

# MINUTES OF THE STUDY SESSION/RETREAT OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY

**TUESDAY, FEBRUARY 18, 2020  
9:00 A.M.**

The Town Council of the Town of Chino Valley met for a Study Session/Retreat in the Chino Valley Council Chambers, located at 202 N. State Route 89, Chino Valley, Arizona, on Tuesday, February 18, 2020.

Present: Mayor Darryl Croft; Vice-Mayor Jack Miller; Councilmember Cloyce Kelly; Councilmember Corey Mendoza; Councilmember Lon Turner

Absent: Councilmember Mike Best; Councilmember Annie Perkins

Staff Present: Town Manager Cecilia Grittman; Finance Director Joe Duffy; Human Resources Director Laura Kyriakakis; Lieutenant Randy Chapman; Economic Development/Project Manager Maggie Tidaback; Public Works Director/Town Engineer Frank Marbury; Water Consultant Mark Holmes; Development Services Director Joshua Cook; Customer Service Manager JoAnn Brookins; Community Services Director Scott Bruner; Assistant Community Services Director Cyndi Thomas; Administrative Technician Kathy Frohock (videographer); Deputy Town Clerk Erin Deskins; Court Administrator Ronda Apolinar; Town Clerk Jami Lewis (recorder)

## 1) CALL TO ORDER; ROLL CALL

Mayor Croft called the meeting to order at 9:02 a.m.

## 2) Opening remarks by Mayor Croft - Ice breaker

Mayor Croft stated that it was a large agenda and the goal was to cover all topics and adjourn the meeting no later than 1:30 p.m. Any topic not discussed would be covered at a Council Study Session before the next Council Meeting.

## 3) Consideration and discussion regarding off-site signage. (Joshua Cook, Development Services Director)

Development Services Director, Joshua Cook, presented the following:

- Members of the business community had brought up the issue regarding their inability to put up business signage on Highway 89 because of being offset from the highway.
- Council had directed staff to put together offsite signage ideas for businesses without direct frontage.
- Staff had 11 points that needed to be addressed for a possible offsite signage ordinance. Staff could not find a community that had such an ordinance and it would be unprecedented.
- An issue with the ordinance was that the Town would be allowing a sign on someone else's property, so an ending point should be provided, with an option to renew. This would provide some protection for the property owner allowing the sign on their premises.

### Staff Ordinance Recommendations:

1. Businesses, or the closest property boundary on which they are located, shall be no further than  $\frac{1}{4}$  mile from State Route 89. Public or Institutional uses may request additional distance to the above stated  $\frac{1}{4}$  mile through a conditional use permit. This would allow other uses, for example churches, to request offsite signage.
2. The business owner shall obtain permission from an owner of commercial property fronting on SR 89 and a lease of land for a newly constructed sign, or signed statement allowing the business located off-site to add their business nameplate to an existing freestanding or monument sign. Staff suggested consideration for requiring a co-location on an existing sign so a proliferation of signs did not become an issue.
3. Permission from the owner of commercial property shall include a specific time limit or expiration date for the off-site signage. After such time the permission shall either be renewed or the sign removed.
4. Off-site signage shall require a sign permit. The Owner's (of the property) signature shall be required on the application.
5. Off-Site signage shall conform to all other aspects of permanent signage as defined in Section 4.21 of the Unified Development Ordinance (i.e. freestanding, monument, etc.).
6. Off-site signage shall not be allowed on vacant property.
7. The business requesting off-site signage shall be required to have a permanent sign on-site prior to approval of any off-site signage.
8. No temporary or auxiliary off-site signage shall be permitted; such signage shall only be allowed on the property on which the business is located.
9. All off-site signage shall comply with the Outdoor Lighting ordinance found in UDO Section 4.24.
10. Signage, when constructed, shall meet minimum required setbacks, and is prohibited from being located in the public rights-of-way.
11. The Town shall not provide legal advice, direction, or act as a negotiator between property owners.

Council and Staff discussion regarding the Ordinance recommendations:

- Council discussed what would happen if the property were sold. Staff thought a change of ownership of the property owner most likely would require a new sign permit. Council members disagreed and thought it would be like any lease in that a new property owner may be obligated to abide by the lease or agreement terms. Staff would obtain clarification from the Town Attorney.
- The Council would need to determine if the square footage of the sign would count against the property owners own sign square footage limitations or if it would be part of the allowed square footage of the offsite business. Some Council Members thought it may be counterproductive to take away the square footage of the offsite business by diminishing their onsite signage because of an offsite sign. Staff explained that there were already multiple types of signs that could be incorporated by the offsite businesses without allowing them additional square footage.
- The number of offsite signs on a frontage business could be limited through the use of co-locating. This would eliminate multiple signs on the frontage business property.
- The prohibition of offsite signs on vacant land was because of the primary accessory uses' regulation. If there were no primary use on a vacant property, why would the Town allow a sign on the property. Anything on a property had to be an accessory to or a primary use.
- Town was not supposed to regulate signs by content and since this issue was originally addressing businesses but would have excluded non-businesses. The first recommendation could include businesses that were further than  $\frac{1}{4}$  mile away if the Council wished. There was also the new option of the Grand Canyon signage that advertised businesses for a

nominal monthly fee. To allow businesses that were further than ¼ mile from the highway the option to use offsite signage could create an overabundance of signs on the highway.

- There needed to be a limit to the number or size of the offsite signage on the frontage property. The freestanding sign limit of businesses would be transferred to the frontage business and should not get too out of hand

**Public Comment:**

Dan Brundage, Affordable Auto Repair, did not care how the Town handled the off-premises signs as long as he could get a sign on the highway. If a frontage property owner was willing to allow off-premises signs, it was a good idea, but charging a high monthly lease fee should be prohibited.

**Conclusion:**

Staff would work with the Town Attorney to address and finalize the Council questions and get it forwarded to the Planning and Zoning Commission.

- 4) Consideration and discussion regarding the Town's water future. (Mark Holmes, Water Resources Consultant)

Water Resource Director Mark Holmes presented the following:

**Main Topic Points:**

- The water vision topics of the General Plan
- The meaning of sustainable water use
- Smart growth in relation to water.
- Public versus private water service
- Questions to the Council regarding the future priorities, challenges, and opportunities

*The General Plan Vision:*

- Expansion of business, housing varieties, transportation options while maintaining farming, recreation, environmental assets and small-town image at the same time that the Town was growing.
- The Town's greatest assets: lifestyle, scenery, open space, air quality, water quality
- The Town's greatest concerns: lack of employment, business opportunities, water resources, neighborhood upkeep, and road improvements.
- Opportunities needed: business expansion and job variety, business park employment, neighborhood shops and cafés, major retail store development, community cores, parks and trails, and health and medical care facilities.

*General Plan Water Resource Vision:*

- Encourage sustainable water resources and protect water quality as the town grows.
- Widely accepted meaning of the term sustainable: integrated social, economic and environmental components into all designated water uses that protect and restore water quality and water quantity.

Council, staff and Mark Holmes continued to discuss the following:

- *Water Rights*: Town had robust water rights and there was no limit to how much water the Town could serve. It could expand its infrastructure and serve non-subdivisions requiring a certificate of assured water supply. The Town could serve non-subdivision residential, commercial or industrial.
- *Line extensions*: The Town could consider developing satellite service areas with new or existing water wells, a reservoir, pump station and limited service area instead of extending long water and sewer lines. The Town would start with a temporary type one mobile water right until there were enough customers to obtain the service area right. In time the two service areas would meet and join. It was a common standard practice within the state. Private companies had a Certificate of Convenience and Necessity (CCN) that defined their boundaries and the Town could serve adjacent to it or there could be overlapping service with parallel lines in the street if the private company did not want to serve the entire service area.
- *Big Chino*: The Town had the ability to import water from the Big Chino, and had the only import permit issued by the State.

General Plan Water Resource Goals:

1. Encourage a water resource management and protect water quality accomplished through streamlined subdivision regulations and expediency and flexibility. Ensure major and minor subdivisions complied with ADWR assured water regulations, add procedures for five or less lot developments for non-assured water supply service, and encourage shared wells through parcel splits and compliance with state and county regulations.

Shared Well Advantages: The advantage of a shared well was, if there were a five-lot development and each lot had an exempt well, the lot with the deepest well would be the long-term winner and the shallower wells could be impacted. A shared well provided noncompetition for the water supply. The water levels of the aquifer were dropping due to over drafting. There was no direct advantage to the Town, but it provided consumer confidence and security to the residents that were invested in the well. It would be a quasi-HOA with a contract.

2. Expand indoor/outdoor water conservation and rain catchment through education to existing home and business owners and regulation method for all new construction. This could be accomplished through distribution of water conservation technique brochures, incentives for replacement of lawns with drought tolerant vegetation, incentives for replacement of high water use showers and toilets with low flow fixtures in older homes, and discourage high water consuming businesses.
3. Promote the expansion of the Town's municipal water distribution system and sewer collection system, and expansion of the reclamation facility. This would be accomplished through endorsement and publicizing the importance of a municipal utility expansion, protection of the water resources and the economic development aspects; form and expand the citizens committees to hold public education workshops to promote understanding of the utility expansion; produce pamphlets, diagrams, and tables that explained locations and potential economic benefits for the utility expansion; explain the financial benefits to all property owners by the expansion of utility systems along the Highway 89 corridor; emphasize the development of expansion where utilities existed and were the starting point for the expansion.

4. Increase future water resource augmentation for Town. This would be accomplished by working cooperatively on a regional basis in support of long-range importation of Big Chino water to the tri-city area. Town could also continue working on the existing town specific water augmentation projects and moving them forward. The timeline of the Big Chino importation was unclear, so the Town needed to continue working on current projects.
5. Encourage new residential development to install paved roads designed with proper construction material and drainage features to control dust and erosion. This could be accomplished through upgraded regulations for road design commensurate with projected traffic volumes. It could also be added that the Town could examine new water and sewer infrastructure expansion projects with new roads. Additionally, examine new street designs that could provide storm water for passive street landscapes and the residential, commercial and industrial element.
6. Update regulations for paving driveways, parking areas, and storm water requirements for business uses. This would be accomplished by adding green technology such a permeable surface that help control dust, storm water, and drainage; encourage bio-retention storm water areas to help with purification and infiltration of the storm water back into the aquifer; increase the recharge into the aquifer; and decrease allowable slope percentages at standard retention ponds to allow for vegetation growth on the slopes versus riprap, which leads to erosion issues.
7. Assess new development for potential air and water impacts. This would be done through green business development, nonpolluting businesses and discourage high water consuming businesses. A high water consuming business example would be a water bottling company that took the water without recharging it back into the system.

Council, staff and Mark Holmes discussed the following:

*Smart Growth in relation to water:*

Why the Town became Incorporated:

- The Town was the expert at entitling land and was assisting property owners at entitling their property in a way that accommodated smart growth and improved the entitlement through the enhancements of more organized smart growth. The Council were the champions of how the community would grow smarter than if the Town was not incorporated and the County were in charge.
- Smart growth included housing, transportation, recreation, resource management, economic prosperity, better social engagement, and environmental protection.
- The results in poorly entitled land with growth led to unaffordable homes, lost farms and ranches, congestion sprawl growth, and worsened environmental conditions.

*What is Smart Growth in relation to water:*

**The top ten accepted concepts for smart growth:**

1. Mixed land uses (community core). Developing community cores with mixed land uses that put residential, commercial and recreation uses close together. It would provide a more walkable and bikeable community, easily accessible amenities, allowed for a more diverse population, and made the area attractive and safe for residents. It also built communities

- around public spaces and reduced pollution.
2. Compact building designs. It made efficient use of land and water, preserved more open space, reduced the needed resources for the developments, and promoted rainwater filtering and recharge.
  3. Create a range of housing opportunities. Provided quality and affordability for people of all income levels by allowing new construction and development, integrating single and multifamily housing support and supporting more diverse populations, utilizing different forms of housing and allowing for and accommodating increased densities without radically changing the landscape. It could be achieved without changing the Town's look.
  4. Create walkable neighborhoods. A walkable community was a desirable place to live, work learn and play and a key towards smart growth. A walkable community made pedestrian activity possible especially for children, created street scapes for a range of users (walk, bike, equestrian), and ensure safe and inviting pedestrian corridors.
  5. Community with a strong sense of place. A vision with development standards that respected the community's values. It used natural and man-made boundaries for neighborhoods, encouraged the construction and preservation of buildings that were assets to the community quality (don't lose the Town's heritage), and the community quality would help to retain the Town's economic vitality over time.
  6. Preserve open space. Natural areas that provided important community space, habitats for wildlife, recreation, farms and ranches, places of natural beauty and critical environmental assets, removed developmental pressures from the areas, redirects new growth to develop in the right areas, mitigates noise and air pollution, and protected surface and groundwater resources.
  7. Strengthen and direct development towards planned growth areas. Redeveloping vacant lots, old buildings, parking lots and directing growth towards the existing core development areas which provided more cost-effective development.
  8. Provide a variety of transportation choices. Provided people with more choices by providing a multi-mobile transportation corridor.
  9. Make development decisions that are predictable, fair and cost effective. Only private capital and markets could supply the capital needed to meet the growing demands for smart growth. The value of property and desirability were affected by government investment in infrastructure and regulations.
  10. Encourage community and stakeholder collaboration in development decisions. It created a great place to live, work and play if the community responded that way and it provided the vital important innovative feedback that the Town wanted to hear and then incorporating those ideas.

**Town accomplishments and successes:**

- Business Park zoning at Old Home Manor (OHM)
- Integrated Water Master Planning at OHM
- New Economic Development and Development Services positions filled
- Sign package for municipal buildings
- Rewrite of the UDO to a more user-friendly code
- Agreements for Business Parke improvements to make it business ready
- Regionalization for economic development in the Quad-City area
- Award of contract for the public shooting-range
- Town's 50th Anniversary book completed
- RFP out for R.V. Park at OHM

Staff added that the gas line to OHM was also underway.

Public Versus Private Water Utilities:

There were already public and private utilities in Town.

**Pros for public utilities:**

- Local control – Public officials keep local control of the vital public resources.
- Water customers have direct input – through public meetings.
- Municipal providers are transparent – open meeting laws and open public hearings regarding activities.
- Municipal water providers operate to break even – provide the highest quality of water at the lowest possible price. Enterprise funds were not for profit and excess funds were used for capital improvement projects.
- Municipal water providers want to serve the entire community
- Municipal water providers can use provisions of service for smart growth – the Town could influence how water was used for smart growth through efficiency and increased conservation.
- Municipal water providers work diligently towards fair and equitable pricing – regardless of income levels.
- Municipal water service rates were kept as low as possible
- Municipal sewer rates were kept as low as possible
- Municipal water rate increases were at annual rate inflation - the cost of doing business goes up annually.
- Municipal water providers use competitive bid processes.
- Municipal water providers keep costs to a minimum.
- A review of municipalities that took back operation of private utilities averaged a 21% reduction in operating costs for water and sewer.
- Municipal water providers have access to inexpensive money.
- Municipal water service is carried out with standards and best management practices.
- Municipal operators are subject to engineering standards and implement the best available technology.
- Municipal water providers use standards to ensure adequate workforce and levels of quality water service.

Staff explained the town had municipal sewer that was on private water and it made it difficult to get paid when dealing with those type of customers, but when on both town water and sewer, the meter could be shut off.

**Cons for private utilities:**

- Private or third-party water companies are accountable to their boards and investors not the public.
- Decisions were based behind closed doors or closed meetings, there were few opportunities for the public to have input.
- Nor requirements for transparency
- A private or third-party water provider has a goal of profitability
- A private or third-party water provider often cherry-pick water extension projects that exclude low income communities where water usage was low and building issues hurt the corporate profits.
- A private or third-party water provider often partner with developers creating sprawl developments serve certain developments and no one in between developments.
- A private or third-party water provider may undermine fair and equitable pricing through rate hikes, disconnections, and inadequate utility investments that lead to economic consequences.

- For a typical household, private or third-party water service cost 59% more than municipal or \$185 more per year.
- Private or third-party sewer charge 63% more than municipal sewer.
- Private or third-party water utilities rates increase at about three times the annual rate of inflation with an average of 18% every other year.
- A private or third-party water providers do not usually use a bid process.
- A private or third-party water providers have increased costs due to corporate profits, taxes, dividends, and non-competitive bid processes.
- Municipalities that implemented private water service saw an increase of 25% for administering a contract.
- A private or third-party water providers use a mix of equity and corporate debt.
- A private or third-party water providers have maintenance backlogs and wasted water.
- Many private utilities cut corners.
- Privatization of water service areas have seen a cut of the water labor force of one in three positions.

Private utility companies were meeting with the Arizona Corporation Commission to primarily address rates. Private and public water suppliers were required to undergo ADEQ to provide an annual water quality report.

Mark Holmes requested Council discuss their views. The following issues were discussed by Council:

What opportunities should be embraced for current and future growth, growing smarter and that provides a benefit to the community?

Council members had the following comments:

- Within 20 years, all the private water companies belong to the Town and new infrastructure to put treated water back in the aquifer without increasing the number of wells.
- Private industry was more effective than the government and the statistics from the EPA were not valuable because the EPA was a corrupt outfit. Mr. Holmes explained both the EPA and the Food and Water Watch, which was a respected organization, provided the data.
- The procurement process versus private industry was slanted to pro-municipality. Private water companies could put water and sewer lines in the ground for less money than the Town. There were concerns voiced that the water from private companies was not put back into the aquifer. Without the proper infrastructure, the water would not go back in and the aquifer would continue the overdraft water use.
- Agreed that if roads were built or improved, water and sewer lines needed to be put in at the same time. Infrastructure growth was also important, especially sewer so the water could be charged back to the aquifer and stop untreated water from going back into the ground.
- Infrastructure was critical and the water and sewer combined could bring potential companies.
- If the Town wanted to bring business to the community, there needed to be work on the infrastructure, but it was expensive to get to the point they needed to be. Everything needed to go through recharge and no more new wells, but that was a fantasy. There were large pieces of property in the community and the cost of running lines to get the recharge was high and it was an unrealistic wish list except on new developments. There was no way to eliminate private wells and hook that water to a sewer system. Prescott was recharging, but there was a lot of ground between Chino and the airport area and most likely they were pulling more from the aquifer than they were recharging, if they were recharging it at all. If Prescott wanted to do the right thing, they should run a line from the

airport to Chino, and they should recharge into the aquifer they were pulling from. If water were to be taken from the Big Chino aquifer, in order to satisfy all the interested people, the water pulled from the Big Chino would need to be recharged back into the headwater of the Verde River. If Prescott could get their recharged water to Chino, in time Chino could get it to the Big Chino. As part of the Quad City areas, Prescott had the obligation to figure out how to fund it because it was their future too.

- The goal was not to take private wells, but private water companies. The wells of private individuals were off limits. The more wells brought into the system, the cheaper it made the water and sewer for the customers.
- A long term projection of use and needs would come from the Water Master Plan.

**Public Comment:**

Stanley Vorce questioned if there was a way for Prescott to recharge the Little Chino aquifer, which they were pulling water out of, in a quicker and more efficient way. The deep well recharge was an 80 to 100 year process and if the overdraft continues eventually only air would be drawn instead of water. Mr. Holmes explained that Prescott was recharging their water at a recharge facility. They were recharging their reclaimed water, treating and recharging similar to the Town. They were drawing water from the Little Chino, as was everyone in the area, but like the Town, they were putting water back. Exempt wells with private septic systems were not putting water back into the aquifer as efficiently or not at all. There could be municipal cooperation to further examine the situation. Mr. Vorce recommended visiting the Citizens Water Advocacy Group (CWAG) online, because they shared the same concerns and thoughts and the Little Chino was in peril and the Big Chino was not being used. It was explained by Council that CWAG was not supportive of the Town's goals. Their main goal was to keep private wells but those wells did not recharge which was a huge issue. The Town needed new developers with private wells to recharge back into the aquifer. Everyone agreed there needed to be a meeting of the minds.

*What were the limiting factors/challenges that the Town needed to overcome to achieve smart growth, Regulations, water supplies, infrastructure and other components?*

Council members had the following comments:

- Revenues and how to appropriately spread it out.
- The infrastructure was the most important thing for the Town's growth, but it took money. It would be a struggle for the Town for a long time, and they could only work towards their goals. The benefit of the Town was they did have water, but building out the infrastructure would be a long hard struggle.
- Mr. Holmes stated that the Town was experiencing growing pains, and maybe the development of infrastructure would be baby steps, with a small portion of the lines developed every year. As the infrastructure grew, a more reliable water system was being developed and more customers were being brought in.

**Public Comment:**

Stanley Vorce questioned how Prescott could be encouraged to come up with the initiative to help the Town in recharging the aquifer because it was important to their future as well as the Town's. Staff stated Prescott had taken on a more cooperative nature than they had in the past.

*Had the factors and challenges been thoroughly identified, analyzed and quantified that currently limited the activities of Town? Had something been missed that Council wanted as a priority? Should the Town expand its water and sewer utilities?*

- Council: Questioned if the Town should focus on maintaining what they already had versus expanding. There needed to be both. If the Town did not grow, it would die, but how much growth could the Town afford. If what the Town already had was not maintained, would any economic growth potential die? The current roads needed to be funded. Staff explained that water and sewer extensions were paid through enterprise funds and could not be used for roads.
- Staff: The strategic expansion of the utilities was important. The connection fees could be waived to help get customers on the system.
- Council: The Town needed a plan to help determine the projects and needed to determine if other projects or funding needed to be cut to help fund maintenance of the roads. The Town would be better served to invest in the commercial corridor because investing the money in the residential area would be a slower return on the money.

Mr. Holmes: Questioned what return could be expected if utility lines were run down State Route 89 corridor. If the economic growth brought in twice the revenue it took for the expansion, and the funding could work in tandem, would it justify the expansions? Studies would show the cost of infrastructure and could also anticipate the timed payback.

Council members had the following comments:

- The economy was cyclical and would have a downturn, and the Town should be sure to have reserved funds for those difficult times.
- Any sewer lines south of Perkinsville could be gravity fed to the treatment plant, but anything North of Perkinsville would need to be pumped and the cost would increase exponentially.
- Then finance committee needed to determine the available revenue funds, where it would be used and what could be used for roads, water and sewer.
- Infrastructure demands needed to be continually examined, but if the Town listened to the public, the roads needed to be funded. Until the roads were funded, there was not any money to do anything else since citizens did not want higher taxes to pay for those roads. Six to seven percent of the Town's budget would cover roads Town could cut the budget across the board with every department in the Town getting a six percent cut so that a road's maintenance program could be funded. The other alternative was to let the citizens come and demand the roads be fixed and fund the Town to do it. The election showed the citizens wanted the roads fixed but were unwilling to pay anything to do it.

*Should the Town develop new or modified mixed land use plans that are supported within the General Plan that are predictable, fair, and cost-effective? What do these look like?*

- Council: The business park was a stand-alone development area. Mixed land use was already in Town and the Town had been conscientious about rezoning and development needs without going overboard and mixing incompatible uses.
- Staff: Questioned if senior communities, which had been a big deal several years ago but had not been brought up recently, were still a local need. It was still a development need but it was a big investment and the return on the investment was unclear. The Town was open to that type of development. Staff explained the median age of the community was 65, which qualified it as a retirement community, as was the entire county. This often times will disqualify an area for senior specific community developments.
- Council: At a recent governor's session, it was stated that Yavapai County was a target growth area. People were coming with money, but may not want acreage. Other people

were coming from Northern California after getting insurance payoffs with cash in hand.

Council took a break at 10:46 a.m. and reconvened at 11:00 a.m.

Senior Planning Position:

Human Resource Director Laura Kyriakakis introduced Hans Friegal, who had interviewed for the Senior Planner position and was extended a verbal offer, and they were hoping to close the deal that day. He had an extensive background in planning, and he would be a great addition. Mr. Friegal introduced himself and detailed his seven-year certified planning background.

a) Water and Utilities Subcommittee report.

Council Member/Chair Turner reported the following:

- The Committee studied three different water study options for OHM to look at the water availability.
- Satellite Water System Study
- Highlands Ranch Well withdraw area and whether drilling a replacement well in another area would be valuable.
- The Committee also discussed water utility expansion on the Peavine Trail with the planned loop and the possibility of continuing along the trail instead of an expansion on Road 1 East so there would be no road work. Staff would get the cost of plans for this proposal.
- Staff explained that some members had wanted to research sewer along Highway 89 coming from Perkinsville Road to connect with some commercial and residential properties. The committee wanted staff to look into the viability of sewer along Hwy 89. The Wine Glass acres area should also remain a future consideration.

**Recommendations:** Move forward and stay with the OHM study. The satellite water system would depend on any negotiations with the City of Prescott. Maintain control of the Highlands Ranch area because the withdrawal authority was an asset that could be used in the future but not something that should be funded currently. The focus would remain on OHM. The funding for OHM studies was budgeted at \$250,000 for water resources, water system, and capital improvement plan, and the finished plan came in at \$287,000 with a contingency of \$25,000 for possible sewer monitoring. It was on the next Council agenda

b) Sewer plant capacity. (Frank Marbury, Public Works Director/Town Engineer)

Public Works Director Frank Marbury reported the following:

- Sewer Plant Design: The sewer plant was designed for 500,000 gallons per day, so when it hit 400,000 per day, the Town needed to be under design, at 450,000 it needed to be under construction. The facility was averaging approximately 20,000 gallons more per year or about 100 additional homes. The Utilities Committee believed there was enough time to wait and evaluate it again in the next budget year process (FY2022).
- Septage Receiving: There were current needs that tied into the septage issue. The equalization basin was still needed as were the blowing units and septage receiving. All three were tied together in the OHM study, which was currently underway. The results would be presented to Committee when it was complete. Staff should have information on the demand side of septage receiving within a month and the complete finalized study within a few months. Some construction might be possible in FY21 if the funding was available.

- c) Update on Enterprise Funds. (Joe Duffy, Finance Director and Frank Marbury, Public Works Director/Town Engineer)

Finance Director Joe Duffy reported the following:

- Enterprise funds: Both funds were solidly in the black, with healthy revenues for both water and sewer funds. New homes were helping to keep the funds healthy.
- Sewer Rate: Staff would do an additional analysis, and hopes to continue reducing the sewer rate each year to get close to the State average.
- Preliminary Projections: Staff had not met with most of the departments. Once staff knew the budget priorities, they would meet with the departments to determine what was needed to reach the priorities, until then all the numbers presented were preliminary.
  - Water Enterprise Fund: Over the next five years, the water systems fund balance, should grow \$100,000 per year with the current rate and a small growth factor. The money would be available for capital expansion. The Town was at year three of a five year rate plan, with a three percent rate increase. The regressive rate schedule was trying to encourage water conservation.
  - Sewer Enterprise Fund: It was increasing approximately \$200,000 per year, but his fear was that it was driven by new home construction and there were only a few lots left at Bright Star and Highlands Ranch for development. There were no other large subdivisions that would be connecting to the sewer utilities. The projections would be going down because the same number of homes would not be added unless another large development came along. Staff said there were a couple developments in the process, but the timeline was unknown. Some strategic extensions could be accomplished. The funds were in stable condition.
  - Repair/replacement Fund: It was fully funded with Water Infrastructure Finance Authority (WIFA). There was funding in the bank for repairs and replacement. The only requirement was that money be put into the fund annually.
- Council: Requested a sewer plant expansion cost before reducing any rates. Other members thought the Town needed to get the rates down, as promised to the citizens, to be inline with the rest of the State.

- 5) Consideration and discussion regarding roads. (Frank Marbury, Public Works Director/Town Engineer; Councilmember Corey Mendoza)

- a) Roads maintenance / Roads and Streets Committee report.

Mr. Marbury and Councilmember Mendoza discussed the following:

- Funding: The typical annual budgeted amount for roads was \$350,000, but the current year was more. It had been as low as zero when the economy was down. Staff reviewed funding and funding sources for past years.
- 2021 Road Projects: In order to check off all the needed road projects, the Town would need \$7.7 million. The committee whittled the list down and came to a consensus.

**Recommendation**: Focus on arterial roads with a \$350,000 budget.

- The secondary roads could not happen and the subdivisions would not get any funding for road work.
- Road 2 North was getting bad, and the committee agreed it needed to be saved before it completely came apart. It would only be a pavement repair with no infrastructure expansion. The work would happen either before or after the Road 1 North traffic light

project.

- Road 1 South and Road 1 East intersection was only patch material and needed to be repaired. It was a high priority of the committee.
- The committee would also evaluate Road 3 South. There was a lot of water that crossed the intersection when it flooded.
- The committee wanted to push the Council to get more funding for the roads. To maintain the roads, \$1.5 million was needed annually, to improve, \$2 million was needed annually.

Available Funding: The funding issue needed to be reviewed by the finance committee. Finance staff thought there was \$400,000 available. One of the things to consider was the General Fund Reserve was at \$5.8 million. Per code, a \$3 million balance was required, leaving 2.8 million extra funding. The Town could use \$500,000 for roads. It was a proposal that would be brought to the finance committee for consideration. The Town had approximately \$300,000 in additional funding annually that went into the reserve fund. The Town could pre fund the HURF funds with the anticipated annual overages.

Road Maintenance Plan: Staff explained that if the Town was going to be putting money into roads, there should be an organized road maintenance and pavement management plan. It would objectively prioritize the roads, give the numbers for the deferred maintenance, and would develop the five and ten year capital improvement plan to ensure the funding was used appropriately.

State Tax Funding: A proposed bill for road additional HURF funding would most likely not pass the Governor's desk and the Town should write a Resolution in support of the bill.

- b) Road 2 North road maintenance.

Council determined this item did not need to be discussed.

- 6) Consideration and discussion regarding departmental initiatives for Fiscal Year 2020/2021.

- a) Capital projects by department.

Town Manager Gritman and Finance Director Duffy presented the following:

- The departments had been asked to present any possible capital improvement projects for Council consideration.

Recreation: There was a new master plan to help determine what to do around the community center. The plan showed the future goal and what needed to be done to reach the goals.

Senior Center: Bids for the new flooring came in low so there could be new interior paint as well.

Facilities: The HVAC systems and facilities roofs at the Town facilities were getting old, so they were proposing getting the worst facilities first. The Senior Center was an emergency and the Recreation Center would be deferred until next year. The plan was to slowly maintain the buildings.

Police Department: Budgeting for three new vehicles, and since the lease purchase was paid off, staff would put in two police cars annually and an admin vehicle.

Non-departmental: There was \$65,000 for outside agency funding, the 50-year anniversary celebration, ADR water study, Document Management Program, \$500,000 in contingency

funding, \$100,000 in HURF funds.

Roads: \$400,000 budgeted for preservation of roads. They would be kicked out of the roads building Quonset hut in 2021. The lease either needed to be changed or a new building was needed.

Sewer Enterprise Fund: Collection system cleaning, drying beds, and contingencies.

Capital Improvements: It was one percent of the sales tax and could be used for recreation, police, and debt service. The council could change how the funding was used and some of the money could be used for roads or other items if the Council made those changes by resolution. One percent was about \$1.6 million annually.

OHM Master plan: It would cost approximately \$265,000 split between the current budget and the upcoming budget.

Welcome to Chino Valley Sign: \$100,000 budgeted

Impact Fee Study: \$75,000 placeholder in case the Council chooses to do it.

Gas Line at OHM: \$750,000 budgeted

Police Department Design: \$250,000 for the estimated 30% preliminary phase of the design and an additional \$300,000 for final design if the Council chooses to do that.

Department Transfers: \$150,000 to support the aquatic center and \$250,000 to support the Police Department.

Debt Service: The debt service was approximately \$973,000.

Asset Replacement Fund: Was for one-time funds the Town received and was to be used for asset replacement or a small emergency fund.

Staff still needed to meet individually with the departments.

- Council Member: Consider using funds for flashing speed signs. Staff said they ran about \$4,300 per sign plus installation, but the signs could not be put on State Route 89 because it belonged to ADOT. A temporary sign might be useful and staff could work with ADOT to make a temporary or permanent sign work.
- Staff: Presented and discussed the recreation center master plan design. The master plan was developed and reviewed by an ad-hoc committee. The plan was to pave the parking lot and it needed extensive work. The full design plan was estimated at approximately \$900,000 and could be broken down into multiple years. Staff was waiting on OHM development before moving too far forward with the recreation master plan development in case a recreation facility could be located there as part of a larger master plan.

b) Road 2 North utilities. (Frank Marbury, Public Works Director/Town Engineer)

Council determined this item did not need to be discussed.

c) Update on Public Safety Personnel Retirement System. (Joe Duffy, Finance Director)

Finance Director Joe Duffy discussed the following:

- The Town's public safety retirement fund was severely underfunded as were most throughout the State. The Town was getting further behind in the unfunded liability.
- For the last few fiscal years, any funds left in the contingency fund was used to pay down the liability of the PSPRS.
- In 2017, the Town was at \$2.5 million and in 2019 it had started to go up until the Town started to pay it down. The current liability was \$3 million.
- The total employer contribution in 2017 was 25.79% or .26 cents of every dollar earned by

a police officer had to be paid into the retirement fund and it kept going up and was now 30.27%.

- With the extra \$300,000 annual contributions, the Town's liability was going down about \$65,000 annually. The rate will continue to decrease.
- It was a good return on investment to continue to fund it as aggressively as possible, but the Town was not obligated to do so. If they did not put in the extra funding, the rate would continue to grow.
- At the current rate, if the Town continued to put the extra funding towards PSPRS, it would be paid off in ten years.

**Council:** Agreed with the Finance Director that the Town should continue to pay down the liability with extra funding.

Council took a break at 12:05 and reconvened at 12:11 p.m.

7) Consideration and discussion regarding Strategic Plan update. (Joshua Cook, Development Services Director)

Development Services Director Joshua Cook discussed the following:

- The strategic plan developed in the previous year included three focus areas and goals:

Focus Areas:

- Infrastructure
- Water
- Economic Development

Goals:

1. Sewer and Water extensions at OHM(still in the process as a multiyear project) The Town had made a decision on what to accomplish for now. The master plan could be used to help plan in this goal.
  2. Sewer and water extensions to help promote economic development.
  3. Master Plans for Municipal Facilities (community center, police department facility, North Campus development, Treatment Plant building)
  4. Develop economic development strategic plan for OHM
  5. Inventory of Town wells
  6. Analysis of development agreements
  7. Economic development exclusive of the business park
  8. Planned area zone
  9. Exploration of an RV Park at OHM (out for RFP)
  10. Create activities to celebrate the Town's 50<sup>th</sup> birthday with volunteer help (almost complete)
  11. Water masterplan for OHM (completion by November if work approved by Council)
  12. Physical availability determination of water (completed by month's end)
- Each goal should be listed under each focus area.
  - Staff wanted to revisit previous goals and add a timeframe: Short term, medium, or long-term goals. Objectives and implementation strategies could also be added. The goals

should be more specific.

**New List:**

**Focus Areas and Goals:**

● **Infrastructure**

- Sewer and Water extensions at OHM (still in the process as a multiyear project):

The Town had made a decision on what to accomplish for now. The master plan could be used to help plan in this goal.

- Sewer and water extensions to help promote economic development.
- Water master plan for OHM (completion by November if work approved by Council)
- Roads comprehensive plan development – roads in good condition.

**Objective:**

- Funding sources
- Strategy
- Planning development
- Prioritization of work
- **Water Resources**
  - Inventory of Town wells
  - Water master plan for OHM (completion by November if work approved by Council)
  - Physical availability determination of water (completed by months end)
- **Economic Development**
  - Develop economic development strategic plan for OHM.
  - Economic development exclusive of the business park.
  - Exploration of an RV Park at OHM (out for RFP)
- **Recreation/Tourism**
  - Exploration of an RV Park at OHM (out for RFP)
- **Community Development**
  - Master Plans for Municipal Facilities (community center, police department facility, North Campus development, Treatment Plant building)
  - Analysis of development agreements
  - Planned area zone
- **Public Safety**
- Wine Glass Ranch

Mark Holmes explained the following:

- The company, EHS Support, specialized in remediation projects and was currently doing groundwater modeling and remediation of one of the largest super fund sites in the Phoenix area. They offered the Town the Big Chino and Wine Glass Ranch Phase One work for the analysis of assured water supply that was required by the State. EHS was actually developing the necessary model and looking at the States documentation. It was \$68,000 worth of services the company was providing free of charge. They would generate a report that would be given to the Town with the information necessary to update the model so the Town could move forward with the next phase of the work.
- There was no obligation to use the company for further phases, but the Town could enter into a professional service agreement if they were satisfied with their work. Phase two was

estimated at approximately \$100,000.

- The water needed to be locked up as soon as possible so that Prescott did not lock it up.
- A basic contract for Phase 1 was already in place for the free services.
- It was being fast tracked for completion.

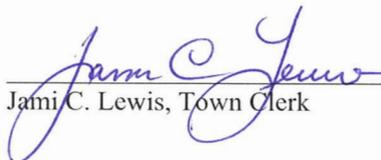
The Group summarized the goals of the meeting: Water issues, OHM master plan studies, and Wine Glass Ranch. The leadership group would put together some action items for the strategic plan and would be brought back to the Council.

8) ADJOURNMENT

Meeting adjourned at 1:10 p.m.

  
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Darryl L. Croft, Mayor

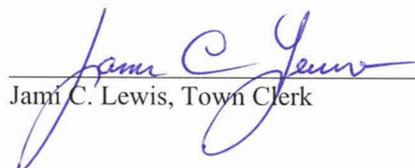
ATTEST:

  
\_\_\_\_\_  
Jami C. Lewis, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the <sup>Study</sup> ~~Regular~~ <sup>Session</sup> Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 18<sup>th</sup> day of February, 2020. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10<sup>th</sup> day of March, 2020.

  
\_\_\_\_\_  
Jami C. Lewis, Town Clerk