Council had not discussed putting elections on the ballot this year, I didn't want to give you any wrong indication that they're not con- -- that they may not consider holding an election to put those issues on the ballot. So at this point in time, they have not had that discussion yet, but they still could have that and put that to the voters this year if they (inaudible) **so chose to.**

CHAIRWOMAN **Poulos**: Okay. Thank you.

(End of Meeting.)

I hereby certify that, to the best of my ability, the foregoing is a true and accurate transcription of the original tape recorded conversation in the case referenced on page 1 above.

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**City of Tucson, Arizona
Charter Review Committee
Meeting of January 11, 2016**

Verbatim Transcript

CITY CLERK NOTE: This transcript was prepared from a recording of the Charter Review Committee on the date shown. The transcript was prepared and certified by Kathleen R. Krassow, M&M Typing Service.



Roger W. Randolph
City Clerk

Date: 1-26-16