

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

**Tuesday, December 20, 2011 @ 6:30 pm  
3675 East Highway 260, Star Valley, AZ  
(Star Valley Town Hall)**

The Agenda for the meeting is as follows:

- CALL TO ORDER
- Prayer was offered by Pastor Duane Ayres of Ponderosa Bible Church
- PLEDGE OF ALLEGIANCE
- ROLL CALL:

Mayor Rappaport X, Vice-Mayor Newland X, Council Member Hartwell X, Council Member Binney X, Council Member Coon X, Council Member Leis X, Council Member Henderson X.

- **GILA COUNTY SHERIFF'S OFFICE REPORT FOR OCTOBER AND NOVEMBER, 2011**

Lt. Tim Scott of the Gila County Sheriff's Office gave the Sheriff's Report for October and November, 2011.

- **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.

1. **Approval of the minutes from the Regular Council meeting held on December 6, 2011.**
2. **Approval of Claims Payable from December 1, 2011 through December 15, 2011.**

A motion to approve consent agenda items A and B was made by Council Member Hartwell, and was seconded by Council Member Leis.

A roll call was taken:

Mayor Rappaport X, Vice-Mayor Newland X, Council Member Hartwell X, Council Member Binney X, Council Member Coon X, Council Member Leis X, Council Member Henderson X.

The motion was voted on and passed 7-0.

- **DISCUSSION ITEMS:**

1. **Discussion and possible action concerning Resolution No. R 11-12 captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF STAR VALLEY, ARIZONA, ENTERING INTO AN INTERGOVERNMENTAL AGREEMENT FOR ELECTION SERVICES WITH**

**GILA COUNTY, THROUGH THE AGENCIES OF THE GILA COUNTY  
RECORDER AND THE GILA COUNTY DEPARTMENT OF ELECTIONS.**

Town Clerk Lois Johnson introduced Sadie Tomerlin, Gila County Recorder, stated the new procedure for the County Recorder's Office and the Department of Elections is to have one contract with the town rather than two separate contracts. The term of this contract is automatically renewable until the Town notifies the County Recorder's Office that it wants to discontinue the Recorder's service, and this must be done by December 1<sup>st</sup> of the year before the election year. Ms. Tomerlin stated there is a menu of services in the Council books which provides details of the services to be provided to the Town. Pursuant to discussions with the Town Clerk, the Recorder's Office and Department of Elections will be responsible for mailing out the ballots and the 120-day notice, and the total cost will be approximately \$5,400.

Council Member Binney questioned why the Town is now paying for this service when before it was incorporated the service was provided by the county. Ms. Tomerlin pointed out that Arizona Revised Statutes provide that services provided by the County Recorder must be paid for by the Town.

**A motion to approve the Town entering into an Intergovernmental Agreement for election services with Gila County, through the agencies of the Gila County Recorder and the Gila County Department of Elections, and direct the Mayor and Town Attorney to sign said Agreement was made by Council Member Leis, and was seconded by Council Member Coon.**

**The motion was voted on and passed 7-0.**

**2. Discussion and possible action regarding waiving the cost of obtaining a business license or special event license in the Town of Star Valley.**

Council Member Binney stated his position is that small business owners do the Town a favor by doing business within the Town limits and paying a sales tax on their business income. Mr. Binney stated he had conducted a poll among some of the business owners in Town to ascertain what the Town does for them, and the sum of the answers was "Nothing." The Town charges \$50.00 to issue a business license, and there are zoning restrictions in place in the Town that control where and how a business can be conducted. Mr. Binney stated he does not see one thing the Town does to "earn the \$50.00" fee it charges, and he believes the Town should waive the cost of obtaining a business license. Mr. Binney further stated he believes if the Town waived the fee for business licenses this would attract new small businesses to the Town, which would benefit the Town landlords and increase sales tax for the Town.

Town Manager Grier stated it does cost the Town money to process and issue a business license, as well as mailing out annual renewal notices to current business license holders.

Mike Crisp, a resident of Star Valley, stated Star Valley is attractive to small business owners, and he believes the Town should do what it can to encourage and support these small businesses. He agrees with Mr. Binney that the Town should waive the \$50.00 fee.

Gary Rolf, a resident of Star Valley, stated he thinks waiving the fee would be a gesture of good will on the part of the Town. Mr. Rolf stated it is not the dollar amount that is important, but rather the attitude of the Town of Star Valley. He further stated the Town could conduct this as an experiment.

Council Member Leis expressed concern that this might open the door to any type of business coming into Star Valley and there would not be adequate control over them. Mr. Leis stated the \$5,400 potential loss in payment of business licenses would not be an overwhelming loss to the Town, but pointed out that both photo radar enforcement fees and state shared revenue are down.

Council Member Hartwell expressed concern that if a business could not afford the \$50.00 license fee if they were a "reputable business", and that she would prefer they not conduct business in Star Valley.

Town Manager affirmed that the sales tax is down approximately 50%, but stated he did not have the current figures available at this meeting.

Council Member Binney also raised the issue of the need for a special use license in addition to a business license. He also emphasized he is not for eliminating the need for a business license, just the fee.

Rob Rippey, a resident of Star Valley, stated he has been buying a business license from the Town for the last five years for items he sells on E-Bay. He previously lived in Los Angeles County, California, and there was no fee charged there for a business license.

Ray Lyons, a resident of Star Valley, urged the Town to pay more attention to its citizens. He believes the Town needs to get the word out that it is not against small businesses. He stressed the Town needs to develop a positive image for itself.

Mike Crisp suggested that waiving the business license fee for at least one year would not be a risk to the Town and could send a positive message to the business community.

Pastor Duane Ayers stated that Payson has a reputation of being "unfriendly to business", and he encouraged the Town of Star Valley to be friendly to businesses.

Council Member Henderson suggested the possibility of a moratorium on the business license fee for two years. Ms. Henderson did request that the Town Manager/Attorney research if this would create any unintended consequences for the Town. Mr. Grier stated he did not think there was any "illegal action" in not charging a fee, but to his knowledge all of the other towns and cities in Arizona do charge for business licenses.

**A motion to table this discussion item until the January 17, 2012 Council meeting in order to obtain more information on this issue was made by Council Member Coon, and was seconded by Council Member Hartwell.**

**The motion was voted on and passed 7-0.**

**3. Discussion and possible action concerning Resolution No. R 11-13 captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF STAR VALLEY, ARIZONA, APPOINTING A DIRECTOR TO THE RIM COUNTRY EDUCATIONAL ALLIANCE SEPARATE LEGAL ENTITY TO REPLACE SUZANNE CUMMINGS.**

Mayor Rappaport stated Mike Vogel of Payson had recommended James Scott Scheidt to replace Suzanna Cummings, who has resigned as a Director of the Rim Country Educational Alliance Separate Legal Entity. Mr. Rappaport stated Mr. Scheidt was approved by the Board of Directors that hold all the financing for the Separate Legal Entity ("SLE") after conducting a background check on him. Mr. Rappaport stated he did not personally know Mr. Scheidt.

Council Member Coon stated he had received several telephone calls with "not very good recommendations" for Mr. Scheidt. Mr. Coon expressed concern that only one name was suggested, and that he also received several calls from Star Valley residents stating they would be interested in serving on the Board. Mr. Coon stated he would like to see a representative on the Board that will represent Star Valley.

Council Member Leis stated he agreed with Council Member Coon, and that he believes the Council should have opportunity to look at several people and who are "independent of Payson's attachment." Council Members Henderson, Newland, and Hartwell were in agreement that there should be several names offered, not just one.

**A motion that the Council reject the recommendation of James Scott Scheidt to replace Suzanna Cummings as a Director to the Rim Country Educational Alliance Separate Legal Entity and**

**request alternative resumes for selection from another group, preferably without Payson attachment, was made by Council Member Leis, and was seconded by Council Member Binney. The motion was voted on and passed 7-0.**

#### **4. Discussion and Second Public Hearing regarding the proposed water rates and Management Plan for the Star Valley Water Company.**

Town Manager Grier explained that the reason for the public hearings, which are not required by law, is to provide the public an opportunity to voice their feelings on the proposed water rates for the soon to be acquired water company. The next step will be to adopt the ordinance for the water company, which will authorize a resolution which will establish the formal water rates. Presented at the meeting was a proposed schedule of rates (see Agenda). Also presented at this meeting was a schedule showing expected expenditures (see Agenda). Mr. Grier pointed out that the expected expenditures change often due to new items being discovered that need to be included. Mr. Grier stated the goal of the water company is to be self-sustaining versus just break even. Mr. Grier provided a written narrative outlining his view of the difference between a private water company and a public municipal water company. Mr. Grier stated one advantage is that Star Valley will be able to provide better customer service and will have a full-time water systems operator that will only work for the Star Valley Water Company. He also stated any money left over will be placed in a capital projects fund which will be used to maintain and improve the water system. Without a rate increase there will be no monies to place into the capital projects fund and there will be no funds available for repairs.

Town Manager Grier informed the Council they first need to decide if they want the water company to be able to "stand on its own", and secondly to decide whether or not to increase the water rates in order to establish a capital projects fund. Mr. Grier states he believes the rate increase and establishment of a capital projects fund will result in a more reliable water system for the Town.

Town Manager Grier pointed out that the water rate schedule presented at this meeting contains the changes discussed at the last meeting, primarily that there is no increase between owner and renter and reduction of the temporary shut-off fee to \$75.00 from \$125.00.

Council Member Leis stated he designed the proposed water rates with the idea that the water system will be a "stand alone" system. Mr. Leis stated the monthly rate rates are "very, very, very lucrative", and comparable to most other cities. Mr. Leis stated the revised rates are "rock solid to start with." Mr. Leis further stated he believes these rates should stand for several years before a rate increase becomes necessary.

Mr. Leis stated the life of a meter is usually 7 years, and the majority of the existing meters are at least 7 years old. This means the majority of the meters most likely will have to be replaced in the not too distant future.

Council Member Coon questioned the difference in rates if a person turns off the water "permanent" or "temporary". Mr. Leis pointed out that permanent means the account is closed and would require a new deposit. Mr. Leis stated he would review this issue and redefine the descriptions of the charges.

Town Manager Grier stated the rates presented at this meeting are not necessarily the final rates, but represent the best effort to date. New expenditures may crop up which will have to be calculated in. Mr. Grier emphasized that both he and Council Member Leis have attempted to come up with the best rates that will enable the water company to be self-sustaining and also provide a modest amount of money for a capital projects fund. Mr. Grier stated that major repairs will most likely require funds from the General Fund.

Council Member Binney questioned if there is any redundancy built into the system. Town Manager Grier stated the Arizona Corporation Commission requires a 4 hour response time if people are without water due to a system breakdown. Also, Mr. Grier stated he is working on an Intergovernmental Agreement with the Town of Payson to provide equipment and parts to the Town of Star Valley, and also the Town will have a full-time water systems operator.

Bob Sanchez, a resident of Star Valley and a member of the Water and Sewer Commission, stated Tetra Tech is working on a project with the Water and Sewer Commission and has presented a model which will provide for redundancy. Mr. Sanchez also stated he is a customer of Payson Water Company – Star Valley and that his meter was installed in 1982 and to date he has had no problems with it.

Richard Pinkerton, a resident of Star Valley and Chairperson of the Streets and Roads Committee, stated his meter is 14 years old and he too has not had any problems with it. Mr. Pinkerton also stated there is no redundancy for the North Tank.

Wayne Van Horn, a resident of Star Valley, commented that the Town of Payson requires a \$50.00 deposit and returns the deposit.

Council Member Leis stated a meeting had been held with Hellsgate Fire Department regarding some "subjective numbers" presented at the last meeting. Mr. Leis stated some towns that have a municipal water company but do not have a municipal fire department charge the fire department for water services provided. It was Mr. Leis' suggestion that the Council do a draw assessment for the 60 hp motor utilized by Hellsgate Fire Department and that this be done through APS. Mr. Leis further stated that Hellsgate is "selling one of their trucks now to cover this assessment." Council Member Binney suggested putting a meter on the pump, and this would eliminate the need for an assessment.

**5. Discussion and possible action concerning Resolution No. R 11-14 captioned as follows: A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF STAR VALLEY, ARIZONA, DECLARING, FOR PURPOSES OF SECTION 1.150-2 OF THE FEDERAL TREASURY REGULATIONS, OFFICIAL INTENT TO BE REIMBURSED IN CONNECTION WITH CERTAIN CAPITAL EXPENDITURES RELATING TO "THE PURCHASE OF STAR VALLEY WATER COMPANY."**

Town Manager Grier explained that he had not changed his position on obtaining an WIFA loan for the purpose of purchasing the water company. However, he went on to explain, if later down the road it is determined that it would be advisable to still obtain a WIFA loan this would not be an option unless at this time the Council adopted the proposed resolution. There is no cost to the Town in approving this resolution, and it does not bind the Town to obtaining a WIFA loan, but it would allow the Town to apply for such a loan in the event it was deemed advisable to do so.

Mr. Grier also stated that the interest figures he had presented at the last meeting were presented under the guise that these would be with WIFA money which would cost 1-1/2 to 2-1/2%. This was incorrect, and it would actually be 4-1/2 to 5-1/2%. Mark Reader also informed Mr. Grier that WIFA money most likely would not be available due to the use of the word "condemnation" in the purchase of the water company. However, Mr. Grier thinks it advisable to cover the base by recommending passage of the resolution.

Council Member Binney asked if Council action would be required to apply to obtain a WIFA loan, and Mr. Grier said such action would have to be approved by the Council. Passage of the resolution only allows applying for reimbursement, it does not start the process of obtaining a WIFA loan.

**A motion that the Council approve Resolution No. R 11-14 declaring, for purposes of Section 1.150-2 of the Federal Treasury Regulations, official intent to be reimbursed in connection nwith certain capital expenditures relating to "the purchase of Star Valley Water Company" was made by Council Member Leis, and was seconded by Council Member Hartwell. The motion was voted on and passed 7-0.**

- **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.

There were no public comments.

- **ADJOURNMENT**

**A motion to adjourn the meeting was made by Council Member Leis, and was seconded by Council Member Henderson.**

**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 regular meeting of the Town Council of the Town of Star Valley held on the 20<sup>th</sup> day of**

**December, 2011. I further certify that the meeting was duly called and held, and that a quorum was present.**

**Dated this 29<sup>th</sup> day of December, 2011.**

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**Lois V. Johnson, Town Clerk**