

Minutes of the Special Meeting of the Citizens Advisory Committee (CAC) of the City Council of the City of South Tucson, Arizona, held Monday, April 22, 2024, at 5:30 p.m., at the City of South Tucson Council Chambers, 1601 S. 6th Avenue, South Tucson, Arizona.

Staff Present: Veronica Moreno, Interim City Manager
Lourdes Aguirre, Finance Director
Jon Paladini, City Attorney
Mark Reader, Stifel

CAC Members Present: Karen Karl, Chair
Melissa Brown-Dominguez, Vice Chair
Dan Eckstrom
Arlene Lopez
Dennis Luttrell
Dwight Metzger
Scott Sears

1. CALL TO ORDER

Ms. Moreno: Today is Monday, April 22nd, the time is now 5:40 p.m. This is the date and time for the City of South Tucson's Citizens Advisory Committee. I am Veronica Moreno. I am Acting City Clerk, and I am also City Manager. I will read the Purpose and Formation of this for the purposes of the role of this board.

Purpose & Formation: The Citizens Advisory Committee is comprised of seven citizens from the community, appointed by the City of South Tucson Council to look at financing options that will help with the funding gap and capital expenses related to Fire Service. Members might be affiliated with a community group but will not formally represent any group on the Citizens Advisory Committee.

Open Meeting: Members of the Committee must attend in person. Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the general public and to the members of the Committee that the Committee will hold a meeting open to the public to discuss, consider, and take legal action on the following agenda items: The first agenda item is call to order.

2. ROLL CALL

Ms. Moreno: I will start with my right, the first person to my right is Melissa Brown-Dominguez.

Melissa Brown-Dominguez: Here, present.

Dan Eckstrom: Here.

Mr. Dwight Metzger: Here.

Ms. Arlene Lopez: Here.

Ms. Karen Karl: Yep.

Mr. Dennis Littrell: Here.

Ms. Moreno: Let the record reflect that Board Member Scott Sears is not present. Staff, which includes myself, Ms. Veronica Moreno, Finance Director Lourdes Aguirre, City Attorney Jon Paladini, and Mark Reader with Stifel who is the City's Financial Advisor.

3. APPROVAL OF MINUTES

There are none.

4. ACTION AGENDA

Ms. Moreno: I don't see the Pledge of Allegiance, but I will go ahead and include that as Clerk of the Board. [The flag had been moved into the Conference Room. Ms. Moreno pulled one up on her phone for members to look at while reciting the Pledge of Allegiance]. My apologies, I did not realize it was in the conference room.

a. Swearing in of new members

Ms. Moreno: I will hand each one of you the Loyalty Oath of Office and then you can follow. If you would please, after we are done write your name and signature at the bottom. Everybody raise your right hand. I, say your name, (each Member cited their name) do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution and laws of the State of Arizona and the City of South Tucson. (Members repeated after Ms. Moreno). That I will bear true faith and allegiance to the same and defend them against all enemies, foreign and domestic. (Members repeated after Ms. Moreno). And I will faithfully and impartially discharge the duties of the position of Citizens Advisory Board according to the best of my ability, so help me God. (Members repeated after Ms. Moreno). Thank you. Please sign at the bottom, and put your name at the very top.

b. Appointment of Committee Chair

Mr. Eckstrom: Having been an active Chair, I would move that we name Karen Karl as Chair.

Ms. Moreno: Is there a Second?

Ms. Brown-Dominguez: I'll Second.

Ms. Moreno: Roll Call.

Dennis Luttrell: Yes.

Karen Karl: Yes.

Arlene Lopez: Yes.

Dwight Metzger: Yes.

Dan Eckstrom: Yes.

Melissa Brown-Dominguez: Yes.

Ms. Moreno: Motion passes. Karen Karl is Chairwoman to the Citizens Advisory Committee.

c. Appointment of Committee Vice-Chair

Ms. Moreno: Chair, you can appoint your Vice-Chair.

Chairwoman Karl: Is anybody interested in being Vice-Chair?

Mr. Luttrell: I am.

Ms. Moreno: Anybody else interested?

Ms. Brown-Dominguez: I'm interested.

Ms. Moreno: Would anybody like to make a Motion for either.

Mr. Luttrell: I defer to her, that's fine.

Ms. Moreno: Is there a Second to the Motion?

Mr. Eckstrom: I'll Second the Motion.

Ms. Moreno: There's a Motion by Dennis Luttrell to appoint Melissa Brown-Dominguez as Vice-Chair, Seconded by Dan Eckstrom. Roll Call.

Dennis Luttrell: Yes.

Karen Karl: Yes.

Arlene Lopez: Yes.

Dwight Metzger: Yes.

Dan Eckstrom: Yes.

Melissa Brown-Dominguez: Yes.

Ms. Moreno: Motion passes.

5. BRIEFING

a. City Staff - Recap / Update

Ms. Aguirre: Good evening, Chair and Committee Members. The City Manager just mentioned what the purpose of this Committee is, and this arises from multiple conversations that we have been having with Mayor and Council regarding operations, costs involved with operations on the public safety side. At the last meeting that we had, I went ahead and shared with you all, I think some of you all may have gotten a copy of this document where I pretty much just summarized some of the challenges that we are looking at coming into the current fiscal year from last year. Nothing has changed. We have seen a drop in state-shared revenues, our sales tax rates are already as high as they can go. We have challenges with our contribution rates with the pension, so that means that the cost of employing people on the public safety side is very expensive. Also, another thing, our bond payment is going to be going up. Some of you may have heard or listened to the presentation of Mr. Reader and he had mentioned we had financed some old debt in 2019. We were able to make sure that the first couple of years were a little shorter when it came to our payments, reduced payments for at least like five years. So, instead of the usual \$600,000, it was \$400,000. That's going to be going up next fiscal year back to \$600,000. Already we have a lot of challenges, and our payment is going up again, so where do we find capacity, where do we find revenues to be able to afford equipment and continue providing services. So that is why you all were appointed. I am now going to go ahead and defer to Mr. Reader, and he will probably recap on some of the things we discussed at the last meeting and bring you up to speed.

Mr. Reader: Thank you. Good evening, everybody. I recognize all of you from last week, last Tuesday I think it was. Congratulations on your appointment to the Committee. I think forming this Committee, from my viewpoint just working around the State for many years, is really important to bring the citizens in, which is why you are here, and it's great to see, so you can work as a team towards try to come up with a solution. Before I get into some of the numbers, some of this is a repeat from the other night. I did update some of the

numbers that I will walk you through, but maybe before I do that, the reason I redid some is I woke up at 3 in the morning. Maybe you can share with the Committee kind of the operating expenses of Fire, having your own Fire Department versus maybe the other alternative you have which I understand is through Tucson. Do you want to talk to them a little bit about that? As I understand, it's about \$2 million a year that was the proposal which did not include capital, so would you mind just sharing with the group?

Mr. Metzger: I'm sorry, was that \$2,000 for the City of Tucson or for us?

Ms. Moreno: \$2 million.

Mr. Metzger: \$2 million, I'm sorry, did I say \$2,000?

Mr. Reader: \$2 million operating expense, so would you mind sharing with the Committee about this?

Ms. Moreno: I'll defer to Finance Director.

Ms. Aguirre: Yes, sure. So, the quote that we received from the City of Tucson was for about \$2 million to have a fully staffed Fire Department here, plus all of the back-up that it comes with, however many engines are needed for fires, you probably have seen how many have come to assist and put out fires recently.

Ms. Moreno: Excuse me, let the record reflect Committee Member Scott Sears is present. I need to swear you in. I am going to give you this document here, and you can repeat after me. Once again, it's Scott Sears, Loyalty Oath of Office. I, state your name.

Mr. Sears: Scott Sears.

Ms. Moreno: Do solemnly swear or affirm that I will support the Constitution of the United States and the Constitution and laws of the State of Arizona and the City of South Tucson. (Mr. Sears repeated after Ms. Moreno). That I will bear true faith and allegiance to the same and defend them against all enemies, foreign and domestic. (Mr. Sears repeated after Ms. Moreno).

Mr. Sears: And I will faithfully and impartially discharge the duties of the position of Citizens Advisory Board according to the best of my ability, so help me God.

Ms. Moreno: Thank you, Scott, you are hereby now a Member of the Citizens Advisory Committee. The Citizens Advisory Committee has appointed Karen Karl as Chair, and Melissa Brown-Dominguez as Vice-Chair. We just now started to introduce the item on the agenda. We are at Item #5, Briefing. Do you have any questions to this point?

Mr. Sears: No.

Mr. Eckstrom: Do you need him to sign?

Ms. Moreno: Yes, if you could please sign the document. Thank you.

Ms. Aguirre: Mr. Sears, we just went over briefly some of the things that we mentioned at the last Council meeting in regard to the handout and the challenges. You probably may have had a moment to look them over. At this point, I was asked to just give a brief update on cost comparison or cost estimates for in-house and contracting out on fire service. The estimate that we have received from the City of Tucson is about \$2 million and as I mentioned that is for everything, all inclusive, for year-to-year costs.

Mr. Metzger: Is that a fixed cost, period, or is it escalation thing if something happens?

City Attorney Paladini: It goes up about 2.5% a year.

Mr. Metzger: But nothing else as far as the workload or anything?

Ms. Aguirre: No.

Mr. Metzger: Using the facility here?

Ms. Aguirre: Yes, it is.

Mr. Reader: This would be, this station would be a Tucson Fire Department station.

Mr. Sears: Would they upgrade the station?

Mr. Reader: Yes.

Ms. Aguirre: Yes.

Mr. Sears: And how much deferred maintenance is quoted in South Tucson? What are annual maintenance costs?

Ms. Aguirre: The \$2 million, that's operating costs, so that's the cost of labor, and you know, just upkeep. I think it was about \$16,000, do you have it, Veronica?

City Attorney Paladini: Why don't you give them the big number, the one-time cost.

Ms. Aguirre: Ok, so year-to-year it's \$2 million. One-time cost is \$1.9 million. What that includes is a fire pumper, it also includes cost of training, hiring new employees for City of Tucson, and then it also includes about \$100,000 for building improvements.

Mr. Eckstrom: So, the first year it's \$1.9 plus \$2 million? \$1.9 million plus \$2 million?

Ms. Aguirre: Correct.

Mr. Eckstrom: So, \$3.9 million total.

City Attorney Paladini: But the plan was over ten years, the Tucson IGA is a ten-year term and that the one-time cost would be spread over that ten-year term, so about \$2.2 million a year for a ten-year term.

Mr. Eckstrom: Oh, ok.

Mr. Metzger: With an increase every year of 2%, right?

City Attorney Paladini: The annual cost would go up \$2.5% a year to cover basically what the MOU would contemplate for cost-of-living increases for Tucson Fire, about \$2.5% a year.

Ms. Moreno: And if I may add to that question, also the pension. You will hear that a lot in this conversation, so a lot of the reasons why we are in the position that we are in is because of our pension. Every single police and fire department in Arizona have to pay toward PSPRS, which is the Public Safety Retirement System. There are two separate pots; one is dedicated to Police, and one is dedicated to Fire. In all agencies, both rates are different depending on your employee pool. Here in South Tucson, we have a small pool of

firefighters, which you will hear more about this but just so you understand what PSPRS pension rates and the quote that we got from the City of Tucson, when we talk about the on-going costs and the inflation and the 2.5% that goes up year-to-year, it factors that in, too. Personnel costs, and like Jon was saying, that's because of cost of and inflation, and employees are your most expensive cost anywhere you go. It's the most expensive cost.

Mr. Sears: So ten years ago, about 20%.

Ms. Moreno: Oh, yeah.

Mr. Sears: And you can cut off the City of Tucson at any time?

Ms. Moreno: Yes, there will be language in the contract. If the City of South Tucson were in a position where it was financially feasible to staff our own, then on the contract we will have language where -

Mr. Paladini: It's a one-year termination.

Ms. Moreno: Yes, a one-year termination notice.

Mr. Luttrell: Will it be renewed every year?

Ms. Moreno: No, it's going to be ten years but there will be language in the contract where we will have to give one-year notice if the City wishes to terminate the contract.

Mr. Paladini: Or if Tucson wants to terminate the contract.

Ms. Moreno: Or vice versa.

Mr. Luttrell: So, does it approve this bond for operations and capital, or is it meaning just the main cost that the bond is for?

Mr. Paladini: We'll get to that.

Mr. Metzger: Will the City of Tucson take existing South Tucson firefighters?

Mr. Paladini: We don't have any.

Ms. Moreno: The one person we have, so the budget, I want to be totally transparent with the Board, our current budget has three full-time positions in it. We do have one position filled, but for all intense purposes, that one position is retired. So, the person in that position is in a program called "Drop" through the PSPRS. So, "Drop" is an acronym for Deferred Retirement Option Plan, so that employee has opted into that plan after serving 20 years of employment, and that person or employee has five years to invest in monthly pension into this high-interest investment account, but only up to five years. The other two positions have not been filled and that is because I have made that decision until such time the Council and City side of what to do with the Fire Department, I'll be able to better gauge as to whether or not I need to fill those positions. Does that make sense? It took me a long time to understand that, so I hope I could explain that ok.

Ms. Aguirre: You did very well.

Ms. Moreno: It's kind of confusing sometimes when you don't hear these things every day like we do, it can be a little confusing, but don't hesitate to interrupt and ask questions, because it is a lot of information we are going to be giving to you tonight.

Mr. Luttrell: Has the existing Fire Department provided a proposal or work-up plan, what it costs to do this?

City Attorney Paladini: Yes and no. The Mayor came up with a counter proposal to what we refer to as models. We have two models at the current point; the IGA model through City of Tucson, and then a South Tucson Fire Department model, which would consist of six full-time employees, firefighters, three shifts, two per shift, plus it would contemplate two Reserves every shift.

Mr. Sears: Wouldn't it be cheaper just to get rid of the Police Department, sell it out.

City Attorney Paladini: That's off topic. We are sticking to the question of how we fund the Fire Department, and this is what this Committee is for. That model would cost about \$2 million a year. If you crunch all the numbers in terms of employment costs, the six PSPRS employees and then the cost of the Reserve employees, you would probably have to have more than six full-time employees, because you always need redundancy unless you plan on, if a full-timer say, goes on vacation, if you are putting a Reserve in that slot, you are relying on three Reserves rather than just two. Reserves have been an issue, but again, the models cost about the same. The upfront cost is slightly less than the one-time cost because the City would still need to buy a fire truck which is about \$1 million.

Mr. Sears: You could get a refurbished one for like \$35,000 with like 84,000 miles on it.

City Attorney Paladini: Fire trucks aren't measured in miles; they are measured in hours like airplanes.

Mr. Sears: So it's got nothing. I looked into it.

City Attorney Paladini: Again, if we are talking about something you are going to invest bond money to purchase, a 10-year or 15-year bond, you want to make sure the money, it's like paying for dinner on a credit card and then just paying the minimum every month until you pay off that dinner. You can pay off that dinner in six months and you have eaten the dinner in one night, so it's not really financially wise to buy a vehicle on a 15-year term if the vehicle is going to last you five years.

Mr. Luttrell: Is there a bunch of work up like this paper that shows their work up for the numbers you are talking about?

City Attorney Paladini: Yes. There is, but when you get to the point of this, we are not talking about models with this Committee because the cost is about the same whether you do the Tucson IGA model, and there's pros and cons to that, or you do the South Tucson Fire Department model, and there's pros and cons to that. The annual cost is about \$2 million.

Mr. Luttrell: Ok, my representative, Anita Romero, she expressed to me that her wishes were to keep this Fire Department.

City Attorney Paladini: Understood.

Mr. Luttrell: Let me finish. What I am saying is I would be able to talk to her and the thing is all I am doing is just a piece of paper with a plan, if we could see that for a real fire department, the fire department here, we could make a more informed decision.

City Attorney Paladini: The decision here is not about the model. You're not charged with picking them out. You are charged with figuring out how to finance either model, because either model is going to cost about the same, especially on the annual cost. We have some estimates about the annual costs that the Mayor had put together which came to about \$2 million, but frankly, we think it's a kind of an underestimate because we have some blanks in there. The one-time cost on the South Tucson model may be last, because you have a fire truck purchase, one or the other. The Tucson IGA model included training because Tucson's plan was to hire 60 firefighters, but they are not going to be assigned to this station, they were going to move firefighters from other stations to move here and then backfill with those six. There's a training cost to that, there was a remodeling cost, a restoration to the fire station in either one. So really, the difference is about the one-time cost, maybe about half a million, half for this model versus \$2 million. Bottom line of all this is the model is irrelevant.

Mr. Luttrell: And that's why the Council member appointed me, that's what she thought she was doing.

City Attorney Paladini: No, you're not picking the model. You are not making a recommendation on the model. You are charged with figuring out how you finance a fire service. I use the term fire service because you have a South Tucson Fire Department, you have an IGA with the City of Tucson to provide the fire service. It's a full-service fire service in these two models. They both, for all intense purposes, they cost the same, so the City of South Tucson now has about \$1.6 million annually to fund the fire service, about \$400,000 short, give or take.

Chair Karl: Excuse me, can I just interrupt for a moment?

City Attorney Paladini: Sure.

Mr. Eckstrom: I want a point of order, because I am concerned. We are a Citizens Advisory Committee. We are not decision makers. The decision makers are the City Council and we are making a recommendation to them and I am concerned that somewhere down the road here we probably should have a session on the open meeting law because it pertains to this group, and our ability to talk about things not agendaized is a violation, and I don't want to get caught in trouble because of that.

City Attorney Paladini: For today's purposes, I can keep you on track if we start going off agenda, and we can set for the next meeting, we can get a brief open meeting training. We aren't agendaized for it.

Mr. Eckstrom: No, what I am saying is I'm making it as a point of order.

City Attorney Paladini: Right. What this Committee, and again, if you go back to the agenda, the purpose and formation, I encourage you to read it. The purpose of this Committee is, there is a funding gap to have a full fire service, whether it is South Tucson Fire Department as a fire service, or the City of Tucson by way of an IGA. There's about a \$400,000 funding gap. There is also an upfront cost that is \$1.5, \$2 million, and the City of South Tucson doesn't have that money, either. The question really for this Committee is to make a recommendation to Council, how do you make up that gap, because, I should back up. There is a third model which is what we are doing now, which isn't really working all that well. That's why we are looking to be able to provide one, we provide a service model that is a full-service Fire Department, whether it's by way of an IGA or it's by way of City of South Tucson having its own Fire Department. They are the same cost, so this is a funding committee, and so that's why, when I say you mentioned the Police Department, that's off topic. We have a very narrow topic and that is why Mark is here. Mark is going to talk to you about the numbers and

what it would take to bridge those gaps and come up with one-time money. And it's really for you to decide, to recommend to the Council at the end of the day, yes, please go forward and do this bond funding, you know, election in November or no, we've got better ideas in terms of funding, or we've got some suggestions, however you want to do it. And then also think about what it would take to get this bond funding done. Remember, an election in November, if the bond passes, it money doesn't even show up until like March.

Ms. Brown-Dominguez: Of next year.

Mr. Eckstrom: So, you can do it quickly.

City Attorney Paladini: So, that is kind of the snapchat of where we are today on this and it is obviously, it's been a public issue for well over a year now for Staff, or even longer than that trying to come up with a solution to the problem. So, we are here. The Council has appointed you as sort of, as Mr. Eckstrom said, an advisory committee to help solve the funding problem.

Chair Karl: But in terms of the funding options, the only one we are going to be presented with is this bond, is that fair to say?

City Attorney Paladini: At this point, yes.

Mr. Eckstrom: To make sure, we have also got to remember that because of the way the State Election Laws work, we have to have a decision made to hold an election on November 5th, by May 15th.

City Attorney Paladini: The Council has to be able to do that.

Mr. Eckstrom: The Council has to do that, so our work is expedited a little bit in getting them a recommendation, because they can either do it with a fire recommendation.

City Attorney Paladini: There are other funding tools out there. We sort of alluded to those at the Council meeting, about a primary property tax which would be direct funding into the general fund, but that's a much longer process. You basically have to stop your primary property tax for a year and then send it back to the voters at whatever rate you want to set it at based on the assessed valuation of the properties in the City to generate general fund revenue. But that is maybe a two-year process.

Mr. Eckstrom: It's longer than that.

City Attorney Paladini: You have to drop it, drop your property tax, wait a year, go back on an election, and elections for tax have to be in November. So, whatever it is, it is a possible funding solution that this group or a group like you may come back in the future to sort of help bridge the gap because I think what Lourdes mentioned, this City's TPT is 5% pretty much across the board. It is the highest in the State by at least a point and a half that I could think of. The City also at the end of this year will lose residential rental tax. 85% of the population here is renting, so it's a pretty good chunk of money, so you are actually losing TPT revenue. You can't raise that. There's a point of diminishing return and obviously you just can't raise it any more than 5%. So, there are sort of very limited avenues and that's why it's pretty evident Staff has looked at in bringing you on board to find it. How do you get there, if you do want to get there.

Ms. Lopez: The recommendation has to be done rapidly, because, you know, time is of the essence. We need to concentrate on coming up with a plan here.

City Attorney Paladini: Covered?

Chair Karl: Yes, thank you, Jon.

Mr. Reader: As I mentioned, some of this may be a repeat. So, property taxes are in most communities the most controversial way to build projects or to raise money for operations. Does everybody agree?

Ms. Lopez: Yes.

Mr. Reader: No tax is easy, no tax is fun, so we got here because there is really no room in the sales tax, it doesn't sound like to me. You could; you're a general government city and your City Council can raise sales tax. Marana, by way of example, just raised theirs one half a cent for capital. They didn't want to do a property tax bond for capital. Marana is lucky. They got a higher road. Marana's got a huge economic base by which to generate \$6 million a year off a half cent sales tax increase for a period of time. So that one is problematic for us for a variety of reasons that you are aware of, the cash position of the City, the liquidity position. Lourdes and Veronica, I think, is under some pressure in and of itself. I mean, how much do you have in your general fund right now, just roughly, restricted?

Ms. Aguirre: Restricted, just about \$1.9, I would say, restricted.

Mr. Reader: The City's got a little bit of cash but not a whole lot, so now on the back end of this option, under Arizona law, we are limited to what we can do, as you all know, and so as we looked at this situation. Let's go ahead. I think it's a very innovative and kind of a creative way to help you with your problem here as it relates to Fire. What I am going to share with you, we are probably going to have to tweak this as we go along, so bear with me because I learned every time I get in the room. So let me go through this again. A little bit of a repeat from the other night, and then we can collaborate and communicate on it. We've got our handy book. Ok, so this is a reminder from the other night. I hope it was helpful to you all. I hope I don't spend too much time repeating myself. You all were extremely patient the other night as we were going through this with Council. So we kind of got ourselves in a situation where under Arizona law, what could we do. What are our tools in the toolbox under statutes, and Arizona has this law as I mentioned the other night, we call it 20% money and 6% money. It's a formula based on your tax base that the County sets for your City, which is \$43.86 million. That's the assessed value. That's not market value. The County comes in, as you know, and they value our homes and they value our businesses, and let's go with it. This is '24-'25, these are the recent estimates. We certify the third Monday in August. The 20%, we have \$8.8 million of bonding capacity, ability to issue bonds up to \$8.8 million - water, sewer, lights, parks, open space, transportation, and public safety purposes. And then we call this other category 6%, and that is \$2.6 million for other purposes. And that is where we came up with the idea of using it to buy down debt and this is where I am going to kind of need your help a little bit, as I get up the learning curve, too. Under the Tucson proposal, they have hiring, training, as Jon mentioned, of new firefighters and training of new paramedics, and I guess they want a one-time cash contribution of \$750,000, something like that. If you decide to make a recommendation to the Council to pursue a recommendation and it passes, that is your second job after you make the recommendation, to get the number of votes you need in this community. This is a community-wide answer. We need everybody to come together on this. If it fails, I will let Lourdes, Veronica and Jon tell you, but I don't think it's good or what you really want. That's our 6% money; how do we use it. Maybe we would put \$700,000 of that towards a cash contribution to the City, \$750, and then would we have \$1.9 million, I'm rounding, to buy down that bond that we talked about the other night. The 6% money is really important to us as it relates to the operation side of the equation, because that is where our challenge is. Now on the left-hand side, that is capital dollars. I ran some numbers, and I will walk you through in a moment. It's probably a high number,

\$1.5 million for capital. I think Tucson had \$100,000 in station upgrades. I guess, Lourdes, Veronica, they came out, they looked at your fire station and they said to get up to code or whatever, we need to put at least \$100,000 in there. I didn't think that was too bad, I hope it's a good number. Then they had a pumper. This goes back to the gentleman's question. Pumpers are expensive. They have a \$1.1 million budget to buy a new pumper truck. So, \$1.1 million plus \$100,000 is \$1.2 million. Maybe you don't need that much, maybe you need a little bit more. I ran the numbers at \$1.5 just to give you something for starters.

Mr. Luttrell: I want to go off track just a little bit. This pumper truck that you are talking about. Is this City of Tucson or City of South Tucson that you are talking about?

City Attorney Paladini: In either model, you are talking about buying a pumper truck. If it's the Tucson IGA model, South Tucson would buy the vehicle. We would want to own it and let the City of Tucson use it.

Mr. Luttrell: Ok.

City Attorney Paladini: Because that pumper truck should last longer than the 10-year deal.

Mr. Luttrell: They aren't supplying any assets, then, basically? We are supplying the assets?

City Attorney Paladini: We're paying for it so we are going to own it because if you think about, if there's a 10-year deal with a one-year termination and Tucson owns it, three years in if they cancel the deal they would take our truck away. So there either has to be a reimbursement mechanism or the City of South Tucson would just own the truck. In either model that we are looking at is if we are buying a new truck, it's \$1 million.

Mr. Luttrell: So the City of South Tucson would be in charge of the maintenance on that truck during the contract?

City Attorney Paladini: During the contract, no. If it's an IGA with the City of Tucson, they would do all the maintenance upkeep, they would do all the maintenance upkeep of the building once it's remodeled and restored. Same sort of a wash in either model.

Mr. Luttrell: Ok, thank you.

Mr. Reader: And it would be parked in your station over here?

City Attorney Paladini: Yes, under the IGA, in either model, this would be the fire station for the City of South Tucson. Either Tucson would operate out of it, or the City of South Tucson would operate out of it.

Mr. Reader: And this pumper truck would be located at your fire station here.

City Attorney Paladini: Yes. And there's an interim, it's probably not relevant, but an interim gap where the City of Tucson would have to provide the truck because it probably takes a year or two to even get a brand-new truck.

Mr. Luttrell: One other question. Is the City of Tucson, are they big enough to provide rescue, a fire rescue truck like for heart attacks and things?

City Attorney Paladini: If that model were the case, you would have essentially the whole force of the Tucson Fire Department at your service. This would just be a station here, but it would have the ambulance service, the ladder trucks, everything kind of as needed, because it would essentially be a seamless fire service from the City of Tucson if we did the IGA. Here, if it were the City of South Tucson, we would still have to be at

some sort of mutual aid or automatic aid with the City of Tucson because a single truck may not be sufficient if we had another Spanish Trail fire.

Mr. Luttrell: Ok, so for a medical heart attack or something like that, they have a heart attack here, what would be dispatched?

City Attorney Paladini: They would probably bring out the engine. That's what firefighters like to do, bring the big engine. They have all their medical equipment on there. If South Tucson were the operator of the fire service, then we would have Rural Metro or AMR ambulance services as the transport entity. If Tucson were the fire service, Tucson has its own ambulance transport.

Mr. Luttrell: Ok, thank you.

Mr. Sears: So basically Tucson Fire Department is going to be more reliable than what we have now.

City Attorney Paladini: I don't know. There is a redundancy to the City of Tucson. They provide -

Mr. Sears: How many times didn't they have staffing?

City Attorney Paladini: Again, there are non-financial issues in the models.

Ms. Moreno: If you ask for my opinion, yes, because of the redundancy. You hear, so I'm just going to butt in here really quick.

Mr. Eckstrom: I'm sure one thing you wouldn't want to have complaints about is with the contracting part of it, you wouldn't have to worry about,

Mr. Sears: The City being sued.

Mr. Eckstrom: Or having a situation like you had over here at Spanish Trail and they have to call out their support and it wouldn't be something they would come back on us.

City Attorney Paladini: Yes, like I said, the models, and this is where the next level discussion if the funding gets in place is if the models cost roughly the same then the next level question for Council, or maybe the Council forms a committee, what's the better model. Does a redundancy service versus time, you know, there is some nostalgia sensitivity on time in the South Tucson Fire Department. Those are, like I said, the next question, but what is really critical is that this City get funding in place to be able to pay for one or the other models. Once you have the money, then you sort of make the hard decision, unless they decide to form another one that would do the same thing.

Mr. Sears: The bond needs to go through so they can move forward.

City Attorney Paladini: Yes, that's spot on.

Mr. Sears: Without that, they don't have nothing.

City Attorney Paladini: If you don't have the money, you don't have either model as an option. You just continue what we are doing today.

Mr. Eckstrom: There's another aspect to it, too, that nobody has brought up. Do you know what it is? What is the fire rating system right now the Fire Department of South Tucson?

City Attorney Paladini: The insurance rating here is the best it can be.

Ms. Moreno: Because of the IGA we have for it.

Mr. Eckstrom: No, what I'm saying is, what is it right now if we had it without the City of Tucson.

Ms. Moreno: It would be worse, it would be a 10.

Mr. Eckstrom: Versus what? Where at the top, we're a top-rated service. For people that have insurance, businesses, homeowners, you would actually see a great reduction in your homeowner's insurance.

Mr. Sears: TFD, or Tucson Fire Department just got the Silver Award. That's one of the highest ranking.

Mr. Eckstrom: So those are all factors that nobody seems to look at.

City Attorney Paladini: There's a lot of factors involved in this model. In the choice of model, this discussion is relatively narrow compared to the next discussion that has to happen if this funding comes through.

Mr. Eckstrom: True.

City Attorney Paladini: Which is the better model, and all of these things have to be looked at.

Ms. Lopez: I'd like to make a point, too. We have the IGA where the City of Tucson comes in, is in charge, so basically the City of Tucson taxpayers are paying for them to respond to South Tucson. And sooner or later, that is going to stop when they say, hey, why are we paying? You need to take care of your own.

City Attorney Paladini: The agreement is called a mutual aid agreement and it's not very mutual, in all fairness.

Ms. Moreno: It is one-sided.

City Attorney Paladini: So, it's a good discussion but the key element here is we need to narrow it to make this happen one way or the other.

Mr. Metzger: And if the Council decides by May 15th whether to pursue this, do they have to have the exact language or plan to have the money?

City Attorney Paladini: They have to have, you will see as you go through this the proposed ballot language. They don't have to choose the model as they are basically the same, but they have to choose how they are going to spend the money on the 20% and then on the 6%. That is in part of the presentation.

Ms. Lopez: And spend it wisely.

Ms. Brown-Dominguez: But in terms of getting voters to get on board, I think they would prefer to know exactly what they are going to be doing with the money.

City Attorney Paladini: Excellent discussion, good job.

Mr. Metzger: The question I have is, if I lived in the City of South Tucson and I have a heart attack, am I better off under the Tucson model versus the other model?

City Attorney Paladini: Health and safety is the question.

Ms. Lopez: It's the perception that's out there because if the firemen show up and they see all these firemen, they think they are South Tucson people, but they are not. They are Reservist, because we've only got one fire truck. So the perception is out there that we have to let the community know. We need to get our firemen or the City of Tucson firemen or something.

Mr. Sears: I think the South Tucson firetruck problem-solved.

Mr. Luttrell: This is for the, what is the timeframe for on the money for South Tucson. How does it come in and how long does it take?

Mr. Reader: Ok, so if this Committee makes a recommendation respectfully asking the Mayor and Council to call a bond election for X amount of dollars, we are going to figure out over the next 30 days or so, and it passes November 5th, that's where you are going to need to help in the community. You tell us when you want to have money available, but have it available by the end of the year. If Staff says, green light, go, we can, and my job is, my first job is to educate everybody on the options of what we are doing, do all the math, do all the tax rates and calculations. My second job is to go and sell the bonds for you on the marketplace and deliver \$5 million or \$4 million in bond monies and you put it to work the way you are going to tell people in the voter pamphlet.

Mr. Luttrell: How much money is that going to cost us?

Mr. Reader: I would say, rates are up, as you know. Mortgage rates are up at the seven now, we have a 10-year treasury and a 465. We need to get you a credit rating. Your City has no credit rating, and you have your challenges. We are going to go through that in a moment. My job would be to get you a, and I think we can do it with the right messaging, get you an investment rate credit rating, I don't know, 4.5 ok?

Mr. Luttrell: Sounds pretty good.

Mr. Reader: 4.75. It depends on how we strengthen all this stuff.

Mr. Metzger: This debt that you are buying down, what are we paying are we paying for that money.

Mr. Reader: 294.

Mr. Metzger: Two point ninety four? So, what would be the advantage of paying it down?

Mr. Reader: Let me show you that.

Mr. Metzger: So, there's a one-time lump sum to South Tucson and perpetual sales tax increase.

City Attorney Paladini: No, property tax, not perpetual.

Mr. Metzger: What's the time frame on that?

Mr. Reader: I'm going to show you that. If we're going to go faster, bear with us. We really appreciate your input. We don't have all your answers tonight and all your input is extremely valuable tonight. So, this is our 20%, 6% money. This is tax exempt money, and this is taxable money, because this is not capital. I think you are all aware, when cities and towns borrow for capital, the interest they pay on it is exempt from federal and state taxation, so our cities and towns borrow cheap money. We got you 294 money on the last one and let's go 4.5 now. So, we threw this out last week if you remember, depending upon your perspective, it's probably a good thing. But for every dollar of taxes that your City levies, the commercial pays 61%, I round a lot, vacant

land, 3.5 to 4%, so two-thirds of your property taxes are paid by non-residents. I think I like that for fire service, don't you? Now I suppose if I owned a big commercial building, maybe even a restaurant, I would have to pay a little more, but you know, property taxes are not perfectly fair and equitable, they call it. But remember the amount of property taxes we all pay is a function of our property and the tax rate. The higher the value of your home, the more taxes you pay. They call it an "Avalara", the higher the value. It's not a perfect taxation system but that is the way it is all around the country. That's the way that the system is set up. Depending on your perspective, that's the base. Ok, let's talk about this 2019 revenue bond. This is not a property tax bond. And this is the refinancing we did to refinance a bunch of prior debt issuances over the years. We don't need to get into that. We saved the City a lot of money for the budget for four or five years. We got 294 money in the yellow and if you remember, I told Council that thanks to Lourdes and Veronica having some vision, we wanted to make sure when we did this transaction in 2019 for \$6.4 million, that if we wanted to refinance it or pay it off, we didn't way to pay a penalty. We negotiated with the financial institution, and we can pay these down any way we want at any time with 30 days' notice. That was a Godsend for us that we decided to proceed with 6% money and take all or some of that money and pay it down. This is good. If you do nothing at all and this stays on the books, here's your \$600,000 a year fixed rate, 2.94, but the general fund is paying for it. It's a heavy load. It would be nice, for example, if we didn't have this, Veronica, Lourdes, we could use that \$600,000, couldn't we for a variety of things.

Chair Karl: So, we just got, three or four years ago, \$6 million?

Mr. Reader: Yes, that was a refinancing of prior debt.

Mr. Eckstrom: Which was a great call by management.

Mr. Reader: So, no new money.

Chair Karl: And that was just a loan we took out? It wasn't, it obviously wasn't another bond because I don't remember voting on it.

Mr. Reader: It was. It was a kind of private place loan.

City Attorney Paladini: It was an excise tax bond, so basically, it's paid out of the sales tax that the City generates. That's why it comes out of the general fund and generally speaking, the public doesn't vote on those because it's not binding your property. You don't put excise taxes to the voters.

Ms. Aguirre: And Chair, there's a very good listing on page #16. I don't want to distract everybody. Page 16 has a little bit of history.

Chair Karl: Thank you.

Ms. Aguirre: It goes back 24 decades and as Mark says, it's like kicking the can down the road.

Mr. Reader: So this is the history we did. We went back in the files in the storage unit, literally.

Ms. Aguirre: Literally.

Mr. Reader: We wanted to be thorough in session with Council as we were moving through what happened, why are we doing this again. Anyway, let's come back to that. That was a revenue bond, a new loan, no voter approval required which is kind of nice in Arizona. Cities use that form of financing a lot for new money. That is just exactly the way Marana did their \$16 million Aquatics Center.

Mr. Luttrell: It sounds like it is nice for the city, but it doesn't say it's nice for the residents, I guess.

Mr. Reader: There's no benefit here, you're not getting anything for your \$600,000 are you. This all started years ago with a lawsuit, and some of the other stuff you know about.

Mr. Luttrell: It sounds like people with credit cards buy other credit cards to pay the last one.

Mr. Reader: There was some of that going on, so we did our best to refinance it when the Covid money interest rates went to zero. As you guys know, we took advantage of it. We saved the City a lot of money, and it's on our books, \$600,000 if we do nothing at all. Now, the next question for us here is, what do we do with our 6% money. What do we do with our \$2.6 million? And this is where I had an epiphany the other night where I started to remember the \$750,000 cash contribution for the Tucson IGA. I don't know, Lourdes, would you pay for some of that in cash?

Ms. Aguirre: That would be difficult.

City Attorney Paladini: Are you talking about that training cost?

Mr. Reader: Yeah.

City Attorney Paladini: That would be spread over the ten years, too. So, you have to have money, some general fund monies.

Ms. Aguirre: Well, if they allowed us to do that.

City Attorney Paladini: They were open to it.

Mr. Reader: Ok, so 725 divided by ten, and I'm rounding, would be \$70,000 each year?

Ms. Aguirre: Yes.

Mr. Reader: Ok, alright, so keep that number in mind. This is why we are all working together on what is best here. We took this \$2.6 million if it passes and we pay down this, we pay this down because we are going to buy it down, \$2.6 million. By the time we do this, we owe \$4.9 minus \$2.6 is our difference, and the difference in payments would be \$275,000 because we paid it down from \$600,000 with the equity bond money, resulting in \$325,000 of general funds savings to our City, which we very much need.

Mr. Metzger: That's deferred savings, more or less, right?

Mr. Reader: That's savings all the way out the way out to '34. That's pure general fund net, net, net savings by buying down that revenue bond we talked about.

Mr. Metzger: So we are getting that money at 4.5% to pay it down.

Mr. Reader: Yes, we are shifting it to the property tax base.

Mr. Metzger: That's really, ok.

Mr. Reader: That's all we're doing. We're taking it from the general fund to our wonderful citizens out there that are going to help us and we're going to save \$325,000. Now if your ongoing operating costs, I'm going to round, are \$2.1 million, Lourdes, how much is in the general fund now, because you were holding off on the hiring and all that.

Ms. Aguirre: \$1.6 million.

Mr. Reader: Ok, they have already kind of programmed in \$1.6 million. We need \$2.2 million. We're still \$100,000 short. Why, everybody? We just got \$325,000 here and we have that \$75,000, so we still have a little bit of that shortfall that we are trying to figure out.

Mr. Eckstrom: It's a lot better than it was.

Mr. Reader: Yes, it's getting there.

Mr. Eckstrom: It's getting there.

Mr. Reader: I've been doing this now for 35 years and we've never done this before. It doesn't mean it's a bad thing. It's very innovative, if you will, and I'm sure Jon and Lourdes and all of you are going to agree, how do we fit the square peg in the round hole as it relates to your economics here, your budget. With that backdrop, let's talk about a couple of things. Maybe this goes down, so I'm going to need your help on the capital side of the equation. We were on the phone the other day. We just for purposes of our Committee, Tucson was only coming up with \$1.2 million. I put \$1.5 in there so it's probably high. If you want to add a road or anything else like that, I don't think you want to mix anything else in there besides Fire.

Ms. Moreno: Right.

Mr. Reader: This tax rate may go down and we can update our numbers for the next Committee meeting. So, \$1.5 in column 4. 4.5% in column 5, estimate, and I ran this at a 15-year amortization. We went out to 40. We can go 20, and for sake of keeping the numbers for simplistic purposes, we will go 15 for now. The tax rate at the bottom of the page is \$.46 rounded numbers. Pretty reasonable for your capital side.

City Attorney Paladini: This is why we talk about purchasing a new fire truck because you are borrowing for 15 years, and you want that truck to last at least the length of your debt. You don't buy a car on a 12-year loan if it's going to fall apart and break down in six years. That's kind of the idea why these numbers are -

Ms. Lopez: A good warranty.

Mr. Reader: And it's my understanding that fire trucks, it takes two years to get them.

City Attorney Paladini: Yep.

Mr. Reader: I wish I was in the Fire business. In other words, if it passes and you guys decide to go forward, I can order it in November.

City Attorney Paladini: They literally custom build them from the ground up.

Mr. Reader: Ok, all good there? Simple math, what is that, \$140,000 a year, \$150,00 a year property tax levy. If this thing passes in November of 2024, they will set the tax rates in August of '25, Lourdes, a year from now, and the taxes will be paid down the road in about a year from now. Ok, we will get into that later. I just made it more complicated here. On this page, this is our 6% money. I did something a little different than what we did to the Council meeting the other night. See column 4. If it passes, we would issue the \$2.6 taxable bonds to buy down the debt for now, and then I asked my colleague, Kenny, who helps with the numbers, let's add \$1 million to the ballot. You've only got \$2.6 million in your credit card, let's not use that word, bonding capacity, but you recoup it every year based on principal pay down bonds and if your tax base grows. Now in

column 3, your tax base grew in '23-'24, 6.19%. You see the number? Good news. In '24-'25, I just got this from the County, your tax base, your net full cash assessed value grew 4.6%. In column 3, this is exactly what goes in the voter pamphlet. You can see we had to make some assumptions of future tax base growth, very conservative, but we are recouping bonding capacity. In column 10 you can see, Column 10 is how we recoup capacity based on a little bit of growth in your tax base and every year, we are going to pay down in column 4 \$110,000 in '25-'26, \$160, \$170, \$190. So every year that goes by we are rebuilding our bonding capacity 6% numbers. I said, for purposes of our meeting here, what if we get approval from the voters to get \$3.6 million, and we sell the bonds and we can sell the \$2.6 million, but we have another \$1 million which we can use going into the future, and we could probably use. Take the \$1 million, pay down the debt on the general fund. So, let me pause there, it's kind of an innovative new idea to put the tools in our toolbox to help with your predicament going forward.

Mr. Sears: How does that \$1 million fit in the 20% and 6% equation?

Mr. Reader: The 20% and 6%?

Mr. Sears: Yes.

Mr. Reader: Well, the 20% we are ok on, right. This is our 20% here. This is only 6%.

Mr. Sears: Right.

Mr. Reader: This is our current capacity. You saw that number on the first page and they were projecting you are going to have another \$1 million over the next four or five years. We be patient, we can do it each year, Lourdes and Veronica, if this helps. It's a little inefficient so we want to let a couple years go by and hopefully we will have another \$1 million, and we could use this \$1 million to pay down debt for operating purposes. There are no restrictions on how we use this money.

Mr. Sears: You're not asking for more money for that money, you're just projecting that will be coming in.

Mr. Reader: We're asking for voter approval for the \$3.6 million.

Mr. Eckstrom: The \$2.6 and the \$1 million.

Mr. Sears: How does that calculate, I though this 20% and 6% was some magical number, the legal number you are allowed to ask for.

Mr. Reader: Yes, it is.

Mr. Sears: So what's the \$1 million category?

Mr. Reader: That's in the 6%. We've only got \$2.6 million now, right. So we are going to have another \$1 million. This happens all the time, more so with, the cities will do it, the schools will do it. They only have so much now but they have to go out and ask the voters so they will get more than what they have the capacity for, and as that capacity moves up each year, they will be able to sell into the authorization from the voters.

Ms. Brown-Dominguez: We're only allowed to have \$2.6 from the voters.

Mr. Reader: Yes. So, when we are back down toward the \$2.6, then we can get the extra \$1 million at that point.

Mr. Sears: Does that increase taxes at that point?

Mr. Reader: Now, here is the good news. Yes, if you decide to go \$3.6, or \$4, or you decide to go \$3 million, we haven't made any decision, we have to put this in the voter pamphlet. You have to explain all this. I will walk you through this in a moment, for our voters out there. Property taxes are not always easy, but we try to put it in a manner where they will understand it. So, all we did here was we layer in the second bond sale out in '29. I like to do it earlier for you. Let's go with it for now. Then we layered in the debt service on the \$2.6 that we would do toward the end of the year, we layer on \$1 million bond in four or five years from now, columns 6 and 7. We are accounting for all the debt service in column 8. You see the debt service payments there? \$283, we would kick in another \$1 million for \$300,000, and you can see the important thing here in column 9, and column 9 has our tax rate. It goes in the voter pamphlet, and we average the tax rate at \$.89. So, \$.89 for our 6% money and \$.45, remember, for our 20% money.

City Attorney Paladini: So the tax rate never goes up in this plan because you are pre-paying, basically, up front.

Mr. Reader: Yes, generally speaking, you are right. Let's put all that math into perspective of what this is going to cost us. We shared this the other night, I think the numbers, I'm going to pull out the presentation. These are lower than what I showed Council the other night. Keeping this simple, this would also be included, this table would be in the voter pamphlet, I'm on page 10, and property taxes are based on whether you own a home, owner-occupied, residential rental, commercial property, and agricultural and vacant property. The average residential value the County picks up, market value, is \$78,874. It's right off the County records for '24-'25. You have some in your community worth more, some less. Fair? So about \$80,000. Then residential homes are assessed at 10%, commercial is assessed at 17%, and agricultural is assessed at 15%. So, we take that number and divide it by 100; tax rates are per \$100 of net limited value, and maybe we will bring in a Pima County Property Tax sample next time. We are calculating that on your \$3.6 million in 6% monies would cost the average homeowner \$5.85 a month, fairly reasonable, and then our capital bond at \$1.5, it could go down, it's \$3.00 a month, so it's at \$8.85 a month, for both, to support a professional fire department and ambulance service in your City.

Mr. Luttrell: So how many years would this carry us with the Fire Department, without having not dip into savings to pay more, paying the City of Tucson?

Mr. Reader: Well, that's kind of, this will make our model work with capital and with the buy down, I think we're still a little bit short here. We need to kind of figure it out. Let's just do some math here, get this on a sheet next time. We have \$2.1 million operating expenses, and you said you have how much?

Ms. Aguirre: \$1.6 million.

Mr. Reader: \$1.6 million right now in your City of South Tucson budget.

Ms. Aguirre: Correct.

Mr. Reader: That's reasonably sustainable. It looks like we're about \$500,000 short.

City Attorney Paladini: But you're getting \$325,000 out of the \$2.6 million, so now you are at \$1.925.

Ms. Aguirre: So you're short \$175,000.

Mr. Reader: Right, so let me go back real quick here, Jon. If we take the \$2.6 million, everybody, right, and we pay down the revenue bonds, then we get \$325,000. Now I think we are \$175,000 short, am I doing my math right?

Ms. Aguirre: Yes.

Mr. Reader: And, if you amortize the training costs, that's another \$75,000.

Ms. Aguirre: Right.

Mr. Reader: Lourdes, now I've got \$175,000 and \$75,000.

City Attorney Paladini: No, actually, that \$2.1 million actually includes,

Ms. Moreno: No, you took away everything other than (inaudible), remember.

City Attorney Paladini: Ok, so \$250,000.

Mr. Reader: \$50,000 short.

Ms. Moreno: Yes.

Mr. Reader: So how do we come up with the \$250,000?

City Attorney Paladini: Can you, if you have \$1 million bond issuance three or four years out, can you leverage that to take money out each year, whether it's by sale of bonds or do you have to straight borrow?

Mr. Reader: Well, we could do

City Attorney Paladini: A letter, like a credit line?

Mr. Reader: We could do this line, that's our 20%, so here's our capacity here. So it looks like right here, we would recoup \$250,000. That's our bonding capacity next year, see this?

City Attorney Paladini: It's kind of ironic that we are right on it.

Mr. Reader: Yeah, we could.

City Attorney Paladini: It goes up about \$250,000 every year.

Mr. Reader: Every year, about \$250,000. We could every year sell a \$250,000 note to keep the cost down and then sell the note, and that's operating money there.

Mr. Sears: Why is there such a different number, \$77,000 versus \$790,000?

Mr. Reader: Because we sold \$1 million, and we're starting all over again.

City Attorney Paladini: So rather wait until year five, you sell out your smaller chunks every year to fund ____.

Mr. Reader: Yes, we've done that before, Jon, with these small tax bases.

City Attorney Paladini: Ok.

Mr. Reader: Now, another thing we could do is we could on page 9, it's our 6% money. This 6% money is our challenge. The 20% money, we're fine. I wish they would have fixed that, but it is what it is. But we could,

see the \$110 in column 4 on page 9, you see the principal payment, you see the \$160, you see the \$170, we could increase those a little bit to increase our bonding capacity quicker. It increases our tax rate a little bit but I think right now because we are below ten bucks, that may be an idea for us to think about.

Mr. Luttrell: Now if you were to increase, you're borrowing more money than you have debts for, right?

Mr. Reader: It's going to affect our tax rate here, so we've got to be sensitive to the tax rate. In the earlier years, and it will average a little higher rate there at the bottom. It's the average rate that we are going to show, that we have to demonstrate to taxpayers. Not the first year, unless you want to. Not the first year or the second year or the third year. Does that make sense?

Chair Karl: Yes.

Mr. Reader: So, as I was thinking through this, I thought well maybe we will just have a little higher principal payment for the first three or four years, and that will help get you there. The margins are thin, and I don't know that I have any other ideas right now but I suppose we could think about it.

City Attorney Paladini: So, this is all predicated on the Assessor's assessed valuation. Does that, when you are looking at the column 3 growth, 6.95, does that contemplate new construction or is that just inflation?

Mr. Reader: You see the 6% in column 3, I'm on page 9. Those are real numbers based on inflation and valuations that our County Assessor does.

City Attorney Paladini: There's probably very little new construction.

Mr. Reader: The rest of this, the Legislature makes us use a 10-year average, which is 3%.

City Attorney Paladini: Right.

Mr. Reader: The reality will probably be higher than 3%. Keep up the good work on economic development and you're getting some building permit activity.

City Attorney Paladini: If we can take out that vacant land and turn it into taxable development, that also helps the bonding capacity.

Chair Karl: Oh, yeah.

City Attorney Paladini: It's a combination.

Mr. Eckstrom: If you don't have good fire service, you're not going to have any development.

City Attorney Paladini: Exactly. It's the chicken and the egg, but that's what this does though, by the way, if this bond passes you can promise people good fire service, regardless of the model, and that will help pull in economic development.

Mr. Metzger: If you look at it, that 35.8%, though, who's paying that. Everybody's looking at the property owners, the home owners, but that's what, 35.8%.

City Attorney Paladini: Yes, residential is about 35%.

Mr. Metzger: Whatever it is, that's a pretty good indicator.

City Attorney Paladini: Yeah, almost 2/3 is commercial.

Mr. Sears: To upgrade fire station here is going to help growth.

City Attorney Paladini: And for residential, particularly people who are renting, the 5% TPT on their rent -

Mr. Eckstrom: It's gone.

City Attorney Paladini: It's always passed through to them and it's gone the end of this year, so even if the landlord passes through the \$10 per month, it's still less than what they were paying by having the TPT pass through, and you're getting a full service fire service out of that for less money than you're paying now by the TPT going away. There are a lot of good, just pure numbers, financial reasons why this makes sense.

Mr. Luttrell: So, if I just pick a random number like 2030, 2031, what type of funding are we going to use to pay that Fire Department \$1 a year?

City Attorney Paladini: The Fire Department is funded by the City's general fund.

Mr. Luttrell: Right.

City Attorney Paladini: Every year the City generates enough money, by way of TPT, primary property tax which is real small, and then some other fees and things, and state-shared revenue comes in, HURF money comes in. That's for streets.

Mr. Luttrell: Sure.

City Attorney Paladini: Out of the general fund, that \$2 million a year to operate the Fire Department, it's coming out of that money.

Mr. Luttrell: But it hasn't worked so far like that, has it?

City Attorney Paladini: Because we don't have the \$2 million, we have \$1.6 million. When we talk about, and I think you had a question on this, when we talk about paying the current loan, paying the current excise tax loan of \$600,000, that's coming out of the general fund. If you take that down to \$200 something thousand, that's coming out of the general fund, that other \$325,000 is paid by property tax. It is sources of funding that we have to think about in terms of how cities pay for things. You can't use capital funding to operate day-to-day, you have to use general funding basically. You use capital money to buy things, to pay for things, construction.

Mr. Luttrell: I'm just saying, ten years down the road, I'm just trying to figure out how the fire services are paid for because we haven't really had the money to pay now, and we're not going to have this bond money to use to pay the fire truck.

City Attorney Paladini: You will, because you are taking this bond money, and you pay down that excise tax bond. That frees up money and you use the Fire Department to spring economic development and it will increase bonding capacity and increase revenues. And again, I would bet that at these rates on the secondary property tax, because this City's primary tax is really, is the lowest in the County. Even with the secondary property tax, if somebody comes in and develops commercial property here, they are still going to pay less taxes here than they would in the City of Tucson.

Ms. Moreno: Right.

City Attorney Paladini: These numbers really do make sense if you look at it in all these categories. They really make sense, but that is why you guys are here to figure out the kind of nitty-gritty of it all when Mark is presenting to you, what is the best combination package, that if you were going to present or recommend to the Council a bond deal, what do you guys all think collectively is going to be the best way to do this, that's going to generate the most money, cost the least to the residents and the business owners, and be sustainable over the long term.

Chair Karl: So, the whole intention of paying down the debt is to free up \$2-300,000.

City Attorney Paladini: \$300,000.

Chair Karl: In order to fund the Fire Department.

City Attorney Paladini: Yes, for operations.

Chair Karl: On an on-going basis to make up that \$400,000 shortfall.

City Attorney Paladini: Obviously, the plan is that the general fund pot of money is going to go up, but now your TPT revenue is going to go up, hopefully your state-shared revenue is going to go up. Those kinds of things are going to go up and your property values are going to go up. That's the plan to continue going forward.

Mr. Luttrell: Lourdes, how much has that revenue gone up the last year compared to last year compared to last year for like operations?

Ms. Aguirre: The general fund revenues?

Mr. Luttrell: Yeah.

Ms. Aguirre: I'd say conservatively about 6%.

Mr. Luttrell: Six percent over the last year?

Ms. Aguirre: Yes.

Ms. Moreno: Even through Covid. It stayed pretty consistent through Covid.

Mr. Luttrell: Ok.

City Attorney Paladini: And that's with relatively little or new commercial happening in the City, and people come in, developers, economic developers come in and they look for real basic stuff first, water, sewer, reliable garbage service, fire, law enforcement. They want the basic stuff before they even get into more complicated things like land, values, and if they see the Tucson news around Thanksgiving that we didn't have fire service here, that scares people away. They don't even bother with the details at that point.

Mr. Reader: If you don't have a reliable fire service, you're not going to get any new developers moving in. So close to downtown and U of A, it's going to bring up South Tucson and the tax revenue from that is going to make up the difference later on. It's going to help you buy down your bonds. It's a win-win situation.

Mr. Sears: Is the fire truck a capital improvement?

City Attorney Paladini: Yes.

Mr. Sears: Will you guys sell the fire truck and help pay down some of the bond?

City Attorney Paladini: Say again.

Mr. Sears: Will you guys sell that fire truck and put that towards some of the debt?

City Attorney Paladini: The current one?

Ms. Moreno: It's 25-years old, so I don't know how much it's worth. Fifteen years ago we bought it for \$25,000. We got it from a situation like this.

Chair Karl: Have we ever done a bond before, a bond election?

Ms. Aguirre: No.

City Attorney Paladini: Long story short, and we can talk about this offline, but the City did general obligation bonds at one point and never had a vote on it. Somebody figured it out after the fact, so all the money that was collected has to be paid back. It wasn't done right and that's where with Mark here, this has to be done the right way to make sure it is passed.

Ms. Moreno: And even at that time when they did do that, sharing a little bit of history, the rate at that time without putting it on the ballot was \$2.50 for every hundred dollars assessed value.

Ms. Aguirre: Yes. And it generated \$600,000 a year.

Ms. Moreno: Back then, \$2.50.

Ms. Aguirre: Right.

Mr. Reader: Lourdes, if you could put together a little spreadsheet on the shortfall for us, I think that would be helpful. And then, we still have that small couple hundred thousand a year shortfall is what I think we came up with, roughly, fifty, right, and we thought we would solve that by putting additional principal and pay that down, and each year we would be able to recoup that and do a small bond and fill the couffers up.

Mr. Sears: And why did you pick an extra \$1 million versus \$2 million?

Mr. Reader: Good question. That's open for debate.

Mr. Sears: It helps build the City, correct, back up, long term.

Mr. Reader: Maybe we should think about that a little bit. Maybe our goal would be to, and I could run these numbers, whatever is left here, right, we have 49 minus 26, is 13. We would have \$1.3 million left on your revenue bond. So that's where I kind of came up with the million. Maybe we increase it to \$1.3 million, and reduce the capital. I need your help on that. With the capital stuff there's been so many surprises. I just encourage you to be extremely conservative. It's not going to cost us that much more and by the time we sell the bonds, we'll have better numbers where we can lower the bond size if we need to. Maybe we just refine all these numbers and then meet again, and you all think about this and continue the discussion.

Chair Karl: If we got \$2 million for the 20%, right, and we are putting that towards the Fire Department, that money that money we freed up under the 6% wouldn't have to go to the Fire Department, it could go down to paying the debt more, right?

City Attorney Paladini: The 6% money is for capital, so buying a fire truck, buying equipment.

Ms. Aguirre: Twenty percent.

City Attorney Paladini: I'm sorry, I've got that backwards.

Chair Karl: You said it takes \$2 million to fully staff, right, to do what we want to do.

City Attorney Paladini: A year, right.

Chair Karl: So instead of doing \$1.5, couldn't we do \$2 million, right, because your projections are for 1.5.

City Attorney Paladini: We could do \$2 million.

Chair Karl: How did we arrive at \$1.5?

Mr. Reader: Well, they have, this says \$1.2 from the City, so to be conservative we put in an extra 300.

Ms. Aguirre: That's a one-time, equipment.

City Attorney Paladini: On the capital money, we only want to take out the capital money we are actually going to spend.

Chair Karl: Right.

City Attorney Paladini: Because it keeps the rate low and that kind of goes to your question, why not do this, what not do this. There's a point where you're just not going to get, people are just not going to approve it. You have to give them a sort of reasonable number. If you keep it under that number, that combined number under \$10 a month combined, we think that is pretty sellable to the public for residents. Again, if 85% of the public who live here are renting, then the argument is going to be, you're already paying this.

Chair Karl: Right.

City Attorney Paladini: The landlord is going to pass it, and do they really pass it through, yeah.

Chair Karl: I thought the quote was, I wrote down \$1.9 million for training, for employees, for the pension, for everything. Is that wrong?

Ms. Moreno: No, that's right.

Mr. Reader: No, that's for the training and the capital, \$1.2 million for capital and \$750,000 for training new paramedics, hire and train new firefighters.

City Attorney Paladini: That's if you go with the Tucson IGA model.

Chair Karl: Right. Ok, but you said both of them are similar, right?

Ms. Moreno: Right.

City Attorney Paladini: Roughly, yes. The annual costs are pretty much the same. The up front cost, the capital cost, that is probably a little less if South Tucson has its own Fire Department.

Chair Karl: So how did we land on the \$1.5 on the 20%?

City Attorney Paladini: Because that is the cost of the capital equipment, the trucks and the gear.

Mr. Reader: I added \$300,000 to that. It's \$1.2. I just added \$300,000. We can cut that out, no problem.

Chair Karl: How much would it help us to raise that to \$2 million?

Mr. Reader: What would we do with the money, though, is the only thing. We don't have any more capital than \$1.2 to \$1.5 million, unless you want to expand it.

Chair Karl: So, it wouldn't help, it wouldn't assist us at all.

Mr. Reader: It doesn't help us, it is operation.

Chair Karl: We need to justify.

Mr. Reader: The budget conundrum that we are dealing with right now.

Ms. Aguirre: You could only spend it on equipment, capital.

Mr. Reader: Capital acquisitions.

City Attorney Paladini: It's the 6% money that we need to maximize to pay down that excise tax to free up general fund revenue to help pay the operations every year.

Ms. Brown-Dominguez: It's more flexible.

City Attorney Paladini: So, there are things, by the way, to look into. There's a certain, Mark has it in his screen, page 10, where the 6% category is a 19-year bond, and the 20% category is a 15-year bond.

Mr. Reader: Yeah, the orange money, the 6% money, it's a little trickier. Sorry for that. He has up there 19 years. That's from a kind of from the date of the election. If you go back, they are both 15-year bonds, 15-year bond, 15-year amortization. That 19 years is probably not right. It would be 19 years from the date of the election, 15-year amortization. We will fix that. Does that make sense?

City Attorney Paladini: That makes sense.

Mr. Reader: So maybe we should rerun the 6% money at an amount to pay down all the revenue bond debt.

Mr. Eckstrom: Maybe like give us some options like that.

Mr. Reader: Yeah, we can do that.

Mr. Eckstrom: One of the things that we really need to be cognizant about is that action has to be taken by the Mayor and Council by May 15th, right, the call for an election.

City Attorney Paladini: We have a little wiggle room on that. No? Not really?

Ms. Moreno: I can ask, but I am just going to stick with the date on the calendar.

City Attorney Paladini: Ok.

Mr. Eckstrom: Maybe we can reconfirm that.

Ms. Moreno: That's our target date.

Mr. Eckstrom: Today is the 22nd and you've got to work some more numbers, right, come back, and that way we can make a recommendation as to what we want to do.

Mr. Sears: This has to be a November election?

City Attorney Paladini: Yes.

Mr. Reader: It's a general election.

City Attorney Paladini: We would have to wait a whole other year.

Mr. Reader: We need to go back and crunch some more numbers. This Committee needs to meet again. Lourdes, Veronica, maybe again next week, I don't know. Maybe early the following week, I don't know, at the latest. We've talked a lot. Thanks for your patience, everybody, but it is a little mind numbing for all of us.

Mr. Eckstrom: I think there is some good coming out of this.

Mr. Luttrell: It's clearly needed.

Mr. Eckstrom: It's clearly needed, and by our taking this action, I think people will understand what we are trying to do, and it's going to be up, unfortunately, this Committee is not charged with responsibility of going out and talking to people, but each one of us to do that, but there's other ways of doing that and we have to be cognizant of the fact that there will be people that will say this is the right way to go, no matter what you do. And right now, we have got to talk about safety. What is safer for South Tucson.

City Attorney Paladini: Once your recommendation is made to Council, this Committee is dissolved. Then you are no longer members of a public body. You are free at that point to form a political committee to go ahead with this group or add people to it.

Mr. Eckstrom: I don't think we should talk about that right now.

City Attorney Paladini: I'm just saying, after all that is done. Once you are no longer a member of this Committee, you can do the things you want to talk about. Don't do it while you are on the Committee.

Chair Karl: Let's put it on the agenda.

City Attorney Paladini: Stay away from any political politicking while you are a member of this Committee, which is really going to be for hopefully for less than a month.

Mr. Sears: So, in terms of sell ability, I am pretty naive coming into this, I don't like how high our sales tax rate is on a business owner and it does impact our customers. I thought, wouldn't it be great if we could knock a half cent off the sales tax and throw a bone to the business community to get some people on board. I'm not sure if that makes any sense if we are trying to raise money, but I wonder what those numbers look like. As a business owner I am going to take a pretty big hit on this over the next 20 years, \$30,000 for me to sign up for a gain, but I would like to see something come back to, some effort from South Tucson to recognize that our sales tax is way too high.

Mr. Eckstrom: This isn't the body to talk about that.

Mr. Sears: I know, well, yes or no. It could be.

Ms. Lopez: If you have a business in the City of Tucson, it would be a lot more.

Mr. Sears: Yeah, it would be more and more on property tax and less in sales tax.

Ms. Moreno: A lot more in property tax, like six times more.

Chair Karl: What we are charged with doing is presenting funding options to the Council.

Mr. Eckstrom: And something we think would be sellable to the people.

Chair Karl: And I don't think it's unreasonable for us to have a conversation about, you know, presenting to the Council, you know, would you consider in the future lowering sales tax, in order to make this more palatable for the voters.

Mr. Sears: I don't want to put more work on Lourdes. I'm sure it would fall on you, but I was just kind of curious what that revenue would look like, whether its sales tax revenue from businesses, from all those commercial properties, what they would contribute in property tax, and what that increase would be because I think we have to present that to the Council.

City Attorney Paladini: You know what would be helpful at the next meeting is what is every 1% of TPT mean for general funding revenue. One percent generates X amount of dollars. I don't know if this would hold, but you may just defeat your whole purpose if you take away general fund money, it's going to be the equivalent of what you are raising.

Mr. Sears: Sure.

City Attorney Paladini: And all of a sudden you are back at zero, but that's important I think to understand that. If we could get that information next time, just for every one point or every half point, what does that mean in terms of general fund money.

Mr. Sears: I do think you can sell this, I'm not saying I want to push for anything like that, but I do feel like the opposition to this could come pretty hard from commercial interests. I don't want to pay another \$30,000.

Ms. Moreno: If they are registered votes.

City Attorney Paladini: They could still promote it, campaign against it.

Ms. Moreno: I know, but I'm just saying registered voters.

Mr. Sears: Anyone that makes money here, is kind not wanting to sign up for that burden.

Ms. Moreno: Right.

Ms. Brown-Dominguez: I'm sorry to interrupt. Another way to look at it is that the residents that do live here are the ones paying the higher sales tax on all of our grocery shopping and they quit going into all these stores, so it's affecting residents as well.

Mr. Metzger: So maybe that means we go for \$2 million extra in property tax and it sort of balances it out a little more, and say we are going to take a half cent off the sales tax. It might muddy the waters.

Mr. Sears: If you increase property taxes, it take two years to go into effect.

Mr. Reader: Ok, I'll wrap up here. Can you be thinking of when you want to reconvene next?

Ms. Moreno: Since we're all here, can we have conversation after?

Mr. Reader: Sure, yeah.

Chair Karl: Until Dan returns.

Ms. Moreno: If there are no further questions, we will wait for Dan. Let's see here, any more questions from anyone at this point, or comments?

Mr. Reader: The last thing, I'm sorry to interrupt. This is just really for you to be thinking about as a citizen of this City. We have a number of challenges. Fire is the one at hand now that we are trying to fix. It is expensive, \$2 million a year. It's an expensive service with all the pension costs and all that stuff. It is what it is, \$2 million. The other thing coming down the road that we at least want you to be aware of, and maybe this is another study session for another night, but just so you guys know, and this was addressed at the Council meeting, that your unfunded pension liability is the highest in the State. There are a number of reasons for that once we get into it, but you have a \$10.1 million unfunded liability to the State pension fund called the PSPRS that is on your balance sheet. You are paying 7.2% every year on this unfunded balance. So, you are 4% funded. The average in the State is probably in the sixties now after the whole pension stuff we did. It was 37%, now this is a problem. Your Fire is a little better at 40%, you owe \$2.6 million. So this little debt that we have been talking about paying down, you've got almost \$13 million of another liability on your balance sheet. You are paying your most expensive debt on your balance sheet at almost \$13 million. You are making what is called your minimum required contributions. Lourdes and Veronica are doing their best. They are throwing some extra money at it to the extent that you have it, but here's another: how are we going to address this? This is a major issue for your City going down the road.

Mr. Luttrell: So why aren't we addressing that with this when asking people for money?

Mr. Sears: We can only ask for so much at one time. So, we solve a tiny problem with a greater ticket to raise property taxes.

Mr. Reader: Fair question.

Mr. Sears: What, two years from now we are going to say, we have to triple the ask now because we are going bankrupt.

Mr. Reader: Well, yeah, I don't think we are going to go bankrupt but it's an issue.

Mr. Sears: We're going in the right direction.

Ms. Aguirre: It's something we manage year to year.

Mr. Reader: I just wanted to bring it up only because as you are out there communicating with your colleagues out there, we've got challenges, we all need to work together, and I don't know how we are going to find a solution to this one.

Mr. Sears: It does seem a little disingenuous to say we need this money here but we're not going to tell you about this actual serious unsustainable economic problem.

Mr. Eckstrom: This is something that as part of the record, people know this from the Financial Statements from the City of South Tucson.

Mr. Sears: This year we will be going for something greater than that.

City Attorney Paladini: That's part 2.

Mr. Sears: Police and Fire.

City Attorney Paladini: We talked earlier about primary property tax, that's a general fund revenue generator that would help pay that down, but now is not the time to do that because you have to sort of solve the immediate problem which is fire service before you can deal with the bigger problem which is that. As Dan said, and other people, fire service will help you develop more tax base, both property tax and TPT tax. I think the way to reduce your tax rate is to increase your tax base, to grow the City from an economic standpoint for more TPT generating businesses. If you make the pie bigger you can reduce the percentages you have and still increase revenue. Trust me, believe me, we are working very hard trying to figure out some economic development solutions here all along.

Chair Karl: Right.

Ms. Lopez: We can edit -

City Attorney Paladini: No, the land we have is the land we have. We have is a lot of open land and a lot of undeveloped land that has a lot of potential along 6th Street particularly, down along the freeway. I'm sorry, 6th Avenue and 4th Avenue. So those are our economic engines.

Ms. Moreno: So that's one part of the problem, but like he said, there's a part two which is the unfunded liability.

Ms. Lopez: I have a quick question. If you go with the City of Tucson, the firefighters, the City would pay the pension and pay all that?

Ms. Moreno: Yes. That's part of the 2% all-inclusive costs.

City Attorney Paladini: Yes, it's all inclusive.

Ms. Moreno: We will owe this. This is not going to go away.

Ms. Aguirre: But it will prevent it from growing any more.

City Attorney Paladini: On the fire side.

Mr. Luttrell: If we go on and try to fix fire and we ask for a little more than \$1 million, just to pay off that fire pension, is that still in the spirit of, here's a bond to protect Fire?

City Attorney Paladini: Our pension is about \$2.5 million.

Mr. Luttrell: Ok, so what if we try to raise more of that just in the interest of general fiscal health for South Tucson.

City Attorney Paladini: That's 6% money. We are already pretty stretched on our 6% money, that's our challenge.

Chair Karl: Public Safety pensions are not public safety.

Ms. Moreno: Not the pensions, but the personnel costs. It's not capital.

City Attorney Paladini: Technically it is but politically it is not. It's a harder campaign. Cities in the past have raised sales tax by say, $\frac{3}{4}$ of a point, and they have a 10-year sunset, and they pay down their PSPRS debt from 80% unfunded to almost nothing, but we just don't have that. If we were at 3% TPT here, you would have a lot of flexibility. You are at 5%, so there is just no room to go up. Veronica and I have talked to development type people and business people, and they said it's hard to have a high percent TPT, so how do you get people to come here on the promise that if we get more tax-generating businesses then we can lower the tax.

Ms. Moreno: But doing nothing, doing nothing at all, puts us in liability. If the City does nothing, ignores this whole issue with the Fire Department, and we expose ourselves to no coverage and no staffing and a 25-year old apparatus, I mean, then what happens, and then we have no decision in the process, whereas now you do. You have a part in the decision-making process.

Ms. Lopez: The community is going to be the one who is going to suffer.

Ms. Moreno: We would cease to exist and then the County takes over and we become a county island. That's the ultimate, obviously, but we don't want that to happen.

Mr. Eckstrom: We become an unincorporated jurisdiction.

Ms. Moreno: Right, exactly.

City Attorney Paladini: You will have a Sheriff Deputy here every few hours in this part of the County.

Ms. Moreno: And a fire district that would cost you at least -

City Attorney Paladini: You wouldn't even be able to afford that.

Mr. Eckstrom: And you would still have State sales tax.

City Attorney Paladini: Do we want to set the next meeting?

Ms. Moreno: If there's no questions we can go to the next item, Chair.

7. CALENDAR

Ms. Moreno: Does anybody want to offer a date at this point?

Chair Karl: Does Monday work for everybody?

City Attorney Paladini: Next Monday?

Ms. Moreno: Next Monday, same time, same place?

Mr. Eckstrom: What's the date on that?

Chair Karl: It's the 29th.

Ms. Lopez: Not the 29th? How about the 30th?

Ms. Moreno: Well, how soon can you get the figures?

City Attorney Paladini: Yeah, next Monday, Tuesday, works. We will work on them this week.

Mr. Eckstrom: Tuesday's ok with me.

Chair Karl: The next Council is probably not until the 7th, right?

City Attorney Paladini: That's right.

Ms. Moreno: So, on the 30th?

Chair Karl: 5:30 again.

Ms. Moreno: Tuesday, April 30th, 5:30.

Ms. Brown-Dominguez: I have a question. Do we have to have our recommendation completed for the May 7th City Council meeting?

Ms. Moreno: By May 14th. If we have a special meeting, we can have it by May 15th.

City Attorney Paladini: Do you want to do that all at the same meeting then, for them to come to their recommendation?

Ms. Moreno: Yes.

Mr. Eckstrom: If you just put it on the agenda.

Ms. Moreno: Yeah, I'll have it ready.

Ms. Aguirre: For the Committee's meeting agenda?

Ms. Moreno: We also have a Council agenda. I mean, I will have it already pre-populated to present it to the Council for May -

Mr. Eckstrom: We could also have on our agenda a recommendation to Mayor and Council.

Ms. Moreno: Yes.

Ms. Aguirre: For the next one just in case.

Ms. Moreno: I'll just keep it on. It's already on the agenda.

City Attorney Paladini: So, just a little bit of admonishment. Please, outside of this meeting, don't have conversations amongst yourselves about this topic. Even two people having a conversation runs the risk of having a meeting, because if those two people talk and then each of you go talk to two different people, that's a meeting.

Mr. Eckstrom: That's why I suggested we have the open meeting discussion.

City Attorney Paladini: Unfortunately, because the work has to be done here in this meeting, if you have questions or want information, email who? Lourdes?

Ms. Aguirre: Yeah.

City Attorney Paladini: Don't email the rest of the group and then the information will be disseminated to the whole group if questions come in, or requests for information, and if you get an email just don't reply all. Some people just reply all and you're having a meeting, potentially, if you reply all. A little bit of open meeting law admonishment and if any of you have questions for me, these guys have my email.

Mr. Luttrell: Is it ok to talk to our Council representative?

City Attorney Paladini: Sure.

Mr. Luttrell: Ok.

City Attorney Paladini: Sure, absolutely.

Ms. Aguirre: So, Adjournment?

Mr. Sears: Can we get clarification on what Dennis brought up and Dan brought up to the contrary, can we make a recommendation we support the bond.

Ms. Moreno: Yes.

Mr. Sears: But we want it to stay in South Tucson.

Ms. Moreno: We will keep it on the agenda in the event the Board is ready to give its recommendation. We will have it as an item, should the Board decide at the next meeting.

Mr. Eckstrom: You can have it as an item; you don't have to act on it if you're not ready for it. It's just kind of on the agenda, because if you don't have it on the agenda, you can't act on it.

Mr. Sears: I mean, we give our support for this, but we want it to stay in South Tucson, for example. You're saying we can't do it.

Ms. Moreno: That's not the charge of this Board.

Mr. Sears: But is there actually anything that prohibits us from giving an opinion on that to the Council?

Mr. Eckstrom: I think we do that individually.

Mr. Luttrell: Yeah, to the Council member who appointed you.

City Attorney Paladini: You can't do it as a Board. I think the official Board recommendation is to really focus on the funding aspect and not the model because again, if you think of it from a money standpoint, just assume the models cost the same. Once things get finalized or drilled down, there may be some differences but it's not going to be significant, I don't think. We've looked at the numbers.

Mr. Luttrell: There's nothing legally preventing us from doing it?

City Attorney Paladini: Again, it's the charge of the Committee that I would say to look toward as to what your roles are. I also suggest that it could hamper, if this Committee comes forward and says, we recommend the bond and here's all the details we recommend, and by the way, we like this model. You know the Council on which model some like and which models others like. So, I would suggest if you come out with a suggested model, you are going to win the hearts of some and lose the others, and what you want is a unified Council to come forward, 7-0 ideally, on putting this bond on the ballot. So, the less controversially politically you could

be with this recommendation to Council, the better. From a practical standpoint, stay away from the model and you are probably going to get a more favorable reaction from the whole Council, which is what you want. You don't have Council members going out there, hopefully, and trying to undercut this, because this is a relatively small town, you know. It doesn't take much to submarine something. This group has the right spirit, I sense it. You all get it, I can see that. So, congratulations and good job.

8. ADJOURNMENT

Mr. Luttrell: Can I make a motion to adjourn?

Mr. Eckstrom: I'll second the motion to adjourn.

Ms. Moreno: Thank you everyone. Have a good night.

The meeting adjourned at ___ p.m.

Chair

ATTEST:

Veronica Moreno, City Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Citizens Advisory Committee (CA) of the City of South Tucson, Arizona, held on the 22nd day of April, 2024. I further certify the meeting was duly called and a quorum was present.

Dated this _____ day of _____, 2024.

Veronica Moreno, City Clerk