

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

**Tuesday, March 17, 2020 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. Linda Wescott of Community Presbyterian 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 .

- **HELLSGATE FIRE DISTRICT REPORT FOR FEBRUARY 2020**

Chief Wisner with Hellsgate Fire District was not in attendance.

- **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 March 3, 2020.

B. Approval of Claims Payable from March 1, 2020 through March 15, 2020 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 to adopt Resolution No. R 20-01 – Appointing Vern Leis as a director to the Rim Country Educational Alliance (SLE).**

Mayor Coon reported that Mr. Leis was appointed at the last council meeting held on March 3rd and this resolution will make that appointment official.

A motion to adopt Resolution No. R 20-01 was made by Council Member Davis and was seconded by Council Member McDaniel.

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.

2. **Presentation by Finance Administrator Nutt and Town Manager Grier of the Town’s possible financial impacts due to the downturn in the economy.**

Mayor Coon stated that everyone is aware of the seriousness of the coronavirus and the financial challenges going forward. It will also complicate how the council will operate, added Mayor Coon. Town Manager Grier stated Ms. Nutt will give her presentation on the financial impact, he will briefly address council about several legal issues and then field questions. It may be difficult to meet as a council after today, added Mr. Grier.

Finance Administrator Nutt stated that she and the Town Manager want to make sure council understands the Town’s perspective on the local level and the budget at Town Hall. Ms. Nutt reported State Shared Revenues are 54% of the Town’s annual budget, specifically 55% of the General Fund. The CD interest income, dependent on market gains, is 9% of the General Fund in this open calendar year. State Shared Revenues, explained Ms. Nutt, are made up of Vehicle License Tax (VLT), Highway User Revenue Funds (HURF), State Sales Tax, which is shared with local entities, and then also the State Shared Revenues. VLT is a tax collected when a new vehicle is sold and registered within the state, and also includes vehicle registration renewals. With sales being down of luxury items like vehicles, and also perhaps lapses in renewals as people feel the economic crunch, the Town could see a significant tax decline. In the state of Arizona, explained Ms. Nutt, new vehicles get taxed at a higher rate than older vehicles. With the lack of purchase of new vehicles, the Town will see a decrease in tax that would have otherwise been collected.

The HURF has a couple of risks, reported Finance Administrator Nutt, specifically because the tax collected is a percentage of fuel that is sold within the state. The risk factors are a lower cost of oil by the barrel, which means people are paying less at the pump and the state is collecting less tax at the pump. Another risk is the decrease of travel as quarantines and travel restrictions are in place. The Town also collects tax off of jet fuel and with the decline in air travel and air travel bans, the Town will see a huge hit on the HURF side as well with taxes being down on collection of the sale of jet fuel and at the gas pump. State Shared Sales Tax is probably going to be another large hit, acknowledged Ms. Nutt. This comes from the collection (and sharing with all the cities) of a percentage of tax on all purchased goods such as accommodations, events and food. This will be effected with the reduction in tourism and also quarantine measures that are in place as businesses close and events are cancelled.

Finance Administrator Nutt reported the State Income Tax is the Town’s fourth revenue and is a percentage of the state income tax collected and then shared with the towns. Income tax is collected when annual taxes are paid through payroll taxes and also at the end of the year. Since it comes in

through different forms, explained Ms. Nutt, it is what is called a shadow effect. The state collects it, holds onto it for two years and then begins distributing it. Fifteen percent of what has been collected within the state goes to towns. With a decrease in operations, businesses closing and people not collecting paychecks, a reduction in taxes owed will be seen. That means the 15% the state is sharing with the towns is therefore reduced. The real risk with this, and what the Town will see as things progress, is what is referred to as the shadow effect. The shadow effect, explained Ms. Nutt, means the Town is not only being effected currently and in the next couple of months, but also that two year lag that is expected to be seen with the state income and the State Shared Revenues.

Another issue the Town faces, reported Finance Administrator Nutt, is the CDBG funds. The CDBG funds are a federal grant given to local agencies for community development. The state congress may decide they need to reshuffle funds as they look at giving stimulus packages, although this information is not known yet. The CDBG funds have meant a great deal to the Town of Star Valley as we've been able to improve the water department infrastructure and complete many streets and roads projects. These funds have been recently cut from \$280,000.00 a cycle to about \$147,000.00 a cycle. Looking forward, the Town can't depend on this money to stay the same or continue to come in.

Finance Administrator Nutt then went over the current slated projects council has approved for the fiscal year. The Town has so far expensed \$11,000.00 on the Highway 260 light project, budgeted at \$70,000.00. At any point, added Ms. Nutt, the council can say they are not interested in spending any more money on these projects. Currently, the Town has spent \$22,000.00 on the components of the town park water features, budgeted at \$30,000.00; the pickleball lights were purchased for \$4,100.00, budgeted at \$8,600.00; and the climbing wall has a budget of nearly \$13,000.00 but has not been purchased yet. These are projects that have been slated that the council still has control over should it become a concern, concluded Ms. Nutt.

Town Manager Grier stated that talking about the economic impact that could be in front of the Town is an important discussion to have. Mr. Grier added he would also like to talk about the Town's fiscal position and the possibility that it may be difficult to meet as a council in the future, as it may be the last opportunity to meet if it is decided to suspend council meetings. Mr. Grier encouraged council to give sincere thought to some of the issues and give guidance to staff as to the direction they would like the Town to go.

Town Manager Grier reported that almost every town and city are putting in place a declaration of emergency which triggers the ability for the mayor of the cities and towns to make proclamations such as closures of bars and restaurants. The slide show was put together to give council an idea of the impacts that this is going to have. A lot of towns and cities are going to be in dire-straits. Most towns and cities don't have a significant fund reserve to continue operation. Many of them have fund reserves that may allow them to continue for one or two months. A reduction in city and town sales tax dollars, explained Mr. Grier, will be seen with businesses closing. That's going to be the immediate hit with towns and cities and a lingering effect that continues for years. The Town of Star Valley, reported Mr. Grier, has a significant fund reserve and the Town can be operated for many years without having revenue come in. There are options, some of the projects can be suspended. Mr. Grier stated he is not going to encourage that because he thinks the Town can still continue with those projects and provide those services. Mr. Grier added that council will have to be more conservative with their donations.

Queried Town Manager Grier – What do we want to do as a Town moving forward? The Town has a unique challenge, stated Mr. Grier. Queried Mr. Grier – How do we manage? What decisions do we make tonight? What plan does the Town have to move forward? This plan should be malleable, pointed out Mr. Grier, because things are changing by the minute and the Town should be prepared to change with that. The Town of Star Valley will stay in a solvent fiscal position because of its past fiscal

policy. One of the challenges, disclosed Mr. Grier, will be to meet as a forum. The Town could suspend council meetings. Cities and towns all around the state are talking about how to have a council meeting, a committee meeting or a board meeting that require the public to be present because of Open Meeting Laws. While it is easy to have council members call in telephonically, it is not as easy to be able to allow the public to listen in, which Open Meeting Law dictates they are able to do so. The problem is how to have an open meeting when public policy is ebbing towards social distancing and suspension of meetings.

Town Manager Grier reported there have been a lot of questions as to what to do with Town Hall. Queried Town Manager Grier – Continue business as usual and stay open to the public? Consider closing Town Hall and having employees work from home? Close to the public and have employees report for a forty hour work week? As well, and while it can't be done tonight, the Town may need to consider a declaration of emergency. That may be wise in that possibly federal dollars will be available to towns and cities that have declared an emergency, pointed out Mr. Grier. It also gives power of proclamation to close bars and restaurants and other actions in addition to those. While it seems the situation is dire, Star Valley (because of past fiscal policy), can continue to provide services to the public. At the same time, the Town needs to embrace change and look carefully and consider carefully before spending. Mr. Grier clarified he is not advocating to council to quit providing services because he thinks the Town can still do so with its fiscal position with the fund reserve. The Town can operate for many years without revenue, reiterated Mr. Grier. Mr. Grier concluded council can make some important decisions about what they want to do as far as the current status of Town Hall and with other projects.

Council Member Rappaport stated her concern that the CDBG funds have been cut by fifty percent cut. Mr. Grier clarified the CDBG funds are a small amount of the Town's total revenue. Mr. Grier explained that the Town has used CDBG projects in the past for capital improvement projects with the water department. That has allowed the Town to make improvements to the water department without increasing rates to the water users. That has been cut some fifty percent before this happened and, stated Mr. Grier, he believes it is going to be cut significantly in the future. That does hurt because that is a cumulative hit on revenues and that is one of them. On the bright side, stated Mr. Grier, the Town has worked hard to make capital improvements to the water department and the Town is almost there. Once the PW1/PW2 is completed with the electrical connection, the Town will have a water source for generations to come. Even if the Town loses CDBG funds, we aren't left with a dilapidated water department.

Council Member Davis asked how staff feels about showing up for work and taking care of the public. Town Manager Grier responded there will be many people in the community that believe government entities should continue to perform and some resistance to the idea of government workers working from home. On the other hand, there will be a competing policy interest that all of us have a duty to protect our population and specifically the elderly population that is more at risk. Mr. Grier stated he believes we will see a shift and support of the idea that we all need to do our part in curbing the spread of the coronavirus by limiting contact. Staff is prepared, ready to work and want to work, reported Mr. Grier. Staff could close Town Hall to the public, which will be a slight interruption/inconvenience to the public making water payments. Being a small town, employees can continue to report to work and provide services mostly uninterrupted with that choice. Council Member McDaniel advocated it would be worth considering discussing closing the doors to the public to keep staff safe and healthy. If someone needs to come in, they can, at staff's discretion, make an appointment. This would keep the public and staff safe, concluded Council Member McDaniel. Mr. Grier explained a sign would be put on the door that Town Hall is closed to the public and a letter would be sent to all the water customers, as well as other measures. Staff will make whatever choice council makes work, stated Mr. Grier.

Council Member Rappaport advocated staff is small enough to stay in place with a consideration to work at home. Council Member Rappaport then stated her opinion regarding various aspects of the coronavirus pandemic. Town Manager Grier responded he is sure everyone at the table has a different opinion on that and it could get into a vehement argument. Mr. Grier recommended that council stay away from that in their decision making. One thing to keep in mind, reiterated Mr. Grier, it may be very difficult for council to meet again if things change. Queried Mr. Grier – Who makes the decision if it changes? Is it you as council, that can't meet? Is it me, as Town Manager? How is that decision made? Mr. Grier disclosed the one thing he is worried about is this may be the last opportunity to meet if things dramatically change. Queried Mr. Grier – What do you do to accommodate that change? Council Member Binney stated there are zero cases in Gila County. A determination does need to be made as to when to quit council meetings and when the staff can decide they don't want to be here anymore. As far as the water department fees, he thinks the Town should not waive the fees, but delay the fees. A discussion ensued between Council Member Binney and Council Member Rappaport. Council Member Binney stated he believes until there is a case in Gila County, the Town should cut the public coming in and paying the bills. Everyone has expressed that they would like to work, and they should be able to work. There should be a note on the door not to come in if you have a cold or a sniffle. As soon as the first case hits Gila County, the door is locked and everything is done by phone or by the computer, concluded Council Member Binney.

Mayor Coon stated he does not agree with that simply because once there is a case it is too late. The Town needs to stay ahead of the curve and staying ahead of the curve isn't waiting until we find out we have case. His recommendation is simply to close the doors to the public until further notice. Water customers can mail in their payment or use the drop box. Mayor Coon reiterated he advocates staying ahead of the curve by closing the doors and putting up a sign. If anybody needs to communicate, they can do so telephonically, or they can make an appointment. Letting people come in here as they want is a dangerous path to go down, concluded Mayor Coon. Council Member Rappaport stated she thinks it is very dangerous and that a lot at the table are high risk. The Town should be very fluid in this because we don't have a lot of information that we should have. This is a highway out here that is major east and west coast. Anybody could come in here asking for directions or anything else. The Town needs to stay really fluid, reiterated Council Member Rappaport, because we don't have that much information yet. Mayor Coon interjected that is what makes it dangerous. Mayor Coon stated at this point he wouldn't recommend shutting down the restaurants and the bars and that it should be done so as a community with Payson.

Council Member Davis reported the Town of Payson has already cut off all physical walk-ins at Town Hall and he thinks the same should be done here. The Town Manager should be authorized to make the decision to send staff home, if it comes to that point, stated Council Member Davis. The Mayor should be authorized to close businesses in an emergency situation. The Town needs to immediately stop the flow of anybody coming in the door. Communication can be done by phone or email and it can be recommended for bills to be paid by credit card, concluded Council Member Davis. Mayor Coon stated he wants to get away from the public coming in to Town Hall at will. Council Member Rappaport stated it would be wise, as soon as testing is received up here, for council and staff to get tested. Vice Mayor McKinney stated he is troubled because there are things being discussed that aren't on the agenda. Town Manager Grier answered the Town has a bit of a broad net when the agenda item is a presentation on the financial impact to the Town, because closing the Town is going to be a financial impact. This discussion is appropriate because the things that we are talking about are going to have some financial impact on the Town.

A motion to close Town Hall to the public was made by Vice Mayor McKinney.

Council Member Binney commented the discussion is not done. If Town Hall is shut down, stated Council Member Binney, then the bars better be shut down too. If anyone is worried about contact between people, there is much more people activity at the bars than at Town Hall. Council Member Binney concluded he can't see taking that broad of a step until there is a case in Town, otherwise council is just a bunch of hypocrites. Town Manager Grier recommended council have some continued discussion because it is an important decision that will be scrutinized by the public. Council Member McDaniel stated she agrees with the motion. One of the priorities right now, pointed out Council Member McDaniel, is keeping the staff safe and healthy so if there is an outbreak, there will still be people here to run the Town. Council Member Davis stated he agrees with the motion. The Town can't tell a business to shut down unless it is ordered by the Governor. The Town can limit the number of people that come through these doors to protect staff. Council Member Davis advocated he doesn't think council should stop meeting unless it is decided by council or the mayor. We do need to protect our staff, concluded Council Member Davis.

Mayor Coon responded protecting staff is the immediate issue. As far as cancelling council meetings, that can be done at any time and is not the issue right now. Mayor Coon stated he believes shutting down businesses should be a community effort with Payson. The issue is how to properly protect the employees of Town Hall. Council Member McDaniel advocated closing the doors to the public and giving the Town Manager the discretion to send the staff home for their safety if necessary. Mayor Coon advocated closing the doors, putting up a sign and not allowing anyone in Town Hall except possibly through an appointment. Mayor Coon reiterated he would like to see the doors closed. Council Member Rappaport stated that is a stellar idea and she wants to make sure the public is perfectly clear on what the Town is doing. Mayor Coon commented that the public needs to be made aware and allow a little time for this to all transpire.

Town Manager Grier clarified the Town can continue to provide all of the services that have always been provided to the public. Staff will continue to report to Town Hall. The phone will continue to be answered forty hours a week. The interruption, and the only inconvenience, is that a customer can't come in and pay by cash. Other than that, there is not an interruption, as he sees it, to the public. Staff is still reporting to work, staff is still providing services and Town Hall is still open for business and is still in business. Mr. Grier reported he will meet with staff tomorrow on the transition, if that's how council decides to vote, and how it can best be achieved. He does think a letter needs to be sent out to all water department users informing them. It is not just the protection of the employees but the protection of people that walk in the door. This is going to be a difficult decision and a decision that not everyone at the table will agree on.

Town Manager Grier encouraged council to be open to changing course if needed and suggested waiting a couple of days to close the doors, until the newspaper article hits, as that is the best form of communication the Town has. We are still here to provide services to the community, we want to keep the community safe, and at the same time the interruption is insignificant, concluded Mr. Grier. Vice Mayor McKinney stated his motion is a narrow motion that will not solve all of the difficulties that Star Valley has in terms of the Covid-19 virus. It's a specific motion dealing with a specific slice of the larger overall problem and in that spirit, he advances the motion. A discussion ensued regarding the motion. **A motion to provide limited access of Town Hall to the public but continue to provide services to the public with employees continuing to be at Town Hall on a forty hour work week was made by Vice Mayor McKinney 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.

3. Discussion and possible action regarding a paving project at Sprague Crossing.

Town Manager Grier stated this is a good project to consider but that his recommendation is to not go forward with it at this time. We can look at this again and see where in the heck this crazy world is and whether or not it is advised to spend money on this or not. Council Member Rappaport stated she would like to see it tabled for a while until the weather permits. Mayor Coon stated there are three choices - council can make a motion, table it to a date certain or let it die. It's not that we don't want to do it, it's just that the timing may not be proper right now. Mr. Grier recommended letting the motion die rather than to table it to a date certain, as there is an unknown whether or not council will be meeting in two or three months. Council Member McDaniel asked if it is better to let the motion die or reject the motion. Mr. Grier answered it is better to let the motion die. It is a good project other than the question of does the Town have to change how it spends. This may be a project that we change how we spend. It can be looked at again at some point in time, stated Mr. Grier. Mayor Coon stated it is probably graded quite often. Mr. Grier responded it is graded as often as needed and that doing the project would decrease the ongoing maintenance. At some time, it would be a good project to look at, added Mayor Coon. Council Member Rappaport stated because of the uncertainty, even though it is a good project, council should let it drop for the time being. There was no further discussion and a motion was not made.

4. Discussion and possible action regarding approval of sponsorship of a golf hole at the 3rd Annual "Putts for Paws" golf tournament to be held on Saturday, May 30, 2020.

Mayor Coon reported this sponsorship is for \$100.00 and the proceeds would go to the Human Society for abandoned, homeless or lost animals. Mayor Coon asked if the Town had made this donation before. "We have," answered Town Manager Grier. Mr. Grier stated he recommends going forward with this donation as it is for a good cause and is only one hundred dollars. Mr. Grier added he will have trouble recommending support to these type of donations in the future. Council Member Rappaport asked if the donation could be made contingent on the tournament being held. Mayor Coon responded if it's not held than the Town doesn't put the money in. That should not affect the motion, added Mayor Coon.

A motion to approve a contribution to the Humane Society of Central Arizona in the amount of \$100.00 to sponsor a golf hole at the "Putts for Paws" being held on May 30, 2020 was made by Council Member Davis and was seconded by Council Member Armington.

Vice Mayor McKinney stated he supports this particular cause, but he intends to vote against this motion because he believes in this time of crisis, fiscally for the Town of Star Valley, it sends the wrong message to the community. Council Member McDaniel asked why this donation is being recommended now, if in the future these types of donations are not going to be recommended. Mr. Grier responded that what Vice Mayor McKinney said is very appropriate, with a change of thinking, with the Town's donations. The Town can afford to do this one, but after this one, council will need to think very hard about this type of donation. Council Member McDaniel commented that one hundred dollars isn't that much, but one hundred dollars here and there starts to add up. "We can do this one," replied Mr. Grier. Mayor Coon stated under these circumstances it is so easy to over react. It's something the Town has done for several years and it is a minimal amount.

A roll call vote was taken:

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

The motion was voted on and passed 4 – 3.

• **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 with the Payson Roundup questioned if the Town would have an option of a live chat to conduct council meetings if they are cancelled. Town Manager Grier responded the Town is looking at different options that may be available. The challenge, explained Mr. Grier, is that you still have to abide by Open Meeting Laws and whether or not you could do that by some sort of cyber connection or not. That is still being discussed by every attorney out there and a better answer will be available in the days to come.

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 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 17th day of March 2020. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 20th day of March 2020.

Eddie Chapin, Town Clerk