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TOWN OF JEROME, ARIZONA

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MINUTES

SPECIAL MEETING OF THE JEROME TOWN COUNCIL JEROME CIVIC CENTER - 600 CLARK STREET - COUNCIL CHAMBERS TUESDAY, SEPTEMBER 22, 2015 AT 7:00 P.M.

ITEM #1:	CALL TO ORDER/ROLL CALL Mayor/Chairperson to call meeting to order. Town Clerk to call and record the roll. <i>Mayor Currier called the meeting to order at 7:00 p.m.</i> <i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Currier, Vice Mayor Freund, Councilmember Stewart, Councilmember Barber and Councilmember Vander Horst.</i> <i>Other staff present were Joni Savage, Deputy Clerk. Becky Cretti, Finance Director, arrived at 7:08 p.m.</i>
ITEM #2:	FIRST READING: ORDINANCE NO. 417, AN ORDINANCE OF THE TOWN OF JEROME, ARIZONA, RELATING TO THE PRIVILEGE LICENSE TAX; AMENDING THE TOWN TAX CODE BY ADDING A TAX UPON TRANSIENT LODGING AND INCREASING THE RATE OF TAXATION ON RESTAURANTS AND BARS; PROVIDING PENALTIES FOR THE VIOLATION THEREOF; PROVIDING FOR SEVERABILITY; DESIGNATING AN EFFECTIVE DATE AND MAKING PROVISION FOR EXISTING CONTRACTS Council will review, and may conduct the first reading of, Ordinance 417, which would establish a 2% bed tax on transient lodging and increase the tax on restaurants and bars by 1%. Both increases would become effective as of November 1, 2015, and it is Council's intent that they be effective for one year only. <i>Mayor Currier read Ordinance 417 in title only and invited Council to comment.</i> <i>Councilmember Vander Horst requested clarification regarding Section 8A-455, paragraph A, of the Model City Tax Code. Mayor Currier clarified that the increased tax for restaurants and bars would apply to "every person engaging or continuing in the business of preparing or serving food or beverage in a bar, cocktail lounge, restaurant, or similar establishment where articles of food or drink are prepared or served for consumption on or off the premises, including also the activity of catering." Mr. Vander Horst said that this would indicate to him that packaged liquor, whether in a wine tasting room or a bar, would not be taxed. Ms. Gallagher said that she had spoken with the Division of Revenue about this, and the representative she spoke with also interpreted that to mean that there would not be an additional tax on packaged goods.</i> <i>Councilmember Vander Horst then referenced a statement in the ordinance that it is the intent of the Town Council to repeal the terms of this ordinance no later than November 1, 2016. "I don't think that is what we agreed to," he said. "That statement says this Council has to proactively take action to repeal it, and I thought we had agreed to sunset it." Ms. Gallagher said that she had discussed that also with ADOR, and was told that it is not possible to do a sunset clause. It is up to us to be proactive next year and repeal it. "That is not what we told the people," Councilmember Vander Horst said. Mayor Currier replied that he understands that the State cannot monitor things to make sure that we do what we're supposed to do. He agrees, he said, that it is Council's intent to review this at budget time</i>

	<p>next year and say "yay or nay." There was a brief dialogue, without resolution, between Councilmember Vander Horst and Mayor Currier as to what had been said originally in this regard.</p> <p>Discussion returned briefly to the matter of taxing packaged goods. Mayor Currier suggested that we let Ellen Vojnic (owner of Paul & Jerry's Saloon) know what Council's position on this is (that packaged goods would not be taxed). Ms. Gallagher noted that, ultimately, it will be up to ADOR to determine how that is handled.</p> <p>Mayor Currier pointed out that the language of the Model City Tax Code references the "city," while we are a town. Ms. Gallagher advised that she had discussed that with the League, and they will be amending that language on behalf of several towns. We are not able to do that here.</p> <p>Mayor Currier noted that, when a taxpayer is serving food off premises, the payer's regular business location is deemed to be the location of the transaction for the purposes of taxation.</p> <p>Councilmember Stewart asked again about the taxation of packaged goods. Ms. Gallagher reiterated that it will be up to ADOR, and that the representative she spoke with initially led her to believe that the added tax would not be charged for anything taken off premises. "So, we're going to pass this or not pass this," Mr. Stewart said, "and then we are going to wait for their determination and that may change that section of it."</p> <p>Ms. Gallagher explained that ADOR's determination would not change the language of the Code. We are adding 1% on restaurants and bars, and whatever ADOR determines that to include, it will. She repeated that, in her conversation with them, they indicated that it would not apply to packaged goods sold for consumption off the premises.</p> <p>Councilmember Barber suggested that Councilmember Stewart may be confused because he was not present during some of the meetings where this was discussed by Council.</p> <p>It was established that the second reading of the ordinance would take place at a special meeting to be held on September 29 at 7:00 p.m., and the ordinance could be adopted at that time.</p>
<p>ITEM #3: 7:12</p>	<p>RESOLUTION NO. 531, A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF JEROME, ARIZONA, TO INCREASE SANITATION RATES BY 20 PERCENT</p> <p>Council will review, and may adopt, Resolution 531, to increase sanitation rates by 20 percent, effective November 1, 2015.</p> <p>Mayor Currier referred to the rate chart that had been provided, and explained the methodology of the increase. Both base rates and unit rates were increased by 20 percent.</p> <p>Councilmember Vander Horst referred to language in the Resolution stating that it is the intent of the Council that sanitation revenues be sufficient to meet sanitation expenses, and asked, if expenses change in the future, going either up or down, is it Council's intent to just charge enough to cover them? Ms. Gallagher replied that this is up to the Council, however, generally, utilities are intended to be self-sufficient. She does not believe there is any restriction against their earning a profit. Mayor Currier agreed, and said that utility funds are enterprise funds, and they can make a profit.</p> <p>Councilmember Barber asked if this rate increase would allow sanitation to break even, and Ms. Gallagher confirmed that it should. Ms. Barber mentioned the need for a new trash truck at some point.</p> <p>Ms. Gallagher commented that the rate structure she had to work with is quite convoluted, and recommended that it be simplified at some point in the near future.</p> <p>Councilmember Stewart noted that the rate for bars is higher than that for restaurants, yet restaurants create more food waste. He said that he feels that should be restructured.</p> <p>Suzu Mound, a local resident, stated that she feels that the rate structure is "really out of proportion." She feels that the residents are paying proportionately more than the restaurants</p>

	<p>for the amount of trash that they are generating. "Residents pay to live here," she said, "whereas businesses make money here." Councilmember Vander Horst commented that Council could look at that when working on simplifying the rate structure.</p> <p>Mayor Currier noted that all businesses are required to pay sanitation fees, regardless of what they generate. There are several businesses that generate no trash at all, yet they still have to pay. It is a very complex issue, he said, "and tonight is not the night to open that up."</p> <p>Councilmember Stewart asked when this rate structure was formulated. Ms. Gallagher said that it was created just before she came on board in 2009.</p> <p>Councilmember Vander Horst noted that there was a reference to B&Bs with four rooms, and he thought they could have only two rooms. Ms. Gallagher noted that this was included as an example, and the Mayor said that he would have to look at the Zoning Ordinance.</p> <p>Vice Mayor Freund said that he had been concerned about this increase, but looking into it, he found that rates were last increased in 2009. Prior to that, they increased in 2002 and 1998. Between 1998 and the present (including this increase), he said, sanitation rates have increased at an average of a little less than 4% per year. He deems that reasonable, he said.</p> <p>Mayor Currier said that, in 2008, Council raised the rates but staff never put them into effect. The next year they tried to compensate, he said, but they didn't charge retroactively. "It is a checkered history," he said, and agreed that rates have increased as slowly as we could have arranged. "Nobody wants to make this happen," he said. "Garbage trucks are expensive, and Waste Management has no problem raising their rates." The Mayor called for a motion.</p> <p>Motion: Councilmember Vander Horst made a motion to adopt Resolution 531, raising sanitation rates by 20%. It was seconded by Vice Mayor Freund. The motion passed with 5 ayes, 0 nays and 0 abstentions.</p>
ITEM #4	<p>ADJOURNMENT</p> <p>Upon motion by Vice Mayor Freund, seconded by Councilmember Barber and unanimously approved, the meeting was adjourned at 7:23 p.m.</p>

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

APPROVE:

Lew Currier, Mayor

ATTEST:

Candace B. Gallagher, CMC, Town Manager/Clerk

Date: 12-22-15

