

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

**Tuesday, May 19, 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 McKinney.
- CALL TO ORDER
- ROLL CALL:
Vice Mayor McKinney X, Council Member Davis X, Council Member Armington Excused, 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 Regular Council Meetings held on April 7, 2020 and April 21, 2020.

B. Approval of Claims Payable from April 16, 2020 through May 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 Davis and was seconded by Council Member McDaniel.

A roll call vote was taken:

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

The motion was voted on and passed 6 - 0.

- **DISCUSSION ITEMS:**

1. **Public hearing, discussion and possible action to adopt Resolution No. R 20-04 – 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 2020/2021. Presentation by Finance Administrator Nutt and Town Manager Grier.**

Mayor Coon stated that council should have received their tentative budget packet by mail. Finance Administrator Nutt will give the presentation, reported Mayor Coon, which will be followed by discussion and comments from the public. Town Manager Grier stated it is a very important point of time where the Town's budget is discussed, especially at this time where the economic future is so unpredictable. Mr. Grier stressed that it is important for everyone to understand the points of the budget and use it as a planning document going forward in the coming year.

Finance Administrator Nutt began by giving the statutory requirements of the tentative budget process. She explained that tonight's meeting is a public hearing and that Mayor Coon will open it to the public. It is a collaborative process between not only the Town Manager and herself, but also with the council and the public. This is the tentative budget and is not yet set in stone, reported Ms. Nutt. If the resolution does pass at tonight's meeting, that will set some things in stone moving forward. Specifically, the Town won't be able to change the individual funds overall balance. That doesn't really hinder the process much, added Ms. Nutt, so if something comes up the Town can more than likely accommodate it. After tonight's meeting, and if the council so chooses to move forward, she will publish the tentative budget for two weeks. Then she will publish the notice of the next meeting at which point will be another opportunity for the public to attend and be a part of the process.

Finance Administrator Nutt stated through the end of the quarter, which ends on June 30th, she really feels the tracking for the budget is on point. She has been a bit conservative and dialed some of the projections back. Overall, the CD income, State Shared Revenues and local collection of city sales tax have held. Some concern at Town Hall was not to put water customers into a tight position because of possible job loss. Staff is happy to report the Town only had to give a few extensions out, and no one filed any hardship claims. The citizens also took the adjustment to the Town Hall lobby being closed very well. Ms. Nutt reported strategies have been discussed at length. She has spoken with the League of Cities, she has followed what the City of Phoenix is doing (as they have some of the best financial people in the business working for them), she has worked tirelessly with the Town Manager, and she has read as many reports on this as possible. The Town is facing a new way of budgeting, disclosed Ms. Nutt. The Town can't rely on old models because there are no models for this scenario. The impact of the pandemic will be seen in fiscal year 2021 and into future fiscal years. The reason the Town can move forward with confidence in its financial position is because of the Town's conservative management mentality from previous councils to the current council, as well as the Town Manager staying steady in his belief that the best model for Star Valley is fiscal conservatism. Maintaining the Town's assets, such as the roads, and also maintaining the small model of core employees to carry out the functions of the Town, and not to become mired in debt or too much personnel, is the model the Town will continue to go with into the budget that she has prepared.

Finance Administrator Nutt reported she has predicted a decline in revenues using a factor of 15%. Out of an abundance of caution, some capital improvement projects have been reduced. The Town will be keeping the core staff employees intact and not adding to them. Ms. Nutt stated she is not overly concerned about the performance of the laddered certificates of deposit, as they are staying on track. She

did project some reduced income from them just out of abundance of caution. As of now, the Town is in a good financial position and her projection has the Town in a solid position to operate at its current capacity, without any interruptions in service, for over five years. The Town is in a very solid fiscal position because of the Town's conservative management and small core employees, reiterated Ms. Nutt.

Finance Administrator Nutt referred to the All Fund Summary in the tentative budget packet and proceeded with her presentation. This represents where the Town will be beginning the fiscal year, which is with the fund balance of \$5.5 million, explained Ms. Nutt. She projects collecting \$1.8 million in new revenue this coming fiscal year, which will give the Town a budget position of \$7,294,000. If you will notice, pointed out Ms. Nutt, \$5.6 million of that is the contingency fund. It is important to understand that 78% of the Town's total expense budget is reserves and contingency funds. Overall, the council has the opportunity to tap that \$5.6 million if necessary. Ms. Nutt reported she has projected the Town will only be spending 22% (or \$1.6 million) in operations, personnel, and purchase services (such as law enforcement and court services).

Finance Administrator Nutt stated the financial position of the General Fund heavily depends on state shared taxes. Any impact and decrease in the State Shared Revenues is something for the Town to be concerned about moving forward as the fallout continues. Specifically, reported Ms. Nutt, State Shared Revenues represent 62% of the Town's income in the General Fund. As we look at where we find the Town's weaknesses and concerns, it is with State Shared Revenue. Not just in the fiscal year, but due to a shadow effect, the state shared income revenue will also suffer in a two year period. Explained Ms. Nutt, this is as individual people have lost jobs or reduced income, and effectively reduce spending around the state, which will therefore affect the State Shared Revenues. These are some of the concerns the Town is looking at and why a 15% reduction has been implemented in shared revenue numbers.

Council Member Rappaport stated with the economy kind of crashing, of course sales tax is going to go down. Council Member Rappaport asked for clarification of the 15% estimate. Ms. Nutt responded the budget for 2021 does include a reduction of 15% across the board. Town Manager Grier added the 15% reduced number is a dramatic, worse-case scenario number that he and Ms. Nutt have talked about at length since this began. If we can make that number work it means the Town is not in trouble and still able to survive. It is consistent with the Town's model to always be conservative, concluded Mr. Grier. Mayor Coon asked if council would receive an updated projection sometime in the future. Ms. Nutt answered she can update council on the numbers as they come in and that she does plan on giving an update after the first quarter moving in to December. She will keep an eye on what the income side of the budget is going to do in the next six month cycle. Another concern the Town may have, added Ms. Nutt, is if the Community Development Block Grant ("CDBG") numbers are going to stay the same. Currently that money is being used on a waterline improvement project on Moonlight putting in a new mainline. The Town hopes that money stays intact, and we will know more in October when they pass their next budget. Council will be kept informed on that as well.

Finance Administrator Nutt proceeded to give an overview on the expense side. The Town is working with the same core set of employees, so the personnel expense does not look much different. Some of the capital improvement projects have been moved off, specifically speaking paving. The law enforcement contract has not gone up, which is a big number for the Town at \$444,000.00. Along with the court and animal control it makes up 37% of the General Fund budget. The court contract went down from \$13,000.00 annually to \$10,000.00 annually. That reflects the lack of impact we are having on the court due to photo enforcement citations having run through and having a better look at how much is being cited by officers. Ms. Nutt reported the Town will be hosting an election this coming fiscal year. Town Clerk Chapin does most of the work for that in Town Hall and \$4,100.00 is what will be paid to Gila County to process that. The Town will also have the expense of another audit. It will be a little bit

more expensive on the court audit this year since the tri-annual audit is being done. The Town is pretty much in line from where it was at the previous fiscal year except for capital improvement projects. There are a few capital improvement projects that did get done, stated Ms. Nutt, and she will have the Town Manager speak about those.

Town Manger Grier stated there are a lot of cities and towns now making adjustments with their expenditures as they need to because they are in much more dire-straits. We are going to find a lot of town and cities are going to be hard hit by this for many different reasons. The Town of Star Valley is not in that group, pointed out Mr. Grier. You will hear about hiring freezes and freezes on capital improvement projects as cost saving devices as towns and cities rightfully begin to panic. Mr. Grier reported the Town does have the lights for the pickleball court and plans on going forward with that project. The climbing wall is ready to be constructed at the park. Other projects that council has approved are the extension of the grassy area at the group cabana and the water feature. Mr. Grier stated he is proposing to hold off on the water feature as he does not see that as something that is going to be able to be used this summer. The capital improvement projects have been throttled back just because contractors are really busy right now. The Town does plan on going forward with all the capital improvement projects except for stalling a bit on the water feature. Added Mr. Grier, that may be something we can wait and start next spring. The electrical for the PW1 & PW2 capital improvement project still needs to be completed. Mr. Grier concluded he does think the CDBG funding will go away, as it has already evaporated to half of what it was in previous years.

Finance Administrator Nutt stated the rest of the line items in the General Fund are open for discussion and asked if there were any questions before she moves on. There were no questions. Ms. Nutt referred to the All Fund Summary and explained what it tells about the General Fund is the Town will be preparing for a bit of a loss in the revenue side. The projected loss totals \$156,000.00. The Town will be moving forward with \$4.3 million in rainy day and contingency funds in the General Fund as well as a slightly reduced capital improvement budget. Ms. Nutt stated she feels it is a balanced fund and will provide the necessary statutory requirements for the Town as well as the small things we can offer to our citizens (such as the community garden, the park and all the functions Town Hall provides with the current staff). Ms. Nutt explained the Restricted Road Fund is comprised of the Highway User Fund (HURF), which is a state supported fund and also the Restricted Excise Tax which comes from the county funds. She is expecting the same 15% reduction in both of those. The Town has moved the non-essential projects for these funds into contingency funds rather than operational funds, reported Ms. Nutt. Maintenance of streets and roads will continue with no negative effects being seen. She does see a carry forward from the end of this fiscal year of \$426,000.00 in the HURF fund and \$784,000.00 in the Restricted Fund. These two funds will have a contingency budget of \$490,000.00 for HURF and \$852,000.00 for the Restricted Excise Tax. Ms. Nutt concluded the Town will be able to deal with any road emergencies that may come up in the fiscal year, a mandatory project if council so chooses, as well as ongoing maintenance.

Finance Administrator Nutt then moved on to the Enterprise Water Fund. Ms. Nutt reiterated that the water customers took the adjustment to the lobby very well and also continue to pay their water bills. The water department is moving into the fiscal year with a balanced budget, reported Ms. Nutt. The Town will not be requiring any money be transferred from the General Fund into the Water Fund to meet the operational expenses. Dean Shaffer with Shaffer Water Management is still the Town's contract water operator and that relationship has been working out very well. Well capacity has also been increased by bringing Sky Run online, as well as the donation to the Town of the Sky Run well by the Sky Run RV Resort. Ms. Nutt referred to the Fund Summary and pointed out the Water Enterprise Fund will be operating in the black on this budget. Funds are available for emergency call out service from the

Town of Payson should there be a catastrophic break, as well as for minor repairs to any of the numerous well sites. To wrap up, stated Ms. Nutt, the Town is moving into the fiscal year with an abundance of caution. We will continue to preach our conservative fiscal mentality but with the idea of continuing the services provided to the community. The Town will be moving forward in a fiscally good position and has resources for many years to come if we continue to manage them well. In this budget period, concluded Ms. Nutt, we have a good fund reserve of \$5.6 million and a revenue of about \$1.8 million expected to come in on top of that.

Town Manger Grier stated he knows this is a challenging, difficult, and divisive time for the country and the whole world. He is just focused on what is going to be the economic impact for the Town of Star Valley. Queried Mr. Grier – How do we best manager the Town? What position are we in? What adjustments do we need to make? Past councils have been managed very conservatively, which has put the Town in a well braced financial position. With the coming days, the Town may have a better idea of the economic future ahead, or maybe not. Maybe it’s going to be a year or two before we have a keen insight into where the world, the country, the states and the towns and cities are, fiscally speaking. Mr. Grier stated he is pessimistic with the economic impact but optimistic when it comes to where we are as the Town of Star Valley. He thinks the Town will be able to continue capital improvement projects, which few towns and cities will be able to do, and employees won’t have to be fired. The fund reserve is ample and will allow the Town to continue to operate and provide services to the community. We won’t have to be a Town that just stops providing services. We will be able to continue, somewhat, unchanged, stated Mr. Grier. With this in mind, since it is unpredictable, what he advises is to continue to be conservative and maybe a bit less generous when it comes to some donations. With this budget, a 15% reduction in revenues is a shot in the dark and not something the Town can be held to. Because of being managed in the manner that it has been managed, the Town is well positioned. Concluded Mr. Grier, he would propose going forward in that manner, cautiously.

Council Member Rappaport referred to a letter she received before this report that stated “Facts: The budget is balanced. The Town could sustain operations, expenses, personnel, and contract services for 5.03 years without revenue.” “That works for me,” announced Council Member Rappaport. Town Manger Grier responded that is an impressive number. However, he can’t imagine the Town is not going to have any revenues. Council Member Binney noted there was no mention of the bus service and that Joanne Conlin has already received over \$300,000.00. There will be no expenses for that, concluded Council Member Binney. Mr. Grier responded there should be no expenses. He believes she is getting \$260,000.00 this year and another \$140,000.00 next year as part of the Cares Act. Likely, the Town will not be asked to contribute to that. Added Mr. Grier, the Town is contributing to the Meals on Wheels and Senior Ridership programs at \$17,500.00. Mayor Coon stated he likes the five year cushion projection and that it gives him a good feeling. He agrees, at the present time, the Town budget is in good shape. We don’t know the long term impact of COVID-19, stated Mayor Coon, and he thinks the Town should be extra cautious with the expenditures. Council Member Davis thanked staff for their hard work in putting the information together. It is very detailed and eye opening. It will help council to make good decisions, acknowledged Council Member Davis. Mr. Grier concluded the revenues and expenditures will be closely monitored and reported to council. Mayor Coon opened up this portion of the meeting for public comment. There was no public comment and the Mayor closed the public comment portion.

A motion to adopt Resolution No. R 20-04 – 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 2020/2021 in the amount of \$7,294,335.00 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 Excused , Council Member Binney Yes , Council Member Rappaport Yes , Council Member McDaniel Yes , Mayor Coon Yes .

The motion was voted on and passed 6 – 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.

Kathleen VanGiesen, a resident of the Lamplighter RV Resort, stated she is happy to hear the community is doing well because of the conservative policies. Ms. VanGiesen explained that she is a spokesperson for some of the residents of the Lamplighter RV Resort, which happens to be a very nice RV park, a very nice place to live, with a lot of nice people. Some of the residents have concerns because something has changed in the RV park. They are being subjected to excessively loud music from the bands that play from across the street. It really has disrupted their lives a bit in that they are not able to sit out on their porches in the evening. Ms. VanGiesen reported she has brought in complaints from her fellow residents. She's hoping they are taking the appropriate steps to come to some sort of resolution for this problem. They feel pretty helpless and feel it's out of their control to address the business that is subjecting them to this uncomfortable situation. She hopes they are doing the right thing by asking for the Town's help. Ms. VanGiesen thanked council for the opportunity to speak on behalf of her fellow residents. "We all like it here and we just want to have our little peace and quiet community back," concluded Ms. VanGiesen.

Town Manager Grier clarified the noise is coming from the band playing outside at the Tonto Rim Bar & Grill. Staff will provide the complaints to council for their consideration.

Ms. VanGiesen added they are also concerned that maybe they are not practicing social distancing. And they are also concerned about some of the safety measures because at some point everyone is going to be exposed to each other. So many other businesses around here are practicing social distancing and making an effort to make it safe, especially for older people. They just want to make sure they are safe and other people are safe too. In addition to the music and the noise, safety is a concern, concluded Ms. VanGiesen.

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 Binney.

The motion was voted on and passed 6 – 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 19th day of May 2020. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 20th day of May 2020.

Eddie Chapin, Town Clerk