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# MAYOR AND COUNCIL – STUDY SESSION

## LEGAL ACTION REPORT

**TUESDAY, AUGUST 6, 2025**

**MAYOR AND COUNCIL CHAMBERS**

**CITY HALL, 255 W. ALAMEDA, TUCSON, AZ**

Mayor Romero called the Study Session to order at 11:3 P.M. in the Mayor and Council Chambers, City Hall Tower, Tucson, Arizona.

### OFFICIAL MEMBERS

#### PRESENT:

- Mayor Regina Romero
- Vice Mayor Lane Santa Cruz (Ward 1)
- Council Member Paul Cunningham (Ward 2)
- Council Member Kevin Dahl (Ward 3)
- Council Member Nikki Lee (Ward 4)
- Council Member Rocque Perez II (Ward 5)
- Council Member Karin Uhlich (Ward 6)

### OFFICIAL MEMBERS

#### ABSENT/EXCUSED:

None

#### STAFF:

- Timothy M. Thomure, City Manager
- Mike Rankin, City Attorney

Suzanne Mesich, City Clerk

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**AGENDA ITEM / MAYOR AND COUNCIL ACTION**

1. **Executive Session - Stefferson v. City of Tucson, Claim No. 251172 (City Wide) SS/AUG06-25-127**
  
3. **Executive Session – Discussion of Pilot Project to Shelter Certain Unhoused Persons at 244 E. Grant Road (Ward 3) SS/AUG06-25-134**

(Item was taken out of order.)

5. **Executive Session – Discussion of a Potential Water Rights Settlement Agreement with the Pascua Yaqui Tribe in Connection with the Gila River Adjudication (City Wide and Outside City) SS/AUG06-25-136**

(Item was taken out of order.)

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It was moved by Council Member Dahl, duly seconded, and CARRIED by a voice vote of 7 to 0, to enter into Executive Session as noticed on the agenda.

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RECESS: 11:39 a.m.

RECONVENED: 12:31 p.m.

MAYOR & COUNCIL: All Present

STAFF: All present

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Executive Session was held from 11:39 a.m. to 12:25 p.m.

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It was moved by Council Member Lee, duly seconded, and CARRIED by a voice vote of 7 to 0, to return to open session.

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2. **Mayor and Council Direction Regarding Executive Session – Stefferson v. City of Tucson, Claim No. 251172 (City Wide) SS/AUG06-25-128**

It was moved by Council Member Dahl, duly seconded, and CARRIED by a voice vote of 7 to 0, to authorize and direct the City Attorney and City Staff to proceed as discussed in executive session and to approve the settlement of this claim for the amount of \$65,959.85.

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3. **Executive Session – Discussion of Pilot Project to Shelter Certain Unhoused Persons at 244 E. Grant Road (Ward 3) SS/AUG06-25-134**

(Item was taken out of order and considered after Item #1.)

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**4. Mayor and Council Direction Relating to Executive Session – Discussion of Pilot Project to Shelter Certain Unhoused Persons at 244 E. Grant Road (Ward 3) SS/AUG06-25-135**

It was moved by Vice Mayor Santa Cruz, duly seconded, and CARRIED by a voice vote of 7 to 0, to authorize and direct the city manager to proceed as discussed in executive session and to move forward with a proposed pilot project to establish a low barrier safe space for unsheltered persons under a program in collaboration with various community partners to assist individuals to obtain housing and other services.

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**5. Executive Session – Discussion of a Potential Water Rights Settlement Agreement with the Pascua Yaqui Tribe in Connection with the Gila River Adjudication (City Wide and Outside City) SS/AUG06-25-136**

(Item was taken out of order and considered after Item #1.)

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**6. Mayor and Council Direction Relating to Executive Session – Discussion of a Potential Water Rights Settlement Agreement with the Pascua Yaqui Tribe in Connection with the Gila River Adjudication (City Wide and Outside City) SS/AUG06-25-137**

(Item was taken out of order and considered after Item #8.)

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**7. Overview of Tucson’s Reclaimed Water System (City Wide and Outside City) SS/AUG06-25-131**

(This item was continued to the meeting of August 19, 2025).

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**8. Discussion of the Proposed Data Center Development Project Known as “Project Blue;” Review of Independent Economic Analysis and Draft Development Agreement; and Discussion of the City’s Regulation of Data Centers (City Wide and Outside City) SS/AUG06-25-132**

Mayor Romero asked Mike Rankin, City Attorney to read into the record the Rules of Decorum. The Mayor made opening remarks to the public and informed them this was the time for Mayor and Council to study items, have discussions and the opportunity to have asked questions.

Introductory comments were made by Mayor Romero and explained what Tucson needed and deserved being clear and enforceable guidelines and what the future of Project Blue would be.

It was moved by Vice Mayor Santa Cruz, duly seconded, and CARRIED by a voice vote of 7 to 0, to accelerate the consideration and adoption of an Ordinance regulating Large Quantity Water Users, as previously discussed by the Mayor and Council during the June 17<sup>th</sup> Study Session, by scheduling an item for that purpose on the August 19<sup>th</sup> Regular Session meeting; and initiate the public process required for the consideration and approval of amendments to the City's Unified Development Code for the purpose of updating zoning requirements that apply to large scale data centers in order to safeguard public health and safety. These amendments will include a clear definition of "data center" and the design and development regulations and standards that apply to them; and will be informed by examples of similar requirements adopted or under consideration elsewhere in Arizona, including but not limited to Phoenix, Chandler, Mesa, and Tempe. The amendments will also require that applications are reviewed under the Zoning Examiner Legislative Procedure, which requires approval by the Mayor and Council after recommendation by the Zoning Examiner.

Council Member Uhlich thanked the mayor for taking the most important step and indicated they were done with the Project Blue for many good reasons. Mx. Uhlich also said they need to set guardrails in place, and asked Mike Rankin, City Attorney for help on a motion to have the annexation and development agreement removed from the August 19, 2025, Mayor, and Council meeting.

It was moved by Council Member Uhlich, duly seconded, and PASSED by a roll call vote of 7 to 0 to find and determine that we will not consider or approve Project Blue as it has been proposed; and that we direct the City Manager and staff to end negotiations relating to the draft Project Blue development agreement and related annexation immediately. I also move that we cancel the scheduled annexation public hearing and remove the development agreement item relating to Project Blue from the August 19<sup>th</sup> agenda; and direct staff to take any other steps necessary to end the process for the consideration of the annexation.

Council Member Perez stated what brought him pause was the matter if Tucson didn't undertake the project with the progressive mandate, what municipalities would undertake the project with a voter based and a council with much less scrutiny of the development. He also addressed his confidence in knowing in the recognition of rejection by the Mayor and Council, if would not proceed to scale as what was

proposed. He urged Pima County and counterparts in other municipalities to pay close attention to what would happen next.

Council Member Lee thanked the members of the public who showed up for their community and said how important it was to hear from them directly to be informed on how to move forward with Project Blue. She explained the need to bring a level of transparency and honesty and open communication with the public, especially with having to look at the other side as well, even if not well received, she appreciated the feedback that this project was still not the right path.

Council Member Lee also talked about when she met with the Project Blue team, she let them know the building of these data centers being built were not sustainable. She also talked about the many conversations she had with the Ward 4 residents, and what was mostly said was the residents did not want this type of development. She stated she would be supporting the motion.

Council Member Dahl gave kudos to his colleague for the depth of information she provided on the project, and said he too would be supporting the motion.

Council Member Cunningham talked about why he was not going to support this project. He also indicated the part of the project that concerned him was there was a flawed system with not having public power. There was no guarantee that if the center was to be built, the power supply to the data center was not going to be pass on to our ratepayers. He also said they would need to work towards how to fix that, and adjust the current system. He also thanked the mayor for the work she had put into this and brought it to the table for discussion.

Vice Mayor Santa Cruz talked about how the public has been having conversations regarding Project Blue. She also stated it was their responsibility to do their due diligence, ask hard questions, investigate thoroughly, and hold space for the public. The vice mayor also said the project does not align with the values, climate reality or long-term economic vision. She also talked about the frustration of how this project was and that the proposal should have never gotten this far. She went on to say she wanted to see city staff working in alignment with the directives of the Mayor and Council and in deep relationship with the communities they serve and take a stand for them.

Mayor Romero stated the community needed a Mayor and Council that takes the lead in the economic development, but the community needed to be a partner in and how they decide to create prosperity in our city. She also stated the work does not end

there, they really must push the status quo, and question. There was still work to do and the mayor expected the receive the same energy from the public as a community to get things done. She also stated as servants of the community she expected the public to hold them accountable.

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It was moved by Council Member Dahl, duly seconded, and CARRIED by a voice vote of 7 to 0, to enter into Executive Session as noticed on the agenda.

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RECESS: 1:20 p.m.

RECONVENED: 2:03 p.m.

MAYOR & COUNCIL: All present

STAFF: All present

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It was moved by Council Member Lee, duly seconded, and CARRIED by a voice vote of 7 to 0, to return to open session.

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Executive Session was held from 1:20 p.m. to 1:54 p.m.

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**6. Mayor and Council Direction Relating to Executive Session – Discussion of a Potential Water Rights Settlement Agreement with the Pascua Yaqui Tribe in Connection with the Gila River Adjudication (City Wide and Outside City) SS/AUG06-25-137**

(This item was taken out of order.)

It was moved by Council Member Dahl, duly seconded and CARRIED by a voice vote of 7 to 0 to direct the City Manager and the City Attorney to proceed as discussed in executive session.

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**9. Additional and New Tax and Fee (Revenue) Options (City Wide) SS/AUG06-25-133**

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

Information and presentation were given by Angele Ozoemelum, Business Services Department Director. She provided an overview of fiscal year 25/26 general revenue, the liquor taxes and fees and the focus of fiscal year 2026. She stated the LTAF is not a usable option for the City of Tucson due to the court case surrounded by this topic. She also talked about the list of new revenue initiatives and methods needed for enactment. She provided the estimated annual additional revenues with possible rate

changes on items. She started the conversation about an advertising privilege tax as one of the items the city manager recommended with a 2 percent increase.

Mayor Romero asked what other cities' information we have to compare to and if we had an advertising privilege tax in place. Ms. Ozoemelam stated they had information on the cities of Phoenix, Mesa, Glendale, Scottsdale, Tempe, and Chandler which range from .5 percent to 2.9 percent, and no there was no current tax in place in Tucson.

Mike Rankin, City Attorney said it was a permissible taxable category within the Model Cities Tax Code, but Tucson always assigned it a 0 percent tax rate and in the past the Mayor and Council had decided whether to impose the same level tax and they had the ability to tax up to 2.6 percent.

Angele Ozoemelam, Business Services Department Director continued the discussion on pawn shop fees and licensed taxes, if they were to be raised to \$3.00 per transaction from \$1.00, there would be an estimated revenue of \$400.00 which did not include the license fee of \$1,000.00. She went over the Peddler license tax and fees that will need to be approved by Mayor and Council which would have an estimated revenue of \$1,500 with the rate being changed from \$50 to \$100 occupational license fee. She also went over the fourth item recommended by the city manager which is the largest revenue return being the public utility tax. This would need Mayor and Council approval as it comes through the public utilities. They were considering a 5 percent increase with the 2.6 percent privilege tax that would take it up to a rate of 7.6 percent for a net estimated revenue of \$5.3 million.

It was moved by Council Member Uhlich, duly seconded, to accept the manager's recommendations.

Discussion ensued, comments and questions were made by Mayor Romero, Vice Mayor Santa Cruz, Council Members Cunningham, Dahl, Lee, Perez and Uhlich. Timothy M. Thomure, City Manager and Angele Ozoemelam, Business Services Department Director, and Mike Rankin, City Attorney fielded and answered questions.

Council Member Cunningham offered an amendment to the motion to accept the city manager's recommendation except for item #10 and stated that staying with the current tax on hotel tax would not hold back our ability to still move forward with everything else.

The amendment was not accepted by the motion maker.

Discussion ensued.

The city manager's recommendations as presented was declared/passed and CARRIED with a voice vote of 6 to 1 (Council Member Cunningham dissenting).

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**10. Continued Discussion and Direction Relating to System-Wide Efficiencies, Fare Equity Analysis, and Funding for Mass Transit (City Wide) SS/AUG06-25-130**

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

Information was given by Sam Credio, Department of Transportation and Mobility Director on public outreach of Route 5 being eliminated, the results based off the fair equity analysis conducted and the role of the Sun Link streetcar played. He talked about the Route 5 analysis, directed by Mayor and Council. They proceeded with public outreach regarding the potential elimination of Route 5, which travels along Pima and Speedway roughly from Udall all the way out West to Pima Community College campus West.

Mr. Credio indicated that, in the month of May, staff completed 11 outreach events in person, as well as virtual. Through that process, they received 119 comments either in, in person, verbally, sent via e-mail or phone calls. Additionally, they received a petition advocating for maintaining service on Route 5 and the Tucson Transit Advisory Committee. Tac approved a motion at their June meeting in opposition of removing Route 5.

Mr. Credio indicated their recommendation was different from the one Mayor and Council received in their packet of Route 5 being eliminated with the same goal of saving over \$1 million in transit service. The recommendation was to revert to the potential elimination of Route 22 which is a major service change and would need Mayor and Council approval.

It was moved by Vice Mayor Santa Cruz, duly seconded, and CARRIED by a voice vote of 7 to 0 to accept the recommended changes presented by the city manager and the Department of Transportation director.

Mr. Credio also provided information on the results from the fair equity analysis that was conducted and presented back on April 8, 2025. He stated the direction for this item would be to proceed with scenario 5 which is the return to fair collection with the 2018 fare structure except for creating a free low-income program.

It was moved by Council Member Dahl, duly seconded to direct staff to maintain the fare free transit.

Discussion ensued, comments and questions were made by Mayor Regina Romero, Vice Mayor Santa Cruz, Council Members Cunningham, Lee, Perez and Uhlich.

An amendment to the motion was made by Council Member Dahl, duly seconded, to have staff report back in sixty days on what it would look like to create a safe environment.

Further comments were made by Mayor Romero about the safety of the transit system, bus stops and fares to remain free. Discussion ensued; comments were made by Vice Mayor Santa Cruz, Council Members Cunningham, and Perez.

The motion to maintain free transit and bring back a safety plan for both the drivers and users of the system was declared and CARRIED by a voice vote of 5 to 2 (Council Members Cunningham and Lee dissenting).

(Council Member Dahl departed at 3:27 p.m. and returned at 3:30 p.m.)

Mr. Credio also provided information about the Heart of Tucson, Streetcar, contributing greatly to the downtown area and the key partnerships. He also discussed the role that parking played in supporting the streetcar along meter rate and enforcement hours being changed.

(Council Member Lee departed at 3:34 p.m. and returned at 3:39 p.m.)

Discussion ensued, comments were made by Council Member Dahl and Uhlich, Sam Credio, Department of Transportation and Mobility Director and Timothy M. Thomure, City Manager fielded and answered questions.

It was moved by Council Member Uhlich, duly seconded to move forward with the \$0.50 increase plus extended hours to maximize revenue.

Mayor Romero made an amendment to the motion, duly seconded, and CARRIED by a voice vote of 7 to 0 to include Pima County to share the cost of the transit system.

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RECESS: 3:42 p.m.

RECONVENED: 3:55 p.m.

MAYOR & COUNCIL: All present

STAFF: All present

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**11. Continued Discussion and Direction of Outstanding Issues and Next Steps related to the Regional Transportation Authority of Pima County (RTA) (City Wide) SS/AUG06-25-129**

(Council Member Cunningham returned at 4:00 p.m.)

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

Information was given by Sam Credio, Department of Transportation and Mobility Director of RTA appointed Mike Ortega as the interim executive director and their focus from the last few meetings have been the completion of the 2026 RTA plan and RTA Next plan. He also discussed that the revenue collected over the life of the program was a billion dollars short than what was projected back in 2006. He also stated the cost to complete all the remaining projects exceeded the \$139 million.

Comments and questions were made by Mayor Romero, Vice Mayor Santa Cruz, Council Members Cunningham, and Uhlich.

Mike Rankin, City Attorney stated he would be adding a plain waiver of any conflict of interest to the Consent Agenda for the August 19, 2025, meeting due to the appointed interim director being a former employee of the City of Tucson.

No formal action taken.

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**12. 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/AUG06-25-124**

Comments were made by Mayor Romero about the affordable housing bill that would modernize outdated federal requirements and give our city more local control.

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

Information was provided by Stephanie Zamora, Assistant to the City Manager.

Comments were made by Council Members Dahl and Perez.

No formal action was taken.

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**13. Mayor and Council Discussion of Regular Agenda (City Wide) SS/AUG06-25-125**

Council Member Perez requested that Item i on the Consent Agenda be considered separately.

Item i – Subaward Agreement for FY23-The Smart Policing Initiative Grant Program (City Wide) AUG06-25-225

No formal action was taken.

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**14. Mayor and Council Discussion of Future Agendas (City Wide) SS/AUG06-25-126**

Council Member Cunningham requested an item for discussion on the increase of Tucson Police officers on patrol.

Council Member Dahl requested an item for discussion on food trucks.

No formal action was taken.

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ADJOURNMENT: 4:28 p.m.

*AUDIO RECORDING AVAILABLE UPON REQUEST FROM THE CITY CLERK'S OFFICE FOR TEN YEARS FROM THE DATE OF THIS MEETING.*

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