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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 THURSDAY, MAY 30, 2013 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 Check called the meeting to order at 10:40 a.m.</i></p> <p><i>Town Manager/Clerk Candace Gallagher called roll. Present at roll call were Mayor Nikki Check, Vice Mayor Lew Currier and Councilmembers Anne Bassett and Bill Phinney. Councilmember Randall Hunt arrived at 10:45 a.m.</i></p> <p><i>Other staff in attendance at roll call included Deputy Town Clerk Rosemarie Shemaitis.</i></p>
ITEM #2:	<p>SPECIAL EVENT LIQUOR LICENSE</p> <p>The Mayor and Council may approve a special event liquor license for the 2013 Jerome Film and Music Festival for events taking place on June 14 and June 15, 2013, at the 300 level parking area.</p> <p><i>Council reviewed and briefly discussed this application for a Special Event Liquor License for the upcoming film festival. In response to questions from Council, Ms. Shemaitis explained that, if approved, the applicant will hand deliver this application to the Department of Liquor and Licensing in Phoenix in order to be able to get the license in time for the event, and noted that no park permits were applied for, as the Festival has opted not to use any of the Town's parks.</i></p> <p>Motion: Councilmember Bassett made a motion to approve this special event liquor license for the 2013 Jerome Film and Music Festival. It was seconded by Vice Mayor Currier and approved by all.</p>
ITEM #3:	<p>2013-14 BUDGET</p> <p>The Mayor and Council will begin their work on the 2013-14 municipal budget, and may schedule additional budget sessions at this time. Work will take place in roundtable format.</p>
10:45 am	<p><i>Ms. Gallagher presented and reviewed with Council a memo she had prepared regarding the first draft of the 2013-14 budget, which was also distributed to Council at this time. She recommended that this meeting consist of a general review of the budget as a whole, and that Council review the document between now and the next budget meeting and bring back specific questions and suggestions at that time.</i></p> <p><i>In her memo, Ms. Gallagher pointed out that:</i></p> <ul style="list-style-type: none"> • <i>The budget as presented is in balance.</i> • <i>The budget as presented would fund, in addition to expected day to day expenditures,</i> <ul style="list-style-type: none"> ○ <i>One additional full-time employee (CDL driver) in Public Works</i> ○ <i>The continuation of part-time assistance in our finance and utilities office</i> ○ <i>The rebuilding of the regulator on School Street</i> ○ <i>The Town's contribution of approximately \$20,000 toward the Cleopatra</i>

Hill tanks refurbishment

- The purchase of various equipment and supplies needed in Public Works
- The purchase of a dump truck
- A 3% across the board increase in wages for all town staff
- Engineering for the sewer plant road work
- The purchase of a repeater system and radio upgrades for the police department
- A significant increase in the amount budgeted for legal fees under Planning and Zoning
- A renewed appropriation of \$100,000 for litigation expenses
- The allocation of certain expenditures between the General Fund and the Enterprise Fund was adjusted:
 - Public Works salaries are allocated in this budget to conform closely to where actual hours were spent during the past year. The result is that more salaries are charged to water and sewer and less to other departments than in the past.
 - The insurance allocation was changed in accordance with information provided by Ms. Cretti, resulting in an increase in that expense line in water, sewer and sanitation, and a decrease in general government and HURF.
 - The allocation of administrative charges was changed to absorb more this year in the general fund (65%, as compared to 55% in past years). This reduces income in the general fund and reduces expenditures in the water, sewer and HURF departments.
- The budget as presented anticipates no increase in property taxes or utility rates.
- The budget as presented anticipates sales taxes at the same level as what has actually been received over the past year, a \$50,000 increase above what was budgeted last year.
- The budget as presented utilizes \$43,000 of the available fund balance in the General Fund, which is then used to subsidize the water, sewer, sanitation and HURF budgets.
- The budget as presented also utilizes funds remaining in the Capital Improvement Account as revenues in the water and sanitation departments.
- The budget as presented includes, in the sewer department, the use of \$24,000 in funds from the Sewer Emergency Account to cover engineering fees on the sewer plant road.

She noted that certain requests by staff have not yet been included in this budget, and will need to be reviewed first by Council:

- A request from the Police Chief for salary adjustments in his department that would add \$2,827 to the budget.
- A request from the Librarian for a 5% increase for library staff. As 3% has already been budgeted, the additional 2% would add approximately \$1,000 to the budget.
- A request from the Judge for an increase in the Court Clerk's hourly wage to \$16.50 per hour. This budget includes a rate of \$14.42. Granting that request would add approximately \$2,800 to the budget.
- A request from the Fire Chief to increase the Town's contribution to the JFD pension fund from \$8,000 to \$12,000.

Discussion ensued, the highlights of which are presented below, arranged by general topic and not necessarily in chronological order. During discussion, breaks were taken between 11:47 a.m. and 12:05 p.m., and between 1:22 and 1:45 p.m.

General

- Ms. Gallagher explained that contingency revenues and expenses have been moved to two separate funds: General Fund Contingencies and Enterprise Fund Contingencies. This was recommended by our auditor and will resolve the issue of needing to mentally deduct contingency items when reviewing monthly budget-to-actual reports.
- Vice Mayor Currier recalled that water, sewer and sanitation used to be separate funds, rather than separate accounts within one Enterprise Fund, as they have been presented for the past few years, and that there was legal reason to maintain them as separate funds. Ms. Gallagher will ask the auditor about that.
- The frequency of deposits to our bank accounts was discussed, and Ms. Gallagher said that we are working toward being able to make remote deposits.
- The Fire Department pension fund was discussed. Councilmember Phinney said that he would like a review of that retirement plan. Ms. Gallagher explained that the Town makes an annual contribution to the plan. It has been \$8,000 for several years, and Chief Blair would like to see that contribution increased this year to \$12,000. She added that the fund is administered by an outside agency. The wisdom of investing in the stock market was questioned.
- Vice Mayor Currier commented that, several years ago, funds were included in the Town budget to purchase art from our local artists.
- Ms. Gallagher explained that funds are included in the contingency fund to allow spending of any revenues received from the sale or lease of the cemetery property in Clarkdale. While we are unlikely to sell that property during the coming fiscal year, there is a chance that it may be leased. She added that maintaining that as a contingency is important in that it helps us to avoid exceeding our expenditure limitation.
- Ms. Gallagher said that we need to be thinking about our next CDBG (Community Development Block Grant). Possibilities include work at the Hotel Jerome, street repairs, and sewer line replacements. We will be eligible for a competitive grant next year, and the amount is typically around \$300,000. The salary survey that was done in order to qualify us for the last competitive round will remain valid for this one.
- Ms. Gallagher also noted that, in August, the grant application is due for the annual Freeport-McMoRan Social Investment grant. She said that the next round of Yavapai-Apache Nation funding will also be coming up.

Legal fees

- Vice Mayor Currier commented that the Town's legal fees from the current fiscal year, which hasn't closed yet, have come to around \$66,000, which includes the Grand Hotel litigation, the Groseta issue, general legal fees and prosecutor's fees. Ms. Gallagher noted that there is a recent bill from the Town Attorney that is not yet in the system that comes to over \$10,000. There was also a large invoice received from the Risk Pool several months ago associated with the litigation; however, she had argued then that it should be reconsidered and has not received another bill from them since that time. She said that the draft budget allocates \$100,000 again this year toward litigation, and includes a significant increase in legal fees under Planning and Zoning.

Police and Fire

- It was discussed and agreed that, because it is unknown at this time whether Jerome will be called to, and be able to, respond to calls for wildlands firefighting assistance, the \$25,000 anticipated as wildlands revenue in this budget will be moved to the contingency fund.
- Council discussed the police department's request for a \$10,000 budget item to purchase a repeater and new radios. Ms. Shemaitis explained that a repeater is a device that helps relay or boost radio transmissions in mountainous areas.¹ She said that the Home Tour used radios with a repeater, and they worked very well.
- Council discussed the lines in the fire department budget for "Medical Supplies" and "Medical Expenses," each at \$3,000. It was concluded that "medical supplies" are just that – supplies, while "medical expenses" include physical exams, vaccinations, etc. for our firefighters. We have four new firefighters this year.

Chamber of Commerce

- Ms. Gallagher noted that, once again this year, there is nothing in the budget for the Chamber of Commerce. Mayor Check said that she still thinks it is a good investment to have a tool (the map) that allows people to navigate around the town. There was discussion about the Town producing its own map, but it was suggested that that would cost more than assisting with the Chamber's map. It was generally agreed that, if the Town were to contribute to the map, we should require that it include all businesses, and not just Chamber members.

Public Works

- Some concern was expressed about replacing the School Street regulator at this time, given the heavy traffic that may be traversing the road during construction at the Groseta property. Ms. Gallagher stated that the budget will include funds to replace a regulator. Several of them need to be replaced; it does not necessarily have to be the School Street regulator, although that one has been identified as the priority.
- Ms. Gallagher reviewed equipment requests by Public Works (as discussed at Council's April 18 special meeting) and noted that several of those requests have been included in this budget. She said that she will also need to include \$3,250 for a live tap kit (which was also on their list, and is very useful when working on water lines).
- Ms. Gallagher said that the purchase of a dump truck is included in this budget. The estimated cost of \$30,000 is divided equally between the budgets for parks, properties, water, sewer, sanitation and HURF. Councilmember Phinney questioned the need for a dump truck, and Ms. Gallagher said that she would ask Mr. Dement to explain that need at the next budget meeting.
- Ms. Gallagher reviewed the manner in which she allocated Public Works salaries in this budget, and noted that as a result, more of those salaries are being charged to water and sewer this year, and less to other departments. The salaries are being allocated to correspond more closely to actual hours worked in each department over the past year.
- Council discussed the future purchase of a garbage truck. Ms. Gallagher had omitted this year's reserve in the sanitation budget of \$5,000 to be placed in the capital improvement account toward that future purchase, and had utilized as

¹ Definition from Wikipedia: A **radio repeater** is a combination of a radio receiver and a radio transmitter that receives a weak or low-level signal and retransmits it at a higher level or higher power, so that the signal can cover longer distances without degradation.

revenue in this budget \$5,000 previously set aside for that purpose. Vice Mayor Currier felt that we should not only NOT use those previously set aside funds in this budget, but we should also reserve another \$5,000 once again this year toward a garbage truck. He said that this is a greater concern than obtaining a dump truck.

- Ms. Gallagher noted that the sewer budget utilizes \$24,000 in the Sewer Emergency Account to cover anticipated engineering for the sewer plant road. It was discussed and confirmed that engineering is needed for this project. The plan involves improving and realigning the road to improve access and drainage.

Staff salaries and benefits

- Ms. Gallagher stated that, as a starting point for Council's discussion, she drafted this budget to include a 3% increase for all Town employees. She added that the Social Security cost of living adjustment this year is 1.7%. It was noted that most full-time employees received a 5% increase last year. Part-time employees and Ms. Gallagher received 2%, and salaries for the police department and fire chief were set separately. This topic was discussed at some length, with general disagreement regarding what, if any, increases should be provided. Councilmember Bassett suggested providing only a cost of living increase of 2%. Mayor Check suggested a cost of living increase of 1.7%, in line with the Social Security increase. Councilmember Phinney objected to any increase at all, stating that residents feel that town employees earn too much, and disagreed that the cost of living has gone up. Ms. Bassett noted that the cost of living HAS gone up, particularly for those at the bottom of the scale. Vice Mayor Currier commented that Town employees' salaries are low compared to other municipalities in Arizona, and asked Ms. Gallagher to provide a copy of the League's most recent salary survey to Mr. Phinney.

Ms. Shemaitis noted that the Federal government had temporarily reduced the employee FICA tax withholding rate, but at the beginning of this year, they reinstated the higher tax rate, so we are receiving less in our paychecks. She said that she would appreciate just enough of an increase to make up that difference so that her take home pay would stay the same. She was asked to provide additional information regarding the change in FICA withholding.

Ms. Gallagher recommended that salaries be discussed at a future budget meeting, possibly in closed session.

- Vice Mayor Currier noted discrepancies between this year's budget and the prior year's figures for insurance and workmen's comp. Ms. Gallagher explained that this is the result of: (a) a significant increase in our worker's comp rate; (b) the reallocation of public works salaries among the departments; (c) the inclusion this year of dental insurance costs, which were inadvertently omitted in last year's budget; (d) the inclusion of six months of benefits for an additional full-time employee in public works; and (e) (regarding actual expenditures over the past year) the fact that one employee who has been eligible for benefits for some time has not yet enrolled for them.
- It was discussed and agreed that Ms. Gallagher will look into alternative benefits providers for the 2014-15 budget year.

Elections

- Vice Mayor Currier said that a referendum may be filed if an ordinance is passed to allow vacation rentals. Ms. Gallagher estimated the cost of an election at about \$3,000, plus staff time. It was noted that fund balance could be utilized, if necessary, as a contingency to cover added costs.

Properties and Streets

- Councilmember Bassett noted that the revenue from the first floor rentals has historically gone to the library. No one could say how that originated. Ms. Bassett suggested charging less in order to attract renters, and would like staff to have discretion regarding what to charge. Ms. Gallagher stated that the rates were approved by Council and Council should also approve any changes. The possibility was discussed of allowing staff a leeway of 5% in determining the rental rates. Ms. Shemaitis noted that Council has been working to make rental fees more equitable.
- At this time, \$24,000 was budgeted for building repairs and maintenance (for all Town owned buildings). A lot of that in past years has been spent on HVAC repairs. Ms. Shemaitis noted that our HVAC system is in really bad shape and she has received several opinions stating that it was poorly constructed and that the whole system needs to be corrected. (Much of the work was done by volunteers with good intentions.) She said that we need to get quotes to repair the whole system and that possibly we could break it down into smaller projects that could be done year-by-year. She contacted the Department of Commerce to find out if there are any energy grants available for this, but there are none. It was suggested that we first need to analyze our system to determine how it should be redesigned, and then solicit proposals for the work.
- The need for structural work at the Hotel Jerome was discussed. We need to save it from further degradation.
- Vice Mayor Currier said that he would like to see some funds directed toward work on our streets, as nothing has been done about them for a long time, and many residents would like to see work done on their street. He added that he has been told that, in order to work on the streets, we must first address the infrastructure below them. Councilmember Bassett said that she is okay with leaving the lateral streets as they are – it helps to reduce the amount of visitor influx. Mr. Currier noted that we also need to make our sidewalks and stairs safe, but is not certain how we can accomplish that. After discussion, it was generally agreed that Dwain Dement and Rusty Blair will be asked to comment on which capital projects they feel should be prioritized. Vice Mayor Currier suggested doing repairs on small projects, such as a part of a street.
- Council discussed making repairs to the sluice steps, and what the work might entail. It could include redoing the brickwork at the bottom, and replacing the cement, and could probably be done by our crew.
- Ms. Gallagher noted that Kate Roberge has requested that handrails be installed on the Chinese Steps. She lives next to the steps and has had people falling into her yard. This is also something our crew may be able to do.
- Ms. Shemaitis noted that the retaining wall behind Knit 1 Bead 2 needs repair.
- Ms. Shemaitis commented that it would helpful if the new crew member has maintenance experience, and noted that our storm sewers should be regularly maintained.
- The need for extensive drainage work on Center Street was discussed.
- Mayor Check would like to see a solar-paneled shade installed over the walkway being constructed from the 300 Level, and said that APS would like to participate in that. Ms. Gallagher suggested that this may be a good project to seek funding for from Freeport-McMoRan.
- Vice Mayor Currier said that the leaning wall needs to be repaired, and he would prefer to put money into infrastructure rather than pay for maps. Ms. Gallagher said that Jane Moore is trying to raise funds for that work, and if it can't be saved,

	<p>she will need to go back before the Design Review Board.</p> <ul style="list-style-type: none">Ms. Shemaitis said that she has accomplished a lot of work on the 3rd floor and is going to be working soon on constructing a unisex bathroom and a mop sink area. She would then like to take the large unused space and create a community room that could be used for meetings, game nights or whatever. She asked if that is something that could be funded by the Freeport-McMoRan or Yavapai Apache funding. Ms. Gallagher said that either might be possible. <p>Ms. Gallagher said that she would have Public Works Director Dwain Dement, Fire Chief Rusty Blair and Police Chief Allen Muma in attendance at the next budget meeting to answer the questions regarding their budgets and equipment requests. The Chamber will be invited to attend a future meeting as well.</p>
ITEM #4:	ADJOURNMENT <p>Upon motion by Vice Mayor Currier seconded by Mayor Check and unanimously approved, the meeting was adjourned at 2:08 p.m.</p>

Edited by Manager/Clerk Candace Gallagher from minutes taken and transcribed by Deputy Town Clerk Rosemarie Shemaitis.

APPROVE:

ATTEST:

Nikki Check, Mayor

Candace B. Gallagher, CMC, Town Manager/Clerk

Date: _____