

**DUE TO THE NATIONAL AND STATE DECLARATIONS OF
EMERGENCY RELATED TO CORONAVIRUS, THIS COUNCIL
MEETING WILL BE HELD AS A ZOOM WEBINAR AND
TELECONFERENCE.**

SEE PAGE 4 FOR PRELIMINARY INFORMATION.



Town of Chino Valley

MEETING NOTICE TOWN COUNCIL

**REGULAR MEETING
TUESDAY, APRIL 28, 2020
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**
- 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.

- a. Questions regarding overnight parking regulations in subdivisions.**

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. Update by Mayor Croft regarding the coronavirus pandemic.
- c. Status report by Town Manager Cecilia Grittman regarding Town accomplishments, and current or upcoming projects.
- d. Status update on the August 4, 2020 Primary Election pertaining to candidates, Home Rule ballot measure, and Yavapai County Elections/Voter Registration news. (Jami Lewis, Town Clerk)

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 adopt Resolution No. 2020-1158, designating Joe Duffy as Chief Fiscal Officer for officially submitting the Fiscal Year 2020 Expenditure Limitation Report to the Arizona Auditor General. (Joe Duffy, Finance Director)
- b. Consideration and possible action to approve the March 10, 2020, regular 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. Presentation and possible discussion regarding the proposed budget for Fiscal Year 2020/2021. (Joe Duffy, Finance Director)
- b. Consideration and possible action to approve Intergovernmental Agreement between the Town of Chino Valley and the City of Prescott related to commercial water service in the Town of Chino Valley. (Cecilia Grittman, Town Manager)

Recommended Action: Approve the Intergovernmental Agreement between the Town of Chino Valley and the City of Prescott related to commercial water service in the Town of Chino Valley.

8. ADJOURNMENT

**EXECUTIVE SESSION
TUESDAY, APRIL 28, 2020
6:30 P.M.**

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

AGENDA

1. An executive session pursuant to A.R.S. § 38-431.03(A)(4) for discussion or consultation with the Town Attorney regarding pending lawsuits (Caldwell/Gaines v. Chino Valley; Levie v. Chino Valley). (Andrew McGuire, Town Attorney)
2. An executive session pursuant to A.R.S. § 38-431.03(A)(3) for discussion or consultation with the Town Attorney for legal advice relating to lot splits issues. (Andrew McGuire, Town Attorney)

Dated this 23rd day of April, 2020.

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

APRIL 28, 2020 COUNCIL MEETING ATTENDANCE

The Chino Valley Town Council is committed to social distancing to slow the potential spread of COVID-19 coronavirus or other communicable diseases, as well as continue to abide by the Open Meeting Laws.

Meeting Attendance Options

Video and telephonic attendance options for the public only meeting are as follows:

1. Watch and listen on Cable Television Channel 57
2. Watch and listen by joining the Zoom Webinar on the internet using your computer or mobile device (instructions below)
3. Listen only by dialing in by phone to the Zoom Webinar (instructions below)

Call to the Public Participation

To participate in Call to the Public:

- Submit your comments via email to clerks@chinoaz.net or drop off your typed or hand-written note in the Utility Payment Drop Box outside the Town Hall lobby, 202 N. State Route 89, *no later than* Tuesday, April 28 at 12:00 noon.
- In your comment, you must include your name (no anonymous comments will be read) and your town/city of residency

***Zoom Webinar and Teleconference Instructions will be posted at
www.chinoaz.net/AgendaCenter with the April 28, 2020
meeting agenda and packet materials.***



TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

5. d.

Meeting Date: 04/28/2020
Contact Person: Jami Lewis, Town Clerk
 Phone: 928-636-2646 x-1208
Department: Town Clerk
Estimated length of Staff Presentation: 5 minutes
Physical location of item: N/A

AGENDA ITEM TITLE:

Status update on the August 4, 2020 Primary Election pertaining to candidates, Home Rule ballot measure, and Yavapai County Elections/Voter Registration news. (Jami Lewis, Town Clerk)

SITUATION & ANALYSIS:

Find details regarding the August 4 Primary election on the Town's web pages as follows:

- A list of the candidates that will be on the ballot has been posted to the Town's Elections / Regular (Candidate) Election web page. Citizens may file as a write-in candidate through June 25. Details are on the Candidates web page.
- Information regarding Prop. 450-alternative expenditure limitation (Home Rule Option) is on the Elections / Ballot Measures web page, as well as guidelines for submitting a pro/con statement (also called an "argument") for the voter information pamphlet that will be mailed registered voters' households in late June. The deadline to submit a statement is May 6.
- Yavapai County Elections and Voter Registration public services announcements regarding changes in voter registration processes due to coronavirus are being posted on the Town's home page News Flash section.

Attachments

No file(s) attached.

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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

6. a.

Meeting Date: 04/28/2020
Contact Person: Joe Duffy, Finance Director
 Phone: 928-636-2646 x-1211
Department: Finance
Item Type: Consent
Estimated length of staff presentation: None
Physical location of item: N/a

AGENDA ITEM TITLE:

Consideration and possible action to adopt Resolution No. 2020-1158, designating Joe Duffy as Chief Fiscal Officer for officially submitting the Fiscal Year 2020 Expenditure Limitation Report to the Arizona Auditor General. (Joe Duffy, Finance Director)

RECOMMENDED ACTION:

Adopt Resolution No. 2020-1158, designating Joe Duffy as Chief Fiscal Officer for officially submitting the Fiscal Year 2020 Expenditure Limitation Report to the Arizona Auditor General.

SITUATION AND ANALYSIS:

As required by Arizona Revised Statutes 41-1279.07(E), annually by July 31, each county, city, town, and community college district must provide the Auditor General the name of the chief fiscal officer (CFO) the governing board designates to submit the current fiscal year's Annual Expenditure Limitation Report (AELR) and certify to the accuracy of the report.

Fiscal Impact

Fiscal Impact?: No

If Yes, Budget Code:

Available:

Funding Source:

Attachments

Resolution 2020-1158

RESOLUTION NO. 2020-1158

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, DESIGNATING THE CHIEF FISCAL OFFICER FOR OFFICIALLY SUBMITTING THE FISCAL YEAR 2020 EXPENDITURE LIMITATION REPORT TO THE ARIZONA AUDITOR GENERAL.

WHEREAS, A.R.S. § 41-1279.07(E) requires each county, city, town, and community college district to annually provide to the Auditor General by July 31 the name of the Chief Fiscal Officer the governing body designated to officially submit the current year's annual expenditure limitation report (AELR) on the governing body's behalf; and

WHEREAS, the Town of Chino Valley Mayor and Council desires to designate Finance Director Joe Duffy, as the Town's Chief Fiscal Officer; and

WHEREAS, entities must submit an updated form and documentation for any changes in the individuals designated to file the AELR.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the Town of Chino Valley, Arizona as follows:

SECTION 1. The recitals above are hereby incorporated as if fully set forth herein.

SECTION 2. Finance Director Joe Duffy is hereby designated as the Town's Chief Fiscal Officer for purposes of submitting the fiscal year 2020 AELR to the Arizona Auditor General's Office on the Town of Chino Valley's behalf.

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, including submitting an updated form and documentation for any changes in the individuals designated to file the AELR.

[SIGNATURES ON FOLLOWING PAGE]

PASSED AND ADOPTED by the Mayor and Common Council of the Town of Chino Valley, Arizona this 28th day of April, 2020.

Darryl L. Croft, Mayor

ATTEST:

Jami C. Lewis, Town Clerk

APPROVED AS TO FORM:

Andrew J. McGuire, Town Attorney
Gust Rosenfeld, P.L.C.

I hereby certify the above foregoing Resolution No. 2020-1158 was duly passed by the Council of the Town of Chino Valley, Arizona, at a regular meeting held on April 28, 2020, 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

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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

6. b.

Meeting Date: 04/28/2020

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

Department: Town Clerk

Item Type:

AGENDA ITEM TITLE:

Consideration and possible action to approve the March 10, 2020, regular meeting minutes. (Jami Lewis, Town Clerk)

RECOMMENDED ACTION:

Approve the March 10, 2020, regular meeting minutes.

Attachments

March 10, 2020 draft minutes

DRAFT

MINUTES OF THE REGULAR MEETING OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY

**TUESDAY, MARCH 10, 2020
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 10, 2020.

Present: Mayor Darryl Croft; Councilmember Mike Best; Councilmember Cloyce Kelly; Councilmember Corey Mendoza; Councilmember Lon Turner

Absent: Vice-Mayor Jack Miller; Councilmember Annie Perkins

Staff Present: Town Attorney Andrew McGuire; Finance Director/Acting Town Manager Joe Duffy; Police Chief Chuck Wynn; Police Sergeant Mike Pereda; Sergeant at Arms Fernando Silva; Public Works Director/Town Engineer Frank Marbury; Development Services Director Joshua Cook; IT Manager Spencer Guest (videographer); Deputy Town Clerk Erin Deskins (recorder)

1) **CALL TO ORDER, PLEDGE OF ALLEGIANCE; ROLL CALL**

Mayor Croft called the meeting to order at 6:00 p.m. and led the Pledge of Allegiance.

2) **INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS**

- a) Proclamation re-affirming the Council's commitment to the Second Amendment to the United States Constitution and Article II Section 26 of the Constitution of the State of Arizona.

Mayor Croft read the proclamation reaffirming the Council's commitment to the Second Amendment in the U.S. and State of Arizona Constitutions, stating that the Town Council would utilize available resources to oppose any proposed legislation that would infringe upon the citizens right as guaranteed by the Second Amendment.

- b) Presentation by Regina Pecoraro with Compass Training Center regarding quarterly update and report. (Chuck Wynn, Police Chief)

John Stankewicz, Founder and CEO, and Ms. Pecoraro, Director of Compass Training Center, presented an activity update. Key points were:

- *Statistics:* The facility opened August 1 and had logged 5,039 visits, obtained 197 subscription members, and had over 1,300 volunteer hours provided. They offered daily and subscriber rates, and veteran, active duty, and first responder discounted rates. They had acquired the Well-Armed Women from Prescott and Prescott Valley and were training about 85 women with about 20-25 women a month in the Center's class.
- *Events:* The Desert Brutality competition brought in 787 people. They were planning to book the event again for the upcoming year, as well as a mini event on the Fourth of

July weekend.

- *Projects:* They were working with Larry Holt on the 9/11 Memorial. Sherwin Williams donated paint for the Center bays and office interior. Other facility upgrades were in process.
- *Grants:* They received two grants from Friends of the NRA for the gravel completion of the 200-yard bay and 10 Ruger .22 fire rifles for the Junior program. They were awaiting the approval for a \$50,000 in-kind grant from Fish and Game with the help of Chief Wynn.
- *Future goals:* These included a building for customer check-ins, classroom and retail shop; additional range space for cowboy action shooters, long range shooting, archery, ax throwing and private rental bays; overhang for the new picnic area; rental fleet of fire arms; and more local, national and international shooting competitions and events.

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.

Ken Dingman, resident, asked for clarification on overnight parking in the Highlands Ranch Subdivision. Their local CC&Rs did not allow for overnight parking, but there was an argument that since the Town maintained the roads, and because they were not a gated community, the homeowners' association (HOA) could not dictate parking restrictions. Council explained that they could not provide an answer during this meeting. Police Chief Wynn explained that the Town did not enforce HOA rules, but according to state law, there was nothing wrong with parking on the street. Council directed Mr. Dingman to talk with the Chief and Development Services Director for further explanation.

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.

- a) Questions regarding the proposed Brook Apartments development and Town zoning regulations.

Development Services Director Cook reported that:

- Brook Apartments would be required to meet all minimum code requirements with regard to landscaping, parking, and screening, and their current proposal did that. The PAD process from the previous year would have allowed some flexibility in design and would have given the Council the option to dictate parking, landscaping and screening. The current code did not allow that, but there were specific codes that needed to be met.
- Staff was unaware of any future plans that the developer had other than the proposed 96 units.
- The UDO subcommittee was currently meeting to help update the code, but the zoning law was not antiquated and was used to facilitate the development of all residential, industrial and commercial development and property within Town.

- b) Comments with regard to lot splits, Town regulations, and a disagreement between citizens and Town staff.

Mayor Croft reported that Council was forwarding this item to the study session on April 21.

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.

Councilmember Best reported on the upcoming Barn Dance, associated with the 50th Anniversary Celebration.

- b) Status report by Town Manager Cecilia Gritman regarding Town accomplishments, and current or upcoming projects.

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.

MOVED by Councilmember Mike Best, seconded by Councilmember Cloyce Kelly to accept the Consent Agenda 6 a, b, and c.

AYE: Mayor Darryl Croft, Councilmember Mike Best, Councilmember Cloyce Kelly, Councilmember Corey Mendoza, Councilmember Lon Turner

5 - 0 PASSED - Unanimously

- a) Consideration and possible action to authorize the Police Department to apply for a Government of Highway Safety (GOHS) grant. (Chuck Wynn, Police Chief)
- b) Consideration and possible action to approve the Professional Service Agreement with Henry & Horne, LLP as the Town's Audit firm, as recommended by the Finance Subcommittee, to perform Professional Audit Services for the Fiscal Years Ending June 30, 2020 through June 30, 2024. (Joe Duffy, Finance Director)
- c) Consideration and possible action to approve the February 18, 2020, study session 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) Public Hearing and consideration and possible action to recommend approval of an application from Owner Christopher F. Hoult for a new Series 007 (Beer and Wine) Liquor License for Granite Creek Vineyards Wine & Beer Garden, located at 2515 N Road 1 East, Chino Valley. (JoAnn Brookins, Customer Service Manager)

Recommended Action:

- (i) Hold Public Hearing
- (ii) Recommend approval for a new Series 007 Liquor License for Granite Creek Vineyards.

Development Services Director Cook reported that Granite Creek Vineyards Wine and Beer Garden applied for a new liquor license to be allowed to sell and consume beer on their property. Staff reviewed and followed the legal requirements for notification and was recommending approval.

MOVED by Councilmember Mike Best, seconded by Councilmember Cloyce Kelly to open the meeting to the Public Hearing.

AYE: Mayor Darryl Croft, Councilmember Mike Best, Councilmember Cloyce Kelly,
Councilmember Corey Mendoza, Councilmember Lon Turner

5 - 0 PASSED - Unanimously

No one from the public spoke.

MOVED by Councilmember Mike Best, seconded by Councilmember Cloyce Kelly to close the public hearing.

AYE: Mayor Darryl Croft, Councilmember Mike Best, Councilmember Cloyce Kelly,
Councilmember Corey Mendoza, Councilmember Lon Turner

5 - 0 PASSED - Unanimously

MOVED by Councilmember Mike Best, seconded by Councilmember Lon Turner to approve the new Series 7 Liquor License for Granite Creek Vineyards.

AYE: Mayor Darryl Croft, Councilmember Mike Best, Councilmember Cloyce Kelly,
Councilmember Corey Mendoza, Councilmember Lon Turner

5 - 0 PASSED - Unanimously

- b) Public Hearing regarding Resolution No. 2020-1153, proposing an extension of the alternative expenditure limitation—home rule option. (Joe Duffy, Finance Director)

Recommended Action: Hold public hearing.

Mr. Duffy presented the following:

- *Background:* In June 1980, Arizona voters approved a constitutional amendment prescribing that every town, city, and county have an expenditure limitation for the purpose of controlling expenditures and limit future increases in spending. Every four years the Town had to have a ballot measure to get voter approval to continue with Home Rule for local control. The Town had been under the same expenditure limitation from 1970 to 1985 and then the citizens voted in the Home Rule option and it had been voted in every four years since. The current option would expire in June 2021.
- *Expenditure limits:* There were three limits under the State Expenditure Limitation (“state limit”) Laws: (i) the state limit; (ii) permanent base adjustment, which allowed the Town to set the limit one time and raise it high enough that the Town did not need to have the Home Rule option every four years; and (iii) the Home Rule Option, which was what the Town had always done. 19 towns and cities were under the State Limit, 33 had done permanent base adjustments, and 45 fell under the Home Rule option.
- *State limit:* Spending was limited under the State Limit. It did not look at how much revenue could be brought in. For the first fiscal year (“FY”) of 2022 under that option, the Town would only be able to spend approximately \$9.8 million dollars. The Town was projecting to bring in about \$23.5 million in revenues. If the Town stayed under the state limit, it could not spend 58% of that revenue. The state limit formula was dictated by population and inflation increases. In theory, it was a good idea to cap government spending, but in practice it did not work. The Town’s population was five times larger and there were so many more services provided currently than was provided in 1978. The formula did not keep up with reality and the demand for services from citizens was greater than what the state limit would allow.
- *State limit v. Home Rule:* Under the state limit, the same level of services could not be provided and cuts would be necessary. Citizens needed to decide if they wanted State control or local control that was determined by the local Council. A ‘yes’ vote would allow the Town to set their expenditures based on actual revenues and local needs for the next four years.
- Staff recommended the Town continue to use the Home Rule option. There was information available on the Town’s website, through presentations and brochures, videos, podcasts and radio presentations. There will be another presentation at the next meeting and a resolution would be adopted.

MOVED by Councilmember Mike Best, seconded by Councilmember Cloyce Kelly to open the meeting to the public hearing.

AYE: Mayor Darryl Croft, Councilmember Mike Best, Councilmember Cloyce Kelly, Councilmember Corey Mendoza, Councilmember Lon Turner

5 - 0 PASSED - Unanimously

No one from the public spoke.

MOVED by Councilmember Mike Best, seconded by Councilmember Cloyce Kelly to close the public hearing.

AYE: Mayor Darryl Croft, Councilmember Mike Best, Councilmember Cloyce Kelly,
Councilmember Corey Mendoza, Councilmember Lon Turner

5 - 0 PASSED - Unanimously

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

MOVED by Councilmember Lon Turner, seconded by Councilmember Cloyce Kelly to adjourn the meeting at 6:36 p.m.

AYE: Mayor Darryl Croft, Councilmember Mike Best, Councilmember Cloyce Kelly,
Councilmember Corey Mendoza, Councilmember Lon Turner

5 - 0 PASSED - Unanimously

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 Regular Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 10th day of March, 2020. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 28th day of April, 2020.

Jami C. Lewis, Town Clerk

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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

7. a.

Meeting Date: 04/28/2020
Contact Person: Joe Duffy, Finance Director
Phone: 928-636-2646 x-1211
Department: Finance
**Estimated length
of Staff Presentation:**
Physical location of item: N/A

AGENDA ITEM TITLE:

Presentation and possible discussion regarding the proposed budget for Fiscal Year 2020/2021. (Joe Duffy, Finance Director)

Attachments

Powerpoint
Department Summary
Revenue Summary
Department Recap



Budget Update

Fiscal Year 2020/2021

April 28, 2020

Steps Taken to Reduce Expenses

- Departments are only spending on essential items
- All new capital expenditures have been suspended
- All travel has been suspended
- Departments have reduced next years operating budgets by \$170,000
- \$2,331,000 of next years expenditures are on hold
- Decide on whether to open Aquatic Center this year
- Hold on hiring open positions
- Defer merit increases till January 2021

Effect on Revenues

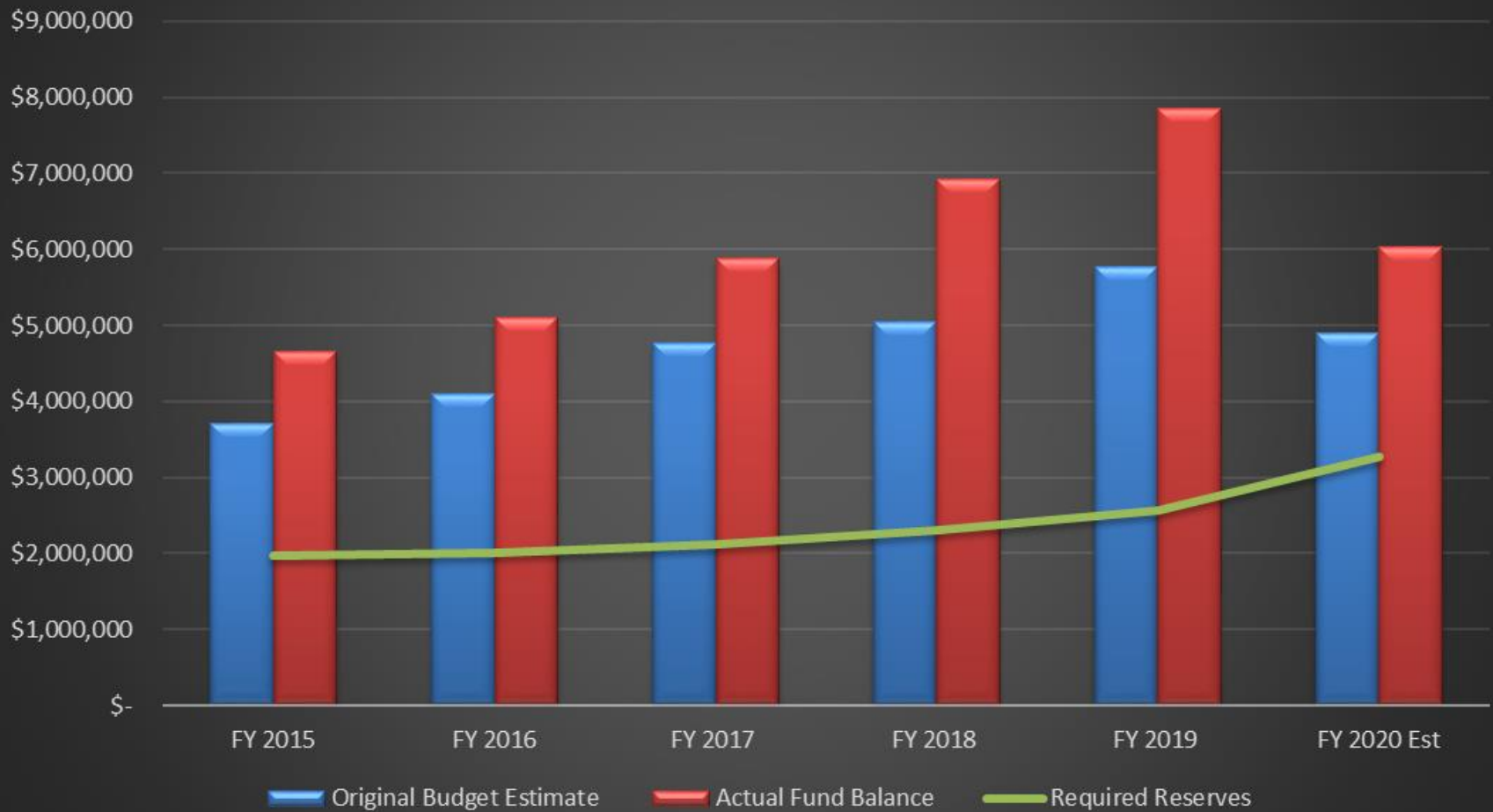
- To date no effect on current revenues, however we do know that future revenues will be impacted
- Unknown how long revenues will be effected or how much they will decrease

State Shared Revenues

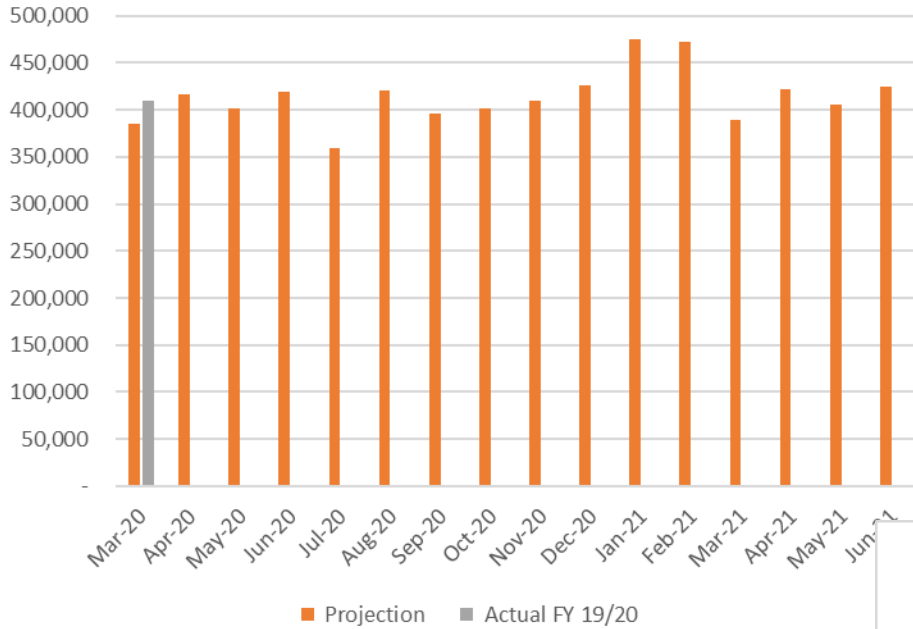
- **Urban Revenue Sharing**
 - Revenues will be reduced but will not see impact for two fiscal years
- **State Shared Sales Tax**
 - Revenues will be reduced due to reduced taxable sales state wide
- **Vehicle License Tax**
 - Revenues will be reduced due to a decrease in new car sales
- **Highway User Revenue Fund**
 - Revenues will be reduced due to decreased driving and reduced fuel sales

General Fund Reserve

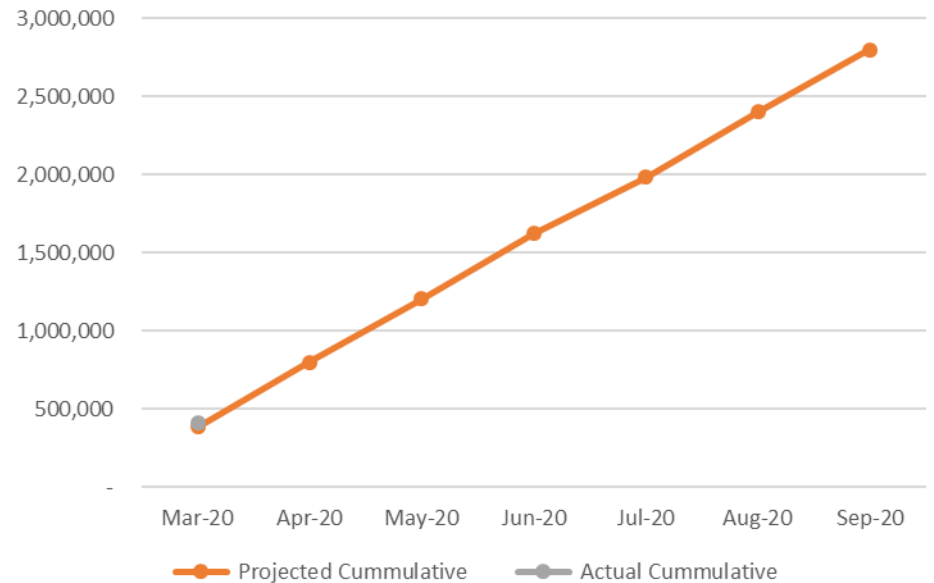
Projected Fund Balance vs. Actual



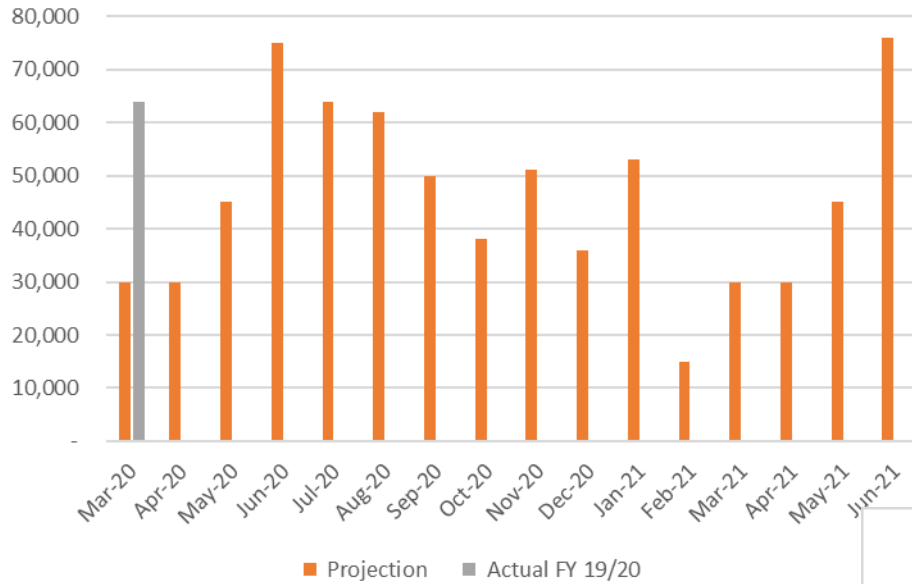
Monthly City Sales Tax - Actual vs. Projected



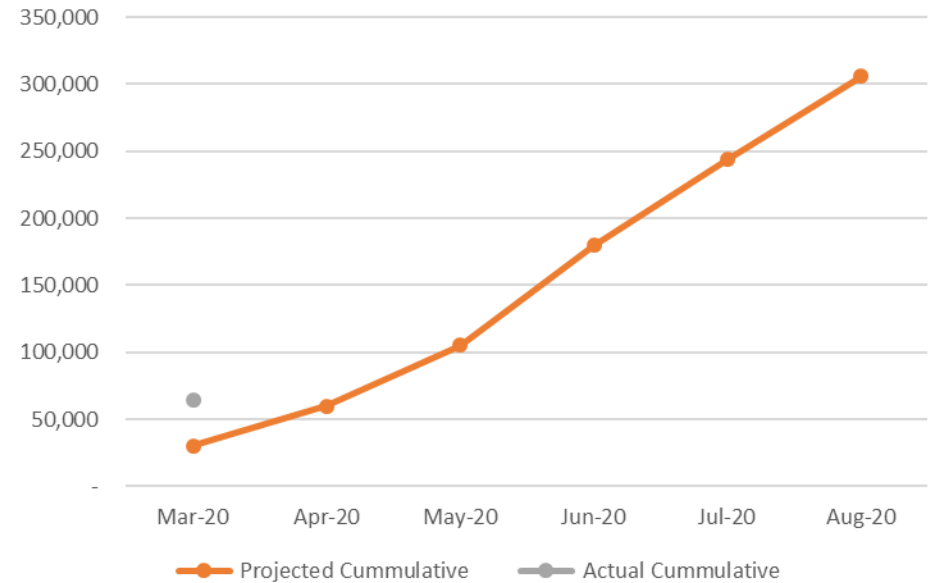
City Sales Tax Actual vs. Projected



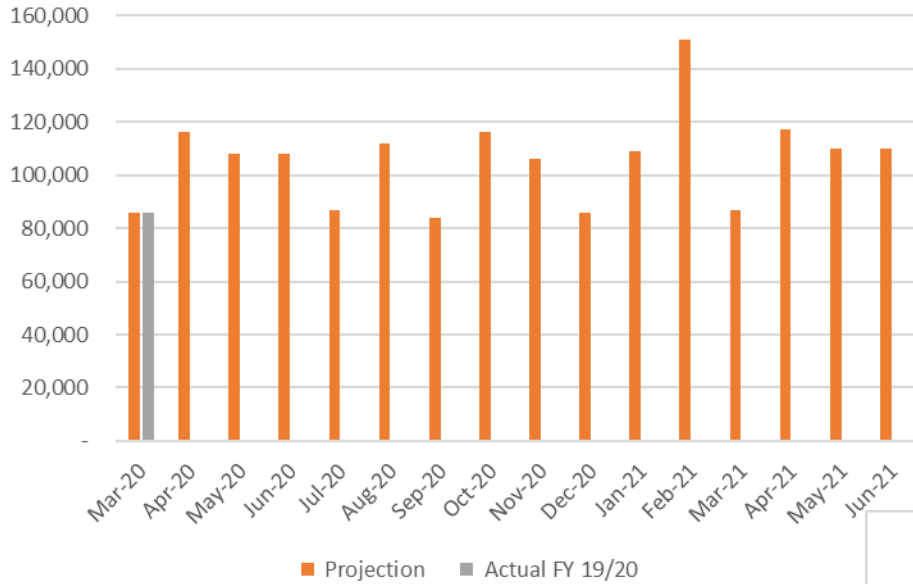
Monthly Construction Sales Tax - Actual vs. Projected



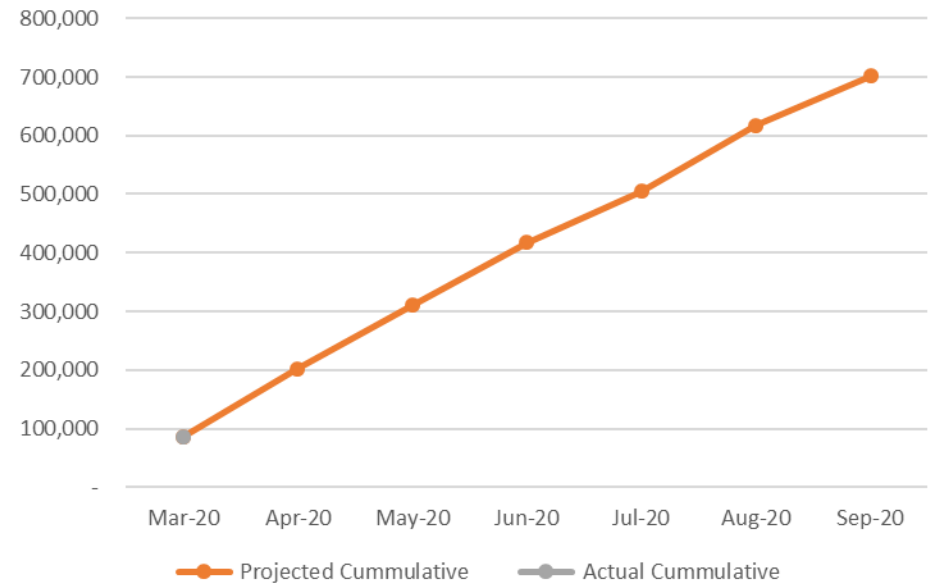
Construction Sales Tax Actual vs. Projected



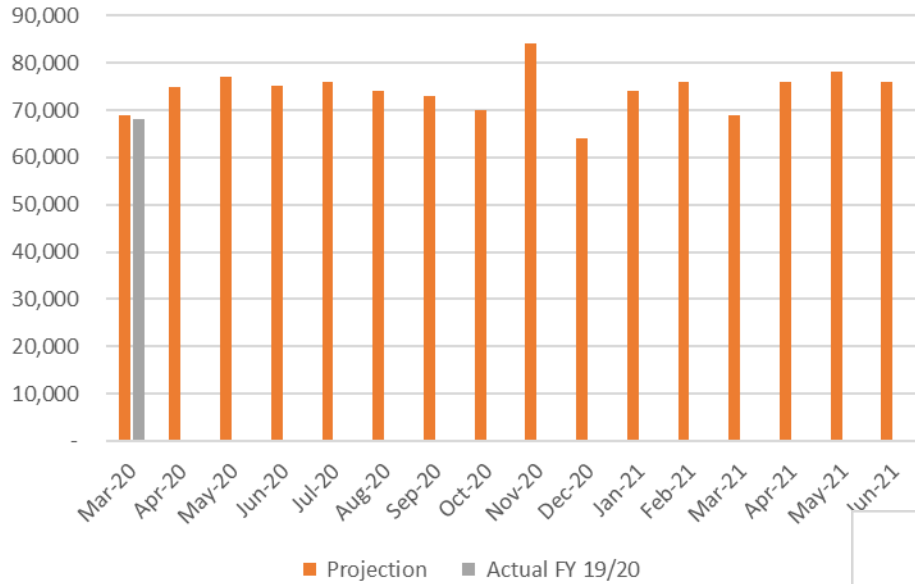
Monthly State Shared Sales Tax Actual vs. Projected



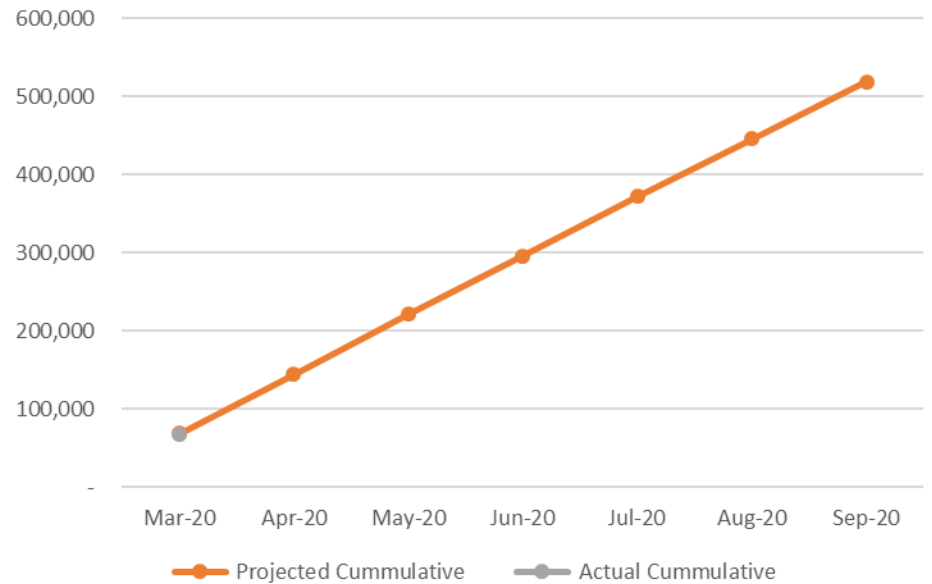
State Shared Sales Tax Actual vs. Projected



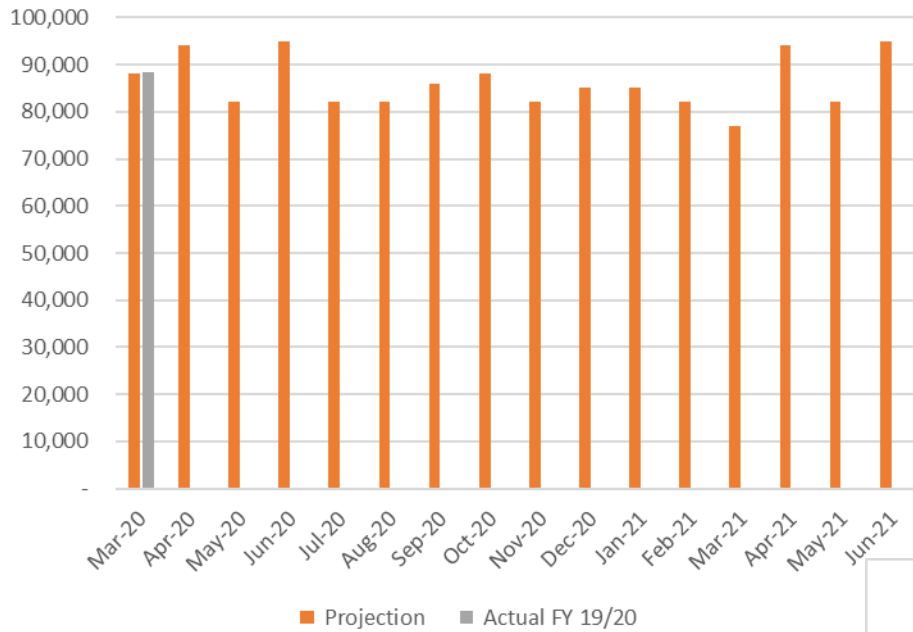
Monthly Vehicle License Tax Actual vs. Projected



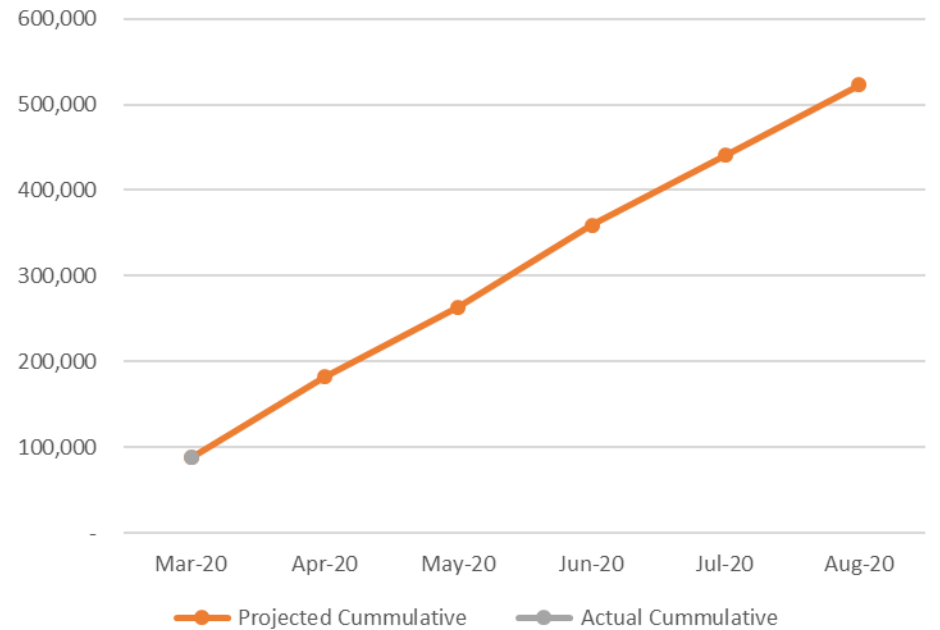
Vehicle License Tax Actual vs. Projected



Highway User Revenue - Actual vs. Projected



Highway User Revenue - Actual vs. Projected



Aquatic Center ?

Final Budget Steps

- May 12, 2020 Budget Presentation to Council
- May 19, 2020 – Budget Review with Council.
- May 26, 2020 – Council Adopts Tentative Budget.
- Tentative Budget published two times and posted on website.
- June 23, 2020 – Council convene special meeting and adopt the Final Budget.

Town of Chino Valley					
Total Expenditure Summary by Department					
	Description	2019-20 Adopted Budget	2019-20 FY Estimate	2020-21 Adopted Budget	% Change Adopted to Adopted
GENERAL FUND					
41	PROSECUTOR	126,200	123,800	127,800	1%
42	TOWN CLERK	214,000	195,100	287,200	34%
43	TOWN MANAGER	418,100	437,100	443,700	6%
44	HUMAN RESOURCES	258,200	244,200	267,200	3%
45	MUNICIPAL COURT	287,300	297,300	318,100	11%
46	FINANCE	455,600	455,600	472,400	4%
47	MGMT INFORMATION	307,300	300,650	314,300	2%
50	MAYOR AND COUNCIL	51,200	40,300	51,200	0%
55	PLANNING	211,300	207,500	260,800	23%
56	BUILDING INSPECTION	198,400	343,900	323,500	63%
60	POLICE	3,531,700	3,515,600	3,449,700	-2%
61	ANIMAL CONTROL	158,100	140,600	166,600	5%
63	RECREATION	137,300	162,600	158,800	16%
64	LIBRARY	375,200	349,500	385,300	3%
66	SENIOR CENTER	354,600	369,800	333,200	-6%
68	PARKS MAINTENANCE	618,800	607,000	580,700	-6%
69	AQUATICS CENTER	251,600	217,100	293,700	17%
71	FACILITIES MAINTENANCE	772,400	687,400	508,100	-34%
73	FLEET MAINTENANCE	345,700	288,900	277,400	-20%
74	ENGINEERING	438,300	438,100	487,000	11%
75	CUSTOMER SERVICE	260,100	112,200	94,200	-64%
95	NON DEPARTMENTAL	3,338,000	3,155,500	1,939,600	-42%
TOTAL GENERAL FUND		13,109,400	12,689,750	11,540,500	-12%
HIGHWAY USER REVENUE FUND					
278	ROAD MAINTENANCE	1,417,500	1,439,200	1,706,000	20%
CDBG GRANTS					
390	CDBG PROJECTS	325,000	318,600	-	
WATER ENTERPRISE FUND					
482	WATER UTILITY OPERATION	846,400	899,200	680,700	-20%
495	WATER ENTERPRISE FUND EXP	2,067,800	67,800	70,500	-97%
		2,914,200	967,000	751,200	-74%
CAPITAL IMPROVEMENT FUND					
590	MISC CAPITAL PROJECTS	6,150,000	2,248,800	4,923,000	-20%

Town of Chino Valley					
Total Expenditure Summary by Department					
	Description	2019-20 Adopted Budget	2019-20 FY Estimate	2020-21 Adopted Budget	% Change Adopted to Adopted
SEWER ENTERPRISE FUND					
683	SEWER	1,486,800	1,460,300	1,449,600	-3%
695	CAP/DEBT CONTINGENCIES	1,399,100	899,000	881,100	-37%
		2,885,900	2,359,300	2,330,700	-19%
GRANTS FUND					
7	GRANTS	3,500,000	-	3,500,000	0%
DEBT SERVICE FUND					
8	DEBT SERVICE	891,300	904,100	973,000	9%
SPECIAL REVENUE FUND COURT					
9	SPECIAL REV FUND	58,500	58,500	43,500	-26%
CAPITAL ASSET REPLACEMENT					
10	ASSET REPLACEMENT EXPENSE	60,000	22,800	150,000	150%
SPECIAL REVENUE FUND PD					
16	VEHICLE IMPOUND EXPEND	55,000	6,000	34,000	
LIGHTING IMPROVEMENT DISTRICTS					
40	CVSLID	4,000	4,000	4,000	0%
TOTAL EXPENDITURES		31,370,800	21,018,050	25,955,900	-17%

Town of Chino Valley
Total Revenue Summary

Budget FY 19-20

Estimate FY 19-20

Budget FY 20-21

GENERAL FUND			
CABLE FRANCHISE FEES	55,000	53,423	54,000
WATER FRANCHISE FEES	9,500	10,000	10,000
GAS FRANCHISE FEES	42,000	44,904	44,000
ELECTRIC FRANCHISE FEES	21,500	20,470	21,000
TOWN SALES TAX-RETAIL	4,590,000	4,944,818	5,000,000
CONSTRUCTION SALES TAX	475,000	548,090	550,000
BED TAX	83,000	92,326	92,000
BUILDING PERMITS	350,000	265,331	265,000
BUSINESS LICENSES	63,000	57,573	57,500
PLAN CHECK FEES	140,000	124,480	125,000
SIGN PERMITS	1,500	2,100	1,500
ZONING PERMITS	15,000	12,350	12,000
GRADING PERMITS	1,000	5,496	3,000
P.A.N.T.	5,000	6,029	5,000
VEHICLE LICENSE TAX	862,000	880,635	890,000
COUNTY LIBRARY FUNDS	102,000	97,900	98,000
SENIOR NUTRITION REVENUE	86,000	86,300	87,000
BULLET PROOF VEST PARTNERSHIP	2,500	1,200	2,500
STATE SHARED SALES TAX	1,230,000	1,259,361	1,275,000
STATE SHARED INCOME TAX	1,549,200	1,552,200	1,600,000
COPIER FEES	500	335	500
ENGINEERING SERVICES	5,000	-	-
PROGRAM INCOME	1,000	16,432	15,000
AQUATIC CENTER ENTRANCE FEES	49,000	37,900	48,000
AQUATIC CENTER CONCESSIONS	14,000	13,700	15,000
FACILITIES USE/UTILITY REIMBURSE	10,000	13,650	14,000
AQUATIC CTR PROGRAM FEES	14,000	10,400	15,000
FACILITIES USE-RECREATION	3,500	6,325	6,000
FACILITIES USE-SENIOR CENTER	2,000	1,460	2,000
FACILITIES USE-AQUATIC CENTER	4,000	5,366	6,000
FACILITIES USE-PARKS	5,000	3,441	5,000
S/C NUTRITION PROGRAM INCOME	10,000	5,000	5,000
POLICE REPORTS	4,500	4,974	5,000
ANIMAL CONTROL FEES	30,000	25,138	29,000
LIBRARY FINES	3,500	1,871	2,500
TRAFFIC FINES	140,000	108,220	148,000

Town of Chino Valley
Total Revenue Summary

	Budget FY 19-20	Estimate FY 19-20	Budget FY 20-21
REIMBURSEMENT COURT ATTORNEY	3,500	915	2,500
RESTITUTION	1,000	750	1,000
ADMINISTRATIVE FEES-FINANCE	1,500	-	-
MISCELLANEOUS REVENUE	2,000	9,000	5,000
SALE OF FIXED ASSETS	1,000	4,093	1,000
SENIOR CTR THRIFT STORE	1,500	500	500
SR CTR PROGRAM INCOME	1,000	300	1,000
INTEREST INCOME	115,000	121,585	121,000
TFRS FROM CAPITAL IMPROVE FUND	400,000	400,000	400,000
TOTAL GENERAL FUND	10,505,700	10,856,341	11,040,500
	1%		5%
HIGHWAY USER REVENUE FUND			
RIGHT-OF-WAY PERMITS	1,000	699	1,000
DRIVEWAY PERMITS	1,000	1,320	1,000
MISCELLANEOUS REVENUE	-	10,187	-
INTEREST INCOME	5,000	7,742	5,000
HIGHWAY USER REVENUE	1,010,000	1,259,983	1,020,000
SALE OF FIXED ASSETS	-	646	4,000
INTERFUND CHARGES			
TRANSFER FROM GENERAL FUND	100,000	125,000	675,000
TOTAL HIGHWAY USER REVENUE FUND	1,117,000	1,405,577	1,706,000
	0%		53%
CDBG GRANT			
CDBG GRANTS	325,000	318,600	
	325,000	318,600	-
WATER ENTERPRISE FUND			
WATER SERVICE FEES	485,000	507,998	523,000
WATER SYSTEM BUY-IN FEES	175,000	296,546	200,000
WATER METER FEES	20,000	31,686	25,000
SALE OF FIXED ASSETS	-	-	-
MISCELLANEOUS REVENUE	34,000	36,103	36,000
WIFA RESERVE FUNDS	260,000		
WATER SYSTEM AQ BOND PROCEEDS	2,000,000		
TOTAL WATER ENTERPRISE FUND	2,974,000	872,333	784,000
	300%		-74%

Town of Chino Valley
Total Revenue Summary

Budget FY 19-20 Estimate FY 19-20 Budget FY 20-21

CAPITAL IMPROVEMENT FUND			
1% TPT REVENUES-RETAIL/OTHER	1,468,000	1,652,189	1,675,000
1% CONSTRUCTION TPT REVENUES	150,000	182,769	182,000
1% BED TAX REVENUES	26,000	30,783	30,000
MISC. CAPITAL PROJECTS	2,000,000	2,000,000	2,000,000
INTEREST INCOME LGIP	-	-	-
YAVAPAI COUNTY DRAINAGE DISTRICT	120,000	-	130,000
TOTAL CAPITAL IMPROVEMENT FUND	5,764,000	3,865,741	4,017,000
	162%		-30%
SEWER ENTERPRISE FUND			
SEWER SERVICE FEES	1,644,000	1,644,576	1,677,000
SEWER SYSTEM BUY-IN FEES	300,000	341,050	300,000
MISCELLANEOUS REVENUE	66,000	58,892	60,000
INTEREST INCOME	18,000	17,867	18,000
WIFA RESERVE FUNDS	380,000		
BOND PROCEEDS - WIFA	500,000	-	300,000
TOTAL SEWER ENTERPRISE FUND	2,908,000	2,062,385	2,355,000
	35%		-19%
GRANTS FUND			
TOTAL GRANTS FUND	3,500,000		3,500,000
	0%		0%
DEBT SERVICE FUND			
TFRS FROM CAPITAL IMPROVE FUND	891,000	891,000	973,000
TOTAL DEBT SERVICE FUND	891,000	891,000	973,000
	5%		9%
SPECIAL REVENUE FUND - COURT			
COURT IMPROVEMENT FEES	24,000	19,980	22,000
COURT COLLECTION FEES	2,400	11,021	2,400
INTEREST INCOME-LGIP	1,600	1,285	1,700
TOTAL SPECIAL REVENUE FUND	28,000	32,286	26,100
	-2%		-7%
CAPITAL ASSET REPLACEMENT FUND			
MISCELLANEOUS REVENUE	10,000	104,922	10,000
INTEREST INCOME LGIP	4,000	4,141	4,000
TOTAL CAPITAL ASSET REPLACEMENT FUND	14,000	109,063	14,000
	-89%		0%

Town of Chino Valley
Total Revenue Summary

Budget FY 19-20

Estimate FY 19-20

Budget FY 20-21

SPECIAL REVENUE FUND - PD			
VEHICLE HEARING FEE REVENUE	15,000	2,700	3,000
VEHICLE TOWING FEE	20,000	3,830	5,000
VEHICLE IMPOUND FEE REVENUE	20,000	3,545	4,000
TOTAL SPECIAL REVENUE FUND -PD	55,000	10,075	12,000
	111%		-78%
LIGHTING IMPROVEMENT DISTRICTS			
CVSLID #1 TAX REVENUES	2,000	2,000	2,000
CVSLID #2 TAX REVENUES	1,000	1,000	1,000
CVSLID #3A TAX REVENUES	1,000	1,000	1,000
TOTAL LIGHTING IMPROVEMENT DISTRICTS	4,000	4,000	4,000
TOTAL REVENUE PLUS TRANSFERS, GRANT & DEBT	28,085,700	20,427,401	24,431,600
			-13%

	Description	Capital Item	2020-21 Adopted Budget	Capital Projects	Department Savings	Spending on Hold
GENERAL FUND						
41	PROSECUTOR		127,800			
42	TOWN CLERK		248,900		5,700	
43	TOWN MANAGER		443,700		10,000	
44	HUMAN RESOURCES		267,200		7,800	
45	MUNICIPAL COURT		318,100			
46	FINANCE		472,400		1,000	
47	MGMT INFORMATION		314,300		4,500	
50	MAYOR AND COUNCIL		51,200			
55	PLANNING		260,800		3,500	
56	BUILDING INSPECTION		323,500		1,000	
		Clean Up Campaign		20,000	15,000	
60	POLICE		3,485,200		25,500	
		M&E Body Cameras		22,000		
		Radios		30,000		30,000
61	ANIMAL CONTROL		166,600		2,000	
		Fencing/Grass		5,000		5,000
63	RECREATION		158,800		4,000	
		Community Center Door		8,000		8,000
		Furniture & Equipment		5,000		5,000
64	LIBRARY		385,300		8,000	
66	SENIOR CENTER		331,400		7,000	
68	PARKS MAINTENANCE		580,700		17,000	
		Sprayer		15,000		15,000
		Field 5 Refresh		15,000		15,000
		Turf Vac		30,000		30,000
		Gravel Community Center		10,000		10,000
69	AQUATICS CENTER		293,700		11,000	
		Pool Plastering		70,000		70,000
71	FACILITIES MAINTENANCE		508,100		4,900	
		HVAC Replacement		25,000		25,000
		Parking Lot Maintenance		35,000		35,000
		Roofing Buildings		30,000		30,000
		Public Works Flooring		30,000		
73	FLEET MAINTENANCE		277,400		7,900	
74	ENGINEERING		569,100		8,500	
		Plotter		8,000		8,000
75	CUSTOMER SERVICE		91,700		1,000	
95	NON DEPARTMENTAL		1,864,600			
		ADWR Water Application Study		75,000		75,000
		Peavine Trail Easement		10,000		10,000
TOTAL GENERAL FUND			11,540,500	358,000	145,300	371,000
HIGHWAY USER REVENUE FUND						
		Pavement Preservation		1,000,000		500,000
		Crash Trailer Message Board		35,000		35,000
		Snow Plow		10,000		
278	ROAD MAINTENANCE		1,706,000	1,045,000	25,000	535,000

CDBG GRANTS					
390	CDBG PROJECTS		-		
WATER ENTERPRISE FUND					
482	WATER UTILITY OPERATION	680,700			
	4x4 Pickup		20,000		20,000
	SCADA Radios		10,000		10,000
	Bright Star Well Generator		24,000		
495	WATER ENTERPRISE FUND EXPS	70,500			
		751,200	54,000	-	30,000
CAPITAL IMPROVEMENT FUND					
	Yavapai Drainage Projects		130,000		
	1 North Signal		125,000		
	Old Home Manor Master Plan		135,000		
	Welcome to Chino Valley Sign		100,000		100,000
	Impact Fee Study		60,000		60,000
	Gas Line Old Home Manor		750,000		750,000
	Police Department Design		250,000		250,000
590	MISC CAPITAL PROJECTS	4,923,000	1,550,000	-	1,160,000
SEWER ENTERPRISE FUND					
683	SEWER	1,449,600			
	Drying Bed		158,000		
	Belt Press*		230,000		
	Headworks*		70,000		
	Internet to WWTP		10,000		
	Flow Equalization Basin		75,000		75,000
	Septic Receiving Study		10,000		
	4x4 Pickup		20,000		20,000
695	CAP/DEBT CONTINGENCIES	881,100			
		2,330,700		-	95,000
GRANTS FUND					
7	GRANTS	3,500,000			
DEBT SERVICE FUND					
8	DEBT SERVICE	973,000			
SPECIAL REVENUE FUND COURT					
9	SPECIAL REV FUND	43,500			
CAPITAL ASSET REPLACEMENT					
	Vehicles		50,000		50,000
	Police Cars		90,000		90,000
10	ASSET REPLACEMENT EXPENSES	150,000	140,000		140,000
SPECIAL REVENUE FUND PD					
16	VEHICLE IMPOUND EXPEND	34,000			
LIGHTING IMPROVEMENT DISTRICTS					
40	CVSLID	4,000			
TOTAL EXPENDITURES		25,955,900	3,147,000	170,300	2,331,000

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TOWN OF CHINO VALLEY COUNCIL AGENDA ITEM STAFF REPORT

Town Council Regular Meeting

7. b.

Meeting Date: 04/28/2020
Contact Person: Cecilia Grittmann, Town Manager
Department: Town Manager
Item Type: Action
Estimated length of staff presentation: 5 minutes
Physical location of item: N/A

AGENDA ITEM TITLE:

Consideration and possible action to adopt Resolution 2020-1166 to approve an Intergovernmental Agreement between the Town of Chino Valley and the City of Prescott related to commercial water service in the Town of Chino Valley. (Cecilia Grittmann, Town Manager)

RECOMMENDED ACTION:

Approve the Intergovernmental Agreement between the Town of Chino Valley and the City of Prescott related to commercial water service in the Town of Chino Valley.

SITUATION AND ANALYSIS:

The City of Prescott has water lines generally running from Highway 89 & Perkinsville to Chino Valley's southern municipal border, generally along State Route 89. The Town has financially struggled to put infrastructure along this commercial corridor.

Through discussions with the City of Prescott, the City and the Town have drafted an IGA where the City of Prescott could provide water service to commercial customers along this corridor if the commercial business requests it/ requires it.

The Town believes the availability of municipal water along the commercial corridor could be beneficial to economic development at key intersections within our community. The Town could then focus on sewer service and address the water connections when and if it had funding available.

We believe the IGA provides the opportunity to maximize taxpayer dollars without duplicating infrastructure, however, it also leaves some flexibility so should the dynamic change and a customer would like service from the Town, we can work on making that happen.

Fiscal Impact

Fiscal Impact?: N

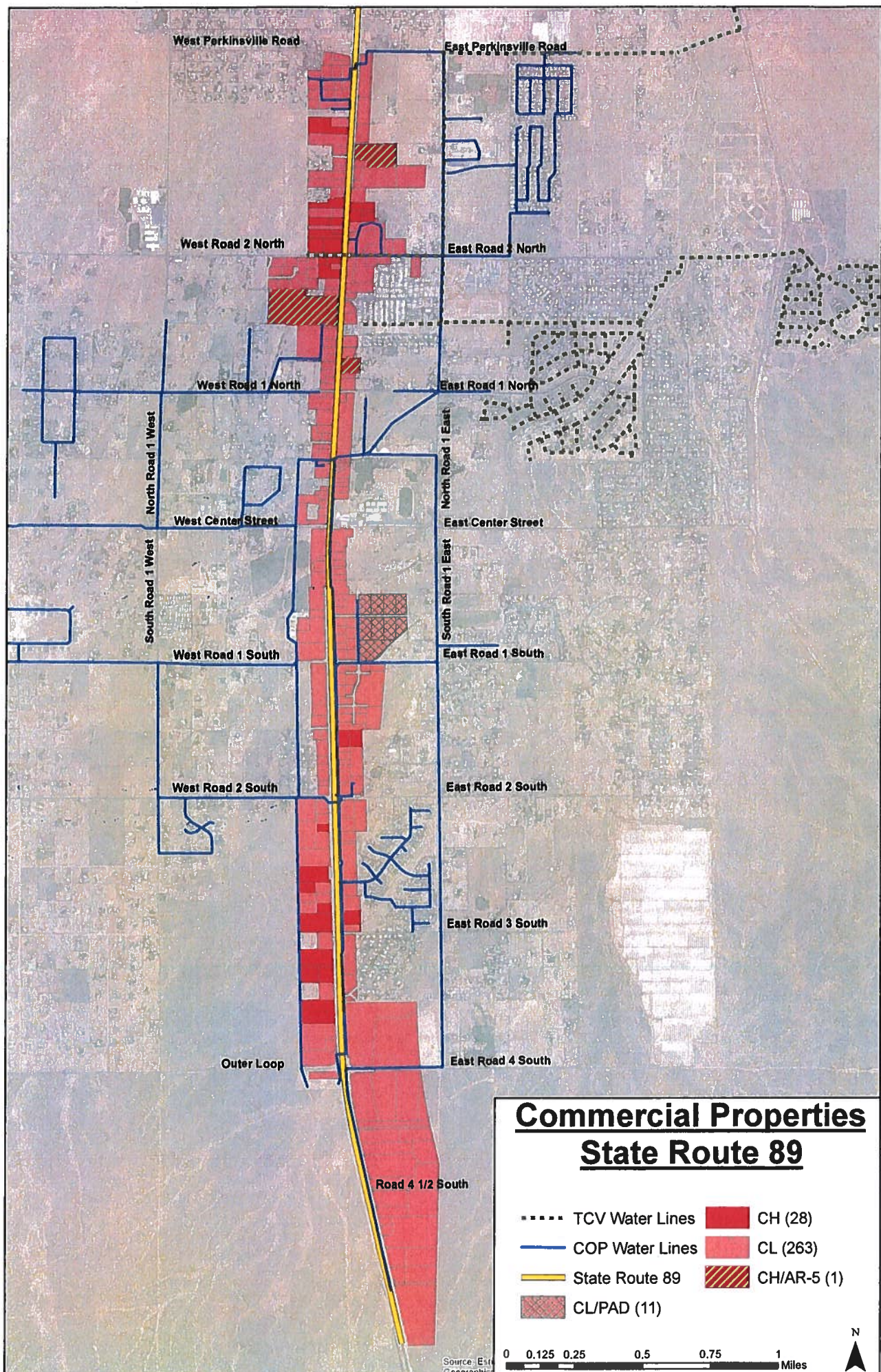
If Yes, Budget Code:

Available:

Funding Source:

Attachments

Map of Service Area
RES 2020-1166 & IGA



RESOLUTION NO. 2020-1166

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, APPROVING AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF PRESCOTT RELATING TO COMMERCIAL WATER SERVICE.

BE IT RESOLVED by the Mayor and Common Council of the Town of Chino Valley, Arizona as follows:

SECTION 1. The Intergovernmental Agreement between the Town of Chino Valley (the "Town") and the City of Prescott relating to commercial water service (the "Agreement") is hereby approved substantially in the form and substance attached hereto as Exhibit A and incorporated herein by this reference.

SECTION 2. The Mayor, the Town Manager, the Town Clerk and the Town Attorney are hereby authorized and directed to take all steps necessary to cause the execution of the Agreement and 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 this 28th day of April, 2020.

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. 2020-1166 was duly passed by the Council of the Town of Chino Valley, Arizona, at a meeting held on April 28, 2020, 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

EXHIBIT A
TO
RESOLUTION NO. 2020-1166

[Agreement]

See following pages.

**INTERGOVERNMENTAL AGREEMENT
TOWN OF CHINO VALLEY
AND
CITY OF PRESCOTT**

THIS INTERGOVERNMENTAL AGREEMENT (the "Agreement"), is entered into as of the date of final signature, by and between the CITY OF PRESCOTT, a municipal corporation of Arizona (hereinafter the "City"), and the TOWN OF CHINO VALLEY, a municipal corporation of Arizona (hereinafter the "Town").

WHEREAS, the City operates a water distribution system that provides water service to certain parcels of land within the Town; and

WHEREAS, the Town operates a separate water distribution system that provides water service to other parcels of land within the Town; and

WHEREAS, the current location and extent of the Town's water distribution system prevents it from offering water service to some properties within its commercial corridor; and

WHEREAS, the Town and the City wish to enter into an agreement to allow the City to provide water service to those properties within the Town's commercial corridor that the Town currently lacks water infrastructure necessary to serve; and

WHEREAS, the City and the Town are each authorized to provide water pursuant to A.R.S. §9-240(B)(6); and

WHEREAS, A.R.S. §11-952 authorizes two or more public agencies (including the City and the Town) to contract for services or jointly exercise any powers common to the contracting parties, if the agreement meets certain requirements set forth in A.R.S. §11- 952.

NOW, THEREFORE, for and in consideration of foregoing introduction and recitals, which are incorporated herein by reference, the mutual covenants and promises herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. TERM. The term of this Agreement shall be from March 1, 2020, through December 31, 2045, unless sooner terminated as set forth in Section 7 herein.

Section 2. PURPOSE. The purpose of this Agreement is to set forth the duties and responsibilities of the parties and to formalize the provision of water for commercial development purposes within the Town's "Commercial Corridor" as shown on the map attached as **Exhibit A**.

Section 3. **PERFORMANCE.** The performance commitments of the respective parties are as follows:

3.1 **City Obligations.** The City shall accept any request for water service submitted by a proposed commercial customer within the Town's Commercial Corridor after the date of this Agreement (each, a "New Commercial Customer") that provides evidence to the City that: (i) the proposed customer has received planning and zoning approval from the Town for the proposed development within the Town's Commercial Corridor; and (ii) the proposed customer satisfies all published requirements to receive water service from the City that are generally applicable to all prospective customers of the City (within and outside of the City's municipal boundaries). The City shall administratively approve any requests for water service which in the City's determination will use less than two acre feet per year. Requests greater than two acre feet per year are subject to review by the City's Water Issues Committee and approval by City Council. Each New Commercial Customer shall be subject to all relevant City codes, policies, and permit procedures as an out-of-city water user, including the City's landscaping requirements found at L.D.C. § 6.5, . The City further agrees to waive the requirement that out-of-city water users connect to City sewer service and the 60% return flow requirement for properties served pursuant to this Agreement. The City will not provide water service for any agricultural projects of any size or for residential service of any type.

3.2 **Town Obligations.** The Town shall be responsible for all planning and zoning approvals, permitting, and inspections applicable to all aspects of any proposed commercial development within the Town's Commercial Corridor excepting those required by the City for an out-of-city water user. The Town will require that the proposed commercial development connect to the Town's sewer service once a Town sewer main is abutting or adjacent to the property.

Section 4. **BUDGETING AND FINANCING.** The cost of the water provided for commercial development will be borne by the individual parties that contract for such service with the City. The Town will have no financial obligations as a result of this Agreement.

Section 5. **FUTURE TRANSFER OF COMMERCIAL CUSTOMERS.** If future circumstances allow the Town to begin serving the New Commercial Customers that connect to the City water distribution system pursuant to and after the date of this Agreement, the Town may retain an independent appraiser to determine the value of those commercial accounts. The Town may then offer to purchase the commercial accounts from the City at the appraised value determined by the independent appraiser and, upon receiving such an offer, the City may retain its own independent appraiser to determine the value of the commercial accounts. The City's appraisal will be provided to the Town at the time of receipt by the City. The City and Town agree to negotiate in good faith for the purchase of the commercial accounts. After a final value of those accounts is determined by the parties, the City shall transfer the commercial accounts to the Town at the agreed upon value. Thereafter, the Town shall be solely responsible for providing water service to the transferred commercial accounts and the City shall have no further obligation to those commercial customers. The Town and City further agree to negotiate in good

faith concerning transfer of the water used to service the transferred commercial accounts in order to assure no loss of service by the customers.

Section 6. PARTIAL TRANSFER OF EFFLUENT STORAGE CREDITS. If the Town connects to its sanitary sewer system any New Commercial Customers served by the City pursuant to this Agreement, the City shall thereafter provide the Town with the actual aggregate water usage of all such New Commercial Customers, and the Town shall estimate the quantities of effluent generated by each such New Commercial Customer based upon the water usage. The Town shall manage such effluent in the same manner as all other effluent in the Town's sanitary sewer system, including recharging the effluent after treatment is complete to the same extent that the Town recharges other treated effluent generated by its sanitary sewer system. Thereafter, the Town shall transfer to the City, on an annual basis, 50% of the quantity of long-term storage credits issued to the Town by the Arizona Department of Water Resources for the effluent generated by the New Commercial Customers served by the City pursuant to this Agreement.

Section 7. TERMINATION. This Agreement may be terminated by either party for any reason whatsoever, effective 60 days after receipt of written notice by the other party. In the event of termination prior to the full term of this Agreement, the City will continue to provide water to any entity that has contracted with the City to do so, and to any entity that has submitted a completed application for water service satisfying the requirements of Section 3.1 above prior to the termination date, but shall take no new customers after the termination date.

Section 8. INDEMNIFICATION. Each party (as "indemnitor") agrees to indemnify, defend, and hold harmless the other party (as "indemnitee") for, from and against any and all claims, losses, liability costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the negligent act, omission, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.

Section 9. NO PARTNERSHIP; NOT EMPLOYEES. Nothing herein is intended to create a partnership or joint venture between the parties, nor does it create an employment relationship between the personnel of the City and the Town.

Section 10. NOTICES. All notices provided in connection with this Agreement shall be in writing and shall be deemed to have been sufficiently delivered or served when presented personally or upon the third (3rd) day after being deposited in the United States mail, postage prepaid, by registered or certified mail, addressed as follows:

Town: Town Manager
Town of Chino Valley
202 N. State Route 89
Chino Valley, AZ 86323

City: Public Works Department
City of Prescott
433 N. Virginia St
Prescott, AZ 86301

Section 11. FURTHER INSTRUMENTS. Each party hereto shall, promptly upon the request of the other, acknowledge and deliver to the other any and all further instruments and assurances reasonably requested or appropriate to evidence or give effect to the provisions of this Agreement.

Section 12. AMENDMENT AND CONSTRUCTION. This Agreement sets forth the entire understanding of the parties as to the matters set forth herein as of the date of this Agreement and cannot be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto. This Agreement is intended to reflect the mutual intent of the parties with respect to the subject matter hereof, and no rule of strict construction shall be applied against any party.

Section 13. CONFLICT OF INTEREST. This Agreement may be canceled pursuant to A.R.S. §38-511 in the event of a conflict of interest as described therein.

Section 14. DISPOSITION OF PROPERTY. The parties do not contemplate the joint purchase of any property under this Agreement. Upon termination of this Agreement for any reason, any property purchased by a party shall remain the property of that party, and any party having possession or use of the other party's property shall return such property to the owning party.

Section 15. NONDISCRIMINATION. The parties agree to comply with the nondiscrimination in government contract provisions of Executive Order No. 2009-09, and hereby incorporate by reference its terms into this Agreement as if fully set forth herein.

Section 16. RESOLUTIONS. Attached hereto are the authentic copies of each appropriate action by ordinance, resolution or otherwise of the governing body of each party authorizing the execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by and through their authorized representatives the day and year first above written.

CITY OF PRESCOTT, a municipal
corporation of Arizona, (City)

Hon. Greg L. Mengarelli, Mayor

ATTEST:

Sarah Siep, City Clerk

The foregoing Intergovernmental Agreement has been submitted to me as Prescott City Attorney for review prior to its execution, pursuant to A.R.S §11-952(D), and I have determined that it is in proper form and is within the powers and authority granted to the City under the laws of Arizona.

Jon M. Paladini, City Attorney

TOWN OF CHINO VALLEY, a municipal
corporation of Arizona, (Town)

Darryl Croft, Mayor

ATTEST:

Jami Lewis, Town Clerk

The foregoing Intergovernmental Agreement has been submitted to me as Attorney for the Town of Chino Valley for review prior to its execution, pursuant to A.R.S. §11-952(D), and I have determined that it is in proper form and is within the powers and authority granted to the Town under the laws of the State of Arizona.

Andrew J. McGuire, Town Attorney