

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

**Tuesday, November 3, 2020 at 4:00 pm
3675 East Highway 260, Star Valley, AZ
(Star Valley Town Hall)**

The Agenda for the meeting is as follows:

- PRAYER was offered by Vice Mayor Andy McKinney.
- CALL TO ORDER
- ROLL CALL:
Vice Mayor McKinney X, Council Member Davis X, Council Member Armington X,
Council Member Binney X, Council Member Rappaport X, Council Member McDaniel
X, Mayor Coon X. **Council Members appeared telephonically.**

- **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 Special Council Meeting held on October 13, 2020 and from the Regular Council Meeting held on October 20, 2020.**

- B. Approval of Claims Payable from October 16, 2020 through October 31, 2020 for the General Fund and for the Water Department.**

Council Member Binney pointed out an accounts payable to Central Arizona Governments (“CAG”) in the amount of \$3,400.00 and requested it be taken off the consent agenda. Council Member Binney stated CAG is an absolutely incompetent organization to give them \$3,400.00 for nothing. Council Member Binney asked if the check had gone out yet. Town Manager Grier answered the check hasn’t gone out yet. Over the years, stated Council Member Binney, CAG has been absolutely incompetent, and the Town isn’t even using them because of their expenses and incompetency. Council Member Binney stated he would like to get this on the next agenda as to whether to keep them or not.

Town Manager Grier pointed out the \$3,400.00 is the CAG yearly membership dues. The Town has dealt with them for years, opined Council Member Binney, and not once have they ever improved. Council Member Davis stated he is the current chairman for CAG and in the past CAG had a lot to be desired. They have gone through two executive directors and they now have a very competent executive director who’s been with CAG for many years. They serve a function and a purpose for Gila and Pinal counties. Council Member Davis stated he feels very positive that CAG has improved greatly over the last two years and he highly recommends anyone attend one of the CAG regional functions. Council Member Binney responded he doesn’t believe he’s heard CAG is doing anything for the Town.

A motion to approve consent agenda item A was made by Council Member McDaniel and was seconded by Council Member Davis.

A roll call vote was taken:

Vice Mayor McKinney X, Council Member Davis X, Council Member Armington X, Council Member Binney X, Council Member Rappaport X, Council Member McDaniel X, Mayor Coon X.

The motion was voted on and passed 7 - 0.

A motion to approve consent agenda item B, except for Line Item 3 Central Arizona Governments the yearly annual membership dues of \$3,443.55, was made by Council Member Binney and was seconded by Council Member Rappaport.

A roll call vote was taken:

Vice Mayor McKinney X, Council Member Davis X, Council Member Armington X, Council Member Binney X, Council Member Rappaport X, Council Member McDaniel X, Mayor Coon X.

The motion was voted on and passed 7 - 0.

- **DISCUSSION ITEMS:**

1. **Quarterly financial report presented by Finance Administrator Nutt and Town Manager Grier.**

Finance Administrator Nutt stated being objective in the Town's fiscal analysis is something she and Town Manager Grier take very seriously. They not only discuss the fiscal outlook but the approach they take. They constantly discuss methods of forecasting and not just the results. As an employee of Star Valley, stated Ms. Nutt, she considers herself an economist for the Town. She may not know what will happen globally or nationally as there is so much volatility between the pandemic and the political future. She and Town Manager Grier embrace that these changes make some modeling methods outdated, and they continue to research and develop new methods of forecasting. They may not have all the answers right now, but they have some good guesses.

Finance Administrator Nutt reported staff believes grants will decline. The assault on Community Development Block Grants ("CDBG") funds has been seen in the past few years. In 2019, reported Ms. Nutt, the Town's CDBG funds were reduced by half. These funds, explained Ms. Nutt, are derived from the federal Housing and Urban Development ("HUD") budget, and HUD may likely take additional cuts in the next federal budget. Prop 202 funds, which have supported the Town's local park improvements, are derived from casinos, which have mostly been closed or have severely reduced capacity in 2020. Staff sees those funds not coming to fruition for Star Valley, reported Ms. Nutt. Income from the Town's investment portfolio will decrease as extremely low interest rates and inventory drive down the return on investment, or the opportunity to invest at all.

Finance Administrator Nutt reported state shared revenues from income and sales tax from the entire state will be diminished in the next few years as the shadow effect of decreased collections in 2020 catches up. Some of these effects are hard to see in Northern Gila County, stated Ms. Nutt. We see mass amounts of traffic all week and weekend long, new homes are going in, home prices are record setting, the local RV parks are full of visitors, and Gila County itself experienced a 22% increase in tourism this summer of 2020 over the summer of 2019.

Finance Administrator Nutt reported the water department has increased its residential and commercial connections in one single year over all years since 2012 combined. Income from building

permits has already reached 83% of the Town's estimated budget. While all this is great news for the local economy, stated Ms. Nutt, it is important to remember that state shared revenues make up over 60% of the general fund income, whereas building permits only make up 1%. The increase in local revenues is exciting, but the Town is looking at a budget that is in a strong position. The short-term projections are probably stronger than any other budget that Star Valley has had since incorporation. The Town must keep its eye on the horizon and plan and budget for ten years and not just two years.

In the general fund, explained Finance Administrator Nutt, many revenues increased over the projections. Sales tax is one of the largest recipients of an unexpected increase and the local returns are anywhere between five and twenty five percent over expected budget. Court revenue is down a bit and is one of the few funds that has come in low. Explained Ms. Nutt, that is derived from the fact that during the pandemic most of the court activity has settled down or has been pushed out, so the Town won't see any fine revenues for quite some time. Retail sales tax, reported Ms. Nutt, continues to be the strongest supplier of city sales tax and currently the Town is \$32,000.00 higher in collection than last year. Utilities and home rentals are making up the top three collection sources for the Town. Amazon, added Ms. Nutt, is also paying in and made the top five.

On the expenditure side of the general fund, reported Finance Administrator Nutt, the Town is where it expected to be for the most part. The lack of travel and training and Town Manager Grier's negotiation with the law enforcement contract with the Town of Payson netted the Town a projected savings of \$107,000.00. There are a couple of capital projects still hanging out in the general fund. Yet to be installed, reported Ms. Nutt, are the pickleball lights, Town park water feature and the children's playground equipment replacement. The Town does have capital projects going on in the restricted funds: paving on Sprague crossing, striping along Moonlight and also the 260 street lights. The street lights going along the main corridor are expected to be about \$57,000.00 for APS to engineer and set. Ms. Nutt reported that she and Town Manager Grier had a meeting with APS last Friday and the project ETA (install and power) is in the first quarter of 2021. APS is basically at the mercy of ADOT and they are waiting for permits and the green light from ADOT.

The water department fund, reported Finance Administrator Nutt, is above expectation with collections for this year. That is based on the sale of commercial rates, water base and also the new connections the Town has gained. One of the largest and most impactful things that council has done for the Town in 2020, disclosed Ms. Nutt, was passing the commercial base rate for the water department. That has brought it solidly into the black and also provided the fund with enough cushion that staff feels that a water rate increase is not imminent in the foreseeable future. Expenditures are on track, reported Ms. Nutt, and the CDBG project is on track to begin Monday, November 9th. Crews will be seen on Moonlight and Garrels Drive. They will conduct traffic mitigation and they will be on site the duration of the project. This project will go very quickly, stated Ms. Nutt, and should be completed within weeks.

Finance Administrator Nutt reported the cash position in the overall management of the Town has increased since the previous period reported. More money has been invested in the Stifel account so that if there are opportunities to buy up some Certificates of Deposit ("CD's") the Town would be in a position to do so. Currently, explained Ms. Nutt, the Town is fully funded in the investment pool and the Town has bought up all the CD's it can. The local economy is extremely strong, and the Star Valley budget is in an excellent position. The state and the federal changes can affect the Town's budget in the future and the shadow effect can affect revenues in the two year period.

As far as management at Town Hall, reported Finance Administrator Nutt, staff is as small as it's capable of being but is still moving projects forward. The Town is very invested in its capital improvement projects and those have taken longer as testament to a good local economy. The only concern the Town is facing now is possible grant reductions in the future, many of which the Town has

used for capital improvement projects. They may go away, reported Ms. Nutt, or be significantly reduced in the future. Staff, stated Ms. Nutt, suggests smart spending and keeping pace with what's happening. Strategy will continue to be developed and brought to council, concluded Ms. Nutt.

Town Manager Grier thanked Ms. Nutt for her well-presented financial report. Mr. Grier explained that the reason staff does these financial reports is to give council a tool to make well informed decisions. It's a very difficult time to put a finger on the pulse of what's going to go on with the economy, the Star Valley economy and the Town budget due to the uncertainty of the coronavirus and the election. The contractors are so busy they are having trouble getting Town projects done. Sixty percent of the Town's revenues are state shared revenues and while the tourism dollars are up locally, the figures in the rest of the state are down sixty percent. We have to be careful, stated Mr. Grier, and understand that the state shared revenues are a large portion of the Town's revenues.

The Town's cash position, reported Town Manager Grier, is seven million dollars and puts the Town in a very good position. The Town is in this position because good decisions have been made since incorporation. The really important questions that he doesn't have an answer for queried Mr. Grier – What is the economy going to do? What impact is the coronavirus going to have on the economy? What is the duration? The Town really has to brace not just for a year or two but the unknown. There are no previous economic models to look back at in history. The cash position, stated Mr. Grier, well braces the Town. In addition, while the funding through various grants may be limited or diminished, the Town has already completed a lot of capital improvement projects with the water system.

On the expenditure side, reported Town Manager Grier, the employee cost is something that has been a dramatic change at Town Hall. When he first became Town Manager, informed Mr. Grier, the Town employed six to seven full time employees, a significant payroll and a cost of more than what the three employee staff is at now. Mr. Grier stated he has learned that Town Hall can be operated with three employees and certain other positions that had full time employees in the past can be contracted out. That is a big difference on the expenditure side and one that he has learned can be made to work here at the Town of Star Valley.

The question comes down to you as council members, queried Town Manager Grier – Do you tighten the belt, or do you fund the project? He is not sure that can be answered at this time. It may become more in focus in the near future or not so near future. It doesn't mean the Town shouldn't fund projects and go forward and try to find projects. Mr. Grier stated he wrestles with this all the time as Town Manager and trying to make a decision of what should the Town's cash position be. Queried Mr. Grier – Is it too abundant? Should we be spending more? Is it where we want to be? There is certainly a good argument on both sides of that, stated Mr. Grier.

At this point, reported Town Manager Grier, it's been tethered back in just being able to get projects done as the local contractors are busy. Mr. Grier stated he anticipates Roy Haught will start doing some of the projects and Council Member Binney has said that he may be able to get to the water features at the park. Mr. Grier stated that indicates to him that some of these projects that the Town has already decided to go forward with will begin. All in all, concluded Mr. Grier, even with such uncertain and challenging times, the Town is in good shape.

Council Member Binney questioned how the seven million in laddered CD's is protected. Town Manager Grier answered they are FDIC insured per CD and that is the reason the Town has multiple CD's, so they are all FDIC insured. Council Member Binney stated he thinks the Town should buy some gold and silver with it. Mayor Coon stated he thinks the Town is in good shape. With this economy, that could change. For now, concluded Mayor Coon, the Town can breathe easy and feel comfortable with its financial situation.

2. Discussion and possible action regarding purchasing hardware/software for virtual meetings.

Finance Administrator Nutt reported staff is looking at doing better virtual meetings. The hardware necessary, explained Ms. Nutt, would be tablets for council and an interactive TV system at Town Hall. Council would be able to interact virtually with each other and also interact virtually with staff and the public at Town Hall. Staff feels this is the best direction to move forward, stated Ms. Nutt, in order to be a bit more interactive. The estimate so far for the tablets and the TV's is around \$3,000.00, reported Ms. Nutt. She is also looking at *Zoom Rooms* and is hoping the Town can stay with non-expensive options for the software. Staff can provide more specifics once council has given approval to move forward, concluded Ms. Nutt.

Council Member Rappaport stated COVID is going to go on for another couple of years and she doesn't think \$3,000.00 is out of the park. Council Member Rappaport announced she's all in. Council Member Binney questioned if it would be doable to be interactive with the public so they could tune in and watch also. His hope is that would get more Town citizens involved, which he thinks is needed. Council Member Binney announced he's all in for this. Council Member Davis stated he agrees the Town should move forward with this.

Mayor Coon asked if the advantage to this is that when someone is talking they can be seen. Finance Administrator Nutt responded council will be able to see each other, Town Hall staff and members of the public (socially distanced and less than ten in the room). Ms. Nutt stated she is planning on looking into virtual friendly options for the public so the meetings can be as accessible as possible. She is working with the IT Department to see how the Town can make any product purchased stretched to meet as many needs at Town Hall as possible. Council will also be able to see presentations and agendas on the screen, added Ms. Nutt. Council Member Binney stated he envisioned having the council meeting agenda on it too and questioned if it would display that also. Ms. Nutt answered she would have it set up so council can access their emails.

Finance Administrator Nutt reported with the software that she is looking at now, there is the ability to pre-load agendas and spreadsheets. In a situation where a council member didn't receive an item, explained Ms. Nutt, the item under discussion can be brought up to the screen and everyone will be looking at the same slide together. When the slide is taken down, participants would return back to seeing each other on the device. It will be much more interactive, concluded Ms. Nutt. Council Member McDaniel stated it would be a good investment and beneficial for the council.

A motion to authorize the Town Manager to purchase hardware/software for virtual meetings was made by Council Member McDaniel and was seconded by Council Member Binney.

A roll call vote was taken:

Vice Mayor McKinney Yes, Council Member Davis Yes , Council Member Armington Yes , Council Member Binney Yes , Council Member Rappaport Yes , Council Member McDaniel Yes , Mayor Coon Yes .

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 this portion of the meeting for public comment. There was no public in attendance and the Mayor closed this portion of the meeting.

• ADJOURNMENT

A motion to adjourn the meeting was made by Council Member Binney and was seconded by Council Member McDaniel.

The motion was voted on and passed 7 – 0.

APPROVED:

Gary Coon, Mayor

Date: _____

ATTEST:

Eddie 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 3rd day of November 2020. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 5th day of November 2020.

Eddie Chapin, Town Clerk