

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

**Tuesday, October 1, 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 Pastor Dixie Neal of Payson First Church of the Nazarene.
- 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 REPORTS FOR AUGUST AND SEPTEMBER 2019**
Lt. Scott with the Gila County Sheriff's Office gave the reports for August and September 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 September 17, 2019.

B. Approval of Claims Payable from September 16, 2019 through September 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 Davis and was seconded by Council Member Armington.

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.

1. Year-end fiscal report presented by Finance Administrator Chancy Nutt and Town Manager Tim Grier.

Finance Administrator Nutt explained this will be a review of the fiscal year 2018/2019 budget. The annual operating revenue expenditures and carry over will be reviewed by fund and the budget as a whole. Council will also be briefed on the capital projects that have been completed in the fiscal year of 2019 and projects that are in the open period. Ms. Nutt reported grants, interest, local, county and state shared revenues made up the Town's annual operating budget. In the fiscal year 2019 the Town received a little over \$300,000.00 in grant revenues through the donation and grants provided by the Tonto Tribe, Gila County Board of Supervisors and the CDBG funds. This made up 13% of the Town's annual income. Interest revenues came in at about \$138,000.00 from the 4.3 million invested with the Stifel investment operation. The Town also has local income from the city sales tax, franchise tax, court fines, building permits, license fees, town park reservations and the water enterprise fund. These sources made up 26% of the Town's revenues at just over \$600,000.00. The Gila County excise tax, a restricted roads income received from the county, brought in \$151,000.00. It was 4.5% over the estimates based on previous fiscal year collections. The state shared revenues were also well above the anticipated revenues due to a one time HURF sharing surplus from the state legislators. The state income makes up 48.5% of the Town's budget and was 21% over the original projection due to that HURF surplus. The Town collected \$2,323,000.00 in fiscal year 2019 which is about 3.5% over the total operation budget projections for the fiscal year.

In the operating budget for fiscal year 2019, reported Ms. Nutt, the Town expensed 23% in personnel, 13.8% in operations, 7% in capital projects and 26% in purchase services. Grant activity made up the remaining 29% of the Town's activities. In fiscal year expense by type the Town was 59% of the adopted budget as reserve funds did not need to be accessed for attorneys, engineers or other unforeseen expenditures that the Town had budgeted for. Improvements to the Town park were supplemented with the donation from the Tonto Tribe and the Gila County Board of Supervisors, offsetting some of those project costs. The Town did contribute leverage funds to the CDBG water project above the estimated \$220,000.00 budget in the amount of \$245,000.00. All other expenses by type were below the annual budget due to the lack of emergency situations or unexpected projects as well as a reduction in staff size with the retirement of water operator Rob Rippy, which affected several funds.

Ms. Nutt reported the Town has continued to utilize the Stifel laddered CD investment approach. Investment income was \$129,000.00 in the general fund and \$9,200.00 in HURF which was an average return of 3.2% of the Town's investment for fiscal year 2019. The contribution was increased this fiscal year and may see additional returns, but as always that does depend on the CD market. The local sales tax continues to be monitored by the Arizona Department of Revenue and requests for compliance checks are slow to be responded to. However, the Town is diligent in its efforts to ensure compliance. The Oracle software purchase continues to provide effective tools to track new businesses and business compliance. The Town's major contributors for the fiscal year were retail, communications and utilities which hasn't deviated from previous fiscal years. The Town has collected \$325,000.00 in fiscal year 2019. The Town came in \$25,000.00 short in fiscal year ending in 2019, however, tracking that in to the open fiscal year the Town is 3% above its current year projections. Ms. Nutt stated she feels this reflects heavy snow in the early part of the tourist season which dampened travel. The Town has had a very strong summer tourism impact and has collected \$13,000.00 over what was believed would be collected at this time in the open year, reported Ms. Nutt.

In the general fund, reported Ms. Nutt, activities fell well within expectations for the fiscal year. Income was 97% in revenues. Two grants and donations were collected in the amount of \$21,000.00 from the Tonto Apache Tribe and the Gila County Board of Supervisors. Interest on investments out-

performed the previous year through strong interest rates and CD markets and the increased contribution with the Stifel investment account. Expenditures were on target for personnel, operations and purchase services. Capital projects were below the budget due to the lack of need for unexpected expenditures for attorneys, engineers and equipment failure. The Town has a net carry forward of \$367,000.00 in the general fund. The restricted funds for the streets and roads received money from both the state HURF revenues and the county excise tax. An unexpected contribution this year to the HURF fund created a 77% surplus in the budget revenue for HURF. Gila road tax also performed at 5% higher than expected and the Town's interest income more than doubled. Street maintenance operations continued with the job order contract with Haught Excavating. \$33,000.00 worth of road maintenance was performed on potholes, snow removal, crack sealing, tree debris removal and drain way clean outs. The Town also began working on the Highway 260 street lighting project. A project that, if approved, will be expensed to the Gila road tax. The restricted road funds have a combined carry forward balance of \$452,556.00.

Ms. Nutt reported the water enterprise fund had one of its largest projects since the Town had taken over the water company in 2012. The development and connection of the water system to the Sky Run wells providing residents secure water for generations. CDBG and leverage funds were used to complete the development of the two wells and connect the water sources to the Milky Way holding tanks through 1,800 feet of mainline pipe. Bringing this plan to fruition was no small project financially, physically or emotionally. Circle K and Lumberman's wells were also developed and connected this fiscal year. Maintenance was performed on all of the holding tanks and the amount of wells on line were increased from two to six with Sky Run one and two making it eight total wells. The smallest well at the Town park is being utilized for watering, as it is a small unregistered well, perfect for irrigating the lawns and trees. Personnel and operations expense have changed with the retirement of Rob Rippy and incorporating his contract position replacement Dean Shaffer of Shaffer Water Management. A cost reduction of \$65,000.00 is expected over three funds. The water fund did utilize funds from the general fund and does not have a positive carry forward. Ms. Nutt explained the \$310,000.00 represents the contribution from the general fund. With the wells in operation and in good repair capital projects in the future fiscal years will be funded with CDBG money. Staff is also pursuing implementing commercial water rates as more commercial applications may be seen soon.

Ms. Nutt then reviewed the completed capital projects for fiscal year 2019. The Meals on Wheels project came in on budget at \$10,500.00 as well as the Senior Ridership program for \$7,000.00, reported Ms. Nutt. The Town contributed \$210.00 in fiscal year 2019 to the Beeline Bus, originally estimated up to \$25,000.00. The finance and records software that council approved to expense is being implementing applications at a time and, explained Ms. Nutt, she wants to make sure the Town is getting the advertised benefits of the software before each individual module is purchased. The general ledger and sub-ledger for accounts payable and payroll have been fully integrated, and they are going very well. Ms. Nutt reported the new software appears to be everything as promised and she will continue to move slowly so as not to expense any unnecessary resources.

Ms. Nutt thanked Town Manager Grier for taking on the Gila County IGA project. Ms. Nutt explained the Town had requested the IGA with the Magistrate Court be re-examined by Gila County when photo enforcement went away in 2016. Through several personnel changes with Gila County renegotiations were requested to be postponed. All parties agreed to postpone and move forward with the current IGA understanding that it would be to provide services and payment would be renegotiated. That time seemed to lapse, reported Ms. Nutt, and she booked the \$118,000.00 liability to the books for the projected expense. Staff was finally able to meet with the new finance director and manager of Gila County and work with Judge Little of the Magistrate Court to handle the IGA contract. They weren't very familiar with what had led up to the conversation and the Town was sent a rather shocking bill for

the time between 2016 and 2019 for court services that weren't previously billed for. They were not seeming to understand that the Town wasn't paying, per Gila County's request, pending renegotiation. They had also proposed a new negotiated price for \$13,200.00 annually. The Town had agreed to the \$13,200.00 annually for an IGA expense of the Magistrate Court as now that the Town no longer has photo enforcement the impact to the county court is rather minimal. Using that logic, reported Ms. Nutt, she asked Town Manager Grier to negotiate retro-active cost of court services. Mr. Grier spoke to several different agencies and successfully argued that the county would be better served to continue the IGA for court services at the current IGA cost of \$13,200.00 per fiscal year, retro-active. Mr. Grier successfully negotiated the Town's cost for past court services to \$38,000.00, reported Ms. Nutt. Town Manager Grier added that he can't take all the credit. It was the good work of County Supervisor Tommie Martin, the County Manager, the County Finance Administrator, and Judge Wright. It did end up right with a fair cost to the Town with what is now a very minimal impact on the court system. Ms. Nutt added that County Finance Administrator Mary Springer was great to work with and was the one that figured out we were still waiting for a new IGA.

Ms. Nutt reported the annual budget for the job order contract to maintain the roads was \$115,000.00. The \$33,000.00 that did get expensed is a fair representation to the quality of the Town's roads. The Town park was able to do some ground development and installation of swing sets and a zip line at the Town park. Gila County contributed money towards the zip line and the Tonto Tribe contributed towards the swing set. The job order contract with Haught Excavating installed those pieces of equipment, keeping the cost to purchase down. The water rate analysis has not been outsourced and is an in-house project. It is being looked at in the terms of a commercial application so if commercial businesses choose to come online the Town can have fair water rates that represent the demand of the system. The Lumberman's well connection was close to the revised budget at \$48,000.00. The tank clean-out was quoted at \$6,000.00 and came in just a little under. The Circle K well improvement as well as other source developments around Town and maintenance on the big wells was expensed at \$76,000.00 out of the water department. The CDBG leverage funds for the Sky Run project were a little over the estimate by \$25,000.00 coming in at \$245,000.00. The capital project budget for fiscal year 2019 was \$687,000.00 and the Town expensed \$496,000.00. Ms. Nutt reported the take-away highlights. The new annual contract rate with the court IGA is \$13,200.00 and was applied retro-actively with a cost savings of nearly \$80,000.00. The water rate analysis coming in-house was a cost savings of \$5,000.00 and the contract water operator has a multi-fund cost savings of nearly \$65,000.00.

Ms. Nutt reported the general fund had a carry forward balance of \$367,000.00 for a fund balance of 4.4 million. The HURF and RDX tax had a carry forward of \$452,000.00 for a fund balance of 1.2 million. The water enterprise fund did need some assistance from the general fund and unfortunately does not have a carry forward balance. The all fund summary is \$509,454.00 moving forward giving the Town an end of fiscal year 2019 balance of \$5,428,000.00. Ms. Nutt stated Town Manager Grier would report on the six in-progress projects. Town Manager Grier reported the road preservation project is slated to begin this month on Pinon, Mountain View, Switchman and Highline roads. It's an \$80,000.00 project as the bids came in lower than the anticipated \$130,000.00. The 2019 CDBG grant is being administered by Finance Administrator Nutt for a savings of \$28,000.00 over CAG administering the grant. That project is addressing the inadequate infrastructure inherited from Brooke's Utilities in the area of Moonlight and is in the environmental analysis stage. The Highway 260 street lights are on the agenda tonight for council decision. The park has come together this year with the addition of tot playground equipment and playground equipment to the other half of the playground. Council approved the water cannons and staff is looking at adding some additional water features as well, reported Mr. Grier. Town Hall improvements

were just finished up with the staining and sealing of Town Hall and Sky Run electrical is in progress to complete.

Finance Administrator Nutt stated the Town's strong fund balance and annual carry forward are a tribute to strong planning and fiscal conservatism. The council's commitment to infrastructure improvements and expansion as well as monies spent on citizens through the Meals on Wheels, Town park, community garden and Ridership programs indicates wise spending on the part of council. The information presented is designed to inform council of the 2018-2019 fiscal year activities and give a perspective of the Town's financial health in order for council to make informed decisions. Ms. Nutt reported she will continue to monitor the budget and work closely with the Town Manager to ensure an open line of communication about the Town's fiscal health throughout the open year. Additional budget updates will be provided throughout the year along with a revised budget presentation after December, which marks the halfway point of the fiscal year.

Town Manager Grier encouraged council to use the presentation as a planning tool to help make decisions. Everything is grounded fiscally, and part of the role of management and council is fiscal responsibility. To be able to hand off to future councils a Town that is fiscally sound may be one of the most important things the Town does. Mr. Grier reported since he has been Town Manager the Town has gone to a contract form of employment with law enforcement, fire protection, water department, and with the Town of Payson planning & zoning and back-up water. The Town employees all take on dual roles and the employee base has been a key. The peril that could get the Town in trouble would be a major change in the employee base since that could change the income. If the Town's ability to contract changed that could make a difference on the amount of carry over. Mr. Grier stated he thinks strong council is a key to the Town's success. The Town is doing what it is supposed to be doing which is provide a good balance of services to the Town. The management model in place is great and it works well for the Town, stated Mr. Grier. Council Member Rappaport stated it's been a godsend to have Finance Administrator Nutt go over numbers with her. Mr. Grier responded he and Ms. Nutt are available to all council members and he encourages council to come in. Mayor Coon stated Town staff and council should be proud of the accomplishments outlined in this report. Vice Mayor McKinney complimented council and the crackerjack Town staff. Vice Mayor McKinney reported he has interacted with council members from other towns of similar size to Star Valley and almost inevitably their finances are a complete wreck and they have a large staff. Star Valley has approximately one Town staffer for every one thousand people in the community. That could not possibly be done without the caliber of staff the Town has in place today, stated Vice Mayor McKinney.

2. Discussion and possible action regarding an updated budgetary cost estimate for the SR260 Street Light project.

Town Manager Grier stated council voted on \$46,000.00 for street lights using existing APS poles. It was determined by APS with their preliminary engineering that none of the poles could be used. This brought the price up to an estimated \$68,500.00 to do the project. Mr. Grier reported that Becky O'Connor had an interesting idea of antique looking street lights but the costs are prohibitively expensive. If council would like to continue with the street light project, concluded Mr. Grier, it's going to cost more money since the existing poles can't be used. Council Member Binney asked if there has been any thought about putting lights in the park. Mr. Grier answered at the next meeting he will propose an agenda item to light the pickleball court. Council Member Binney stated it would be much more community orientated to light that rather than to light the streets. Mr. Grier responded they are two completely different projects and two completely different purposes. Council Member Davis stated the Town is looking at an additional \$23,000.00 over the original cost to complete the light project from Plant

Fair to Milky Way. Mr. Grier responded the numbers are somewhat approximate because the engineering study has not been done. Council Member Armington asked if there was a reason the lights couldn't be on the poles. Finance Administrator Nutt reported APS is supportive of the project and would have offered up any pole that wasn't already completely filled to capacity. It was either a load issue of the pole not being able to support any more weight or the height at which the arm extends over to meet the lighting requirements.

Mr. Grier stated while it adds cost to the project it will provide more uniform spacing of the lights and the Town will get a better product in adding the poles. Mayor Coon questioned if Suddenlink would be involved in this. Mr. Grier responded it is just APS that makes the determination. Council Member Binney stated the only thing not mentioned is the \$4,000.00 a year cost just for the power for infinity. Mr. Grier responded the monthly APS cost for electric and maintenance is \$317.00. Mayor Coon stated the purpose of this, to begin with, was for safety. Council Member Davis stated it is still a very valid reason. It would brighten the area up at night and let people know they are entering a town. Council Member Davis disclosed he would support it and that the additional \$23,000.00 would be well spent for the citizens and the Town. Council Member Armington stated if the Town gets its own poles they can be decorated for Christmas. Vice Mayor McKinney stated the original idea was to light up the area for safety and that is still valid. It is disappointing that the existing poles can't be used. The need is still there, the resources are available and, stated Vice Mayor McKinney, he would advocate to continue with the project. Council Member Rappaport stated she has always been for it.

A motion to approve the updated budgetary cost estimate of \$70,000.00 for new street lights on the SR260 from Star Vale Drive/Plant Fair Nursery to Milky Way was made by 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 No, Council Member Rappaport Yes, Council Member McDaniel Yes, Mayor Coon Yes.

The motion was voted on and passed 6 – 1.

3. Discussion and possible action to install traffic calming devices on Moonlight/Rainbow Dr.

Mayor Coon reported the Town has been receiving excessive speed complaints for Moonlight and Rainbow for some time. The speed feedback signs located on each end of Star Valley seem to help alert drivers with their speed. This might be something we can look at for Moonlight, which is a very dangerous area that is narrow and very curvy. The signs may alert people and help the situation, stated Mayor Coon. Council Member Davis suggested using the portable speed sign and contract with Roy to move it once a week to get more visibility. Mayor Coon stated he believes it is in the Knolls right now. Council Member Rappaport reported it is in the Knolls and the HOA does not want it. Council Member Binney suggested people could report license plate numbers to the police. The only thing that's going to stop them is the use of photo enforcement on those roads, stated Council Member Binney. Council Member Armington questioned if that is an option. Town Manager Grier stated it is not really an option and that Council Member Davis is correct. The trailer should be moved over there, especially if the Knolls folks don't want it. It may do as well, or better than what we are entertaining.

Mr. Grier reported the Town has gotten complaints about speeders and they may be from the same person and not as widespread as first thought. Mr. Grier stated he is concerned they may not be effective and thinks the one's on both ends of Town are very effective. He is not sure if the effectiveness will be the same for someone driving on Moonlight five times a day. Council Member Davis stated he thinks

Gila County has one that we used one time. Council Member Armington reported it is sitting at the yard and the town may be able to borrow it with a phone call to Tommie Martin. Council Member Davis disclosed that would be his recommendation before purchasing anything. Council Member Davis reported he has had quite a few citizens ask about speed bumps. Council Member Rappaport commented it would sure be cheaper. Mayor Coon commented they are designed for lower speeds. Council Member Davis responded there are all different kinds of speed bumps. Town Manager Grier reported the fire department weighed in against them. Vice Mayor McKinney stated the portable trailers are a partial solution. This can always be revisited and in the mean-time why don't we go with the portables. Mayor Coon entertained a motion. There was no motion.

- **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.

Pete Aleshire with the Payson Roundup stated he wondered if broadband might want to string on those poles and maybe help offset the cost.

There were no further 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:

Gary Coon, 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 1st day of October 2019. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 2nd day of October 2019.

Eddie Chapin, Town Clerk