

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

**TUESDAY, SEPTEMBER 12, 2023
6:00 P.M.**

**CHINO VALLEY COUNCIL CHAMBERS
202 N. STATE ROUTE 89, CHINO VALLEY, AZ**

Present: Mayor Jack Miller; Vice-Mayor Eric Granillo; Councilmember Annie Perkins; Councilmember Tom Armstrong; Councilmember John McCafferty; Councilmember Sherri Phillips; Councilmember Robert Schacherer

Staff Town Manager Cindy Blackmore; Town Attorney Andrew McGuire; Administrative Services

Present: Director Joe Duffy; Officer Douglas Hawk (Sgt at Arms); Sergeant Amy Chamberlin (arrived at 7:04 p.m.); Deputy Police Chief Josh McIntire; Police Chief Chuck Wynn; Public Works Director/Town Engineer Frank Marbury; Senior Planner Will Dingee; Development Services Director Laurie Lineberry; Community Services Director Cyndi Thomas; Audio Visual Technician Lawrence Digges; Deputy Town Clerk Sara Burchill; Town Clerk Erin N. Deskins

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

Mayor Miller called the meeting to order at 6:01 p.m. and led the Pledge of Allegiance

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

- a)** Presentation and discussion from Dan Jackson with Willdan Financial Services regarding the Town's Water and Wastewater Rate Study.

Dan Jackson, Willdan Financial Services, presented the following:

- He had been the Town's water and wastewater consultant for 20 years. He was giving a summary on the results of the latest water and wastewater rate study including the Town's costs and usage, and offer some rate plan alternatives to consider.
- It was a difficult topic to discuss because the rates were always increasing and it was important to understand the dynamics at play in the water industry both state and nationwide.
- Water costs were increasing and the average utility was going up 5-6% every year and the trend was expected to continue, even triple in the next 15 years do to increased demand and increased cost due to population growth, and inflation.
- It was important to find a balance between keeping rates as low as possible while investing in the system to ensure it was a quality service. Many municipalities had very low rates (30-40% of utilities charge rates that don't cover the costs), but their systems were often near catastrophic failure. Investment in utilities went into streets of the community, and the future of the Town.
- Studies were conducted in 2013 and 2018. It was determined that the rate adjustments for

2016 and 2017 were not necessary. 2019 and 2021 resulted in rates being reduced. The Town was diligent in ensuring cost savings were passed through to rate payers.

- The Town charged a monthly fee (\$6.50/month) and a volumetric rate for water (the more the customer used, the more the customer paid over 8,000 gallons per month) to encourage conservation. The average user only used 5,000-6,000 gallons per month.
- Wastewater had a monthly base charge of \$58. Commercial and multi-family had different fixed rates.
- Presented a chart to show rate comparisons of the Town of Chino Valley and other municipalities in the area. Chino Valley was higher than some and lower than others, and about \$10 higher than the state average due to the fact that water was more scarce in this part of the state.
- The Town had just under 1,000 water customers and about 2,300 wastewater customers (this was due to the local private water companies).
- Shared 10-year forecasts of water and wastewater usage. The forecasts included considerations such as 50 new accounts per year.
- Discussed current and forecasted future costs. Revenues were currently covering costs but those same revenues would not cover them soon and presented ways to cover costs. The Town's fund was heavily dependent on hook up fees and general fund transfers for capital improvement projects. The proposed plans would ensure the water and sewer funds stay solvent for the next five years even under worst case scenarios.
- The assumptions used for creating the report included inflation, increases in expenses, buy-in fees, phasing out general fund support, and funding capital improvements.
- The Town was forecasted to invest \$18.8 million dollars in the sewer system in the next 10 years.
 - Much of that would be in the next five years requiring that the Town increase rates earlier to ensure payment of the debt service.
- The Town would have to issue \$12.85 million in debt over the next 10 years.
 - The debt would be paid over 20 to 30 years but would put assets in place for 40-60 years.
- Provided a break down the Town's budget and cost of service and a forecast increase for cost of service in the next 10 years.
- Provided recommendations included:
 - Modest percentage increases in the base and volume charges for water and sewer in January of 2024, 2025, and 2026 with no change in rate structure, but implementation of new water resource fee (this would help the Town develop and invest in new water resources).
 - The status quo scenario for water would include an increase in the base charge by \$0.20 per year, a nominal increase in volumetric charge, and a water resource fee of \$2.00. Wastewater would increase the base charge by \$1.75. For someone using 4,000 gallons per month, their bill would increase by \$4.57 the first year, \$2.71 the second year, and 2.79 the third year.
 - The conservation block-rate scenario would not impact low volume users, but higher volume users would receive financial disincentive. (This scenario was presented to fulfill the grant requirements the rate study was funded by which included looking at potential conservation measures to encourage prudent use of water.)
 - Both scenarios would get the Town the revenue it needed.
- Rate plans were designed to meet certain objectives and conservation was a key objective. The rate increases suggested were only 2-3% while many other utilities were raising rates by 5-6%.
- ARS § 9-511 was the statute governing rate adjustments. Council would have to adopt a notice of intent and hold a public hearing 60 days later. Council could then vote to adopt

the rate plan or any variation thereof. Once adopted the rate plan would go into effect 30 days later.

Mark Holmes, presented the following:

- The grant awarded to the Town was the Water Demand Rate Study. The goal was to offset the cost of doing a rate analysis and development of a rate concept that would not impact what was used inside the home, but rather the larger volume of water used outdoors to reduce those rates.
- Recommended considering the rate increases for a better conservation effort.

3) CALL TO THE PUBLIC- Individuals requesting to speak, please complete a Speaker Comment Card and return to the Clerk.

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 at the discretion of the Council and not required by law. Individuals are limited to speak for three (3) minutes, yielding of time will not be permitted. 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. Disrespectful behavior will not be tolerated; this includes loud outbursts, profanity and disruptive discussions among our audience.

Larry Holt presented the following:

- Territorial days was an absolute success.
- Thanked town staff. He worked on a lot of things with the town, and specifically called out Community Services, Facilities, Parks and Recreation, Roads, and the Police Department. He said staff was everywhere and did everything that was needed.
- He received no bad feedback from the car show on Sunday.
- He hosted an event on Monday, and again it was a great event because of the people previously mentioned.

Al Wittac presented the following:

- He wanted to talk about water and the mine.
- They mine operation reportedly had a 10 gallon per minute well and wanted to run it 24 hours. Verde Springs to Del Rio was dry and Verde Springs to Perkinsville was almost dry. Wells were already going dry with normal usage. If the mining began the residents would be in dire straits.

Rayann Myers presented the following:

- She was not living in Cedar Heights but did previously. She now lived on the south side of Mary's Mesa in Sullivan's Butte.
- The Cedar Heights area would not be the only ones affected. Those in her area also share the aquifer and many were on wells.
- The wildlife in the area included mule deer and pronghorn and they would be affected.
- She has a medical issue: allergy induced asthma. The dust from the mine would cause a big issue for her.

Kelly Jo presented the following:

- She stated that the miners were close enough that she could spit on them.
- The noise didn't bother her, but the toxins that would be going into the ground and water did concern her. She said they should do it by hand.

- She stated that her property was probably worth some money a couple years ago but now it would be worth nothing.
- She stated that it scared her, she didn't want her and her relatives to be affected by toxins.

Lorne Higgins presented the following:

- He was a resident of Cedar Heights.
- The matter didn't just affect them, it would affect the Town of Chino Valley.
- ADEQ and ADOT did a study in Arizona and California to bring aggregate closer to the towns, so it could be Chino Valley too. The idea was to bring the mining closer to town so that they wouldn't use so much diesel fuel. The study was looking for 100 acres plus.
- The aggregate was needed, but if it could happen to Cedar Heights it could happen to Chino Valley as well.

Janice Shanks presented the following:

- She lived right off cedar heights within eyeshot of the proposed reclamation.
- She stated there was no mention of a mine, just a reclamation proposal. This meant they would scar the mountain adjacent to their neighborhood.
- Cedar Heights was a private road and not county maintained.
- Spruce Road was an arterial off Cedar Heights and was just 12 feet wide at the place of entry where the trucks would be entering.
- The meeting in Prescott Valley was to study and accept or reject the proposal. The residence wanted to influence anyone who could be influenced, and anyone who had a stake and could be a stakeholder in the project to reject the project.
- Traffic would be affected in Chino Valley because of big trucks going through Chino Valley to get to the site. Road 5 North was recently paved from Reed to Yuma. Yuma and Cedar Heights would be used and they were maintained by residents.

Randy Dilbeck presented the following:

- He was there on behalf of Cedar Heights.
- If there was a missed blast in the area it would cause issues with water.
- His well was already at 740 feet. They were already running out of water.
- The site bordered residential on all sides. They would all be living inside a mine site and they would be full of silicates as the dust could not be controlled without water.
- He stated he had worked at the Red Lake mine site in Williams and they used anywhere from eight to 12 4,000 gallon truck loads per day to do one shift. This project would double that because they would be working through the night as well.
- He stated that the juniper trees near the mine where he worked were tan because they were covered in dust.
- No one wants to work in a mine site let alone live in a mine site. Workers would take their clothes off before entering their home because they didn't want that in their homes.
- The wildlife would be affected including deer, squirrels, and cows from local ranchers.

Anthony Cassarelli presented the following:

- His family had lived in the Cedar Heights area since 1994.
- He watched the area grow from just a handful of houses.
- He stated that the ranchers had been utilizing the area to graze their cattle for many years and helped establish the Town of Chino Valley.
- He had spoken to a councilmember previously and received a letter back referencing ARS § 11-812(A)(2) which was a restriction that the County had no jurisdiction over anything to do with mining operations. However, the statute states, "Prevent, restrict or otherwise regulate the use or occupation of land or improvements for railroad, mining, metallurgical,

grazing or general agricultural purposes, if the tract concerned is five or more contiguous commercial acres.”

- The cattle utilized the area everyday and should take precedence. The large trucks would be a danger to the cattle. He stated that he had seen at least three baby cows dead on the road in the last six months just from the inhabitants of the area. The cows, business, and inhabitants would not be safe.

Danny Brumett presented the following:

- He had lived in the Cedar Heights area for four years, it is their retirement home.
- He had been looking at the plot plans and where they wanted to put the office, take the hill down and put the rock crushing machine. He stated that his house would be 213 feet from the rock crushing machine.
- No one would want that and they were asking for help.

Barbara Merriman presented the following:

- She wanted to talk about the company, which was Rock Supply, LLC.
- She stated that she had been in contact with ADEQ and M-Shaw to ask about the company’s record and mining history. They were a newly established company and they were coming to Chino Valley to learn how to mine. She stated they had no history of being environmentally conscious or conscious of the community and it was evident of how they had treated the local community.
- She stated that she had spent a week digging through laws and contacting anyone connected to the company. State statute stated that they were supposed to have a community representative that the community could contact with questions. The person designated as such is James Cox and he had been refusing phone calls from people.
- She stated the company had moved the property from one owner to the next within the same office so they could abide by the laws and get away with something. She stated the original owner of the property hired a local excavation company to cut the road on the property of the proposed mine site. As far as she could tell there had been no permits from the county to cut the road. She stated that she watched the company cut the road and dump it in the Arroyo across the street from her home.

Kaci Jones-Overs presented the following:

- She was here to ask for help. So many people were lost between all the laws and representations they have that they couldn’t unravel.
- She was asking elected representatives to be their voice, represent them, and look into the situation.
- She lived on 4 ½ North. Her family all had breathing issues to worry about and animals that they were afraid would be affected by the blasting and rumbling of vehicles going down their roads.
- She was concerned about how it would affect their water and families. She was scared, and asking the Council to protect them.
- She stated that the view was that many of the Council didn’t care and had washed their hands of the situation because it was outside the boundaries of Chino Valley.

4) **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.

Mayor Miller presented the following:

- Read a letter on behalf of the Council thanking and recognizing the employees responsible for putting on the Territorial Days and 9/11 Memorial events.

Councilmember Perkins presented the following:

- Also thanked those involved in Territorial Days and the 9/11 memorial. The events were an amazing success.

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

Cindy Blackmore, Town Manager, presented the following:

- Thanked the Mayor for recognizing staff.
- The Chino Valley Grinder event would be hosted on September 16th. It was the longest running gravel grinder and started in 2014.
- Also on the 16th from 4:00 to 7:00 p.m. at Memory Park would be the 5th Annual Hawaiian Luau hosted by the Chino Valley Police Foundation.
- The Chino Valley Annual National Night Out event at Memory Park would be held on Tuesday, October 3rd from 5:00 to 8:00 p.m. Frank Ray would be performing at the event.

5) **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 award a Professional Services Agreement to MTO Janitorial, LLC, for Town Hall and Police Department Cleaning Services in the amount of \$5,500 per month.

Councilmember Schacher requested to remove item 5(a).

Josh McIntire, Deputy Police Chief presented the following:

- This item was pulled for clarification.
- Some verbiage was left off in the scope of services regarding bathroom cleaning; it did not specifically mention the bathrooms. The contract was changed to state daily cleaning of the bathrooms.

MOVED by Vice-Mayor Eric Granillo, seconded by Councilmember Tom Armstrong to approve the Professional Services Agreement to MTO Janitorial for cleaning services in the amount of \$5,500 per month with the amended scope of work dated September 11, 2023.

AYE: Mayor Jack Miller, Vice-Mayor Eric Granillo, Councilmember Annie Perkins, Councilmember Tom Armstrong, Councilmember John McCafferty, Councilmember Sherri Phillips, Councilmember Robert Schacherer

7 - 0 PASSED - Unanimously

- b) Consideration and possible action to approve a Second amendment to the Professional Services Agreement with EHS Support, LLC, to provide a physical availability determination (PAD) for the Wine Glass Ranch in the Big Chino Sub-basin, to increase the total amount by \$10,000 and extend the contract term from September 30, 2023, to March 30, 2024.

Councilmember McCafferty requested to remove item 5(b).

Councilmember McCafferty requested to pull this item so he could learn about the letter of deficiency received from the Arizona Department of Water Resources (ADWR) and the protocols to establish a remedy for such.

Mark Holmes, Water Consultant, presented the following:

- This process started in 2020. It was a long time coming and they were really close to the end. This was the third letter of deficiencies received from ADWR.
- January of 2020 the Town Council approved a scope of work with EHS to complete a Phase 1 Workplan for the renewal of the Wine Glass Ranch Physical Availability Determination (PAD) using the Northern Arizona Regional Groundwater Flow Model (NARGFM) which consists of three models. ADWR had dictated from the beginning that the Town must use that particular groundwater model, and the Town would be the first entity to do so. As EHS was developing the models the Town signed an agreement with The Nature Conservancy (TNC) for a 50/50 cost share of the expense to produce the models so TNC could utilize them as well.
- The latest deficiency stated ADWR did not want three models, they wanted them all combined into one model. ADWR kept referring to policy and rule, so staff asked where the policy and rule was. ADWR finally stated there wasn't one, it was just the way they had always done business.
- The Town's Water Rights Attorney then drafted a letter stating that ADWR was overreaching rule and policy and ADWR rescinded the request and would accept the original model.
- January of 2023 staff received another letter of deficiency and wanted the modeling reports and datafiles reconfigured in a format that was more convenient for them.
- This latest letter received in July of this year, after having an agreement, ADWR wanted EHS to go in and extrapolate all existing adequate, inadequate, and assured water supplies from all additional models.
- Staff recently had a meeting with ADWR at which ADWR representatives stated that they did not like that the Town was using the NARGFM model and stated that they never forced the Town to use the model. Staff presented them with a four page letter from a previous Chief Council that stated that Mr. Holmes had asked for reconsideration to the director level to not use the model and the Town would create its own model and was denied.
- Staff felt that if the Town had to use the NARGFM model that all others shall use the model

going forward.

Council and Staff discussed the following:

- Council inquired if staff was confident this was near the end.
 - Staff stated that as long as the Town meets what ADWR wants there will be no further deficiencies and the attorneys seem to agree. And it was in writing.
- Council asked if the permit will enable the Town to import from Wine Glass Ranch.
 - Staff stated that was correct and noted that this was a mitigation model.

MOVED by Vice-Mayor Eric Granillo, seconded by Councilmember Tom Armstrong to approve the Second Amendment to the Professional Services Agreement with EHS Support, LLC for the PAD at Wine Glass Ranch.

AYE: Mayor Jack Miller, Vice-Mayor Eric Granillo, Councilmember Annie Perkins, Councilmember Tom Armstrong, Councilmember John McCafferty, Councilmember Sherri Phillips, Councilmember Robert Schacherer

7 - 0 PASSED - Unanimously

6) 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, consideration, and possible action regarding an application from Agent Anita Martinez, Family Dollar, LLC, Store #24151 (Beer and Wine Store), for a new Series 10 Liquor License located at 314 Business Park Drive, Chino Valley, AZ 86323.

Recommended Action:

- (i) Hold Public Hearing.
(ii) Recommend approval for a new Series 10 Liquor License for Family Dollar, LLC, Store #24151.

Sara Burchill, Deputy Town Clerk, presented the following:

- The Town Clerk's office received the Liquor License application from the State on July 31, 2023.
- A representative for Family Dollar was available via Zoom to answer any questions.
- The application was recommended for approval after being reviewed by the police, fire, and planning departments.
- The establishment was posted with necessary notices meeting all statutory requirements.
- Staff received no written arguments in favor or in opposition to the requested license.

Council and Jonathan Crumly, Family Dollar representative, discussed the following:

- Council inquired about four suspensions (three in Texas and one in Virginia) the corporation had received and inquired about the training their staff would receive for selling alcohol.
 - Mr. Crumly was a consultant for Family Dollar and from the data his company received from Family Dollar their rate of violation for the stores nationwide was less

than 1%.

- Family Dollar currently had about 1,500 stores that were licensed to sell beer and wine. Sometimes the training doesn't stick, usually when there's a high rate of turnover.
- The company's policy is that everyone in the store will receive internal training on responsible selling (about two hours) and was comparable to the nationally recognized program TIPS. The training covered everything related to responsible selling from how to ID and verify ID, how to use instore register/scanners to confirm proper ID, the right of any salesperson to deny selling if the purchaser appears intoxicated. The company also had a nationwide zero tolerance policy for sales to underage purchases.

Mayor Miller opened the Public Hearing

Kelly Jo had requested to speak during this item, but began speaking about the mine issue brought up at Call to the Public. Mayor Miller informed her that particular issue was done and asked for speakers regarding the liquor license. There were no other requests to speak.

Mayor Miller closed the Public Hearing

Council discussed the following:

- One councilmember did not see the need for another beer and wine store and wondered if it was a good idea.

MOVED by Vice-Mayor Eric Granillo, seconded by Councilmember Sherri Phillips to recommend approval of a Series 10 Liquor License for the Family Dollar, LLC, Store #24151.

AYE: Mayor Jack Miller, Vice-Mayor Eric Granillo, Councilmember John McCafferty,
Councilmember Sherri Phillips, Councilmember Robert Schacherer

NAY: Councilmember Annie Perkins, Councilmember Tom Armstrong

5 - 2 PASSED

7) ADJOURNMENT

MOVED by Councilmember Sherri Phillips, seconded by Vice-Mayor Eric Granillo to adjourn the meeting at 7:27 p.m.

AYE: Mayor Jack Miller, Vice-Mayor Eric Granillo, Councilmember Annie Perkins,
Councilmember Tom Armstrong, Councilmember John McCafferty, Councilmember
Sherri Phillips, Councilmember Robert Schacherer

7 - 0 PASSED - Unanimously



Jack W. Miller, Mayor



ATTEST:

Erin N. Deskins

Erin N. Deskins, 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 12th day of September, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of October, 2023.

Erin N. Deskins

Erin N. Deskins, Town Clerk