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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, MARCH 22, 2016 AT 6:30 P.M.

<p>ITEM #1:</p>	<p>CALL TO ORDER/ROLL CALL</p> <p>Mayor/Chairperson to call meeting to order.</p> <p>Town Clerk to call and record the roll.</p> <p><i>Mayor Currier called the meeting to order at 6:30 p.m.</i></p> <p><i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Currier, Vice Mayor Freund, Councilmember Stewart and Councilmember Barber. Councilmember Vander Horst was not in attendance.</i></p> <p><i>Other staff present were Rebecca Cretti, Finance Director, and Joni Savage, Deputy Clerk.</i></p>
<p>ITEM #2: 6:32</p>	<p>FINANCIAL OPERATIONS GUIDE</p> <p>Council will review and may amend and/or approve a Financial Operations Guide prepared by the Town Manager and Finance Director.</p> <p><i>Mayor Currier said that Council has looked at this before, and it is still a draft. We are doing this because our auditors have recommended that we do so. He noted that comments from himself and the Vice Mayor are included with the draft, and asked if other members of Council had any suggestions. Councilmembers Barber and Stewart each said that they had reviewed it and had nothing to add.</i></p> <p><i>The draft guide was then reviewed and discussed by Council, and it was ultimately agreed that the following changes would be made:</i></p> <ul style="list-style-type: none"> <i>• It would be retitled as "Financial Operations Manual."</i> <i>• Under "Travel and Training," a statement that "shared lodging is encouraged wherever possible" would be removed.</i> <i>• Under "Requirements for using Town-owned Vehicle," the provision that a valid AZ driver's license is required if the employee is driving a personal vehicle on Town business was removed, as that is covered in the section regarding "Requirements for using Personal Vehicle."</i> <i>• Under "Criteria for Write-off" (of bad debt), it was agreed that amounts less than \$500 which have been delinquent for over one year would be written off.</i> <i>• Mayor Currier stated that the Finance Director is referenced several times throughout the document; however, the Town Code specifies that the Town Manager serves as the Finance Director. He asked Ms. Cretti how she got that title. She replied that Council named her Finance Director at a time when there was no Town Manager. It was in title only, she added. The Mayor said that he would like the document and the Town Code to be consistent with each other. Ms. Gallagher will make any needed changes in the document.</i> <i>• Under "Telephone, Web and Facsimile orders," a provision that no backorders are allowed would be removed.</i> <i>• "Management" would be clarified in the section regarding fraud to specify which level of management is being referenced.</i>

	<p><i>Discussion included the following highlights (not necessarily in chronological order):</i></p> <ul style="list-style-type: none"> • <i>Regarding fraud, Vice Mayor Freund noted that there is no mention of the manager or Town attorney bringing in the Mayor at some point when an internal investigation is underway. He believes that would be an important component of a fraud investigation. Mayor Currier disagreed, and said, "If we are not aware of it, then we should keep our hands off. This is a manager form of government." Councilmember Stewart agreed that, while an issue is under investigation, the Council and Mayor should stay out of it.</i> • <i>There was discussion regarding the level of fund balance which should be retained. Levels between 20 and 35 percent were mentioned. Ms. Gallagher noted that "fund balance" is not the same as cash in the bank. It includes other assets. Ms. Cretti agreed, and said that the fund balance could be quite high with no cash in the bank. The Mayor said that he was thinking that four months reserve (33.3%) would be appropriate, but he is not ready to "put that in stone." Ms. Gallagher noted that the Manual does include language stating that Council has the right to appropriate funds from fund balance, regardless of the percentage reserved, if they believe that it is in the best interest of the Town to do so. "It is just meant to be a guide for you, it is not tying your hands," she said.</i> • <i>Ms. Gallagher noted a paragraph in the Fund Balance section that Ms. Cretti had added stating that the Town would put money aside for five years at a time before spending it. The Mayor asked Ms. Cretti to explain. "You would build it up," she replied, "and in the year you spent it you would have a deficit budget for that year." Vice Mayor Freund disagreed with that provision, saying that it would hamstring two Councils. Ms. Cretti said that this would help with our credit rating and help the Town avoid running deficit budgets year after year.</i> <p><i>Ms. Gallagher commented that she spoke with the auditor that day, and he informed her that it is not a "deficit budget" as long as there is sufficient fund balance to cover the difference. It is a balanced budget as long as there is unrestricted fund balance available to use.</i></p> <p><i>Neither the Mayor nor the Vice Mayor felt that the five year plan was necessary. Councilmember Stewart, however, was in favor of it, saying that it would be a way of doing a project every fifth year. The Mayor pointed out that Council can choose to save money with or without that paragraph in place. This was discussed at some length with no clear resolution.</i></p> <ul style="list-style-type: none"> • <i>Vice Mayor Freund said that he believes it would be helpful to have job descriptions for each position. Ms. Gallagher replied that no job descriptions have ever been adopted by Council. Mayor Currier said that, in 2009, just before Ms. Gallagher came on board, a consultant came up with job descriptions and a pay scale. The pay scale, however, was unworkable for the Council at the time, so it didn't go any farther. He asked Ms. Gallagher to look into that as it may be helpful.</i> <p><i>During the discussion, Council took a brief recess so that Ms. Gallagher could lock the ballot box. (This was an election night.)</i></p>
<p>ITEM #3: 7:20</p>	<p>DISCUSSION ONLY: DRAFT ORDINANCE TO AMEND TOWN CODE REGARDING UTILITY BILLING, DEPOSITS, PAYMENT RESPONSIBILITY, SHUT OFFS AND COLLECTION PROCEDURES</p> <p>Council will review the first draft of an ordinance to amend the Jerome Town Code with respect to utility billing, deposits, payment responsibility, shut offs and collection procedures. Council may make changes to the draft, schedule a first reading, and/or direct staff in this regard.</p> <p><i>Ms. Gallagher explained that this draft is a beginning point for Council's discussion, and there is additional work that needs to be done before the ordinance is finalized. She reviewed the draft ordinance with Council, and the highlights of that discussion are presented below (not necessarily in chronological order):</i></p> <ul style="list-style-type: none"> • <i>Our Code currently states that there is a deposit of \$22.50 to establish water service. As far as she and Ms. Cretti know, this has never been the Town's practice and should be changed.</i> • <i>The draft ordinance provides that, when the account is opened by a tenant, rather</i>

than by the property owner, a three-month deposit is required. The reason for that provision is because the Town has had trouble with tenants leaving town without paying their bill. We have no legal recourse for that.

- o Ms. Cretti clarified that the upfront payment is not called a "deposit," but the "last month's payment." We currently require the last month's payment in advance, along with a \$15 new account fee.
- o Mayor Currier did not favor requiring a three-month deposit, as he feels it may not be affordable. He asked Council to comment. Councilmembers Barber and Stewart suggested requiring first and last month's payments.

This was discussed at some length, and it was ultimately decided to:

- o Eliminate any reference to "deposit" and refer to it instead as "last month's payment" (LMP).
 - o Increase the new account fee to \$35.
 - o Remove a reference to the amount of the deposit/LMP being "at the option of the Clerk."
 - o Note that the "LMP and any other advance payment" shall be non-interest bearing.
- Currently, water is shut off after three months of nonpayment. Ms. Cretti suggested that commercial accounts be shut off after just two months of nonpayment. Ms. Gallagher said that this could be worked into the ordinance, and noted that we could still ask the owner to sign the application and agree to pay any balance not paid by the tenant. Vice Mayor Freund questioned the legality of that, and Ms. Gallagher replied that the Attorney has reviewed the ordinance. Ms. Cretti clarified that we cannot legally force the landlord to hold the account.
 - Currently, the Code states that the record property owner is responsible for payment, regardless of who is receiving the service. Ms. Gallagher explained that the law has changed, and we need to update that portion of our Code to comply with the new law. We can hold the owner of a residential property responsible only when there are more than four units. The draft ordinance clarifies that, and adds a new section, drafted by the Town Attorney, as follows:

For residential properties with four or fewer units, if the owner of such a property desires service, then Section 13-3-2.A controls. If the person desiring service for such a property is not the owner (a "Tenant"), the Tenant shall make an application for service to the Town by completing and delivering a "Tenant Application for Service" (the "Application"). The owner of the property must sign the Application and agree to pay any amounts not paid by the Tenant. If the owner refuses to sign such Application and agree to pay any amounts not paid by the Tenant, the Town will not start water, sewer and/or garbage collection service to such property. The Tenant in whose name the application and deposit are made shall be initially responsible for payment of all bills incurred in connection with the water, sewer and/or garbage service provided, and the Town will first submit bills to the Tenant for payment. If, however, the Tenant fails to pay such bills within forty-five (45) days following the date the payment is due, the Town will provide both the Tenant and the owner of the residential properties with four or fewer units notice of termination of service pursuant to Section 13-5-3.B. If the bill for the accrued service is not paid within thirty (30) days following such notice, service may be terminated, and both the Tenant and owner of the residential properties with four or fewer units shall be jointly and severally liable for the accrued payments, expenses and charges pursuant to the Application.

This provision was discussed at some length. Ultimately, it was decided to change the word "agreement" to "contract, to provide that either the owner or property manager, on the owners behalf, could sign, and, if the owner refused to sign, to require the last two months payment in advance.

- It was agreed that verbiage referring to disconnection of sewer service would be removed.

- The draft ordinance provides that charges are considered delinquent 45 days after the date billed, to make the Code consistent with our current practice.
- It was noted that the current charge to reconnect service after it has been turned off is currently \$25.00. It was agreed that this is reasonable and will remain unchanged.
- Regarding disconnection, the draft ordinance includes language to distinguish commercial accounts from residential accounts. Where residential accounts would be turned off after three months of nonpayment, commercial accounts would be turned off after two months. This was considered reasonable by Council.
- Current language in the Code which reads, "A consumer's water service may be disconnected for non-payment of a bill for water or sewer service rendered or sanitation charges assessed at a previous location served by the Town, provided such bill is not paid within thirty (30) days after the unpaid bill has been presented to the consumer at his/her new location," will be changed with this ordinance to read, "The Town will not begin providing water, sewer or sanitation service at a new location until all of the customer's past bills at a prior location have been paid." Council agreed that this is an improvement, and simpler to understand.

Ms. Cretti noted that, if that tenant moves into a place where there are two units on one meter, and the other person's account is current, we cannot shut off service to deny this person water. It was acknowledged that the matter of multiple accounts on a single meter poses problems and we will need to determine how to handle that in this ordinance.

- Councilmember Stewart asked if commercial property owners can be held responsible for the accounts of their tenants. Ms. Gallagher and Ms. Cretti agreed that there is nothing in the new law to prevent that.
- The draft ordinance amended the language in Section 13-5-4 of the Code, "Notice Prior to Disconnect, Appeal and Lien," to read as follows:

A. Before discontinuing water service for non-payment of any water or sewer user charge, sanitation charge, deposit or other assessment provided for in this Chapter, the Town Clerk shall give written notice (i) in the case of a property other than residential properties with four or fewer units, to the record owner of the property or (ii) in the case of any residential properties with four or fewer units, to the Tenant and to the owner of such property of the discontinuance and an opportunity to appear before the Town Manager or his/her designee on any disputed matter relative to the discontinuance of water service. Such notice may be provided through a statement printed on the customer's utility bill, and service may be discontinued without further notice on the shut-off date specified therein.

B. A letter will be sent to customers who have had water service disconnected and who have not contacted the Town for reinstatement of service within seven (7) days after disconnection, notifying them that payment arrangements may be available and that the Town will send the account to collections if there is no response within thirty (30) days of the date of the letter.

C. Monthly delinquent payment fees, as set forth in Section 13-5-1 C of the Jerome Town Code, will be suspended on any account where no payment has been made for the preceding twelve (12) months.

Ms. Cretti noted that we do put yellow hang tags on the doors of properties about to be shut off, so they are aware of it.

- Ms. Gallagher suggested that we add language stating that, if there is more than one service on one meter, and one is delinquent, we won't be turning off the water – it will just be sent straight to collections.

Ms. Gallagher was directed to make the changes discussed by Council and bring it back at a future meeting.

Steve Knowlton, a Jerome homeowner, asked about the relatively new law that we cannot hold residential property owners with four or fewer units responsible for the charges incurred

	<p>by their tenants. "How is that beneficial?" he asked. "It's not," Ms. Gallagher replied. She added that she took this issue to the League of Cities and Towns, and she was told that the legislature will not change the law.</p>
<p>ITEM #4: 8:07</p>	<p>CDBG GRANT FOR HOUSING REHABILITATION – DRAFT LIMITED HOUSING REPAIR PROGRAM GUIDELINES</p> <p>Council will review, and may make changes to, the second draft of Limited Housing Repair Guidelines with respect to housing rehabilitation to be undertaken with 2016 Community Development Block Grant (CDBG) funds. Review and approval of the final draft will be scheduled for April 12, 2016.</p> <p>Ms. Gallagher reviewed changes made to this document since Council's last review, which were minor, and noted that NACOG has added three paragraphs under the second section, "Need," including demographic and historic data. They also added, under "Housing Repair Program and Goals," the statement that "Neither the City nor NACOG discriminates on the basis of race, color, religion, sex, national origin, familial status or disability," and eliminated an item under "Eligible Beneficiaries" which had stated that an applicant may not own another home. She explained that the home receiving the funding must be owner-occupied, but the owner <u>may</u> own another property. NACOG also deleted a statement that a property would be ineligible if it was located in an area defined by HUD as unsafe or unhealthy. In addition, the name of the document was changed to read "Owner Occupied Housing Rehabilitation Program Guidelines."</p> <p>Councilmember Stewart asked if a home would be eligible if it was occupied by the child of the owner, and in a trust. Ms. Gallagher replied that the home must be owner-occupied. Ms. Rollins had explained to her that the only option for qualifying in that instance would be for the parent(s) to do a quit claim deed to the child that is living in that home.</p> <p>Vice Mayor Freund noted a few instances of inconsistencies where the changes made by NACOG did not populate through the entire document. Ms. Gallagher will make sure that those are corrected.</p> <p>Ms. Gallagher went on to note some further changes by NACOG and ADOH:</p> <ul style="list-style-type: none"> • A sentence was added under "Standards for Repair/Replacement" to note that, since the entire Town of Jerome is a historic district, any exterior changes will have to go through the Town's approval process. • Under "Property Inspection and Bid Process," ADOH added the phrase, "Only licensed contractors will be solicited; no part of the rehabilitation work associated with the CDBG funds shall be completed by the homeowner." Also added there was, "Once all required documentation has been reviewed and approved, the rehabilitation specialist will schedule a preconstruction conference with the contractor and homeowner to review project specifics and insure that the homeowner has a clear understanding of what to expect during construction." • Under "Loan Closing," the second paragraph was added, which stated, "An 'after rehab value' of the property will be determined using online property value estimating sites such as Zillow and will be kept as part of the file so that the Town can access and demonstrate that they aren't over investing in any unit." <p>The Mayor and Vice Mayor commented that Zillow fluctuates wildly and is not reliable.</p> <p>Mayor Currier noted that the document refers to our Zoning Administrator by name. Ms. Gallagher will be sure that the reference is to the title instead.</p> <p>Ms. Gallagher stated that the minor corrections requested at this meeting will be made, and the document will be on the April 12 agenda for Council's approval.</p>
<p>ITEM #5:</p>	<p>ADJOURNMENT</p> <p>Upon motion by Vice Mayor Freund, seconded by Councilmember Stewart and unanimously approved, the meeting was adjourned at 8:19 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: _____