



MAYOR AND COUNCIL Study Session Minutes

Approved by Mayor and Council
on August 19, 2025.

Date of Meeting: March 4, 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 2:04 p.m., on Tuesday, March 4, 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) (arrived at 2:16 p.m.)
Council Member Cunningham (Ward 2)
Council Member Kevin Dahl (Ward 3)
Council Member Nikki Lee (Ward 4)
Council Member Richard G. Fimbres (Ward 5) (electronic attendance)
Council Member Karin Uhlich (Ward 6)

OFFICIAL MEMBERS

ABSENT: None

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

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

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

1. Executive Session – Tucson Electric Power Co. (TEP) Special Exception Request for Relief from Undergrounding Requirements for the Midtown Reliability Project; and the TEP Franchise Agreement (City Wide) SS/MAR04-25-39

It was moved by Council Member Cunningham, duly seconded, and carried by a voice vote of 6 to 0 (Vice Mayor Santa Cruz absent/excused), to enter into executive session as noticed on the agenda.

Mayor Romero: For the record, Council Member Fimbres is attending this meeting electronically. Alrighty. So, let's call this meeting to order. Item 1, Ms. Clerk.

City Clerk: "Item 1 – is noticed as Executive Session – Tucson Electric Power Co. (TEP) Special Exception Request for Relief from Undergrounding Requirements for the Midtown Reliability Project; and the TEP Franchise Agreement, and is being held pursuant to A.R.S. Section 38-431.03(A)(3), and (A)(4).

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

Council Member Cunningham: So, moved.

Council Member Dahl: Second.

Mayor Romero: There's a motion and a second. All those in favor, please signify by saying aye.

All: Aye

Mayor Romero: Any against, motion carries. All right. It'll take us about 45 minutes. OK. So, we'll be out in 40-45 minutes. See you in a bit everyone.

RECESS: 2:05 p.m.

RECONVENED: 3:19 p.m.

MAYOR & COUNCIL: All present

STAFF: All present

Executive Session was held from 2:05 p.m. to 3:10 p.m.

(NOTE: Vice Mayor Santa Cruz arrived at 2:16 p.m.)

Mayor Romero: Let's return to session, I need a motion.

Council Member Fimbres: So, moved.

Council Member Lee: Second.

Mayor Romero: There's a motion and a second, all those in favor signify by saying aye.

All: Aye

Mayor Romero: Any against, motion carries. Item 2.

2. **Mayor and Council Direction Regarding Executive Session – Tucson Electric Power Co. (TEP) Special Exception Request for Relief from Undergrounding Requirements for the Midtown Reliability Project; and the TEP Franchise Agreement (City Wide) SS/MAR18-25-40**

It was moved by Council Member Fimbres, duly seconded, and carried by a voice vote of 7 to 0, that the Mayor and Council direct the City Manager and City Attorney to proceed as discussed in Executive Session, and to take the following actions:

1. Bring forward to the Mayor and Council a Power Purchase Agreement with TEP under which TEP, at a minimum, will commit to providing 100% of the electric power supplied by TEP to the City from renewable sources (and to be clear, this means electricity used by the City as a customer, NOT all electricity provided to City residents);
2. Bring forward to the Mayor and Council an agreement with TEP under which TEP will commit to providing essential infrastructure and equipment for an energy resiliency project at Donna Liggins Center.
3. Engage with TEP to discuss an agreement to advance the goals and policies of the City's Resilient Together/Climate Action and Adaptation Plan; and
4. Move forward with public engagement relating to TEP's request for a new franchise agreement, with a tentative election in November 2025.

Mayor Romero: What is the Council's pleasure for item 2? Mr. Rankin.

City Attorney, Mike Rankin: Honorable Mayor. I'd ask for a motion that the Mayor and Council direct the city manager and city attorney to proceed as discussed in executive session and to take the following actions" 1) bring forward to the Mayor and Council a power purchase agreement with TEP under which TEP will commit to. Providing 100% of the electric power supplied by TEP to the city from renewable sources and just to be clear, this means electricity used by the city as a customer. Not all electricity provided to all city residents and 2) bring forward to Mayor Council an agreement with TEP under which TEP will commit to provide essential infrastructure and equipment for an energy resiliency project at Donna Liggins Center. Three, engage with TEP to discuss an agreement to advance the goals and policies of the City's Resilient Together Climate Action and Adaptation Plan, and four, move forward with public engagement relating to TEPS request for a new franchise agreement with a tentative election in November 2025.

Mayor Romero: May I have a motion please?

Council Member Fimbres: So, moved.

Vice Mayor Santa Cruz: Second.

Mayor Romero: There's a motion and a second. Any further discussion on this item? Council Member Uhlich.

Council Member Uhlich: Mike, in the first paragraph and I apologize, this just occurred to me, it stipulates 100% of the energy for the City of Tucson as a customer. Would it be possible for the language to say at a minimum that that be the result of that agreement in case there are opportunities for even more of the energy that we purchase or that's purchased in Tucson to be under that agreement?

Attorney Rankin: Yes.

Council Member Uhlich: OK. So, I would request an amendment to the motion to insert at a minimum in the first bullet.

Council Member Fimbres: OK.

Mayor Romero: So, the motion maker is accepting the amendment. And the seconder of course is adding the language. Can you read just for clarity?

Attorney Rankin: Thank you, Mayor. With respect to that bullet point, it would be to bring forward to the Mayor and Council a power purchase agreement with TEP under which TEP, at a minimum, will commit to providing 100% of the electric power supply by TEP to the city from renewable sources.

Mayor Romero: OK, sounds good. Alrighty. So, there is a motion and a second. Any further discussion on this? Hearing none. All those in favor of the motion signify by saying aye.

All: Aye.

Mayor Romero: Any against, motion carries. Alrighty. Thank you so much, Mr. Rankin. OK. So now we move on to Item 3.

3. Fiscal Year 2026 (FY26) Budget Discussion and Direction; and Discussion and Direction Relating to Employee Benefits (City Wide) SS/MAR04-25-38 (City Wide)

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

Information and presentation were provided by Anna Rosenberry, Assistant City Manager/Chief Financial Officer and Angele Ozoemelum, Business Services Department Director, who fielded and answered questions on the Unrestricted General Fund Five-Year (FY26-FY30) Financial Forecast, FY26 Budget Development Efficiencies, FY26 Budget Development (Health Insurance Recommendation), FY26 Budget Development Engagement, and FY26 Budget Development Timeline.

Discussion ensued. Changes to the City's Health Insurance plans were discussed.

It was moved by Council Member Fimbres, duly seconded, to proceed with the City Manager's recommendations.

Discussion continued.

The motion was carried by a voice vote of 7 to 0.

Mayor Romero: Time has been set aside for a discussion regarding the fiscal year 2026 budget and employee health benefits. Mr. Manager.

City Manager, Timothy M. Thomure: Honorable Mayor and Members of the Council. We're getting a little bit further into the process for this fiscal year's budget development. What we'll be covering with you today are a couple things. One is the first glimpse at the five-year financial forecast. This is not what the numbers will look like a month from now, but it really is a snapshot in time of the work we've been doing so far as a budget team working on what would FY26 look like? It provides the context for recommending a budget for FY26. And as we've been tracking with you, we are making progress toward getting a recommended budget for FY26, that would be a balanced budget.

We're not there yet, but in your forecast that was shared in your materials, and we'll go over today, we've brought the operating deficit for FY26 down to \$13 million deficit. Again, our goal is to get to 0 or positive on that and it does include some allocations for healthcare costs as you'll talk about today and that is the one action we're seeking from you today is guidance on the health benefits portion of the equation. It does still include all of our contractual commitments. It does include our contributions to PSPRS, Public Safety Pensions, and it does include still significant investment pool for employees. And it does include approximately \$17 million, a pool for supplemental requests from directors. However, that's all based on a \$13 million deficit. So, we still got to get a lot of those decisions made and movement made there.

So, we will also go through that with you, but again, I'll draw your attention to the health benefits portion of today's meeting. That's the best guidance we need because we have open enrollment that will be starting in May. And so, with that, we'll turn it over to Angele Ozoemelum, our Business Services Department Director, to start the presentation.

Business Services Department Director Angele Ozoemelum: Good afternoon, Mayor and Council. The table before you this afternoon offers a multi-year perspective on anticipated revenues, expenditures and economic conditions that may impact city operations. It is from the base of these numbers that the city will develop a spending plan for FY26 that would invariably impact future years, taking into account future spending needs, identifying fiscal challenges and opportunities. The forecast will evolve over the next month as the city manager indicated as we get closer to the submission of a FY26 recommended budget to Mayor and Council.

The multi-year plan assumes that revenues and expenditures will grow annually at rates similar to recent growth trends. The plan does not account for the risk of an economic downturn, the uncertainty of federal funding levels, nor the trade tariffs currently in effect. A slowdown in the economy could reduce key revenue sources with shifts in federal policy or grant funding, also, creating funding gaps, if not timing gaps in our anticipated resources. And of course, as we know

the trade tariffs would increase costs of goods and equipment as we go further down into this fiscal year and definitely negatively impact our numbers in FY 26.

Included in the numbers is the FY 26 base budget for the unrestricted general fund. These figures include our base FY25 operating budget with minor revisions plus a \$17 million potential base increase, and that would cover our contractual commitments along with inflation adjustments. The city manager, as he indicated, is analyzing all of these issues and will present a recommended budget in the upcoming weeks.

Some key takeaways from the five-year plan before you are one, the projected operating deficit FY23 is estimated at \$13.1 million compared to what was presented to Mayor and Council in the FY 25 budget five-year plan in the FY25 budget, which was a total of \$23.8 million deficit projected in FY26. That \$13 million shortfall, however, will need to be addressed when the city manager presents his proposed FY26 budget in April. Also included in these numbers is the unrestricted cash balance at the end of FY26 of \$7.5 million, which is significantly lower than last year's forecast of \$23 million.

We also are looking at a total of \$44 million across 27 to 23. That would exceed the projected available cash balance. Annual deficits and negative cash balances are projected through FY27 to FY30. As we see on the Board, 46.4 in FY27 to 87.9 in FY30. Therefore, there is work to be done in managing the resources of the city in order to raise the bottom line from the projected deficits. As part of the FY26 base budget and five-year financial forecast, we are prioritizing employee investments to enhance market competitiveness and pay equity. The initial draft budget, which, for the numbers included in FY26, includes \$17.8 million of salary adjustments and benefits, enhancing fair compensation and supporting workforce retention. This investment reflects the city's commitment to maintaining a skilled and motivated workforce that delivers high quality services.

As we continue to bring together the city manager's recommended budget, we are looking to manage the projected deficit and the projected year-end available fund balance deficits that are currently shown in FY26 and future years. The recommended budget will be presented to the Mayor and Council on April 22, 2025. We will also look at another issue that is included or another topic included in the five-year plan is PSPRS, the Public Safety Personnel Retirement System contributions.

Included in this slide are resources set aside to accommodate, in part, the city's unfunded liability within the PSPRS. The funding model was developed in collaboration with our pension consultants to guide financial planning in the general fund under 115 Trust for the next 5-year period. The model provides a structured approach to funding, and we have identified some factors that will warrant current consideration each year. The model of course assumes that there is stable investment returns and economic conditions, which may not necessarily align with actual market performances. It also includes, it does not take into account demographic trends, changes in demographic trends, employee retirement patterns, and other actuarial factors that could impact the accuracy of the model. Therefore, this is in part the reason that we are looking at the model over a five-year period, even if the model is extended beyond the five-year time frame.

To mitigate these factors, we have incorporated in the model projections within the next five years in the financial forecast, an additional sum of money beyond the money to create a buffer between what the economy, the employee retirement trends would exact on the resources of the city. Also included in this five-year forecast is, particularly in FY26, the Tucson Retirement System contribution. The City's contribution of 20 approximately 27.5% of employee salaries. There is no change, even though the TSRS board, recommended increasing employee contribution rates in 26, the city manager recommends that we not adopt this adjustment, and instead mention the current rates for FY26. We have provided a table on page three of the agenda memo that outlines the rates.

We're looking at, also, the optimization of our operations for the reduction of expenditures and also delivery of efficiencies and also delivery of service. We have on board efficiency and reduction of costs in Planning and the Development Services Department. The department implemented measures to enhance efficiencies and cut costs. One of these measures is the cross training of staff to streamline the permit review process by reducing overall review time and the number of personnel involved in the process. We look at Tucson's 311 where they sought to streamline city services and enhance public safety. The department streamlines services by directing non-emergency inquiries to appropriate resources, like social services, transportation and city services therefore enhancing service efficiency and building trust in city operations.

Tucson Police Department utilizes its Community Service Officer, CSO program, to expand community service to better balance non-emergency field work. Since January 2024, CSOs have responded to more than 60,000 calls from 911 and delivered over 65,000 hours of service, resulting in an estimated annual cost savings of over \$3 million by shifting noncritical tasks from sworn officers. The department's professional staff investigative program, which was developed to support investigative functions, by managing caseloads, have also helped expand community service within the department.

Tucson Water implemented the short main program where they sought to replace water lines of 12 inches or smaller that are in substandard failing conditions, therefore, expediting the replacement of the high failure pipes that are the top 1% likelihood of failure.

Prop 407 Parks and Connections Program – our Parks and Recreation and Transportation and Mobility Department teams continue to work to deliver voter approved parks and connection improvements to a combination of Prop 411, RTA, ARPA and other grant funds.

Overall, the city continues to progress in the delivery of efficient service to the Community while implementing cost saving measures. As you see on the board, the departments have taken additional steps to see that the city provides excellent service to the Community while reducing costs in doing so.

Assistant City Manager (ACM)/CFO Anna Rosenberry: Thanks Angele, I'm going to present to you at this time the city manager's recommendation for health insurance for the coming fiscal year. So, we're going to pivot to the rest, basically the rest of the agenda materials and it's kind of a weighty packet. I've got a number of slides for you. So again, we're asking for your indication

to proceed with this recommendation today. Open enrollment for employees and retirees will begin on May 1st, and there's a lot of education materials that need updated in order to carry out the recommendations that you've got before you. And so, we need the time to prepare those materials.

I've had a couple of questions as we've gone through this process about health insurance asking what our plan for employee education and retiree education is looking like. I can report to you today that we have a schedule of, right now, scheduled in person meetings within departments, 10 specific meetings. So, we are making arrangements to go out into various departments, Public Safety, Public Works, HCD, as well as many all-city events in person opportunities for education are already on the books. We have, as well as in person retiree events. And then we also have on the books 9 virtual events. For open enrollment and education, as two of those are retiree only so that we're able to answer and address retiree specific complications and questions with open enrollment.

We are arranging for one-on-one meeting availability with our health benefits team through the entire month of May, Monday through Friday. So, May 1st through the 30th, the Benefits Office will be open and available for one-on-one meetings and they've been doing it in a computer lab situation, so a person can walk through and do their enrollment at that time. So that's the plan that's shaping up.

Mayor Romero: Anna before you move on, you're extending the open enrollment period for maybe a week or two because, usually it's about a two-week open enrollment period, which I love by the way, because I think it we did that, we did this back in 23, was it that we did a lot of work to inform our employees and retirees about the differences in the plans and how much it would cost them.

ACM Rosenberg: Correct, Mayor, we are sticking, we used to have just a two-week enrollment period and this year it will be 4 weeks again, we found that that extra time was really effective in us doing a lot of outreach events and giving people the time they need to come in, listen to the conversation, understand and absorb a lot of information about these plan choices, and then contemplate it and make a decision of their own. So, we are sticking with four weeks, feels like four years, four-week open enrollment period again this year.

Within our financial plans, we have approximately \$4.8 million available for health benefit increases from the city. That's what we have baked into our financial models this year. As you know from our conversation at the last study session and repeated again in these materials, based on our estimates for health plan costs for the coming year, we would need a total increase of \$7 to \$10 million, to move forward in the coming year without making any changes to our medical plans. And so, this mismatch between what we have available and the amount of dollars that we would need to proceed without changing our plans is really why we've got to bring forward these recommendations for plan changes in front of you today.

So, the city manager has met with the Health Benefits Committee and heard their recommendations, as well as gotten feedback from you all Mayor and Council, during our last study session, and is recommending a mix of changes that include increased contributions from

the city. And as you'll see, the proposal will cost the city, it's basically \$4.8 million that is proposed to be infused into the plan here. The recommendation also includes increased premiums from employees. These aren't the amounts that everyone pays out of their paychecks or for retirees, they pay them on a monthly basis to us. So, everyone that participates in plans makes these premiums and the number of those premiums will be going up in the coming year. In addition to those increases, we also need to make these changes in the medical plans, the plan designs that will require the users of the medical plans and the prescription services to contribute more to those costs. It's the combination of these three different sources of funding and cost management that allow us to bring this in, at an amount that's affordable within our financial plan.

So, on Slide 4 here and I've got a portion of this exhibit on another slide as well. so that it's a little bit more easily readable. You have the proposed plan design changes to all three of our plans and these are shown in that red font is the proposed amount, and the strikeout version is the current amount. So, you're able to see what we're recommending for plan changes for the coming year. In our Network Plan, there is a proposed increase in the deductible. What was \$500.00 or \$1000, will move to \$750 or \$1500 deductible. You can kind of see how this schedule works. There is also an added co-insurance for certain services. You see a number of the items below are in that column, inpatient hospital. There used to be 0 coinsurance after the deductible. That would be changing to 10% coinsurance after the deductible is met. And then there is a creation of Tier 4 for retail prescription drugs. And I've got the prescription drug portion of this chart on the on the second slide, but this is all in your Exhibit 2 to your packet. So those are the changes within the Network Plan.

For our HRA Plan, we are recommending an increase in the out of pocket maximum and co-insurance. We are recommending changes to prescription drugs to a co-insurance program from its current co-pay and the creation of a Tier 4 for retail prescription drugs as well as a decrease in the employer reimbursement account contribution. I'm going to move over to the bottom portion of the exhibit, and you can see that very bottom-line city contribution, currently we were contributing that enhanced amount of \$1500 or \$3000, to the reimbursement accounts for those participating in the HRA Plan. That is recommended to decrease to an amount of \$500.00 or \$1000 for the coming year, and this is lower than it has been in the past, even before the enhanced amounts. That's the recommendation to get us to a cost saving dollar that is affordable for us.

I'm going to flip this back to talk about the HSA Plan. Within the HSA Plan, those last two columns, this Plan is doing well on the affordability model. It does not need premium increases to cover coming costs, but we are making a recommendation not changing any of the Plan design for deductibles or coinsurance, but we are recommending the change to this Plan to add that tier 4th tier for prescription drugs. So that all three of our plans have that retail specialty medication Tier 4 and we are, there's a recommendation to keep that enhanced City contribution that I'll talk about here in a minute.

Another element of our recommended Plan changes beyond the Plan design. Is the change from in the employee or employee share and this is all about total cost shift? To stay competitive with other municipal employers around the state. So, worked into this recommendation is the element

that 1% of the total cost for the Network and the HRA plans would move from the employer to the employees, and this would bring about a savings of \$450,000 a year. Another element in the recommendation, as I previously mentioned, was the employer contributions to the Health Savings Account plan. It was planned that our employer contribution to Health Savings Accounts would drop this year from \$1500 for an individual and \$3000 for a family back to our previous levels of \$1000 for the individual and \$2000.00 for the family. After hearing from the Mayor and Council that incentivizing the HSA Plan is an important goal, and because the HSA plan could support these enhanced amounts, without a premium increase, the city manager is recommending that we continue with the enhanced Health Savings Account amounts of \$1500 for individuals and \$3000 for families for employees enrolled in the Health Savings Account Plan for FY26.

We would utilize the plan savings to pay for this at an added cost of about \$1.3 million and he's recommending that we look at the plan savings each year to see if the enhanced amounts could continue to be supported. The recommendation also includes moving to self-funding for our Dental PPO plan for Fiscal 26. This is an element that will save us \$247,000 for the year without making any changes, no increase is needed for our Dental PPO. There is a retiree dental HMO increase, that's a 4% increase for retirees that choose to participate in that Plan and that's passed through to the retirees who select that Plan.

And then the last element of the recommendation is that city employees and their families be allowed to use city recreation facilities at no cost in Fiscal 26. This recommendation is made to enhance employee and family health and wellness, and it's based on the Employee Benefits Committee's review of the issue and specifically the increased cost that might come from this with their note that it would be minimally increased cost to the city. We would be tracking utilization over the year to determine impact, and we still need to develop the specifics of the governance on this and eligibility for implementation, but we would be moving to try to get that all arranged and in place for July 1st.

The city manager is also recommending that the Benefits Committee be tasked with studying the feasibility of closing our HRA Plan as early as next year, so that would be for the Fiscal 27 plan year. The suggestion is based on the significant cost increases that we've seen in that plan over the last couple of years, the declining enrollment that we see in that plan, if you remember, it's a small I think about 10% of our Members enroll in that plan and given the increased flexibility that most people can achieve by enrolling in a health savings account rather than a health reimbursement arrangement. Because the HRA Plan might not be offered in future years, we want to take this time and we'll be adding this piece to our education for employees this year to encourage employees and retirees who are currently in that plan and might have reimbursement account balances in that plan, to begin to utilize those balances, when the plan is closed, those balances would go away. And so, we want to start talking to people and letting them know that that plan might not exist. In the future so, so use what you've got in your reimbursement account if you can.

The cost of the recommendation in total, as I've said, the total costs are \$4.83 million increase for the city over the previous year's medical amounts and those amounts are within our financial forecast. We have included a number of exhibits in our materials that describe the impact of these changes for employees and retirees. So, exhibits three and four show the recommended

premiums for the coming year as well as per paycheck impact, the change, or the change in the premium increases for employees and I haven't replicated all of those exhibits in the slides, but I did want to talk about, what is exhibit 5, I believe where we show the employee paycheck impact for employees that stay in their same enrollment. So, this is a question that we get a lot from employees, OK. So, what does this mean to me? If I'm currently enrolled with my family in the network plan and I currently make \$60,000 a year or less, we're going to refer to the top box and the far-left column. What'll that do to my paycheck? So, this table shows you that if you earn less than \$60,000 a year in base pay and you are an employee with family, that's EE plus fam, and you're on the network plan and you stay in the network plan, the amount that you'll contribute in your paycheck is going to increase \$30.86 each paycheck. The \$30 is the increase not the total premium.

This table also shows you and its important information, but it's all zeros. It does point out that for people who are enrolled in the Health Savings Account Plan and want to stay in the Health Savings Account Plan, you will have no increase in premium. That plan stays the same price in the coming year as it is this year, and that's why you see all of the blanks at the bottom of this table. And you kind of have your varying amounts. There are increases in within the HRA Plan as well. Also, on this exhibit at the bottom portion of the page, we do show the savings that can be achieved when you're moving from the Network Plan to the HSA plan. And so that's why in this, on this table under, HSA it's giving you negative amounts and the way you read this table is if I'm currently enrolled in the network plan, I'm going to say employee making less than \$60,000 a year, if I'm just covering myself, I'll stick in that EE box employee only, if I'm in the Network Plan right now, and for the coming year, I want to move to the Health Savings Account plan, the amount that I pay on my paycheck will decrease by \$34.44.

That's the savings I'm going to see in my paycheck by changing plans. The same would be true if you are an employee who covers your entire family with our plans, you're currently in the Network Plan and you're switching to the Health Savings Account Plan and you make less than \$60,000 a year, your paycheck amount contribution will decrease by \$73.87 for every paycheck. These are the amounts that we talked to employees about considering, funding their Health Savings Account with if they decide to move from the network plan to a Health Savings Account Plan a good idea to invest some or all of your premium savings in your savings account. Yeah. So those are part of what you'll hear us talking about at the enrollment and education sessions.

Little bit. Let's see. I wanna make sure I've covered. Oh, there's one other thing before I move off of health insurance, and that's just to, get back to you about the questions that you posed to us about prescription drugs. Letting you know the questions that came up during the last session that we had, we've been working on putting information together, but we haven't gotten it out to you. But I wanna let you know what's coming. So, we do, we will have for you the list of specialty drugs that constitute the 10 highest dollars spend within our plans. And we're also preparing for you, consultant is helping us with an up a list of drugs that over the next I think it's 12 to 24 months will be rolling out, I call it rolling out a generic anymore. I think they're called biosimilar drugs, but drugs that will have generic options coming on the market in the next year or two and those are important things for us as we're estimating cost when we have, when we're in a situation where there is no biosimilar alternative for a drug and you're and you're required to purchase more expensive branded drugs. When those drugs go when they're a generic option

becomes available, there can be quite a bit of plan savings as well as savings to the individual who's paying a portion of their prescription drugs. So, we will have that information for you probably within the next couple of days and you'll be receiving information about the total cost that the plan spends on those drugs as well as the savings that we might be able to achieve when generic or biosimilar alternatives become avail. And I think that's all that I have on health insurance.

I'll wrap up just by talking a little bit about our budget engagement event that we had yesterday. So, we have been talking about engagement as we've been meeting during study sessions. Yesterday was, I think, a great event and thank you to all of you that were able to attend it or send your staff members. It was our employee budget engagement, town hall. We had over 130 participants attend, which I think is an increase from last. This year, which was great. The event was at the TCC, in person. We recorded the event. It lasted; I think it was about 90 minutes. There was a presentation by the city manager. There was a live Q&A session which was great and there was a feedback survey that was facilitated during the event itself. We have just sent out this afternoon a notice to all employees in the city with a link to where they can view the live recording and the survey as well, because we're leaving the survey open for the next 48 hours to try to gather more feed. From people that other employees that weren't able to attend the event. So, at a future study session, will be sharing that feedback with you.

Anything else? OK. We've also included in the memo just an update on our calendars, both for the compensation plan and the budget. Dates have not changed on the compensation plan; except we have firmed up the date of the mayor's hearing on compensation plan disputes that now has a date of April 14th, and the budget calendar dates remain the same. And that's what we have for you this afternoon. Thank you.

Mayor Romero: Thank you, Anna. And I really appreciate it. And I do appreciate the city manager's heeding the call from the Mayor and Council about keeping the incentive rate for the HSA, which keeps it at 3000 per family and 1500 per individual. That was also the recommendation of the budget, I mean the Benefits Committee, so, really, really appreciate that. I guess my question is, in our previous budget memo, you showed us the percentage increase of our health insurance plans and that we're up in the 20s. So, what exactly made our plans so 20%. Usually, we were experiencing an 8% increase. You know, sometimes it was a little less. Why 20% increase in our health insurance costs?

ACM Rosenberry: Thank you, Mayor. I believe it's a mixture of items. the standout item for us this year though has been prescription drugs, and you'll see that in the information that we that we get out to you regarding the specifics. In total, our consultants are letting us know, in general, around the country prescription drugs costs were increasing around that 13% level. Within our plans, we saw an actual increase of almost 20% for prescription drug costs. And I just think utilization of prescription drugs; we are trending higher than national averages. And so that is a big piece of what is driving costs within our plans.

Mayor Romero: Are there ways or methods that we as a City of Tucson and our employees can use to tap into less expensive prescription drugs? Like I know that, certain pharmacies convenient use pharmacies charge more than other places. So, do we have any planning efforts in

terms of informing our employees? What are the locations? And you know stores or online stores that provide less expensive prescription drugs?

ACM Rosenberry: I think it is a point taken we need to do more specific education about prescription drug costs at the individual employee level and to be honest with you, I don't know how much of that is happening during open enrollment. It's really something that we need to do throughout the year. And so, point taken, we need to do that, Linda Kyle is in the room here, our health benefits administrator. And so, I think we need to incorporate more of that work. We do know that Costco is one of the low lower cost places to purchase prescription drugs and the Costco pharmacy is in network for our network plan. And so that is I think one of the better recommendations that we have for employees and that I'm told by our consultants as well as Cigna, that's a good place to go to get low-cost prescription drugs. One of the other items that you'll see, one of one of our highest costs, well, our highest cost drugs also have a biosimilar option.

And so, I think conversations with employees and some of the changes that we're making to these tiers can incentivize our employees within our plans for choosing the lower cost option. It saves them money as well as saving the plan money if they can use a biosimilar and so those are some of the things that we're trying to do to help contain costs and give people true options that can save them money as well as save the plans money.

Mayor Romero: Alrighty, do you need a motion to proceed with your recommendations, Mr. Manager?

City Manager Thomure: Yes, Mayor, that would be an excellent outcome for today.

Mayor Romero: So. We can, if I can, have one of my colleagues consider a motion to proceed.

Council Member Fimbres: So, moved.

Mayor Romero: OK. So, there's a motion to proceed with the city manager's recommendations.

Vice Mayor Santa Cruz: Second.

Mayor Romero: There's a second, now we can discuss and ask questions and if the motion needs to be amended, we can do that. Councilwoman Lee and then Council Member Cunningham and then Council Member Fimbres does you have your hand up as well? And then the vice mayor.

Council Member Lee: Thank you, Mayor. I'll try to be brief. I do have a few notes to go through though. I appreciate you prefacing everything with the projections. We're there's a lot of economic uncertainty. We don't know what's going to be happening there. So, appreciate all working and helping us navigate through that. I love the \$17.8 million built into the budget to invest in our employees, especially around wage parity and making sure that we're being competitive and showing that our employees that we value them. So, thank you so much for building that in. I also really love the fact that city employees and families are gonna get to use

our own facilities. Just one thing, it would be great if we have like let's say, an adult child who's still at home in college. They could go to the gym 'cause my son would really love that. Just throw that out there. But he is still on our health insurance plan, so that would be great.

So, I love that, and I will say that you know for folks listening and are considering the cost increases, you know I have a spouse that has employer or health benefits available. Many of us, we do have partners that have health benefits available and every year we compare, and the city still provides one of the best plans and covers so much of the cost compared to what other employers are offering. So, I just want to throw that out there, that we, you know, it sucks to have to pass costs on to our employees comparing it with other even local employers. I think we're still offering a really good plan to our employees.

Noted on the fiscal 26 efficiencies, you know planning and development services and other areas where we're going to try to realize efficiencies. With everything happening in the federal government, I hope that we can just take a very people centered approach to how we're going to find these efficiencies, because there's just a lot of uncertainty out there with people's work and their job. So, I just really want to put that out there that hopefully we can do this in a very people centered way without compromising our service delivery, our timelines and definitely concern on PDSD when we talk about you know, any changes to that and still be able to meet our expectations out to the community. So just wanted to say that and then we've got Prop 407 on there. So obviously just want to put out there, we still got to deliver on what we promised, regardless of how we're going to find those efficiencies. But appreciate you all coming up with a way to get us down to \$13 million in the hole instead of a larger number

With respect to HSAs, I know I always ask about what is our goal. How many folks do we want to try to get over from the network plan to the HSA to help it pencil out a little bit? So, were you able to find out anything that might help us with that going into an open enrollment?

ACM Rosenberry: Thank you, Mayor. Council Member Lee. Yes, I think one of the ways to frame a goal, for migration, continued migration into the Health Savings Account plan is really looking at the people that we have enrolled in our plans who aren't using a lot of their medical benefits. And looking at our current information, we do have hundreds of employees, hundreds of employees who are enrolled in the network plan, so our highest cost plan, they're paying the largest premiums who have not used any medical benefits for the first six months of the plan year. And so those folks, if they, if they don't have a need to use the medical benefits, those are the people that I think are the great candidates for educating and having conversations about planned choice. And so there our recent numbers are there are over 750 of those folks that fall into that category for the months of July through December. And so there is room still for continued substantial migration into the health Savings account plan. I think it's a part of our education effort.

Council Member Lee: Thank you for getting those numbers. I think that's a really great way to frame it up and if one if you're one of the 750 people like we need you all to get your physicals and your mammograms and your colonoscopies, because that's really important and there are incentives through the Plan, wellness incentives to plan if you get your physical, they'll get you a debit card. So definitely that's super helpful. Appreciate keeping the HSA incentive where it is.

One thing I'm curious about. And the mayor kind of talked about the percentage. We know that the network plan was a 20.1% increase in HRA was 22.9. We know that we're investing \$4.8 million toward those costs. Do we know how that breaks down percentage wise? So, of the 20%, how much is the city absorbing versus the employee 'cause I expect that's going to come up with the question.

ACM Rosenberry: Mayor and Council members, that's different for each plan. We can look at breaking it out that way. It will also depend on the enrollment, but we're estimating those things right now, so I can get those numbers for you in the future. I don't have them off the top of my head.

Council Member Lee: Sometimes that comes up and then lastly with the HRA plan, I appreciate giving plenty of time for folks to consider different plans and spend on those HRA funds that are in that account that they can't really do anything with other than healthcare reimbursement. And then just one random question before I be quiet, Mayor, government shutdown pending? Possibly federal government shutdown on the 14th on Friday. Have, do we know if there's anything that we need to be thinking about that could be an impact of federal government shutdown for couple weeks? And that's my last question, Mayor.

City Manager Thomure: Honorable Mayor and Members of the Council for us, a government shutdown for a couple of weeks is something that wouldn't affect our day-to-day operations immediately. And in fact, we're already operating in sort of a scarcity mentality because of a lot of our federal funding sources have been on, and off, depending on what day of the week we try to access them. So, we've already sort of had to adapt to a little bit of, you know, patience and calmness when it comes to that. If it's a couple of weeks, we're not expecting significant impacts, but we would start to see project delays that would be forthcoming. When our federal partners not even just from a funding standpoint, but our regulatory agencies, our folks that approve things that we are trying to proceed with. we've already seen a significant slowdown in the responsiveness on many projects. Our ability to get a yes to proceed on certain things has already been significantly delayed. So, I think that mode's already occurring, and a shutdown would just extend it for us.

Mayor Romero: Thank you, Council Member Lee. I think it was Council Member Cunningham and then Council Member Fimbres and the Vice Mayor.

Council Member Cunningham: We talked about the HRA changes before and every single time we talked about them, its kind of we get to almost to the finish line and then it backfires because a whole bunch of people show up and say they didn't know. So, I'm actually thinking it's a very prudent financial decision long term. This is what I ask. We get the rights easily. We get the easy ones first we send out the letter and they sign the acknowledgement, stuff like that. But the ones who don't, I want like e-mail certified letters and a one-on-one zoom meeting for anybody who doesn't wanna do it. And we just need to tell them it's happening. I just don't want anyone to be able to call and say, oh, I didn't know we were getting rid of the HRA just don't. I mean, the one person who does everyone on this side of the table will know that they got a certified letter, they got 4 emails sent and they attempted a zoom meeting meetings to be told exactly what was going on verbally. I mean, we can't leave any doubt that we didn't tell people

18 months ahead. It's really the execution that matters. The execution of the plan rather than the plan itself. So, I wanna just make sure that that HRA piece happens.

The second thing is, and this is I, I tell you guys this every year, I no one's ever gonna listen to me, but that's OK, I'm still gonna do it every year and that is that when we go through these percentage changes and we just plug in percentages, we don't have to do it that way. We can switch to round numbers; we can round 1350 down to 10 bucks and \$34 to 30 bucks and round up \$65 to 70 bucks so that we are speaking in round and easy to remember numbers. That way if everybody was saving from. The employees, only to the employees with kids to the employees with family, to the employees with special, if all those applied, you could be able to say, well, you're saving 75 bucks if you switched to HSA. It would be a lot easier for people to remember. It's customer friendly.

We just had this discussion with the pools where we have 18 pools with different days at different times. If a pool is open on the same five days a week consecutively at the same times, it's easy to remember and its very customer friendly. It's like making an easy-to-use Web website. So, what I tell you is think about that next year to the benefits committee. Why don't we look at round numbers and rounding up and rounding down so that their savings, there's no law that says you have to keep the HSA contribution same. It could have been reduced. And then all of a sudden, people who don't have, who have not bought into the HSA idea, which at this point I think like 5 out of 6, 6 out of 7 of us are doing it. So at least we've all put our money where our mouth is. So at least you just say, hey, look, they're actually going down on this other one. So, I mean it. It's gonna even out because ultimately the more people that use HSA, the more the city's contribution's gonna go through. But still, over time, it's gonna save us a significant amount.

Really quick. Just curiosity. So, the use of city facilities, does that include the city dependents?

City Manager Thomure: Honorable Mayor, Members of the Council, we haven't done the governance yet, but our intent would be to have dependents that are on a city health care plan would be eligible.

Council Member Cunningham: So, they've used their healthcare card to get in or something. Something of that effect that makes. Sense, I think that's a good way to do it.

Mayor Romero: Council Member Fimbres.

Council Member Fimbres: Madam, Mayor. First, I want to thank Tim and Anna Rosenberry for their input on yesterday's employee budget town hall. Very well attended. I heard our employees learn and provide input on the budget process. I heard very good things about it yesterday from Mary Kuchar and from Gabriel Hogan, who attended it yesterday from my staff. What's the other feedback from other labor groups you know about?

City Manager Thomure: Honorable Mayor, Members of the Council, Council Member Fimbres feedback from the labor groups both at the event and then in our ongoing conversations have been positive. There were a number of labor groups had representatives at the budget town hall yesterday. We had members of the same, while Anna and I were up front delivering

presentations, we had other members of the city manager's office dispersed throughout the crowd and sitting at virtually every table. So, there was a lot of positive feedback from the labor groups that were represented there. The biggest question on people's minds is compensation and the questions that were asked certainly centered on those issues. But I think the most feedback that I heard was people thought it was valuable use of their time, and they felt like they were heard.

Mayor Romero: Alrighty, Council Member Fimbres, Vice Mayor Santa Cruz.

Vice Mayor Santa Cruz: Thank you, Mayor. I also had the opportunity to attend. The town hall yesterday and it was just great to hear the presentation from the city manager and staff and to kind of gauge the energy of employees there. I think I'm not sure how we do this. I just want to make sure that our city employees are able to attend without having to take time off that that be paid participation of them getting to hear from the budget. I had a question about what Tier 4 does mean on the pharmaceutical piece that wasn't very clear to me.

ACM Rosenberry: Mayor and Council. I'm gonna ask Linda Kile to come and give you some more information about this specialty drug. Tier 4.

Employee Health Benefits Administrator, Linda Kile: Hi, thank you for having me here. So, specialty medication is the Tier 4, just a quick overview, Tier 1 is our generic medication, Tier 2 is our formulary brand and Tier 3 is our non-formulary brand. Tier 4 would be the specialty medications that Anna had discussed, so specialty medications are going to be your higher cost medications. We actually, Cigna has a specialty pharmacy that they work with directly for those specialty medications that are typically going to be passed on to the provider to administer the medications. And so, there's just different variables that go with it. But really what it comes down to is it the higher cost medications.

Vice Mayor Santa Cruz: Could you give me an example of a specialty medication?

Benefits Administrator Kile: Yes. So also, on that list, one of the lists that Anna had provided is the Humira. Humira is one of them. And that right off the top 'cause I know it's on the top of the list, but yes, that is one of them. And so, I didn't bring my laptop up with me, but I can give you some other names as well. But that is on the list that was provided to you.

Mayor Romero: So maybe cancer medication So the cancer medication, is it insulin, is it Ozempic? What? What is that specialty medication?

Benefits Administrator Kile: Yes, let me get that really quickly,

Mayor Romero: OK. Thank you. No problem.

Vice Mayor Santa Cruz: I think while we're waiting for that, I'm curious about the dental, the self-insured. I would say that most of my HSA funds with my four kids will go to dental. Whether it's braces or cavities or just, you know whatever, you know, cleanups they need. And so, what does that? You know what are the implications of that? What does that look like, 'cause? I'm still confused. I know we moved into a self-insured or healthcare generally. Thinking

that was going to bring us cost saving overtime and I'm not like, are we saving money? Like, would we be worse off if we were still, you know, just under Cigna? Because I the reason I love the self-insured shared is thinking like, you know, future. What that could mean for our community. I know Council Member Cunningham has talked about having health insurance for all our kids in the city of Tucson and that that would be an opportunity to do. That kind of programming. So, I'm still curious what is that that means overall? And then on the, I still would really like us to explore having a city, and county pharmacy for our employees and how we can make that happen to have some cost savings.

ACM Rosenberry: So, Mayor and Council member, as far as the self-funded dental portion goes? So, this very much as you're describing is meant to set us up for future opportunities. Right now, with dental coverage, what we're doing, what we've done in the past is we have gone and sought insurance coverage for with an insurer, and we pay them a specific premium for that, every month or every paycheck for the employees or retirees. Moving to a self-funded model means that we're not buying insurance from a third party. You remove the profit element from that component. The cost of the program. In other words, when an insurance company is selling you insurance, they're covering all your claims. All the administration costs and they're deriving profit for their shareholders, for their company. So, going in general, going to going to a self-funded model means that we're accumulating our own resources in our own funds. We're paying the claims, we're paying the administrative costs, but we aren't paying a profit model. And to the levels that we can lower administrative costs and control claims cost, we retain that money in those savings for ourselves.

When you're buying insurance, if you're containing lowering claims costs, all of that goes to benefit the insurance company and not you, the purchaser of the insurance. We've been doing that with medical for a number of years. We're proposing to do that with dental. There's, we do have two elements of dental insurance. One is the PPO, and the other is an HMO. We can use self-fund on the PPO. That's what we're suggesting we do this year. We can do it at the current rates without making any plan changes. So, the benefits will stay the same. We don't need a premium increase, and we can achieve savings of that profit element of about \$250,000 is what we're expecting for the coming year.

We can't do it with the dental HMO piece. The committee knows that, and they want to spend the next year working out how we could get to self, something equivalent to a self-funded self. Yeah, self-funded, self-insured dental HMO as well. So that's probably coming. What it allows us to do also when we're self-funded is we can make plan design changes in future years when you're just buying insurance. You know your kind of stuck with a renewal, a price that comes literally out of the blue. It can be you know double digit premium increases and you don't have this opportunity to make planned design changes. So, we're really trying to work ourselves into a position where we can have more control, more benefit over how those dental plans cover. And really make good use of the dollars that we're investing in, in dental benefits.

Mayor Romero: The last question that the that the Vice Mayor asked was can we, would we be able to transition into doing our own pharmacy. If we are self-insured, can we self you know, Can we self, purchase, purchase? Yeah, I don't know how to say it, but create our own, you know, pharmacy maybe in collaboration or partnership with a local clinic or hospital so that we

could save money. I mean, we're trying to, if 20% and we've been hearing for the last two years, right that prescription drugs, had been inflated. Many of them inflated. Without any really like out of the blue, right? We didn't. Really know why except for the bottom line for the company. So, is there a possibility or a path to prescription drugs for our employees.

ACM Rosenberry: So, the path that I'm aware of, the piece that the committee has explored in the past and this that the city has explored in the past was related to setting up our own medical clinics as well. And we received a proposal from Cigna to do that a number of years ago. When we looked at the cost to do it, it wasn't in the bottom line a cost savings to the city and some of that was due to the fact that we're just, we're a big group, but we're not a huge group and we certainly don't have a population that would be using one pharmacy or, you know that sort of the logistics about how many people would use that site. And how would we go about setting that up? It wasn't a cost savings. That wasn't analyzed just as a single stand-alone pharmacy issue. It wasn't with a number of other services, services and so we have not worked on any other path on that issue to a separate pharmacy. I'm not going to say that there are not options. We haven't fully explored them.

Mayor Romero: I know that we had explored the idea of collaborating with El Rio Clinic, and I know that El Rio has pharmacies. That and I don't how that works. But anyway, I just wonder if that that's a path towards less expensive prescription drugs.

City Manager Thomure: Honorable Mayor, Members of the Council, we'll add that to our study for the next year. Both of these, you know, are doing a city or city, county pharmacy and or other collaborations. As noted, some of that's been studied in the past. It hasn't risen to the point where there's a business case yet, but we'll dust it off so we can make sure that we're looking at current dollars to current dollars and also just have also had some discussions with county administrator Jan Lecher about is there any appetite to look at the city and the county collaborating more on healthcare. The point of it is, though, when we go to look at the business case, Cigna has yet to present us to a business case where there'd be any savings for the city or the county. So, it sounds good, and we'll continue to have those dialogues, but we've yet to been presented with something that actually saved dollars.

Mayor Romero: Of course, they're not going to present us with that. We are going to tell us some examples of the yeah.

Benefits Administrator Kile: So, some of the examples on specialty medications is the Humira, as I had mentioned. And then you had asked about the diabetic. So yes, you've got your GLP ones that are included in that, which is Ozempic Munjaro, kind of Trulicity. So, there's just a couple of examples from the OK, the diabetic piece of it. But again, to just different conditions have the specialty medications. So, you've got some that fall under cancer and psoriasis, arthritis and stuff like that.

Mayor Romero: Was someone else in line for questions? Alrighty, I wanted to bring up an issue that we have heard like maybe a couple of meetings ago and I emailed you some questions about the SunTran employees. I think that some labor groups and employee groups have brought to our attention that SunTran employees received a very generous network health care benefit from

SunTran. Can you describe the difference between, you know the considerations that have been made for SunTran employees in fiscal year 26 and what the differences between City of Tucson employees and SunTran employees and this benefit?

ACM Rosenberry: Sure, sure, Mayor. I will do my best. So SunTran employees work for Tucson Transit Management. LLC and they're not employees of the City of Tucson. So, we don't have a lot of deep understanding of their medical benefits, but we have spent some time looking at information that we've been provided about their plan as well as the amounts that are paid supplied by their employer for monthly premiums. The written agreement that Tucson Transit Management holds with the Teamsters Local 104 requires a per employee payment of a flat dollar amount for healthcare each month for those employees, and just checking in with Director Credio, he said his understanding is they've got a little over 450 employees currently, they're authorized for up to, I think 509 employees.

The current health benefit agreement with Teamsters began in July of 2021 and ends in June of 2026. It was a very long-term agreement, A 5-year agreement regarding medical benefits. Our analysis of their plan information shows that the plan offered to SunTran Teamsters is a similar is similar in benefit designed to the city's network plan. And does not require Teamster employees to contribute premiums. Based on the amounts paid by the employer, it has a cost that is similar to the city paid portion of our network premium the cost of the operation per employee is roughly equivalent to the amounts that the city provides its employees enrolled in the network plan. There's also a number of SunTran employees that are in administrative roles who work for Tucson Transit Management LLC. They're not teamster members for those administrative employees earning less than \$50,000 a year, they also receive employee only coverage that doesn't require the employee for you to contribute any premiums, but if they've got children or a spouse or their whole family covered, they then have to contribute to the premium.

All other administrative employees of SunTran are required to contribute anywhere from 1 to 19% in the monthly premiums for their coverage. So that's the information that we were able to gather and studying that.

Mayor Romero: OK. The other question I had regarding Union work is again another couple of meetings back CWA employees at Housing Community Development Department came to talk to Mayor and Council about pay disparities between the same range of employees and this is something that I know had been discussed at HCD with CWA, including a CWA representative. Can you expand on? What are the concerns that you've been hearing and what are the actions in response to those concerns?

City Manager Thomure: Honorable Mayor, Members of the Council, so that issue that was coming up is about in range pay placement. That's the words that we're using and that is an element of the \$17.8 million that we've put on the table as a placeholder folder for the FY26 budget. So specific to CWA, we've had numerous conversations with them. Our Labor team meets with them on a monthly basis at minimum. I join those meetings at every other month. On January 21st of this year, HCD leadership and HR department staff met with housing office staff for a listening session with approximately 15 staff and attendants, and the CWA representative Linda Hadfield, that covered their concerns about workload and compensation.

On January 27th, the HR director and deputy director met with Ms. Hatfield again to discuss the FY26 compensation plan. So, with all the information that I shared with the employees at the town hall yesterday was being shared with CWA as early as late January, including this issue over in range pay placement, and we've been setting the target for addressing it over at least the next two years because we know there would be an ability to do certain things FY? 26 assuming we can get the deficit down to zero and preserve the compensation dollars. But we know that anytime you're doing a systemic adjustment like that, you know you're going to have to do a round two because you don't get a perfect the first time.

And then there were several additional meetings through February with HR staff and CWA and membership talking about these very issues. And then as we mentioned just yesterday, we had the employee town hall. We did have CWA membership present there and actually a couple of questions from self-identified CWA members where again, I reiterated the end range pay placement as a goal. As far as actions taken. The actions taken so far have been to put together a plan that we can bring to you for adoption with your budget for FY26 to start to address in range pay placement. So that that is where we at right now is and within the next two or study sessions will really emphasize this compensation part of the discussion, so that you'd have the tool in your toolbox to be able to start to address.

Mayor Romero: So, in your opinion, since January, conversations between CWA, HCD employees and HCD management, and administration have been taking place. And in your upcoming proposal for the budget, you feel that we are attentive and putting money towards that pay disparity that we have been presented with.

City Manager Thomure: Yes, Honorable Mayor, both of those statements are correct.

Mayor Romero: OK for me. I just have some questions about our budget in, regarding the percentages of money that go to our city charter services at, because a lot, we're hearing a lot of misinformation out there. And so, I want to clarify if you may about the percentages of money used for our general fund for public safety and charter core services. So, we're hearing different percentages out there in the community about how much money of our general funds goes to public safety. Can you, can you clarify that for us?

City Manager Thomure: Honorable Mayor, Members of the Council, I can do my best. What, What I'll start with is that is a common question and when you look at our general fund it's complicated. So, people often have an have a desire to understand how, where the money goes and how it's spent. I step back to the overall city budget of \$2.4 billion. We've set a number of times. Most of those revenues are restricted. Tucson water rates go to do Tucson Water, housing dollars from the federal government go to do housing. So when you when you look at our ability to fund public safety other than some grants from the federal government, it largely predominantly comes from the General Fund, the round Number we use on the general fund is around \$750 million as you see it. Go up year over year when we look at the forecast, but of that \$750 million, the predominant amount of that money does go to fund public safety.

So, when we look at trying to say how much does police funding get, how much fire funding get there's a and especially to compare us to other cities, you really have to dive deep in order to make sure you're comparing apples to apples, not apples to oranges or different types of apples to each other. So, if you look at a share of a general fund for a city going to police per say, you have to understand a couple things. One, are there pension costs included in that line item? In our case, they're not. They're in a different line item. Is there 911 service funded out of the General fund in police or is it funded as a separate department like it is in the City of Tucson? Do they get one-time dollars? So, even our own folks, when they would look at how does Tucson compare? They might throw out a number like 30% of the general fund goes to TPD. My number is 40% and I'll explain why. The 30% doesn't include 911, right? It's it includes a portion of the pension, but not the debt service on the on the cops that you the pension obligation bonds that we took out to service PSPRS unfunded liability. It includes none of the Prop 101 dollars, it includes none of the general Fund investment plan dollars that are spent, so we and it also the other thing I would point out is it doesn't include all the essential services they get from other departments that we don't charge out between department like we used to.

So, for example, one city might have it needs for their Police Department funded in their Police Department. We don't. We funded in our IT department. So when you when you look at those cost allocations, I'd say we're very much on point with what peer cities do as far as a percentage of their general fund, I would peg it at 40%, even though others might say it's 30%. And I've explained why. You you're not accounting for everything when you take one-line item out of the budget that says police and say that's what you're funding. When you add another 22% for fire and you really look at the total general fund and I just look at, you know, just putting this together pretty quickly what we spend on fire a little bit on General Services, you got to have vehicles you got to have places for people to do things, lights, you add in Parks and Recreation. One of our core charter responsibilities, you add in public safety. Communications is a separate department. And then I'm gonna talk about PDSD. In a minute you get close to 80% of the general fund goes to just those services.

I'd also point out when you look at the total general fund and what a percentage goes to it, some cities have their planning development services as an enterprise fund. It's a separate fund. We fund those revenues into the General Fund and the costs out of the General Fund. Some of them carve it out and they run it like Tucson Water. So, you really have to the numerators and the denominators matter. You got to really go apples to apples. And I'd say we stack up pretty competitively as far as the percentage of our General Fund. That goes to police and fire.

Mayor Romero: And then of course. You know, we're hearing in this time as well. Just give me the budget. I'll tell you what to cut right. Very Elon Musk. Elon Musk, we'll tell you what to cut. Other than cutting fire, police, parks and recreation, roads and housing, how much room is there to make cuts or create efficiencies in our general fund budget? For example. Where you know possibly getting hit next fiscal year with a \$48 million budget deficit. How do we how do we cut from our general fund. If it, we don't want police and fire and core services affected.

City Manager Thomure: Honorable Mayor, Members of the Council that that last part of your sentence was the most impactful to me, if we don't wanna cut core services. If we don't wanna cut core services, there's very little, if any ability to rearrange funding within the general fund.

The things that it takes to run a city include a board of directors like yourselves that is funded out of the general fund. We have a City Court, we have a city, city manager, we have a city attorney, we have information technology with business services. These are all things that are either core services or indirectly to core services. The vast majority of the general fund is personnel. So, if the question is how do we find more money for firefighters? Well, you can lay off a bunch of police and go hire your firefighters. That's essentially what balancing the general fund looks like right now.

In the past, there have been decisions made in dire economic times to really gut core services like parks and recreation or other things. We now spend a little bit of our general fund money on roads. But there's as many people saying you should put general fund money into roads as there are people saying you should put more into housing or other things. The truth of the matter is we put very little into roads out of the general fund. So, the demands on the general fund far exceed what it can produce, and the ability to doge your way through it means you would just simply stop doing things that are core services in order to fund others.

Mayor Romero: Well, to me it's very rich to hear from past elected officials or those that have served in council offices, to say, well, back in 2002 we cut \$100 million from the General Fund. Well, we are, we our residents and this Mayor and Council are having to catch up for the many years those Council people decided to cut and cut and cut and cut. This Mayor and Council is finding solutions because of those decades' worth of disinvestment into our parks, into our roads, into paying our police and fire, living and decent wages. This Mayor and Council presided over historic wage increases for police, fire and every City of Tucson employee because of the lack of action that other mayor and councils had done before us.

So, one way or the other, the services provided to the residents of Tucson are going to suffer, right? You either pay for it now or you try and catch up 30 years from now. So, I you know, I'm just thinking about how cutting our budget haphazardly without any focus strategy, is not a good idea, because we're going to have to pay for it now or into the future. And it has taken this Mayor and Council, at least, eight years to catch up and there's still, some catching up to do. And so, decades of disinvestment because of a previous mayor and councils deciding to just cut is impacting. We could see that in our roads, right? Not when people elected Regina Romero did our roads start crumbling. Those took decades to get to how they were.

When I started as mayor, 80% of our residential roads were absolutely failing. And we've been able to cut that failure of roads, residential roads by more than 20% because of Proposition 411 in this Mayor and Council putting that on the ballot. So, you know, I just, I just wanted to talk some facts here, and disprove some of the misinformation that is being shared and just needed to make sure that you know that that we had a clear and informed and fact based conversation about our budget. Another thing that I would encourage people that are saying, you know, hey, we can cut \$50 million from the budget. Our budgets are public information There are on our websites you can print out the budget as an individual, a resident of the city of Tucson, even if you live in the foothills, you can print it out and give us input as to where exactly you think we should cut.

So, I invite anyone in the Community to make tell us where we should cut. And we will consider it just like we consider every single resident that gives us put on how we budget as the governing board of this organization. Council Member Uhlich and then Vice Mayor.

Council Member Uhlich: Yeah, I appreciate your comments, Mayor. And I too have seen that feedback and you know, I think it was also cited the recession in 2008, 2009, many of us were at the table, including Council Member Fimbres. We did have to lay employees off. We did have to make cuts to services and what I'm hearing from our community is not do less, it's we need more. You know, we need to improve and enhance what we're doing in order to meet their needs. So, but I agree with you as well that if there are ideas, I mean when I came in, when did I come in? It was about eight months ago or something. You know, I totally peppered everybody with. Well, what about? This and what about that? And I looked at every revenue source we could charge under the Model Cities tax code. And I said, well, let's sell this building and let's do this.

And the thing that I was so impressed with is, there was no surprise to anybody on our team because so much had already been discussed and vetted, And I appreciate their patience with my insistent. Well, yeah, but. Well, yeah. But so, I get that feeling like, well, I can find that nugget. We welcome anybody to point to those Nuggets because they're tough to find.

Mayor Romero: Alrighty Tim. And then Vice Mayor.

City Manager Thomure: Thank you for that. And what I will add and that's a great point. That doesn't mean we sit here and say there there's nothing we can do. We do this literally every day and a little bit more reflection back on the employee town hall from yesterday. We did have part of that where folks we were really trying to solicit those nuggets. And we had a lot of comments that came in and somebody would say do this and somebody would say do the opposite. You know they're in any group of 200 people., you're going to get a lot of input that, you know, reinforces certain things we're doing or says rethink it. But what, what I'm asking is about one out of ten of those is one of those nuggets that if we polish it and dust it off and look at it, perhaps we can squeeze some saving out of that.

So that's going to be our follow up work from the town hall. It's not just we had it. And here's what they said. That is our marching orders to go forward and look at all those ideas and see what we can do to bring some value out of them. Thank you,

Mayor Romero: Vice Mayor.

Vice Mayor Santa Cruz: Yes, I love that idea that one of the employees brought about having that suggestion box again, that's just ongoing. It can be the budget, or it can be different things, and I think it's just a way to have that input/output you know from employees. I also agree with the Mayor and Council Member Uhlich. I think we're still paying for all the cuts that happened during the recession. All the decay in our infrastructure, whether our parks or our buildings are a result of no maintenance or not taking care of that. So that is a debt that we just passed on to future taxpayers, a future Mayor and Councils to have to deal with. So that's where we're at right now.

I think it would be helpful and I know this is always like how are we more like transparent or educational about our budget? And I think it's important what you said to him that like maybe you can look at something and be like it's 30% but that's not taking into account all these other pieces, other interdepartmental, the PSPRS. I think it would be so helpful if we're having these, like public safety categories and everything that falls under that to then get to the percentages that we can show out to the public this is actually how much gets invested into public safety, this is how much gets invested into our parks, and then even all the supportive like you're talking about the General Services or IT that a lot of us don't think of that as you know public safety, but it's critical infrastructure to make sure that we're being responsive and meeting needs. I think that would be helpful even for us to share in our newsletters on our websites. I think the more tools we have to help educate ourselves and others will be very helpful.

Mayor Romero: And, we still have to be at a point where we're like, we're not out of the woods, right. There's next fiscal year, there's a possibility of seeing a \$43 million budget deficit. And we do not know how the federal cuts will and freezes. We do not know how it's going to affect our departments, so we have to be able to, you know, be prepared for anything as we move through these incredibly difficult and chaotic times where we don't know how the federal government is going to fund or not fund our housing assistant programs, you know, et cetera. So, we continue working on as carefully as we possibly can to make sure that we continue delivering excellent services to our Community, that we continue moving forward. And to be honest with you, I have seen in the last 10 years sitting at this table that Tucsonans have decided to invest in ourselves. And that's why I think that the success of Proposition 101, Prop 407, Prop 411, all of these initiatives that have been brought forward to Tucsonans have been part of that strategy that we've had here at this table to continue investing in ourselves and not waiting for either the state or the federal government to come and rescue us. Thank you for putting this presentation together. There's a motion on the floor, there's a second to the motion. Is there any other discussion that you'd like to add?

Council Member Cunningham: One little thing? Just the fact of the matter is, is that these guys came in projecting about a \$30 million deficit and not addressing some of those pay disparity needs. They've addressed them and we're down to \$13 million. That's a pretty great job by this team. So, I just want to recognize that. Let's go ahead and vote.

Mayor Romero: Council Member Dahl, Nothing. OK, so all those in favor of the motion, please indicate by saying aye.

All: Aye

Mayor Romero: Any against, motion carries. Thank you so much. Thank you, Angela, Anna. Item 4.

4. Continued Discussion and Direction on the Regional Transportation Authority of Pima County (RTA) (City Wide) SS/MAR04-25-37

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

Information and update were given by Sam Credio, Department of Transportation and Mobility Director, who fielded and answered questions. He announced and congratulated Mayor Romero for being elected as the Pima Association of Governments (PAG) Chair on the RTA Board. He spoke about the funding shortfall, \$143 million, by the RTA to complete projects. He said they laid out three solutions to resolve the issue; 1) local jurisdictions provide additional funding to close the shortfall, 2) reduce project expenditures, and 3) defer projects with significant scope changes to RTA Next.

(NOTE: Council Member Cunningham departed at 4:56 p.m. and returned at 5:00 p.m.)

Discussion ensued; no action was taken.

Mayor Romero: Time has been set aside to discuss recommendations for the next RTA board meeting. Mr. Manager.

City Manager Timothy M. Thomure: Honorable Mayor and Members of the Council. Joining us at the table will be Director of Transportation Mobility, Sam Credio, who got to spend some quality time with you yesterday.

Mayor Romero: Almost five hours to be specific.

City Manager Thomure: Almost five hours, that is hazard pay for Sam, and with that, I think between the two of you, you've got actually the best update that you could give to your colleagues. Thank you.

Department of Transportation and Mobility Director, Sam Credio: Thank you, Mr. Manager, and good afternoon, Madam Mayor, Members of the Council. I will do my best to condense about 5 hours into a 3-minute verbal update and be available to answer any questions. There were actually two meetings held yesterday. First, the PAG Regional Council meeting and then followed by the RTA board meeting. The only thing I want to note on the PAG Regional Council meeting is I want to congratulate Mayor Romero on being elected the PAG Chair. It is the first time Tucson has held a leadership position in either PAG or RTA in over 12 years. Beyond that, there was there was other things that were discussed, but not so much pertinent to RTA. So, I do want to spend most of the time talking about the RTA board meeting, which followed right after that meeting.

There were two main items on the agenda to discuss and that is cost to complete the current RTA plan and followed by the RTA Next Plan. Development update. The cost to complete item is a standing agenda item for the RTA Board and they have been talking about this for some time. RTA staff first began with an update on all the remaining RTA projects. I do want to note that the City of Tucson has 12 remaining projects. All of those projects are active in various stages, whether it be planning, design or construction. The RTA staff then provided an overview of the remaining funds to complete the RTA Plan, according to RTA staff, there is currently a funding shortfall of \$143 million, after all, available funding resources are accounted for.

Council Member Cunningham: Wait, Sam, does that include the ones we've already dropped?

Director Credio: That is correct. That includes the. No, I'm sorry, that does not include the deferred projects.

Council Member Cunningham: So, in other words, the deferred projects notwithstanding, were still 143 short.

Director Credio: That's correct.

Council Member Cunningham: That's just great.

Director Credio: The following that present or part of that presentation, the RTA laid out three solutions to resolve that this funding shortfall. The first is local jurisdictions provide additional funding to close the shortfall. The second is reduce project expenditures. That item was rather vague, and we didn't quite understand what that meant other than scope reduction, which has been received with some push back from RTA staff. Which brings me to the third item, defer projects with significant scope changes to RTA Next. To your point, Council Member Cunningham, there are four projects that have already been shifted to RTA Next. That is the city of Tucson's Houghton Rd. Broadway to Tanque Verde and 22nd St. Kino to I-10. For Marana that is Silver Bell Road, Camino del Cerro to Ina and for Pima County that is First Avenue, Orange Grove to Ina. The value of these deferred projects is \$239 million in RTA Next.

Council Member Cunningham: So, they finished 375 million in the whole total so far and they think they're going to be able to go; they have the trust of the voters to go back out and get it again. Isn't insanity one of those things where you keep doing the same thing and you don't expect this a different result.

Director Credio: And so, after that presentation discussion did occur by the RTA Board. There was no action taken. And again, this is an ongoing discussion with the RTA Board. The follow up item and last item of the agenda was RTA Next Plan Development update. The staff provided an update on the outreach that has occurred for the RTA Next Plan. That was the most significant update and I'll just give you a few highlights. Between November and January, there were fifteen open houses that were held, including one virtual event. There was a survey that was conducted region wide. Of the 660,000 registered voters in Pima County 2,213 folks responded to that survey.

Just a couple notes, I won't get into all the details of the survey metrics, but there were two that stuck out to us. One is the of the 2,213 respondents, only 14.6% self-identified as Hispanic or Latino. That is far shorter than the 42% in Pima County, based on Pima County demographics. And then also we noticed that people making less than \$50,000 annually were underrepresented in the results as compared to Pima County demographics. Now one thing to note is that the RTA did hire a consultant, Gourdley Group, to engage Pima County's traditionally hard to reach populations. And according to the RTA, this was done by the following methods. Organizational outreach to nonprofits or groups at work with traditionally hard to reach population of our

community. They held open houses in strategic locations, pop up events, intercept surveys on transit routes, posters in areas of service, digital advertising and social media.

And lastly the RTA did receive 74 e-mail responses. These responses came in through a comment link, which is actually still active on the RTA Next website, even though the survey has closed. And included in the packet was the responses to these 74 emails.

Lastly, there was a short discussion that occurred on the timing of finalizing the RTA Plan. In order to for Pima County to call in November 2025 election for RTA Next, the RTA Board will need to finalize the plan by May 2025 and as part of the RTA agenda, there was conversation about having additional meetings between now and then. With that Mayor, that concludes my update, and if there's anything you'd like to add, please feel free. Thank you.

Mayor Romero: No, I just want to congratulate the other board leadership for PAG. The vice chair I believe was Marana Mayor John Post, and the treasurer is Mayor Tom Murphy. At the RTA side, Oro Valley Mayor Joe Winfield will serve as chair. Sahuarita Mayor Tom Murphy will serve as vice chair and Supervisor Adelita Girjalva will serve as second chair. And so that's the leadership

As you heard, five hours' worth of discussion and there's still, there was pretty much no answers in terms of how the 12 City of Tucson projects will be delivered to, Tucsonans. And so that's something that we need to work on and you know in terms of thinking through at the City of Tucson side, how do we prepare with ideas as to how to resolve those issues \$148 million, I believe we were short to deliver the projects that were promised to the voters in 2006 and that's not counting the four projects that were forwarded to the RTA Next. So, we've got to really figure out, as an RTA Board and as a mayor and council, what we'd like to see happen as we move forward for those projects and how we're gonna deliver them to that community.

What I did advocate for at the RTA Board was that, the Board make the decisions in terms of how we pay for the projects that are pending and that should include PAG funds that come to the region from the federal and the state government. And then it should also include some scope changes to the projects that we have in front of us. So, I think that possibly, Mr. Manager, that's something that we should start. You know, we should start putting our own ideas together and presenting them to Mayor and Council as to how we resolve that? Because I don't feel as though there are any answers coming from the staff at the RTA. So, I think it's better if we put forward a plan, a concept as to how we're going to move forward get the funds and deliver those projects to the voters, Vice Mayor.

Vice Mayor Santa Cruz: Well, first of all, so I wanted to congratulate you, Mayor, for representing us and I think it'll, you know, be very beneficial in helping guide the conversations of everything you've been you know, speaking up and out about during this whole process. I am curious, if not with the new leadership, if there's opportunity to maybe change the schedule of when we go to the voters. Because I think we need to answer that question of what do we do with the projects that haven't been funded, if we are to go to the voters and have their trust that we can deliver. So, was that part of the conversation?

Mayor Romero: There were mentions of it actually. Mayor Murphy from Sahuarita and Ted Maxwell that sits on the Board as ADOT representative, mentioned that it might not work out because if we don't figure out how we pay for RTA One projects and if there would be a possibility of forwarding some of those projects to the RTA Next, then we would need to figure out what projects from the RTA Next are removed from the list so that we can fulfill the projects from RTA One. So, I don't feel we are anywhere close to when Pima County needs to call an election, which is I think in April, for November. So, I think there's some realization from RTA Board Members that maybe November's not gonna, can't happen without finding these answers.

Vice Mayor Santa Cruz: Does that mean that the current tax would sunset, and then we'd have to come back to the voters at a later time? Or how much time are we talking about?

Mayor Romero: There's still an opportunity to do it in the spring of 2006, I believe, correct me if I'm wrong. I've yeah of 26, I'm sorry, 2026, June is when the tax goes up until.

Director Credio: Yes, Mayor, that's correct. The RTA sunsets on June 30th, 2026.

Mayor Romero: So, we would have the spring of 2026.

Vice Mayor Santa Cruz: I would love to time travel to 2006 and yeah, something different.

Mayor Romero: Yes, all right. Any other questions or comments on this item? Alrighty, this was an, yes, Mr. Thomure.

City Manager Thomure: Sorry. Thank you, Mayor. When we say spring, I think we need to be a little more precise, OK, because of the news state laws about when a RTA tax would go into effect, which is the nearest April first. If I have that correct, a March ballot could put, theoretically be enacted by March, by April first. But if it was a May ballot, I think you may face having to wait till the following April first. I'm not certain about that, but November is already getting a little late. Good job going with May and then you may.

Mayor Romero: So that was informational purposes. Always open for your input on RTA and RTA Next, please feel free to give me your feedback or advice and the the same thing with our city manager and our Department of Transportation and Mobility directors. Thank you, Sam, for the input. Alrighty, we're moving on to Item 5.

5. 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/MAR04-25-34

Information and presentation were provided by Andres Cano, Intergovernmental Relations Director, who fielded and answered questions.

(NOTE: Vice Mayor Santa Cruz departed at 5:03 p.m. and returned at 5:05 p.m.)

(NOTE: Council Member Dahl departed at 5:04 p.m. and returned at 5:07 p.m.)

Discussion ensued.

It was moved by Council Member Uhlich, duly seconded, and carried by a voice vote of 7 to 0, add SB1257 to the list of bills being tracked with a note of support.

Mayor Romero: Let's see item five, time has been set of aside from Mayor and Council to receive an update on state and national and regional committees, executive orders and direction to any associated litigation. I just wanted to say I think it's diminishing when you say that we're living in challenging times. It's an understatement. I think that we continue to be challenged with executive orders, judicial actions, funding freezes and more. We are seeing mass deportations and mass firings across the government. The federal government, areas that are continuing to have more and more impacts for everyday people. I have learned that at Housing Community Development, they are suffering delays because of the firings that have happened at Housing and Urban Development in the federal government. Just last night we learned that tariffs with Mexico and Canada were put in place. So, we will see the effects of those tariffs with our residents, and it's going to affect. Including even housing and how much housing costs, because lumber is being a, you know, tariffed at the federal level and at the end of the day, tariffs are paid by people here in our country. And so, it is, it is very concerning, chaotic and scary times that we're living in and there's a lot of questions up in the air as to how all of these changes are going to affect Tucsonans and Arizonans.

So, with that, I don't know if our city attorney had an update or if we wanted to go with Andres to talk to us about the federal and state, Mike.

City Attorney, Mike Rankin: Mayor, Members of Council, I was just going to address one of the questions that you are all getting all the time and we get as well, which is, well, how much federal funding is at risk for the City of Tucson? And from my perspective, if the money is not in our accounts and spent, then it's at risk and as the city manager said at the last meeting, the amount of federally awarded federal funding that we have yet to expend is approximately \$285 million. I think it's a fair measure to say that that money is currently at risk and that doesn't even capture the money that we would be issued going forward that the city would typically get through formula funding or in future competitive grant proposals, which is a much larger number. The vast bulk of that federal funds funding that 285,000,000 plus that we receive is for public safety, police and fire transportation projects as well as housing. those are the areas that are most at risk for us and for most cities that are dealing with these cuts or freezes or pauses or whatever they're being called.

A few examples, just to give some perspective, you got your choice neighborhood implementation grant. As you all know, that's a \$50 million grant for specific affordable housing projects, the largest of which, of course, is the Tucson House Rehabilitation project. In reliance on that grant award and the agreements that were executed under it, there's been some extraordinary work that's been done to move those projects forward. And now everything is

uncertain. Continuum of care funding to address homelessness and provide permanent supportive housing, there's already funding awarded for this fiscal year, the current fiscal year that approaches \$15 million. And it's not just funding to the city; it's with partner agencies TPCB primary among them. Again, that has not moved forward to a point where we've actually received the grant agreement to memorialize the award which was already approved.

So, it's at risk. Transportation funding, 22nd Street Bridge replacement project. I think you all know that's a \$25 million award under the Bipartisan Infrastructure Act. It's core infrastructure. It's a replacement for a bridge built in 1966 that commercial trucks, buses, and emergency vehicles can't go over because of the weight restrictions. It needs to be replaced. And that funding right now seems to be on hold. Or pause or delay. Or whatever the term you wanna use. We continue to monitor the court rulings. We are literally in meetings participating in meetings and phone calls every day with other jurisdictions and their attorneys and their representatives and their officials to try and keep our ear to the ground about what. Next. And we'll take what actions are appropriate to protect our interests.

Mayor Romero: Thank you. Mike, Andres.

Intergovernmental Relations Manager, Andres Cano: Thank you, Honorable Mayor, and Members of the Council, Mr. Rankin has been a stellar partner in tracking all of our federal updates. We do it at midnight sometimes online, and it just is really a plethora of information coming our way and so bear with me as I try to give you an update from Washington. the US House narrowly passed a budget resolution with all Democrats and even one Republican voting against it, highlighting the controversy with the budget bills going forward in Congress. Congressional Republicans aim to use the budget reconciliation process to pass it with a simple majority, bypassing the Senate filibuster. The Senate passed a skinny budget resolution, increasing defense, border and energy spending while addressing tax cuts separately, and the House and Senate must now reconcile those two versions. Though President Trump has said he prefers a single bill as passed by the house, the House budget outlines \$4.5 trillion in new spending prioritizing defence, immigration enforcement and tax cuts benefiting corporations and billionaires. Meanwhile, it calls for \$2 to \$3 trillion in cuts to key federal programs, including Medicaid, SNAP and Education, which of course are critical lifelines for Tucsonans specific directives from this committee include \$880 billion in cuts over a decade from the House Energy and Commerce Committee. That's where Medicaid lives, \$230 billion in cuts from the House Agriculture Committee, impacting SNAP, the nation's largest anti-hunger program.

So, we are continuing to monitor what this will mean for tucsonans and of course our closely tracking all of the financial agreements that are currently pending or still need to have some movement moving forward. So that's a quick update from DC. I want to give you some updates on what's happening at our state capital. This is day 51 of session. Last week was a marathon boating week, with some efforts still underway to get some of those bills across the chambers. We are actively tracking legislation on your behalf with 9 new bills added to our tracker as shared with your offices earlier today, I want to update you on. Senate Bill 1304. It's known as the AG to urban bill. This bill is water related. It will allow cities. In active management areas like Tucson to be designated as having an assured water supply if they meet specific criteria, we're recommending an opposed position for the time being given the following reasons.

Water resource concerns. This bill could have unintended consequences for our long-term water sustainability and lack of data.

There's no comprehensive analysis that has been done on the impact of this bill, particularly in the Tucson area and the Arizona Department of Water Resources is negotiating with the bill sponsor and actually recommends excluding. In Tucson, the bill as well. And so, our ask today is to continue to monitor the bill, but also to try to not be a part of the AG to urban conversation. Want to briefly update you on housing and zoning legislation? Negotiations continue between cities, legislators and the Governor's office on proposed housing and zoning laws. As you know, Mayor and Council have formally opposed what's known as the Starter Home Act due to the broad preemption of local authority. We are working diligently to proactively brief all of our delegation on Tucson's housing affordability strategy, as well as highlighting the direction you've given to staff on the Community corridor's tool which we see as a locally driven solution to increase our housing stock and without state preemption, by the way.

This approach has been well received, and we continue to proactively engage our success in these efforts. I want to remind everybody that as the state legislature considers all of its bills, the state budget, of course, is still in limbo. There is no current deficit as a result of the hard cuts that were made last last year. We are estimating roughly around \$200 million in available one-time spending with border security and tax refunds being a key priority of the majority party. Last but not least, just want to keep you posted in your inbox. You do have a summary of the 34 ballot referrals that are being considered for the 2026 ballot. Won't go through all of them right now and not all of them, of course, will make it past both the house and the Senate. But if they do pass both chambers, those bypass the governor and go straight to the ballot in 2026. So, with that I am available for any questions on state and federal matters. Thank you.

Council Member Uhlich: Very briefly and colleagues, I apologize for not flagging this sooner. Andres and I have connected regarding Senate Bill 1257. It relates to essentially court ordered treatment for folks with addiction and substance use. It allows for a five-day stabilization period and is supported by our colleagues on the Pima County Board of Supervisors as well as Doctor Belfer, who oversees the Crisis Response Center here. I'd like to add it to our tracker with a note of support recognizing that it's funded primarily through Medicaid dollars and we need to track whether it is then an unfunded mandate in any form. But I think there's enough substance that addresses some of the fentanyl concerns, especially that we've discussed to add it to the tracker. So, I'd move that, we add it to the tracker with a note of support.

Council Member Dahl: 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. Thank you so much for bringing that to us Council Member Uhlich. I feel much better that you feel comfortable, and Dr. Balfour feels comfortable with this bill? It's a new territory that we're walking into and so I hope that that there

is attached funding to to this bill. No, and that it does work well with other behavioral and mental health services that could possibly be attached to them. Anything else that you'd like to council member Fimbres?

Mayor Romero: I think that you have clear direction in terms of where we stand on certain issues and certain bills correct.

IGR Manager Cano: Yes, that is correct, Honorable Mayor and Members of the Council, thank you.

Mayor Romero: Alrighty. Well, I just wanted to add. You know, just a few examples of what's happening in the federal government. That will affect Tucsonans today in response to the terrorists that Trump administration put into place. Mexico's president, Claudia Sheinbaum, is expected to impose retaliatory tariffs on the US this weekend. Canada's Prime Minister Trudeau has started retaliatory tariffs. That began on Tuesday, which is today for us here in Tucson. The Medicaid and SNAP programs cuts will disproportionately hurt low-income families. Only seniors and individuals with disabilities. It will slash critical safety net programs for working families. Nearly 80 million low-income children, pregnant women, adults, seniors and people living with disabilities across the nation rely on Medicaid. As of October 2024, close to 2,000,000 Arizonans were enrolled in Medicaid and CHIP program. If these cuts move forward, states like Arizona will be forced to fill the gap, leading to a loss of coverage, reduced benefits, and stricter eligibility requirements for vulnerable communities. SNAP is. A lifeline for hundreds of thousands of Arizonans. 923,400 to be exact. That's 12% of Arizona's population. More than 68% of Arizona SNAP participants are families with children. Almost 29% of families with older adult or disabled members and more than 40% are working families. SNAP benefit families and stimulates local economies. So, the US Department of Agriculture estimates that every \$1.00 invested in SNAP benefits generates about \$1.50, in economic activity.

So many Arizona families are already struggling with food insecurity and poverty. These potential cuts from the federal government would push Arizona's hard-working families over the line. I'm outraged at the proposed cuts. As I know, my colleagues on the Council are as well, and I'm outraged that Congressman in District 6, Juan Ciscomani, voted for those cuts and voted for trillions of dollars. Of tax cuts to the wealthiest people in this country, as well as corporations. We're not sitting idly by. We're joining in coalition with cities across our country to make our voices heard on the impact of these cuts and and what that means to everyday Arizonans and every day to Sonnen's our Southern Arizona congressional delegation. Senators Kelly and Senator Gallego. Representative Grijalva and Representative Ciscomani. Understand or should understand the importance of Medicaid and SNAP.

So, I asked two senators to join me in demanding that our congressional representatives stand up for all of us here in Arizona. And make our voices heard by their vote in Washington. DC we can let up. It is a vicious game of whack a mole at this time as one potential area of cuts is addressed, another one will rise. The funding for education, housing, transportation, healthcare and other essential services are in jeopardy. And on the chopping block. Through this budget bill. We need to be clear with our community. So that they can understand how these services provide for Tucsonans in Arizona. So, I just wanted to add that because as I said earlier, there's a lot of

concern about what this budget bill will mean to our community. I don't know, Andres, if you need any additional. Direction from Mayor and Council on this item.

IGR Manager Cano: No, thank you, Mayor.

Mayor Romero: Thank you so much. Thank you, Mr. Thomure, and thank you, Mr. Rankin, for your update. We move on to Item 6.

6. Mayor and Council Discussion of Regular Agenda (City Wide) SS/MAR04-25-35

No items were identified

Mayor Romero: Does anyone have any items to remove from the consent agenda today? Hearing none, we move on to Item 7.

7. Mayor and Council Discussion of Future Agendas (City Wide) SS/MAR04-25-36

No items were identified.

Mayor Romero: Does anyone have any items for future agenda? Hearing none, Study session is adjourned.

Council Member Fimbres: Madam Mayor, the public interest report audit we did last year, and we'll add it on again for me,

City Attorney, Mike Rankin: So, we'll add it when we get the memo from the Council office.

Mayor Romero: Oh, OK. We will make sure that you bring that item to the Agenda Committee, Council Member Fimbres. Alrighty, hearing none, no others then study session is adjourned. I am gonna give us a 20-minute break, so 5:40, to be able to be back to start the regular session. Thank you all.

ADJOURNMENT: 5:21 p.m.

AUDIO RECORDING AVAILABLE UPON REQUEST FROM THE CITY CLERK'S OFFICE FOR TEN YEARS FROM THE DATE OF THIS MEETING AND IS AVAILABLE AT <https://www.tucsonaz.gov/gov/meeting-schedules-and-agendas>



MAYOR

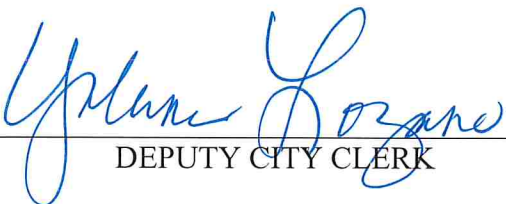
ATTEST:



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 4th day of March 2025, and do hereby certify that it is an accurate transcription.



DEPUTY CITY CLERK

SM:yl