

**MINUTES OF THE
REGULAR MEETING OF THE COMMON
COUNCIL OF THE TOWN OF STAR VALLEY**

**Tuesday, May 3, 2016 @ 6:00 pm
3675 East Highway 260, Star Valley, AZ
(Star Valley Town Hall)**

- PRAYER was offered by Pastor Steve DeSanto of Shepherd of the Pines Evangelical Lutheran Church
- PLEDGE OF ALLEGIANCE

The Agenda for the meeting is as follows:

- CALL TO ORDER
- ROLL CALL:

Mayor McDaniel X , Vice-Mayor Binney X , Council Member Hartwell X , Council Member Henderson X , Council Member Coon X , Council Member McKinney X , Council Member O'Connor X .

- **CONSENT AGENDA ITEMS:**

All items listed under the Consent Agenda will be voted on with one motion. If discussion is desired regarding any Consent Agenda item, that item will be removed from the Consent Agenda and voted on separately.

A. Approval of the minutes from the Regular Council Meeting held on April 19, 2016.

B. Approval of Claims Payable from April 16, 2016 through April 30, 2016, for the General Fund and for the Water Department.

A motion to approve consent agenda items A and B was made by Council Member Coon and was seconded by Council Member Hartwell.

A roll call was taken:

Mayor McDaniel X , Vice-Mayor Binney X , Council Member Hartwell X , Council Member Henderson X , Council Member Coon X , Council Member McKinney X , Council Member O'Connor X .

The motion was voted on and passed 7 - 0.

- **DISCUSSION ITEMS:**

1. **Public Hearing, discussion and possible action to adopt Resolution No. R 16-02 – A Resolution of the Mayor and Common Council of the Town of Star Valley, Arizona, adopting estimates of revenues and expenditures/expenses shown on the schedules attached as the tentative budget of the Town of Star Valley for the fiscal year 2016/2017. Presentation by Chancy Nutt, Finance Administrator and Tim Grier, Town Manager.**

Finance Administrator Nutt stated this was the second public hearing of the 2016/2017 budget process. Ms. Nutt stated there are three public hearings held, the first was held on May 3, 2016, at which time discussion was directed to the end of year position and included changes in resources for the coming fiscal year; the second hearing will include discussion regarding what the expenditure based budget is and what it is not, as well as adoption of the tentative budget; the third hearing will be directed to adoption of the final budget. Ms. Nutt stated both the tentative budget and final budget will be posted on the Town's website, published in the local newspaper, and also be available at Town Hall.

Finance Administrator Nutt directed the Council's attention to the tentative budget contained in their council book and stated it is a balance budget and fulfills the statutory requirements. Ms. Nutt pointed out this is a public hearing and the public will be provided an opportunity to make comments or ask questions concerning the proposed tentative budget. Ms. Nutt pointed out that the Town Manager intends to pursue grants, and therefore the tentative budget includes, in the general fund expenditure for grant activity an increase of \$3,000,000. This will allow the Town to access and expense any available grants. Ms. Nutt stated the Council is the policy makers for the Town and one of their responsibilities is to determine how the money is spent.

Town Manager Grier stated the Town's budget process is made much easier by the fact it has a fund reserve balance, not a deficit. Mr. Grier stated an expenditure based budget does allow the Council to move forward and spend all of the Town's money, but the Council has the responsibility of being the policy makers for the Town and to direct the Town Manager in which direction it wants the Town to go. Mr. Grier stated it is the Council's responsibility to make the decisions as to what and how much to spend the money on, and then it is the Town Manager's responsibility to implement those decisions. Mr. Grier stated it will be the Council's responsibility to decide what projects it wants addressed, and suggested the possibility of a work study for this purpose. Mr. Grier assured the Council that despite the loss of photo enforcement revenue, the Town will still be in a position to provide services and do projects, just at a slower pace.

Mayor McDaniel then opened this portion of the meeting up for public discussion; there were no comments or questions; and the Mayor proceeded to close the public hearing.

A motion that the Council adopt Resolution No. R 16-02 – A Resolution of the Mayor and Common Council of the Town of Star Valley, Arizona, adopting estimates of revenues and expenditures/expenses shown on the schedules attached as the tentative budget of the Town of Star Valley for the fiscal year 2016/2017 in the amount of \$9,051,044.00 was made by Council Member Coon, and was seconded by Council Member Hartwell.

The motion was voted on and passed 7 – 0.

2. Discussion and possible action to adopt Resolution No. R 16-03 – A Resolution of the Mayor and Town Council of the Town of Star Valley, Arizona, approving and authorizing the Mayor to execute the Intergovernmental Agreement (“IGA”) between the Rim Country Educational Alliance (“RCEA”), the Town of Payson, an Arizona municipal corporation (“Payson”), and the Town of Star Valley, an Arizona municipal corporation (“Star Valley”), collectively (“Parties”) for provision of legal services.

Town Manager Grier introduced Hector Figueroa, Town Attorney for the Town of Payson. Mr. Figueroa explained the Town of Payson and the Town of Star Valley created the Rim Country Education Alliance (“RCEA”) as a special legal entity. Mr. Figueroa pointed out that during the past several months, various towns have begun exploring the possibility of utilizing another town's attorney as a cost saving factor. All towns are aware of the expense of hiring outside independent attorneys, who are not only expensive but also not well acquainted with how towns operate. Mr. Figueroa stated the only time

the Town of Payson, the Town of Star Valley, and the RCEA would need an outside attorney would be when there was a conflict of interest. Mr. Figueroa stated the proposed agreement would assist in providing coverage for legal services in the event of illness, accident, or vacation. He also stated it is the Town's decision as to when to seek the legal counsel of the other town involved, and the charge is \$65.00 per hour. Each town has the right to refuse to provide the services requested depending on availability of the attorney, and the request must come from the mayor and/or town manager of the town seeking services to the other town's mayor and/or town manager. Mr. Figueroa stated Southwest Risk, the liability carrier for both towns, has given its blessing on this agreement and will provide coverage. The term of the agreement is five years, with a 90-day termination clause. Mr. Figueroa pointed out the RCEA has approved this agreement, and Payson approved it at its last Council meeting.

A motion that the Council approve Resolution No. R 16-03 – A Resolution of the Mayor and Town Council of Star Valley, Arizona, authorizing the Mayor to execute the Intergovernmental Agreement between the Rim Country Educational Alliance, the Town of Payson, an Arizona municipal corporation, and the Town of Star Valley, an Arizona municipal corporation, collectively (“Parties”) for provision of legal services was made by Council Member Henderson, and was seconded by Council Member Coon.

The motion was voted on and passed 7 – 0.

3. Discussion and possible action regarding review and acceptance of town financial report and audit results for year ended June 30, 2015. Dennis Maschke of CliftonLarsonAllen LLP to make presentation.

Town Manager Grier introduced Dennis Osuch of CliftonLarsonAllen LLP and stated this firm has been performing the Town's audits for a number of years.

Mr. Osuch discussed the report provided to Council. Mr. Osuch stated there had been some significant changes, one of which was the implementation of the new pension standards which resulted in a restatement for the Town. Mr. Osuch reviewed the finding of the audit, including that the Town did not exceed the expenditure limitations approved by the voters. Mr. Osuch also reviewed the control deficiencies, and stated the size of the Town staff is responsible for some of these deficiencies.

Mr. Osuch next discussed the financial statements, and pointed out their opinion is that the financial statements are in accordance with generally accepted accounting principles. However, the audit firm did have a qualification this year, and this is actually a departure from generally accepted accounting principles, but he does not believe “this is a bad thing.” This qualification relates to an incorrect calculation for the Town's contribution to ASRS due to two employees not making contributions as they did not want to participate in ASRS. Mr. Osuch stated the proper way to handle this is still not settled. Mr. Osuch reported there is a \$333,000 liability which was put on the Town's books this year, which actually reflects a future liability for pensions which will be paid in the future. Mr. Osuch stated the Town does not need to budget for this amount, as it is something that will be dealt with in the future and the contributions to ASRS should fund that liability. Mr. Osuch also reported a current liability has been incurred for the contributions not made over the past several years by the two non-participating employees.

Mr. Osuch expressed his appreciation for the expertise provided by Finance Administrator Nutt, which makes the auditors job that much easier. Town Manager Grier expressed his satisfaction with working with CliftonLarsonAllen. Mr. Grier also expressed appreciation for the excellent work Finance Administrator Nutt provides to the Town.

A motion that the Council accept, as presented, the Town's audited financial report for fiscal year ended June 30, 2015, was made by Council Member Henderson, and was seconded by Council Member Hartwell.

The motion was voted on and passed 7 – 0.

4. Update report on CDBG FY2015 project. Presentation by Alan Urban of Central Arizona Governments. Review, discussion and possible approval of contract.

Alan Urban and Ken Hebert of Central Arizona Governments ("CAG") were present. Mr. Urban stated once the contract is signed, CAG will move forward on the project, which is purchase of the well behind the Circle K, beginning with the ERR.

Mr. Urban advised the Council that CAG will be giving the Town a \$5,000.00 credit, applied on the current administrative contract, for the special income survey that was previously incorrectly performed by CAG personnel.

Mr. Urban stated CAG will do all of the administrative work called for in the contract, and will try not to cause strain on Town staff. Mr. Urban pointed out that CAG does not select the engineer for the project, but that is the Town's responsibility.

Town Manager Grier stated he personally had been unhappy with CAG's prior performance, but believes that Mr. Urban and Mr. Hebert are very competent in their respective jobs and the Town will be relying on their expertise for the current project. Mr. Grier stated there is definitely an opportunity for an improved relationship with CAG, and that the proposed contract is a better contract.

A motion that the Council approve the execution of the Administrative Services Contract between the Town of Star Valley and Central Arizona Governments for purchase of the Circle K Well in the amount of \$26,484.00 was made by Council Member Henderson, and was seconded by Council Member Hartwell.

The motion was voted on and passed 7 – 0.

5. Update report on Moonlight Crossing, and discussion and possible action by Council. Presentation by Dave Dirren of Sunrise Engineering.

Town Manager Grier reported the Council has previously considered and approved the Moonlight Crossing project. However, Town Manager Grier stated he held off starting this project until Sprague Crossing was completed, which it is now almost done. Mr. Grier pointed out that Sunrise Engineering has provided a new estimate for Moonlight, which is significantly higher than the previous bid. Mr. Grier pointed out that Moonlight is a project that does not carry water underneath it, but it is a hard surface that will allow residents to return to their residences sooner when the creek is running.

Town Manager Grier presented to the Council a packet containing information relating to what he believes is a public ingress/egress on Pine Ridge Circle in the Knolls. Mr. Grier stated this was an issue that has not been fully researched, but he believed the Council should be made aware of. This road would provide an alternate route for people to get to the other side of Moonlight when it is flooding. If in fact this easement exists, Mr. Grier said it would probably cost several thousand dollars to upgrade it, and this would cost less than the proposed Moonlight Crossing Project. Mr. Grier stated he has not discussed the existence of this easement with the homeowners yet. Mr. Grier stated because of its location, he does not believe the road would get much use except during a period of flooding.

Dave Dirren of Sunrise Engineering gave a brief update on Sprague. He reported all of the concrete has now been poured and paving will be done within several days, but there is a lot of cleanup that will need to be done.

Mr. Dirren stated the Town had contracted with Sunrise Engineering in 2014 to do a preliminary design. A review of the area determined that it would not be feasible to raise the road and incur the cost of placing culverts under the road. Thus Sunrise designed a low water crossing, without culverts, but a hard surface and paved approaches. Mr. Dirren stated the updated cost estimate is substantially higher than the one provided in 2014, and explained that this is due to an increase in everything related to construction. Mr. Dirren pointed out several items on the estimate were already done in conjunction with Sprague.

Council discussion followed concerning the cost estimate; how the project would be funded; the impact on homeowners if the easement were to be utilized; and how the Council should proceed at this time.

A motion that the Council instruct the Town Manager to investigate all possible options to the Moonlight Crossing Project and provide the results to the Town Council within three months so the Council can make an informed decision was made by Vice-Mayor Binney, and was seconded by Council Member Hartwell.

The motion was voted on and passed 7 – 0.

- **COMMENTS FROM THE PUBLIC**

During this portion of the meeting, members of the public may address the Town Council on items that are not on the printed agenda. Any remarks shall be addressed to the Council as a whole and not to any individual member. Speakers are limited to three (3) minutes per person unless additional time is granted by the Mayor. The Council may not discuss or act upon matters raised during public comments.

The Mayor opened up the public comments portion; there were no public comments; and the Mayor closed this portion of the meeting.

- **ADJOURNMENT**

A motion to adjourn the meeting was made by Council Member Hartwell, and was seconded by Council Member Henderson.

The motion was voted on and passed 7 - 0.

APPROVED:

Ronnie O. McDaniel, Mayor

Date: _____

ATTEST:

Lois V. Johnson, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Town Council of the Town of Star Valley held on the 3rd day of May, 2016. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 12th day of May, 2016.

Lois V. Johnson, Town Clerk