

**MINUTES OF THE SPECIAL WORK-STUDY MEETING  
OF THE COMMON COUNCIL OF THE TOWN OF STAR VALLEY**

**Tuesday, June 21, 2011 @ 5:30 P.M.**

**Star Valley Town Hall  
3675 E. Highway 260, Star Valley, Arizona**

- **CALL TO ORDER**
- **PLEDGE OF ALLEGIANCE**
- **ROLL CALL**

**Present: Mayor Rappaport; Vice-Mayor Newland; Council Member Hartwell; Council Member Binney; Council Member Coon; Council Member Leis; Council Member Henderson. Town Manager Tim Grier; Water Attorney Karen Nally; and Lois V. Johnson, Town Clerk were also present.**

- **DISCUSSION ITEMS:**

- 1. Discussion regarding water issues in Star Valley. Water Attorney Karen Nally will be present.**

Mayor Rappaport read the Council communication prepared by Town Manager Tim Grier concerning the proposed purchase of 3 wells from the Town of Payson (attached to Agenda).

Town Manager Grier stated at the May 17, 2011 Council Meeting the issue of doing an aquifer assessment was tabled and a work-study for June 21, 2011 was scheduled. It was his hope that at the instant meeting discussion would be held as to possible acquisition of the 3 wells, the aquifer assessment, and other water issues. Mr. Grier pointed out that the Town's Water Attorney Karen Nally was present to answer questions.

Council Member Vern Leis stated he believes there is enough data now available to help the Council make some good decisions regarding the future of water in the Town. Mr. Leis emphasized that currently the Town does not have fire hydrants or water available in the event of a forest fire. He also pointed out that in the event of well contamination within the Town, that the Town has no position to help its constituents. The purchase of the 3 wells would help protect the Town's future; they "should stay clean". Mr. Leis recommended continuing well monitoring within the Town, but stated this should be done through a private service. Purchasing the 3 wells would provide a "back-up" water source for the Town, and Mr. Leis stated "the 3 wells equate to the capacity of what the Tower Well is". Mr. Leis stated two responsibilities the Council should consider dealing with: (1) continue monitoring the wells; and (2) look to the future because the wells are going to provide future protection and opportunities.

Council Member Henderson expressed her opinion that the Town should purchase the wells. Council Member Newland stated purchasing the wells “is about the only way we can protect ourselves”.

Council Member Hartwell stated she believes “the wells are very vital to us”. She asked the question of how the water will be pumped to the proposed fire hydrants.

Council Member Leis replied that “there are several options that we have discussed with the Town of Payson and with the Forest Service” so the water could be made available.

Council Member Binney stated his concern with the issue of getting the water across privately owned land. Council Member Leis urged him to look at the well purchase as being for the future, and it would provide a “water source” for the Town.

Council Member Binney asked about the current status of Blue Ridge Water, and that he would like to know how they can be certain Brooks Utilities will continue to exercise its CC&N and obtain the 500 feet of water. Water Attorney Karen Nally stated she has discussed this with Salt River Project and the Town of Payson, but due to the existence of the non-disclosure agreement she cannot disclose any details. Ms. Nally said it is her understanding that Mr. Hardcastle has not disclosed what he is going after; and stated she has not personally spoken with Mr. Hardcastle. Ms. Nally further stated that she knows he is interested in Blue Ridge water.

Ms. Nally stated that Star Valley has some legal hurdles which it needs to overcome in order to qualify as a water provider, and it must have infrastructure in the ground in order to qualify to obtain Blue Ridge water.

Council Member Binney asked if there was a way to get the CC&N taken away from Hardcastle. Water Attorney Nally stated a complaint could be made with the Arizona Corporation Commission that Brooks Utilities was not providing service, and that this is usually done by a customer. Staff from the Corporation Commission can issue an order to show cause hearing if there is a substantial problem. Ms. Nally stated that currently she does not believe this is a problem, but has not devoted research to that issue.

Council Member Binney asked for what period of time the Blue Ridge water would be available. Ms. Nally stated it was her understanding that Mr. Hardcastle “is in the running for Blue Ridge water”, and stated she would do further checking with SRP to see if she can obtain more information on this. Ms. Nally said she understands the concern of Star Valley as to whether or not Hardcastle will continue to provide water to the Town.

Council Member Leis stated that he and the Town Manager had a meeting with Mr. Hardcastle. Mr. Hardcastle stated he wanted to apply for Blue Ridge water, and that he wanted the Town to commit to financial support so basically the Town would be paying for his allotment of Blue Ridge water, and then he would make the water available to the Town. Town Manager Grier clarified that he felt Mr. Hardcastle “hinted strongly” that at some point he might seek financial support from the Town, but he felt no details were set out at that meeting. Mr. Grier’s impression was that Mr. Hardcastle was “hinting” to ascertain whether or not the Town would be interested in making any financial contribution towards obtaining the Blue Ridge water.

Town Manager Grier pointed out that the cost of the Blue Ridge water has always been prohibitive. Mr. Grier stated he and Water Attorney Nally have tried to explore all options that are available to the Town. The potential purchase of the three wells just

recently became a viable option. Mr. Grier pointed out that to date Payson Water Company / Brooks Utilities has been a good water provider for the Town. One of the positions is that maybe the Town should not consider being in the water business if Brooks Utilities can continue to provide the necessary water. Mr. Grier pointed out that Brooks Utilities has not been stellar in maintaining the water supply in some of the surrounding towns and this may become a cause for concern with Star Valley. If this were to occur, what could the Town do. Mr. Grier acknowledged that acquisition of the three wells does not provide a readily available water source due to the CC&Ns and lack of infrastructure.

Council Member Coon stated it is his belief that acquisition of Blue Ridge water is “cost prohibitive” and his calculations indicate the total cost could run up to \$10,000,000. Mr. Coon said that for the “little bit of water” the Town would acquire the cost would “make no sense”. Mr. Coon stated the only alternative is to do groundwater and that currently the Town would need approximately 500 acre feet of water. Mr. Coon stated he is not in favor of buying the three wells. He cited the existence of the CC&Ns; inability to distribute the water; existence of an easement problem which may well result in the need for a condemnation action as some of the reasons for his objection. Mr. Coon questioned where Mr. Leis came up with the wells being “800 and some acre feet”, as his research into Arizona Wells and the well drillers log states they are 150. Council Member Leis stated he got that information “directly from Payson’s well testing data”. Council Member Coon stated he accepted the well driller’s data, not what Mr. Leis stated. Mr. Coon also pointed out that two of the wells are only about 75 feet apart, and drawing from one well will bring the other well down. Mr. Coon expressed concern over how the water could be transported from the wells to another location. Council Member Leis stated “there is a way to do it and there is also a way to sell the water that is there available today and have it delivered to a user”. When Mr. Coon asked how it could be done, Mr. Leis stated “I can’t discuss that at this point, but it exists, it’s out there. We don’t own the wells so I can’t go out and say what the feasibility is.”

Council Member Coon expressed concern over the wells being considered for purchase are “in the center of Town”, and may cause problems for more shallow wells in the area; and could cause contamination problems. It was Mr. Coon’s suggestion that rather than spend money on the three wells, that the Town look at Preacher Canyon “where there is water, do some well testing, and put in a good well out there”.

Council Member Coon stated it is his belief that the Town simply cannot afford Blue Ridge water. He stated it would be best to put Blue Ridge water behind and look at the groundwater available.

Council Member Coon also pointed out that Clearcreek, LFR and Tetra Tech came up with three different opinions on the amount of water in Star Valley. Mr. Coon stated he questioned the advisability of having another firm come in and provide another opinion.

Water Attorney Nally stated the Mr. Worm Study was finalized in the last month or so, and used the 2002 data, but updated it where they needed to, so the information is current.

- **COMMENTS FROM THE PUBLIC:**

Wayne Van Horn, Star Valley resident, stated the Council had stated the ideas “that were out there”, but directed his comment to Council Member Binney’s comments regarding acquiring a water source, whether it be an IGA with Payson or if the Town were to obtain a “water rich site out in Preacher Canyon”. Mr. Van Horn stated the Town can’t protect the water source citing for example if Payson drained Tower Well, but the Town “could protect people who once a well has been identified as contaminated to provide them a protected water ability that would be clean rather than contaminated.” Mr. Van Horn pointed out that Diamond Point is outside the CC&N, and the Town could provide water there. Council Member Binney pointed out that most of the residents in the Diamond Point area have their own wells and would probably not want water provided by the Town. Mr. Van Horn replied that if contamination of wells in that area becomes a problem then this might change the picture.

Town Manager Grier asked Council Member Coon if he was referring to Forest Service property when he was talking about Preacher Canyon. Council Member Coon stated that was Forest Service property, but he was just using that area as an example. Mr. Coon stated it was his point to state the Town should not buy wells in the middle of Town with the idea to supply the Town with water. Mr. Coon stated the reasons for this is that the Town is land locked, it cannot go through the forest, they cannot go through the Benjamins’ property without condemnation, and there are existing CC&Ns. Mr. Coon said the Town of Payson is currently facing these problems with the wells.

Town Manager Grier raised the issue of being unable to dwell on Forest Service Land, and Water Attorney Nally further stated it is also “impossible to drill” on Forest Service Land due to their restrictions. Mr. Grier stated his concern is they will run into the same problems as with the detention basins, that is, if there is another source available then the federal government would demand that the town use/exhaust whatever other source is available. Using public land is the last option. Council Member Leis stated the Forest Service had told him that the “only option was to negotiate with ADOT for the wells that are already in the ground at such time as they want to abandon them”. Council Member Coon agreed that this is “certainly something we need to consider”, and agreed that was a good well.

Council Member Leis stated “You can’t drill those 3 wells and know what the productivity is for what Payson is asking for the price of them.” Council Member Binney replied that they are worthless to Payson if they can’t be used.

- **ADJOURNMENT**

**A motion to adjourn the Work-Study was made by Council Member Leis, and was seconded by Council Member Hartwell.  
The motion was voted on and passed 7-0.**

**APPROVED:**

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**William S. Rappaport, Mayor**

**Date:** \_\_\_\_\_

**ATTEST:**

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**Lois V. Johnson, Town Clerk**

**CERTIFICATION:**

**I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Work-Study Meeting of the Town Council of the Town of Star Valley held on this day, the 21<sup>st</sup> day of June, 2011. I further certify that the meeting was duly called and held, and that a quorum was present.**

**Dated this 27<sup>th</sup> day of June, 2011.**

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**Lois V. Johnson, Town Clerk**