

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

**May 18, 2021 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 Pastor Dave Barber of Rim View Community Church.
- PLEDGE OF ALLEGIANCE
- CALL TO ORDER
- ROLL CALL:
Vice Mayor McKinney X, Council Member Davis Excused, Council Member Armington X, Council Member Binney X, Council Member Rappaport X, Council Member McDaniel X, Mayor Coon X.

- **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 May 4, 2021.

B. Approval of Claims Payable from May 1, 2021 through May 15, 2021 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 McDaniel.

A roll call vote was taken:

Vice Mayor McKinney X, Council Member Davis Excused, 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 6 - 0.

- **DISCUSSION ITEMS:**

1. **Discussion and possible action concerning a possible Intergovernmental Agreement (“IGA”) with Gila County for maintenance of town vehicles.**

Town Manager Grier reported that Council Member Armington came up with the idea of having the Gila County yard maintain the town vehicles. Town Clerk Chapin explained that a formal letter needs to be submitted to the Gila County Board of Supervisors requesting maintenance of the vehicles as well as being placed on a Board agenda. Council Member Armington added the county shop is a not for profit. The Town would only pay for parts and there is no mark-up on the parts. Town Manager Grier stated the vehicles are all in need of some TLC. They don't have a lot of miles but they haven't had any sort of ongoing care. It seems like a good path to go rather than buying new vehicles. Council Member Rappaport asked why the Town needs three vehicles. Mr. Grier responded the Ford Explorer is needed for Town business such as code compliance checks and conferences. He also doesn't want the liability of an employee using their own vehicle because of insurance coverage. The work trucks are used for meter reading to have the presence in the community with the Star Valley emblem. While we don't use them a whole lot, stated Mr. Grier, they are still needed.

Council Member Rappaport asked if they are all paid for. Town Manager Grier answered “Yes.” Council Member Armington reported that Gila County has the same agreement with the University of Arizona. Council Member Binney stated he is not so sure if he can agree with this because he doesn't think the government should be in competition with private enterprise. Mayor Coon responded it's one government working with another government. Council Member Rappaport acknowledged it sounds like a good idea to her and it beats buying new vehicles. Council Member McDaniel stated since the Town hasn't been having the vehicles maintained on a regular basis it wouldn't really be affecting private enterprise. Mayor Coon stated he does not see an issue with it.

A motion to accept the terms and instruct the staff to go forward with the IGA with Gila County for maintenance on all three town vehicles was made by Council Member Armington and was seconded by Council Member McKinney.

A roll call vote was taken:

Vice Mayor McKinney Yes, Council Member Davis Excused, 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 5 - 1.

2. **Discussion and public hearing regarding the use of FY2021 Community Development Block Grant (“CDBG”) funds.**

Finance Administrator Nutt explained that every other year the Town of Star Valley swaps CDBG funds with the Town of Payson. The funds are funneled down from Housing and Urban Development (“HUD”) to the Arizona Department of Housing (“ADOH”) and then into the local coffers of the municipality in Arizona. The last CDBG project that was completed, reported Ms. Nutt, was the water line improvement on Moonlight Drive. The Town is ready to begin the planning process for the next grant. This evening, stated Ms. Nutt, she's scheduled a public hearing which fulfills the first obligation of the program. The second obligation will be for council to consider staff recommended projects, ask any questions and make any recommendations they may have for other projects. The following meeting of June 15th will also be a public hearing, reported Ms. Nutt, and at that time council will select one of the projects. If a project is not selected, another public hearing will need to be held after fifteen days.

Once a project is selected, explained Finance Administrator Nutt, staff will move forward with executing that request. An environmental review (“ERR”) will begin to make sure there are no natural resources, artifacts, or endangered species in the proposed project area. An income survey will be conducted to establish that this project is in fact in a low to moderate income area. The contract will then be written between ADOH and the Town of Star Valley to receive the funds and execute the project based on the ERR, the income survey, and the proposed project meeting all the standards. Ms. Nutt pointed out this is all fully done in-house. As soon as confirmation has been received that the grant has been put into contract, explained Ms. Nutt, staff will begin the selection process for an engineer. After a design is drawn up by the engineer the selection process for a contractor will begin. Once a contractor is selected the actual project phase will commence and upon project completion the close out process will begin. The process is lengthy, concluded Ms. Nutt, and takes about twenty months

Finance Administrator Nutt stated staff is proposing two projects for council consideration. Project #1 would be to replace aging and undersized six inch pipeline with eight inch pipeline. We are concerned about possible outages being lengthy if this pipe fails. The size of the pipe is also of concern for future production in the Circle K area because if there is any buildout it is a bit undersized. It is also one of three pipe projects in this area that staff would like to address in staggered projects. This would be the first of possibly three projects. It’s five hundred and fifty linear feet of mainline that will be connected at Highway 260 and run along Milky Way. The project budget is \$110,000.00 with grant funds of \$118,158.00. A ten percent cushion would be built in to the \$110,000.00 in case parts, labor or any other material comes back more expensive than projected. Staff feels this project will be fully funded by the grant and it will replace the aging and undersized piping in the system. Council Member Rappaport asked what the material of the aging pipe is made of. Ms. Nutt responded the material is a fragile, man-made, outdated product and will be replaced with C900 pipe.

Project #2, explained Finance Administrator Nutt, would be adding two twenty-five thousand gallon storage tanks at the Circle K well site. This is a bigger project and would require a booster pump as well as a potential creek crossing. It likely is in a floodway area that will require the base to be built up additional to other standards so that it could take a flood if that should occur. The project budget is \$265,000.00 with grant funds of \$118,158.00 and leverage funds of \$146,842.00. This would be a bit more of an expensive project, stated Ms. Nutt, and she has serious concerns about delays and availability of materials and running into timeline issues with the grant. There are also concerns about tank placement and more research needs to be done on that. Storage tanks would provide a back-up and have a lot of value as a future project. Steel is extremely expensive right now, added Ms. Nutt, and the price tag may or may not go up. Those are two reasons why staff has put Project #2 in second place over Project #1. Both projects have a lot of value to the system, concluded Ms. Nutt.

Council Member Rappaport commented the price of steel is out of this world and she’s all for doing the cheapest one first and waiting for the price of steel to come down. Vice Mayor McKinney asked if the Town has the managerial capacity to do the tank project on its own. Finance Administrator Nutt responded staff is currently developing a capital improvement project list for council to review. Town Manager Grier added that staff has the brain power to do it and relies heavily on Rick Engineering and the water department. Staff needs more time to analyze Project #2 as to what the needs are going to be. Vice Mayor McKinney asked Mr. Grier if he is confident the three person staff can manage two large projects simultaneously. “Yes,” responded Mr. Grier, but he doesn’t think that is the way to go even though it is much easier to do a project that is not a CDBG project. Council Member Rappaport stated it looks like a two phase project. One that can be done with CDBG money and the other that can be done with Town money. We are talking about two different projects, responded Mr. Grier, with two different price tags. One project doesn’t require leverage money (or money from the general fund), and is a much

smaller, much less expensive project. The Town only has \$118,000.00 in CDBG money and that doesn't change whether we do Project #1 or Project #2. Staff has concerns about doing the storage tank project over at the Circle K for all the reasons explained by Ms. Nutt. The question is which project does council want to do. Queried Council Member Rappaport – Don't we really want to do both of them? Mr. Grier responded these two projects are not the end all. There is a list of identified projects with a price tag of three million dollars. The Town, added Mr. Grier, may need to raise water rates incrementally to start building funds for water projects.

Town Manager Grier stated council doesn't have to make a decision tonight. He would like council to start thinking about the direction the Town needs to go. The day is going to come when the water users will need to be convinced a water rate increase is in their best interest. Council Member Binney asked what the cost impacts are for the larger project and smaller project. Mr. Grier responded they are probably about the same. There are a lot of reasons staff is cautious about the storage tank project. Placing them on the other side of the creek drives up the cost and we don't want to be in an unpredictable position with that project with the CDBG timeline. The Town has more control over Project # 1 which involves digging a trench and putting in pipeline. Also, added Mr. Grier, if there is a break in the pipe it's going to be a longer period of time to fix than say having a pump go out. Council Member Binney stated he's all for the eight inch line project because he believes it is a minimum line for fire hydrants. It would be advantageous for the entire town and doesn't add that much cost. Mr. Grier responded the responsibility of the Town is potable water and not fire protection. Council Member Binney replied it's cheap to add when the line is dug up. Mr. Grier responded fire protection is not the best expenditure of general fund money. The staff recommendation is Project #1, concluded Mr. Grier.

Council Member Rappaport advocated that the Town has to increase the water rates. Water is blue gold now, concluded Council Member Rappaport. Town Manager Grier stated the Town wells are water rich, but the challenge is distribution of the water. The plan has always been to systematically do it in chunks. Vice Mayor McKinney stated it would help inform his decision if he knew how much water bills would need to be raised over a period of a year in order to raise a quarter of a million dollars for the tank project. Mr. Grier responded the Town is trying to build revenue by adding additional customers. The RV parks are in transition and staff is hoping they will become new customers. The revenue doesn't have to be solely on raising water rates, but also on adding customers. The Town would rather soften the blow and hopefully have revenue increase from adding the RV parks. A water rate analysis, confided Mr. Grier, costs about \$25,000.00. The best bet for the Town's money is Project #1, concluded Mr. Grier.

Mayor Coon stated he agrees Project #1 fits the bill. It would be nice to have storage tanks, but the Town is only using eight percent of its capacity. Infrastructure that is not in good shape should be priority, concluded Mayor Coon. Town Manager Grier responded the need of the storage tanks on the Circle K project is somewhat dependent on an increase in water customers over there. We don't know what that will be or when we'll have an answer. The Town would like to raise the revenue through additional customers rather than raise water rates. Project #1 that staff is proposing is the right project, concluded Mr. Grier. Mayor Coon stated the timing is not right with the storage tanks. The Town should take care of infrastructure first before worrying about storage. Mayor Coon asked if the storage tanks are needed to supply the potential new customers. "No," stated Mr. Grier. The storage tanks are a great project to do when we know what the demand is going to be and the availability of steel. Mayor Coon reported that a decision will be made by council at the June 15th meeting. The Town is not in dire-straits of storing water, concluded Mayor Coon, but we do need to take care of our infrastructure. Mayor Coon opened up this portion of the meeting for public hearing. There was no public in attendance and the Mayor closed the public hearing portion of the meeting.

- **COMMENTS FROM THE PUBLIC**

During this portion of the meeting, members of the public may address the Town Council on items that are not on the printed agenda. Any remarks shall be addressed to the Council as a whole and not to any individual member. Speakers are limited to three (3) minutes per person unless additional time is granted by the Mayor. The Council may not discuss or act upon matters raised during public comments.

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

- **ADJOURNMENT**

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

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 18th day of May 2021. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 20th day of May 2021.

Eddie Chapin, Town Clerk