



MAYOR AND COUNCIL Study Session Minutes

Approved by Mayor and Council
on October 21, 2025.

Date of Meeting: April 8, 2025

The Mayor and Council of the City of Tucson met in a study session in the Mayor and Council Chambers in City Hall, 255 West Alameda Street, Tucson, Arizona at 11:09 a.m., on Tuesday, April 8, 2025, all members having been notified of the time and place thereof.

OFFICIAL MEMBERS

PRESENT:

Mayor Regina Romero
Vice Mayor Lane Santa Cruz (Ward 1)
Council Member Cunningham (Ward 2)
Council Member Kevin Dahl (Ward 3)
Council Member Nikki Lee (Ward 4)
Council Member Karin Uhlich (Ward 6) (electronic attendance)

OFFICIAL MEMBERS

ABSENT:

Council Member Richard G. Fimbres (Ward 5)

STAFF:

Timothy M. Thomure, City Manager
Mike Rankin, City Attorney
Yolanda Lozano, Chief Deputy City Clerk

Mayor Romero announced that Council Members Uhlich would be participating electronically through Microsoft TEAMS.

(NOTE: Minutes for Study Session are transcribed in verbatim format.)

6. Submission of Human Resources Director's Recommended Compensation Plan for Fiscal Year (FY) 2026 SS/APR08-25-61

(This item was taken out of order.)

Introductory comments were made by Mayor Romero and Timothy M. Thomure, City Manager.

Information and presentation were made by Mr. Thomure and Teri J. Traaen, Human Resources Director, who fielded and answered questions regarding the recommended Compensation Plan as part of a three-year process to address employees' pay through in-range pay placement, base pay progression, and market adjustments.

Discussion ensued.

No formal action was taken.

Mayor Romero: We are starting a little bit early today because we do have a marathon of a meeting, but I'm going to try really hard to give us some breaks in between wherever I can find to make sure that we're stretching our legs. And breaking it up. So, we could do some stretches in between. So, for the record, a Council Member Uhlich, is attending this meeting electronically, and Council Member Fimbres is absent excused. Items 1 is an executive, no, we're gonna start actually with Item, let me see. Item 6. So, Item 6, let me just go to my printout. Item 6 is the submission of the Human Resources Director's recommended compensation plan for fiscal year 2026, and this is the initial right. This is the initial conversation that we usually have on the budget compensation. I just want to thank the city manager and the human resources director for presenting a thoughtful plan to support fair compensation for our City of Tucson employees.

Again, like I said, this is just the beginning of the process. There's still time for feedback and input from different labor groups and organizations, as well as individuals that are taking a look at this compensation plan recommendation. We also have the ability to go directly to the human Resources Director as well as a mayor's, what is it called, a mayor's hearing so that at the end we kind of close up some different loops and make sure that we present a compensation plan for employees in the Community that is thoughtful and going where it has to go. So, with that Mr. Manager.

City Manager Timothy M. Thomure: Thank you, honorable Mayor, and Members of the Council and here with me today is our human Resources Director, Dr. Terry Traaen, and we're going to tag team on making the presentation today. I'll take the lead on some of the slides, but Dr. Traaen will weigh in as we go along. And so, everything we're presenting is in the materials and as you indicated, it is a work in progress right now. So, this is how we start with putting together and putting forward a proposed compensation plan. And there are some complicated elements to it. So, we're gonna go through the presentation, which is very bullet point heavy, but for a particular reason. And then we'll also clarify, kind of the schedule moving forward, but also because of the level of complexity and the number of things we're trying to achieve this year, there are elements that are part of the compensation structure that do follow the regular process of the mayor's hearing and things of that nature.

And then there's an element of it called In Range Pay Placement (IRPP), which is something that we will handle through a separate process. So, everybody will get an opportunity to have their voice heard in a number of ways. But in this case, because we have that additional component of In Range Pay Placement. I just wanted to make that clear that will follow an additional process.

So, with that, one of the key things we want to emphasize for this year is the implementation of performance management. We as an organization in the past, the City of Tucson's had performance management as part of its culture. In recent years, it's not been a robust part. Across the organization, there are elements of the organization or areas of the organization where performance management has been ongoing and active, but that's not been the rule. In order to move us forward both on compensation but also as organizational development and professional development, we need performance management. So, since we've been lacking with that, we have proposed a fix to that. So, we'll be implementing performance reviews as a standard across the organization. Dr. Traaen and her department have already established this. It's already up and running. And there are training courses available on this. And actually, I completed my first review of a director just the other day.

Our initial goal is to get 100% of our employees and initial baseline performance review done in the very near future. We recognize that it's a heavy lift, so we're going to emphasize those folks who are likely to be. Eligible for an IRPP, which could happen as early as July 1st. So, our first thing is to make sure that everybody that's eligible for an IRPP has a performance review by mid-June, so that those compensation adjustments can go forward without delay. The names of who those folks are will be known to the directors as early as tomorrow and they'll start working on that list and then within about two weeks, those individuals will know who they are. But right now, it's about 896 folks that would be in that first round. We'll talk more about that in a moment, but that's why I'm leading on performance management for compensation.

We also have folks who may or may not pass their performance review, their initial performance review. If anybody doesn't meet standards in this initial performance review, they will automatically be scheduled for a six month review and an and the information they need in order to understand where they fall short and what they can do about it, So that if they're not given compensation adjustment because of performance, not meeting standards, they have an opportunity to correct and they will have that made available to them in about six months. So, Dr. Traaen, you've done some initial training on this. Would you like to just mention a little bit about that?

Human Resources Department Director, Dr. Teri Traaen: We're very excited about the training that is underway. We've had hundreds of people already participating, both in base pay calculator training and performance evaluation. We've moved the entire process into our WorkDay software platform and our purpose in doing that is easy access recordation that will be permanent. It will help in building career paths for every single employee. I'll touch just briefly on the areas that we are again doing recordation on people's performance. We have seven key areas and we're getting a wonderful response from the supervisors who are in our academies perfecting their supervisory skills right now. The categories include Accepting Responsibility, Customer and Employee Relations, Economy of Work Performance, Flexibility, Initiative, Quality of Work and Quantity of Work. And we've selected those seven areas deliberately because we believe that that can be again very, very easily adapted to every single position and every point of service in the city, regardless of department, division or unit. So we're very excited about it.

City Manager Thomure: Thank you. So, the next topic is IRPP for incumbents. So, these are existing employees. The issue we have is that depending on when a person on boarded to the City of Tucson, they've had a different journey of how their salary has either moved through the pay range or not. And where we are today and we'll talk a bit about our base pay calculator shortly when we're making new hires to new employees, we have a very standard methodology. We award credit for education and experience that determines what your salary looks like within the pay range. We've not applied that to our existing employees. So, the thing you hear as feedback from employees often is somebody new was hired into my job, same job and they make more than I do. And that's not incorrect in many cases. So, what we're proposing to do is through two years at least, fix this and so we start with an assessment of where people are paid in their range, so last in the fall of 2023, we did this assessment across all employees, and we identified those who were not placed within their pay range based on their resume and experience. And we've calculated what it would take in order to move them into the correct placement within their pay range.

And so, in the memo we talk about that methodology, we talk about that we would achieve this for that first pay period in July and when I say July 1, literally I mean July 13th 'cause, that's the first day of the first full pay period in July, OK. So, it's July 13th. And as we said, there's about 896 folks on that list. So, in order for those 896 folks to actually get that pay adjustment July 13th, they have to have a performance review that meets or exceeds expectations, by June 13th. So that's the initial focus for directors and employees. When that list is known, we also know that when we do that and we did that analysis in November of 2023, we didn't have perfect information about all our employees. There might be missing information on experience, there might be missing information on their education, they may have attained a new degree in that time frame, so we know we will need to do this again next fiscal year and in our financial plan we're reserving the dollars to do so. And Dr. Traaen is going to lead our organization through a process by which people update their information in order that when we run it in the spring of next year, we can correct anybody additional or even a second adjustment if we have new information on these 896. Would you like to describe that process?

Director Traaen: What we will be doing again, this is using WorkDay and as we are now doing virtual training on performance evaluation and working through all of what I just mentioned, we will also be doing the virtual training, they are 60 minute sessions and we will be assisting employees and especially long time people that have not written a resume or compiled their data recently or they've gone back to school. We will be working to assist everyone to actually get that data loaded up and what it will create for us is a marvelous way to always stay current with experience and education for every one of our employees and we are currently at about 4900 plus. And so, you can imagine that database trying to be able to not only use the data but be sure it's accurate at all points in time. This is a watershed moment for the city to be able to do this. We're very excited about it and there will be a learning curve. Not everyone is used to HRIS or an HR platform and so we know that there is going to be some teaching time to be able to do that. But we've got a wonderful team on our side of the house, and we will begin doing that and assisting very soon. So, thank you.

City Manager Thomure: And they're all sitting right over there, by the way. I didn't realize I was gonna call them out here at the meeting. In addition to IRPP, we are also proposing that

there be some level of annual pay progression. This can be thought in terms of covering some cost-of-living changes, it's some level of expectation of as you gain experience, you are more valuable, you're more proficient, you should be moving up through the range. We're not an organization that has a formal step program or merit-based program. We haven't been that for many years. And this is not an attempt to reinstate that, but it's an attempt to say we should have something on an annual basis that provides for annual pay progression. So, this is generally an across-the-board approach, and, in this case, it would be applied to base pay.

People in the city structure get paid in a variety of ways. They have assignments, they have skill-based pay, they have a number of things and certifications. But when we talk about an across the board, it should be applied to base pay only. And then that way it's leveled across the playing field. This would be something, and, in this case, it's proposed to be at a 1.5% annual pay progression. And when you look at how somebody would progress through their pay placement, generally about 1% a year is what you get as far as credit goes. So, 1.5% not only moves them through the pay progression, but it actually moves them a little bit faster than just a straight-line formula would. So, it accounts for some additional things like the cost of living. This would be also on July 13th, and I'm gonna say something and then and then take it back right away which you're not supposed to do, but we also expect that everybody will have a performance evaluation before they get this.

We know that 4900 people getting performance evaluations in the next three months is a tall task. So, for this first year only, we're likely not to have that performance review be a requirement for annual pay progression. That requirement will kick in next year. It will be a requirement for IRPP. So, those 896 folks are at the top of the list, but if we're missing a few 100 folks and they're needing to get done by fall, it's gonna be OK from this perspective. Then there are some folks that aren't eligible for pay progression because their pay is controlled through other legislative means, like half of you sitting at this table and magistrates and a few other things. So, if you're not eligible for it, you don't get it.

One thing I want to note is we do have a group of people that are paid above the maximum of their range. And this is something we struggle with on occasion and sometimes we do across the board and we want to apply it to everybody equally, what I'm recommending here, though, is that those folks that are already making above the maximum of their pay range, get half of the annual pay progression because they're already actually paid above the top of market for the job that they're doing. So, one other recommendation could be they get nothing once you're above the max, but I'm trying to lean in a little bit to say let's still give some annual pay progression but not make it the full amount. Otherwise, we end up pushing people, not just further above the maximum, but out of what we call Safe Harbor, which really tests our limits to even legally pay somebody at that rate. And so that Safe Harbor, if you're actually approaching 20% above the max of the pay range, that's the hard line of saying that's it, that's the maximum.

Alright, base pay calculator. We've alluded to it once or twice here. The issue is we didn't have a robust methodology by which to evaluate somebody. A candidate comes in and makes an initial offer to them, we had basically two groups of people. If the director, the director had discretion to make offers all the way up to the midpoint of a range, and that could be just at the director's discretion and then above midpoint if the candidate needed that you had to go to your assistant

city manager for approval. What it did was create a couple areas of compression. One is at the base. So many directors just said we're going to offer the base of the range regardless of your resume and that's what we're going to offer, and we'd lose candidates or get them. But when we get them, they all start making the same amount or we're pushing them all to midpoint because the director's like, well, I might as well just give him midpoint. That created compression in a couple ways, and it didn't align people with where they should be placed within the range. So, the base pay calculator has helped that. We've had it for a little bit about a year and a half now. Yes, we know it's going to need to be refined every year. But it's a tool that gives us a much better chance of having equity in our pay.

We have not applied it to our existing employees until now. When we talk about in range pay placement. So, we've run it on everybody that existed in November of 23 and will plan to run it again next spring. You've started the training on this.

Director Traaen: The base pay calculator again, we've had hundreds of people respond again. We're doing virtual training, 60 minutes, we're giving examples, we give two or three case examples with specific job titles, we're demonstrating education, and years of experience. One of the things that comes up in that conversation. if previous work experience, paid work experience, is it direct or is it indirect in the relationship to how we are calculating things. And so we're teaching all of that methodology so that there can be open conversations not only with department directors and those that are gaining staff in a variety of ways, but also it's going to be part of our marketing and outreach that as we reach out for new talent and we have some of our colleagues that are retiring, we're able to say this is the methodology we use to ensure that our compensation is terrific in today's marketplace. So, we're excited to have the tool, and we appreciate everyone jumping on board and participating in all of the training so far. Thank you.

City Manager Thomure: Thank you, Terry. So, that brings you to market adjustments. So, all of this works great if you place people correctly in their range and they have annual pay progression through their range. it works great if your ranges are at market and/or adjusted when necessary. So, the third major component of compensation this year is market adjustments. This is under the policy direction of Mayor and Council to be offering market-based wages. So, we will be using the base pay calculator for placement, but there are ranges that need to be adjusted, because now they're behind market because we, over the last couple years, moved to market and we set the ranges at market at the time. But market moves, and so market's going to fall into two main chunks here; one is market for non-commissioned non-command police and fire and then market for Commissioned police and fire.

In your memo, we lay that out and we're proposing to do that over a three-year period. With year one being for the non-commissioned, non-command police and fire there's a number of ranges. I think it's in the 70s. I'll let Teri talk a bit more about it, that we would move the range up to the new range to match market, but when we do that, in the past, what we've done is when we do that, we just move everybody to the new minimum regardless of their placement. What we're proposing to do now is move them up into the new range but place them correctly based on the base play calculator where they should be in that new range.

Director Traaen: Just a reminder and it's captured in your memorandum on the market adjustment work, there are roughly 97 titles that are impacted. That's 526 employees that will see a change as a result of this work. And what we found is that many of those titles were anywhere from 10 to 29% below where the market really is indicating they should be. And so, we are making that energy and that effort right away to take care of that and obviously there is work to be done in the background to be able to do those adjustments, as Mr. Thomure has described, but that's the energy that's underway.

City Manager Thomure: What we also know is next year, market will move, some jobs will move again and so we know this is this going to be an ongoing maintenance of effort. With police and fire for this particular year, we went a step further and we did a detailed market analysis with a mutually selected consultant, who did some excellent work. So, we worked closely with TFFA and TPOA. And so, what's proposed in the memorandum is a methodology to move them from where they currently stand in the jobs that are below market, because not every police officers below market the same way, depending on the level similar in the fire service. So, we would move each job to market plus 1% over 3 years. So, there's the consultant numbers that set a target, and then we're adding 1% to the total to move them over a three-year period. And they would also receive the 1 1/2 percent annual pay progression. So, let's say you're a qualifying police or firefighter. You get 1 1/2% and then a market adjustment of whatever that is. And then the following year 1 1/2% and then the market. So, they would actually move up to market plus retain annual pay progression plus 1%. What I'll say is we're still working with the unions on this and the initial feedback has been good, but they're looking for more. So, we'll have that continuing discussion, but what we did is start with mutually agreed methodology, added 1%, included annual pay progression. So, we think it's actually a very robust plan.

Director Traaen: Your details on this, because again, when we chart on this, it's by title. So, I'll refer you to pages 14 through 17 of your memorandum and that will give you all of those details and the breakdown for the three-year recommendation.

City Manager Thomure: And I'll say the TPOA and TFFA and our union partners have been great partners throughout the process of doing the assessment, reviewing the assessment and I expect us to continue to be great partners as we come to a final conclusion here, but we think our initial proposal meets all of the intent. But we also know we'll get feedback and we'll come back to you and address it as we go. So, with that, you look at FY 26, the compensation plan funding and the general fund including employee related expenses is about \$13.6 million. That's not quite double what we did last year. So, in addition to knowing that we're doing three different areas, in addition to knowing that many, if not half or more, will get more than just that annual pay regression, they're either going to get an IRPP or a market adjustment. The total dollars are almost double last year's investment employees. The non-General Fund adds another \$7.3 million, so it's \$21 million of employee recommended. So, it really, we feel it's aggressive. We also feel it is a major significant investment that does show up in budget on the other side of the equation when we look at the deficit for next year, but that's later on today. And then 2027, there's another placeholder for \$22.8 million and then it drops in 2028 to \$16.8 million total mostly because if we do this plan for two years, we should have resolved most, if not all, of the IRPP issues. But nothing's ever perfect, especially around here. So, we've got a little over \$1 million to do that and the commissioned fire and police market adjustment are kind of known

over the three years, but the market and the pay progression is known relatively. But that market adjustments in other jobs will vary year by year. In fact, there may be years where there's no market adjustments because of an economic downturn or a recession or some other change in the labor market, like who could imagine something like that

So, it represents \$60 million over the three-year period, which is a significant investment in our employees. And we feel strongly correct some of the pay issues we have in, in our organization right now. And with that I think, any closing thoughts from you Terry.

Director Traaen: The only thing that I would add is at the very end of the memorandum, page 20, that gives you the overview on the WorkDay education and experience process that I mentioned earlier and how we're then going to have an ongoing database of all of our 4946 employees so that going forward, anytime we need to do any market analysis, do any review, consider reclassification, changes in ranges, etc., we have an active database that we can rely on that represents actually the real time information for every employee. And so, we're very excited to do that and that's captured right at the end of your memorandum.

City Manager Thomure: Thank you, Terry. And with that, we'll be glad to have any questions.

Mayor Romero: Yes, thank you so much. Really appreciate the presentation, Dr. Traaen and Mr. Thomure, really appreciate the work and thoughtfulness that has been put into this. You know, as mayor and even as a council member, one of the most important issues that I've pushed for and policy priorities that I've had is to make sure that we are compensating our employees in the fairest manner. And. You know, I have gone through the same issues that many of our current employees have gone through. Having to contemplate a recession when I first came in as council member and being able to work with our labor groups like sitting down and working with our labor groups to make the investment decisions that were best for our community and the citizens of Tucson. Many times, the labor groups making decisions against their own pocketbook, to make sure that we continue providing good quality services for our community.

And so, we've lived through furloughs, we've lived through not having to have. cost of living adjustments. So many things that our employees have had to live through. And the corrections we have had to make, I would say in the last six years to all of the lack of investment that happened during that time, it really brings joy to my heart to be able to for the last six years, have completely changed how we look at compensating our employees. You know, in good times, I believe that we have to absolutely move in that direction, this mayor and council have proceeded over, presided over historic investments in our employees. Market rate studies were absolutely not done for many years in the city. In the last six years as mayor and council have made it a point to change that, and I believe that our workforce delivers the services to our community and so they should be compensated fairly for the work that they are providing for our community.

So, I'm really happy to see, not just the past six years, right? But these past two years we have seen deliberately deliberate planning efforts to make sure that we are, that we have a plan, not just an immediate fix, but that we have a multi-year plan to find solutions for this at the end of the day.

Hopefully in the last in the next three years we will see. An investment of \$60 million or more in our employees. And that should be music to the ears of my colleagues and of the employees. But also, it is good for. You know, our residents to be able to have fairly compensated city of Tucson providing the services that Tucsonans deserve. So, thank you. I know that we have a lot of questions, so I'll open it up for my colleagues on the Council. Council Member Dahl.

Council Member Dahl: Thank you, Mayor, and thank you, Manager Thomure and Director Traaen. Very clear explanation of this. You guys are doing hard but important and very clear work. Some staff came to my staff with concerns and they wanted to remain their non anonymity, so I'm bringing to you these questions and we've talked before, but for the public record, I boiled them down into three questions. The compensation plan was amended March 14th without announcement, causing some concern. The maximum salary range was amended in FY 24 to include a Safe Harbor provision and their concerns about it being included, then withdrawn. This correction is seen as an across the board 13% reduction to possible salary. Could you respond to that?

Director Traaen: As I came on board in late June of 24 and then became in this role in November, we've done the research to take a look at, I'll call it the range, that's how it's referred and we know that the range must be, should be and has been embraced to be 50%. What we see in looking at some of the history is the idea of a Safe Harbor. And right now, there are about only a dozen people that fall above that Safe Harbor. We referred to that just a few minutes ago that above the high end of the range there because of city code, there is a need to have a provision such that and I'll call it a holding location for the exception, the number of people that are either at the top of a range or beyond that. And so historically, the city has not only had the 50% range, but they've created that soft landing or that Safe Harbor, and that's why in I think one or two publications that longer or broad range was in evidence. But the actual city range for compensation has been the 50%. So, I think the understanding and I can certainly understand where employees maybe have looked at a publication and seen a more broad-based range. They have felt that that is the range that is applicable to the entire workforce, when in fact the 50% range is the accurate one. I'll give back to you in case there's other information.

City Manager Thomure: Thank you, Teri, so I'll just put it in slightly different words. We actually didn't change the ranges. The ranges that people were seeing in WorkDay included the Safe Harbor and they should not have. So, the actual market-based ranges have not changed the way we're presenting the information now shows the top of the range that actually applies to the job, whereas for a while there we were showing plus 20% which is incorrect. It doesn't mean anybody's earning potential has fundamentally changed or that we reduced or changed the market-based ranges we're just now presenting them correctly.

Council Member Dahl: Good. And the second question is also kind of answered by that because it wasn't really a reduction, it was just a miscommunication as to what the upper range is for most people. If it was a reduction, does this reduction change the quartiles being used as part of the base pay calculation exercise?

City Manager Thomure: And I'll say it was beyond a miscommunication, it was a total lack of communication. I think staff, we need to own the fact, that we made that correction but didn't

proactively discuss it with anybody. So, I can. absolutely understand any employee that drew that conclusion, that's on us. So, it doesn't change where people would be placed.

Council Member Dahl: Thank you. Final question and I think this is a little different. Why are some positions recommended for grade changes and not others? Some positions are now a higher grade than the positions that supervise them, and my question about that is, is that correct? Could you explain this effort in the light of concerns about that sort of inequity?

Director Traaen: A couple of things contribute to that and I think what we described earlier, we have history where there were not market surveys and ongoing annual review, and yet as some of the descriptions that we were giving people were hired sometimes at entry level, sometimes at midpoint, sometimes there was flexibility, there's just a lot of varied history. And so, as we move to make these corrections using the fall 2023 data, that's going to make the first phase of corrections, but there may in fact then still be some circumstances where, and we hope not. but a supervisor is awfully close to a subordinate that is on their team, or that new people are earning still, again, a higher rate than someone that is serving in the same title. So if you can think of the in range adjustment effort as the first phase of the review of this, using the data from fall of 2023, and then we're going to continue when we have everyone entering their own data, we will actually apply that base pay calculator to then correct future or things that we are able to see through the use of that calculator. And again, we don't know yet today as we're here exactly what we're going to see. But as people begin to enter that, then we're also going to look at title and ranges in the marketplace. So, this is very much a multi step effort and it is a permanent commitment to analyze all of this on an ongoing basis. So we're correcting as I think we said earlier, probably a dozen years of varied movement in how we were compensating sometimes with market information, sometimes not. I hope that clarifies that for you.

City Manager Thomure: And I'll just add to it a little bit. When you look at the 97 positions, for example, the series of building inspector 1 through 4 plus supervisor plus manager, that entire group is moving up one or more ranges. So HR does do a really good job of looking initially to make sure that they maintain the sequence of a building or of a project type or I'm sorry, a job description type to make sure that those they don't get out of sequence where a three is higher than a six or whatever that is. Now, there might be people who could point out options were things in here where a supervisor now is not the same grade as somebody else. That is something that we would wash out in in round two that, but for the most part that is included in the review and when you look at some of the obvious job affinities, you see that the entire range, the entire grouping moves up. Why these 97 and not others? Because we did a market analysis of salaries of every job, these are the 97 that at that time were found to be 10% below market or more. That's why these and not others. The others were found not to be more than 10% below market.

Council Member Dahl: Thank you both.

Director Traaen: Yeah, you're welcome. Thank you.

Mayor Romero: We're gonna go with the Council Member Uhlich, then Vice Mayor Santa Cruz, and then Council Woman Lee.

Council Member Uhlich: Thank you and thanks for the very detailed information. Appreciate the progress that you're making. And couple of questions or maybe an observation. You know, I have experience with WorkDay and utilizing that for performance reviews and and helping folks to carve a path toward progression. Are the performance metrics for employees, yet tied to the specific goals of the department? For example, if planning a development services wants to cut the time for issuing permits or increase the number of permits, etcetera, is there a hook there to either department goals yet, or is that envisioned for the future?

Director Traaen: I would answer yes and yes to that I would answer yes and yes to your questions. What we are teaching currently in our performance evaluation sessions is that we begin with the employee working in collaboration with their immediate supervisor to define three to five professional goals tied to the essential functions of their current assignment. And then what we're teaching in our supervisory academies is to work from the mission of the city, the values of the city, and the department's again, strategic metrics and goals so that there will be a blend and a match exactly as as what you have described.

Council Member Uhlich: Excellent. Thank you so much. Second question, in terms of the market study and and comparison I have to admit that sometimes I don't know what markets fall within a comparative for the City of Tucson and sometimes we hear comparisons with Phoenix or California cities versus maybe Albuquerque and San Antonio based on population and the state's economic conditions. Is there consensus or some metrics that you could perhaps summarize for us in terms of how a truly comparable market would be for the City of Tucson.

Director Traaen: There will be two things that drive that typically and that will be the demographics, the geographic reality of our population, size, location that is typically a driver because it's an economic base. The other is going to be where we are physically located, so it would be our comparators here in southern Arizona. The other thing that is a third factor in all of this in our industry is if we have labor agreements where, through a memorandum of understanding, comparator locations, cities, towns, etc. are identified. And so, we start with the demographics and the reality of cost of living, housing, etc., but then we also look at the labor agreements and what has been stipulated as comparator organizations.

Council Member Uhlich: Thank you very much.

Mayor Romero: Vice Mayor

Vice Mayor Santa Cruz: Thank you, Mayor, and thank you, city manager and staff for addressing the root causes of our pay discrepancies. I know, Mayor, you talked about you being on on council during the recession. I came into the job market during the recession and we've never had this kind of investment in our city employees also just continuing to develop their talents and invest in them and I think it's so important that we start doing that now and into the future, even when we're having these economic downturns that we're not losing sight of our human infrastructure here in the City of Tucson. So. thank you for working on that and also offering competitive pay and benefits to our our new city employees. I'm looking forward to these performance evaluations is something that we can also utilize in our Council offices. Because I also want to continue to to show up for for my staff in those ways as well. I was

curious why, as we're looking at commissioned employees, why the PSPRS investment wasn't included in the table or is that something that we will see later.

City Manager Thomure: Honorable Mayor and Vice Mayor. The PSPRS investment will be explicitly shown in the budget and in the five-year forecast. It is also increasing and when we talk about total investment in public safety, we include it as well. When whenever I'm talking about it, but it is, it is indirectly tied to compensation because in the in those spaces the pension component is almost a one to one to the salary. So, whenever we're raising salaries in public safety, we're raising the the pension cost as well. But that that does show up on the budget side of the conversation.

Vice Mayor Santa Cruz: I was just curious if there was a reason why we weren't also seeing it as part of the cost, or you know the added cost.

City Manager Thomure: We can put a dollar to that and make sure that that's explicit to when because you're absolutely right, every time we adjust those salaries, it's true in the in the nonpublic safety pension t's just that the percentage is so much lower in non public safety as it is compared to PSPRS.

Vice Mayor Santa Cruz: Yeah. I mean, I think it's always important just to show the investment on both ends

Mayor Romero: And similarly, with the TSRS. But as the city manager mentioned, the PSPRS is a bigger investment per employee. That should count towards the benefits package, right, how much we actually invest in our employees, good point. Thank you so much. Council Woman Lee.

Council Woman Lee: Thank you, Mayor. I'll be pretty brief since most of you all said what I was thinking. Amazing work to the team for for tackling so many challenges that we've had that this is such a better plan than just saying, are we gonna do 2% or 3% this year for everybody? So really happy to see this. Appreciate Terry all the focus on management training because as an employee myself forever prior to being a full time council member, I was one of those people that had to fill out my goals in WorkDay, twice a year update midterm and it was just a box checking event for a lot of folks and so I'm hopeful that as we train folks and as employees start to lean into this process, it can really be a valuable experience and a time to reflect on goals, for as the vice mayor said, personal development versus a box checking thing.

So, I know we kind of have to rush this first year to get these things populated, but it can be a very valuable tool if we build a culture that really leans into this process. So great work to everyone and I'm really excited for the feedback that you're hearing and in getting this across the finish line. Thank you.

Mayor Romero: I think 1 important question to ask because there will be employees that even though their labor groups worked out, you know these details with you, some individuals that took it upon themselves to take a look at their position. There are employees that maybe were not part of the conversations yet, so that's why I think some of us received emails saying, hey, I

didn't see this before it was presented to you all. Again, this is recommended, there are opportunities to engage, so how are we informing our employees on how to engage, how can an employee say, you know what I'm looking at my classification, there's some changes, how do I inform myself and engage with HR.

Director Traaen: Mayor and members of the Council, as I mentioned, and initially the base pay calculator sessions were getting wonderful interface on all of this. Teaching that piece of it is very helpful. The performance evaluation sessions, but then as we're going forward in all of those sessions and our Academy classes, we were talking about that, of course, the presentation would be today during study session. Then what we will do going forward, and already our calendar is filling up various departments and directors and deputies, and units and divisions are saying we'd like to talk about what we see and how this is going to apply to us. And so we are making group lunch and learns, we're also doing individual employee appointments, we will have the opportunity as we know through any kind of dispute or questioning process that will open effective on the 14th and so there will be multiple opportunities for anyone with questions. Always, also, anyone can send a note through our link for the HR department and they may just say could someone call me. I just have a quick question and so whatever methodology is going to work, whether sometimes it's groups and we go into the field where groups are working, and teams are working together. We're very open to doing whatever is going to be most helpful.

Mayor Romero: Excellent. Well, thank you so much. Really appreciate the presentation and looking forward to the continued work on this compensation plan. Thank you for the work.

Director Traaen: It's an honor for us to serve. We appreciate it very much. Thank you.

Mayor Romero: Thank you. So, what we're going to do is that, what time is it right now? OK, so what we're going to do is we're going to go into executive sessions. And hopefully we have a little break after the executive session. So, what we'll do is we need to go through items one through 4, read them into the record, and then I'll need a motion to go into executive session.

1. **Executive Session – Dochnahl v. City of Tucson, Pima County Superior Court Case No. C20247131 (City Wide) SS/APR08-25-54**
3. **Executive Session – Tucson Electric Power Co. (TEP) Franchise Agreement; Related Agreements between the City and TEP; and TEP's Special Exception Request for Relief from Undergrounding Requirements for the Midtown Reliability Project (City Wide) SS/APR08-25-59**

(This item was taken out of order.)

It was moved by Vice Mayor Santa Cruz, duly seconded, and carried by a voice vote of 5 to 0 (Council Members Cunningham and Fimbres absent/excused), to enter into executive session as noticed on the agenda.

Clerk: Item 1 is Executive Session Dochnahl v City of Tucson, Pima County Superior Court Case Number C20247131 and is being held pursuant to ARS 38-431.03 (A)(3) and (A)(4). The second executive session is Tucson Electric Power Co. (TEP) Franchise Agreement; Related Agreements between the City and TEP; and TEP's Special Exception Request for Relief from Undergrounding Requirements for the Midtown Reliability Project and is being held pursuant to ARS 38-431.03 (A)(3) and (A)(4).

Mayor Romero: May I have a motion to go into executive session please?

Vice Mayor Santa Cruz: So, moved.

Council Member Dahl: Second.

Mayor Romero: There's a motion and a second. Any further discussion? Hearing none, all those in favor signify by saying aye.

All: Aye

Mayor Romero: Any against, motion carries.\

RECESS: 11:39 a.m.

RECONVENED: 1:37 p.m.

MAYOR & COUNCIL: All present (Council Member Cunningham arrived at 1:06 p.m., Council Member Fimbres absent/excused)

STAFF: All present

Executive Session was held from 12:14 p.m. to 1:13 p.m.

It was moved by Council Member Lee, duly seconded, and carried by a voice vote of 6 to 0 (Council Member Fimbres absent/excused), to return to open session.

2. Mayor and Council Direction Relating to Executive Session – Dochnahl v. City of Tucson, Pima County Superior Court Case No. C20247131 (City Wide) SS/APR08-25-55

It was moved by Council Member Dahl, duly seconded, and carried by a voice vote of 6 to 0 (Council Member Fimbres absent/excused), to direct directing the City Attorney and City Manager to proceed as discussed in executive session and to settle this case for the amount of \$50,000.

Mayor Romero: Visitors that are going to be presenting. So, we are coming back out of executive session. So, if we could all gather please. I do need a motion to return to study session.

Council Member Lee: So, moved.

Council Member Dahl: Second.

Mayor Romero: There's a motion, there's a motion and a second. Any further discussion? Hearing none, all those in favor indicate by saying aye.

All: Aye.

Mayor Romero: Any against, motion carries. Alrighty, so item 2 is direction to staff. What is the Council's pleasure for item 2?

City Attorney Mike Rankin: Honorable Mayor, I'd ask for a motion directing the city attorney and city manager to proceed as discussed in executive session and to settle this case for the amount of \$50,000.

Council Member Dahl: So, moved.

Council Member Lee: Second.

Mayor Romero: There's a motion and a second. Any further discussion on this item? Hearing none, all those in favor indicate by saying aye

All: Aye.

Mayor Romero: Any against, motion carries. What is the Council's pleasure on item 4?

4. Mayor and Council Direction Regarding Executive Session – Tucson Electric Power Co. (TEP) Franchise Agreement; Related Agreements between the City and TEP; and TEP's Special Exception Request for Relief from Undergrounding Requirements for the Midtown Reliability Project (City Wide) SS/APR08-25-60

It was moved by Council Member Dahl, duly seconded and CARRIED by a voice vote of 6 to 0 (Council Member Fimbres absent/excused), to direct the City Manager, City Attorney and city staff to proceed as discussed in executive session and to stay on course with the directions provided by the Mayor and Council on March 4, 2025.

City Attorney Mike Rankin: Honorable Mayor, I'd ask that the Mayor and Council direct the city manager, city attorney and city staff to proceed as discussed in executive session and to stay on course with the directions provided by the Mayor and Council on March 4th, 2025.

Mayor Romero: Is there are motion.

Council Member Dahl: So, moved

Vice Mayor Santa Cruz: Second.

Mayor Romero: There's a motion and a second. Any further discussion on this item, hearing none., all those in favor signify by saying aye.

All: Aye.

Mayor Romero: Any against? Motion carries. Alrighty, now we're moving on to item 5.

5. Discussion and presentation on "What Works Cities" Program, at the request of Council Woman Nikki Lee (City Wide) SS/APR08-25-52

Introductory comments were made by Council Member Lee.

Information and presentation were provided by Rochelle Haynes and Nana Osei, from Results for America, who fielded and answered questions on the "What Works Cities" certification program.

It was moved by Council Woman Lee, duly seconded, to begin the journey with What Works Cities and begin the certification assessment.

Discussion ensued.

The motion was carried by a voice vote of 6 to 0 (Council Member Fimbres absent/excused).

Mayor Romero: Council Woman Lee has requested a presentation from What Works Cities, an initiative to improve governance and service delivery to the community. Thank you, Councilman Lee, for bringing this to us. And the floor is yours.

Council Woman Lee: Thank you, Mayor, and I will be super brief because I know our guests are in the beautiful New York City and they are on a time crunch right now. So, I will get us moving today. I'm excited to introduce Rochelle and Nana. Hopefully you all will be able to see them on the screen here, from What Works Cities, which is an initiative of results for America and Bloomberg Philanthropies. I had the privilege of meeting Rochelle last year at the National League of Cities City Summit, where we were on a panel together talking about AI and local government, and I learned about the work that she does and her team does to help cities deliver better services to their residents and I wanted to have them come introduce the program to you. This is a no cost program. Other than the time that we would invest, which is important to acknowledge that we would be investing that time.

Both of their BIOS are in your materials, but at a really high level. Rochelle is the managing director of What Works Cities. Her career spans nonprofit government and the philanthropy sectors, always with a focus on breaking the cycle of poverty and helping cities work smarter. She's led strategy and operations for large initiatives at Sesame Workshop and 100 resilient cities

and brings deep expertise and implementation equity and scaling what works. Nana serves as the senior manager of community and implementation. He works hands on with cities across the country helping local governments use data more effectively. He's the point person. When cities began their certification journey and brings practical experience in coaching staff and making the process accessible and impactful.

So, they're here today to help us understand the program and what it can mean for the city of Tucson should we decide to start this journey. So, Rochelle and Nana, if you can hear me, the floor is yours and we have your slides up on screen.

What Works Cities, Rochelle Haynes Wonderful. Do you hear me?

Council Member Lee: We can.

Rochelle Haynes: Excellent. Good afternoon, everyone and thank you all for making space for us in what I know is a very busy day and thank you to Councilwoman Lee for that warm welcome and for the invitation to present What Works Cities.

Next slide. What Works Cities was founded by Bloomberg Philanthropies and is led by the nonprofit results for America, which Nana and I work for. It is an international standard of excellence. of what it means to be a good, well managed local government. The goal of the program is to help build the data capacity of municipal governments to just challenges that range from homelessness to extreme weather mitigation to aging infrastructure. Our belief is that if local governments can route decision making on critical issues in data improvement strategies and solutions, it will strengthen the resident experience and outcomes in cities.

Next slide. What Works Cities was started in 2015, initially to just celebrate cities that were leading with being data informed in evidence based in their approach to local governance. In 2017, the What Work Cities Certification Program was launched because we wanted to provide concrete and tactical steps on how cities could develop data skills for their staff, leverage data for decision making and service delivery, but most importantly, how to show cities how to limit, how to use, sorry excuse me, use limited dollars and resources in an effective and efficient manner. The program is also designed to celebrate and recognize cities that are best in class in effective local governance. Over the years, we have grown from 9 cities certifying in 2018, to date, we have over 100 cities that are certified with us. We are open to all cities., and North Central and South America. In recognition of the commonality of local issues that all cities are grappling with these challenges that are faced in the US are also being faced in cities abroad and we want to be able to elevate global solutions as well as practical tools and resources.

Next slide. To date, we have over 100 plus certified cities with 73 of those cities being certified here in the US and there are 6 Arizona cities represented in our network. As you can see on this slide. Here we have Gilbert, Glendale, Mesa, Phoenix, Scottsdale and Tempe. We work with cities at any point of what we call their data maturity as long as they have a population of 30,000 or more. And a willingness to do this work with us.

Next slide. There are three main milestones of engaging with What Works Cities. First is a certification assessment. Think of this as your benchmark of your practices. This is where we benchmark City performance on key indicators on what it means to be good, well managed local government. Once you take the assessment with us, you then receive a customized road map, a customized action plan and a connection to resources. That's when you enter what we call our certification community, where city leaders and staff within your city can participate in free technical assistance resources to strengthen your data practices and connect with peers. When I talk about technical resources, we're doing work like performance-based budgeting. We're helping cities think through their contracting. We're helping cities think through their open data portals or designing data governance strategies. And we want this to be very practical.

So, when anyone participates in our workshops, they come out with a work product that is actually applicable and practical for daily use. As cities continue to engage in the resources, whether it's our workshops, whether it's the off the shelf on demand resources we have or connecting with their peers and give receiving coaching from our staff, they start to advance on what towards certification. And the final milestone is being designated as a certified city. And this is for us, this is a highlight moment to celebrate a city for their accomplishment. But also, to be able to say that this city is the best in class on what it means for local governance? What's important, as you see this is cyclical. This is not a one and done for us. We want certification in our tools to be used by you as a continuous improvement project. Think of us as the tool and resource you can use when you want to design your strategic plans. When you want to set priorities for your budgeting, our tool is designed to be able to help cities truly identify where they have strengths and where there are gaps and where additional investments are needed.

Next slide. There are eight key foundational practice areas that make up the certification standard. You can see that here on the slide. It again, it ranges from data management evaluations, how leadership shows up with data and leads with it, open data portals, performance analytics, how does KPI show up in your decision making. And these indicators were designed with leading field experts as well as former mayors. Because we identified what are the core components of what we mean when we say a good well managed local government. And for us, that ranges from how you're assessing policies and programs to how you're actually leveraging data practices and executing it. How does data inform your budget? How does data inform new program design? How is data informing where you make decisions about staffing resources. And also for us it's all about how you design and processes that are rooted in data, but also connects to resident level outcomes. Because that's really the heart of the work that we do. We are now asking cities not to just be good at the process part, but also how are you leveraging data to make decisions that connect with your residents and their daily lives?

Next slide. Cities have the opportunity to certify with us at the silver, gold and platinum level. We see certification as truly a journey. It's not a one and done and it's something that you can continue to work on. That's why we have three distinct tiers, so that cities can continue to benchmark their practices and set long term goals that anchor towards again, that continuous improvement of advancing on what it means to be data informed when it comes to your decision making and the execution of your strategic priorities. And so now I'm going to turn it over to Nana to share more about our offerings, a little bit more of the nuts and bolts of what we offer,

but also highlight two cities that are based in Arizona and how they work with us. Nana, I turn it over to you.

What Works City, Nana Osei: Hello, thank you, Rachelle. Awesome. If we could go to the next slide, please. So, the What Works Cities certification community is an online space in which local government practitioners can convene, find resources, and connect with peers to build and scale their data practices. What Works Cities staff like myself work alongside local government members within the Forum to ensure the best community outcomes. So, we facilitate peer connections and knowledge exchanges around data-driven practices and policies. So, in addition to that, we also offer technical assistance in various forms. For example, we have a one-on-one coaching where your city where your city routinely meet with the What Works Cities experts to advance on yours on your city action plan, and then an example of a one to many learning opportunity is a webinar which we hosted two weeks ago. So, we hosted an Ask Me Anything Workshop on our core criteria. So generally, you must have a submitted self-assessment to attend, but we actually provided your city Tucson with an exception. So, one of your staff members, Stephanie Zamora, was able to attend this learning opportunity and was able to engage with other community members and participate in the session. Now let's take a look at the impact what work cities have specifically on city residents.

Next slide, please. So, we have used real life stories from Mesa and Phoenix as both of these cities are in Arizona and are similar to Tucson in some aspects. So, the City of Mesa addressed their homelessness issue through data. In Mesa, there are Park Rangers who are on front lines of addressing homelessness. They didn't have the tools and support to effectively connect unhoused residents with housing and social services. So, this gap limited the city's the city's ability to provide timely and coordinated response. So, to fill this gap, the city moved a customized, the city developed a customized internal dashboard tailored specifically for Park Rangers. This dashboard centralized information on available services, location, procedures, streamlining how Rangers could support individuals experiencing homelessness. So, what's the impact here? So, over the past year alone, Park Rangers have now made more than 60,000 contacts with unhoused residents. That's not just data collection, its real human engagement happening at a scale thanks to a powerful technical solution.

The other example is from the city of Phoenix and how they developed a plan for cooling their city using smart infrastructure. So, as we all know, Phoenix faces extreme heat in part due to traditional asphalt absorbing and retaining solar radiation. This contributes to the urban heat island effect, raising risks for residents. So, to address this, the city combined heat sensor data with GIS mapping to identify the prioritized streets. The ones that needed the most resurfacing and the ones that were getting the hottest. So, they use a special material called cool pavement, which reflects more sunlight and absorbs less heat. So, this data, this data-driven resurfacing led to surface temperature reduction of up to 12 percent, 12°F and not only makes the city more livable, but it also extends the lifespan of the roads and reduces long-time long-term maintenance costs. So overall the takeaway are these two examples illustrate what what's possible when a city puts data to work. Not just to understand the problem, but to solve the problem. So, whether it's boosting outreach to unhoused residents or cooling over heated neighborhoods, the right data tools empower local governments to act more effectively and sustainably.

Next slide please. Thank you. So, on the previous slide, we highlighted city examples of data effective resident outcomes. Here you can see actual quotes from city leadership on how What Works Cities made an impact on their government. So, Mayor Gallego sees What Works Cities certification is a way for cities to show their values to residents, to tell their story more effectively. She emphasized the importance of tracking progress creatively and then also using data to build public trust. And then Assistant City Manager Stockwell described What Works Cities as a go to resource for advice and problem solving. He credited the support of What Works Cities with helping Scottsdale avoid common mistakes and allowed the city to move forward in a timely fashion. Overall, city leaders see What Works Cities certification as both a strategic and practical tool to advance their work and help their residents. And I'm gonna pass it back to my colleague, Rochelle. And if you could go to the next slide, please.

Rochelle Haynes: Great. Thank you, Nana. And I think what's important is we know that everyone's short on time, everyone's short on staffing as well as resources. I'm a former civil servant. I served in the City of New York for 10 years, working on affordable housing and social services use, and so for me, we want this to be a resource that is absolutely practical to drive change in your community. That is always my goal. And so, when the American Rescue Plan funding was rolled out, I was curious. How our certified cities, cities that have committed to our program have taken our technical assistance workshops, have been coached by our team members, how did those cities show up when it came to being able to receive those funds and then allocate those funds, right? Did it make a difference? Did a strong data foundation in the work we've been doing make a difference in our research with Mathematica, cause, we don't evaluate just ourselves. We bring someone outside person in to do that evaluation. And we saw that certified cities were better equipped to use data and evidence to drive recovery and economic mobility. We saw particularly our cities with strong results driven contracting practices created investment plans that align more clearly with federal guidelines, making their proposals stronger and more fundable.

We also saw that certified cities did really well with engaging residents and decision making. They were able to stretch the impact of federal dollars by prioritizing solutions for residents and for anyone who's the policy walk nerd in the room., those two points are statistically significant 'cause that matters to me as well, because that tells me that the work that we're doing is actually driving change. And to uplift an Arizona example, in Scottsdale, they work with us and they were able to shift over 4 million in ARPA Funds towards community identified priorities, including housing and behavioral health services. So really making that direct connection between resources needs and improving quality of life. of residents.

Next slide. And we know that all of you are very busy folks and always thinking about how to juggle it all right. How do you juggle the many things and the competing priorities, you have one of the toughest jobs, right? And one of those jobs is how to make sure all these pieces come together to strengthen the resident experience in your city, which is at the heart of the work for many of us. And your role is to set the tone and drive that purpose. You elevate the direction of your city's priorities and you are the master collaborator. You are the ones that convene folks to bring them together and have the ability to engage others and bring them to the table on key issues. Our role with What Works Cities, one, I can't stress enough is to be a free capacity building resource for cities to be a free benchmarking resource for cities. To help you set your

strategic goals and priorities. But we also want to help you create the infrastructure to accelerate on your initiatives and priorities, help you identify what's working, what's not working, right? Where do you want to accelerate or where do you want to deprioritize? Help you measure progress to determine where to double down or where to pivot. But most importantly how to connect and communicate with your residents. The work that you're doing now and every day but the work that you want to continue to do because we all know it's important that residents feel seen and heard and can see themselves in their community and be able to build their life in their future there.

And so that was the very quick version of who we are and what we do. We deeply appreciate the opportunity to share out. More importantly, I'd love to leave you with that one and I'll say this again, we are free technical assistance resource support for cities truly designed to be help you strategize and prioritize your dollars, your initiatives and your priorities with the goal of driving change. Thank you.

Council Woman Lee: Thank you, Rochelle. Thank you, Nana. I really appreciate your time and I also want to say to our team, especially Tim, we're doing a lot of amazing things already. These are not new ideas to us. We're developing KPIs, we're developing dashboard, we're doing a lot of things now, so this can just accelerate the progress that we're making if we choose to go on, on this journey. It will take time, although it is no cost to the City of Tucson, it will take hours and focus from our people and I'm always the last person that wants to put more on the plates of our employees, very sensitive to that, but I would not bring something to the table that I didn't think would have a good return on investment for us and for our residents. And I think the timing is really impactful in terms of what conversations we're going to have to have going. into the budget and how we can really use these resources to help us as we have to navigate some years of challenges ahead of us. And so, if you're OK, Mayor, with me going ahead and putting a motion on the floor, I would like to just move, that we begin the journey with What Works City certification by completing the self-assessment.

Council Member Dahl: Second.

Mayor Romero: Couple of seconds. So, a motion and a second. And this is time for discussion and I'll just take the privilege to jump in. It is an incredible program, Bloomberg Philanthropies and Results for America, presents two cities around America. And that includes North and South and Central America, which we have some cities that are certified. It is music to my ears, Rochelle, that central to the city journey map is improving residents lives by using data and evidence to effectively tackle pressing challenges. That is really in one sentence, what I have believed in as the Mayor of Tucson, and I know my colleagues on the Council. believe in that strategy as well. And so, as Council Woman Lee said, we have done a lot of really good work, together based on data, and evidence driven solutions, I mean, I would say the tree equity score map to even plan our million trees around the City of Tucson, we have evidence and data that suggest where the best places to plant those trees based on urban heat island.

And so, that's just one sample of what we've been doing, but I think, I absolutely agree with you, Council Woman Lee, that right now is a really good time to assess what we have been doing and what we need to do into the future. Another price that I believe is just incredible is implementing

targeted community engagement practices. And to that, we all at one time or another, have been saying have been saying, how do we engage community in the best way possible and implement that targeted community engagement to make sure we are having all voices heard at this table. So, I think we re in a good time to be able to evaluate to have a third party really give us technical assistance to move forward, look at questions that maybe sometimes, us on the table and administration, we all just keep going round and round because we know the issues so well. But there might be some connection that other cities are doing that we can implement in the City of Tucson.

So, all of it sound incredibly good and something that I can absolutely get on the band wagon on. And just to note, Bloomberg just invited me to be part of the Bloomberg Harvard City Leadership Initiative. They had invited me to do it when I first got elected in November of 2019, but then we had COVID, and then you, know, I couldn't do it, but it's a wonderful initiative, it's a bipartisan mayors from across 36 countries that have participated in the program so far. I will also leverage the program to bring in an train administrative folks as well, so it's the mayor and administration that will participate together and tackle an issue for our community or several issues for the community, so I am really, I applied, I was invited to apply, I hope that we can participate in the Bloomberg Harvard Initiative along with this could possibly really be an incredible opportunity for us to bring different innovative ideas that are shared by other mayors around the country and the world. So, thank you so much for the presentation, thank you Council Woman Lee. And I am really happy that we are about to embark on this journey. Open to any other comments or questions from my colleagues on the Council. Alrighty, and of course our City Manager.

City Manager Timothy M. Thomure: Honorable Mayor, members of the Council, in anticipation of perhaps of going down this path, we do have a staff member that has been assigned to help organize this and set some expectations about timeline, so Stephanie Zamora is here with us. She has some experience in working with some of the other certified cities on this effort. And if this were to be advanced by the Mayor and Council, we do look like we have a realistic opportunity to complete the initial assessment by July, which is the next kind of open enrollment period with What Works Cities. Then the harder work begins, and I can't really put an expectation around how long it takes to transform our operations in the areas where we need that, but I can commit that we would be able to meet that July deadline.

Mayor Romero: Excellent. Thank you so much. Any other questions or comment. Council Member Cunningham.

Council Member Cunningham: No comment, I am ready to vote.

Mayor Romero: Alrighty, so all those in favor of the motion please signify by saying aye.

All: Aye.

Mayor Romero: Any against? Motion carries. Thank you so much Council Woman Lee, really appreciate you. Thank you, Rochelle, really appreciate all that your doing for all of us.

Rochelle Haynes: Thank you all, we are looking forward to working with you all.

Mayor Romero: Thank you. So, we move on to Item 12, because I now we have presenters for that item, correct?

City Manager Thomure: Honorable Mayor, members of the Council. We should have Tischler-Bise on the line as part of this item. They are also out on the east coast which is why we asked to bring it forward.

Mayor Romero: Yea, so are they online? Do we see them?

City Manager Thomure: Mayor, while we work on that, I think its appropriate to move to whatever item you want, and we can check in again. I can give you a strong signal on whether they are online.

Mayor Romero: I just wonder if we should we jump into the budget, because that's a pretty chunky budget, so, I don't know if we should.

City Manager Thomure: Yes ma'm. Budget.

6. Submission of Human Resources Director's Recommended Compensation Plan for Fiscal Year (FY) 2026 SS/APR08-25-61

(This item was taken out of order and considered before Item #1.)

7. Fiscal Year 2026 (FY26) Budget Discussion (City Wide) SS/APR08-25-62

Introductory comments were provided by Mayor Romero and Anna Rosenberry, Chief Financial Officer/Assistant City Manager.

Presentation was provided by Ms. Rosenberry and Angele Ozoemelum, Business Services Department Director, with additional information presented by Timothy M. Thomure, City Manager.

Discussion ensued, including the possibility of an increase in sales tax or property taxes being referred to voters in November. Mike Rankin, City Attorney, said language would be presented at the Mayor and Council meeting of April 22, 2025, for possible adoption of an Ordinance calling an election for such purposes.

No formal action was taken.

(Vice Mayor Santa Cruz departed at 3:11 p.m.)

Mayor Romero: So, Item 7 – time has been set aside for a discussion regarding FY 2026. I just wanted to start, in this budget discussion, it is a presentation, like the Human Resources presentation that we had the Recommended Compensation Plan. This is also an initial discussion by our city manager to start budget discussion for FY2026. You know Mayor and Council are charged every year with passing a balanced budget. I remember being a council member and I was responsible for making very difficult decisions back in 2009, 2010, even 2011, when we had an economic recession at that time. As Mayor, I have the responsibility to make sure that we are making strategic investments in our community. We had the opportunity to invest with American Rescue Plan dollars, federal monies sent to cities to deal with COVID-19 and the fall out.

Over the past years, we have heard from many different people in Tucson about the services, resources and programs they believe are most important to fund and invest in. The challenge, of course, is that there is not a general agreement to what needs to be funded. So even in the town halls we have participated in recently, it seems to be, you know, either black or white. Even the residents can't come to a conclusion to what we can all agree on in terms of funding, right. And so, the efforts to find compromises falls squarely on this mayor and my council colleagues. And as much as we want to make sure that the community engages, that we receive feedback and input on the opinions of residents in our community, no one resident can tell mayor and council what to do. No one stakeholder or interest group can tell mayor and council what to do. It is up to mayor and council to weight the input and make the decisions that we believe best will represent the interest of the community.

As mayor, as I look forward, after Proposition 414 failed, we need to go back to the drawing board and I am intent in listening to input and feedback from the residents of our community and will have to balance the needs of our city, based on knowing, right, that there are community members that say, just keep to the core services and do nothing else, and those that say there are so many other things we need to fund, not as much as core services. So, that's what I am looking at. I am looking at a balanced approach and at the same time, I do believe in making sure that we are protecting the most vulnerable residents amongst us and make sure we are protecting the programs that were created, many times thanks to American Rescue Plan dollars and federal dollars, that have proven and that evidence based, solutions driven approaches to the issues that the City of Tucson really is living under. The big problems, the big issues, we need to make sure we are data driven and using evidence-based solutions and not, get rid of or dismantle programs that are proving are working in the long run.

So, we are living through difficult times, challenging times, economic uncertainty, fear, high prices, taxes, everyday attacks on the first amendment on Medicaid, social security, on services for our veterans in the VA. Many economic uncertainties are self-inflicted and not by the City of Tucson. May I add, the Ducey era flat tax is affecting our COFERS, to the tune of millions of dollars, it will affect it this year by \$27 million, next year it will compound to more than \$40 million. The Trump tariffs are creating uncertainty in our economy and we are already seeing the affects of the Trump tariffs in our community, people are spending less, and that is showing in our sales tax collections in the City of Tucson.

And so, these are self-inflicted wounds that this mayor and council did not decide to do upon ourselves. There are others outside of us that decided that that was the road we had to take. We

are paying for it, residents are paying for it. And the most vulnerable, and it doesn't matter if you are Republican or Democrat, or Independent or Green, the most vulnerable residents, low-income community, seniors, children, they are feeling it, unsheltered homeless. And we have concerns that we have. We started our Climate Action and Adaptation Plan, Tucson Resilient Together, to be able to deal with rising heat and drought. We passed the Housing Affordability Strategy so that we could have a strategy to invest in affordable housing. We started our Community, Safety, Health and Wellness Program so that we could attend to the fentanyl and opioid epidemic, to put the right work in the right hands. But it seems as though there is a lot of movement in terms of the economy and what we need to do.

I'm also pragmatic, I know we have to balance our budget and I know that we cannot continue to provide all of the free services that we were providing with federal financial support and when we are living with a Ducey era tax cut. Ironically, just for the community to know and understand, the Charter in the City of Tucson puts sales taxes on the hands of voters. The City of Phoenix Charter puts the sales tax on the hands of mayor and council. And, just week after voters in Tucson voted "no" on Prop 414 for a half cents sales tax, the mayor and council in the City of Phoenix passed a half cent sales tax with unanimous support and they really make investments very similar to those we had put together for Prop 414. I just want to assure Tucsonans that we are listening, we are going back to the drawing board, and that as mayor, I will help protect the vulnerable communities and the programs we have created to make sure that we are attending to the residents that need it most, making sure that we protect our core services as called out for in the Charter and that we make wise decisions as we moved forward, with of course, engaging community, but community needs to understand that in order to fund something, especially in these times of need, with possible budget deficits up in the \$60 million dollar range, we will have to make very difficult decisions as mayor and council.

And no one group can say that we need to pass this budget as we've told you. I really is to those of us that are elected to make those choices to be able to balance the budget, so I invite Tucsonans to stay updated on this process, give us your input and feedback and to be able to work with use not just on innovative ideas to continue making sure we have a city that progresses and advances, but also on ideas in terms of how we have the biggest bang for the limited bucks we have in our budget. So, I know the city manager recommendations for budget 2026 will be presented on April 22nd. We don't have any decision making today, just listen, give our feedback and ask question so that, you know, we have until June 3rd to approve the budget. With that, Mr. City Manager.

City Manager Timothy Thomure: Thank you Mayor and Members of the Council. Before I turn it over to our CFO, Anna Rosenberry and our Business Services Director Angele Ozoemelum, I want to reflect on some of your introductions Mayor. The changes to revenues are something we've been preparing for, for two years and every time we make a plan, something else changes and never for the good. So, what you are seeing today is revenues lower than even the loss of revenues we were saying earlier, and this includes sales tax money. So the theory of flat income tax driving some economic engine that results in higher sales tax, that results in more money at the end of the day, we now have \$14 million less for next year in sales tax projected and when we come back on the 22nd, we will give you an update for FY 25, where we were, we planned for a 3% growth year over year, we were tracking a 7% growth year over year, now we

are at 1.1% on the year. So that last month has taken sales tax from being above to below our plan. So that will affect our starting balance for 26, which is quite a bit lower than you saw last month, and the revenues we have in 26. So last time we met, I said we were somewhere between a 10 and 13-million-dollar deficit for next year and its like well like let's just bring that into even and go, now its like 27 almost 28 million. Just because of those changes, again, outside of your control. So, with that uplifting introduction, I am gonna turn it over to Anna and Angele.

Assistant City Manager/CFO Anna Rosenberry: Thank you City Manager, Mayor and Council, our memorandum today basically gives you a look, maybe under the carpet, as to where we are in developing the balanced recommended budget plan we will be bring to you on the 22nd. And so, we will be talking a lot about deficit numbers and that describes the extent of the challenge that we have in front of us, but we won't be recommending a deficit budget. We have to bring together a spending plan that resolves those issues and puts on a solid path for not just this coming fiscal year, but fiscal years in the future. I am going to turn this over to Angele to lead the way on discussion on revenue.

Business Services Director Angele Ozoemelum: Good afternoon Mayor and Council, so our second slide her on the slide deck I would like to turn Mayor and Council's attention to the second half of that slide as we look at state shared revenues primarily state sales taxes. You will notice that there is a decline in sales taxes 86.6 projected earlies to \$84.4 million. Looking at the recent reports, I noticed that there we significant growth in sales taxes. In October, we had, the State had a 5% increase growth in state sales tax. Two period of declining growth of December where we had a 1.9 decline. This decline in December resulted in a \$7 million forecast. So, we are understanding that there is something happening with the sales tax in the State of Arizona, both at the state level and also at the city level. The \$84.4 million on the board right for 26 is a mere 1% increase over last year. So, we have some tightening to do and we understand that.

Now I ask that you focus on the upper half of that slide where we see our sales tax moving from \$340 million to \$326 million. As Mayor and Council would recall in early January, the city reported sales tax through December of 738% over the same time in fiscal year 24. As we continue to monitor sales tax growth, we saw that as of the most recent completed month, growth was at 1.1%, so we had to tweak the numbers a little and as a precautionary measure my department factored in a reduction in the project sales tax revenues to go from the \$340 million to \$326 million in 2026 resulting in a decline of \$14.1 million that we have to take into account as we consider the supplemental requests that come from the departments. We'll go to slide #3, the decline in revenue would also impact the requests or our ability to fund the requests that the departments made in their fiscal 26 budget development.

Mayor and Council would understand that the development of the budget, the largest consideration is the volume of supplemental requests. This year departments requested funding for 50 new General Fund position at a total rate of \$9 million. These positions ranged from IT Analyst to technicians in the Fire Department. Of the 50 positions, 24 of them were projected to be funded by the Prop 414 initiative for a total of \$2.3 million. The non-general fund positions, 62 were requested and 50 of the 62 were for a total of \$1.2 million. So a total of these requested cannot all be funded, even our, with our financial constraints, the total of these requests came up

to \$82 million and we are still looking at what can be funded in order to bring a balanced budget before Mayor and Council in the next few weeks.

CFO Rosenberry: So, from the big picture of all of the many supplemental requests that were received, at this point in our work, there are a number of supplementary requests that we are throwing in in the tentatively approved column. And that represents a small handful of positions as well as non-personnel items in the general fund. You'll see that in the table on the left, and over on the right, a description of the personnel and non-personnel requests in the non-general fund items totaling approximately \$21.8 million. Particularly in the general fund, we have incorporated both the one-time and reoccurring fee expense amounts into the updated 5-year model that we have for you this afternoon. And then the tentatively approved non-general fund items fit within the five-year plans for those particular funds involved.

In addition to the supplemental requests, and sometimes honestly overlapping with some of the supplemental requests this year are the Proposition 414 items. There is a subset of these items even though the voters did not approve the additional sales tax revenue to fund these efforts, there are a number of the items that the city manager is going to strongly suggest and recommend that we try to incorporate into the recommended budget. We are calling these items critical needs and they total \$14.46 million. And the memo, starting on page 2 lists out the details of those items and kind of reading through the bullet points, the critical needs plan includes funding for Tucson Police Department, additional sworn police officers, professional staff and the equipment and vehicles for those staff. It includes an investment in, and establishment of the general capital fund, annual on-going dollars, oh I skipped bullets here. I will go in the order of the slide.

Next, we will talk about the Tucson Fire day truck operations. There is critical needs funding for approximately 14 positions to staff day truck operations within the fire department to respond to calls for service, at our higher volume times. There is funding for public safety communications, right under \$500,000 to hire seven additional positions to help with 911 and 311 operations. There is funding for the Office of Violence Prevention and Intervention and our Thrive investments, \$2 million approximately 3 positions that would assist with those efforts for violence prevention and intervention as well as our Thrive zone areas. There is that general capital fund where \$4 million this year would be going into a separate fund that will be managed entirely for capital for general fund priorities. Starting to build a source of on-going annual dollars that are invested in capital for the general fund.

Mayor Romero: Anna, can you clarify that. What exactly is that.

CFO Rosenberry: So many communities are able to take some of their reoccurring annual general fund dollars and dedicate it to capital replacement. Frequently its police vehicles, fire truck, technology investment and replacement, recreation center, general facilities improvements and maintenance. The City of Tucson has not had that ability in the past. And its frequently gone out to voters to approve those types of items on a group basis, we got this group of equipment, please say yes to this investment. It funds it for a certain period of time, but if there is not this on-going amount that is baked into the budget. This is starting to try and establish that mechanism where reoccurring general fund dollars are going into capital. We would put it into a

separate fund so that we can help span the multi-fiscal years that are involved with equipment ordering and delivery and replacement as well as capital projects, but it would be dedicated to the capital needs, equipment replacement needs for general fund operations.

Mayor Romero: So, police vehicles, apparatus, fire trucks, what we have to replace in order to provide those services to the community.

City Manager Thomure: Honorable Mayor, Members of the Council, that's absolutely correct and truth be told, that annual contribution into the Capital Fund needs to grow to maybe \$20 to \$40 million a year, but we don't have that and we've been at zero. So, this is an attempt to start that pattern, start that on and then grow it over time and increase the annual contribution. But what I will say, traditionally what we have done, is identify a project, have annual dollars that come in and then we dedicate it to that project, fixing City Hall elevators, things we need to assist with Prop 407, we've done, so its not been zero, but it's been identify a project, then find the money. We need to move a little more proactive into that space.

CFO Rosenberry: And the last item on this list of critical needs is information technology (IT) investments. There is a \$1 million of this \$14.6 million that would be used for critical public safety technology needs. Initially these are most likely going to be investments in backbone and infrastructure for the dispatch center at communications and CSARC. So, after we take into account the items described in the memo regarding with what's happened to our revenue adjustments for FY 26, our preliminary base budget line, what the impact of the supplemental requests, even the small amount the Manager is working into the base budget and these critical needs, we are bring forward to you a revised 5-year forecast.

I wanted to draw your attention to the column that says FY26 base budget preliminary. That's the column that you will start to see these changes. And this is the column for this year's budget we are creating. Again, we adjusted revenue numbers as we described for local and state impacts for sales tax as well as the other shared sales tax. You see the line that says potential base increases, those are some of those supplementals as well as the \$14.6 million of critical needs. All of that together, leaves us with a projected operating deficit of almost \$28 million.

Going further down the line through the investment plan lines, we've added the one-time dollars from those supplementals and we get to the very bottom line, at the bottom of that column for FY 26, where we have a projected year end available fund balance of negative \$8.1 million. Again, these are the deficits that I am talking about that are the issues we need to resolve before we bring together a recommended budget.

City Manager Thomure: While we are on this slide, I want to add a couple of things to what Anna just said. First of all, under the FY25 projects column, the one just to the leave of 26, those are the projected surplus that will go down to at least \$10 million, when you see it next because of that sales tax impact. That will immediately roll down to the bottom line under the projected year and fund balance. We were project to end FY25 at \$63.8 million in the bank. That's going to be now, \$53.8 million in the bank. That \$53.8 million rolls to the next year and then whatever cash we generate for overages we have, draw from that. So, what is going to be important is as we bring that \$27 million deficit down to zero, it isn't on the revenue side, it's on the expenditure

side because the revenues are what they are at this point. That will benefit that negative \$8 million and will become positive because we won't drain that cash. But even when we get to a balanced budget for FY26, we need that \$8.1 negative to be \$44 million positive because we have already spent that money in one-time planning in the next four fiscal years. So, breaking even next year is not enough. We need to break even and gain tens of millions of dollars in FY27, we need to address that \$40 million plus deficit and the \$87 million in negative cash, which is crazy. We should have just blacked that out and not shown you that, but that is the reality because we're not just spending money on an annual basis, because of the investment plan and other things and commitments, we're spending the annual dollars plus. So, we need to have a balanced budget, plus \$44 million coming out of next year.

CFO Rosenberry: So, we take this opportunity in this memo moving away from the five-year plan to give you a brief update on where our largest special revenue and enterprise funds stand financially. I am going to turn this back to over to Angele to address HURF, Environmental Services and the Water Utility funds.

Director Ozoemelum: Thank you, Anna. The HURF budget request is \$65.7 million and that is based on a 2% revenue growth assumption following fluctuating growth rates since FY23. Preliminary revenue projections from the league are slightly higher than previously forecast with \$62.6 million now in the financial plan compared to the earlier estimate of \$61.4 million. The budget balance reoccurring expenditures with expected revenues with key cost drivers including consultant project management for voter approved initiative and copper wire theft. Included in that \$65.7 million is the five-year annual \$11 million commitment to the Collector Streets improvement program on Prop 411, supplemented by a \$4 million annual contribution from the General Fund (GF), there we go again, the GF absorbing \$4 of that allocation from the HURF for Prop 411 projects, we are seeing that the GF is burdened throughout the City, that Prop 414 would of helped alleviate. The project fund balance for HURF as of June 30th, is \$18.5 million. So, we are expecting a positive year end fund balance in FY25 for the HURF fund.

In the Environmental Services Fund, budget requests are at \$22.6 million. The department is not expecting to raise any fees in FY26; however the department is in the process of conducting a cost of service study scheduled to be completed this fall. The FY26 operating budget has increased in the last few years and was offset with previous year rate increases. Funding is planned to support operational expenditures and the acquisition of critical heavy equipment to support both the landfill and collection operations. The Utility is expected to use fund balance to cover most of its capital improvement projects, such as the completion of the Plastic Waste Diversion Facility and critical compost updates at the Los Reales Sustainability campus. The projected year end of the fund balance as of June 20, 2025, is \$44.2 million. The FY requests for the GF dollars reflect the amounts necessary to manage the City's graffiti abatement program.

Under the Tucson Water Utility fund, we are looking at \$355.7 million dollars in the utility budget, under the Conservation Fund, \$5.2 million and the Green Stormwater infrastructure, a budget request of \$9.1 million. This Utility budget aligns with the Utility's five-year financial plan and includes a third year of a 5.5% rate increase. Mayor and Council will remember that the Water Utility issued bonds during FY25 and that capacity is no longer included in the revenue, so they are projecting decreasing revenues of about \$46 million compared to FY 25.

The operating expenditures will grow by 13.9 million dollars, drive by higher personnel costs, CAP water costs, and the PFAS treatment related professional services of \$1.5 million. Under the Green Stormwater Infrastructure, we \$9.1 million, the Storm to Shed program has allocated 750 for maintenance and \$7 for the new Green Stormwater Infrastructure projects and the use of fund balance. Tucson Water is evaluating whether the previously approved rate increases are sufficient to sustain future operations and capital need with recommendations expected to come later in FY26.

CFO Rosenberry: And finally, to wrap up our presentation, we just wanted to give you a bit of an update of our budget engagement processes. Attached to your memorandum is information related to the employee engagement, employee budget town hall that we had, the city manager shared this information back out to the employees during a Team Focus with Tim, and we thought it appropriate to also share that information with the Mayor and Council. The event was held March 3 and we had over 400 employees participating in the event. We've also been doing a number of community engagement events.

Last week and are open with our budget engagement survey right now. We have one more community budget event scheduled for this Thursday, April 10th. It is a virtual event, and you can find the link to the virtual town hall on tucsonaz.gov. The event will be from 6-7 p.m., again it is an online event. All of the meetings have included and will continue to include a live presentation and question and answer opportunity for the public. The online survey will be out and available through April 11. I've been telling people it closes at 5, but it actually closes at midnight. So, I need to correct the record. People will be able to participate in the online survey until midnight on April 11. And our press release does say that. Please encourage as many people as possible to participate in that survey. As of this afternoon, before I came down to the meeting, we had so far 1,846 responses which represents over 92 hours of public comment if you were to give every respondent three minutes. Last year, we had total responses of 822, so we already have a thousand more, we more than doubled responses to the survey that we are getting. We will be sharing that feedback with Mayor and Council at a future budget conversation. That is everything that I have for you Mayor and Council.

Mayor Romero: Alright, then we will open it up for questions, comments and suggestions. Anyone want to jump in. Alrighty, Council Woman Lee and then Council Member Cunningham.

Council Woman Lee: I can start us out, Mayor, I appreciate how you framed up the conversation cause we do have a lot of big decisions and a lot of hard things in front of us. Balancing wonderful core service delivery with keeping the key program that we have been able to experiment with the past five years up and running is going to be the name of the game.

One thing that I've talked to the city manager about and just to put it on your radar is as we move into this year and future budget years, is having some visual representation of department level and service and program level operations that are happening within the organization and understanding from a visual standpoint, what is core services mandated and what is in support of that like our Housing First Program and then what is nice to have items. Just so that we can more objectively look at those and make those decisions. I think that's going to be really important, so hopefully we'll have something in front of us, in the future to help us make those decisions.

I appreciate the way we are looking at different revenues and cutting expenses because, just like for all of us, if we don't have enough money, we either have to figure out how to make more money, or spend less money, and so I know we have some items coming up a future conversation around transit that are looking at both of those and so, I guess the only question I have is kind of random on this topic is just with the marking tanking right now, how is the 115 Trust doing in our ability to pay our PSPRS obligations, cause my 401K is trashed right now, so I just curious about that.

City Manager Thomure: Honorable Mayor and Members of the Council, the timing of that question is interesting because we've done a lot of analysis of how the 115 Trust coupled with level payments from the GF can get us to fully funded by 2048. But it includes several assumptions, and two of the key ones, two of the four key assumptions are that the 115 Trust will perform at or above 6.9% annual gains every year and that the PSPRS fund will meet or exceed 7.2% each and every year. We know there will be ups and downs, but starting with the down, potential down, is tough. I don't know that we know the current.

CFO Rosenberry: Mayor, Council Members, I will tell you, I don't have the portfolio value as of right now at my hands. I will tell you though, when it comes to our vulnerabilities in the stock market, we also have, at-risk, in addition to the balance in the 115 Trust, we have the balance of our assets with the PSPRS Fund and the balance of our pension assets in the TSRS Fund. So, what's happening in the equities market right now, the stock market, does have an impact on all of our fund balances, including the 115 Trust. So, it is a concern and the volatility is a concern.

Council Woman Lee: Is there a scenario in which we would see an impact on the GF in terms of payments, I guess, if there's a lack of performance. I don't even know if that is even a smart question, but I am just trying to understand if we can see an actual tangible change here.

City Manager Thomure: Honorable Mayor, Members of the Council, the simple answer is yes. So the plan we are embarking on and you started it three years ago when you opened the 115 Trust, you're three years into it now and now we've re-forecasted what the future looks like. It included level payments from the GF and a certain amount of draw on the 115 Trust every year to make our full contribution. But that draw from the 115 Trust relies upon certain decisions we make around compensation, which affect the liability and the performance of the Trust. So, if the Trust performance drops, the demand for additional from the GF goes up.

Mayor Romero: Thank you Council Woman. Council Member Cunningham, and then we will go to the Vice Mayor.

Council Member Cunningham: It's been quite a long road. Some of us were there in 2010 where we, I walked in on the tail end, where we faced a budget that was about almost 30% of our GF, that was the deficit we faced. Between 2009 and 2013, multiple municipalities throughout the country declared bankruptcy including Stockton, CA and San Bernardino, CA in 2012 which were municipalities our size, with the same characteristics that we have. This is not something to be cavalier about, at all. And I appreciate the comments about the Trust because there are some differences there, but the bottom line is that when you are facing a market that has been 20%

decreased, all historical indicators point to recession. And our sales tax revenue in February absolutely indicate that. I am not sure we should pull the rug out of our projections yet. I appreciate you all being cautious. I think we are going to finish a little better, but I know you're doing it the right way, plugging numbers in. A few things about, like talking about efficiency and this and that and that and the other and things of that nature. We don't need to go through and audit each department. We have whole bunch of people that do a great job for us. There are some policy shifts and some adjustments that we need procedurally on how we spend money, and those are things we should probably have done a while ago, but there is really never a right time to do them unless something is coming up, unless you're facing a budget shortfall.

So, these are things, when we got all these laws and policies and procedures that we put in over a 30 or 40 year period, where we wanted to protect tax payers, we wanted to protect people from corruption, we wanted to protect people from getting favors done for them, we wanted to have transparencies. That's where all these procedures are set in, but unfortunately, we have so many procedures and checklists that we are not able to move at a very fast pace to make decisions and that ends up costing us money. And so those are some things, over the next year, we probably can put in that will help us not only be able or have the option to save money through some of how we do new projects, whether we keep them in house, whether we utilize specialized vendor system, or whether we use multiple bids, we'll have to opportunity to do these things.

I just want to say, because from a cash management standpoint, the faster we move the quicker, the better it is and trust me on that. When we didn't have any money for roads in 2008, and we didn't spend money on roads because all in the name of balance our budget, that was great. We did not declare bankruptcy; unlike some people I know. But the point is that, that joke aside, that was pretty funny, that joke aside, my point is that we paid for it later because we had to pass three road bonds since then. So, you've got to keep those investments.

The \$13.4 million your setting aside, \$4 million for asset management, probably isn't sufficient, but I laud you for doing it. We are walking into a budget, and you're going, by the way I'm adding \$13 million in cost. And you're doing that because you know if we don't do that, it is going to cost us double or triple two years, three years down the road. We are walking into a deficit; we proposed a \$17.8 million increase this morning to take care of our employees. The reason we do that is because we value them. And they need to know we value them, and they need to know that we want to pay them competitively to stay here and be with us. So those are the things we are going to do, so those are prudent decision. At the end of the day, though, that creates this \$27 million gap that we face right now, and we can't just do it with this tweak and that tweak. There are so many different more.

One of things I want to talk about today is IT. I think there is an opportunity in this next fiscal conversation between now and next April, to rethink what we are doing with IT on two fronts, may three. One is telecom and the other is software. It does not make sense that Tucson Water, Parks and Recreation, the Courts, all use OM, they were using a different software system to collect money. It makes zero sense to me. We've had that easy reg thing with Parks and Rec for 30 years. Who do I need to talk with to get rid of it because it is so antiquated? How can you not just have one City portal, like Glendale, Arizona, where you go in and you pay your fees. I just don't understand it. There is an opportunity to possibly do an ID program or at least a City

account where you can do all of that stuff in one app. We've got to think about how much we are paying out in software contracts for IT. And another thing we have to think about in IT is we have different departments with different cell phone contracts, we have five different cell phone contracts on five different departments. And then we are also paying for 11,000 land lines. We are paying for 11, 000 landlines. That is insane to me. I get it, its \$3/month, yes, we are getting a bargain, but we don't need them really at all. I do a considerable amount of City business on the go, a lot of us do. There is no reason we can't do it from a phone. I think every City employee doesn't want to be tied to their desk, they want to be mobile, make decisions on the fly, they want to be able to share documents on the fly, be able to share, and we live in a world where that is totally possible. And right now, we are spending extra money for desktops. That went out during COVID. Those are the things we can actually save by investment.

So, I just want to consider that IT, this million-dollar thing we are spending in security. I am very interested in what or how our other software contracts interact with that million dollars. I am not so sure I am going to be in favor of that piece. On the asset management, I am the one that pushed it, if we go to take a hair cut of 10% and put 400 thousand away, fine, depending on what our cash carry forward is. Again, I want to go through these off the top, this is our chance to give input on these proposals. You came to us with a \$13.6 million investment, telling you those are the two places where because the other stuff above and beyond including the domestic violence prevention stuff, that's sacred stuff. We can't take, we're not going to cut that. I want to talk really quick about some of the shifts in utility functions, especially with graffiti. That should probably be an environmental services piece, like 100% part of environmental services. I think we should move that graffiti abatement into that system. I don't really have a problem doing that and if we got to make the adjustment doing that, I think it's worth the investment and I thin it will be sound. It will also move 2.5 to 3.5 million out of the GF and I think that's like a low hanging fruit that we're gonna do.

I think there are a couple of pieces with how we set our pension stuff moving forward in that cash management where we can bank about \$10 million, I think we've talked about that. So as we go through this budget process, I want you guys to think about Stockton, CA in 2012 and how that completely changed their city and they still have not recovered or what happen in San Bernardino and how they still haven't recovered. We've got to be careful with how we do this. And these budget cuts have to be in a situation where we project out because I am not gonna give a raise to our employees and value them and at the same make this investment just so we can furlough people next year. That's just not smart. We've got to be able to say, hey, we're gonna make these investments, and by the way we can afford them and sustain them. A couple of things.

Mayor Romero: Council Member, I just want to make sure and call your attention to time check, because we do have other items and we need to make sure other colleagues have an opportunity to give input as well.

Council Member Cunningham: I'm less than 35 seconds. Last thing is, I want to take a look at things we can do in house. We have projects we can do in house. Our office just saved \$2.5 million doing that so I think there is opportunities there. And that concludes my remarks.

Mayor Romero: Thank you Council Member. Vice Mayor and then any others that want to get in queue. Vice Mayor.

Vice Mayor Santa Cruz: Thank you, Mayor. I am looking forward in seeing the more in-depth budget proposal that you will be putting in front of us. I am curious, I know that Council Member Cunningham just kind of gave a list of some opportunities to look at. I am curious if we are having, if we are also putting on the table, how we are strategically filling vacancies during these budget shortfalls. Do we have a plan for that, are we thinking of prioritizing upskilling and training the people we already have hired to help fill those gaps and reduce the need for external hires? I know that after our conversation yesterday, city manager, the conversation weighed heavy on me kind of sitting with the tough decisions we will have to be making moving forward and I know that any time we are in this position, we talk about core services and I would just want to remind us that these core services were put in place in 1929, when the city only had 2,000 people living within the city limits. Today, we have close to 550,000 people living within the city limits. The needs, the landscape is very different than in 1929. So, I want us to think about our core services as the floor and not the ceiling in these difficult moments as we are moving forward.

And, I am encouraged by the conversation on we can invest in our city employees and city works and taking care of them in these difficult moments and balancing how we serve our community and like the Mayor said the most vulnerable because in these economic downturns are most vulnerable are the ones who feel the impacts the most. So, trying to put that all in balance. Thank you.

Mayor Romero: Any others that want to jump in, Council Woman Lee.

Council Woman Lee: On super quick comment, something the Vice Mayor said prompted an idea that I had before. We know we are having a shortage in our water and environmental services customer service folks, that made me wonder if we are also thinking about technology investments that could help us out. I don't want to say chat box or specific technology solutions, but are we factoring those conversations into the equations, strategic technology investments to help us with these gaps and vacancies.

City Manager Thomure: Honorable Mayor and Council Members, we will always be looking at information technology or tools of that nature. What I'll say is that we don't have that factored in as a savings to offset the budget for next year, in fact, I am going to point you to when we look at how the budget for next year is taking shape. We did a lot of investments in technology this past year that have resulted in almost \$2 million of things I've had to put in the budget because they cost us more than what they were costing before. So, I've actually put a halt to new software city-wide and we will not deploy it until we see a business case that shows that it actually saves dollars. Because our experience in the last three years is that it doesn't, we invest in the new technology, we spend the money, we then have the annual software maintenance costs, hundreds of thousands of dollars and then we have to hire the two business analysts to run the new software that we just bought. So, I actually just paused all of that, happy to look at any business case that shows an actual return on investment, but I am not factoring that in as an assumption. I think that is something that can play out as we do those. But the reality is \$2 million of that \$27

million came from, I don't want to use the term, "willy-nilly" because that is not fair. That is undo criticism on our operation. The fact is we spent \$2 million on going that we didn't even plan to do when we did software deployments without due diligence.

Council Woman Lee: That makes total sense and I appreciate that, Tim.

Mayor Romero: Council Member Uhlich.

Council Member Uhlich: Thank you. I know we are all going to share our ideas, and I've shared some as well. I have tremendous confidence that we will find the right path together, keeping in mind, as the Mayor so eloquently laid out, how we can best take care. I also want to highlight how others have, gratitude for our employees who not only through the benefits committee, but please continue to engage us with your thoughts, you are the closest to the work and experts in your particular areas and this is a critical time for all of us and we are in it together. I think that we will all be listening very closely to our employees, to obviously the management team and the community. In my newsletter, I try to, as the Mayor also did, just lay out some of the constraints to try and just really, I think the management team and our finance team did a good job as well, just to remind us of what some of the parameters are because it's confusing in terms of the revenue options we have aren't even the same necessarily they are in Phoenix for example The Charter really does lay out some stipulations that create some boundaries that we should all be familiar with, but you know we will take that into account. And I have great confidence in the people around this table and in our community, and we will make some tough decisions and get through this, so thank you.

Mayor Romero: Thank you Council Member Uhlich, and I did get an opportunity to look at your ideas as you presented them to me, and what I thought about, especially, in your commentary, is that you know it is the responsibility of the mayor and council to bring together the community to work through these difficult times because we will be, we already are facing chaotic daunting times, but it is my responsibility, and I take it very serious, to be able to bring every Tucsonan together so that they feel heard and that we present to them a budget that reflects the guiding principles and beliefs of our community. And so, I too have a lot of hope and confidence in the people around this table, not just the elected ones, but those that help us day in and day out with all of the administration.

We will have to take a look at each and every department, and I know that Council Member Cunningham has moved away of from the possibility of auditing our departments, but I think we should look internally, look to see what, what efficiencies we can find, and then we should also look at the other end, right. What are the fees or investments that we are not charging that other cities throughout Arizona are implementing? And so, the City of Tucson does not charge advertising taxes, maybe its time to charge advertising taxes and so those are some of the things that we will have to face, but I am confident that we can move in a positive direction together and I am confident that we all can continue making Tucson a thriving city with opportunity for everyone.

So, we have gone through this before, we have learned our lessons from that time, and we can move forward in a positive direction as we put together a budget. I do want to make sure that my

colleagues feel comfortable in submitting new ideas and concerns or comments to the city manager to make sure that, as we come to April 22nd that that presentation from him reflects your input. Council Member Uhlich, I know you have one last comment.

Council Member Uhlich: Thank you. It occurred to me that the time of different things is challenging. I want to keep all doors open in this process and I think that one thing we may want to consider is a very simple question to put before voters. Either sales tax or bonds funded through secondary property taxes, we need to go there. We need to allow for possibilities in my mind, not lock us in but keep doors open at this juncture, until we get a better read on the trending for our revenues and my question is, do we need to do anything in April, if there's a possibility that we would want to refer questions to the voters in November. That's not to presume that we will, but I don't want us in May and June to realize that we've pushed things out more than perhaps we intended. Can anyone answer that.

City Attorney Mike Rankin: Honorable Mayor and Members of the Council, Council Member Uhlich, yes there is a provision in state law with respect to calling of elections even if you just want to do it as a placeholder, in terms of timing where you need to act to just secure that date six months in advance of that potential election.

Council Member Uhlich: I just wanted to alert the Mayor and colleagues that may be something to consider for the April 22nd agenda, again, it may not be the right time in spring or next year may be a better time. I may be in a weird kind of emotional space because I am leaving in November, so tolerate my urgency which may be ramped up a little bit higher, but I just wanted to flag that because I think placeholder like that may be appropriate, even if we defer into the future, again, it could be a sales tax or I believe it may be bond question out of the secondary tax, which would help to address these critical capital and investment needs that the Manager is prioritizing. So, I will just put that on the table and we'll work on that and I am sure leading up to the 22nd to see if that is prudent. Thank you.

Mayor Romero: So, Council Member Uhlich, just to clarify for, to make clear in your mind, you are not leaving in November, you are leaving in December, my friend...(laughter). You're leaving in December. That's a good point and I think it is important for further discussion, but I think Rankin has a comment on that.

City Attorney Rankin: Thank you, Mayor and Council Member Uhlich, what we will do from my office, in advance of that next April meeting, there are other restrictions based on the type of election it is so we will memorialize all of that and get those materials out to the Mayor and Council.

(NOTE: Vice Mayor Santa Cruz departed at 3:11 p.m.)

Mayor Romero: Thank you, so Mr. Manager if you don't have any additional comments we need to move on to the next item.

City Manager Thomure: Honorable Mayor, Members of the Council, that concludes this addition of budget engagement,

Mayor Romero: Thank you so much, really appreciate you all. We are going to move on to Item 12.

**12. Discussion on the Development Impact Fee Program Rate Update (City Wide)
SS/APR08-25-58**

(This item was taken out of order.)

Introductory comments were provided by Timothy M. Thomure, City Manager.

Information was presented by Angele Ozoemelum, Business Services Department Director, and Koren Manning, Planning and Development Services Department Director.

Additional information was provided by Carson Bise, Tischler Bise consultants.

(NOTE: Vice Mayor Santa Cruz returned at 3:15 p.m.)

(NOT: Council Woman Lee departed at 3:15 p.m., and returned at 3:18 p.m.)

Discussion ensued.

(Council Member Dahl departed at 3:38 p.m., and returned at 3:40 p.m.)

No formal action was taken.

Mayor Romero: Time has been set aside for Mayor and Council re receive an update and provide input on the City's Development Impact Fee Program. Mr. Manager.

City Manager Timothy M. Thomure: Honorable Mayor, Members of the Council, I do believe that we have our Tischler Bice Consultants online from the sunny east coast which is not very sunny today. And so, we've been wrestling with this topic for a while. You've recently adopted the Land Use Assumptions (LUA) and Infrastructure Improvements Plans (IIP) and not we are in the Development Impact Fees (DIF) phase. So, I am going to turn it over to our Interim Director of Planning and Development Services Koren Manning and our Business Services Department Director, Angele Ozoemelum.

Business Services Department Director, Angele Ozoemelum.: (First part of audio inaudible) ... additional capacity necessitated by future development. There are limitations to the use of the funds, of course, because the funds cannot be used to finance ongoing operations, it cannot be deposited into the General Fund (GF), which is the City's main operating fund. And the funds cannot be used to...

Mayor Romero: Excuse me, Angele, I think your mic is off. Is it on? Okay can you speak more directly into it.

BSD Director Ozoemelum: Lastly, the fund cannot be used to correct existing infrastructure deficiencies unless there is a fund plan in place to correct the deficiencies for current residences and businesses within the community. Next slide, Koren will discuss us the service areas on the consideration for the Development Impact Fees.

Interim Planning and Development Services Director Koren Manning: Thanks, Angele. Mayor, Members of the Council the service areas, as you know, are established a little differently for the different types of impact fees. We have four categories of impact fees in Tucson; police, fire, streets and parks and recreation. For police and fire, the DIF are collected and administered on a city-wide basis, for parks and recreation and streets fees, the projects are collected and then utilized within three service areas. Service area A, B, and C, which roughly correspond to some of the ward district boundaries that are meant to ensure impact fees collected in a certain region of the City are spent for infrastructure improvement in that geography. And I want to make sure our consultants are on the line.

Carson Bice, Tischler Bice: Carson Bice is here.

Director Manning: Great, Carson and Julie, I am going to hand it over to you.

Carson Bice: Yea, Julie is double booked, she's actually at a council meeting in Virginia, right now so I will take over for her. So thank you staff for that and Mayor, Members of the Council, Carson Bice, we've met before, I did a work session with you all a few months ago. And I was the project manager, I think in 2019, when we did the original fees. The proposed fees are based on sort of the policy level concept that development impact fees should fund 100% of the growth-related infrastructure. In other words, growth will offset the demands for infrastructure and so what we will call the maximum supportable, the maximum allowable impact fees based on the assumptions made throughout the studies. Some parties may feel that these should be higher, well, we can't justify those or justify a higher fee because of the cost and assumptions that went into this study.

So, obviously the City may adopt fee that are lower than the amount shown, however, that results in reduction of development impact revenue which will necessitate an increase in other revenues, which typically come from the GF, which are funded by your main taxes, which is sales tax, or it would necessitate a decrease in the plan capital improvements or decrease, and this sort of goes hand in hand, if you reduce the planned capital improvements that results in the City's overall citywide level service standards. Next slide.

So, this shows a draft maximum supportable proposed residential impact fees. You may remember from previous work sessions, we are recommending that the City continue with the impact fees that are done by size and house and if you remember our earlier conversations, this promotes equity, it promotes housing affordability, it also has a tighter nexus to proportionality, because in most communities we work in, and Tucson is no exception to that, the larger the housing unit, the more people there are, the more vehicle available, results in more vehicle trips,

results in more person trips, etc. And so we do have eight different bands, so to speak, 750 or less, 751 to 1250, all the way up to 3751 sq. ft. or greater and our proposed fees are \$3906 at the smallest household size, all the way up to \$12,869 for the larger units. This does represent increase across the board for all sizes and depending on the size, it is 40 to 41% increase over the fees we calculated five or six years ago. Next slide.

So, this shows the proposed maximum supportable impact fees for the non-residential categories which focuses primarily on industrial, commercial retail, general office, several institutional uses and hotels. And typically, we find that the commercial and office uses generate the highest impact fees particularly of there are streets and public safety involved because commercial uses generate more calls for service, more vehicle trips than office and institutional and industrial development. So the highest fees are for the commercial retail at \$9577 followed by institutional, medical care, followed by office, in the 4,000 range and as we get into institutional uses such as schools, and non-nursing medical goes down to a little less than 2,000 and industrial has the lowest fees ranging from \$1980 per 1,000 sq. ft. down to \$668 per 1,000 sq. ft. for warehouses. And again, the residential development, these do represent increases for all fee categories with the exception of commercial retail in terms of free standing, and also the general retail which are reduced slightly over 1 to 4% and there is a slight reduction in the hotel as well.

So, tools for reducing the fees, one is obviously is no development impact fee charges for relocating businesses into an existing building. That is something that is implemented in your Ordinance, so essentially, when you are doing a one for one change out in terms of the use, no development fee charged. There is also a credit toward development fee charges in terms credit agreements or development agreements and that's in case where a developer comes through the door and is either proffering or constructing an improvement that part of the development fee calculation itself. So, for instance, if the developer is donating land to a parks or land for a new fire station, a development agreement has to be hammered out so that the developer gets credit for that impact fee.

Also, there are provisions for reduced or special fee charges. So, one of those would be thru ordinance, if I am a developer and I come through the door and I come in with an interesting industrial use, and I have to fall under one of those three categories we have in our fee schedule, and there is compelling evidence that for a variety of reasons, maybe it's the lack of employment at the site, because it is a self-contained business operation, that, and if I can prove this, that I am going to have a reduced vehicle trip generation rate, then the City may want to consider reducing my impact fee based on that data that is incumbent upon the applicant to provide. There are also, I think in the next slide, an incentive for mixed use development. So, one of the things the City is in favor of, and in the past, we have also been in favor of, in other jurisdictions is particularly as it relates to transportation impact fees, is that when an applicant comes in with a project that has a mixed of densities, and mixed of uses and has availability to transit in other transportation infrastructure, you can make a strong argument that there is a higher rate, of what we call a tunnel trip capture which means there are less trips generated because you can take care of several errands or several trips with one vehicle trip and we do offer a reduction in the trip generation rate because of this higher internal trip capture, which results in a lower transportation impact fee.

So, in the case of Tucson, the program criteria are that you are with a quarter mile walking distance to a transit stop, you have to have one of these two required, in terms of residential proximity, it must contain a mixed of uses including both residential and non-residential or the development must be located close to a high density residential project and there also needs to be a multi-model option to satisfy this as well. Those options must be that development must be close to planned or constructed publicly designated bicycle boulevards or multi-use paths or development must provide additional bicycle parking spaces, bicycle share facilities and car share facilities. I believe staff is going to take it from here.

Director Ozoemelum: Mayor and Council will recall we discussed the LAU and IIP where Mayor and Council approved these two items. The next action in the timeline for the development impact fee study is a public hearing to be held on the 22nd of April after which we will have the adoption of the development impact fees on June 3rd, for the fees to take affect according to state statute no less than 75 days after the formal adoption which would be August 18, 2025 rolling into fiscal year 2026. The next steps follow what I just indicated with the study session, public hearing, adoption of the fees and the fees taking effect on August 18.

Mayor Romero: Thank you so much Angele, Council Member Cunningham and then Vice Mayor Santa Cruz.

Council Member Cunningham: Let's start with the easy one, let's go back to the hotel one, it's like 7, there it is. Quick question. So, we're doing \$68 a door on hotels. Is that standard practice to be lower hotels than apartments. I mean it just feels like, I thought we had a little more latitude per door on hotels.

Director Manning: Council Member Cunningham, the total proposed fee for hotel room is \$22.57.

Council Member Cunningham: I am specifically talking about the \$68 a door for parks and recreation.

Director Manning: I will ask the consultant response based on how that was calculated.

Carson Bice: Yea, so in many communities its, there's this data to suggest that hotels are also taking advantage of or using/utilizing parks and recreation facilities which is the case in Tucson. But also, there was a court case in Prescott, prior to 2012, where Prescott was not charging non-residential development, development impact fees. That is not standard practices, it's not best practices. There are other court cases in the country, that suggest you should not be discriminating against land uses and so what happened as a result of the Prescott decision, is when the development impact fee in Arizona, which was revised in 2012, it was codified that non-residential development has to pay all impact fees where, I would argue, whether there was demand or not. Typically in most communities, unless you are a tourist or seasonal population community like Myrtle Beach or Aspen or Vail, hotel room are not a generator demand for parks, typically not a generator demand for libraries. I would argue the same for retail office, industrial, but in Arizona, by law, we now have to charge those land uses all the impact fees.

Council Member Cunningham: I'm asking why we can't charge more on the parks and rec, not why we can't charge less.

Carson Bice – Oh, because, sorry I misunderstood that. Well it has to do with the employment density. We are allocating those costs using functional population and when you look at the number of employees in a hotel and you allocate that on a per room basis, they do not have as many employees per thousand sq. ft. of...

Council Member Cunningham: So, we can't count, we can't count ...

Carson Bice: Sorry, I didn't understand the question.

Council Member Cunningham: We can't count the guests at a specific occupancy, there's no formula where we can count guests as occupancy,

Carson Bice: Good question. You could, but I would argue that that is not appropriate given the Tucson because you don't have a huge season/vacation use of hotels like a beach community would or a, like Vail, Aspen, Crested Butte, where you are having an influx of tourist that are staying in your hotels in order to...

Council Member Cunningham: So, I'd probably push back on that in Tucson. We have quite the, we have a tourist season. Especially, it starts around Columbus Day and goes to about St. Patrick's Day, is when about 90% of our hotels are about 80-90% occupied. During the month of February, when we have the golf tournament, we have the Rodeo, we have minor or major league soccer because all their spring training teams practice here and we have the largest Gem Show in the world in those two months. I'm sorry man, I've gotta push back a bit and tell you that we are shorting ourselves on our park and rec fees here.

Carson Bice: Ok, my reaction to that would be, all of the things you just described, are things that were codified in 2012 in the reduction of what you are allowed to charge for parks, because all of the things you just mentioned, are more regional scale recreational uses, versus the day to day types of parks the City of Tucson is building which is your resident population to enjoy in terms of basketball courts, tennis courts, soccer fields, etc. In 2012, things like the Rodeo grounds, amphitheaters, regional draws like that were completely disallowed as part of that impact fee and to me what you just described is the use of your hotel rooms, is one month out of twelve and it's more for regional types of draws. We have tons of clients around the country that have that exact situation with their hotels. And we have jurisdictions that have 80-90% occupancy year-round in their hotels, but they are not the occupants that are using your parks on a day to day basis.

Council Member Cunningham: I understand that, but I still think that our folks that are coming in through out the year, including are standard people who show up, look I am just asking is there a state law that precludes us that locks us in at \$68 or can we choose to propose an increase to that \$68 a room. Are we locked in by law or are we, put ourselves at risk if we ask to increase that by a little bit? I am just asking.

Carson Bice: Ok, these are good questions, that's exactly why we have these work sessions. My response would be that we would need to talk with the parks and rec department staff to see what kind of data and statistics they have that would back that up, and if there is compelling evidence, we don't mind looking at that. But by doing that, I should advise you that it does invite scrutiny.

Council Member Cunningham: No, I understand that, I kind of want to avoid that as well, but I will say we also host the Tucson invitational games and major league soccer friendlies that take place between January and March. That's three months and they all use public facilities. So, I'd say there is, and we also have a very large regional soccer tournament that attracts teams from both California and New Mexico in the form of the Ft. Lowell Shootout. And we also have the book festival. All of those things happen, they happen in our season, like I said from about Columbus Day, excuse Indigenous People's Day to St. Patrick's Day. That's our big tourist season and we do have one, it's very prevalent. And I just want to make sure that we are considering that. It's okay, I am not trying to, you guys have done a great job on our impact fees for years and years, I am just looking at this one and pushing back a little bit and saying I think we might be able to get a little more.

Carson Bice: Understand. We will take that under advisement and work with staff and come back to you.

Council Member Cunningham: My next one, going to the end, last slide, I am worried about the timeline. So, April 22nd, we already, we have another huge vote that night. We are going to be packing the room. And we may have two things, that is going to pack the room that night, so we may want to look at that date to May 6th, that's all.

Mayor Romero: Well I just want to make sure that I ask staff in terms of their scheduling and if moving to May would change the schedule for the rest of the effective date for the fees to take effect.

Director Ozoemelum: We will look into it Mayor if it would not affect, then we will make the changes.

Mayor Romero: I can understand the sentiment in terms of public things, and you know in having really, really long meetings as well, but we will take a look. Vice Mayor.

City Attorney Rankin: And Mayor, pulling the public hearing would delay adoption and effective date, it's a statutory process with timelines.

Mayor Romero: Okay. Alrightly, I don't think we want that. Vice Mayor.

Vice Mayor Santa Cruz: Yes, for the residential development impact fees proposal, I am curious how this impacts our ADUs and I just remember in previous conversations we were want to incentivize smaller housing footprint and making that less costly and not more costly. I want to figure out how all that fits into this.

Director Manning: Yes, Vice Mayor and I will have Carson to add a little bit more about this as well as or methodology for calculating those fees. So, if I understand it correctly, the way we basically, justify the different fee levels for the different residential size units, is based on the number of occupants, and we are basically we are assuming one occupant for that smallest unit

to it would be very challenging in our methodology to go lower than one occupant per unit. We are seeing that a lot of ADUs are coming in at that lowest size level which is under 750 sq. ft. so they are achieving the lowest in impact fee level essentially.

Vice Mayor Santa Cruz: Your understanding is that impact fees were becoming cost prohibitive for the overall cost of building an ADU and you were being asked to make that a less of a burden. I am just trying to figure out how that fits into this.

Director Manning: So, Vice Mayor, one of the things are we are looking at are the affordable ADUs and any ADU that is qualified as affordable housing would be eligible for affordable housing impact fee reduction. So far, we haven't seen any ones that meet those standards, but that's something we are definitely working on and will discuss with Housing and Community Development some of the programs and strategies to make sure those units fit if they are affordable ADUs, know that there is an impact fee waiver.

Mayor Romero: That would be wonderful if we could get an explanation of that concept so that we can plan on how we continue supporting affordability needs. Any other questions. Council Member Uhlich.

Council Member Uhlich: Thank you, I also was wondering about the ADUs and sort of a vacation rental market. So the use of the ADU and I don't know if this could be implications beyond impact fees, but differentiating between owner/occupancy or family occupancy, or residential occupancy and vacation rental occupancy. Does that trigger a different classification not only for, well let's focus on impact fees, but I am also curious about implications for other categories we can address in other conversations.

Carson Bice: Staff do you want me to take this question?

Director Manning: Yes, please. Thanks, Carson.

Carson Bice: Council Woman it's a great question. And these are and the last two discussion items are things that Councils we work with all over the country, struggle with and because you are doing it by size and unit, that does help with the ADUs. And I can tell you, I use to live in DC before I moved to Maryland and I live right next to American University, and the ADUs typically had more than one person, right. And you have to remember that impact fees are based on averages, right, and so we're looking at the universe of housing units of different sizes and what those average occupancies are and so, I think this was addressed, if you want to have a policy about affordable ADUs and waive the impact fees if they meet certain criteria, that is something the City can do, but be advised you need to come up with the money from a different source in order to make yourself whole. But directly to Council Woman Uhlich's question, it is very difficult through impact fees because to differentiate between VRBO versus (audio lost)

Director Manning: We just lost your audio Carson.

Carson Bice: Oh, I'm sorry, can you hear me now. As I was saying it is very difficult through the impact fee process to distinguish between a VRBO or AirBNB, because I don't think as part

of your permitting process you are asking the applicant what the intended use of the structure. And I can always come in as the applicant and build a home and a year turn it over to a VRBO use, right. So it's very difficult to implement impact fees that way. Now I do know of other jurisdictions that are researching the legality of once a, say I pay a \$2,000 impact fee and it is based on a household size of 2.5, but two years later, I know have to come in through an application process to get a license to be a rental unit. I would argue that there is a strong case to be made that I am going to have a higher household size and we could use portions for household versus persons for housing unit and perhaps exact a delta between those two in order to offset that impact. That is a legal question. I know people are researching that, these are issues jurisdictions struggle with and we are happy to have more conversations with you all as well as your legal team to think about how we address that.

Council Member Uhlich: Quick follow-up and I know we are pressed for time, and I do wonder whether or not that would kick an ADU into the hotel, you know hospitality category versus a housing category, but the impact of vacation rentals are undeniable, and the use of our services, and so I appreciate that and kind of flag that for conversation more broadly as well. Thank you.

Mayor Romero: Anything else you want to add. Anyone else? Alright we are going to have to move on to the next item on the agenda. Thank you all so much for the presentation. Just want to do a little check with the Council colleagues if you all need a little break, or you[ve been moving, so then Vice Mayor you might have to run the meeting for about 10 minutes. So the next item on the agenda is Item 8.

8. Discussion and Direction Relating to Funding for Mass Transit Operations including Sun Link, Sun Tran, and Sun Van (City Wide) SS/APR08-25-63

Information and presentation were provided by Sam Credio, Department of Transportation and Mobility Director.

It was moved by Vice Mayor Santa Cruz, duly seconded, and carried by a voice vote of 6 to 0 (Council Member Fimbres absent/excused) to direct staff to begin the public outreach process for the Major Route Changes to Routes 5 and 22.

It was moved by Vice Mayor Santa Cruz, duly seconded, to direct staff to return to the Mayor and Council with a process for considering the implementation of the following funding options:

- Partnership Agreements
- financial support from Pima County and the State of Arizona
- an advertising tax
- an increase in the Public Utility Tax
- a \$1 increase in the Hotel/Motel surcharge tax
- a percentage increase in the Hotel/Motel tax based on the total per-night cost
- potential use of the Local Transportation Assistance Fund, and
- consideration of raising parking rates to subsidize public transit

Mayor Romero offered an amendment to the motion, accepted by the motion-maker, to include possibly utilizing lottery money.

Discussion ensued.

The motion, as amended, was carried by a voice vote of 6 to 0 (Council Member Fimbres absent/excused).

It was moved by Council Member Lee, duly seconded, to move forward with the Title VI Equity Analysis for the 5 "Act Now" options presented by staff.

Discussion ensued.

The motion was carried by a voice vote of 4 to 0 (Vice Mayor Santa Cruz and Council Member Dahl dissenting; Council Member Fimbres absent/excused).

Mayor Romero: This time has been reserved to allow the Mayor and Council to receive an update from staff and continued discussions related to funding strategies and service. I know we have a presentation and then we'll take it from there.

City Manager Timothy M. Thomure: Honorable Mayor, Members of the Council, distributing materials to you know is our Director of Transportation and Mobility Sam Credio. And I will had it straight to Mr. Credio.

Director of Transportation and Mobility Sam Credio: Alright, thank you Mr. Manager and good afternoon Mayor and Members of the Council. I do have a brief presentation. I am going to try and go through it very quickly. I know its been a full day for you all and I want to save plenty of time for questions and discussion. You should have a hard copy being pass around and we also have one on the screen.

So, I'd like to first start out talking about the system wide efficiencies we touch on in the memorandum in your material. As many of you know, we have been looking at the operations of our Transit System through the Comprehensive Operation Analysis (COA) that was conducted by SunTran and our Team and presented to you all last year. During the draft recommendations of the COA, route 5 was looked at to be considered for elimination. Ultimately in the final recommendations it was not planned to move forward for elimination, but in looking at ways to find efficiencies in within our system, we'd like for you to reconsider that and I'd like to present some information for you today.

On the screen, and on your presentation is a map of Route 5 with a few other routes added to the map. Route 5 is that red route that you see right in the middle there. It starts at the Udall Transit Center to the east, it travels west along Pima to Tucson Blvd, south on Tucson Blvd, to Speedway and then west on Speedway all the way to Pima Community College (PCC) West Campus. One of the reasons we are taking another look at Route 5 is that it is consistently ranked

form the lowest of our system in terms of ridership and overall productivity. You can see that it is flanked on both sides by Routes 9 and 4, which is Grant and Speedway, which are two of higher frequency routes and highest ridership routes. Also, once it jogs over to Speedway, it is overlapped by both Route 4 and Route 22, and then terminating over at PCC West.

However, in looking at this recommendation, we noticed that if Route 5 were to be eliminated, there would be a small gap in service, especially out to PCC West, which is where we did see most of the ridership, although not very much, but we did see ridership to PCC West. And so, what we'd like to offer in addition to considering the elimination of Route 5 is realigning and extending Route 22 over to PCC West. You can see on the screen in your presentation the dash line is current Route 22 and the solid blue is the proposed Route 22. It would allow us to remove the route out of the neighborhood, which we'd like to get the 40-foot buses out of the neighborhood and on major streets and provide that critical connection to PCC West.

Lastly, just a quick overview of the financials related to this efficiency. Route 5, currently the annual estimated operation cost is about \$1.6 million, and Route 22 actually planned for elimination and was part of the final COA recommendation and we recommend not eliminating Route 22 and extending it to PCC West at a cost of just over \$550,000 annually, so the annual savings is roughly \$1 million for this on efficiency.

I do want to note that both of these changes do constitute a major service change, which requires public outreach and a Title VI Equity Analysis, a public hearing, and approval by the mayor and council. And so, what we are looking for today is not necessarily to make a decision on whether or not to remove Route 5, but rather begin the process to start that major service change process.

Next, I want to talk a little bit about transit funding options. I know this is a very busy slide. Basically, what we want to communicate here is that we now have been talking for at least a year, maybe longer, about some potential funding options for transit. There are a handful of options that have been included in the material that we would not recommend that you pursue now. Almost all of these require either an Arizona Revised Statute (ARS) change or change to the Arizona Constitution, in order for it to be a legal use for transit funding options.

I do want to point out that the last bullet there is the formation of a Transit Authority. While that one is not something we can utilize right now, a city our size, or region our size, should absolutely have the option of forming a Transit Authority. And so, when the environment is right with the state legislature, we should definitely consider pursuing it.

The last few items here will come as no surprise. We've talked about these before, these are ones that we would consider pursuing now. Absolutely continuing to pursue the partnership agreements. We have one in place right with Tucson Medical Center and continuing to pursue those with the University, Tucson Unified School District (TUSD), and PCC as well as any other large employers willing to partner with us to fund transit.

And then the last two bullets here at items that the Mayor and Council do have control over and can legally raise new revenues to fund transit. The first is the hotel/motel surcharge, which currently sits at \$4 per night. And so, our recommendation is that the Mayor and Council

consider increasing that surcharge by \$1 per night, which generates roughly \$2 million in new revenues. The last bullet is the Public Utility Tax (PUT). The City currently charges a baseline PUT of 4.5%, so our recommendation is to consider a .5% increase to 5%. There is precedence set with that. Mayor and Council did approve an increase to the baseline PUT in June of 2016. It was 4%, increased to 4.5% and by our analysis, that raised roughly \$1.7 million in new revenue.

And wrapping up my presentation here, I do want to talk just a little bit about the Fair Equity Analysis, especially as it relates to the recommendations. We've talked a lot at this table about the need to do a Title VI Analysis. I just want to provide some clarity for the Mayor and Council why we always recommend that as a first step. So here, I've provided some quotes out of the FTA Title VI Circular 4702.1B, Chapter B, Page 10, and I quoted these because this language is very important. Transit providers that operate 50 or more fixed route vehicles in peak service, and located in an urbanized area of 200,000 people or more in population, which the City is, must conduct a Title VI Equity Analysis whenever planning a fare change and it also applies to service changes as well as I discussed regarding Route 5. It goes on to say that the Fair Equity Analysis requirement applies to all fare changes regardless of the amount increase or decrease as with the Service Equity Analysis, FTA requires transit providers to evaluate the effects of fare changes on low income populations in addition to the Title VI protected populations.

So what does that mean, that means that any time we want to make a fare change up or down, and we did do this when we went to fare free, it requires a study on whether or not there is a disparate impact on the minority population using the system or a disproportionate burden on people with low incomes utilizing the system. And so, all that being said, what we are requesting is direction on completing a Fair Equity Analysis for five scenarios. They are, Scenario 1, 2018 Transit Fare Structure in place to the Pandemic. There is a copy of that Fair Structure on the screen and also a part of the material for this item as an attachment. Scenario 2, I believe, was discussed about a year ago at this table, regarding instituting transit fares for Sun Link and Sun Express only. Scenario 3 is considering a simplified 50 cent base fare. As you can see that base fare is rather complicated and can be confusing for our passengers, so by studying a simplified 50 cent base fare and everything is then calculated off of that base fare would be of value. Scenario 4 is something called Fare Capping and this is when a user is really paying as they go and once they hit the value of a daily or monthly pass, their fares are capped and then the pass automatically converts to whatever that time-based pass there are using. And this system could be paired with one of the other scenarios. And then lastly, creating a free low-income pass, and again, this could also be paired with scenario 1, 2 or 3.

And so, with that, I just want to summarize quickly the action items we have before you today. First, we talked about the system-wide efficiencies and we are looking for direction on whether or not to begin the public outreach process for major service change related to Route 5 and Route 22. We have presented to you with two transit funding options, both the hotel/motel surcharge and the PUT, and then lastly the Fair Equity Analysis providing some direction beginning the Fair Equity Analysis on the five scenarios that were presented, returning back to Mayor and Council with the results of that analysis which would ultimately give you flexibility on choices that could be made in the future. And with that Mayor, I would be happy to answer any questions. We have our Transit Team in the audience as well available to support as necessary.

Mayor Romero: Thank you very much Mr. Credio. Just want to open it up. Vice Mayor.

Vice Mayor Santa Cruz: Thank you Sam for your ongoing work on all of this. I appreciate staff continuing to explore route changes that build efficiency into our system by focusing on major corridors and connections to education and business centers. I've also been a big component of getting buses out our neighborhood streets, they put a lot of wear and tear into our neighborhood streets and part of creating a more efficient route is to have them along our major corridors. So, I support moving forward with the public outreach process for the proposed major route changes to Route 5 and 22, which are both in Ward 1. I wanted to then, I don't know if you want me to do motions, on ..

Mayor Romero: If you feel inclined, that's fine.

Vice Mayor Santa Cruz: Ok, so I want to move to direct staff to begin the public outreach process for the major route change for Route 5 and Route 22.

Council Member Uhlich: Second

Mayor Romero: So, there's a motion and a second, any further discussion on this item, and that particular action would save the City about \$1 million. Any additional discussion. Hearing none, all those in favor of the motion, please signify by saying aye.

All: Aye

Mayor Romero: Any against, motion carries. Thank you, Vice Mayor.

Vice Mayor Santa Cruz: Thank you, so I wanted to move forward on some of the act now recommendations from the City Manager as we've been talking about how to support with our fare free system. We've been exploring these different opportunities, but we've just kind of stayed stuck in the exploration phase, so I believe, the City Manager's recommendation of a \$1/night increase is a little too modest for the bed tax, that we should explore switching from a flat fee to a percentage-based hotel tax, like our peer cities in El Paso, a percentage structure is more equitable so that people staying in luxury beds should contribute more than budget motels and we should also evaluate our total tax rate for the city, county and state to ensure competitiveness with other tourist destinations. And so I am hoping that as we look at the fee we can do kind of two models to what it does if we just do a dollar increase or if we switch over to a percentage, what kind of revenue that would generate.

We've also been talking about our parking rates and our fees and that has been an ongoing conversation and I know we had given direction to staff on moving forward with that. I know that Council Member Uhlich as been discussing us exploring further adjusting our parking fees so that we can help fund transit. Our parking meter rates haven't changed in over ten years and it is important to right-size these rates and encourage people to use public transit to decrease congestion especially in our business districts and improve our parking turnover and also to generate new revenue. And so for context, we charge a \$1/hour in our meters and Phoenix charges \$1.50 and enforces meters daily until 10:00 p.m., including on the weekends and

holidays. I think it is important for us to use our parking fees as a way to incentivize our public transportation system and investing into it.

I think it is important that we continue to move forward with our partnership agreements. I feel like that's a low hanging fruit that we need to move on. I've had the opportunity to take some of our County Board of Supervisors on some bus rides so they can see how our system operates and see what it looks like in their respective districts. The other piece that is not part of the recommendations, but I think would be important to analyze. One of our community members had raised this that our small business owners, specifically, when getting their liquor license permit fees are lower than those in Flagstaff or Phoenix. And so, one potential approach would be raising these alcohol related fees to help offset transit costs. We want to begin incentivizing people to not be driving their cars when drinking, and if they are drinking, help give them an option to use public transit. So, kind of throwing that into the mix.

So, with that, I wanted to make a motion on these act now recommendations. I move to direct staff to return to Mayor and Council with a process for considering the implementation of the following funding options, partnership agreements, financial support from PCC and the State of Arizona, and advertising tax and increase in the PUT, a \$1 increase in the hotel/motel surcharge tax, a percentage increase in the hotel/motel tax based on the total per night cost, potential use of the local transportation assistance fund and consideration of raising parking rates to subsidize public transit.

Mayor Romero: Is there a second.

Council Member Dahl: Second.

Mayor Romero: If I may, also what I noticed in the supporting material that provided to Mayor and Council, many of the valley cities are using LTAF funds, which are Lottery generated funds that cities tap into. Back in 2009, 2010, the State swept those funds from all cities and I have been told that ever since that lottery funds would never come to cities anymore. I noticed that valley cities are using LTAF funds, and Tucson has been told we cannot bug the State for lottery funds anymore. And I believe that is absolutely inequitable, so I would like to add to your motion if it can be amended to pursue LTAF funds just like valley cities are putting them to use to the tune of \$1.3 million used in LTAF by the City of Mesa for their transit system.

City Manager Thomure: Honorable Mayor, Vice Mayor, would you mind repeating your list again, we can get it off the records, but we'd just like to hear it again.

Vice Mayor Santa Cruz: I will send it to you and yes Mayor I agree to the amendment.

Council Member Dahl: And me too.

Mayor Romero: So, the motion maker and the seconder agree. I'd like to open it up for discussion. Council Woman Lee and then Council Member Uhlich.

Council Woman Lee: Thank you, Mayor. As I said before in the budget conversation and Council Member Uhlich mentioned keeping all of the options on the table, so just to confirm, this is just to evaluate these options, right, we're not voting to actually implement these changes today, is that right?

Vice Mayor Santa Cruz: It's to give us a path forward to do it cause we've just been entertaining these recommendations of what we can do, but it's like, alright how do we, was does it look like to make it happen.

Council Woman Lee: Ok, just I just want to be clear from my standpoint. I feel like, I am most comfortable, actually moving forward with different solutions once the Title VI Equity Analysis is done and we've done our own internal work to evaluate their reinstating fares, so for me, when this comes back, I will likely say no on several of these items, but I do support us looking at what we need to do to evaluate the different options prior to putting anything in place. So, those are just my comments.

Mayor Romero: So, just for clarification, Vice Mayor, this is to study and bring us back a plan on how to get it done.

Vice Mayor Santa Cruz: A process for considering the implementation of the following funding options.

Mayor Romero: Okay, alrighty. Council Member Uhlich and then Council Member Cunningham.

Council Member Uhlich: Thank you, just a question as you enumerated the options. Did you also include the public utility tax in your motion?

Vice Mayor Santa Cruz: Yes, Council Member Uhlich.

Council Member Uhlich: Thank you.

Mayor Romero: Council Member Cunningham.

Council Member Cunningham: So, I just want to know, I mean some of the work has already been done. So, we are going to see on a percentage piece, the big thing I have there is comparing with other cities. It's really, really, important that we see kind of what other cities are doing, and the same with the public utility tax. Because last time I checked, our is high. So, I just want to be, I want to be careful, I want to leap before we look there. I want to entertain all of the options, but can we go over the list again, I am sorry there was a lot of stuff on there.

Vice Mayor Romero: Aw, yes, it was to move forward with the process for considering the implementation of the partnership agreements, financial support from Pima County and the State of Arizona, advertising tax, increase in the public utility tax, \$1 increase in the hotel/motel surcharge tax, percentage increase in the hotel/motel tax based on the total per night cost,

Council Woman Lee: Thank you, Mayor. As I said before in the budget conversation and Council Member Uhlich mentioned keeping all of the options on the table, so just to confirm, this is just to evaluate these options, right, we're not voting to actually implement these changes today, is that right?

Vice Mayor Santa Cruz: It's to give us a path forward to do it cause we've just been entertaining these recommendations of what we can do, but it's like, alright how do we, was does it look like to make it happen.

Council Woman Lee: Ok, just I just want to be clear from my standpoint. I feel like, I am most comfortable, actually moving forward with different solutions once the Title VI Equity Analysis is done and we've done our own internal work to evaluate their reinstating fares, so for me, when this comes back, I will likely say no on several of these items, but I do support us looking at what we need to do to evaluate the different options prior to putting anything in place. So, those are just my comments.

Mayor Romero: So, just for clarification, Vice Mayor, this is to study and bring us back a plan on how to get it done.

Vice Mayor Santa Cruz: A process for considering the implementation of the following funding options.

Mayor Romero: Okay, alrighty. Council Member Uhlich and then Council Member Cunningham.

Council Member Uhlich: Thank you, just a question as you enumerated the options. Did you also include the public utility tax in your motion?

Vice Mayor Santa Cruz: Yes, Council Member Uhlich.

Council Member Uhlich: Thank you.

Mayor Romero: Council Member Cunningham.

Council Member Cunningham: So, I just want to know, I mean some of the work has already been done. So, we are going to see on a percentage piece, the big thing I have there is comparing with other cities. It's really, really, important that we see kind of what other cities are doing, and the same with the public utility tax. Because last time I checked, our is high. So, I just want to be, I want to be careful, I want to leap before we look there. I want to entertain all of the options, but can we go over the list again, I am sorry there was a lot of stuff on there.

Vice Mayor Romero: Aw, yes, it was to move forward with the process for considering the implementation of the partnership agreements, financial support from Pima County and the State of Arizona, advertising tax, increase in the public utility tax, \$1 increase in the hotel/motel surcharge tax, percentage increase in the hotel/motel tax based on the total per night cost,

potential use of the local transportation assistance fund, the consideration of raising parking rates to subsidize public transit and the amendment from the Mayor for use of the lotter LTAF.

Council Member Cunningham: Ok, and so I am good with looking at all of those things. I don't know if that is specifically a transit question or budget question. Because these are all things we can do with general fund, with some of the general fund things we have. Some of these, I am thinking strategically, some of the budget things we might face in the next few years, if we, you know, kind of like a waterfall. Thinking kind of that way right now, lots of great ideas on there, I am not sure I want to do them all right away to fund one function of the City, but I am definitely ok with analyzing it and at least knowing, more specifically how much revenue each one of those options can actually generate. And we can compare, for instance, we can't do the hotel percentage and the \$1 increase, we can do on or the other. So, we want to be able to have that information. I think it's good to have that information.

Mayor Romero: I think for me the big question is, how do we pay for transit, right. Valley cities like Phoenix, Mesa, Tempe, Glendale, fund their systems with dedicated funding sources. So, Phoenixians have taxed themselves to pay for transit services, not for 5 years, or 10 years, for 35 years. And so, for me, the continual input that I hear from some groups in our community, why are we paying general funds and so much general funds to fund our transit system. Well other cities in the valley in Maricopa County have figured out ways how to remove the investment from their general fund to dedicate funds to transit services.

And so, the City of Tucson has not done that, so we have stayed as a community that funds their transit system via general funds. It's not that Phoenixians are not paying extra sales tax to provide the service, it's that they are paying specific dedicated funds in sales taxes many times, to be able to pay for transit. We have not done that. And so, I will support the motion, because I want to see what other source of funds, we can use to be able to bring down the amount of general funds being used for transit. Ideally, I would like to have a conversation with Tucsonans to figure out what their priorities are and how we pay for those priorities. Because something has got to give, people, something has to give. And in times of need, we have to be innovative and creative and especially in times when people, and certain groups, have said maybe those taxes are not the best way to fund some of the general fund services that you provide. So let's look at other things that could be a possibility that will fund the services that people want to see.

What I do know, is that we've got to have a long-term conversation as Tucsonans and as Mayor and Council to really decide on what we want to pay for because the general fund is breaking, and it is not a self-inflicted wound, it is a wound that is being affected by a flat tax passed during the Ducey era and it is being inflicted by the chaos that the Trump administration is causing in our economy. So, I want to at least take a look at what options are out there, that maybe even other cities are doing and using for funding transit services. While we look at this, I think it is also important to look at the possibility, like Council Member Uhlich mentioned before, right, do we want to have a conversation as Tucsonans on how to pay for the services we want whether its climate and transit issues or community and public safety issues, transit and road issues. At the end of the day, cities in Maricopa County, like Phoenix, Mesa, Tempe, Glendale are taxing themselves very specifically for transit and transportation use and we are not.

And so, in order to be able to become a thriving community with opportunity for all, which is what we all want, we need to have long-term conversations on how to pay for these very necessary and important issues. So, I mean, I just want to add that. Any other comments on this motion. Alrighty, so all those in favor of the motion, please signify by saying Aye.

All: Aye

Mayor Romero: Any against, motion carries. Council Woman Lee.

Council Woman Lee: Thank you Mayor, in the spirit of keeping as many doors open as possible, I think that I want to move us in the direction of beginning the Title VI Equity Analysis, you know, times are very difficult, five years ago, when we voted to temporarily voted to suspend fares and I know all of us have been supportive of continuing the fare free option as long as we were able to financially do so, and we've been through the budget discussion today, so I want to move us in the direction of that. Kansas City just had to do this last week, they had continuous fare free as long as we had, and they unanimously moved forward with the direction to start this process as well. So, we are not alone, so I want to go ahead and make the motion that we begin the Title VI Equity Analysis on the five scenarios identified here today.

Council Member Cunningham: Second.

Mayor Romero: So, there is a motion and a second, any further discussion on this. Council Member Dahl, and then Vice Mayor.

Council Member Dahl: Thank you, Mayor. I am an ardent supporter of the free fare public transit that we have in place. This body just passed the Community Corridor Tool, in large part, because it encourages a walkable bikeable transit orient in the community. An easily accessible transit system is an integral part of that vision. It's good for the economy, tourist love it, and it's good for the environment. So, I don't really have much problems with us going forth with the analysis, but I am not going to support it at this time because it shows our leaning into bringing back fares. I think we should commit to being fare free at least one more year, the end of the next fiscal year. But Mayor, I hear your words, and I agree with you. The community needs to decide, in light of Prop. 414 failing, I think we need to put something on the ballot that gives Tucsonans this choice to decide how much they would like transit funded. Again, until we provide that conversation for that vote, I believe the benefits of our current fare free system outweigh the costs and that's why I am going to be voting no on this motion.

Mayor Romero: Vice Mayor.

Vice Mayor Santa Cruz: Yes, thank you, Mayor. I too like Council Member Dahl oppose starting the Equity Title VI Analysis because it signals to the public that we are seriously considering reinstating fares. This contradicts our commitment to fare free transit through FY2026, I believe that staff time would be better spent implementing these alternative funding solutions that were already identified. I also want to publicly state that when we were looking at these alternative funding solutions, that we could have implemented, sometime ago we were told to put it on pause to get through Prop. 414, and so a lot of the reason why I supported Prop. 414

was because I knew that if it didn't pass, that the first thing on the chopping block would be our fare free transit policy. So, it's frustrating to be in this position that I knew we would be in if it did not pass. So here we are, so I want to continue to push that we look at these alternative funding options before we bring back in reinstating fares.

As previously mentioned, fares only cover 8 to 10 percent of the total operating costs. And reimplementation costs would cost around half a million dollars just to restart. Realistically, our first collection may never recover the \$10 million that we are using is a speculation that every single person riding transit right now would be paying fares. We know that after the 2015 Teamsters strike, that our ridership never recovered from that and we are finally over our ridership from our pandemic numbers. And I believe as we use these percentages to speculate how much of a drop in ridership we would have that we've never done that going from zero fares to then implementing fares again, so that we could actually maybe recover less than \$5 million, a fraction of what the system needs.

I believe we risk permanently losing ridership if fares return and that we also, we haven't been talking about the economic impact study on fare free transit. The Street Car and Sun Tran ridership have already exceed pre-pandemic levels and we don't know, not only the individual impact it will have in our low income families having to go back to fares, but also the investment it generates in the local economy by having fares be free, that we are not looking at those numbers. We know that just the way that the Kansas City example was given, there are other transit systems, like in Merrimack Valley in Massachusetts who voted to go fare free permanently after a business analysis showed increased ridership and financial benefits exceeding previous fare revenue. I think we are not seeing the other side of the coin.

In 2022, 76% of Sun Tran riders reported household incomes below \$35,000. In a time of rising cost from rent to eggs, we must protect equitable access to transit. Fare free transit is not only economic justice, it's climate justice, it helps our residents get to school, work and healthcare without added financial burden. I was just at Cyclovia on Sunday where we had community members gathering postcards in support of fare free transit. I was able to have conversations with people coming up to us wanting to get more information and really seeing the impact of having that access point has had on our community.

Like I mentioned before, I've been taking, aside from our Council, our Pima County Board of Supervisors and decision makers to experience our system firsthand because of narratives being put out there of who is riding and what the conditions look like. And I can say that every single time I've taken anybody, there hasn't been an incident, the buses have been clean, the transit centers have been clean, people having been looking out and taking care of each other on this system. I have some questions, but you might not need to answer them right now. But some of the questions that I had, is have we fully calculated the cost of reinstating fares including equipment upgrades, staffing and public outreach. What's the timeline and staff burden of conducting the Title VI Analysis and could those same resources be redirected the Act Now funding strategies and are we confident that reinstating fares won't undue progress in ridership equity and public support.

An then to conclude, because I know we have to take this to a vote, as life becomes more expensive and wages stay flat, we need to stay creative and compassionate in how we serve our residents. Going backwards on public transit access isn't just a policy mistake, I think it's a failure of imagination. We do need to double own and be bold in the choices we've made and keep pushing forward together. Thank you.

Mayor Romero: Alrighty, any others, Council colleagues. I appreciate, Vice Mayor, everything you've said. And I believe its been five years since Mayor and Council decided to go fare free. I have seen the effects of what that means to students, from everyone to seniors to students to tourist coming into the City, received lots of input in terms of our transit system and I appreciate that you have been taking Board of Supervisor members on transit rides because sometimes it feels as though Pima County they push themselves outside of these issues that clearly affect their residents as well, right, we are Pima County residents as well. And when it comes to unsheltered homelessness, the fentanyl public health crisis, and transit, it seems to me sometimes Pima County just puts their hands up and takes five steps back in terms of the responsibility that they have for these issues in our community.

So, thank you for taking them. I want to point out that staying with Pima County, Pima County approved the Prosperity Initiative and in the Prosperity Initiative, it reads that it is important to identify and prioritize safe, reliable and affordable transportation options and encourage mixed use in transit oriented developments to be able to connect disadvantaged communities to jobs and other resources. And that should be taken serious by Pima County. And I don't just want to point to Pima County, many organizations like the University of Arizona (UA), Pima Community College (PCC), Tucson Unified School District (TUSD) and other school districts have stepped back. The conversation stalled when PCC, the UA and TUSD basically told the City of Tucson that they were not willing to invest in the system themselves.

Again, Maricopa County has gone to their voters and asked them, do you want to pay for this. I deeply believe that we should keep a free system, but again, we are seeing in front of us, the possibility of having \$68 million budget deficit. If the PAG/RTA were a functioning Board, then we could have the possibility of presenting a plan to the voters of Pima County that could possibly help continue investing in our transit system, as they should. So something has got to give and so for me, it is important that we at least start the process of an equity analysis because that equity analysis could tell us now it is going to affect our community and best position both Mayor and Council and our administration, as well as the community, to help us decide how we move forward. How long does an Equity Analysis usually take, Sam?

Director Credio: Thank you, Mayor for that question. So, I think what we put in the material that we would return to you in sixty days. The work is done internally and is done by some of the folks in the audience, right there now. And we would be using the data that we've been collecting as part of our on-board survey that we'll actually be returning to you later this year to update our Title VI plan. So, we believe in about 6 to 8 weeks we can produce that report and present that to you.

Mayor Romero: 60 days, alrighty any other questions or comments. Council Member Cunningham.

Council Member Cunningham: So, there's a couple of things. I'm keeping our options open and all that stuff. There's been a lot of feedback in the community, as well to bring the fares back. Some from people who ride the bus, it's a whole other conversation. My main thing today is about Sun Van. My biggest thing about the fare piece is that we have these restrictions about Sun Van in which we basically cannot set up a call for service program. Whichever scenario we have, I highly doubt, I'll say this on the record now, for me I highly doubt if you bring back to the table restoring 2018 fares, I am not seeing that happen. I'm not going to vote for that, but I appreciate you at least showing what you think you can get us. The bottom line is that if you factor in the reduction, we are not going to see if we can get that, but, the other option with the lower cash fare and options like an annual surcharge to get everybody as low as possible, or their cost to be as low as possible, but also being able to have that multiplier for Sun Van for call for service model, I think is important to be able to explore. So that's why I am in support of this motion.

Mayor Romero: Would we be able to add to the Equity Analysis, social economic levels of riders and who's riding.

Director Credio: I'm pausing Mayor because I am thinking about the question. Can you tell what your question is again.

Mayor Romero: Would we be able to add to the Equity Analysis, the social economic level, the economic level of riders and who is riding,

Director Credio: Thank you, Mayor for that question. So, in fact, the Fare Equity Analysis will report to the Mayor and Council two things; 1) who is riding from a protective class perspective, which is our minorities and then also those, that population that is low-income. I was looking at some previous Fair Equity Analysis's that we've done, including the one that was done when you decided to continue fare free, and it does provide you with the percentages of who's riding and which sort of fare type they might be utilizing based on the data we have. So yes, that will be part of the Fare Equity Analysis, you'll be able to see those numbers.

Mayor Romero: I would also like to see what the Vice Mayor had suggested that we take a look at, how much money will it take to reinstate, are there any technical, IT investments that need to be done, how will it affect ridership, right now we have incredible levels of ridership and we are assuming that we are going to collect \$10 million, but then according to the scenario, if it's 50 cents per ride, then the assumption of the revenue could possibly change. So, I'd like to be able to see those assumptions added to the presentation if possible.

Director Credio: Yes, Mayor, thank you for that. So, the Fare Equity Analysis will focus specifically on how those two populations are impacted, but we can also return to Mayor and Council with those numbers as well part of the presentation to give you some ideas of comparison. The equity analysis itself does not study revenue projections, but we can certainly, we do have a model that we use that actually takes into account price elasticity and impacts of ridership as it relates to the price of fares, and we will be happy to including that in our presentation.

Mayor Romero: So, all those in favor of the motion, please indicate by saying Aye.

All: Aye (Council Members Cunningham, Lee, Uhlich and Mayor Romero)

Mayor Romero: Any against (Vice Mayor Santa Cruz and Council Member Dahl; Council Member Fimbres absent/excused). Alrighty, motion carries, two Nays. We move on to the next item, Item 9.

9. Continued Discussion and Direction on the Regional Transportation Authority of Pima County (RTA) (City Wide) SS/APR08-25-57

Information was presented by Sam Credio, Department of Transportation and Mobility Director.

Additional information was presented by Timothy M. Thomure, City Manager.

Discussion ensued, as questions were fielded and answered by Mr. Credio and Mr. Thomure.

Council Member Cunningham requested a future agenda item to allow Mayor and Council to discuss in executive session the project for 22nd Street, from Camino Seco to Houghton Rd.

It was moved by Council Member Uhlich, duly seconded, to: 1) seek clarification from the RTA on the RTA transaction privilege tax revenue and how much is available and unprogrammed, and 2) provide the RTA Board with input from the Mayor and Council on the potential scope changes presented by staff.

Council Member Cunningham offered an AMENDMENT to the motion, ACCEPTED by the motion-maker, to remove the 22nd Street project from the list of scope changes.

The motion, as amended, CARRIED by a voice vote of 6 to 0 (Council Member Fimbres absent/excused).

Mayor Romero: Time has been set aside for Mayor and Council to discuss and provide direction on items relating to the RTA. Mr. Manager.

City Manager Timothy M. Thomure: Honorable Mayor and Members of the Council. This is our ongoing conversation relating to all things Regional Transportation Authority (RTA), and again I will turn it over to Mr. Credio.

Department of Transportation and Mobility Director, Sam Credio: Thank you Mr. Manager and good afternoon again, Mayor and Members of the Council. I just have a brief narrative to

give you. No presentation today. We did provide quite a bit in your materials on this item, and if you recall, the last time we discussed this item with you, we were talking about a shortfall in the RTA revenues and RTA Plan of approximately \$143 million. And so, we are returning to you with some information on and seeking some input especially since there is an RTA Board meeting on April 21st, or that's what I am hearing, and our Mayor is a representative on the RTA Board to provide an opportunity to discuss the information we presented to you in the memorandum.

Specifically, we are looking at two items. The first is, I think it's important before we start getting to far into the weeds in terms of looking at scope reductions and redesigning projects, that we make sure we have absolute clarity on how much revenue there is to close the shortfall. We've done a little bit of digging into some of the material that was provided to the RTA Board, we do believe that there is probably more revenue than what was being reported, and so I think that is one thing that we would recommend, Mayor, that is considered and we make sure we have that clarity.

The second piece, and we've included quite a bit of information both in summary and long form in the material is that we took a hard look at all of our remaining projects and we began to look at the scopes for those projects and started analyzing where can we find cost savings to close that shortfall. There has not been a sense of urgency to meet with RTA staff on that, so we took this upon ourselves to make sure we provided the Mayor and Council the opportunity to review some of these potential scope changes. There should be no surprise that the first one on the list is Grant Road. The finalize phases of Grant Roads 5 and 6, from Park to Palo Verde, that is one of the largest projects that's remaining on the Plan. It has the largest funding gap, roughly \$116 million, and so we looked at two options to deliver that project.

The first project is removing the bike lanes from the design and building a six-lane cross section within the existing road prism. So, what that does, is it avoids very costly right-of-way acquisitions. Similarly, we also looked in that same roadway prism, potentially building a four-lane cross section with bike lanes. So, it is the same width, but just how you assign the lanes is a little bit different. In this option, we would still have to reconstruct the intersections and do the indirect lefts, but what we are trying to do is skinny up the cross section through the middle part of the corridor there. The potential cost savings for that is roughly \$77 million. All of these I am going to put big asterisks on because these were just broad strokes that we took. We didn't dive really, really deep into this. It is important to note that Grant Road is 90% designed, so we are having to take into account redesign costs and things like that.

The second biggest dollar amount, and this is scope change and this Mayor and Council have already supported the scope change and the RTA Board already supported the scope change. That is 1st Avenue from Grant to River. That project has already been down scoped from six lanes to four lanes. We had begun working with our consultant on the design concept report, we now have some more clarity on what that design is going to look like. And we always knew it would save money by going to four lanes. The other thing I will mention on this topic is while we were going through this exercise, we found that the traffic volumes were not what they were when they were being projected in 2006. That's why it was supported to down scope 1st Avenue to four lanes.

So, as we are going through this exercise of refining the alignment and the design concept report, we've made some tweaks to the design to miss some very costly right-of-way acquisitions. And so very preliminary cost estimates show that we are saving roughly \$57 million on that project alone. The next few on the list seem rather small compared to the first two. The next one is Grant Road widening near the railroad track near I-10. Our recommendation there is to defer the bicycle/pedestrian bridge that's been proposed as part of the project. While we still disagree on the RTA on whether or not that should be supported in the project, that would save about \$8 million and we are, we could wrap up that design very quickly and move to construction.

And then, Silverbell Road, another 100% design phase, we took a look at potentially removing some median travel lanes but keeping the ultimate cross section wide so that in the future, if we ever needed to wide, we could wide to the inside. Again, that saves about \$2 million, doesn't take into account redesign fees. And then lastly, 22nd East to Camino Seco/Houghton Road, east of Old Spanish Trail, we could probably go down to three lanes from four, east of Old Spanish Trail the traffic volumes drop off, they are not any major safety issues there, it does save about a half a million dollars and Tim would like to add something.

City Manager Thomure: Thank you, Sam. What I'd like to add to Grant 5 and 6, the first one we mentioned, I saw the reaction when we said we were at 90% design and so clearly what that means is that we are redesigning and wasting some time and money there. The fact of the matter is we've been at 90% design for how long now Sam.

Director Credio: About two years.

City Manager Thomure: About two years because we've not been able to get RTA to release funds for right of way acquisition anyways. Factor that into your thinking about the fact that we have a 90% design project that they won't let us proceed with.

Director Credio: When you add up all those potential savings, we are at about \$145 million, so you can see that we closed the shortfall that the RTA has, but we are definitely making some compromises to closing that shortfall. The last thing I will leave you with is that we do have some unresolved issues with the RTA that we can't ignore. On Broadway/Euclid to Country Club, that project has been complete for some time now, there is still some outstanding invoices that we have not been paid for by the RTA. Downtown Links is reaching the very final phases of construction and given all that is going on in the current environment as well as some complications with the railroad and fiber optics companies, we would not be surprised to see some cost overruns there, and then lastly, on Houghton Road from 22nd to Irvington, there is still this unresolved issue of the up scope to six lanes and how much is truly needs to be paid back to the RTA. That issue is still outstanding. The last we were told was that we owed RTA \$30 million, our costs are much smaller than that; less than a million dollars, we believe we've already funded that up scope, but again these are all part of the RTA conversation, how do we deliver RTA One to give the voters confidence to vote for a second RTA. With that Mayor, I am happy to answer any questions.

Mayor Romero: Do you want us to take any action on what you presented to us today? Do you need any direction on the items that we seek clarification? I would suggest for my council colleagues that we request that these items be presented to the RTA Board because we need to resolve the projects, the number of projects that are inside the City of Tucson that were promised to voters, but there has been no resolution or enough money to complete. So, I am going to open it up. Council Member Uhlich, and I think I saw Council Member Cunningham, then Council Member Dahl.

Council Member Uhlich: Thank you, so a couple of questions. Would this still leave some projects incomplete and theoretically pushed into an RTA Next.

City Manager Thomure: Honorable Mayor, members of the Council, yes, the four projects that have already been moved, "into RTA Next", this does not resolve them. This only resolves the rest of the projects that are underfunded.

Council Member Uhlich: Second question, I may have misunderstood or miss read some information. Would this be, would we be obligating any of our own Highway User Revenue Fund (HURF) dollars towards fixing this, or I just thought I saw that somewhere.

Director Credio: Mayor, Council Member Uhlich, I believe that the RTA had provided some options to close the funding gap and one of those options was for local jurisdictions to find, bring funding to the table to close the gap. I can tell you definitively, we do not have capacity in HURF to cover this shortfall, and so what we've done is provide options to change the scopes of these projects to save money versus bringing additional funding to the table.

Council Member Uhlich: Thank you, I just want to go clearly on the record, I'm done with conversations about RTA Next. I, until these issues are resolved, and I think our community needs to have an opportunity to weight in, I would assume perhaps and Council Member Dahl, would know better, that for Grant Road a four plus bike lanes would perhaps be preferred to a six lane and appreciate, Sam, you and your team problem solving so aggressively. I think that our regional body and partners need to deliver on RTA One and until that happens, even if it's with a kind of really proactive partnership from the City, then great, but until that happens, including the four projects that are incomplete, I think it's important to let the community know that that particular ½ sales tax question is not one that, at least I if it comes in November, would support in any shape or form.

Mayor Romero: Council Member Cunningham and then Council Member Dahl, and then Council Woman Lee.

Council Member Cunningham: A couple of things. I am just trying to figure out something here. We've gone over this four times, where we've had shortfalls and there's been some finger pointing. We had to do some redesigns, to their credit, the RTA on certain things basically said, well you guys were the project managers for these projects and therefore you could have done a better job. All the things that could have gone wrong, all that stuff. With all that withstanding, we are now on six projects that need to change scope, we've already dropped two, curious about a few things.

Question 1: How many projects in other jurisdictions, including unincorporated Pima County have been dropped.

Director Credio: Mayor, Council Member Cunningham, so four projects have been deferred, two of those are City of Tucson, one of those is Pima County and the fourth one is Silverbell, north of the City, which is County, the Town of Marana project.

Council Member Cunningham: Second question, how many projects have they had their scopes changed, are facing reductions like the ones we have outside of the ones that you just told us about? In other words, in other jurisdictions.

Director Credio: Mayor, Councilmember Cunningham, I'm not aware of other projects that have changed scope right offhand. I do know that there is some precedence in terms of how we've been approaching Houghton Road. I know Sahuarita Road was built wider with a wider median with the idea that they would widen in the future. I know that we have already made a scope change on Broadway, which was supposed to be 8 lanes and was built 6 lanes and then the scope change on 1st Ave. So those are the ones that I know right off hand.

Council Member Cunningham: When they built the. when we did the RTA, did the RTA have a mechanism in which the bottom fell out of the boat and they couldn't afford it if they went, did they have a bankruptcy provision where they just released the funds? Did we have protections last time?

Director Credio: Mayor, Council Member Cunningham, I don't know the answer to that question. We've got to research it.

Council Member Cunningham: It just sounds like they're on the brink of bankruptcy because they can't deliver, and we have outstanding invoices. I'm really concerned.

Mayor Romero: May I answer. I'm part of that board. There's about \$200 million in the RTA bank. The problem has been that the executive director and their attorney have said that the City of Tucson cannot use it. So, we've got to get to the bottom of it. And I think that one of the directions on the two items that we need to move on, one of them is to seek clarification from the RTA executive director on additional RTA/TPT funds going into the bank. There's plenty of money in the bank, but we need to make sure that we clarify if the City of Tucson can use it. There are technicalities that are being argued as to why the City of Tucson cannot use them, but we, the City of Tucson and the RTA Board need to get to the bottom of how we can use that money.

Council Member Cunningham: And that's all I'm trying to say. I'm just kind of, I think it's really important this, this \$165 million that we're talking about. I don't think that should all be on us. And, and so for me, I'm trying to figure out what options we have other than taking them to court that, you know, this kind of gets done. But there's no way we should be solely responsible for that shortfall. That's not fair. That's not fair to our citizens or, or the taxpayers in Tucson.

Mayor Romero: Council Member Dahl and then Councilman Lee.

Council Member Dahl: Thank you, Mayor and thank you Director Credio for coming up with a plan. I've lived a block away from Grant Road, the part that hasn't been completed for over 40 years and I've been promised for 40 years that it was going to get widened. And living there and working across the road, I've seen that what has been created since it's been widened on the east and on the west is an hourglass. So, there is, there are cars backing up like crazy. I'm a huge supporter of bicycle lanes. But in this one instance and way back when, when we had public input, I asked, could we take the bicycle lane money off of Grant and put it like on Blacklidge in some place in the neighborhood where bicycles are much safer to ride. They say, oh, no, we can't do that. But that's what we've done. We have bicycle lanes. We have bicycle routes away from Grant Rd.

So, I'm really in favor of what you've proposed of keeping it within the current width but adding the lanes. Now a question, does that mean that the property that we've bought or planning to buy would no longer have to be bought and destroyed? So, would there be some savings in us being able to sell that property?

Director Credio: Mayor, Councilmember Dahl, that's correct. So, if we did buy a property, there were a few advanced acquisitions we've done on Grant Road, and if that property wasn't needed for the project, it becomes remnant parcels that we could sell. If RTA dollars was used to buy the property, then the proceeds from that sale would go back either into the project or into the into the RTA pot of funds.

Council Member Dahl: Thank you. And likewise, we did great on 1st Ave. We came with a plan to reduce money right away. It took RTA two years to say yes, increasing the price of the of the project just for inflation, if for no other reason. I'm wistful about losing the bike bridge, but we got to do what we got to do. And I again, I appreciate you for coming up with this. And may I repeat, as I've said for two years, RTA is completely mismanaged, and we are suffering because of it.

Mayor Romero: Council Woman Lee.

Council Woman Lee: Thank you, Mayor, just a quick question for you. I realized that this is in Ward 2, but it's kind of on the border between the two of us, the 22nd, Camino Seco to Houghton. I guess I'm just wondering what value going from 4 lanes to three gives us because it's already 2 lanes with a central lane is what it looks like from here. So, it, I guess, is it worth doing, Paul, because we're not going to get the increased capacity?

Council Member Cunningham: No, it isn't. There's already pans out, I think that's going to, I'll say it this way. I'd like to ask on the record now if we can have an executive session about that. There are some strategic pieces of that worry me considering the zoning vote we had and out in 22nd many years ago. And so, I think we need to be really careful about that discussion.

Mayor Romero: Is this question on Houghton and from 22nd to Irvington?

Council Woman Lee: 22nd between Camino Seco to Houghton. So, it's just a little north of us. But I mean, looking at the map, it's like we already have three lanes.

Mayor Romero: Any other questions on that. Vice Mayor.

Vice Mayor Santa Cruz: Sam, so what happens next? So, we're bringing this back to the RTA board, and then what?

Director Credio: Mayor, Vice Mayor Santa Cruz. So, I think Mayor, you alluded to this before. are we seeking any direction on this? If the Mayor and Council feel comfortable, we can share our plan with the RTA in terms of both seeking clarification, which I think it would be appropriate if the Mayor made that request to, to the rest of the board and the executive director, and then we can also share this plan with the RTA Board on how we believe we can close the shortfall. As the Mayor mentioned there it there are some challenges with what's being proposed specifically with how some of the ballot language is written in terms of these projects. So, there would need to be a discussion from the RTA board and some direction ultimately being taken. But if the Council feels comfortable, we can certainly begin those steps.

Mayor Romero: So, what I would ask that we do two things today that we give direction to seek clarification from the RTA on RTA Transaction Privilege Tax revenue and how much we have available and unprogrammed. We have not had clarity on that. And then two, provide input on the potential scope changes as presented to us today and present it to the RTA Board so that we could at least have discussion on those two issues and see if there's any way of moving forward with the available money and the presented changes. I don't know if you would want...

Council Member Uhlich: So, moved.

Mayor Romero: There's a motion.

Vice Mayor Santa Cruz: I'll second. a second.

Mayor Romero: There's a motion and a second, any further discussion on this?

Council Member Cunningham: Your Honor, the only thing I ask is that does this include adjusting the 22nd piece? So, the issue is, is that we defer the Houghton Road piece so that the 22nd piece would be fully funded, I mean, and fully built as scoped out. I mean, I can't, support that, I'm sorry. I mean, I totally agree with everything else in the motion except that one part.

City Manager Thomure: Honorable Mayor, if I, we could remove that from the motion from the list, take it off the list and it doesn't materially affect our ability to, to present something to close the gap.

Council Member Uhlich: I'm, I'm amenable to that.

Council Member Cunningham: So, I propose that as amendment, is that a ...

Mayor Romero: Al righty. So, the motion maker is amenable to removing the 22nd piece. OK, al righty, so there was an amended motion. Any other questions or comments on this? Hearing none, all those in favor of the motion signify by saying aye

All: Aye

Mayor Romero: Any against? Motion carries. And just for clarity, Karen, you said aye, OK. All right, we move on. Thank you. OK, Item 10.

10. City of Tucson People, Communities, and Homes Investment Plan (P-CHIP) Funding Recommendations – PEOPLE (Human Services) Projects (City Wide) SS/APR08-25-56

(Mayor Romero departed at 4:48 p.m.)

Introductory comments were provided by Timothy M. Thomure, City Manager.

Information was provided by Ann Chanecka, Housing and Community Development Department Director.

(Mayor Romero returned at 4:52 p.m.)

Discussion ensued; no formal action was taken.

Mayor Romero: Time has been set aside for Mayor and Council to review and discuss P-CHIP of funding. Mr. Manager.

City Manager Timothy M. Thomure: Honorable Mayor, Members of the Council, I'd like to introduce yet another one of our department directors during our marathon study session. Director of Housing and Community Development Ann Chanecka will lead us on this item.

Housing and Community Development Director Ann Chanecka: Good afternoon, honorable Mayor and Council. Thanks for having me today. I'll try to keep this short as it has been a marathon session and you still have more to go. So, as you all know, in November, Mayor and Council approved an update to the P-CHIP Plan, the People, Communities and Homes Investment Plan. That is our departmental strategic plan and relevant to today's discussion that it identifies priorities for HCD funding. HCD receives Community Development Block Grant and Emergency Solutions Grant Funding from the US Housing and Urban Development for nonprofits providing Human Services or what we call people services in the P CHIP plan.

In addition, Mayor and Council for years has allocated and approved \$1.4 million in General Fund monies to support community programs. HCD overseas the grant making process and conducts the process every two years. I want to acknowledge Andrew Paredes, who is here today. He is our community development administrator and it's his team who conducts the

process. This year funding was as competitive as ever and I think there's a lot of reasons for that. In total, we received 83 applications requesting approximately \$8.7 million in funding and we have about \$2.2 million to allocate.

(NOTE Mayor departed at 4:48 p.m.)

Today, I'm presenting the recommendations as a draft, so I do not need you to take action today, but I need to start the process as I'll be returning with the final list of recommendations and then staff needs to execute contracts to go into effect by July 1. This is the first time doing the process as the director for me. And so, with the role of providing you all with a list of recommendations and I'll be, I mentioned this to a few of you, I found it really difficult. There are so many incredible nonprofits in our community doing great work and much needed work. And so of course, I want to be able to recommend funding for all of them. But as you talked about with your budget item earlier, there's not enough funding to support all the work that's needed.

In terms of the process, there are two scores that get added together to get a final score for each and every application. The first score is an equity impact score, that was working with our equity office in creating an equity impact analysis. The second score is a panelist review score. And so, every time we do this, we seek volunteers to serve on the panel. We invite staff from your offices. This year we had representatives from the VA, from Pima County Prosperity Initiative staff participated. We also had Social Venture partners and other community partners do the scoring. In total, we had 15 panelists on this review panel. Each application was reviewed by three and so an average score is we get an average score, and then I personally also reviewed every single application before I made the final list. By and large, I used the scoring for my recommendations with just a few instances where I did recommend scoring applications out of order. Happy to go into any details, answer any questions on that.

The other thing, because we had so many applications, I am recommending an across the board reduction in funding for any of the applications that requested more than \$60,000, so you could request up to \$200,000 in funding. What I recommended is for projects between \$60 to \$100 thousand, a 15% reduction, \$100 to \$150 thousand, a 20% reduction and anything above \$150 thousand, a 25% reduction. Again, this is really to be able to fund more nonprofits and more work in our community.

And so today, again, I'm here to answer questions, listen to your feedback on the process or the recommendations, and then I'll come back at an upcoming meeting with that final list. And so with that, happy to answer any questions.

(NOTE: Mayor returned at 4:52 p.m.)

Mayor Romero: Any questions? Vice Mayor Dahl. I just jumped in here.

Council Member Dahl: Thank you, Director Chanecka, you did a great job. Two years ago, I was very frustrated with the process and now I'm only just minorly frustrated with the process because it wasn't perfect and there's some things we can improve. I appreciate that you and staff came and talked to us about the process. I had two people from my ward office go through it and

they had a lot of details about what worked for them and some suggestions for changes in the future. So, you are absolutely right, there is so much need in our community. It's just a very frustrating process because of what it is. But we should be glad that we're able to support some really great projects. Thank you.

Mayor Romero: Any others?

Council Member Cunningham: All the groups that we have are pretty, are very reputable. It's a very prudent choice. And the 6th, we're kind of maximizing everything we got. It's very well done. So I appreciate you.

Vice Mayor Santa Cruz: And also thank you Ann for being so thorough and diligent and making sure we're making, doing the most with limited funds. And I think all those organizations are in line with Mayor and Council priorities and trying to be innovative in their approach. So, thank you so much for your work.

Mayor Romero: Likewise, Ann thank you for your work. I know it takes a long, a long time and lots of thought put into it. I appreciate you all considering equity and what areas, especially in the Emergency Solutions Grant Program, what areas are the biggest need and those organizations chosen are doing incredible work that's absolutely needed in our community. Every single organization that applied is worthy, but we only have so much funds to be able to do this important work. So, I think all of the investments are aligned as the vice mayor said, with the priorities of mayor and council. So good work. Thank you so much. Really appreciate it. You don't need any direction from us.

Director Chanecka: Nope. I'll be bringing the list back for final approval at one of the next meetings. Thank you.

Mayor Romero: Thank you, Ann. We move on to Item 11.

11. Update on City of Tucson's General Plan, Plan Tucson 2025 (City Wide) SS/APR08-25-53

(Council Woman Lee departed at 4:56 p.m.)

Introductory comments were provided by Timothy M. Thomure, City Manager.

Information and presentation were provided by Koren Manning, Planning and Development Services Department (PDSD) Director, and Cesar Acosta, Plan Tucson Project Manager.

(Council Woman Lee returned at 5:00 p.m.)

Discussion ensued; no formal action was taken.

Mayor Romero: Item 11 is an update on the City of Tucson's General Plan, Plan Tucson 2025. Mr. Manager.

(NOTE: Council Woman Lee departed at 4:56 p.m.)

City Manager Timothy M. Thomure: Honorable Mayor, Members of the Council, we have staff and director from our Planning and Development Services Department here to give you this update on our progress toward putting Plan Tucson in front of the voters soon. With that, Koren if you'd like to take it away.

Planning and Development Services Department Interim Director Koren Manning: Thank you. Thank you, Mayor, Members of Council. I'm joined by Cesar Acosta, the project manager for Plan Tucson, leading this effort, and he is going to provide an update on our progress to date on Plan Tucson 2025.

PDSD Project Manager, Cesar Acosta: Afternoon, Mayor and Council, excited for this opportunity to give you a status check on the Plan Tucson update for Plan Tucson 2025, our General Plan. So for this meeting, we hope to go through just enough a review of what the General Plan is, what our update process is like, a little bit about what the engagement process has been, what we've learned from our community, what our preliminary draft had and the revisions we've made so far, and then finish off with some of the next steps for where we're headed next.

So, what is a general plan? It is a state required long range planning document. Depending on the size of your city, it has to go over a number of issues, including land use distribution, parks circulation, and because we have an airport, airport traffic control and coordination. Also unique among planning documents is state required that it is up to a vote. So, our current General Plan was brought to voters in 2013 and we received direction from you all in December of 2022 to begin the update process to make sure it is still in line with our community's values. And this is where we are in our journey. So, it is a four phase, three-year process which we're nearing the end of the third phase.

In that first phase of the process, when we began, we really were trying to ask simple questions of the community, what do you like about Tucson, what are your concerns, what do you want to see change or remain the same, and we want to catch as broad as possible. So, we spoke to folks in intercept surveys outside of the grocery stores and parks that they attend, as well as hosting events both virtually and in person. And, in that we were able to gather some 2000 individuals to speak with us and over 13,000 data points of engagement. We use that to formulate what folks, what we believe to be the core concerns for the community, and we formed those into five working groups. So, community resources, economic vitality, land use, housing, neighborhood design, water, climate action, green space and transportation, mobility and access.

And in those five working groups, we were able to wrangle a lot of community volunteers to spend not just a few simple questions with us, but hours of time to talk with us over 18 different working group meetings spread across the community, to talk to us about what should be the goals and policies the Plan focused into those key issue into those 5 themes.

We used a range of engagement tools and platforms for the second phase. Again, intercept surveys, again in person and virtual opportunities, but also pop up events. We took advantage of the number of fun activities that Tucson has in the community. So, we were at a lot of the larger events that the community offers, just getting public feedback and incorporating data. And we also learned a lot about how to pivot. So, we learned pretty early on that some strategies were more effective than others. We heard from community members and working groups that the virtual meetings that we had, while they allowed for more people to participate, were just not as engaging, not as able to like convey ideas. So, we moved to have more in person working groups. We learned that there were members of our community who were not being represented. So, we focused in to have a few meetings primarily in Spanish so that we can engage that level of the community and also tried to switch up the geographies we were in.

And after all of that, a year and a half of continuous public engagement, we were able to release our first preliminary draft of the document in December of last year. And it's broken up into five chapters. What was really key to us to make sure that one of the key features of this Plan was that it be legible, easy, quick, and accessible. So, it's broken up into the chapters that are pretty easy to read into where you'd get the information, you're desiring to find another. Oh, missed some slides. Anyway, so the 1st chapter really is introduction of material as it as it as you might imagine. So, what is the general plan was the process to get it to where we are today? What was our public participation and guiding principles to get the document to that point?

Chapter 2 is what you'd show folks if they're new to Tucson or if they're considering investing in our community. It includes a short timeline of our more than 4000 years of, of continuous inhabitation and then our current conditions. So, what is our current housing, traffic, land use and water resource, and how does all that like look like in Tucson today? And then ends with a section on our neighborhoods. So, neighborhoods continue to be one of the primary ways that we communicate not just in the planning initiatives, but as cities overall, how we communicate to get new ideas and communicate with our local population. So, they get a special section dedicated to them, talk about the ways that they continue to contribute to the community.

Chapter 3 really is where the bulk of the plan lives. So, this is our goals, policies and values section. There are 14 goals that the community's identified that we feel are reflective of all the main features that we want to work on over the next decade. Everything from transparency and governance, building a more equitable community, climate resilience, better housing, quality education, water resource, open space and land and good land use and transit accessibility and planning.

(NOTE: Council Woman Lee returned at 4:56 p.m.)

So, Chapter 4 really is where the future planning aspect of the document is. So, we've heard from the Pima Association of Government (PAG) that something like 24,000 people will be moving the City over the next 10 years. And that is just the folks who are going to be moving here. So not birth rates, not our in-house community will be transitioning into homes, not members of the University of Arizona who decide to stay in this community. So, with those ideas in mind, we worked with the Drachman Institute and with Eco Northwest to put together a housing

assessment for what we'll need over the next 10 years. And that number is something of something close to 33,000 housing units over the next decade. So where will we house them, how best to accommodate those and where to develop that, Also make sure that we can fill those, put those people comfortably within our community, but also meet our goals for preserving open space and protecting our natural resources. So that is what largely is discussed in Chapter 4.

Chapter 5 for implementation release, answering the question how you take these large lofty ideas and put them into something more feasible. This was a big strategy within our plan is to think critically about all the documents we already have. So, as you had mentioned earlier in this meeting, we have our Tucson Resilient Together Plan which was passed very, you know, very short on the heels of the beginning of this implementation process. We have HAUS, we have P-CHIP, we have a number of planning documents that all had their own outreach efforts. We didn't want to contradict or out or undo all that work. So, we worked very hard to make sure that we're incorporating those plans into the implementation for this document. So, each goal has a set of highlighted plans that we hope will be the implementing documents to make this make this plan a reality. And then also make sure that policies, the language within each of the goal sections has a number of policies that link to action items within those functional plans.

So when we were reaching out to the public for after we had gotten our first draft out there, we had the month of January as engagement and we were able to talk to a number of folks in a very rapid succession movement, so 4 in person meetings, two virtual. We spoke to 12 boards and commissions, a number of stakeholder groups and over the course of just a month we were had 834 individual contacts tell us about what they thought of the General Plan. We also launched a thing called Meeting in a Box, which was a virtual tool that had the same questions, same resources that we had at any of our in person or virtual events, but was put online for folks who want to host their own meeting. That way they didn't have to worry about any of the constraints of our times and they were able to send us comments back as well. So, with that, we were able to kind of get a lot of good detail for what people thought of the first draft and what need to be replaced, polished or improved.

So, the revised draft has 44 policy revisions and additional 19 development guidelines that are included, and a number of extra content, contacts, layers to all of our maps that show where we are in the community, where our neighboring communities are, and a number of natural features as well. Some of the extended content that we saw on the plan related to things like talking about more of the history of our indigenous population, the role of U of A and I-10, and people also said that there wasn't enough about challenges in the community. It was 2 rows; it was 2 rows colored. So, we want to make sure and talk about what is what is the issues in Tucson we face today. So, we added a whole section talking about what our current struggles are with our own house population, continued issues with road conditions, with climate, with climate change and how those are impacting us today.

And then these are a number of the new policies that were added in addition to the ones that were revised just kind of from the public, what would reflect as things that were needing additional concern or, or a more intentional review. So, the intent with all these new policies was really just to think more intentionally about different areas in the, in the goals that hadn't been discussed thoroughly in the first preliminary draft. These are examples of kind of the changes in in in

revisions to the language. So, making sure that we were calling out more our residents with disabilities or our elderly residents as me, me and the ones who are the key focus for creating more accessibility or improvements to infrastructure. But we also heard a lot from our Dark Sky's community about the importance of how we implement our Dark Sky's policies and making sure that we remain in a community that can see the night sky. So, we had additional language crafted in to make sure we're talking about how we do implementation in ways that we can engage with the public to do so. And then again, one focus that we saw was things like instead of just having carbon reduction or greenhouse reduction or carbon and greenhouse changes, greenhouse gas reduction turned out to be our unifying theme. So, we made edits across our environmental and climate goal policies to make that the consistent language.

Going to go and skip some of these and it's hard to read. So, our feature scenario map, it's worth noting that this is the third iteration of this map. The first one was really looking at current conditions and laying that over with what was done and not done in 2013. Then we took survey data from our public of where they wanted to see different intensities of land use and different types of land uses. And that put us into our first preliminary job version. And when we printed out to the public, our question then was, does this map actually reflect what the community wants? And the vast majority of folks actually said yes. This is a reflection of what we want to see over the next 10 years. The changes we did see were largely from the Tucson International Airport Authority, who told us that some of our proposed changes were a little too intense, closing to the flight path of where the Tucson Airport is. So, we've reduced those areas and increased industrial uses to the South of the TIA and not pictured here.

Residents in Ward 1 told us that we want to see more amenities, more attractions West of I-10. So, we include an additional neighborhood Community Center and we expand and change the designation along 22nd of a corridor area to reduce intensity to match a small area plan, sorry, neighborhood plan. So, we're trying to make sure to be responsive to what the community had said. Is that what they want to see as the changes in their areas. And again, those are the areas that we shifted to industrial based on information from the TIA. So, each of those colors that you saw on the map represent a building block or future land use. Each of those are supposed to be not any kind of zoning, nothing prescriptive, but really intended to guide the character of an area. And so there are a number of different kind of characters we want to see across the city, ranging from neighborhood, single family, predominantly residential areas all the way to the downtown where you see the highest intensity of uses.

Each of those has their own set of development guidelines. And over the course of the revised draft, we learned like there were some additional languages we wanted to see as far as the language for development guidelines. So that was released. March 5th was when we released our revised draft of the plan. And on March 12th, we held our first public, public hearing on the General Plan. And comments we received were largely around how do we do implementation. So, as we discussed earlier, trying to make sure that action items can be focused within the functional plans that the city has. What were our engagement metrics? How did it relate to other cities? We heard from the public a desire to hear more about how we're dealing with urban heat island impacts as well as undergoing utilities or just comments we heard from the public. In that first public meeting, we had about 20 people in the audience and 30 people online, but only six people got up to speak.

So again, hard to see with these slides and I apologize for that. But what this is is just an illustration of some of the policies that we have in the General Plan, two action items within the within the functional plans like P-CHIP or Tucson Resilient Together. And again, it is to show that we are we're intentional with the language of the language in the General Plan really being hand in hand with the language of the functional plans. And so there was a number of comments we had for undergrounding for heat on impacts, but what it comes down to is our next steps.

So, we were supposed to have our second public hearing March 19th. We were not able to meet quorum, so we rescheduled. And as I was saying, we got really good at pivoting. So, we've put out a number of communications to make sure folks know that our next public hearing is tomorrow, April 9th with Planning Commission. At that meeting, we'll hear hopefully a recommendation from Planning Commission to move forward to you at the April 22nd. Per state law, we need to make sure that we have the General Plan on the ballot 180 days before the vote. So, that is why it is coming in before you on that meeting on April 22nd. But in May 20th is when we want to bring a final draft, incorporating all the feedback we've gotten from our public hearings. And that will be when we have a public hearing to hear your recommendation to whether approve or not approve this future vision for our community. That is my spiel. Happy to entertain any questions you may have. And again, I'm just very excited to be able to present to you the work that we've done to make sure that we can create a reflection for what our community wants moving forward.

Mayor Romero: Thank you Cesar, really appreciate your presentation. You know, I've seen you out and about in the community and I think that you've met yourself and Plan Tucson engagement so available to the community that I really appreciate all of the input and feedback that you have been collecting for our General Plan. It's really genuinely encouraging to see how much thought and effort have been put into this and the level of community engagement has been incredible. So, I'm looking forward, to be honest with you, to put it on the ballot for November. I think that people have been given three years' worth of engagement into this effort. So, heartening to know that Tucsonans are engaged, are giving input and feedback, care and hopefully in the in the public hearing, we'll hear some more and be able to put this item on the November agenda. Any comments or questions from my colleagues? Vice Mayor.

Vice Mayor Santa Cruz: I just have a question. So y'all did, you know, doing a lot of engagement and thank you for all the Ward 1 events that y'all were at. What is the plan moving forward still like staying in front of people as far as education and why it's important to vote on this in the November election?

Project Manager Acosta: Yeah, so our plan is post y'all's vote in on in May. We'll take then from then all the way through November to do voter outreach to really just do education. We can't say we can't give a recommendation on which way to vote, but we can definitely tell people about why this document is important and all the work that's gone into it and the consequences of not voting for it. That will be with the document that while good, is outdated by 10 years and that we need to have a new General Plan. So, that's additional resources we would need to invest in something that, you know, community has really given us a lot of feedback on. But I think more

important than anything else is just letting people know what is in this document and how they can then use it for the next 10 years is their way to advocate for community change.

Mayor Romero: All righty, you don't need any additional. Thank you for the update. Really appreciate all the work put into this. Alrighty. And we are moving to Item 13.

12. Discussion on the Development Impact Fee Program Rate Update (City Wide) SS/APR08-25-58

(This item was taken out of order and considered after item 7.)

13. Update on and Direction Relating to State and National Legislation, Executive Orders and Administrative and Agency Orders; and Update on Federal, State and Regional Committees; and Update and Direction Relating to Any Associated Litigation (City Wide and Outside City) SS/APR08-25-49

Introductory comments were provided by Mayor Romero.

Information was presented by Andres Cano, Director of Federal and State Relations.

Additional information was provided by Vice Mayor Santa Cruz.

It was moved by Council Member Dahl, duly seconded and carried by a voice vote of 6 to 0 (Council Member Fimbres absent/excused), to approve the recommendations presented in the memo from Mr. Cano.

Mayor Romero: Time has been set aside for Mayor and Council to receive an update on state and national legislation and regional committees, executive orders and direction for any associated litigation. I know that Andres will be given an update, but I just want to make sure that I open up as I usually do. There's fear throughout our community coming from economic uncertainty, fear of anti-immigrant sentiment and actions. Fear that the foundations of our civil rights and our democracy are being eroded. This comes from both the Trump Administration and the federal level as well as the Republican LED state legislature. The push from the state legislature on cities to accept preemption is even more problematic in these times of uncertainty when each and every city needs the maximum flexibility to meet needs of their communities.

As Mayor and Council, we know, we all know, we're on the front lines of the input and feedback from our community. I want to highlight one of the most urgent issues faced in Tucson and our region, the need to expand housing supply. Thanks to Senate Bill 1162, which Governor Hobbs signed into law last year, now we have a clear, data-driven picture of our housing needs. The city's housing needs assessment, required under the law and updated this January, shows that Tucson needs more than 35,000 additional affordable housing units by 2033. That includes over 4,700 units to address homelessness, over 8,000 units to account for under production and more than 22,000 units to meet future demand.

This is a defining challenge for our city and to be clear, we are not standing still. Tucson has adopted and updated our housing affordability strategy, our Community Corridors Tool would just push right now and at the same time we are carefully watching legislation at the state level that would over-override local planning authority. Not all land is ready to be built on. Many of the parcels impacted by these proposals lack water, sewer, roads and emergency services. So, we're doing the work, we're moving forward. Tucson is leading on affordable housing and we should be proud of the work that we're doing. Unfortunately, the Republican LED state legislature is trying to handcuff us in terms of what we can do and the flexibility that cities and towns in Arizona have.

So, I'll send it over your way Andres, to give us an update. But I usually like to open up this item with what's happening in in our stances here in Tucson.

Intergovernmental Relations Manager Andres Cano: Thank you, Honorable Mayor and Members of the Council. Thank you for the opportunity to brief you on your federal and state work. I want to emphasize the Mayor's point that Tucson continues to be at the table, working directly with our state legislative delegation and the Governor's office to communicate the proactive steps that we are taking to address housing supply. We have shared detailed briefings, as the Mayor mentioned, on the Community Corridors Tool, the updates from Senate Bill 1162, and the constraints that Tucson would face should these proposals, like the original starter homes bill, SB1229, move forward without necessary amendments. We've made clear that the city is serious about increasing the housing stock regionally and that we are planning responsibly and delivering results.

Importantly, the Governor's office has included Tucson in ongoing stakeholder conversations aimed at improving the starter homes proposal. I especially want to thank our Director of Planning and Development Services, Koren Manning, for being a part of those crucial negotiations, as the Legislature continues to explore a best path forward. We remain ready to collaborate with the home building industry and state lawmakers to explore tools like density bonuses to responsibly support a new starter home market without a ban doing the standards that you have set as Mayor and Council to protect infrastructure investment, service delivery and long term affordability.

Today marks day 86 of the legislative session. We're hearing that increased speculation indicates that the legislature may recess for extended periods in the coming weeks. As we reach that 100 day mark, that day really guides a lot of the activity happening at our State Capitol, where we'll be paying close attention as well to the incoming financial forecast from the Joint Legislature Budget Committee, which includes an analysis of the revenue that is coming into the state. Much of that discussion is going to include onetime an ongoing state budget priorities. We are staying closely engaged with our legislative delegation and the Governor's Office on your behalf to continue advocating for Tucson's needs.

That's the update from our state capital. At the federal level, we want to also provide a high-level snapshot of activity in Washington, DC based on our updates from Bracy Tucker Brown. Among the most pressing developments nationwide, tariffs announced by the Trump administration are

already disrupting markets, triggering global retaliatory measures and threatening economic stability. These actions are expected to increase cost and consumer goods, infrastructure, materials and public works projects impacting local governments like the City of Tucson directly. Significant concerns remain around federal public health funding, with \$11 billion in grants cut from programs related to mental health, substance abuse, and health equity. You'll recall that 10,000 Health and Human Services employees have been laid off from these executive actions. Transportation grants are extremely important to the City of Tucson, and we are closely tracking those updates, particularly as it relates to Tucson's 22nd Bridge. Senator Kelly has raised this issue directly with the Transportation Secretary, Mr. Duffy, and of course, we are tracking any updates related to this particular appropriation to ensure that these funds are released without delay.

So, Honorable Mayor and Members of the Council, we are navigating a rapidly shifting policy environment at both the state and national levels, and our goal remains the same to protect the city's authority, secure our resources from our federal and state partners, and to advanced priorities that reflect the values of our residents. With that, I'm available for any questions.

Mayor Romero: Any questions or comments from the colleagues, Vice Mayor and then Council Member Dahl.

Vice Mayor Santa Cruz: Thank you, Mayor, and thank you, Andres for that update. I just wanted to give my colleagues a quick update. Our Ward 1 office spent the day at Arizona State Capitol last Tuesday. The visit was an opportunity for our team to witness firsthand the legislative conversations and decisions happening at the state level that impact our day-to-day work here in the City of Tucson on the issues that we care about like water, infrastructure, housing, public health, education, and of course economic justice. We were proud to be introduced on the House floor by Representative Betty Villegas, who's continued leadership and deep roots in our Tucson communities we value deeply. Throughout the day, we also had one-on-one conversations with Senator Rosanna Gabaldon and Senator Leader Priya Sundareshan. How do I say her last name? Sundareshan? Discussing critical policy areas like water security, climate resilience, and how we strengthen collaboration between local and state governments. Of course, it came to no surprise to learn that it's very difficult for them to move a lot of their bills and to learn about some of their strategies and helping amend bad bills to be less bad for the City of Tucson.

We were also grateful to meet with some of our other Southern Arizona delegation members who made time to meet with us, including Reps Nancy Gutierrez, Chris Mathis, Mariana Sandoval, and Stephanie Stall Hamilton, along with ten other legislators from the Maricopa County area. Each of them affirmed just how much it matters that we stay connected and coordinated in our shared work for the people of Tucson. It wasn't just a feel a good visit, even though Andres took very good care of us, it was a necessary reminder of how deeply intertwined local and state policy are and how important it is that we continue to show up at the state capital, ask hard questions and build those relationships so that we can govern more effectively.

And I want to give my most heartfelt thank you to Andres Cano, our Director of Federal and State Relations, for organizing and helping guide this visit. His commitment, clarity and care made the day not only seamless, but a powerful experience. Thank you, Andres.

Mayor Romero: Thank you, Vice Mayor, Council Member Dahl.

Council Member Dahl: Andres, do you need a vote on the memo you sent us? They're so moved.

Mayor Romero: Al righty, so there's a motion.

Vice Mayor Santa Cruz: Second.

Mayor Romero: There's a motion and a second, any further discussion on this item hear none. All those in favor of the motion signify by saying aye, aye.

All: Aye

Mayor Romero: Any against motion carries, we move on. Thank you so much, Andres, really appreciate your presentation and all the work that you do for us. Al righty, so we move on to Item 14.

14. Mayor and Council Discussion of Regular Agenda (City Wide) SS/APR08-25-50

No items were discussed.

Mayor Romero: Does anyone have any items to remove from the consent agenda? Hearing none, we move on to Item 15.

15. Mayor and Council Discussion of Future Agendas (City Wide) SS/APR08-25-51

Council Member Cunningham requested an item to reconsider Mayor and Council's action on March 19, 2025 related to parks and washes. Mike Rankin, City Attorney, recommended adding the item during the Agenda Committee meeting on April 9, 2025.

Mayor Romero: Does anyone have any items for future agendas?

Council Member Cunningham: Yes, your Honor, I actually had an item today about reconsidering the Parks and Wash motion we made last meeting. There were some technical difficulties, but upon further review, Council Member Fimbres did vote. I wanted to try to do it today, but he's not available today. So, I ask that we do revisit the item in some way, shape or

form, whether it's a reconsideration or we just re-agendize it for next meeting because we may have some adjustments and amendments to make. So that's, I think...

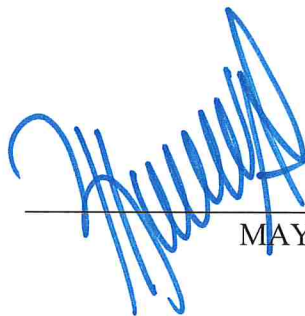
Mayor Romero: I'll ask Mr. Rankin to give us guide us through that on agenda committee meeting. Do we actually ...

City Attorney Mike Rankin: I was going to suggest me we can sort through it. We have agenda committee meeting tomorrow, I believe, and we can take care of the request.

Council Member Cunningham: I just wanted to get it on the record because I know that a lot of people had questions on whether we were going to revisit that properly.

Mayor Romero: Thank you. Alrighty, so study session is adjourned if no one else has any future agendas, the regular session. Well, let's take a look. I want to give us at least 20 minutes, so we're going to reconvene at 5:40 and the next study session is scheduled for Tuesday, April 22nd.

16. **ADJOURNMENT:** 5:29 p.m.



MAYOR

ATTEST:



CITY CLERK

CERTIFICATE OF AUTHENTICITY

I, the undersigned, have read the foregoing transcript of the study session meeting of the Mayor and Council of the City of Tucson, Arizona, held on the 8th day of April 2025, and do hereby certify that it is an accurate transcription.



DEPUTY CITY CLERK

SM:yl