



TOWN OF JEROME

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STAFF SUMMARY REPORT

FROM: Brett Klein, Town Manager/Clerk
ITEM: **Item #2B Discussion on FY 2023-2024 Budget Priorities**
MEETING DATE: March 31, 2023

Summary:

During this initial budget work session staff is seeking Council input and direction on the two largest budgetary expense items of capital projects and personnel-related costs. In terms of personnel-related costs, staff's proposed theme this year is recruitment and retention of qualified and valued employees.

Consideration #1: Jerome is one of only 12 municipalities statewide that do not participate in the Arizona State Retirement System (AZRS). AZRS is a defined benefit plan meaning participating employees receive a set amount of money once eligible for retirement based on their rate of pay when employed and years of service for as long as they live. AZRS is managed by a professional investment team with fund managers and actuaries. The Town of Jerome offers a defined contribution plan, meaning there is not a set, fixed amount and is not guaranteed to last the employee's full life. Moreover, it is not managed by an investment / fund management team, therefore exposing the employees more to the fluctuations and uncertainty of the market. This makes attracting employees with previous municipal work experience who do not already have a substantial defined benefit plan challenging. It is not feasible at this point to change plans as that would be too costly and would not make sense for most of the current Town employees. However, a small bump in the amount the Town contributes toward the defined contribution plan would be good for retention and could help attract employees and expand the recruitment pool. The Town currently contributes 8% toward the plan. The State AZRS requires employers to contribute 12.29%. Staff recommend increasing the amount of the Town contribution to 10% for eligible employees.

Consideration #2: Jerome currently has a modest longevity plan providing a one-time \$218 bonus after year one and then that plus \$10.00 each year in a one-time payment that is not added to the employee's wage rate. Most longevity incentives are added to the wage rate to continue to incentivize retention. Staff are proposing the continuation of this modest anniversary bonus while adding a longevity retainment scale added to the employee's wage rate as follows: After the 2nd year: \$500; after the 5th year: \$1,000; after the 10th year: \$2,000; after the 15th year: \$3,000; after the 20th year: \$4,000; after the 25th year: \$5,000.

Consideration #3: Capital Improvement Projects --- Staff will follow-up from the November 21st Council goal setting session providing a prioritization from staff's perspective along with proposals, quotes and estimates for the projects and items. Items / projects to be reviewed include, but are not limited to: GIS / GPS software and tools for asset mapping; Zoning Code update; Fire Station re-roof; Fire Station condensing unit; P-25 compliant radios (annual set aside); fuel abatement employees (2 full-time); asphalt parking improvements (Town Hall, Sliding Jail, restroom area, middle park); Town Hall Council Chambers flooring; Town Hall repairs; cantilevered sidewalk; Inclinator; retaining wall below School Street; Center Avenue improvements; Hotel Jerome renovations; Verde Central syphon line; Mescal Canyon syphon line (FMI??); Infrastructure improvements to Holly and Deception; and an update on several already funded or near funded projects and commodities.

Fiscal Impact:

Upon receiving input and direction from the Council regarding personnel-related costs and capital project priorities, staff will complete a first draft budget for review by the Council.

Recommendation

This is a discussion / direction item only that staff will be seeking Council input and direction to proceed with the FY'24 budget formulation.