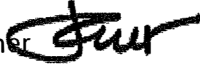




MEMORANDUM

Date: December 9, 2025

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshar 
County Administrator

Re: **Additional Information for the December 16, 2025 Board of Supervisors Meeting – Intergovernmental Agreement with the City of South Tucson for Fire and Emergency Medical Services**

On June 17, 2025, the Board of Supervisors considered how Pima County might provide financial assistance to the City of South Tucson that would enable the City to provide reliable fire and emergency medical services to residents and visitors to South Tucson. Following brief discussion, the Board asked staff to work with the City of South Tucson to see what resources might be available and to find a potential creative solution to assist the jurisdiction, its residents and visitors. For consideration by the Board of Supervisors is an Intergovernmental Agreement between the City of South Tucson and Pima County to provide a total of \$1.2 million over a period of four (4) years to assist with the provision of fire and emergency medical services.

Unique Needs of South Tucson

The City of South Tucson has been identified in the [University of Arizona's 2022 Southern Arizona Communities Poverty Report](#) as having the highest poverty rate in the region at 35.5%, significantly above the national average and more than double Pima County's average is 14%. Years of limited economic opportunity, housing inequities, and displacement by some historic urban [renewal projects have contributed](#) to the City's structural challenges. Additionally, the Arizona Social Vulnerability Index indicates that 96% of population is highly vulnerable, which is extremely high.

These factors have led to a high concentration of social service agencies in the area, which can attract a significant number of underprivileged and disadvantaged individuals from outside the city which can further increase demands for Fire and EMS services.

The County through [Prosperity Initiative 2](#), recognizes that it is important and appropriate to reinvest in high poverty neighborhoods and providing supplemental additional funds to assist with emergency management operations would improve access to resources and prevent the displacement of vulnerable residents.

Fire and Emergency Medical Services (EMS)

Earlier this year, the City of South Tucson reported that the model by which it had been operating Fire and EMS services for many years was no longer sustainable. Relying

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heavily on paid reserve firefighters from other fire districts and few full-time City employees, the model had become more difficult to maintain for a variety of financial and personnel reasons. This change prevented firefighters employed full time by neighboring departments from picking up shifts on their days off with South Tucson Fire. The City of South Tucson and the City of Tucson began to work together to resolve the issue and then involved Pima County as a potential third partner.

The proposal before the Board of Supervisors in June, 2025 asked for financial support from Pima County to help bridge the gap in funding for at least four years. The proposal called for the City of South Tucson to fund initial capital costs, allocate \$1.5 million per year of base funding for annual operating funds, and allocate an additional \$300,000 per year for funding from a bond measure. The City of Tucson would absorb \$300,000 per year of annual operating costs for in-kind support to the City of South Tucson for a period of four (4) years and Pima County was asked to provide \$300,000 per year of supplemental funding assistance for a period of four (4) years and a total of \$1.2 million. Subsequently, the City of South Tucson determined that the City of Tucson's proposed cost of service (\$2.9 million with a projected 2.5% annual increase) exceeded the City of South Tucson's operational capacity. South Tucson received a competitive proposal from Rural Metro. A draft Term Sheet between South Tucson and Rural Metro was developed and shared with Pima County on October 10, 2025. This agreement states that Rural Metro will provide full-time Fire Protection and Emergency Medical Services for the City of South Tucson for a period of 20 years at an initial rate of \$1,973,286 per year and a four percent (4%) annual increase each subsequent year.

Request for Additional Support

In the attached October 23, 2025 letter, from the City of South Tucson, the City noted its ability to direct \$1.5 million in reliable annual funding for Fire and EMS operations and asked Pima County to provide \$473,000 annually to allow for the funding of the Rural Metro service agreement.

The October 23 letter reiterated the request for \$300,000 annually. In addition, the City of South Tucson asked that Pima County forgive two settlement agreements, which total approximately \$120,000 annually.

1. Settlement Agreement with the City of South Tucson Regarding Payment of Delinquent Fees for Incarceration of Prisoners

In October 2013, the Board of Supervisors, believing settlement to be superior to litigation, approved an agreement to settle the delinquent account of the City of South Tucson related to incarceration of prisoners at the Pima County Adult Detention Center.

The total debt, including interest, was \$1,940,718.71. Under the terms of the Settlement Agreement, the County waived the delinquent interest computed at

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the statutory interest rate, waived delinquent fees in the amount of \$200,000, bringing the balance due to \$1,134,566.22.

The City of South Tucson was required to make an initial down payment of \$150,000 and would pay the balance due of \$988,566.22 over 10 years in 10 equal installments with an interest rate of 1.5 percent. The annual payment amount was \$106,760.63

The City of South Tucson made the initial payment of \$150,000 and made additional payments of \$249,396.99. With the addition of interest charges following late payments, the total amount owed in August 2017 was \$749,937.72

The Board of Supervisors then approved the extension of the repayment over 20 annual payments rather than the original 10 year period commencing June 30, 2017. The Board approved the new payment schedule of 20 annual payments, rather than the remaining eight annual payments of the original agreement resulting in an annual payment of \$43,553.46 and an increase of interest to be paid to the County of \$40,309.29 over the 20 year period. The current balance on the loan is \$438,632.06

2. Authorization to Loan \$1,100,00 to the City of South Tucson

Pima County and the City of South Tucson were both named defendants in a class action lawsuit, relating to a claim for refund of taxes levied by the City of South Tucson in Tax Years 2011, 2012 and 2013. To enable the City to make the payment to settle the case, the County advanced the \$1,100,000 payment to the plaintiffs on behalf of the City. The Settlement Agreement approved by the Board of Supervisors in July 2019 required the City of South Tucson to repay the County in 20 installments, with the first payment of interest-only due in October 2019 and subsequent annual payments of \$80,234.36 principal and interest through October 1, 2038. The current balance on the loan is \$826,622.61

The combined annual payment for both loans, which are both current, is \$123,787.82

The request for Financial Partnership from the City of South Tucson is an annual commitment from Pima County of \$453,000 to support the City's ability to sustain full-time Fire and EMS services. This represents:

- The initial request for \$300,000 annually to support Fire and EMS;
- Forgiveness of two loans, the current balance of which total \$1,265,254.67 and that represent combined annual payments of \$123,787.82
- An additional \$29,212.18 to assist with the gap that remains in funding the public service program.

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I recommend the Board of Supervisors approve the proposed Intergovernmental Agreement, which provides a total of \$1.2 million over a period of four years to assist with the provision of critical public safety services in South Tucson in recognition of the disproportionate share of services the City provides to non-residents visiting the community. This amount is consistent with the initial request for funding presented to Pima County and reflects a multi-year commitment to assist with vital public services.

Budget authority totaling \$300,000 will be allocated from the Other Special Revenue Contingency for FY 2025/26. The corresponding cash funding will be drawn from unused Certificates of Participation (COPs) interest earnings. Future year funding requirements will be incorporated in the General Fund during the FY 2026/27 budget process.

In return, the City of South Tucson will provide quarterly and midterm reports for Fire & EMS calls, response times, staffing levels and related expenditures. The midterm report will also include an assessment of long-term financial sustainability and to assist in the determination of whether funding should be continued or adjusted. Additionally, the City will also acknowledge the County's financial support, participate in County's Office of Emergency Management preparedness exercises, and host or co-host safety events to enhance community risk reduction.

Should the Board of Supervisors wish to provide funding in addition to the \$1.2 million, I recommend staff be directed to renegotiate and lengthen the payment schedule of both Settlement Agreements, which will lower the annual payments made to Pima County.

JKL/anc

Attachment

c: Veronica Moreno, City Manager, City of South Tucson
Carmine DeBonis, Deputy County Administrator
Steve Holmes, Deputy County Administrator
Sam Brown, Chief Civil Deputy County Attorney
Art Cuaron, Director, Finance and Risk Management
Amaris Vasquez, Senior Advisor, Pima County Administrator's Office

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VICE MAYOR

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DULCE JIMENEZ



1601 SOUTH SIXTH AVENUE

SOUTH TUCSON, AZ 85713

(520) 792-2424

FAX (520) 628-9619

CITY MANAGER

VERONICA B. MORENO

October 23, 2025

Pima County
County Administrator Jan Leshner
130 W. Congress Street
Tucson, AZ 85701

Subject: Update on South Tucson Fire and EMS Services – Request for Financial Partnership

Dear County Administrator Leshner,

This correspondence follows the letter sent to you and Supervisor Heinz on October 3, 2025, regarding the June 17, 2025 Board agenda item on the “Plan for South Tucson Fire and EMS Response.” Since that time, the City has continued to evaluate all viable service delivery models, including full-time service through Tucson Fire, as well as competitive proposals from third-party providers.

At the direction of Mayor and City Council, I am writing to provide a comprehensive update on the City of South Tucson’s efforts to secure sustainable Fire and EMS services for our community.

The City of Tucson has provided an updated proposal to contract full-time Fire and EMS services at an annual cost of \$2.9 million, with a projected 2.5% year-over-year increase. We have been informed that Tucson’s offer is firm and that there is no room for negotiated costs. While the City of Tucson has been an invaluable partner, this amount exceeds South Tucson’s operational capacity.

In parallel, the City has received a competitive proposal from a third party provider at an annual cost of \$1.973 million, with a 4% year-over-year increase. This proposal includes full-service Fire and EMS coverage and, based on preliminary analysis from our consultant, Citygate Associates, LLC, represents a financially viable alternative that would allow the City to maintain full-time services while addressing structural budget challenges. Note that these figures are the third party provider’s initial offer and that there might be some room for negotiation, particularly on the annual increase percentage.

South Tucson’s base budget currently provides \$1.5 million in reliable annual funding for Fire and EMS operations. After accounting for efficiencies and Proposition 409 bond-supported capital improvements, the City estimates that under the third party provider model, the remaining funding gap would be approximately \$473,000 annually.

Letter Dated: October 23, 2025

Subject: Update on South Tucson Fire and EMS Services – Request for Financial Partnership

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Request to Eliminate Settlement Agreements

We respectfully request that Pima County consider eliminating the two settlement agreements currently paid by South Tucson, totaling approximately \$120,000 annually. Removing these obligations would provide immediate, tangible relief to our constrained budget, allowing these funds to be redirected directly toward critical Fire and EMS services. This action would strengthen our ability to maintain full-time emergency coverage, improve response times, and better meet the disproportionate demand for services that our community faces daily. By relieving this financial burden, Pima County would directly contribute to protecting lives, enhancing public safety, and supporting a sustainable service model that benefits both South Tucson and the broader regional community. The elimination this debt would result in a total annual funding request to Pima County in the amount of \$353,000.00.

Service Delivery Options and Financial Considerations

The residents of South Tucson deserve and have earned the right to a full-service, full-time fire and EMS department. They overwhelmingly voted to pass the Prop 409 bonds (taxing themselves) in support of achieving this necessary service. Nevertheless, even with the bond funding, the City still faces a gap in funding. This is where the County's continued leadership is essential to address the long-standing public safety challenges facing our residents.

We respectfully request that Pima County provide financial assistance to cover this shortfall for a period of up to five years while the City stabilizes its financial position and completes several key planning initiatives. These include updating the City's General Plan, retaining and expanding our existing commercial base, and advancing economic development along our southern border.

All the while, we continue to address our past fire department PSPRS unfunded liability, which further constrains the City's operating budget and limits flexibility to fund essential public safety services.

Community Context and Need

Several academic studies and reports document that South Tucson is a historically marginalized community with high concentrations of poverty and social service needs. The University of Arizona's Southern Arizona Communities Poverty Report 2022 identifies South Tucson as having the highest poverty rate in Southern Arizona at 35.5%, far above the national average. Research from Arizona State University and other sources highlights decades of public and private disinvestment, housing inequities, and displacement resulting from historic urban renewal projects.

These structural inequities have led to South Tucson drawing a high concentration of social service agencies, which in turn attract an excessive number of underprivileged and disadvantaged persons from outside South Tucson, thus further exacerbating the need for emergency medical and other public safety services. This situation places South Tucson in a position where it is providing public safety services to Tucson and Pima County residents out of proportion to local needs.

Because of this, the City lacks the financial capacity to sustain full-time Fire and EMS services independently. Without external support, residents will face gaps in essential public safety coverage.

Letter Dated: October 23, 2025

Subject: Update on South Tucson Fire and EMS Services – Request for Financial Partnership

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Partnership Opportunity

We believe that the third party provider proposal represents a financially realistic and operationally sound path forward. With Pima County's short-term investment, combined with the elimination of the settlement agreements, we can ensure uninterrupted full-time Fire and EMS services to South Tucson residents and visitors alike while strengthening the City's long-term fiscal sustainability. We remain open to a range of partnership models, including phased or tapering County contributions, joint service planning with regional partners, and participation in future County-led public safety funding strategies.

Your support is essential to bridging this critical gap and protecting the lives and safety of South Tucson residents and those visiting the City from Tucson and Pima County. With County assistance, combined with the City's base budget and Proposition 409 bond funding, South Tucson can implement a sustainable Fire and EMS service model that redresses decades of structural inequities while preserving public safety.

Thank you for your consideration and leadership. We are available to provide additional information or meet at your convenience to discuss this proposal in detail.

Respectfully,



Veronica Moreno,
City Manager

cc: Mayor and Council
Pima County Board of Supervisors
Jon Paladini, City Attorney
Lourdes Aguirre, Finance Director
Stewart Gary, Citygate Associates LLC.
John Flynn, Policy Logic, LLC