



Town of Chino Valley

MEETING NOTICE TOWN COUNCIL

**REGULAR MEETING
TUESDAY, APRIL 9, 2019
6:00 P.M.**

**Council Chambers
202 N. State Route 89
Chino Valley, Arizona**

A majority of the Councilmembers may attend a private invocation in the Council Conference Room immediately prior to the Council meeting. No Town business will be discussed.

AGENDA

1. **CALL TO ORDER, PLEDGE OF ALLEGIANCE; ROLL CALL**
2. **INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS**

- a. Proclamation declaring April 2019 as *Fair Housing Month*.

3. **CALL TO THE PUBLIC**

Call to the Public is an opportunity for the public to address the Council on any issue within the jurisdiction of the Council 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 30 minutes per meeting. Council 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.

4. **RESPONSE TO THE PUBLIC**

Response to the Public is an opportunity for the Mayor to inform the public about how Town officials addressed matters raised during Call to the Public at a previous meeting.

5. **CURRENT EVENT SUMMARIES AND REPORTS**

This item is for information only. The Mayor, any Councilmember, or Town Manager may present a brief summary or report of current events. If listed below, there may also be a presentation on information requested by the Mayor and Council and questions may be answered. No action will be taken.

- a. Status reports by Mayor and Council regarding current events.

- b. Status report by Town Manager Cecilia Grittmann regarding Town accomplishments, and current or upcoming projects.
- c. Presentation regarding the May 21, 2019 Special Election Ballot Question related to water system acquisition. (Cecilia Grittmann, Town Manager)

6. **CONSENT AGENDA**

All those items listed below are considered to be routine and may be enacted by one motion. Any Councilmember may request to remove an item from the Consent Agenda to be considered and discussed separately.

- a. Consideration and possible action to accept the March 19, 2019 study session meeting minutes. (Jami Lewis, Town Clerk)

7. **ACTION ITEMS**

The Council may vote to recess the public meeting and hold an Executive Session on any item on this agenda pursuant to A.R.S. § 38-431.03(A)(3) for the purpose of discussion or consultation for legal advice with the Town Attorney. Executive sessions are not open to the public and no action may be taken in executive session.

- a. Consideration and possible action to approve Resolution No. 2019-1136 decreasing the Town's wastewater fees, effective July 1, 2019. (Joe Duffy, Finance Director)

Recommended Action: Approve Resolution No. 2019-1136 decreasing the Town's wastewater fees, effective July 1, 2019.

- b. *Continued from March 26, 2019:* Consideration and possible action regarding a proposed modification to the Town's Tax Code to increase the transaction privilege tax rate for manufactured housing sales. (Joe Duffy, Finance Director)

Recommended Action:

- (i) Set a public hearing for June 11, 2019, on the proposed modification to the Town's Tax Code to increase the transaction privilege tax rate for manufactured housing sales,
- (ii) Adopt the Notice of Intent, and
- (iii) Direct staff to take all steps necessary related to the Council's action.

- c. *Continued from March 26, 2019:* Consideration and possible action to approve a Conditional Use Permit (CUP19-001) for 12.35 acres (approximately 535,788 sq. ft.) of real property located approximately 0.25 miles east of the southeast corner of North Road 1 West and West Road 4 North at 683 West Road 4 North, Assessor's Parcel Number 306-14-003S, to allow the existing single family residential use within the CL (Commercial Light) zoning district. (Owner of Record: Donald K. Cox and Catherine Cox) (Alex Lerma, Planner)

8. EXECUTIVE SESSION

Council may vote to recess the Regular Meeting and hold an executive session, which will not be open to the public, for the following purposes.

9. ACTION ITEMS RESUMED

After the Executive Session, Council will reconvene the Regular Meeting.

10. ADJOURNMENT

Dated this 4th day of April, 2019.

By: *Jami C. Lewis, Town Clerk*

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 711 (Telecommunications Arizona Relay Service) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting.

Supporting documentation and staff reports furnished to the Council with this agenda are available for review on the Town website at <http://www.chinoaz.net/agendacenter> and in the Public Library and Town Clerk's Office.

CERTIFICATION OF POSTING

The undersigned hereby certifies that a copy of this notice was duly posted at Chino Valley South Campus, Chino Valley Post Office, and Chino Valley North Campus in accordance with the statement filed by the Town Council with the Town Clerk.

Date: _____ Time: _____ By: _____
Jami C. Lewis, Town Clerk



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

2.a.

Meeting Date: 04/09/2019
Contact Person: Vickie Nipper, Deputy Town Clerk
 Phone: 928-636-2646 x-1210
Department: Council
Estimated length of Staff Presentation: 5 minutes
Physical location of item: N/A

AGENDA ITEM TITLE:

Proclamation declaring April 2019 as *Fair Housing Month*.

Attachments

Proclamation



PROCLAMATION

FAIR HOUSING MONTH - APRIL 2019



Whereas, The National Fair Housing Law of 1986, as amended by the Fair Housing Amendments Act of 1988 prohibits discrimination in housing and declares it a national policy to provide within constitutional limits, for fair housing in the United States; and

Whereas, The principle of Fair Housing is not only national law and national policy but a fundamental human concept and entitlement for all Americans; and

Whereas, April has traditionally been designated as Fair Housing Month in the United States; and

Now, Therefore, I, Darryl Croft, Mayor of the Town of Chino Valley, do hereby proclaim April 2019 as Fair Housing Month in Chino Valley, Arizona, and do hereby urge all citizens of this community to comply with the letter and spirit of the Fair Housing Law.

In Witness Whereof, I have hereunto set my hand and caused the Seal of the Town of Chino Valley to be affixed this 9th day of April, 2019.

Darryl L. Croft, Mayor

ATTEST: Jami C. Lewis, Town Clerk



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

5.c.

Meeting Date: 04/09/2019
Contact Person: Cecilia Grittman, Town Manager
Department: Town Manager
Estimated length of Staff Presentation: 10 minutes
Physical location of item: N/A

AGENDA ITEM TITLE:

Presentation regarding the May 21, 2019 Special Election Ballot Question related to water system acquisition. (Cecilia Grittman, Town Manager)

SITUATION & ANALYSIS:

Each Council meeting from February 26 through May 14, staff members will give a brief presentation on one of the two Ballot Questions being proposed on the May 21 Special Election ballot. This will be done as part of the Town's informational outreach to the community to provide details of the proposals and contact information of Town officials for people that may have additional questions.

Attachments

No file(s) attached.



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

6.a.

Meeting Date: 04/09/2019

Contact Person: Jami Lewis, Town Clerk
Phone: 928-636-2646 x-1208

Department: Town Clerk

Item Type: Consent

AGENDA ITEM TITLE:

Consideration and possible action to accept the March 19, 2019 study session meeting minutes. (Jami Lewis, Town Clerk)

RECOMMENDED ACTION:

Accept the March 19, 2019 study session meeting minutes.

Attachments

March 19, 2019 Minutes

DRAFT

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 Grittmann; 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 Grittmann 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. Grittmann 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 Grittmann 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



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

7.a.

Meeting Date: 04/09/2019
Contact Person: Joe Duffy, Finance Director
 Phone: 928-636-2646 x-1211
Department: Finance
Item Type: Action-Presentation
Estimated length of staff presentation: 5 minutes
Physical location of item: N/A

AGENDA ITEM TITLE:

Consideration and possible action to approve Resolution No. 2019-1136 decreasing the Town's wastewater fees, effective July 1, 2019. (Joe Duffy, Finance Director)

RECOMMENDED ACTION:

Approve Resolution No. 2019-1136 decreasing the Town's wastewater fees, effective July 1, 2019.

SITUATION AND ANALYSIS:

Issue Statement

On March 27, 2018 Council approved Resolution No. 18-1118 decreasing the Town's wastewater rates by 3% effective July 1, 2018. The residential customer rate went from \$64.14 to \$62.14. Council directed staff to review the wastewater rates annually to determine if it was feasible to continue to reduce the rates further. Staff has prepared an analysis and is recommending reducing the rates by 3.4%. The residential customer rate will go from \$62.14 to \$60.00.

Applicable "Policy"

Satisfaction of "Policy"

Summary of Issues and Staff Rationale

Findings of Fact

Fiscal Impact

Fiscal Impact?: N/A
If Yes, Budget Code:
Available:
Funding Source:

Attachments

Rate Presentation
RES 2019-1136 -Wastewater reduction



Town of Chino Valley Wastewater Rate Review 2019

Finance Department

April 9, 2019

Rate Change History

- **February 12, 2013** - Resolution 13-1005 adopted a 5 year rate increase schedule for both water and wastewater rates and set water and sewer buy in fees.
- **December 8, 2015** the Town Council approved Resolution No. 15-1005 deferring the effective date of next sewer rate increase and keeping the rate at \$64.14 per month. Sewer Rates would be \$79.02 without the freeze
- **May 23, 2017** the Town Council approved Resolution No. 17-1104 which modified the rate schedule to provide additional clarification on how rates are applied to multi-family developments.
- **March 27, 2018** Approved Resolution No. 18-1118 decreasing the Towns wastewater Fee effective July 1, 2018 from \$64.14 to \$62.14

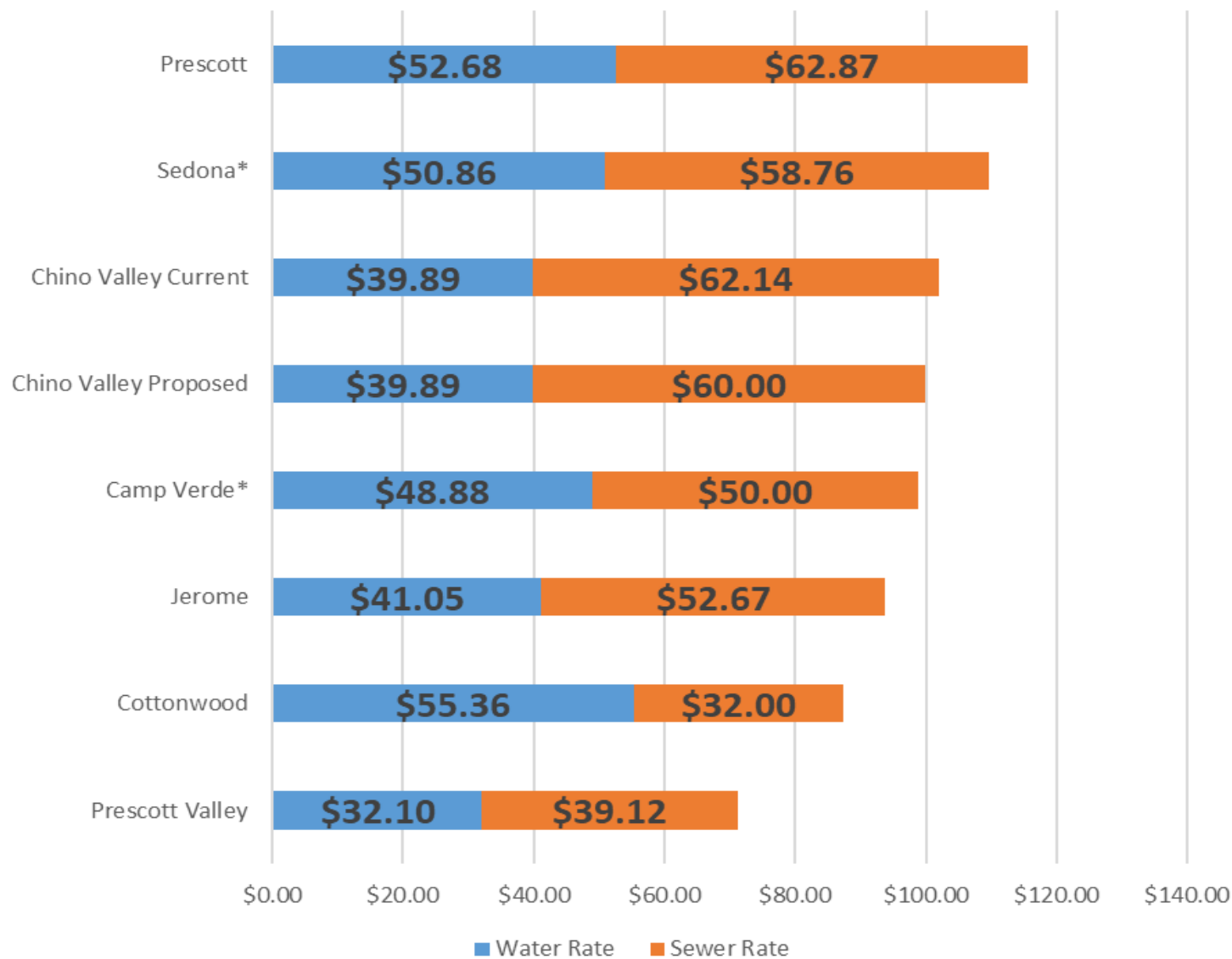
	Actual FY 15-16	Actual FY 16-17	Actual FY 17-18	Projected FY 18-19	Projected FY 19-20
# of Connections	1740	1744	1882	1970	2000
# of New Connections	5	4	138	88	50
Annual Percentage Increase	0%	0%	8%	5%	2%
Residential Sewer Bill	\$64.14	\$64.14	\$64.14	\$62.14	\$60.00
Annual Percentage Increase	10%	0%	0%	-3%	-3%

Town of Chino Valley					
Sewer Enterprise Fund - Projected Annual Cash Flow - Cash Basis*					
Actual and Projected FY 13-14 through FY 19-20					
	Actual FY 15-16	Actual FY 16-17	Actual FY 17-18	Projected FY 18-19	Projected FY 19-20
REVENUE					
SEWER SERVICE FEES	\$1,409,585	\$1,400,835	\$1,528,361	\$1,593,610	\$1,621,000
SEWER SYSTEM BUY-IN FEES	\$81,938	\$406,089	\$829,443	\$340,163	\$300,000
MISCELLANEOUS REVENUE	\$48,297	\$55,303	\$62,665	\$66,270	\$66,000
INTEREST INCOME	\$1,671	\$2,724	\$8,504	\$18,436	\$18,000
TOTAL REVENUE	\$1,541,491	\$1,864,951	\$2,428,973	\$2,018,479	\$2,005,000
EXPENDITURES					
PERSONNEL	\$146,497	\$184,648	\$184,530	\$142,000	\$146,000
BENEFITS	\$59,970	\$83,650	\$54,264	\$55,000	\$55,000
SERVICES AND SUPPLIES	\$493,166	\$378,941	\$438,923	\$439,700	\$404,000
INTERDEPARTMENTAL	\$173,823	\$190,000	\$190,000	\$190,000	\$190,000
DEBT SERVICE CASH BASIS	\$943,080	\$872,880	\$902,000	\$898,200	\$887,500
TOTAL EXPENDITURES	\$1,816,536	\$1,710,119	\$1,769,717	\$1,724,900	\$1,682,500
NET INCOME (LOSS) CASH BASIS	(\$275,045)	\$154,832	\$659,256	\$293,579	\$322,500
OPERATING INCOME (LOSS) GAAP	(\$611,585)	(\$546,186)	\$179,992		
AMOUNT DUE GENERAL FUND	\$371,019	\$588,302	\$73,834	\$0	
*Excludes Capital Expenditures financed with non-operating funds.					

Other Cities and Town

Based on 7,500 gallons/month	Current Chino Valley Rate	State of Arizona Median Rate	Within 50 miles
Water Rate	\$39.89	\$42.08	\$47.69
Sewer Rate	\$62.14	\$38.87	\$50.00
Total	\$102.03	\$80.95	\$97.69

Yavapai County Communities Comined Water and Sewer Rates



Town of Chino Valley

Water/Wastewater Rate Schedule - With Proposed Rates

				Current Rate	Effective 7/1/19
WASTEWATER RATES					
	Percentage Increase			-3.1%	-3.4%
		Base Charge - Residential		\$ 62.14	\$ 60.00
		Commercial 3/4" Meter		\$ 62.14	\$ 60.00
		Commercial 1" Meter		\$ 103.99	\$ 100.41
		Commercial 1 1/2" Meter		\$ 206.70	\$ 199.58
		Commercial 2" Meter		\$ 331.23	\$ 319.82
		Commercial 3" Meter		\$ 621.64	\$ 600.23
		Commercial 4" Meter		\$ 1,036.06	\$ 1,000.38
MULTI-FAMILY RESIDENTIAL WASTEWATER RATES					
		Rate Per Fixture Unit		\$ 3.11	\$ 3.00
		Rate Per EDU (20 Fixture Units)		\$ 62.14	\$ 60.00

RESOLUTION NO. 2019-1136

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, YAVAPAI COUNTY, ARIZONA, DECREASING WASTEWATER RATES; PROVIDING FOR REPEAL OF CONFLICTING RESOLUTIONS; AND PROVIDING FOR SEVERABILITY.

WHEREAS, pursuant to A.R.S. § 9-511 *et seq.*, rates and charges collected by the Town of Chino Valley for wastewater services must be just and reasonable; and

WHEREAS, the Mayor and Common Council of the Town of Chino Valley has determined (i) the revenue generated by the current wastewater fees is more than adequate to maintain the financial integrity of the Town's wastewater enterprise and (ii) a reduction in the wastewater fees will be beneficial to the Town's residents and not be detrimental to the wastewater enterprise fund.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF CHINO VALLEY, as follows:

SECTION 1. The following modifications to the Town's wastewater rates are hereby approved, effective July 1, 2019.

WASTEWATER RATES			
	Base Charge (in dollars)	Current Rates	Effective 7/1/2019
	Base Charge - Residential	\$ 62.14	\$ 60.00
	Commercial ¾" Meter	\$ 62.14	\$ 60.00
	Commercial 1" Meter	\$ 103.99	\$ 100.41
	Commercial 1 1/2" Meter	\$ 206.70	\$ 199.58
	Commercial 2" Meter	\$ 331.23	\$ 319.82
	Commercial 3" Meter	\$ 621.64	\$ 600.23
	Commercial 4" Meter	\$ 1,036.06	\$ 1,000.38
MULTI-FAMILY RESIDENTIAL WASTEWATER RATES			
	Rate Per Fixture Unit	\$ 3.11	\$ 3.00
	Rate Per EDU (20 Fixture Units)	\$ 62.14	\$ 60.00

SECTION 2. All resolutions or parts of resolutions in conflict with the provisions of this resolution are hereby repealed.

SECTION 3. If any section, subsection, sentence, clause, phrase or portion of this Resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

SECTION 4. The Mayor, the Town Manager, the Town Clerk and the Town Attorney are hereby authorized and directed to take all steps necessary to carry out the purpose and intent of this Resolution.

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Chino Valley, Arizona on April 9, 2019.

Darryl L. Croft, Mayor

ATTEST:

Jami C. Lewis, Town Clerk

APPROVED AS TO FORM:

Andrew J. McGuire, Town Attorney
Gust Rosenfeld, PLC

I hereby certify the above foregoing Resolution No. 2019-1136 was duly passed by the Council of the Town of Chino Valley, Arizona, at a regular meeting held on April 9, 2019, and that quorum was present thereat and that the vote thereon was ____ ayes and ____ nays and ____ abstentions. ____ Council members were absent or excused.

Jami C. Lewis, Town Clerk



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

7.b.

Meeting Date: 04/09/2019
Contact Person: Joe Duffy, Finance Director
 Phone: 928-636-2646 x-1211
Department: Finance
Item Type: Action Item
Estimated length of staff presentation: 5 minutes
Physical location of item: N/A

AGENDA ITEM TITLE:

Consideration and possible action regarding a proposed modification to the Town's Tax Code to increase the transaction privilege tax rate for manufactured housing sales. (Joe Duffy, Finance Director)

RECOMMENDED ACTION:

Motion to (i) set a public hearing for June 11, 2019, on the proposed modification to the Town's Tax Code to increase the transaction privilege tax rate for manufactured housing sales, (ii) adopt the Notice of Intent, and (iii) direct staff to take all steps necessary related to the Council's action.

SITUATION AND ANALYSIS:

The Town's sales tax rate for manufactured buildings was reduced from 4% to 2% in 2017. The Council desires to review the issue and consider increasing the rate from 2% up to 4%.

Council reviewed the sales tax collections related to manufactured housing at their February 26, 2018 meeting. Council directed staff to begin the process required to change the tax rate. A public hearing on the proposed rate change is required by law, with 15 days' written notice prior to the hearing. Staff proposes to have the public hearing on June 11, 2019, after which the Council may approve the proposed modification or amendment to the Tax Code.

Fiscal Impact

Fiscal Impact?: NO
If Yes, Budget Code:
Available:
Funding Source:

Attachments

Rate Change Report
 Rate Change Timeline

Notice of Intent

Town of Chino Valley



Manufactured Home Sales Tax Rate Change Report

March 26, 2019

Per ARS 9-499.15 the Town of Chino Valley is required to prepare a schedule of the proposed new or increased tax or fee that includes the amount of the tax or fee and a written report or data that supports the new or increased tax or fee. A copy of the report or data shall be filed in the office of the Clerk of the municipality.

The report is written to meet the requirements of ARS 9-499.15

Overview

On December 13, 2016 the Chino Valley Town Council approved Ordinance No. 16-826 reducing the Transaction Privilege Tax Rate (Sales Tax Rate) on Manufactured Buildings from 4% to 2%. The rate went into effect on March 1, 2017.

The Mayor and Council directed staff to review the tax receipts and collections of manufactured buildings each year and present a summary to them.

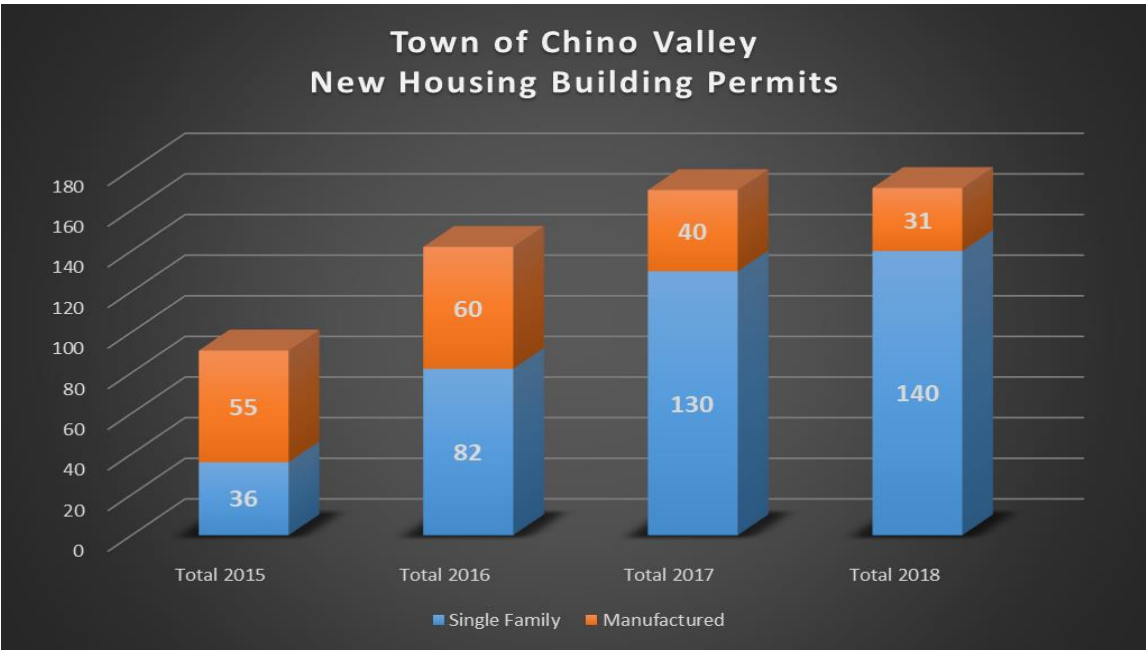
On February 26, 2019 staff presented the annual report to Town Council. The Council directed staff to begin the process of changing the tax rate.

The following tables and graphs summarize the information presented to council and staff projections of the impact of increasing the transaction privilege tax rate on manufactured buildings.

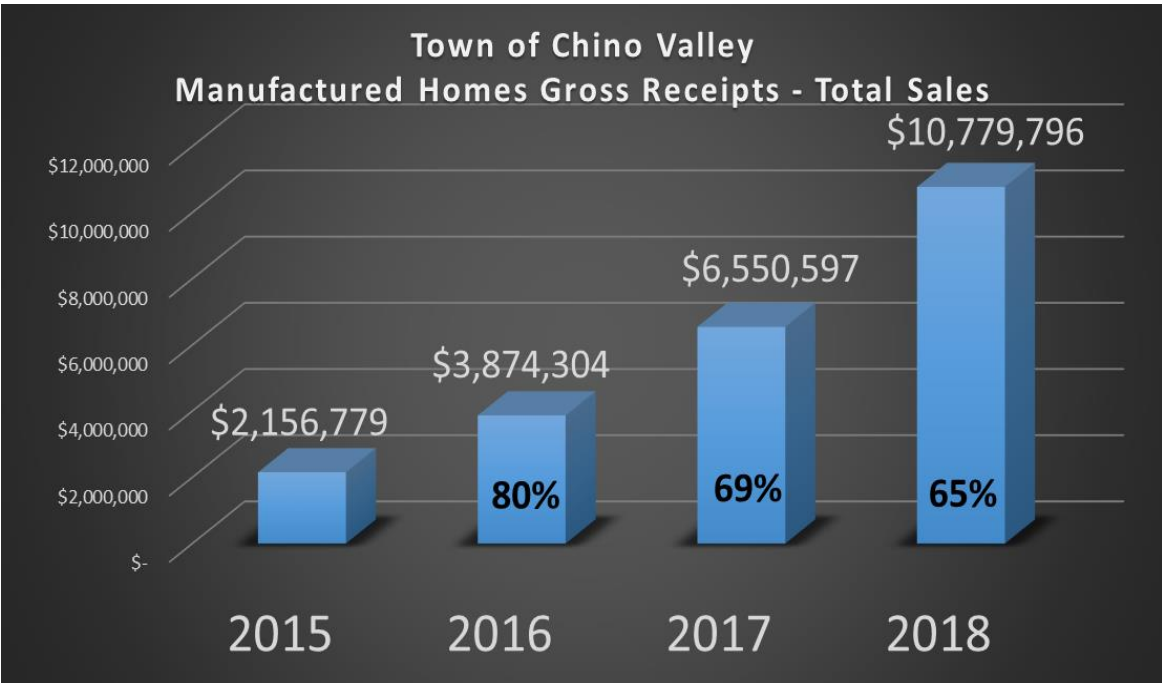
The chart below summarizes the number of new manufactured home building permits issued within the Town of Chino Valley over the last four years. This data is based on the actual number of building permits issued.



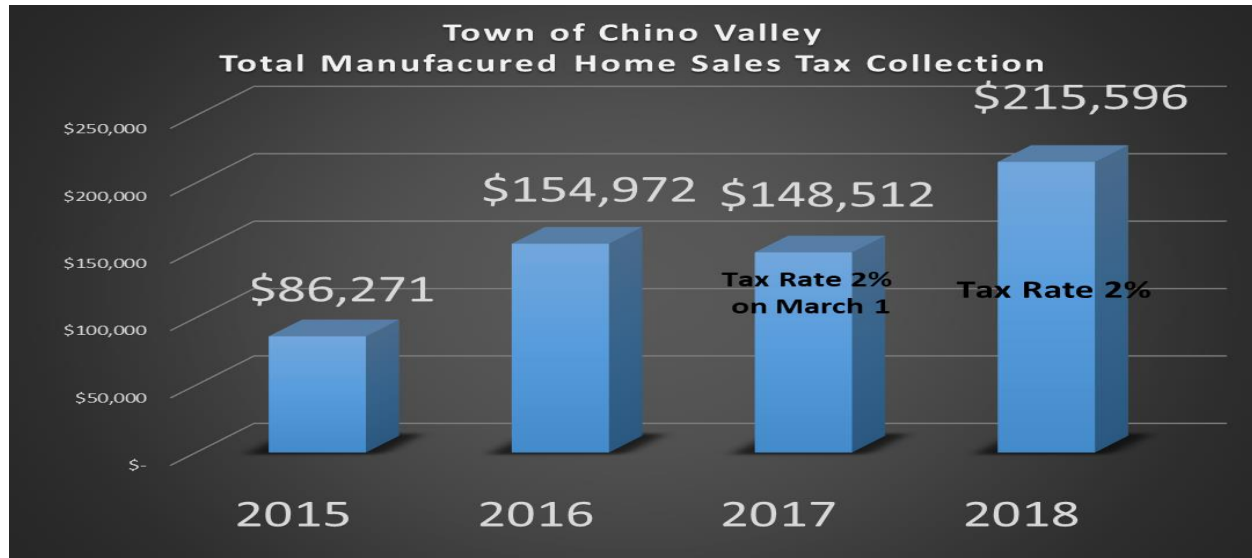
The Chart below summarizes the total new housing building permits, both manufacture and stick built homes, issued from 2015 through 2018.



The chart below summaries the Gross Receipts from the sale of manufactured homes each year from 2015 through 2018 and compares the annual percentage increase each year over the previous year. This data was provided by the Arizona Department of Revenue and represents the gross sales by manufactured home dealers in Chino Valley. Sales include homes placed in and out of Chino Valley.



The chart below summarizes the total sales tax collected from manufactured home sales from 2015 through 2018. In 2015, 2016 and through February 2017 the sales tax rate was 4%. From March 2017 through 2018 the sales tax rate was 2%. Note that even with the rate decrease of 2% the total sales tax collections increased by 46% in 2018.

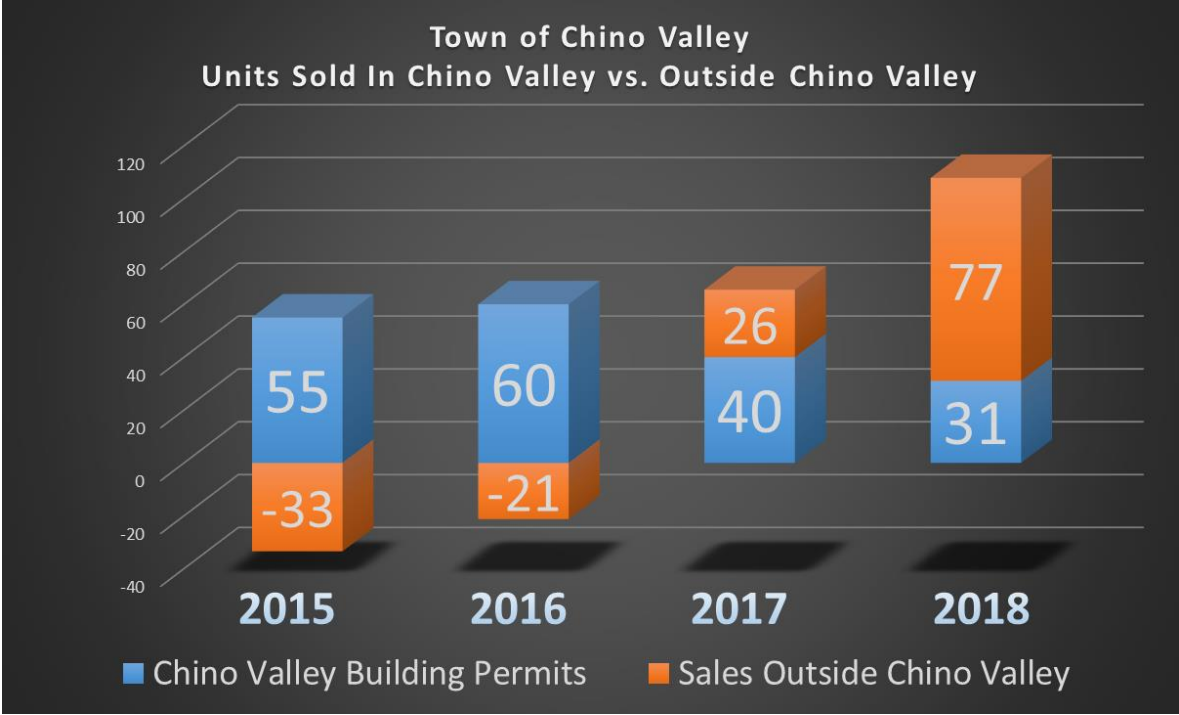


Based on an estimated average sales price of \$100,000 per unit the average number of units sold by the Chino Valley manufactured home dealers was calculated. This number was compared to the number of manufactured home building permits issued by Chino Valley each year.

This calculation shows that prior to the tax decrease in 2017, at least 33 homes in 2015 and 21 homes in 2016 were sold by dealers outside of Chino Valley. No sales tax was collected by Chino Valley on these sales. However, after the tax rate was reduced, more homes were sold by Chino Valley dealers than were placed in Chino Valley, demonstrating that the rate decrease did make the local manufactured home dealers more competitive in the local market, thus explaining the increase in gross sales and sales tax collection.

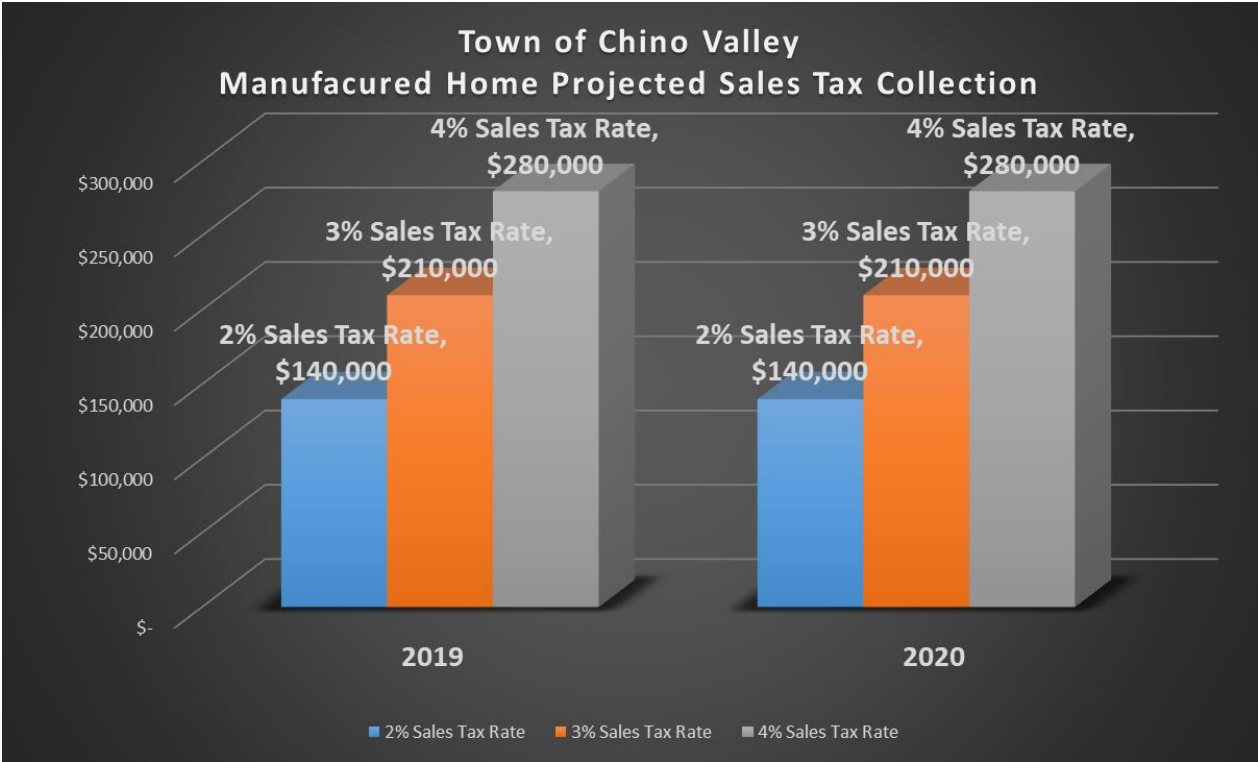
Town of Chino Valley				
Total Units Sales based on \$100,000 per Unit				
	2015	2016	2017	2018
Total Units @ \$100,000	22	39	66	108
Chino Valley Building Permits	55	60	40	31
Sales Outside Chino Valley	-33	-21	26	77

The chart below graphically shows the increase in unit sales outside of Chino Valley after the tax rate was reduced.



Financial Impact of Proposed Sales Tax Increase

Council did not specify the actual amount of the proposed rate increase. The projections below show the impact of the tax rate increase assuming \$7,000,000 in gross receipts each year at 2%, 3% and 4%. The Town expects these projections to vary substantial based on numerous factors including but not limited to the actual sales, the overall strength of the future housing market, and the effect a rate increase has on future sales by the local manufactured home dealers.



Sales Tax Rate Timeline

The chart below summarizes the required steps and dates required to change the sales tax rate on manufactured housing.

Sales Tax Rate Cange		
Sec. 4-1-427 Manufactured Buildings Sales Tax Rate		
Date	ARS	Action Item
April 9, 2019	42-6054	Council approves submitting the proposed change to ADOR, posting the proposed increase as required by 9-499.15 and setting a public hearing for June 11, 2019
April 10, 2019	9-499.15	Post proposed increase and report on website home page 60 days prior to approval by Council. Must also use social media, etc.
May 27, 2019	42-6053(B)	Submit proposed change to ADOR 60 days prior to the effective date of the change
May 27, 2019	9-499.15(b)(4) 42-6054	Publish notice of intent and notice of public hearing 15 days prior to the hearing.
June 11, 2019		Council holds public hearing, adopts ordinance approving rate change and effective date.
June 12, 2019	42-6053 (E)	Submit approved change to ADOR, MTCC, and league within 10 days of adoption by Council.
August 1, 2019	42-6054 (D)	Effective Date of Rate Change (at least 30 days after the increase adoption).

Additional Information

Additional information or questions regarding this rate change can be found at www.chinoaz.net or contacting Joe Duffy, Finance Director at jduffy@chinoaz.net or 928-606-6136.

Sales Tax Rate Cange
Sec. 4-1-427 Manufactured Buildings Sales Tax Rate

Date	ARS	Action Item
April 9, 2019	42-6054	Council approves submitting the proposed change to ADOR, posting the proposed increase as required by 9-499.15 and setting a public hearing for June 11, 2019
April 10, 2019	9-499.15	Post proposed increase and report on website home page 60 days prior to approval by Council. Must also use social media, etc.
April 10, 2019	42-6053(B)	Submit proposed change to ADOR 60 days prior to adopting the change
May 27, 2019	9-499.15(b)(4) 42-6054	Publish notice of intent and notice of public hearing 15 days prior to the hearing.
June 11, 2019		Council holds public hearing, adopts ordinance approving rate change and effective date.
June 12, 2019	42-6053 (E)	Submit approved change to ADOR, MTCC, and league within 10 days of adoption by Council.
August 1, 2019	42-6054 (D)	Effective Date of Rate Change (at least 30 days after the increase adoption).

**TOWN OF CHINO VALLEY, ARIZONA
PUBLIC NOTICE**

**NOTICE OF INTENT TO INCREASE THE TOWN'S
TRANSACTION PRIVILEGE TAX RATE ON MANUFACTURED
HOUSING SALES PURSUANT TO A.R.S. § 9-499.15**

The Town Council of the Town of Chino Valley, Arizona, at a public meeting on April 9, 2019, adopted a motion to approve a Notice of Intent that the Town of Chino Valley intends to increase its transaction privilege tax rate for manufactured housing sales.

The proposed increase is based upon a written report and data prepared by the Town Finance Director. A schedule of the increase and a copy of the written report and data supporting the increase may be reviewed during normal office hours, Monday through Thursday from 8:00 a.m. to 5:00 p.m. at the office of the Town Clerk of the Town of Chino Valley, located in Town Hall at 202 North State Route 89, Chino Valley, Arizona. A copy of the written report and data is also available on the Town of Chino Valley website, www.chinoaz.net.

The Chino Valley Town Council will consider approving the proposed increase at a Public Hearing during the Town Council meeting to be held June 11, 2019, at 6:00 p.m., in the Council Chambers, 202 N. State Route 89, Chino Valley, Arizona.

THE PROPOSED INCREASE WILL BECOME EFFECTIVE AUGUST 1, 2019.

This Notice of Intent shall be (i) posted on the Town's website and distributed through the Town's social media accounts and other electronic communication tools not later than 60 days prior to the hearing set forth above for the purposes of complying with A.R.S. § 9-499.15(B)(3) and (4), and (ii) published in a newspaper of general circulation in the Town not later than 15 days prior to the hearing set forth above according to A.R.S. § 42-6054.



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

7.c.

Meeting Date: 04/09/2019

Contact Person: Alex Lerma, Planner
Phone: 928-626-4427 x-1295

Department: Development Services

Item Type: Action-Presentation

Estimated length of staff presentation: 5 minutes

Physical location of item: Located approximately .25 miles east of the southeast corner of North Road 1 West and West Road 4 North at 683 West Road 4 North.

AGENDA ITEM TITLE:

Continued from March 26, 2019: Consideration and possible action to approve a Conditional Use Permit (CUP19-001) for 12.35 acres (approximately 535,788 sq. ft.) of real property located approximately 0.25 miles east of the southeast corner of North Road 1 West and West Road 4 North at 683 West Road 4 North, Assessor's Parcel Number 306-14-003S, to allow the existing single family residential use within the CL (Commercial Light) zoning district. (Owner of Record: Donald K. Cox and Catherine Cox) (Alex Lerma, Planner)

RECOMMENDED ACTION:

Staff recommends that Town Council withdraw this item.

Fiscal Impact

Fiscal Impact?: None

If Yes, Budget Code:

Available:

Funding Source:

Fiscal Impact?: none

If Yes, Budget Code:

Available:

Funding Source:

Attachments

No file(s) attached.