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TOWN OF JEROME, ARIZONA

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MINUTES

BUDGET MEETING OF THE JEROME TOWN COUNCIL JEROME CIVIC CENTER - 600 CLARK STREET – COUNCIL CHAMBERS THURSDAY, JUNE 25, 2015 AT 10:30 A.M.

ITEM #1:	<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 Currier called the meeting to order at 10:30 a.m.</i></p> <p><i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Currier, Vice Mayor Freund, and Councilmembers Barber, Stewart and Vander Horst.</i></p> <p><i>Other staff present were Joni Savage, Deputy Clerk and Becky Cretti, Finance Director.</i></p>
ITEM #2:	<p>2015-16 BUDGET</p> <p>The Manager will present the fifth draft of the 2015-16 budget for Council's review and discussion. There may be detailed discussion regarding any portion of the budget.</p> <p><i>Ms. Gallagher provided and reviewed a memo detailing changes to the budget since the prior meeting (on June 18). As a result of Council's discussions at that meeting, the following changes were made:</i></p> <ul style="list-style-type: none"> <i>• Wages for three part-time employees and one full-time employee were increased to the proposed Town minimum wage of \$12.00 per hour. As a result, salary and benefits costs increased slightly in the Kids Art Workshop department, Police department, P&Z and the various departments to which Public Works labor costs are allocated. The Town contribution to the Kids Art Workshop program was increased by \$100 to balance that budget.</i> <i>• Salary and benefit costs were added for fuel abatement personnel in the Fire Department, with a total budget impact of \$10,018.64.</i> <i>• P&Z salaries and benefits were increased to allow for two hours per week of clerical assistance to P&Z, with a total budget impact of \$1,787.04.</i> <i>• Also under P&Z, salaries and benefits were increased slightly to increase the allowance for the part-time minute taker's hours from 10 hours per month to 12 hours per month.</i> <i>• \$200 was appropriated under P&Z for "Map Upgrades/Copies."</i> <i>• Amounts that had been appropriated under "General Government" for "Promotion of Tourism," were moved to Salaries and Benefits in that department, providing for a shuttle driver (18 hours/week at \$12/hour). That cost totaled \$12,161.34.</i> <i>• The appropriation for "Shuttle Expenses" under General Government was increased to \$2,400. (This includes promotion of tourism costs also.)</i> <i>• The appropriation for "Operating Supplies" in the Fire Department was increased to \$1,500.</i> <i>• In the Parks budget, the appropriation for "R&M – Infrastructure" was increased by \$500, to \$3,300.</i> <p><i>In addition, Ms. Gallagher added \$500 to the Police budget under "Software Service and Support," deducted \$900 from the Library budget for "Contract Services" (to reflect our credit with the County Library System for IT services not utilized in the prior year), and made minor</i></p>

adjustments to several line items. She also made corrections to the salary and benefits worksheet which decreased expenses by about \$4,500.

The net effect of all of these changes, she said, was as follows:

- There is no longer any transfer from the water department to the sanitation department.
- The general fund is now subsidizing the sewer and sanitation accounts in the amounts of \$5,000 and \$23,500, respectively.
- The capital fund will now total \$98,100, which includes funds for the purchase of a skid steer, toward the eventual purchase of a garbage truck, and toward general unspecified capital improvements.

Discussion ensued, the highlights of which are presented below (not necessarily in chronological order).

- Salaries and benefits, including longevity increases, were discussed at considerable length. Across the board increases of 1.7% and 2.3% were discussed.

With respect to longevity increases, the Town Manager had proposed a system, which had been tentatively included in prior drafts of the budget, that would provide periodic salary increases to full-time employees based on length of service to the Town. There would be a \$1,000 increase in pay after three years of service, eight years of service, 13 years of service and 15 years of service. At the outset, eligible employees would receive an increase commensurate with their years of service to date, and additional increases, if appropriate, would be provided at the hallmark steps thereafter. (For example, an employee who has been with the town for 10 years would receive a \$2,000 adjustment at this time (covering the three year and eight year marks), then a \$1,000 adjustment after 13 years of service and another \$1,000 adjustment after 15 years of service.) In this initial budget year, the longevity increases would impact ten employees, and the budget impact (which includes some prorated amounts) would total \$17,442. Amounts added in subsequent years would be considerably less: \$1,558 in 2016-17, \$4,126 in 2017-18 and \$5,975 in 2018-19. Those numbers presume no turnover in staff. Her explanatory spreadsheet is attached.

Councilmember Vander Horst presented a bar graph (attached) showing how various levels of salary increases (1.7%, 2.3% and 3%) and the proposed longevity increases would impact the Town. He expressed support for the longevity increases.

Vice Mayor Freund noted that the longevity provided in any given year would then become a part of the compensation, and would be provided in each subsequent year as well. He provided a handout (attached) pointing out that the Town already rewards longevity of service through increasing amounts of Paid Time Off (PTO) and questioned whether we offer enough PTO and if it adequately rewards longevity of service. He suggested that we could possibly increase PTO.

Councilmember Stewart and Councilmember Barber each expressed that they were not comfortable with longevity increases but would not object to a modest across the board wage increase.

Finance Director Becky Cretti asked Council to keep in mind that longevity deals with wage erosion, whereas an across the board raise doesn't specifically address that.

Ms. Gallagher said that she would like to put something in place to reward the employees who have been here a long time. These people are the heart of the Town, she said. They all do a good job and it would be nice to give them some recognition.

Vice Mayor Freund expressed concern that, by offering longevity increases, we would be creating an "entitlement," and he would be worried about an employee suing the Town if it was discontinued. Ms. Gallagher noted that the policy could change from year to year, depending on the fiscal condition of the Town and the intent of that Council. Some towns, she added, discontinued the longevity bonuses when the economy was down.

Vice Mayor Freund also said that he has a problem offering increases based on longevity and not performance.

	<p>Ms. Gallagher said that had contacted Municipal Clerks across the country to ask how this is handled in their towns, and she read from some of the emails she received in response. About half of those who replied offer longevity rewards, often provided as bonuses rather than salary increases. She noted that Prescott Valley offers a length of service award that is determined and budgeted each fiscal year, and awarded publicly.</p> <p>Councilmember Stewart suggested putting aside \$20,000 for year-end bonuses, and figuring out later how to distribute that. Ms. Gallagher advised against putting off that decision. She said that she had anticipated this discussion, and distributed an alternate wage spreadsheet that did not include longevity increases but did include year end bonuses: \$800 for full-time employees and \$400 for part-time employees, which would total \$19,600.</p> <p>It was ultimately determined, for this budget, to NOT provide longevity increases, and to include a 2.3% across the board wage increase. The only exception was that the Librarian's salary would be adjusted to \$38,200 in acknowledgement of her role as a full-fledged Department Head. It was also agreed that the budget would provide funds for year-end gift cards for employees (\$100 per full-time employees, and \$50 for part-time employees).</p> <p>It was noted that a pay plan/policy could be developed over the next year in conjunction with other changes to the personnel policies.</p> <p>Councilmember Vander Horst stated for the record that he would prefer to offer longevity increases and a lower across the board increase.</p> <ul style="list-style-type: none"> • As no one would be attending the League Conference in August, appropriations for that will be eliminated. • Dues and Subscriptions will be increased to provide for membership in the Jerome Chamber of Commerce. • A \$500 appropriation will be included for a donation to the local food bank. • It was discussed and agreed that the Library's appropriation for books (titled "Print and Non-Print Materials") would be increased by \$1,000. • Fuel abatement was discussed. Councilmember Barber said that she would like to see the fire department get into the Gulch and remove dead trees and other debris. Councilmember Stewart stated that we should start with Town properties and set the precedent for private homeowners. He added that the mine does not want poisons used on their properties. There was discussion, but no resolution, regarding the possibility of the Town assisting private homeowners in transporting brush to the burn pile. • Council discussed needed repairs to the backhoe. The repairs are estimated to come in (including transport to Prescott) between \$5,000 and \$15,000. A new backhoe would cost around \$50,000. It was suggested that we look into purchasing a used backhoe, and/or possibly enter into a lease purchase arrangement. Funds appropriated for the skid steer could go toward this. • Mayor Currier said that he is getting ready to alert the Chamber that Council has reached a consensus on the bed, board and booze tax, and we expect to spend about \$12,000 of that on a driver for the shuttle. Ms. Gallagher clarified that the shuttle driver would be on the Town's payroll, not the Chamber's. Councilmember Vander Horst noted for the record that he is not in favor of a tax increase for just bars, beds and restaurants—he would only be in favor of increasing it for everyone. Ms. Gallagher explained that it will be a three month process to adopt the increase, and noted that our budget will rely on that.
<p>ITEM #3:</p>	<p>ADJOURNMENT</p> <p>Upon motion by Vice Mayor Freund seconded by Vice Councilmember Stewart and unanimously approved, the meeting was adjourned at 12:07 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: _____