

MINUTES OF THE STUDY SESSION OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY

**TUESDAY, MARCH 19, 2019
6:00 P.M.**

The Town Council of the Town of Chino Valley met for a Regular Meeting in the Chino Valley Council Chambers, located at 202 N. State Route 89, Chino Valley, Arizona, on Tuesday, MARCH 19, 2019.

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

Absent: Councilmember Mike Best

Staff Present: Town Manager Cecilia Gritman; Finance Director Joe Duffy; Public Works Director/Town Engineer Frank Marbury; Community Services Director Scott Bruner; Senior Center Administrator Cyndi Thomas; Magistrate Ronda Apolinar; Human Resource Director Laura Kyriakakis; Town Clerk Jami Lewis (recorder)

1) CALL TO ORDER; ROLL CALL

Mayor Croft called for a moment of silence for the victims of a fatal car crash that took place the previous day.

Mayor Croft called the meeting to order at 8:08 a.m. and led the Pledge of Allegiance.

2) Discussion regarding a Water Master Plan for Old Home Manor.

Mark Holmes presented on the following topics:

Integrated Master Planning Concepts

- Water planning studies help determine growth demands through water resources and an Integrated Water Master Plan (IWMP), a Capital Improvement Plan (CIP), an Infrastructure Improvement Plan (IIP), and a Utility Rate Study.
- The IWMP consisted of four complete standalone masterplans that are integrated together: (i) Water Resources Master Plan to determine water resource needs currently and in the future; (ii) Water System Master Plan to determine water infrastructure and level of service needed; (iii) Sewer Master Plan to determine sewer infrastructure needed; and (iv) Reclaimed Water Master Plan to determine how to manage the wastewater.
- A CIP identified the capital needs for short and long terms; the IIP identified how to fund them; and the Utility Rate Study developed utility rates for five years to keep the enterprise system in the black. Rate studies were often done by a committee. Two philosophies were to run the utility infrastructure to failure or the capital replacement plan.
- The five Levels of Service ranged from Level V with no guarantee for consistent flow, adequate pressure, and fireflow to Level 1 with no interruptions, good pressure and available fireflow. Regardless of level of service, it was required that safe and healthy drinking water was provided. Chino Valley's level of service was at the bottom of Level III, but could be elevated by a system that was robust, reliable, and resilient.

- A Utility Stake Holder Committee, consisting of 9 to 13 stakeholders made up of community members and business owners, would be formed and work with staff and Council to help with the infrastructure and utility rate study plans.
- Planning goals were needed to maximize the Town's limited resources with the goal of becoming a designated water provider. Lack of planning led to system failures, additional costs, and health and safety issues.

Old Home Manor Master Planning

- One way to start this planning process was to do it for Old Home Manor (OHM) or other high interest areas, rather than the whole Town, which would cost about \$1 million.
- Questions to be answered included anticipated development; needed dry, wet, or a combination of uses; water needed for build-out; how to provide water and sewer; size requirements; when needed; estimated costs; who would pay; and special assessments needed.
- Plans needed to do this were a Water Resources Master Plan, Water and Sewer System Master Plan, Reclaimed Water Master Plan, five-year Capital Improvement Plan, Infrastructure Improvement Plan, and Rate Study Plan.
- Staff was seeking Council's direction to move forward with the planning by developing a budget, scope of work, RFQ, and selecting a firm.

Council, staff, and Mr. Holmes discussed:

- Planning – Studies were showing that within the next 20 years, the population of Yavapai County would double. It was very important to start such planning. The Town's sewer plan for the east side was already 14 years old, and any other plans were outdated, without much opportunity to do much with them. Industry standard was to update them every five years and more often during substantial growth. They needed to be action-based. The Utility Subcommittee was the venue to begin this discussion. The Town had the funds to do a large-scale masterplan; it should invest funds now to plan for the next 30 years.
- OHM Wells – The Town had two good useable wells that could be used to provide the Town with enough water for any development except subdivisions.
- OHM Studies – Previous studies of OHM could be included in the overall masterplan. The EPS Group had done a conceptual design of OHM which could be used to develop a water budget. The Town could utilize the current infrastructure to get additional revenue for future OHM development extension.
- OHM Business Park – The project is on hold until after some of this work is done. The new Development Services Director will hopefully help move it forward. Some of EPS' concept designs could be used to develop the water budget and zoning. Public Works Director Marbury was concerned that the 8" water and sewer lines put in with EDA grant money were not large enough, and had there been a master plan, the correct size would be more sure.
- Master Plan Process – An RFQ should have a timeline limit and a limited, realistic scope. The Utilities Subcommittee could develop the scope of work.
- Gravity Feed – Placing a water storage tank at a high enough altitude would eliminate the need for additional pump stations. The Town could get another water tank at OHM to be a backup water supply to Bright Star. The Prescott Sportsmen Club's watchman home would be a good location.
- Solar Power – The Town could look into solar panels that could be donated and provide the power for the pumps.

Mike Fann, owner of the company that built the Town's sewer plant, agreed that a gravity fed system would be ideal and result in significant savings. The reason the Town had to start with a pump station was because of a big roadblock with state land. Staff should include a gravity system in the scope of work.

Mayor Croft requested that the Utilities Subcommittee work with Mark Holmes to develop a scope of work. Start the process of scoping the project. Mr. Holmes noted it will take several months to put a scope together.

- 3) Overview of the Town's obligation to provide reclaimed water for Bright Star and possible recommendation to Council for the direct selection of a consultant for professional services.

Mark Holmes presented the following:

- The Supplement to the Amended Development Agreement, executed October 12, 2006, provided that the Town make an amount of its reclaimed water available to Bright Star for Phase 4.
- The Town agreed to meet the obligation one of three ways: Become a designated water provider, making Bright Star's reclaimed water available through an ADWR Highlands Ranch style agreement, or through a physical availability determination, making Bright Star first generation reclaimed water available.
- Bright Star paid \$1.13 million for system improvements, and the Town owes Bright Star 45.32 acre-feet of assured water supply credits. The Town could have designated all current and future volumes of reclaimed water to equal 45.32 AF, but ADWR will not allow that now. To designate this amount of water to Bright Star will require a new agreement, and this provided an opportunity to condense the numerous agreements with Bright Star.
- The Town was able to perform on its water obligation to Bright Star. It was good for both entities and would allow the Town to recover water for any and all developments that get approved.
- In 2008, Montgomery and Associates performed an analysis of water supply for the Town's HIA acres in Big Chino, Wine Glass Acres. The analysis expired in 2018, and having Montgomery perform the physical availability for Wine Glass Acres and Bright Star could provide a cost savings since the firm had a lot of data already.

Council, staff, and Mr. Holmes discussed:

- OHM Water – The studies would provide information for how much underground water was physically available at OHM. The Town could not impact the City of Prescott's well, but since the OHM wells were further away, there might be less or no impact. When Prescott became a designated water provider, they locked in some volume, but not all. The Town needed to know what it had access to. There was plenty of water at OHM and the Town just needed to be strategic about it.
- Reclaimed Water – The State could look at the plant capacity buildout. The Town had close to one million gallons or 1,100-acre feet of reclaimed water per year for which it could get credit.
- Water Analysis – Bright Star had no or little water rights attached with its land. Mr. Holmes was looking into doing both OHM and Bright Star modeling under the same contract. It would take approximately six months to get the work completed.
- Bright Star Phase 3 and 4 – Mike Fann explained that his partner at Bright Star, Stuart Swanson, wanted to withdraw from Chino Valley. They were currently discussing a buyout and Mr. Fann planned to proceed with Phase 3. He needed assurance that he had the

- necessary water, without which he could not pay the buyout costs, to begin Phase 4.
- ADWR – Mr. Homes had a pre-application meeting with the State. He hoped to get the maximum number of acre-feet available. If the Town could tie its ag wells together with a recovery permit, it would set up the Town's future. The Town's goal was to be the sole water provider, which was also the ADWR's goal.

Mayor Croft suggested adding the cost analysis and recommendation to the Council on the next Utility Subcommittee meeting agenda.

4) Discussion regarding sewer and water infrastructure extensions in the Town, possible funding, and possible inclusion into the Strategic Plan.

Public Works Director Marbury reported that staff had developed a map listing possible areas of growth that showed how looping the system and constructing an elevated water tank would back feed water to surrounding developments, such as:

- OHM Business Park, four to six lots – \$300,000.
- Chino Meadows 3 – \$1.5 million for water connection only.
- Roadrunner extension down Road 1 East down to Road 4 South – \$2.5 million; and adding in Yavapai Estates was \$1.5 million, as all those lines would have to be replaced.
- W. Road 2 North – \$1.5 million, depending upon property acquisition, and to go under the highway was \$250,000 for each water and sewer; the Town might want to look at developers helping this and it may be a longer term goal.
- Peavine Trail area – \$400,000-\$500,000 to be paid for by the EPA grant, which has been extended to FY2023.
- The system ended near Walgreens, but the Town had another well in the area and would like to extend the line and pick up fire flow for the school and have a fill station for \$1.5 million to \$2 million.
- Chino Meadows 4 – \$1.25 million.

Council and staff discussed:

- Chino Meadows 3 – The subdivision's developer had wanted to partner with the Town in some sort of district, but recently, the developers indicated they did not want to pay the necessary cost for engineering and would most likely go onto their own water system.
- Prescott System – At some point in the future, if times were favorable, the Town could consider acquiring the Prescott system because the Town was not far from the Prescott System at Road 1 West and Road 2 North.
- Center Street – The high school was a combination of water tanks and Prescott water. The Town had sewer lines but not water lines on Center Street.
- Reclamation – The town reclaimed more water than they pumped because they had more sewer customers than water customers.
- Economic Development – Water and sewer up and down the highway could promote more commercial growth and development in the area. Water and sewer were not down the highway because 65% of voters voted it down several years before.
- Planning – Consider these costs before putting in any new roads and fund water/sewer lines when roads are torn up.
- Funding – This would be primarily WIFA loans and secondarily USDA loans or grants. WIFA rated projects on their economic viability.
- Current Connection Requirements in Code – Existing homeowners were not required to connect to a Town sewer or water when lines were extended. New developments were

required to pay a water connection fee but they were not required to use the connection. Homeowners were required to hook up if their private existing system failed. Subdivision properties were different than properties outside a subdivision. The Code should be rewritten to eliminate any confusion and to have only one set of rules for water and sewer.

- Sewer Master Plan – The old sewer masterplan followed the wash for a gravity system, but a system at Days Inn might make it more prudent to run down Road 1 East with a possible lift station to get sewer down to Road 4 South.
- OHM – The OHM master planning process could include the cost of installing water and sewer infrastructure.

Council requested that staff prepare a priority list, funding, and affordability options for a study session after May. Any documentation and previous studies should be brought to the study session.

5) Discussion regarding beautification projects along State Route 89.

Town Manager Gritman reported that different councilmembers had expressed an interest in beautifying the highway area, such as lighting and adding structures in the roundabouts, or add a welcome sign at the north end. The 50th Anniversary Committee wanted to do something as well, but funding could be a problem. One suggestion had been to sponsor a before and after business beautification contest. Some of this had been addressed through Code. Staff had been submitting newspaper articles, speaking at Chamber meetings, and targeting various areas of Town for public outreach.

Staff and Council discussed:

- Current Downsides – There was little to distinguish or identify the Town when driving through, especially on the north end. The south end was run down-looking. The medians were not being maintained; this was now the Town's responsibility.
- Further suggestions – Little improvements like Old Town Gilbert, such as light poles with flowers or Town flags—ADOT might not allow this; vegetation in the center median; solar lighting in roundabouts; plants in front of the Welcome Sign; and continue to engage the community.
- Pitfalls – To attract visitors, the highway needed to be attractive. The Town had looked into putting up three statues, but the cost was prohibitive. Landscapers that were using blowers to clean up private property were blowing the garbage onto the highway. The ADOT street sweeper was inoperable—the Town had offered their sweeper with the Town doing the State's sweeping in exchange for money for a crash truck.

Council preferred to put this on the back burner until after May.

6) Discussion regarding the Funding Plan (grants) developed by Melody Reinsdorfer.

Town Manager Gritman reported that:

- She met with Ms. Reinsdorfer in January who informed her that she had fallen behind due to the Government shutdown and she did not have any information at the time. Ms. Gritman had requested a funding plan by this meeting's date, but learned that Mr. Reinsdorfer had been in the hospital and was unable to meet the deadline.
- The Town had not paid for any services yet and she wanted to terminate the agreement, but she would first contact Ms. Reinsdorfer to check on the status and obtain any information

produced.

Councilmember Turner related that Kathleen Finlayson had contacted him and relayed that as part of her contract with Northern Arizona University, she was required to give back to the community and offered to help Chino Valley's Parks and Recreation program and Council with grants, master planning, park development, program development, etc. She will be attending the next PRAB meeting in an introductory visit. Community Services Director Bruner stated that he would have to discuss with Ms. Finlayson.

Council agreed with terminating the agreement, but agreed that she should be compensated if she did meet any expectations of the contract within a reasonable amount of time.

7) Update on Council's 2018/19 Strategic Plan and creation of 2019/20 Plan.

Town Manager Gritman reported that due to turnover with department heads, the Town had not made as much progress as hoped this past year. She wanted to be sure to keep the previous year's focus areas of water and water companies; OHM; roads maintenance and funding; infrastructure and town utilities; and maintaining a rural community and business friendly environment. She then led a review of the status of the 2018/2019 plan and took input from Council on each of the 17 initiatives.

- Item #1 Continue discussion with the four private water companies - This was an upcoming ballot measure and discussions were ongoing. Chino Meadows was trying to finish its lots had asked the Town to review its water trust agreement. There was new proposed legislation that could change the requirement of a public vote to purchase private water companies. There was interest from Council to force the Town's hand with the City of Prescott's water distribution system. The Council will hold an executive session regarding the Prescott IGA at the next Council meeting.
- Item #2 Extension of Sewer and Water at OHM - The Town had delayed any development at OHM in the absence of Economic Development and Development Services Directors.

Suggested Update: The Utilities Subcommittee will develop a scope of work for an RFQ for the Water Masterplan.

- Item #3 Outfit a second well to create a redundancy in the water system - Anticipated completion was the end of May.
- Item #4 Extension of sewer and/or water in low income/high density areas - The Town would pursue an extension if any appropriate opportunities came up. This was in the works for Smith Court off Center Street. The property owner would pay for 250 feet and the Town was attempting an extension of an additional 250 feet to capture seven or eight lots total. When the houses were built, they would be required to connect to the Town's sewer system.

Suggested Update: The Utilities Subcommittee might want to prioritize such future extensions.

- Item #5 Master Plan for Municipal Facilities - A small staff committee had been working on this, but will not discuss it further until after the May election.
- Item #6 Asset Analysis of real property - A Water Consultant Mark Holmes advised staff not to strip water rights from land at this time until further information on water was obtained. SRP strongly recommended that the Town own and control the HIA property because if the property were sold and a subdivision were to go onsite, there would be additional water use in addition to the Town importing three-acre feet per acre of HIA, and it would be considered double dipping.

The Town had also considered selling Highlands Ranch to Mandalay Homes and abandoning the onsite well, but the offer was poor and abandoning the well before the Town had a clear understanding of their water resources could be problematic. The well could provide an opportunity for the Town to expand their system as it had legal withdrawal authority and produced 2000 gpm. The well was a corkscrew well and was unusable in its current condition for municipal use, but it had more value than the land. The legal authority associated with the well allowed for pumping up to the total volume of water produced and an existing well avoids the well spacing impact analysis of a new well. The well information would be provided to the Utilities Subcommittee for their next meeting.

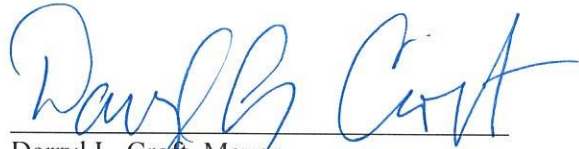
- Item #7 Inventory of Town wells, production levels - Staff had gathered the relevant information and needed to put the information together in a spreadsheet or readable format. Staff will present this to the Utility Subcommittee and get a drop dead date on that.
- Item #8 Analysis of Development Agreements - The Town will consolidate the Bright Star Agreement and was committed to providing reclaimed water. Chino Meadows had a pre-annexation agreement in which the Town had a vague commitment for roads. Staff believed the Del Rio water commitments had been satisfied, and they will confirm that. The Perkins wanted to visit with the Town to address some outstanding water credits.
- Item #9 Transportation Strategic Plan, development of funding options - This was currently underway with the ballot question. If the ballot measure fails, the Town would have to come up with a plan to assign roads and communications with the community because the roads will continue to fail.
- Item #10 Renegotiate Concessionaire Agreement with the Prescott Sportsmen's Club - The lease agreement was violated and the agreement terminated. An RFP was out and due by the end of March. The RFP requested that proposals include how the proposer would operate a public range. A new agreement would be created based on the selected proposal. The Police and Parks Departments were doing well with management of the range.
- Item #11 Develop OHM Economic Development Strategic Plan - The Economic Development Committee met in November and nothing will be pursued until a new Economic Development Director was hired.
- Item #12 OHM Economic Development Strategic Plan, exclusive of the Industrial Park - This was stalled until a new Economic Development Director was hired.
- Item #13 Re-Write of the Town's Unified Development Ordinance - The new Development Services Director was excited about the project and had been reviewing the UDO. Staff hoped the project could be completed in-house if time allowed.
- Item #14 Create a Planned Area Development for the Industrial Park - Staff had started the rezoning process. The Stake Holder Committee met with Mark Holmes and initiated the process. They were creating a complete separate zoning area that could be used in other business park locations within Town. Council will review this in a study session in the next couple months.
- Item #15 Exploration of an RV Park at OHM - One developer had looked at the area, but the property was too raw for their project. They needed more than just dirt, such as water and sewer. Once the Economic Development and Development Services Directors were onboard and a master plan created, the Town would revisit the concept. RV spots could be simple and provide a place to park with delivered water or developed into KOA type area.
- Item #16 Analysis of Infrastructure at the Industrial Park - Staff was currently looking at the water portion. The cost was approximately \$300,000 to do four lots. Staff would look at it further with the Economic Development and Development Service Directors.
- Item #17 Create activities to celebrate the Town's 50th birthday in 2020 - The planning was ongoing and the committee wanted to start the celebrations on the 49th year to lead up to the

50th year celebration. A book was being developed but other portions were still up in the air.

- 2020 and beyond considerations - Mr. Duffy stated that no personnel increases or significant capital projects were requested, but since the Town was doing well financially, it could take some bites off big projects.
- Items previously considered - These included expansion of the Waste Water Treatment Plant, which was on schedule; septage receiving; water storage tank as part of OHM master planning; develop commercial guidelines for community cores; develop Infrastructure Master Plan for OHM.

Council asked about the population growth since the last count of 10,810. Staff stated the state had it as 11,705.

8) ADJOURNMENT


Darryl L. Croft, Mayor

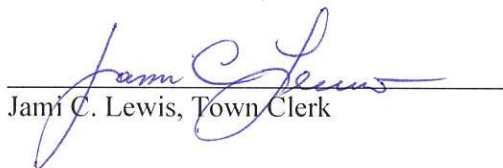
ATTEST:


Jami C. Lewis, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the Town Council of the Town of Chino Valley, Arizona held on the 19th day of March, 2019. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 9th day of April, 2019.


Jami C. Lewis, Town Clerk