

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

**Tuesday, May 7, 2019 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. Carl Peterson of Payson United Methodist Church.
- PLEDGE OF ALLEGIANCE
- 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.

- **GILA COUNTY SHERIFF'S OFFICE REPORT FOR APRIL 2019**  
Lt. Scott with the Gila County Sheriff's Office gave the report for April 2019.

- **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 16, 2019.**
- B. **Approval of Claims Payable from April 16, 2019 through April 30, 2019 for the General Fund and for the Water Department.**

A motion to approve consent agenda items A and B was made by Council Member Armington 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.

- **DISCUSSION ITEMS:**

1. **Discussion and possible action concerning Resolution No. R 19-01 regarding the Intergovernmental Agreement for the Gila County “Summer Work Program.” Presentation by District 3 Supervisor Woody Cline.**

District 3 Supervisor Woody Cline reported it is the same program as last year except it is now funded from a line item in the budget. The county had over thirty kids participate in the program last year and they would like to have more than that this year. Mayor Coon reported the Town of Star Valley received about \$35,000.00 annually from the county in the past and that about ½ of that went to Meals on Wheels and the remaining \$17,000.00 went towards Town projects. Mayor Coon stated, if his calculations are correct, there still should be about \$11,000.00 available to the Town. Mayor Coon questioned what happens to the remaining \$11,000.00. Supervisor Cline responded that the money was paid for by a previous supervisor out of his constituent funds and that nowhere in the budget is there an amount dedicated for Star Valley. Mayor Coon asked if the \$35,000.00 went away. Supervisor Cline answered not necessarily and explained that each supervisor is given \$100,000.00 for constituents and a request can be made to one of the supervisors. If the supervisor has the money and elects to participate in a project, they may do so using those constituent funds. Vice Mayor McKinney stated his understanding that the youth employment program is no longer funded with constituent funds and is a line item in the county budget, and further it is up to the Town to petition the District 3 Supervisor for funding. Supervisor Cline acknowledged his understanding is correct.

Mayor Coon stated his concern about being penalized if the Town chooses not to go along with the project. Supervisor Cline responded the project does not hold the Town hostage. Mayor Coon explained the Town does not have enough staff for supervision. Council Member Binney stated his opinion that the constituent fund is a slush fund, it should not be legal, there is no control and it should be done away with. The kids are under-age so you can't work them, they can't use power tools or drive on the job and the Town doesn't have the supervision to handle a worker. The Town does have a zip line project for the park, pointed out Council Member Binney. It would be great for the kids and it would be helping more than one kid. Supervisor Cline stated he respectfully disagrees with Council Member Binney 110%. The program is teaching the kids life skills, respect, how to present themselves, how to fill out applications, etc. Supervisor Cline stated he understands it can be a burden to some extent, but it is absolutely a worthwhile cause. Council Member Davis stated the program is very helpful and questioned if the Town could place someone internally to do clerical work. Finance Administrator Nutt responded she appreciates the suggestion and that she is concerned about sensitive information and legal implications. The Town does not have a lot of departments and outsources a lot of the roles. Those paper functions that a lower level, part-time, temporary, non-vetted individual that hasn't passed background checks and other security measures are not available here. Star Valley is unique in the way departments are handled, in what is kept in-house, and what can be outsourced. Currently everything that the Town handles in-house is sensitive and subject to the auditors. Ms. Nutt stated she is not sure, without further research or direction from both the auditors and legal, how to move forward with an assigned temp not vetted through the Town's internal procedures.

Supervisor Cline acknowledged he understands if the Town doesn't want to participate and does not deny that it is a workload. Council Member Davis questioned if there is a cost if the Town goes ahead with the IGA. Town Manager Grier responded he doesn't think so and reported one of the problems the Town had with last year's worker was that he was neither able to drive or use power tools, which decreased his value to the Town. Mr. Grier stated he does not know if there will be workers able to do that. In a limited way, we could have someone work at the park, if they were able to run a power tool.

That may be something that would be less impactful as far as the supervision that is required. As far as someone in the office, the problem with that is the burden of time to supervise someone to make it a meaningful experience. The big consideration, stated Mr. Grier, is the issue of the discretionary money and hopefully the Town can make its pitch to Supervisor Cline about some of the Town's valuable projects. Mr. Grier recommended the Town enter into the IGA and see if someone is available part-time to work at the park. Mr. Grier disclosed he would love to make it a meaningful experience, but it is difficult with the small size of Town staff. Council Member Rappaport asked the average age of the worker. Mr. Cline answered 16 to 21 and added that it would not cost the Town anything to enter into the IGA. Mayor Coon stated the thing the Town is struggling with is we are a little bit small. The Town doesn't have the personnel and bringing someone to work internally is a concern because of the sensitive information. Mr. Grier stated he recommends council support the program, enter into the IGA and ask Woody to provide someone who can drive, operate a power tool and work on a part-time basis.

**A motion to adopt Resolution No. R 19-01 – A Resolution of the Mayor and Common Council of the Town of Star Valley, Arizona, authorizing the Mayor to execute the Intergovernmental Agreement by and between Gila County and the Town of Star Valley for the “Summer Work Program” was made my Council Member Armington and was seconded by Council Member Davis.**

A roll call vote was taken:

Vice Mayor McKinney Yes, Council Member Davis Yes, Council Member Armington Yes, Council Member Binney No, Council Member Rappaport Yes, Council Member McDaniel Yes, Mayor Coon Yes.

The motion was voted on and passed 6 – 1.

2. **Public hearing, discussion and possible action to adopt Resolution No. R 19-02 – 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 2019/2020. Presentation by Finance Administrator Chancy Nutt and Town Manager Grier.**

Finance Administrator Nutt explained the budget process provides clarity and insures understanding of where the Town is financially, and that the Town is moving into a new fiscal year in a unified way. It is one of several tools used throughout the year to depict the Town's values and priorities to the community. The Town's annual budget provides the financial structure for operations, improvements, and services - this year and into the following years. This is a balanced, expenditure-based budget and tonight's meeting and adoption of Resolution No. R 19-02 fulfills the statutory requirement of a balanced tentative budget for fiscal year 2019/2020. The tentative budget approves individual funds expenditure limits and while the monies may be moved around within the fund, they cannot exceed the limits set forth in the tentative budget, pointed out Ms. Nutt. This process satisfies the statutory requirements and provides a venue for the public to participate in the budget process. It also allows council to discuss specific budget points and gives staff an opportunity to address changes and to discuss improvements and capital projects. Tonight's meeting is a public hearing and will be open to the public at the appropriate time for comment, clarified Ms. Nutt.

Ms. Nutt reported the tentative budget adopts limits by fund and the Town has three types of funds which are General, Restricted, and Enterprise funds. Grant activity is assigned to the fund that the project will affect. The operations of Town hall remain strong, stated Ms. Nutt, and staff continues to meet the goals of council and management, as well as serve the needs of the community. The budget depicts not only the resources of each fund, but it prioritizes services to meet community needs and meet council

policies. The tentative budget, explained Ms. Nutt, is based largely on council decisions made during strategic planning, the cost of operations and personnel expenses. The strategic plan contributes to the annual budget process with its long-range scope of Town finances and goals. The budget is an annual document that focuses on detailed spending plans. The strategic plan sets priorities and the budget sets fund limits. Ms. Nutt stated she will highlight what is presented in the detailed budget packets (see attached *Official Budget Forms-Fiscal Year 2020*) and will touch on points of interest in the General, Restricted, and Enterprise funds and will share important updates for the end of fiscal year 2019 and changes of note in fiscal year 2020.

Ms. Nutt reported the funds brought forward from fiscal year 2019 to fiscal year 2020 were \$3,853,000.00 from the General fund; \$1,027,000.00 from the road funds; and \$149,000.00 from the Court funds. Ms. Nutt noted the court funds are monies held in reserve to be used only by the municipal court. The total funds brought forward was \$5,029,000.00. In the General fund, reported Ms. Nutt, the 2019 fiscal year operating fund generated a positive ending fund balance of \$298,000.00 – increasing the Town's General fund beginning balance to \$3,830,456.00. State shared revenues for fiscal year 2020 are estimated at \$47,000.00 over the previous fiscal year with a total collection of \$715,000.00 for fiscal year 2020. City tax decreased by \$25,000.00 after initial promising collection improvements through the efforts of staff to increase monitoring and pressure the Arizona Department of Revenue (ADOR) in investigating non-reporters. Efforts continue as the ADOR and the Attorney Generals offices have been contacted with complaints against non and under reporting businesses. State shared revenues for HURF are up 4% for fiscal year 2020 which will receive an estimated \$416,000.00 in new funds and an operating budget of \$1,435,000.00. In the Enterprise fund operations outsourcing of the water department will generate a cost savings estimate of \$38,000.00 in personnel and operations and an annual budget savings of \$3,800.00 – putting the Enterprise budget in a positive position in fiscal year 2020. Ms. Nutt expanded on the reduced city tax collection and budget shortfall of 7% explaining that the ADOR has been collecting for the town since fiscal year 2015. The ability to request audits for non-reporting entities is considered to be a tool the town can use but it is a slow process. The Town has been able to collect \$42,000.00 in tax from non-reporting entities through this process but continues to monitor and request audits. The Town fell short of its trended projections by nearly \$30,000.00 as ADOR drags out negotiations with non-reporting and under-reporting entities.

Ms. Nutt reported the return on investments for fiscal year 2019 were above conservative projections by 142% or approximately \$69,000.00 due to strong economies, shortened certificate of deposit purchase cycles that grossed higher yields, and an increase in funds invested. The Town continues to utilize the laddered purchasing process, stated Ms. Nutt. For fiscal year 2020 operation budget revenues are 81% operations, 13% grant activity and 5% other. The expenditures are 15% operations, 5% personnel, 9% purchase service, 5% capital, 5% grant activities and 61% contingency and rainy-day funds. The state shared revenues for fiscal year 2020 are budgeted to be \$60,000.00 over the previous fiscal year which is a \$48,000.00 increase in the General Fund and a \$10,000.00 increase in the HURF fund. Local sales tax collection is conservatively estimated to be down, but water operations will remain steady. The General fund continues to fund town wide operations including the Town Park, Community Garden, and personnel and operations provided by Town Hall. Personnel, operations, purchase services, and capital projects are on target with the revised budget for fiscal year 2019 going into fiscal year 2020. Fiscal year 2020 will see a decrease in personnel expense and operational expenses with the retirement of a senior staff member as well as a decrease in leveraged funds as the Town does not expect capital and grant projects within other funds to affect the general fund.

The General fund, reported Ms. Nutt, has a net fund balance of \$3,850,000.00 moving into fiscal year 2020 with a carry forward of \$298,000.00 from fiscal year 2019 operational budget. HURF and Gila

Excise Tax funds had a combined operation budget carry over of \$796,000.00. Fiscal year 2020 capital activities will affect the HURF fund with the road preservation project of \$130,000.00 and a possible road lighting project of approximately \$100,000.00. The Enterprise fund has had many activities in fiscal year 2019 impacting capital projects and operations. The Circle K and Lumberman's well sites have been brought online and PW1 & PW2 is slated to be completed by the end of fiscal year 2019. Project costs for the well sites are \$5,000.00 in upgrades to Circle K, \$65,000.00 in upgrades and connection costs with Lumberman's as well as leverage funds in PW1 & PW2 of \$289,000.00. Operations have changed with the retirement of Rob Rippy and contract services now provided by Shaffer Water Management. The Town expects a decrease in personnel and operation expenses with this change of approximately \$38,000.00. Dean Shaffer provides flexible billing based on demand as well as historical knowledge of the water system that will be useful as the Town develops. The Town is able to create master plans to replace aging infrastructure and strategically utilize grant funds for such projects, with Mr. Shaffer's help and expertise. The tentative budget also accounts for grant activities. Town Clerk Chapin has worked to modernize how the town solicits Arizona Tribes for Prop 202 grant funds. She continues to send requests for funding support and in fiscal year 2019 the Town received \$11,000.00.

Ms. Nutt reported construction of the PW1 & PW2 wells will be completed May 15<sup>th</sup> with the project closing on June 1<sup>st</sup> and that this CDBG project is leveraged with general fund monies for \$289,000.00 – for a project total budget of \$567,000.00. The fiscal year 2019 CDBG grant will open in September of 2019 and the Town will begin holding public meetings to discuss possible projects, including but not limited to replacing pipe and purchasing water storage. Ms. Nutt explained that passing Resolution 19-02 will adopt the tentative budget and as a legislative action by the council they will be accepting the budget for 2020 based on her estimations of fiscal year ending 2019, and operational funding and expenditures estimations for fiscal year 2020. Changes can be made during tonight's discussion and before adoption of the final budget, clarified Ms. Nutt. Adjustments will be made within the affected fund and the all fund summary will remain the same. Concluded Ms. Nutt, the Town faced many changes in fiscal year 2019 – many projects were completed, and the Town had two significant losses. Robert Rippy's retirement has meant adjusting how staff operates. The water department was greatly enhanced with Rob's contributions and skills and staff looks forward to working with Mr. Shaffer to continue progressing. The Town lost greatly with the passing of Mayor McDaniel. Ms. Nutt stated she believes he would be proud that the Town has passed another financially solvent budget, continuing to serve the citizens of Star Valley responsibly.

Town Manager Grier stated he would like to add to Ms. Nutt's excellent presentation and suggested for all council members to sit down with Ms. Nutt and himself to go through the budget to help them better understand it. Mr. Grier stressed the importance of what the budget means to council in their role as a council and how they should use it as a tool. Council is required to have a good understanding of the budget because council can't do their job if they don't. The meeting tonight is a statutory exercise in some ways because the Town's budget is so healthy. Council is not making the hard decisions that many towns and cities face when looking at the adoption of a tentative and final budget – what programs to cut, what employees to be terminated, and the prioritization of projects to be able to make their budget work. Council has it easy, stated Mr. Grier, because of wise decisions from past councils and good management. As the legislative body, council can make bad decisions really quickly or continue to make good decisions. Mr. Grier reiterated he would like council to look at the budget as a planning tool and to understand the fiscal importance of their role. It is important for council and management to provide services to the public, to monitor and keep our finger on the pulse of the Town's fiscal health and to hand off sound financial health to the next council and the council after that. A working knowledge of the budget and how the Town operates is important in making sound decisions as a council body. Mr. Grier

reported his management philosophy is to contract out and reduce the size of personnel because that is the greatest expense to towns and cities. The average town is about 80% personnel costs while the Town of Star Valley is 9% in personnel costs. That management philosophy translates into council being able to spend the money on capital improvement projects. If there are changes in staff the expense of running the Town can be more expensive. The Town has had some unexpected costs, reported Mr. Grier, but is still in a great position. Mr. Grier concluded by recommending council sit down with Ms. Nutt and himself so they can have a firm understanding of the municipal budget and management plan. Mayor Coon opened up this portion of the public hearing for public comment. There were no public comments and Mayor Coon closed this portion of the public hearing.

**A motion to adopt Resolution No. R 19-02 – 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 2019/2020 was made my Council Member Davis and was seconded by Council Member Armington.**

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.

3. Discussion and possible action regarding capital improvement projects. Staff proposed projects to be considered include: Phase 1 Street Preservation; Street Lights Highway 260 Corridor; and Town Hall Maintenance and Improvements. Council may discuss and take action on additional capital improvement projects. Presentation by Town Manager Grier and Finance Administrator Chancy Nutt.

Town Manager Grier stated the proposed capital improvement projects are all big buck items and that council needs to analyze what impact a project has on the budget and what projects deserve the priority choice. A very good project is Phase 1 street preservation, reported Mr. Grier. A slurry overlay on Mountain View, Switchman, Pinon and the first section of Highline Drive is recommended at a cost of around \$130,000.00. The Town's approach should be to systematically go through the road system based on priority of need and start the slurry overlay, suggested Mr. Grier. Roads were always a priority to Mayor McDaniel and that should remain the same as the Town goes forward. Mr. Grier reported he received last minute information on the streetlights and \$100,000.00 is budgeted this year for that project. Streetlights is a good project to consider, but maybe not something for council to vote on tonight. Mr. Grier stated another recommended item is staining the outside of Town Hall and some other improvements at a cost of \$25,000.00. Council Member Binney stated he is impressed by the investment and the way the Town has managed it. Council Member Davis stated he agrees with Council Member Binney that the management of Star Valley is very well done for such a small staff. He likes the recommendations of Phase 1 street preservation and the price of the lighting and would support those projects.

Town Manager Grier recommended the streetlights be put on a future agenda for engineer Dale Miller's presentation. Council Member Rappaport stated she likes both the Town Hall remodel and roads and that she would like to put the lighting off until the Town receives more information. Council Member Rappaport disclosed her concerns with more wires going up and the fire hazard of that and her preference for the wires being underground. Council Member Binney stated the roads and lights are great projects and pointed out the Town is not doing anything to improve the park this time around. He would like to see park improvements with a zip line or splash pad for the kids. The Town needs to keep putting some

money into the park, advocated Council Member Binney. Mr. Grier reminded council about the decision-making process and what the Town can afford for the 2019/2020 fiscal year and recommended council entertain a discussion and maybe choose a few projects. Council Member Armington asked when the Town did the last street improvement project. Mr. Grier answered the Town is always doing street improvements and has some \$140,000.00 budgeted for on-going street maintenance. The Town invests a lot into the roads and the internal streets are in good shape, reported Mr. Grier.

**A motion to approve Phase 1 street preservation for approximately \$130,000.00 and Town Hall remodel of approximately \$25,000.00 as the capital improvement projects for the Town to undertake was made my Council Member Davis and was seconded by Council Member Armington.**

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.

#### **4. Discussion and possible action to adopt Resolution No. R 19-03 supporting the Lion Springs project.**

Vice Mayor McKinney stated it is incumbent upon the Town to be very forthright in its opinion on the validity of the Lion Springs project and he wholeheartedly supports the measure. Council Member Davis reported that he and Council Member McDaniel attended the ADOT board meeting in Flagstaff and they both made statements, along with others, in support of the project. Council Member Davis reported he received an email that the statements made by himself and others made an impact on the Board and that he fully supports the Resolution. Mayor Coon responded he appreciates Council Members Davis and McDaniel's attendance at the ADOT board meeting.

**A motion to approve Resolution No. R 19-03 supporting the Lion Springs project was made my Council Member Davis and was seconded by Council Member Rappaport.**

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.

#### **5. Discussion and possible action regarding attendance at the League of Arizona Cities and Towns Conference.**

Council Member Rappaport stated she would like to attend. Town Manager Grier asked those interested in attending for a show of hands. As show of hands revealed that Mayor Coon, Vice Mayor McKinney, Council Member Davis, Council Member Armington, Council Member Rappaport and Council Member McDaniel would like to attend the League Conference.

**A motion to approve the expenditure for the council to attend the League Conference was made my Council Member Davis and was seconded by Council Member Armington.**

A roll call vote was taken:

Vice Mayor McKinney Yes, Council Member Davis Yes, Council Member Armington Yes, Council Member Binney No, Council Member Rappaport Yes, Council Member McDaniel Yes, Mayor Coon Yes.

The motion was voted on and passed 6– 1.

- **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. There were no comments and the Mayor closed this portion of the meeting.

- **ADJOURNMENT**

**A motion to adjourn the meeting was made by Council Member Davis and was seconded by Council Member Armington.**

**The motion was voted on and passed 7 – 0.**

**APPROVED:**

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**Gary Coon, Mayor**

**Date:** \_\_\_\_\_

**ATTEST:**

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**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 7<sup>th</sup> day of May 2019. I further certify that the meeting was duly called and held, and that a quorum was present.**

**Dated this 8<sup>th</sup> day of May 2019.**

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**Edie Chapin, Town Clerk**