

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

**Tuesday, February 7, 2017 at 6:00 pm
3675 East Highway 260, Star Valley, AZ
(Star Valley Town Hall)**

The Agenda for the meeting is as follows:

- PRAYER was offered by Rev. Charles Proudfoot of Community Presbyterian Church
- PLEDGE OF ALLEGIANCE
- CALL TO ORDER

- ROLL CALL:

Mayor McDaniel X , Vice Mayor O'Connor X , Council Member Hartwell X , Council Member Coon X , Council Member McKinney X , Council Member Davis X , Council Member Stephenson X .

- **GILA COUNTY SHERIFF'S OFFICE REPORTS FOR DECEMBER 2016 AND JANUARY 2017.**

Lt. Tim Scott of the Gila County Sheriff's Office gave the reports for December, 2016 and January 2017.

- **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 January 17, 2017.

B. Approval of Claims Payable from January 16, 2017 through January 31, 2017 for the General Fund and for the Water Department.

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

A roll call vote was taken:

Mayor McDaniel X , Vice Mayor O'Connor X , Council Member Hartwell X , Council Member Coon X , Council Member McKinney X , Council Member Davis X , Council Member Stephenson X .

The motion was voted on and passed 7 - 0.

- **DISCUSSION ITEMS:**

1. **Discussion and possible action regarding a four year strategic plan that identifies and prioritizes capital improvement projects and articulates a responsible fiscal approach to a sound budget for the Town of Star Valley. Presentation by Town Manager Tim Grier and Finance Administrator Chancy Nutt.**

Town Manager Grier stated he is excited to discuss the Budget and long term Strategic Plan he and Financial Administrator Nutt have been working on for the past seven months. The foundation of a good budget review and strategic planning is grounded in very good numbers, and the numbers have to be on the money for the planning to be sound, stated Mr. Grier. This presentation is entitled Vision Planning, and we will be taking a look at milestones – what would Star Valley look like in two years? In four years? queried Mr. Grier. This is the first time that the Town has approached a four year plan, and we will be looking at a balancing act in terms of our decision making. The first is project priority – which project merits to be looked at first. With that, we have to look at the health and safety of the community, and how many citizens it benefits. The second is staff time – with four staff members we need to look at what we can administer, and the pace at which a project can be completed. Third is the fiscal impact of the project – an important component – and where we think that number should be, explained Mr. Grier.

The Town's previous budget strategy was somewhat flawed, stated Mr. Grier, as target spending can jeopardize budget health, and does not anticipate or provide for emergencies or unexpected expense. Finance Administrator Nutt explained that the financial information in the strategic plan is based on budgeting fundamentals used to calculate revenues and operating expenses, from historical information and trending markers. Utilizing known and projected revenues, and expenses, enables the Town to accurately determine end of year surplus, and therefore, unrestricted funds for capital improvement projects. The formula for developing each year of this four year budget is – beginning fund balance plus revenues minus operating expenditures minus projects equal our end of year fund balance, explained Ms. Nutt. Fund balance is a term that represents the Town's financial position at a point in time, and is based on an accrual accounting basis, meaning that at a point in time we account for expenses when goods are ordered or services are received, not necessarily when debt is paid. Likewise, stated Ms. Nutt, we account for revenues due to the Town that may not yet be collected. This form of accounting allows for higher accuracy and enables the Town to long term forecast fund balance, which is crucial in developing an accurate multiple year budget. Stated Ms. Nutt, within the budget are the Town's three funds – the general fund, streets restricted fund and the water enterprise fund. Each of these funds has a beginning fund balance and a projected end of year fund balance. Capital improvement projects and grant projects selected in this plan consider the most advantageous use of general and restricted fund monies, stated Ms. Nutt.

Town Manager Grier pointed out this is a balance driven approach to the budget strategy. Council should consider the financial impact – the fiscal position that will be handed off to the next Council, and what can be achieved for the Town. Mr. Grier stated the presentation will include project options, and is considered a guide, that can be changed. Finance Administrator Nutt explained Option 1 is for required services only – personnel, operating, contract service expenses, and equipment maintenance. Mr. Grier pointed out Option 1 is the statutory requirements of the Town, keeping the lights on only, and not a recommended option. Council Member McKinney asked for clarification on the decline in revenue being due to loss of photo enforcement. Ms. Nutt responded that he is correct. Ms. Nutt explained that she budgeted in a 5% reserve as a cautious expectation of legislation that may pick the Town pockets, which statistically has been 3%. Finance Administrator Nutt explained that Option 2 would include Option 1, along with donations to the spring and fall Payson Pro Rodeo, the Meals on Wheels and Ridership

Program, and streets and roads maintenance. Town Manager Grier pointed out that Option 2 is everything in Option 1 and projects most dear to the Council.

Ms. Nutt explained Option 3 combines Options 1 and 2, along with employee retention, and additional projects. The projects are broken down into fiscal years and phases and include water meter replacement, website design & continued development, park landscape, town speed enforcement, Lumberman's well connection, town park 10 station fitness trail, hiking trail development & maintenance, paving of Moonlight, Highline & an unidentified Street, Valley Road widening, Knolls water holding tank inspection, Circle K well site improvements, and water mainline connection between Circle K Tee and Valley Road Tee. Town Manager Grier stated the Town is in dire need of updating its website design and this will be both a project and ongoing expense, as the website will be continually updated. Mr. Grier stated the hiking trailhead development would be incorporating resources the Town already has, and would connect to the Payson Area Trail System ("PATs"). Jesse Reeck, the Program Coordinator for Arizona Conservation Corp. in the White Mountains, stated their goal is to hire 18-25 year olds, locally, to work on projects in the forest. The Arizona Conservation Corp. does trail work, forest maintenance, fencing, invasive species management, and a whole list of different projects. Mr. Grier stated the Town could use these services to develop the trailhead. Council Member Davis stated making a better community will help grow our community, which will benefit our current citizens. Council Member Stephenson stated he is supportive of all these projects. Vice Mayor O'Connor asked Ms. Reeck what the cost is to utilize the Arizona Conservation Corp. Ms. Reeck stated that an agreement would be drawn for X amount of weeks for X amount of dollars. If the work is done sooner, the Town can utilize the Arizona Conservation Corp. to work on another project. If the work is not completed within the specified amount of time, they are done, stated Ms. Reeck. Council Member Davis asked if the cost to utilize the Arizona Conservation Corp. is included in the \$25,000.00 trailhead development. Town Manager Grier stated the Town has not yet drawn up an agreement with the Arizona Conservation Corp., and that it is still necessary to speak with the Forest Service.

Town Manager Grier stated the two items that can derail the Town's projected expenditures are unexpected emergency projects and employee costs, and that he would like to address the employee salary of Finance Administrator Chancy Nutt, and the need to be competitive with her salary to keep her employed with the Town. If employee costs increase, pointed out Mr. Grier, the Town would have less money for projects. Mr. Grier reported that he has reduced employee costs to the tune of about \$144,000.00 a year, or a total of \$1.4 million during his nine year management term. What could drive up employee costs, queried Mr. Grier. If the Town were to lose Ms. Nutt, we would not be able to find a replacement at the same salary. Ms. Nutt has expressed that she would like to continue her employment with the Town, and the \$10,000.00 increase in her salary would make it difficult for her to leave, stated Mr. Grier. It would likely take two employees to fill her position and accomplish the statutory requirements, and stated Mr. Grier, he would like to preserve the employee he can't replace at the same cost. The idea of becoming Assistant Town Manager, also makes the job attractive to Ms. Nutt. Council needs to examine the benefit package, which was put in place nine years ago, stated Mr. Grier. Since that time healthcare costs have increased and the employees have not been able to keep vision and dental. The Town needs to keep its current employees, and Council needs to make it difficult for them to leave, stated Mr. Grier. Mayor McDaniel commented that he supports Mr. Grier's position and believes it is important for Council to also support this. Council Member Davis commented that Ms. Nutt is very professional, accurate and a great financial person for our small community. Vice Mayor O'Connor asked for clarification of the \$14,400.00 employee retention amount. Mr. Grier explained the \$10,000.00 is an incentive for Ms. Nutt, and the \$4,400.00 would go towards a health benefit increase for employees. Council Member Hartwell stated the Town would be in deep trouble to try and replace Ms. Nutt.

Ms. Nutt explained Option 4 is the final option which combines Options 1 through 3, and some additional priority projects broken down by year. This is the staff recommended option that can be accomplished in specified timelines. The priority projects, explained Ms. Nutt, are Moonlight Road guardrail repair, Flint Road culvert adjustment, Town wide striping, looping Hillside Drive water line, Town wide water line replacement and Phase 2 paving of Highline. With Option 4, the Town can accomplish all projects and have an end of fund balance of \$3.6 million, stated Ms. Nutt. Town Manager Grier pointed out the Town is still ending up in a sound fiscal conservative position. Council Member Coon asked if the 5% reserve covers inflation. Ms. Nutt stated that 2% was factored in to cover inflation. Council Member Davis commented that this is a well thought out four year projection and plan that he supports. Mayor McDaniel commented that the staff has done an excellent job putting together this Vision Plan.

A motion that Council adopt the four year staff recommended plan, Option 4, as a guide to capital improvement projects and financial planning for the Town of Star Valley, was made by Council Member Davis, and was seconded by Council Member Hartwell.

The motion was voted on and passed 7 – 0.

A motion that Council authorize the Town Manager to increase the Financial Administrator's salary by \$10,000.00, when appropriate, was made by Council Member Hartwell, and was seconded by Council Member Stephenson.

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 this portion of the meeting up for public comments.

Teresa McQuerrey, reporter for the Payson Roundup, asked why there is a significant drop in the amount to the courthouse services in Option 1.

Town Manager Grier explained the drop is due to loss of photo enforcement.

There were no further public comments and the Mayor closed this portion of the meeting.

- **ADJOURNMENT**

A motion to adjourn the meeting was made by Vice Mayor O'Connor, and was seconded by Council Member Davis.

The motion was voted on and passed 7 – 0.

APPROVED:

Ronnie O. McDaniel, Mayor

Date: _____

ATTEST:

Edie Chapin, 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 7th day of February, 2017. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 13th day of February, 2017.

Edie Chapin, Town Clerk