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TOWN OF JEROME, ARIZONA

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

MINUTES

SPECIAL MEETING OF THE JEROME TOWN COUNCIL JEROME CIVIC CENTER - 600 CLARK STREET - COUNCIL CHAMBERS THURSDAY, MAY 12, 2016 AT 3:00 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 Currier called the meeting to order at 3:00 p.m.</i></p> <p><i>Town Manager/Clerk Candace Gallagher called roll. Present were Mayor Currier, Vice Mayor Freund, Councilmember Barber, and Councilmember Vander Horst. Councilmember Stewart was not present.</i></p> <p><i>Other staff present were Joni Savage, Deputy Clerk, Fire Chief Rusty Blair and Rebecca Cretti, Finance Director.</i></p>
<p>ITEM #2: 3:01</p>	<p>2016-17 BUDGET</p> <p>Council will continue their discussion of the 2016-17 budget, with an emphasis on general fund revenues, infrastructure projects and wages.</p> <p><i>Ms. Gallagher reviewed a memo she had provided to Council, which explained that she had made the following changes as a result of Council's discussion at the last budget meeting: Under sewer expenses, R&M infrastructure was increased by \$5,000 (to \$15,000), and that was offset by a \$5,000 increase in the revenue line for "Budgeted funds from Sewer Emergency Fund," which was increased to \$10,000. The budget still shows a \$20,000 surplus in the general fund, she said, but there is still a lot to consider so that is not likely to last.</i></p> <p><i>She noted that the revenues included on the budget worksheet last provided to Council had not changed, and include the assumption that the sales tax increases put into place on 11/1/15 will not be continued beyond 10/31/16. These increases will not automatically "sunset," she explained. In order to discontinue that increase, Council will need to take action to do so, and, in order for ADOR to have time to adjust their system and provide information to the taxpayers, that change should be made no later than July 31. She added that, if those increases were to remain in place throughout the year, the budgeted revenues would increase by about \$60,000.</i></p> <p><u>Infrastructure:</u></p> <p><i>Because Chief Blair was at this meeting, Ms. Gallagher recommended that Council begin with a discussion of infrastructure projects. She had asked Mr. Blair for a prioritized list of needed infrastructure repairs, and he responded as follows:</i></p> <ol style="list-style-type: none"> <i>Tie-in the rest of East Avenue and Hampshire Avenue's domestic waterlines into the fire line and abandon the rest of the 4" and 3" waterlines there.</i> <p><i>Chief Blair said that the tie-ins have been made down as far as Katie Lee's, and need to continue on. Shephard Wesnitzer had given us some estimates for that and it was in the \$30,000 range, which included what we've already done (which he estimated at about 25% of the work). We would need to find out what ADOT would require with respect to paving. That can be expensive if we have to pave an entire lane. "That would be really good to get done," he said, "and abandon the 4" lines that are problematic." He noted that the engineer's estimate was with the assumption that the work would be done by our crew. If we brought in a contractor, it would be much more expensive.</i></p> <p><i>Mayor Currier said that he believes we are trying to use the Town crew too much. We've had them scheduled to do a lot this year and very little of it has happened.</i></p>

Chief Blair agreed that a lot of work should be contracted out, but added, "When you look at the dollars, would it be cheaper for us to get some other experienced people on board as opposed to hiring outside contractors?" "I believe that Council will have to try and come up with an answer on that issue," the Mayor replied.

2. Address the storm sewer lines on Second, Third, Fourth, Fifth, Verde and Center Street.

Chief Blair said that a contractor would be here during the next week to try to unclog and reactivate several of our storm drains. They use a water jet and then vacuum out the debris. This is being paid for with funds provided by the Yavapai County Flood Control District.

Because this is already being addressed with County funds, it was agreed that it is not an item for this year's budget.

3. Replace domestic waterlines on First, Second, Third, Fourth, Fifth, Verde, School and Center Street.

Chief Blair said that, similar to Hampshire Avenue, there are old 2" and 4" water lines going throughout these neighborhoods. Before we repair streets, he said, we should address the water lines. The cost for a 2" line, he said, is \$72 per foot. "Just to get down School Street is probably around \$14,000," he said, "and that's contractor pricing. It includes cut and fill. If we have to remove a lot of soil, it could be anywhere from \$17 to \$22 per foot. If we can reuse the material so we don't have to haul it off, then we're ahead of the game." He gave a ballpark estimate of a total cost of about \$20,000 to replace 200 linear feet (about \$100 per foot). That would cover replacing the line from the regulator down to Tyler Christensen's house, he said. "School Street is in pretty good condition," he went on to say. "If we're looking at going through the neighborhoods, we should look at the worse streets and start on those."

4. Address sewer lines where they cross Verde and Center Streets.

"Sewer connections are a whole other ball game," Chief Blair said. "Most of it runs across the street and down. There are only a few that run through the street." He estimated a cost of about \$20,000 to deal with sewer repair on Verde and Center Streets. "You are probably looking at a 40-foot section," he said, and this is work that should be done before any resurfacing of the roads. He added, "It all depends on where the lines are. Most of the sewer is running along property lines and not through the streets. They used to run through the streets, but those failed, and they put in new lines."

5. Address road surfaces, curb and gutters and sidewalks.

Chief Blair said that the prices will go up if we are putting cobblestone back. Concrete is easier to do, and less expensive. Curb and gutter, he said, will run about \$50 per linear foot.

"That's an infinite project," Mayor Currier said. "If we're going to do some of this other stuff, they all call for paving at the end of it." Chief Blair said that we could simply patch the areas that we trenched. However, "if you're talking about resurfacing a whole street, then you're looking at a different animal."

Discussion ensued regarding these projects and priorities. Highlights are presented below, not necessarily in chronological order.

- It was agreed that Council should choose one project to complete during the coming year. Chief Blair recommended that we start at the top of the Town and work down.
- Chief Blair suggested that we begin with an engineering study, and it was noted that WIFA money may be available for that, but would require a 50 percent match. An engineering study, he said, would give us accurate cost estimates and a plan for how to do the work.
- Chief Blair noted that water line work is complicated by the fact that we have to leave the lines live until we switch them. "You can't just start trenching and removing,

you've got to leave it live," he said. "There's more to it than just saying 'let's do it.'"

- Vice Mayor Freund brought up the slide area, and said that it is still moving. Ms. Gallagher noted that ADOT has been monitoring this between the slide and 89A. Chief Blair said that the 2005 study shows where the existing slide area was in the 1930's and 1940's, and it hasn't moved outside of that perimeter. Mayor Currier said that he is convinced that there is an axis to the slide and it is moving on that axis.
- Councilmember Vander Horst asked about the Cleopatra Hill water tanks, and whether both tanks were refurbished. Mayor Currier explained that we were only able to complete the refurbishment of the worst of the two tanks. "The other one was acceptable," he said. "It's not critical." It was noted that \$250,000 had been spent to refurbish the one tank. Chief Blair said that the other tank needs to be painted in order to prevent rust. It has been 40 years since it was relined, he said. The Mayor said that he does not feel that the water tanks are a priority at this time.
- The sewer plant was discussed briefly. Referring to plant upgrades, Ms. Gallagher said, "We have to keep working toward that, it's coming." She added that our permit was just renewed, and it is not likely we will receive another variance after this with respect to phosphorus levels. Chief Blair talked about the alternative of discharging onto the hillside, which would be easier to maintain and would require a different type of permit, with less stringent requirements. "Any crisis in the sewer plant is probably five years away," the Mayor said. "I believe it would be a bonding issue. Meanwhile, the distribution and collection system needs to be worked on."

Ultimately, it was decided to add \$20,000 to the budget for engineering regarding items 3 and 4 above, and \$40,000 for infrastructure repairs.

Staffing and wages:

Ms. Gallagher noted, in a memo provided to Council, that the budget as drafted does not yet include ANY wage increases for staff, as there is no 2016 COLA for Social Security. If Council opts to grant an increase, she said, the budget impact would be roughly \$10,000 for each one percent, across-the-board increase.

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

- The Judge had requested an increase for the Court Clerk to \$18.00 per hour. It was discussed and agreed to wait and see what we would be doing for everyone else.
- Ms. Savage had also requested an increase. Ms. Gallagher's memo stated that bringing her pay rate up to the rate of the former Deputy Clerk would impact the budget by approximately \$3,000. This was discussed briefly. Council agreed that, if someone has taken on additional responsibilities, they should be compensated for those, and that this matter should be between the Manager and her staff. Ms. Gallagher noted that the budget needs to support whatever decisions she makes in this regard.
- The possibility of offering a one-half percent across the board increase was discussed. Councilmember Vander Horst suggested that this would be a "slap in the face" to our employees, and we may as well give no raise at all. Ms. Gallagher agreed.
- It was noted that, last year, Council gave raises of 2.3% and increased the minimum wage paid to \$12.00.
- It was noted that the pay scale in Jerome is lower than other towns in Arizona. "I'm not proud of the fact that we have the lowest paid Police Chief in Arizona," Councilmember Vander Horst said, noting that it applies to the Fire Chief as well. "Me neither," the Mayor responded.
- Council discussed the recent departures of the Public Works Director, Deputy Clerk and a police officer. It was noted that none of these individuals left due to the low wages.
- In response to an inquiry from Councilmember Vander Horst, Ms. Cretti estimated that about two-thirds of our employees live outside of Jerome.

Ultimately, Ms. Gallagher was directed to include in the budget an across-the board two percent increase for staff, and the matter will be reviewed and revisited at a future budget meeting.

Fire Department Pension:

Chief Blair stated that, in 2008, the Town was contributing \$12,000 toward the Fireman's pension fund, then it was lowered to \$8,000. He asked that it be raised back up to \$12,000. It is important, he said, to maintain our volunteers. Councilmember Vander Horst added, "We don't have any choice – we have to maintain a volunteer department."

Chief Blair went on to say, "It would be a very nice gesture from the Council to try to get them a little bit more. There are close to 12 that would qualify for the pension, so essentially it would give each of them \$1,000 into their accounts."

Mayor Currier commented that "the Fire Department is one of the few departments that makes money."

Ms. Cretti stated that there are eight fire department personnel currently on the payroll roster. Chief Blair noted that the \$25,000 Firewise grant is affording him the ability to hire fire abatement personnel.

The fire near Hopewell was discussed briefly. Chief Blair said that it was caused by a spark from an APS transmission line. He has billed the state for \$969.00 for our department's work at that fire.

Chief Blair requested to be excused, and left the meeting at this time.

Assistant Finance Director:

In her memo to Council, Ms. Gallagher stated that Council had previously discussed, but not decided on, adding the position of Assistant Finance Director. The budget impact of this would depend on whether it would be a part-time or full-time position. It could range from (approximately) \$20,000 to \$40,000.

Mayor Currier said that he has noticed that the financial reports are very timely these days, and he congratulated the Finance Director.

Ms. Cretti thanked him, and said that she believes staff should get raises this year, and she does not feel it is necessary to hire an assistant.

"We can drop that item," the Mayor said, and there were no objections.

Garbage Truck:

Ms. Gallagher's memo indicated that the budget does not yet include the purchase or lease purchase of a garbage truck. "We believe," her memo stated, "that we could purchase an acceptable used truck for between \$60,000 and \$70,000, including transport here, and that it could be financed through the National Bank of Arizona. In years past, we have set aside \$25,000 from the Sanitation budget toward this expense. In this draft budget, we have set aside another \$12,500 for that purpose. It may be possible to obtain a new (used) truck and cover the down payment and at least the first year's financing within these already budgeted amounts."

Council asked about maintenance costs. Ms. Gallagher said that, over the last couple of years, we've put over \$10,000 into our garbage truck. In a prior year, we put almost \$15,000 into it. Councilmember Vander Horst asked if these are normal maintenance costs or repairs. Ms. Gallagher said that we do spend a lot of money on tires.

Vice Mayor Freund asked if there is a maintenance log on the truck, and Ms. Gallagher said that there has never been one kept.

Mayor Currier recommended that we put off purchasing a new truck and continue to put money aside toward that. Ms. Gallagher and Councilmember Vander Horst agreed, and there were no objections heard.

Additional Public Works crew:

There had been discussion at a prior meeting regarding adding another crew member. Mayor Currier said, "We've had so much trouble with the crew, people coming and going and different things happening... I don't want add to the crew, I want to put that off."

Councilmember Vander Horst suggested funding a position for half a year. It would give us six months and then we could re-evaluate at that time. Other Council members liked that idea, if the Town could afford it.

"We need more crew," the Mayor said, "but we need a stable crew first and foremost."

	<p>“Windfall”:</p> <p>Ms. Cretti explained that, years ago, Al Palmieri got a card in the mail offering a stock deal for \$5.00, and purchased it on the Town's behalf. After he left, we couldn't get rid of it so we received a dividend each year. Finally the stocks were sold, she said, and the Town received a check for \$23,000.</p> <p>Ms. Gallagher said that the money is currently in the contingency account, but should be transferred out. Ms. Cretti has stated that she has discussed this with our auditor and it should go to the sewer account. Mayor Currier said that he understood and he's happy to have the auditor take care of it.</p> <p>At this time, Council moved on to Item #4, “Financial Operations Manual.” The minutes reflect the discussion in the order originally agendized.</p>
<p>ITEM #3: 4:30 PM</p>	<p>EXECUTIVE SESSION: LITIGATION</p> <p>At 4:30 p.m., the Mayor and Council may go into Executive Session, pursuant to A.R.S. §38-431.03.A.3 and A.4, for the purpose of consultation with the Town Attorneys, who may participate electronically, regarding litigation involving the Goldwater Institute.</p> <p>Council entered into Executive Session at 4:30 p.m.</p>
<p>ITEM #4: 4:17 pm</p>	<p>FINANCIAL OPERATIONS MANUAL</p> <p>Council will review, and may approve, the Financial Operations Manual prepared by the Town Manager and Finance Director and revised in accordance with Council's prior discussion.</p> <p>Ms. Gallagher reviewed changes made to the Manual based on Council's last discussion. She requested that it be adopted at this meeting in order to satisfy the auditor's recommendation and remove it from the list of audit findings for the coming audit. She noted that Council has the option to amend it at any time.</p> <p>Councilmember Vander Horst indicated that there were some items he would like to address, but it could wait until after the budget has been adopted.</p> <p>Motion: Vice Mayor Freund made a motion to accept the Financial Operations Manual with the amendments noted by Ms. Gallagher. It was seconded by Councilmember Barber.</p> <p>Ms. Gallagher noted that Council needs to fill in a blank regarding the level of fund balance to be maintained. Council should also determine whether to include the paragraph regarding a five-year plan for spending fund balance. She noted that, at present, we have 27.4% of the operating budget in reserve. 25 percent would represent three months of operations. Ms. Gallagher noted that the language of the Manual allows Council to ignore that if necessary.</p> <p>Council discussed and generally agreed that 25 percent would be sufficient.</p> <p>It was also discussed and generally agreed that the paragraph requiring a five-year plan for spending fund balance would be removed, and if necessary, discussed at a later date.</p> <p>The motion passed, 4-0.</p>
<p>ITEM #5: 5:01 pm</p>	<p>ADJOURNMENT</p> <p>Upon motion by Councilmember Vander Horst, seconded by Councilmember Barber and unanimously approved, the meeting was adjourned at 5:01 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: _____