



TOWN OF JEROME

POST OFFICE BOX 335, JEROME, ARIZONA 86331
 (928) 634-7943 www.jerome.az.gov

MINUTES SPECIAL MEETING OF THE JEROME TOWN COUNCIL CONDUCTED VIA ZOOM WEDNESDAY, MAY 27, 2020 AT 3:00 PM

ITEM #1:	<p>CALL TO ORDER/ROLL CALL</p> <p>Mayor/Chairperson to call meeting to order. <i>Mayor Alex Barber called the meeting to order at 3:01 pm.</i></p> <p>Town Clerk to call and record the roll. <i>Town Manager/Clerk Candace Gallagher called the roll. Remotely present were Mayor Barber, Vice Mayor Sage Harvey, and Councilmembers Mandy Worth, Jane Moore, and Dr. Jack Dillenberg. Accounting Clerk Melanie Atkin, Public Works Director Marty Boland and Deputy Clerk Rosa Cays were also present remotely.</i></p>																																										
	<p><i>Mayor Barber stated that she would prefer that future budget meetings be conducted in person rather than by Zoom.</i></p>																																										
ITEM #2:	<p>FY21 BUDGET</p> <p>Council will discuss the FY21 Town budget. Discussion may include any or all aspects of the budget.</p> <p><i>Ms. Gallagher presented her first draft budget for FY21. She read from her explanatory memo (included at the end of these minutes) and invited input from Council.</i></p> <p><i>Council commended Ms. Gallagher and staff for their work on this budget. They discussed and asked that the following changes be incorporated:</i></p> <ul style="list-style-type: none"> • <i>Increase the Town's contribution toward employees' dependent health coverage to 50%. It was noted that Jerome contributes less than neighboring towns, and that has been a factor in losing employees.</i> • <i>Include an across the board COLA increase consistent with SSA (1.6 percent).</i> • <i>Include a \$1/hour mechanic stipend for two Public Works employees (above and beyond COLA). Mr. Boland spoke of the value of the work done by these two employees and the money it has saved the town.</i> • <i>Include revenue from the auction of the Jeep Cherokee and an offsetting expenditure to purchase an ATV for Public Works. It was noted that an ATV will be more useful in getting to our springs than the Jeep has proven to be.</i> • <i>In the contingency budget, add a provision to purchase a flatbed truck.</i> <p><i>Ms. Gallagher will incorporate these changes prior to the next day's scheduled budget meeting.</i></p>																																										
ITEM #3:	<p>ADJOURNMENT</p> <p>Motion to adjourn at 3:47 p.m.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th>MOVED</th> <th>SECONDED</th> <th>AYE</th> <th>NAY</th> <th>ABSENT</th> <th>ABSTAIN</th> </tr> </thead> <tbody> <tr> <td>BARBER</td> <td>x</td> <td></td> <td>x</td> <td></td> <td></td> <td></td> </tr> <tr> <td>DILLENBERG</td> <td></td> <td></td> <td>x</td> <td></td> <td></td> <td></td> </tr> <tr> <td>HARVEY</td> <td></td> <td>x</td> <td>x</td> <td></td> <td></td> <td></td> </tr> <tr> <td>MOORE</td> <td></td> <td></td> <td>x</td> <td></td> <td></td> <td></td> </tr> <tr> <td>WORTH</td> <td></td> <td></td> <td>x</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		MOVED	SECONDED	AYE	NAY	ABSENT	ABSTAIN	BARBER	x		x				DILLENBERG			x				HARVEY		x	x				MOORE			x				WORTH			x			
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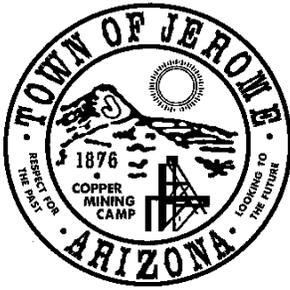
APPROVE:

ATTEST:

 Christina "Alex" Barber, Mayor

 Candace B. Gallagher, CMC, Town Manager/Clerk

Date: _____



Founded 1876
Incorporated 1899

TOWN OF JEROME

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

MEMO

FROM: Candace Gallagher, Town Manager/Clerk
TO: Mayor and Council
SUBJECT: First draft: 2020-21 Town budget
DATE: May 20, 2020

Here is the first draft of our 2020-21 budget. I emphasize DRAFT because this is a work in progress and will change continuously as we fine tune the numbers. We will also be performing another review of expenditures to date in our current year budget and tweaking the "Estimated expenditures thru 6/30/20" column accordingly.

Due to the pandemic, we have lowered anticipated revenues from sales tax and state shared revenues, and cut expenses in certain areas. Even with the aid of my crystal ball, it is difficult to predict where revenues will fall during the coming year. Already, sales tax and parking revenues are picking back up now that things are reopening, however, if there is a second wave of the coronavirus that forces another closure, we will see a greater impact ... and it remains to be seen to what extent people will feel comfortable traveling, dining out and shopping even if there is no further closure. For that reason, some projects have been moved to the Contingencies budget. If funds become available for those, they can be spent.

As first drafted:

- The budget will utilize \$259,000 of our accumulated general fund balance and \$111,000 of our accumulated utility fund balance. As of July 1, 2019, our audit indicates that there was \$907,786 in unrestricted general fund balance and \$96,407 in unrestricted utility fund balance. I have adjusted those figures to include the anticipated impacts during this fiscal year. Please see the "Fund Balance Recap" sheet for additional details.
- No increases in sales tax or utility fees are anticipated in this draft.
- In this draft, there is no subsidy needed from the General Fund to the Utilities Fund or the HURF fund. Instead, we are using fund balance in each of those funds, plus a transfer of \$30,000 each to the Water and Sewer budgets from our new Parking Fund.
- We have created a new Parking Fund where revenues from parking will be restricted to those uses budgeted within that fund. This includes transfers to our water and sewer budgets.
- As in past years, the Sanitation budget includes a \$5,000 transfer to the Capital Fund toward the eventual purchase of a garbage truck. After this transfer, we will have accumulated \$50,000, enough for a substantial downpayment if needed.
- This budget proposes NO wage increases. It does, however, include a provision for an additional full-time police officer who would have both EMT and Firefighter certifications, with a reduction in part-time police wages as a result. The net budget impact of this is approximately \$50,000. It also includes \$7,000 to provide coverage for our Fire Chief so that he is able to take time off. Last year, \$3,500 was provided for this under "Contract Services" in the fire budget. That has been increased to \$7,000 at the Chief's request, and moved to the salaries spreadsheet. Details are provided on a separate listing.

This budget is balanced as presented.

Generally speaking, routine expenditures and revenues have been budgeted based on prior history and upcoming needs. We attempt to be conservative in budgeting our revenues, so as not to spend money that we don't have. With respect to expenditures, we try to be realistic yet conservative in budgeting for "controllable" expenses while budgeting sufficiently to accommodate unanticipated situations and emergencies in areas that are difficult to predict, such as repairs and maintenance.

More details:

GENERAL FUND REVENUES:

- Due to the (at this time uncertain) impact of the pandemic, sales tax revenues are estimated at \$850,000, which is \$177,000 less than the current fiscal year. This figure may be increased or reduced as revenue figures continue to come in and we can more accurately predict the future trend.
- Certain revenue estimates are provided by the League (State sales tax, State Urban Revenue sharing, vehicle license tax and HURF revenues). These figures may be updated soon. In the meantime, the League has recommended that we anticipate slightly lower figures, based on the pandemic. Those are reflected here.
- As in the past, administration charges to the utility and streets funds are calculated to reallocate a portion of administrative salaries and overhead expenses to the water, sewer, sanitation and streets (HURF) budgets.
- Our municipal court has added a new category, "Court Security Fund." It is reflected in both revenues and court expenses.

GENERAL GOVERNMENT EXPENSES:

- There is no League convention this year, so nothing has been budgeted for "Conventions and Seminars."
- There are two new items under "Contract Services" which I have listed separately for your information. Those are (1) an IGA with the City of Phoenix for access to their enhanced TPT reporting structure (the IGA will require formal approval by Council at a future meeting); and (2) participation on a workforce housing study conducted through VVREO. The latter was previously given verbal approval by myself and the Mayor, but needs to be budgeted and paid during FY21.
- "Contract Services" also includes an increase in the amount paid to Archive Social. This firm currently archives our website data to assure our compliance with public records laws. The added amount will allow for them to also archive our Facebook page, which has become quite active, and is also subject to public records laws.
- The Chamber of Commerce has submitted a request to spend \$10,000 during FY21 as the tourism portion of the added bed tax. This is reflected in the line item under General Government titled "Tourism – from bed tax." They wish to use it to fund a JCC employee and for advertising. They have declined to fund the shuttle driver during the coming year, and have asked that the Town cover that cost. That is all reflected in this budget draft, and the shuttle driver is included at the same level as last year.
- I included a tentative figure of \$10,000 for "Allowance for preservation of historic buildings." Last year, we appropriated \$50,000 but did not spend it. This item could be adjusted, eliminated, or moved to the Contingency budget if Council prefers.

MAGISTRATE COURT EXPENSES:

- At the Judge's recommendation, we have increased the budgeted appropriation for Contract Services to cover DUI proceedings and pro tem costs.

POLICE DEPARTMENT EXPENSES:

- “Software Service & Support” has been increased to reflect costs of internet service, Saltus, Crimestar and Microsoft costs, some of which had previously been budgeted under “Contract services.” That line is now zeroed out.
- Increases in salaries and related costs is due to the addition of an additional full-time officer as detailed above. That, as previously noted, adds about \$50,000 to the budget. However, some other line items have been decreased, bringing the net increase in the police budget to just over \$44,000.

FIRE DEPARTMENT EXPENSES:

- As noted above, “Contract Services” has been reduced by \$3,500 because an amount included for Fire Chief’s coverage has been moved to the salaries area and increased to \$7,000.
- We have added a line for “Software Support and Maintenance” to reflect the Fire Department’s internet costs.

PROPERTIES EXPENSES:

- The Properties budget includes, under Repairs and Maintenance, the following:
 - Routine building maintenance - \$20,000
 - Routine infrastructure maintenance - \$3,000
 - School Street access – wall and steps repair - \$39,000 (to supplement grant funds of \$61,000).
 - Other projects have been moved to the General Fund contingencies budget.

WATER DEPARTMENT REVENUES & EXPENSES:

- Anticipated water revenues have been reduced a bit due to the uncertain future impact of the pandemic.
- Infrastructure Repairs & Maintenance have been budgeted as follows:
 - Routine maintenance (as needed): \$20,000
 - Regulator boxes: \$15,000 (recommended by Marty Boland)
 - Springs: \$20,000 (recommended by Henry MacVittie; includes four new doors)

SEWER DEPARTMENT REVENUES & EXPENSES:

- Anticipated sewer revenues have been reduced a bit due to the uncertain future impact of the pandemic.
- \$25,000 00 has been included for “Phase One” engineering fees relative to needed upgrades at the sewer treatment plant. An additional \$30,000 will be available from a USDA SEARCH grant to cover the remainder of that phase’s cost, and has been included under Operating Grants.
- \$15,000 has been budgeted for routine infrastructure maintenance.

HURF (STREETS) REVENUES AND EXPENSES:

- The HURF budget is typically subsidized by the General Fund; however, this year, we will have a sizable fund balance due to a large one-time receipt of HURF revenues during FY20. We will be utilizing this instead of a General Fund subsidy to balance the HURF budget.
- \$10,000 has been budgeted for routine infrastructure maintenance.
- \$13,750 has been included once again this year for paving the parking lot across from the Spirit Room. The project will be started during this fiscal year with grading by our crew, but the paving probably will not take place until the summer.
- \$10,000 has been included for street patching.
- Hampshire Avenue sidewalk repair is still awaiting resolution with ADOT, and has been moved to the Contingency budget.

***NEW* PARKING FUND**

- This new fund will allow us to track and specifically allocate parking revenues.
- We have included a conservative revenue estimate, based on the uncertainty of the pandemic impact going forward. This number may be adjusted as we move farther along in the budget process. Without the pandemic, we could easily anticipate \$150,000 in revenue. In this budget, we have included \$120,000.
- We have provided for transfers of \$30,000 each to the water and sewer budgets toward infrastructure costs.
- The budget includes an allowance of \$19,000 for additional capital (kiosk) purchases, and an allowance of \$20,000 for additional transfers if needed to water, sewer and public safety budgets.

OPERATING & CAPITAL GRANTS:

- We are including grant funding as follows:
 - Various police grants (GOHS, RICO, Bulletproof vests) - \$10,400
 - Various fire grants (FEMA, Firehouse Subs, 100 Club, State Fire School, NEAMS) - \$130,500
 - USDA Search grant for wastewater engineering - \$30,000
 - Yavapai County Storm Drainage - \$90,000 (accumulation of three years of funding carried over for use in obtaining easements for our drainage project)
 - Miscellaneous operating grants TBA - \$100,000
 - CDBG guaranteed round – DUNDEE Waterline - \$359,170
 - CDBG competitive round – CENTER AVENUE water, sewer and street improvements - \$500,000
 - HURF Exchange funding (Design phase) - \$200,000 for drainage design
 - Yavapai Apache Nation Prop 202 funding - \$36,000 (includes FY20 carryover)
 - Carryover of two Freeport McMoRan Social Investment funding awards totaling \$61,000 for restoration of School Street access to Civic Center
 - USDA Rural Development grant for window replacement at Hotel Jerome - \$56,500
 - ADEQ Brownfields funding for removal of existing windows at Hotel Jerome - \$20,000
 - Grant for a healthcare clinic (also budgeted in prior year) - \$50,000
 - Miscellaneous capital grants TBA - \$250,000
- Additional grants may be added upon the recommendation of staff or Council.

CAPITAL FUND:

- With the transfer this year of another \$5,000 from the Sanitation budget, we will have accumulated \$50,000 toward the eventual purchase of a new garbage truck.

CONTINGENCIES:

We budget for contingencies so that if funds that are not anticipated in the regular budget are received, they can be spent. This year, due to the uncertainty of the pandemic, we added several projects to the contingencies budget that would otherwise have been funded in our operating budgets. If revenues are received, these monies can be spent.

We have included the following expenditures as contingencies:

- In the event that the competitive CDBG grant for work on Center Avenue is received, we have included funds to cover an additional \$40,000 in matching funds. \$60,000 will have already been provided in this fiscal year through payment of upfront engineering design for that project. We have committed to a 20% match requirement, and depending on the award (which can be up to \$500,000) we may need to provide up to an additional \$40,000.
- \$25,000 for repairs to the parade steps and the steps next to Old Town Hall. (Estimate provided by Public Works)

- Repairs to the rock wall below School Street - \$50,000
- Hampshire Avenue sidewalk repairs - \$40,000
- The use of excess wildlands fees up to \$80,000
- The use of excess parking revenues up to \$80,000
- The use of excess sales tax revenues up to \$281,500
- Purchase of a new golf cart or ATV for administration - \$3,500
- Use of additional library donations - \$2,500
- Use of funds from the sale or lease of real property (Clarkdale cemetery) – up to \$1,000,000
- Phase two of wastewater engineering (design) if needed - \$100,000 (to be funded by a Design Bridge loan)

NOT INCLUDED in the contingencies budgets are construction costs for the Center Avenue work, in the event that the grant is not received. These costs have been estimated by our Engineer at just under \$404,000. Hopefully, we will receive the grant!

I hope this memo will answer any questions you have as we begin this year’s budget process. I believe we have accommodated the routine expenditures fairly well, and I would request input from Council regarding:

- The funding of special projects and purchases, via operating or contingency budgets.
 - A review of projects already included
 - Marty is hopeful that the flatbed truck can make it through another year also, but if the opportunity arose to trade it, he would like to do that. That has not yet been considered in this budget.
- Wages and staffing levels
 - We once again included a provision for a sixth crew member beginning in January. This was included last year but it did not materialize. It did, however, provide some flexibility for bringing in part-time help on an as-needed basis during the year.
 - Due to the impact of the pandemic, no across the board wage increases are proposed this fiscal year. However, I would ask Council to consider:
 - A small stipend for the crew position of mechanic. This has saved us a lot of money in public works, police and fire over the past year.
 - Consideration given to increasing the town’s contribution toward dependent coverage for medical benefits. We will provide details at the meeting regarding the budget impact of various scenarios, as well as comparisons with other towns.

Neither of these items is reflected yet in this budget.

Some estimated figures for routine expenditures, as well as grants anticipated, are still under review and are subject to minor adjustments as needed.

As a reminder, we should adopt the tentative budget at our regular July meeting (July 14), and adopt the final budget at a special meeting to be scheduled for July 28. After the tentative budget is adopted, changes can still be made, but the budget may not be increased.

My thanks, as always, to our amazing staff for their input and cooperation during this process.