

**MINUTES OF THE REGULAR MEETING
AND EXECUTIVE SESSION OF THE COMMON
COUNCIL OF THE TOWN OF STAR VALLEY**

**Tuesday, November 7, 2023 at 5:15 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 Armington X, Council Member Binney X,
Council Member Dueker X, Council Member Highstreet X, Council Member McDaniel
X, Mayor Davis X.

- **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 were no comments, and the Mayor closed the public comment portion.

- **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 October 17, 2023.

**B. Approval of Accounts Payable from October 16, 2023 through October 31, 2023
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 Binney.

A roll call vote was taken:

**Vice Mayor McKinney X, Council Member Armington X, Council Member Binney X,
Council Member Dueker X, Council Member Highstreet X, Council Member McDaniel X,
Mayor Davis X.**

The motion was voted on and passed 7 - 0.

- **DISCUSSION ITEMS:**

1. **Discussion and possible action regarding investment strategies. Telephonic presentation by Investment Advisors David Long and Daniel Long with Stifel, Nicolaus & Company, Inc.**

Town Manager Grier began by introducing Investment Advisor David Long and stated that he will give an update on investment strategies for the town's funds. David Long reported that from June 2015 to today's close, the town has a total investment of \$5,096,587 in T-Bills and CDs spread out in accounts of \$250,000 that are FDIC insured. The accounts have also made \$577,662 in interest which is reinvested. He considers the optimum risk profile and liquidity to manage the funds. Mr. Long commented that currently the Federal Reserve's ten rate hikes, wars, political strategy, etc. have affected the rate of return on ten year and thirty year treasury notes. He feels the market will take off when the Federal Reserve stops rate hikes, and it will be a soft landing for the economy. Mr. Grier asked the council if they had any questions. Council Member McKinney asked how often the funds mature. Mr. Long responded that they try to ladder them, so it varies. Mr. Grier added that the town needs to be careful with fiscal strategy and look at liquidity overall. He and Finance Administrator Woody review the fund accounts daily and consult with the investment firm on the ability to move funds, if necessary, to obtain the best rates when T-Bills and CDs mature. The discussion concluded and no motion was made.

2. **Discussion and possible action to review the sign ordinance. Requested by Council Member Binney.**

Council Member Binney commented that due to the new gas service station being developed next to Town Hall, he wanted to review the town's sign ordinance and suggested that the rules need to be tighter and apply to all businesses in Star Valley. He thought the signs look better when they are shorter. He noted that the signs in Payson are more visible, and he felt that the Star Valley sign ordinance needs to be updated. Council Member McDaniel agreed. Council Member Armington commented that the town wouldn't be able to force existing businesses to change their signs. He also noted that there are ten billboards in Star Valley. Council Member Dueker agreed with updating the sign ordinance as it would make the town look better. Council Member Highstreet agreed.

A motion to authorize town staff to research a sign ordinance and present it to the council for review was made by Council Member Highstreet and was seconded by Council Member Binney.

A roll call vote was taken:

Vice Mayor McKinney Yes, Council Member Armington No, Council Member Binney Yes, Council Member Dueker Yes, Council Member Highstreet Yes, Council Member McDaniel Yes, Mayor Davis Yes.

The motion was voted on and passed 6 - 1.

3. **Discussion and possible action to consider moving forward with a water rate change.**

Town Manager Grier began the discussion by announcing that Finance Administrator Woody will present her research on the town's water rates. He then recommended that the council members consider what direction to move. Finance Administrator Woody started the presentation by stating that she considered all sides and felt it would be a difficult decision for the council as many residents are on strict budgets. She began the slide presentation by defining the purpose of doing a water rate analysis, which is based on the need to raise the water rates in the Town of Star Valley. The Town of Star Valley acquired the current water system in 2012 and historically the operating expenditures have exceeded revenues,

causing the town's general fund to subsidize the water department. She reviewed the sources of revenue and description of the water system.

Finance Administrator Woody showed a chart of water rate comparisons between the towns of Star Valley, Payson, Pine-Strawberry, and the private Payson Water Company which covers outlying towns in the area. The Town of Star Valley is 53% less than the Town of Payson, 59% less than Pine-Strawberry, and 58% less than the Payson Water Company. She noted that Pine-Strawberry will raise their rates on an approved five year tiered increase plan. She went on to show that the Town of Star Valley Water Department has for the past three years operated in the red; FY 20-21 showed a loss of \$546,106; FY 21-22 showed a loss of \$83,181; and FY 22-23 showed a loss of \$150,531. She explained that the Town of Star Valley needs to build up reserve funds to cover the loss of revenue and to prepare for upcoming and future repairs to water lines. Finance Administrator Woody explained she developed three options for consideration to correct the deficit funding over a five year period. Option One won't break even until 2027 but has the least impact on residents. Option Two won't break even until 2026 but would still have a lesser impact for two years on the residents. Option Three immediately aligns the Town of Star Valley's water rates with the neighboring towns but has a significant impact on the residents. Finance Administrator Woody recommended Option Two to the council to be put in place next fiscal year.

Town Manager Grier responded that any increase is difficult and while the town is not a for-profit operation it still needs to consider adequate revenue sources. Council Member Dueker agreed Option Two presented the best of all options. He would like to see a water fund developed to which residents could make contributions to help residents on fixed incomes. Council Member Binney argued for the biggest increase in water rates as it would eventually have to be done in the future as repair expenses will continue. He would be happy with Option Two. Mayor Davis opened the item up for public comment.

Donna Hogue of 33 S. Sprague Drive in Star Valley expressed her desire for Option Two as she is concerned for residents in public housing. Kathleen of Pine View RV Park spoke regarding the demographics of Star Valley residents. She reported the median income of Star Valley residents is \$42,000 and she is concerned about a rate increase and asked the council to consider the median income when choosing an option. Finance Administrator Woody responded that Arizona State has a program that started in October to help low-income residents with their utility bills. Donna Fox of 17 S. Walters Lane in Star Valley stated she thinks the salaries in the town are too high. The water company is not paying for itself. She asked if the voters had a role to vote on this subject. She felt it didn't make sense and it is imbalanced. Mayor Davis closed the public comment portion.

Council Member Binny expressed his opinion regarding the reality that the Star Valley Water Department would go broke if no option was chosen. PFAS need to be addressed and there is also \$3 million in infrastructure repairs needed. Council Member Highstreet responded that he is in favor of Option Two out of fairness to the community. Mayor Davis agreed. Council Member McDaniel agreed with Option Two and also a community fund. Vice Mayor McKinney agreed with Option Two and stressed that the water fund would deteriorate if it were not supported in an adequate way. Town Manager Grier stated that Option Two would be the best choice. Mayor Davis closed the discussion.

A motion to instruct staff to begin the process of increasing the existing water rates using Option Two was made by Council Member Highstreet and was seconded by Council Member Armington.

A roll call vote was taken:

Vice Mayor McKinney Yes, Council Member Armington Yes, Council Member Binney No, Council Member Dueker No, Council Member Highstreet Yes, Council Member McDaniel Yes, Mayor Davis Yes.

The motion was voted on and passed 5 - 2.

4. Discussion and possible action to adjourn into Executive Session, pursuant to:

A.R.S. § 38-431.03.A.3. – Discussion or consultation for legal advice with the attorney or attorneys of the public body.

Discussion for the purpose of consulting with Town Attorney Timothy W. Grier regarding code compliance complaints on the Bill Armstrong property.

A motion to adjourn into Executive Session was made by Council Member Highstreet and all council members agreed to the adjournment.

- **EXECUTIVE SESSION**
- **CALL MEETING BACK TO ORDER**

5. Discussion and possible action to instruct the Town Manager/Attorney how to proceed with code compliance complaints on the Bill Armstrong property.

Mayor Davis opened the discussion to the public. Bob Colabianchi of 29 S. Sprague Drive in Star Valley stated that he has lived in Star Valley for 15 years and he opposed the pawn shop. His biggest investment is his house. The chainsaws run for 40-50 hours per week until at least 9:30 p.m. and they have ten to twelve employees who do their dishes in the creek. There are people living in horse trailers. This is all new this year and this is destroying the neighborhood. Mr. Colabianchi stated he is afraid to stand up but said it is out of control and it needs to stop. Kevin Hogue of 33 S. Sprague Drive in Star Valley stated he is losing sleep every day and can't sit out on his porch because of the noise. Donna Hogue of 33 S. Sprague Drive in Star Valley stated when they bought the property four years ago it was like heaven and now it is not. They are trying to get their heaven back. The chainsaw business does not belong in a residential neighborhood.

A motion to direct the Town Attorney to continue engaging in efforts as discussed was made by Council Member Highstreet and was seconded by Council Member McDaniel.

A roll call vote was taken:

Vice Mayor McKinney Yes, Council Member Armington Yes, Council Member Binney Yes, Council Member Dueker Yes, Council Member Highstreet Yes, Council Member McDaniel Yes, Mayor Davis Yes.

The motion was voted on and passed 7 - 0.

- **ADJOURNMENT**

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

The motion was voted on and passed 7 – 0.

APPROVED:

Bobby Davis, 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 7th day of November 2023. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 13th day of November 2023.

Del Dupree, Administrative Assistant