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

TUESDAY, OCTOBER 20, 2020
6:00 P.M.

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

1) CALL TO ORDER; ROLL CALL

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

Staff Present: Town Manager Cecilia Grittman; Town Attorney Andrew McGuire (remotely); Water Services Consultant Mark Holmes; Finance Director Joe Duffy; Utilities Manager Mike Bovee; Utility Operations Specialist Klint Wilson; Assistant Engineer Steve Sullivan; Development Services Director Joshua Cook; Senior Planner Kristina Tranel; HR Director Laura Kyriakakis; Administrative Technician Kathy Frohock (videographer); Town Clerk Jami Lewis

Vice-Mayor Miller called the meeting to order at 6:07 p.m.

MOVED by Councilmember Corey Mendoza, seconded by Councilmember Mike Best to move item 6, executive session, to the beginning of the agenda.

AYE: Vice-Mayor Jack Miller, Councilmember Mike Best, Councilmember Cloyce Kelly, Councilmember Corey Mendoza, Councilmember Annie Perkins, Councilmember Lon Turner

6 - 0 PASSED - Unanimously

2) Presentation and discussion regarding budgeted capital items for each department that were postponed due to Covid 19. (Joe Duffy, Administrative Services Director)

(This item was heard after item 7 but is retained here for clarity.)

Dir. Duffy reviewed a list of the deferred capital project items and a recap of the Town's financial standing.

- The revenue stream had remained stable during the pandemic. The estimated fund balance had remained as expected, partly because of the CARES act funding, but also because the Town had cut back on expenses.
- The Town ended last fiscal year (June 30, 2020) with an extra $2 million dollars in the General Fund reserves.
- He reviewed Revenue Funds.
    - Sales tax revenues exceeded expectations, signifying that people had shopped locally during the pandemic instead of going to the outlying communities, or had shopped online; and the Town collected the local sales tax on those purchases as well.

        - Construction sales tax still had good growth and permit revenues through September were up substantially.
        - The Town's share of the State's sales tax was even.
        - Vehicle license tax had gone up.
        - HURF funds had a short-term insignificant dip, but it had ultimately come in according to projections.
    - The Town was in the financial position to approve the deferred capital improvement projects and the merit increase request under Item 3. Staff recommended that both be approved.

Council asked for more detail about the following:

- Capital Projects: Vice Mayor Miller had requested this item as a reminder of what the Town had put on hold. These projects had already been approved during the passing of the current budget and staff was requesting general direction about proceeding with those projects. Not all the projects would proceed in the current fiscal year, but there were some that needed action. Despite the increased costs of construction materials, and a possible dip in construction sales tax, Staff felt it was safe to move forward. Finance staff monitored the revenue stream monthly, and if there was a slowdown in construction, they could stall projects if necessary. There was also a huge influx of Californians that were snapping homes and property up quickly.
- Projects approvals: Projects would still come before Council, with bid awards and other items that needed Council approval.
- CARES act moneys: The CARES money helped with the revenue stream increase. The Town had an additional increase of $1.2 million due to project delays and shutdowns.

3) Presentation and discussion regarding fiscal year 2020/2021 merit increases. (Laura Kyriakakis, Human Resources Director)

Vice-Mayor Miller explained that after seeing the budget numbers, he thought the delayed merit increase needed be addressed and the employees deserved the increase.

Dir. Kyriakakis presented on this item:

- There had been no change of full time equivalents from the previous fiscal year to the current year. There was only a transfer of employees from Customer Service to the Planning and Building Inspection division.
- The total burden for gross wages and benefits showed an overall increase of 2%, but the projection had been 3%. Gross wages projected an increase of 3% and had increased by 3.5%. Benefits had decreased by 0.19% due to the PSPRS buydown and the Town would see a savings in this amount.
- The 1% cost of living adjustment took place in July and amounted to approximately $53,000.
- The delayed merit increase was projected at approximately $170,000 and had not yet been administered. Staff was recommending that the merit increase take effect on November 29, 2020, at an actual cost of approximately $99,000. This represented a savings of $71,000.
- Any employee whose gross wages were $90,000 or more at the time of budget approval would get a merit increase of 1% less than the increase shown on the merit increase rating chart. That was still included in the staff recommendation of approval.

Council asked about the merit process. Ms. Kyriakakis explained that the merits were determined by a pay-for-performance structure in which every employee was given an evaluation. The evaluation was based on the employee's work results and their observed behavior and goals that were assigned to them. The work results and behaviors were weighted and the final rating was then averaged. The average increase was 3% overall. Most of the employees received a 2.4%

merit increase or a 2.7% merit increase, with a rating of 4 or 4.5. Individuals that had a salary of $90,000 or more brought the average down to a 3% average salary increase.

4) Discussion regarding the Old Home Manor (OHM) Business Plan. (Maggie Tidaback, Economic Development Project Manager)

Ms. Tidaback explained that Item 4 was a team effort and each department and the Town's consultant would individually address the Council.

Water Resources Consultant Mark Holmes spoke about water and development of OHM:

- The Town owned a large tract of undeveloped land at OHM and it was attempting to attract various types of entities that could add significant value to the community.
- OHM had been purchased for two important reasons:
  - It had been an old garlic farm that had historic water rights that had been converted to assured water supply and had been conveyed to the Town.
  - It was centrally located within the corporate boundary of Town, which could be maximized for the benefit of the entire community.
- Owning the tract of land made the Town a developer, whereby the Town could determine how and when improvements were implemented.
- The goal was to discuss a business model. Various activities would be presented that could get the ball rolling for development of OHM.
- The Town already had the initial Integrated Water Master Plan, which would help provide answers to where and when water and sewer extensions should happen. A five-year capital improvement plan would be developed, which would have a five-year projection on annual projects that could be evaluated for the appropriate lands to develop.

Finance Director Joe Duffy spoke about establishing a separate enterprise fund for OHM:

- There had been approximately $2.8 million in investments from various government sources, with the Town investing approximately $900,000. An enterprise fund would develop a fund that could track how much money per acre had been invested. It would help determine a fair return on the investment and the appropriate measures the Town needed to take to get a fair return on the investment for the community.
- A special assessment district would be created. The parcels that were in the industrial park would have a higher value than the parcels used for recreation.
- The Town's goal was to make money for the community.

Council asked for more detail about the following:

- Town as "developer": A Councilmember asked about the Town's "job" as developers versus creating a stimulus for economic development. Staff explained the property was purchased for approximately $800,000 for the water rights, and the mortgage had been paid off in 2000. The acquisition cost was not included in the total investment contribution of the Town but would be added in for a more accurate picture of the Town's investment. There would be additional revenues and pluses in the community from the activities at OHM that the Town would not be able to accurately capture. Unlike a developer, the Town did not have to make a profit but could determine that the value put into the land could get a return on investment through things like jobs. Tracking investments would provide information for the taxpayers of the Town. The Council could make the decision to not monetarily recapture the total investment in the property, but the investment could pay off in an indirect return through total community benefits.
- Business Park design: CivilTec was designing the first phase of the business park, with road,

water, and sewer improvements, at an estimated cost of $1.2 million. It would be ready to bid soon.

- RV Park: The Town was also considering developing a phase two concept plan for the RV Park, which could be put out for a Request for Proposals. If the Town got a good developer for the RV Park, water and sewer would need to be extended.
- Staff will come back to the Council once the estimates are received, starting with the business park improvements. Several projects, including the OHM expansion had been included in the budget. This did not include the RV Park.

Development Services Director Joshua Cook spoke about the entitlement process for the RV Park project:

- The entitlement process would not require a General Plan amendment because it fell under the commercial or commercial recreation area.
- It would need to go through a rezone to be classified as a Commercial Heavy Planned Area Development (PAD). This would allow the Town to restrict the use specifically to RV and not any other uses allowed within the Commercial Heavy use zoning area.
- The entitlement process would take two to three months once the conceptual plan was developed and the Council has approved the project.

Council asked for more detail about the following:

- Conceptual plan: The conceptual plan could be developed by the Town or through a concessionaire agreement run by someone else, but nothing had been decided yet.
- Planned Area Development: Having a PAD would restrict uses to exactly what the Town wanted for the property. Any amendment to that would need to go through Planning and Zoning and the Council.

Ms. Tidaback spoke about a concept plan for the RV Park:

- Concept Plan: Celia van der Molen had been hired to work on a concept plan that would include 250 spaces, spaces for horse trailers, dry camping areas, pickleball, community center, and dog park. It was due back within a week.
- Patron limits: Staff needed Council guidance on time limitations for patrons at the RV Park. Research into other surrounding area RV Parks showed that the length of time was market driven. Although most did not have a time limitation, they had CC&Rs that limited what could be done at the RV sites, such as no permanent structures, skirting, or hanging laundry.

Council asked for more detail about the following:

- Length of stay options: The market could help determine the amount of time necessary or the percentage of spaces that had longer term stays available. A developer could tell the Town what the appropriate charge and time limitations would be instead of the Town putting down limitations on the developer. There had been interest expressed by different entities into longer-term stays. It was also important to listen to Council's desire for length of time stays. There were differing Council opinions after the last meeting.
- Purpose for RV Park: There was no decent RV Park in the area of Town. The initial idea of the RV Park started because the Town had the facilities to have sporting event tournaments, but there was nowhere to stay. The Town needed to decide if they were developing the RV Park for weekend visitors that were coming for entertainment purposes or for the snowbirds that came for four or five months. The snowbirds would most likely pack the park, leaving no room for the events in and around Town. Some Councilmembers wanted activity-based stays for any RV Park. Staff thought it could be a mixture of both long-term and short-term stays, defined in the advertised RFP. The RV Park had to make money for it to be worth a

developer's time. The reason there had not been more interest was due to the lack of infrastructure and direction.

- Infrastructure: If the Town extended infrastructure to the area, some Councilmembers supported the idea of having a basic RV Park that was self-run through the equestrian center, shooting range, ballfields, or other outside entity. If RV Parks were large money makers, the private developers would come on their own. People staying at the RV Park for events would not be spending time at the RV Park because they would be attending the events, so there would not be a need for clubhouses and pickleball.
- Staff explained that the monthly revenue for the Town from a developer-based RV Park would quickly pay off the cost of adding infrastructure. The type of RV Park development should depend on what the Town wanted. If they wanted to try to bring people into Town, then an event based park would not provide other possible users a space and having a percentage for both might be better suited for Town. There currently were not enough events in Town to support an event-based RV Park for potential developers.
- Concept Plan: Staff could have the conceptual plan simplified and eliminate the community center and other extras. The plan could be phased in, starting with a minimum basic plan. The conceptual development plan was a requirement for the PAD zoning change. The Town needed to define the plan and the numbers to determine if they had the money to move forward. The concept plan would help determine the direction the Town could go and what was feasible.
- Development Plan: The PAD would be attached to the zoning ordinance and the Town would be required to abide by the conceptual development plan within a 10% allowance one way or the other. Once the PAD was adopted by Council, the ordinance would go into effect 30 days later. Once development started, a site plan review would be conducted and at that point, the Town would ensure that all development proposals followed the conceptual development plan and met lighting and landscaping requirements. These requirements should be included in the PAD.
- Phase timeline: There was no timeline for phased development of the RV Park because, unlike a subdivision, it was a single property with spaces, not lots. Bringing water and sewer to the RV Park would have ancillary benefits for other entertainment venues, including the equestrian park.

Consultant Holmes spoke about the RV Park and water rights:

- As the RV Park was under commercial property and the service area right, the Town could serve water without having a certificate of assured water supply. For any entity that was not a subdivision, the Town could use their service area right for anything at OHM. If something came along that did require a certificate, the Town did have a water portfolio and some assured water supply credits. The Town was also increasing the amount of reclaimed water, which could also be used for assured water supply for a certificate.
- The Integrated Water Master Plan defined what the portfolio looked like and to ensure everything was covered. It also estimated a total water budget of 1,700 acre-feet per year for all of OHM at buildout.
- If the Town got the rezone and all the infrastructure installed and someone wanted to buy the RV property, the water could still be served under a service area right.
- He reviewed several questions for Council to consider:
    - Who is driving development at Old Home Manor?
    - Should the Town act more like sophisticated developer or rely on the entities we are trying to attract?
    - What is needed to get the ball rolling?
    - What are the risks associated with taking the lead?
    - What is the return on investment and what are other potential benefits received by the

Community?
- How could this business plan be structured to show investment and return on investment portfolio?
- What if we do nothing?

5) Presentation of a detailed 5 year Waste Water Treatment Plant Capital Plan regarding the required capital expenditures and funding sources anticipated over the next 5 years. (Joe Duffy, Administrative Services Director)

Utilities Manager Mike Bovee reported that the Utilities Subcommittee reviewed this five-year capital plan for the wastewater treatment plant and introduced plant operator Klint Wilson.

Utility Operations Specialist Klint Wilson reviewed the capital plan, and described each item's use and current condition:

- FY 2020/2021: $300,000 ultra violet light replacement; $70,000 RotaMat repair; and $150,000 blower air lines. Upgrades included $315,000 new building; $200,000 lift-station screw; and $200,000 screw press.
- FY 2021/2022: $250,000 drying beds; and $100,000 equalization basin engineering.
- FY 2022/2023: $500,000 equalization basin construction; $100,000 waste holding tank; and $240,000 turbine blowers.
- FY 2023/2024: $250,000 grit separator.
- FY 2024/2025: $300,000 membrane filters.

Council asked for more detail about the following:

- Septage project: Kimley-Horne had done a conceptual plan and was still working on their report, which included a separate plant. An engineered construction plan was proposed in this capital plan. Septage was easy to get into, and could make money, but the Town had to be very careful with it.
- Funding sources: Dir. Duffy explained that a little over $1 million in WIFA reserve funds would be used for some of these items. New expansion items had to be funded from enterprise funds. Council approved these items in the budget, but Council still had to approve the individual items.
- Grit separator: Mr. Wilson stated this is in good condition now, but in five years would start having corrosion.

6) An executive session pursuant to A.R.S. & 38-431.03(A)(1) for discussion or consideration of employment, assignment, appointment, or salary and discussion of final list to interview for position of Town Manager. (Laura Kyriakakis, Human Resources Director)

(This item was heard after item 1 but is retained here for clarity.)

MOVED by Councilmember Corey Mendoza, seconded by Councilmember Cloyce Kelly to go into executive session at 6:07 p.m.

AYE: Vice-Mayor Jack Miller, Councilmember Mike Best, Councilmember Cloyce Kelly, Councilmember Corey Mendoza, Councilmember Annie Perkins, Councilmember Lon Turner

6 - 0 PASSED - Unanimously

Vice-Mayor Miller reconvened the special meeting at 7:16 p.m.

7) Consideration and possible action to select final list of candidates to be interviewed for the Town Manager position. (Laura Kyriakakis, Human Resources Director)

Recommended Action: Approve a final list of candidates to be interviewed for the Town Manager position.

Vice-Mayor Miller reported that direction was given to the Town Manager search firm, who would report back to the Council.

8) **ADJOURNMENT**

MOVED by Councilmember Lon Turner, seconded by Councilmember Cloyce Kelly to adjourn the meeting at 8:48 p.m.

AYE: Vice-Mayor Jack Miller, Councilmember Mike Best, Councilmember Cloyce Kelly, Councilmember Corey Mendoza, Councilmember Annie Perkins, Councilmember Lon Turner

6 - 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 20th day of October, 2020. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 10th day of November, 2020.

Jami C. Lewis, Town Clerk