



Founded 1876
Incorporated 1899

TOWN OF JEROME, ARIZONA

POST OFFICE BOX 335, JEROME, ARIZONA 86331
(928) 634-7943 FAX (928) 634-0715

MINUTES

BUDGET WORKSHOP OF THE JEROME TOWN COUNCIL JEROME CIVIC CENTER - 600 CLARK STREET – STUDIO ONE (FIRST FLOOR) THURSDAY, MARCH 12, AT 2:00 P.M.

<p>ITEM #1:</p>	<p>CALL TO ORDER/ROLL CALL</p> <p>Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll.</p> <p><i>Mayor Lew Currier called the meeting to order at 2:00 p.m.</i></p> <p><i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Currier, Vice Mayor Freund, Councilmember Stewart, Councilmember Barber and Councilmember Vander Horst.</i></p> <p><i>Staff Present: Rebecca Cretti, Finance Director, and Joni Savage, Deputy Clerk.</i></p>	
<p>ITEM #2:</p>	<p>2015-16 BUDGET</p> <p>Council will discuss, in roundtable format, the upcoming budget process, timeline, and their priorities for the coming year. Department heads have been invited to attend and participate.</p> <p><i>Mayor Currier explained the importance of the budget and noted that Ms. Gallagher has done most of that work since she has been here, but prior to that, Council did everything themselves. He spoke of the difference between the budget to actual reports, which Council receives monthly and which show revenues and expenses, and the town's balance sheet, which shows assets, liability and equity. He noted that, a few years ago, we realized we were building up quite a bit of money there [in fund balance], and researched what is normal for a town to retain. It is normal for a town to retain about 30% of their annual budget, he said, but we had accrued considerably more than that, so we have been gradually moving it off of the balance sheet and beginning to spend it on infrastructure.</i></p> <p><i>Ms. Gallagher explained the budget process and said that this initial meeting is intended to provide the opportunity for Council to let her know what they would like to see included in the 2015-16 budget. She will then prepare a balanced budget (most likely utilizing some general fund balance) as a starting point for Council's work. Council can request that various department heads attend any of the meetings, and she can arrange a "field trip" for members to the sewer plant, firehouse, public works yard and/or police station.</i></p> <p><i>It was discussed and agreed that a trip to the sewer plant, public works yard and water tanks would be arranged for those who would like to participate. The Mayor recommended that members also tour the streets, particularly Rich Street, Gulch Road and Juarez.</i></p> <p><i>Vice Mayor Freund expressed interest in visiting the springs. Councilmember Stewart noted that Allen Springs is inaccessible unless you hike in, but Verde Central and Walnut Springs are good examples of how the system works. Mr. Freund added that this does not have to take place during the budget process.</i></p> <p><i>Councilmember Vander Horst said that he would like to see a listing of, and tour, all properties owned by the Town.</i></p> <p><i>Mayor Currier mentioned the Town's cemetery which is located in Clarkdale, and its possible value. It was noted that interest has been expressed in leasing</i></p>	<p><i>Sponsored by Mayor Lew Currier</i></p> <p><i>Discussion only.</i></p>

the property from the Town for use as a vineyard. The Mayor explained that this was originally a 40-acre plot given to us by Woodrow Wilson in 1918 during the typhoid epidemic. Many people were buried there, but, unfortunately, the records are gone. Ms. Gallagher said that there is technology available now that can use sonar to locate the bodies, and added that maybe an NAU student would be interested in doing that for us.

Ms. Gallagher will start setting things up for tours between the end of March and the end of summer.

Discussion then turned to the budget, the highlights of which are presented below (not necessarily in chronological order).

- Ms. Gallagher noted that it is not likely that we will actually utilize all of the fund balance that we provided for in the budget. She emphasized that fund balance is not necessarily cash, but represents net worth.
- In the current year, general fund balance was transferred to the enterprise (utilities) fund. If those amounts are not fully expended, and there is a subsequent "profit" in the utilities fund, it would simply increase the utilities fund balance for future years.
- There was discussion regarding the fact that funds other than the general fund (utilities, HURF) are intended to be self-funding. At present, they are not, and are being subsidized by the general fund. Mayor Currier noted that the only way that they could be self-funded would be to raise utility rates, and to do that after several years without an increase can be difficult for people. It is better to raise them regularly in small increments. He would prefer to cut back on the subsidies, and we would have to raise rates in order to do that.

Ms. Gallagher said that the issue is that most of the work needing to be done in this town has to do with water and sewer. If the rates were enough to cover all of that, she said, they would be through the roof, so we have subsidized it through sales tax revenues, which are generated by people who come here and put stress on our system. There is some logic, she said, to using some of the general fund revenues in this way. She agreed, however, that rates need to be raised periodically.

Mayor Currier noted that another way to deal with this is to establish a secondary property tax, which, he said, is based on land value as opposed to developed value. It requires approval by referendum of the people. Ms. Gallagher will research and provide information regarding secondary property taxation at a future budget meeting.

- Ms. Gallagher provided and reviewed a proposed timeline for the budget, based on statutory deadlines, and added that if we are able to accomplish it more quickly, all the better.
- Ms. Gallagher also provided a listing of needed capital improvements, which was an update of an older list that has been around for awhile. She noted that this was intended as a starting point for Council, and asked them to let her know what other projects they would like to see on the list. She noted that the Fire Chief has requested new flooring on the second level of the firehouse, and the restroom at our police station is badly in need of improvements. She also noted that another thing that needs to be done is to replace the roof at the Hotel Jerome, which will be expensive. Councilmember Stewart explained that the roof has been patched extensively and is no longer effective. Vice Mayor Freund recommended removing any references to paving streets, and said that he would prefer to UNpave the streets to expose the cobblestone.
- Mayor Currier opined that we will need to budget \$100,000 for legal fees related to possible litigation during the coming year. Councilmember Vander Horst commented that those funds would then be diverted from other projects.

	<ul style="list-style-type: none"> • The sewer plant road was discussed. The engineering for that was budgeted in the current fiscal year, and is about two-thirds complete. The Town Engineer has asked if he should continue that work. After discussion, and given the cost of the project as designed by the engineer (roughly \$400,000), it was determined that no further work on that design should be done by them at this time. Ms. Gallagher will communicate that to them. • It was noted that it may be useful to purchase a domestic snow blower. Ms. Gallagher stated that Mr. Dement would like to purchase a skid steer, which could be equipped with a snowplow attachment as well as a street sweeping attachment. The cost is in the range of \$40,000, she said. It was unclear whether that would include the attachments. • Councilmember Barber asked about the possibility of using the old Town yard for parking, and whether the buildings there, which she understands are historic, could be removed. She would also like to see the School Street access to Town Hall restored. Ms. Gallagher advised Council that the Town has just been awarded \$20,000 from Freeport-McMoRan toward the restoration of the steps from School Street and repairs to the wall there. She noted that the Town received less than usual from Freeport this year, which may be due to our delay in undertaking last year's funded project (the leaning wall/horseshoe pits). We will most likely need to provide additional funding in the budget for the School Street access project, and Vice Mayor Freund said that he feels that should be a priority. Mayor Currier discussed the costs involved in turning the old town yard into a parking lot, and suggested that it may be good to think about selling that property. • There was discussion regarding wages for staff. It was noted that the 2015 COLA (Cost of Living Adjustment) for Social Security recipients is 1.7%. Various methods of providing increases were discussed, including flat percentage increases, dividing a lump sum evenly among all employees, and increases based on merit. Ms. Gallagher provided a history of the wage increases over the past four years, where different methods have been used. Mayor Currier distributed a document regarding the cost of living in Jerome, which is high. He said that, eight years ago, a specialist was brought in to advise Council regarding how much staff should be paid, but the Town was unable to pay that much. We have the lowest paid government employees in the State, he said, and added that we have the best crew ever at this time, "from top to bottom." He said that he is prepared to do the best that he can to compensate them. Ms. Gallagher was asked to prepare the budget using various wage increase schedules, beginning with a 1.7% cost of living increase across the board. The Mayor said that he is open to a larger increase, but would first like to see what the overall budget looks like. • Ms. Cretti said that wages should be looked at very carefully, and stated that: <ul style="list-style-type: none"> ○ She believes that some of our policies are discriminatory and should be looked at. Our librarian is a department head, she said, yet earns less than one of our Town crew members. ○ Almost half of this year's fire department per call pay was to personnel who are on our payroll, which increased our payroll taxes. ○ Council should consider hiring another crew member in Public Works so that we are able to get more work done. <p>Mayor Currier asked Ms. Cretti to put her thoughts in writing.</p>	
--	---	--

	<ul style="list-style-type: none"> • There was discussion regarding the possibility of instituting a “Bed, Board and Booze” tax. Mayor Currier said that there was a bed, board and booze tax during the 1990s but it went away when Council decided to raise all taxes to the same rate. Ms. Gallagher will research and provide more information about bed, board and booze taxes at a future budget meeting. • Mayor Currier commented that, when he was the Town Clerk, he was the only one who saw the tax report from the State. He knew that some businesses were not paying transaction privilege taxes and eventually got them to begin paying when he threatened to contact the State auditors. Some others, however, did not comply for four years. Ms. Gallagher noted that, currently, the State spreadsheet reports are garbled and nearly illegible. She has been trying, so far without success, to get the State to fix that. • Mayor Currier noted that some departments do not spend all of the funding that they are allotted, which, he said, means that they are falling short on what they said they were going to do. Ms. Gallagher explained that there are several projects ongoing right now, and Council should wait until year end to make that determination. She added that, sometimes, we are able to accomplish budgeted projects for less than projected, save money on routine costs, or bring in more revenue than anticipated. Those things can combine to show a “profit” in any given department from time to time. • Ms. Gallagher was asked about anticipated revenues for 2015-16. She said that, at this time, the Town is roughly even with last year regarding sales tax revenues. She would not anticipate an increase in 2015-16 based on where we are so far this year. Mayor Currier added that he believes that the State will be cutting back on some of the funds that we receive from them, because they are running a huge deficit. Ms. Gallagher noted that certain revenues can be included in the budget as contingencies, so that, if received, they can be spent. • The need for continued infrastructure repairs was discussed. Ms. Gallagher said that Mr. Dement would like to spend at least \$25,000 per year on a program of sewer line replacement. She added that, while the roads are in need of repair, the infrastructure below them should be addressed first. • Ms. Gallagher noted that water and sewer emergencies happen often, and can eat up the budget, getting in the way of progress on other projects. • It was noted that our utility rates are low in comparison to Cottonwood and Clarkdale, and that, although we have meters installed, we are not currently billing by usage. That has been discussed for a long time, Ms. Gallagher said, but there are pros and cons to it. • It was noted that the contract with Shepherd Wesnitzer as Town Engineer expires in December, and if Council intends to seek other proposals, we should begin that process no later than September. 	
<p>ITEM #3:</p>	<p>ADJOURNMENT</p> <p>Upon motion by Councilmember Alex Barber seconded by Vice Mayor Freund and unanimously approved, the meeting was adjourned at 3:47 p.m.</p>	

Edited by Town Manager/Clerk Candace Gallagher from minutes taken and transcribed by Deputy Town Clerk Joni Savage.

APPROVE:

ATTEST:

Lew Currier, Mayor

Candace B. Gallagher, CMC, Town Manager/Clerk

Date: _____