

**MINUTES OF THE REGULAR MEETING
TOWN COUNCIL WATER AND UTILITIES SUBCOMMITTEE
TOWN OF CHINO VALLEY**

**TUESDAY, JUNE 18, 2019
4:00 P.M.**

The Town Council Water and Utilities Subcommittee of the Town of Chino Valley convened for a public meeting in the Council Chambers Conference Room, located at 202 N. State Route 89, Chino Valley, Arizona.

1) CALL TO ORDER

2) ROLL CALL

Present: Corey Mendoza, Councilmember; Jack Miller, Councilmember

Absent: Lon Turner, Chair

Staff Frank Marbury, Public Works Director; Joe Duffy, Finance Director; Mark Holmes

Present: (electronically), Water Services Consultant; Mike Bovee, Utilities Manager

Vice Chair Mendoza called the meeting to order at 4.06 p.m.

3) APPROVAL OF MINUTES

- a) Consideration and possible action to approve May 28, 2019, meeting minutes.

MOVED by Councilmember Jack Miller, seconded by Councilmember Corey Mendoza to approve the May 28, 2019, meeting minutes.

AYE: Councilmember Corey Mendoza, Councilmember Jack Miller

Vote: 2 - 0 PASSED - Unanimously

4) ENGINEER'S REPORT

Mr. Marbury reported:

- Plans were progressing for the drying beds design and anticipated advertisement in the 4th quarter of 2019.
- Utility shop building contract negotiations were continuing. The legal issues had been resolved but the price was still being negotiated. It was currently scheduled for Council on June 25th, but staff was still waiting on the proposal.

5) CALL TO THE PUBLIC

Call to the Public is an opportunity for the public to address the Subcommittee concerning a subject that is not on the agenda. Public comment is encouraged. Individuals are limited to speak for three (3) minutes. The total time for Call to the Public may be up to 15 minutes per meeting. Subcommittee action taken as a result of public comment will be limited to directing staff to study the matter, scheduling the matter for further consideration and decision at a later date, or responding to criticism.

6) OLD BUSINESS

- a) Discussion regarding potential sewer and/or water extensions. (Continued from 5-28-19 meeting)

Mr. Marbury presented the following:

- Depending on development, there could be sewer lines close to the Road Runner community. Staff recommended concentrating expansion in that area if the developer came through on the south side of Juniper. The development would have utility lines on the southwest corner which was the backside entrance to the Road Runner Community.
- The other area staff recommended concentrating on was along Road 2 North to the west. The Town was considering proposing an assessment agreement for the 40-acres across from the school, which Clayton Homes may purchase and subdivide. The agreement would require developers to contribute when the property was developed. Staff had requested Civil Tech to formulate the appropriate cost based on the highest likelihood of types of use for the properties. Staff wanted to develop a design concept to determine an estimated cost to extend water and sewer utilities to the area, including street improvements. The cost estimates would be presented to the Committee and Council once staff had the proposed costs in hand.
- These two items would be in addition to Old Home Manor, with the cost of the Road 2 North project funded through a loan since the developers would eventually pay off the loan once they developed the property. The Town may need to fund parts of the extension that included neighborhoods not part of new development, and those costs would be determined in the proposed cost estimate.
- There were two options for the Road 2 North Project: Option A would take the extension to the school; Option B would take it to the well site on Sycamore Vista. The school would hook in and pay for services.

Committee Members, Staff and Mr. Holmes discussed the following:

- Since Clayton Homes was only in the due diligence mode and had not committed to buying the property and building a new subdivision, Committee Members wanted to wait until the Town had either seen a permit application or until Clayton Homes had bought the property. Staff should perform the study but Clayton Homes or other developers needed to prove they were serious before any agreements were made.
- Mr. Holmes said the Town could consider using the engineers working on the Old Home Manor project to save money if the timeline worked out, which the Committee thought sounded reasonable.

7) NEW BUSINESS

- a) Discussion regarding options for the Highlands Ranch Wellsite. (Continued from 5-28-19 meeting)

Mr. Marbury presented the following:

- The Town Manager had an offer to buy the property that had the well site that was in Highlands Ranch. The offer was dismissed because it was low, but it encouraged the Town to look at the future best use of the property.
- Staff had the boring logs, but they were difficult to understand. When the well was drilled, it corkscrewed. The deviation of a straight line made it so the well could not be lined and the hole unusable.

Mark Holmes presented the following:

- Explained the value of the well was that the site had a legal withdraw authority of 1000 gallons per minute assigned to it, which equated to 1,174-acre feet per year of withdraw authority.
- The well could be re-drilled anywhere within 660 feet from the current well location and it would still be considered the same well location under the State's Water Resources.
- It had significant value as one of the fourth or fifth largest water producing wells in the area.
- Before the Town abandoned the well and sold the property, an assessment should be made about a new well and if the system could be tied in with the current or future water system. A special assessment could be made or it could be part of the OHM project assessment. If the Town sold the property, they would lose that particular well authority forever, and well authority was hard to come by. That particular well had a pre-cold war authority.

Committee Members, Staff and Mr. Holmes discussed the following:

- The current well went to approximately 500-600 feet, but a new well should go deeper to look at the best water quality and production zone. A new well would cost approximately \$200,000 or more depending on the type of infrastructure attached to the bore hole. The value may have the ability to serve high production industrial development at OHM and it might tie in with a new system.
- The value of the water would be difficult to determine because there were two water rights the Town could consider. The water served for a certificate of assured water that the Town could sell at \$25,000 an acre foot for 100 years or the Town could use their service area rights to service non-assured water supply users or non-subdivisions.
- The Town would not have to potentially go through another well impact statement. A new impact statement had the potential to decrease the per minute gallons the Town could produce.
- The Town had the withdraw authority right forever without time constraints, so they could choose to do nothing with the well, but if the Town abandoned the well, they lost their rights forever.
- Discussed comparing the cost of looping water lines, installing water lines and the value of this well water.
- A rate study and growth impact study would need to be completed before a timeframe to recoup the cost of re-drilling the well was known. Staff would have that information before the well was re-drilled.
- The Town only pumped 247-acre feet within the last year with about 800 customers and brought in approximately \$300,000 in annual revenue.
- The Committee's recommendation was to not sell the well.

b) Discussion regarding future agenda Topics and next meeting date.

- EPA Grant Update to include looping the water system down the Peavine Trail and also looping the backside of Perkinsville. Funding for these extensions was a problem because EPA grants required existing infrastructure to eligible for grant funds.
- Montgomery Associates Scope and Fee – Old Home Manor

8) ADJOURNMENT

MOVED by Councilmember Jack Miller, seconded by Councilmember Corey Mendoza to adjourn the meeting at 4:37 p.m.

AYE: Councilmember Corey Mendoza, Councilmember Jack Miller

Vote: 2 - 0 PASSED - Unanimously

Submitted: June 27, 2019.

By: *Vickie Nipper, Deputy Town Clerk*

Approved: July 9, 2019.