

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

**TUESDAY, DECEMBER 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 John Austin Gaylord (remote); Officer Jordan

Present: Holmes (Sgt at Arms); Assistant to the Town Manager Terri Denemy; Administrative Services Director Joe Duffy; Police Chief Chuck Wynn; Deputy Police Chief Josh McIntire; Public Works Director/Town Engineer Frank Marbury; Water Consultant Mark Holmes; Assistant Development Services Director Will Dingee; Senior Planner Jessica Barragan; Economic Development Manager Maggie Tidaback; 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 6:00 p.m. and led the Pledge of Allegiance.

2) INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

- a)** Presentation of Proclamation issued to Joe Duffy for his outstanding years of service with the Town of Chino Valley.

Mayor Miller read the Proclamation and presented it to Mr. Duffy.

Mr. Duffy expressed gratitude for his time with the Town of Chino Valley and the people he got to work with and for.

- b)** Recognition of service as Vice-Mayor to Eric Granillo.

Mayor Miller presented Eric Granillo with a plaque for his time served as Vice-Mayor.

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.

Craig Brown, Yavapai County Supervisor for District 4, presented the following:

- He wanted to give an update on what was going on with the Del Rio Springs State Park project.
- A lot of people were concerned about what was going on in Phoenix with regard to funds that were being held up by the House. He stated that the State was trying to save money by not spending money early.
- \$6 million dollars had been allocated to Del Rio Springs and the money needed to be received in time to close escrow at the end of next month.
- He contacted Senators Bennet and Cavanaugh and Michael Patrick (Trust for Public Land) to let them know that the County was watching what was going on. He reported that Senator Cavanaugh had told Senator Bennet that there would not be a problem with the \$6 million.
- The \$1.5 million from the County would be on the Consent Agenda for January 3rd to make up the remaining funds to buy the property.

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 thanked everyone for their prayers and well wishes. He was doing well.

Councilmember Perkins stated that December to Remember was a great event and thanked everyone for taking part.

Councilmember Armstrong stated that at the last CYMPO meeting he would be the primary representative from CYMPO to the Rural Transportation Advocacy Council

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

Cindy Blackmore, Town Manager, presented the following:

- Chino Valley's Parade of Homes was ongoing with 52 homes currently registered on the Town website.
- Santa would be at the Library on Friday, December 15th from 10:00 – 11:30 a.m.
- Town offices and facilities would be closed on Monday, December 25th, and Monday, January 1st. Offices would reopen on the following Tuesdays.
 - The Senior Center and Library would also be closed on Friday, December 22nd, and Friday, December 29th to allow staff to enjoy time with their families.
- Encouraged residents to shop local at Chino Valley's specialty stores, boutiques, and vintage shops.
- The Clerk's office had Candidate Packets available for anyone interested in running for a Council seat.

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.

Councilmember Schacherer requested to pull item 5(a).

Councilmember McCafferty requested to pull item 5(b).

MOVED by Vice-Mayor Eric Granillo, seconded by Councilmember Tom Armstrong to approve Consent Agenda items c, d, e, f, and g.

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

- a) Consideration and possible action to approve the Arizona Mutual Aid Compact between the signatory jurisdictions and the Emergency Management Division of the Arizona Department of Emergency and Military Affairs for providing mutual aid assistance during emergencies.

Council inquired if the Town had an implementation plan and if staff would be looking for grants if the Town had to ask surrounding areas for help in an emergency.

Josh McIntire, Deputy Police Chief, presented the following:

- The Arizona Mutual Aid Compact (AZMAC) was updated and renewed every 10 years, the last being 2014. The most current agreement would expire on December 31, 2023, and the new agreement would run through December 31, 2033.
- The AZMAC was an agreement between several Arizona municipalities and the department of emergency military affairs to maintain critical public services under catastrophic circumstances. This was in addition to several other intergovernmental agreements the Town held with local municipalities including the Yavapai County Office

of Emergency Management (YCOEM).

- Being part of the compact would give the Town the ability to ask for and receive assistance directly from anyone through members of the compact breaking down jurisdictional lines of red tape so the request was not delayed.
- The compact would entitle all participating members to call upon each other for their support in the event of an emergency when all other options were exhausted.
- Staff felt joining the compact was a necessity for small municipalities with limited resources like the Town of Chino Valley.

Council and staff discussed the following:

- Council inquired if there was a Town plan or if the Town was beholden to the County plan.
 - Staff stated AZMAC was a compact to allow the free flow of services between jurisdictional boundaries, specific plans were not included.
- One councilmember inquired as to why phone numbers were blacked out in the compact.
 - Staff stated that it was restricted information, and therefore redacted from the public packet, but it would be submitted with the contract.
- One councilmember inquired if the Town was currently in good stated with AZMAC.
 - Staff stated that the Town was not listed on the last multi-agency compact and did not know the reason for that.
- Council inquired who the Emergency Preparedness Officer for the Town was.
 - Staff stated that no one was directly dictated as having that title. In the event of an emergency, it would be a multi-faceted approach between the Police Department and Public Works to decide who needed to be called and what needed to be done.
- Council requested clarification on if the Compact included equipment or just personnel.
 - Staff stated that equipment was included.

MOVED by Vice-Mayor Eric Granillo, seconded by Councilmember Tom Armstrong to approve Consent Agenda item 5a.

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 the formation of the Solar Energy and Zoning Code Committees and begin recruiting volunteers.

Council had requested a presentation from staff on this item.

Will Dingee, Assistant Development Services Director, presented the following:

- This item was a request for the formation of two committees including the Zoning Code Committee and Solar Energy Committee.
- These committees would be advisory committees to staff only, not Council nor the Planning & Zoning Commission.
- Staff was hoping to begin looking for volunteers before the holidays to serve on the committees.
- This was the first of many items that would be brought before Council to begin

implementing the new General Plan.

- There were not currently details on what the committees would be discussing and deciding, but the Zoning Code Committee would be looking at the Land Use Element and aligning the Future Land Use Map and General Plan with the UDO. The Solar Energy Committee was intended to create a recommendation that might guide how large-scale utility solar projects could be implemented in Chino Valley and guide the policies in the Resiliency Element of the General Plan.
- Staff had purposefully omitted the composition of the group because staff was not sure what they would get for volunteers but hoped for at least three members of the public to include one Planning Commission member and some kind of environmental specialist.
- Staff anticipated the volunteers receiving a study session with a representative from CAFMA, APS, and established solar developers.
 - Staff hoped this would remove special interests but give the members the best education possible so they can vet the information along with staff.

Council and staff discussed the following:

- One Councilmember had several areas he wanted the Solar Energy Committee to address including:
 - The scale (commercial, residential, utility)
 - Aesthetics
 - Noise emissions
 - Heat island effects
 - Soil erosion
 - Water demands
 - Setbacks
 - Reclamations
 - Fire suppression
 - Allowance of battery packages (Lithium? Zinc?)

MOVED by Vice-Mayor Eric Granillo, seconded by Councilmember Tom Armstrong to approve Consent Agenda item 5b.

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

- c) Consideration and possible action to adopt the 2024 Base Council Meeting Schedule.
- d) Consideration and possible action to approve the November 14, 2023, strategic planning meeting minutes.
- e) Consideration and possible action to approve the November 14, 2023, study session minutes.
- f) Consideration and possible action to approve the November 14, 2023, regular meeting minutes.
- g) Consideration and possible action to approve the November 29, 2023, special meeting minutes.

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) Consideration and possible action to nominate and elect a councilmember to serve as Vice-Mayor.

Recommended Action: The Mayor shall nominate, and the Council shall elect, a councilmember to serve as Vice-Mayor.

Mayor Miller nominated Tom Armstrong as Vice-Mayor.

MOVED by Councilmember Annie Perkins, seconded by Councilmember John McCafferty to follow Mayor Miller's nomination and elect Tom Armstrong to serve as Vice-Mayor for the Town of Chino Valley.

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) Public hearing, consideration, and possible action to adopt Resolution 2023-1235, increasing water and wastewater rates by three percent each year for three years, establishing a water resource fee, and adding a tier for volume charges.

Recommended Action: i) Hold the public hearing ii) Adopt Resolution 2023-1235

Dan Jackson, Vice President for Willdan Financial Services, presented the following:

- This was a follow-up on the rate study recently completed for the Town regarding water and wastewater financial analysis to recommend long-term rate plans.
- Arizona statutes establish guidelines for increasing rates including adopting a notice of intent (as the Town did 60 days ago) then hold a public hearing 60 days later. This presentation would serve as the public hearing.
- Outlined the results of the rate study which included:
 - The Town had a rate study completed in 2013 and raised rates, then suspended them in 2015 as expenses were less and revenue were higher than anticipated, then lowered in 2018, again in 2019, and yet again in 2021 resulting in a lower payment rate today than 10 years ago.
 - The Town's current water and wastewater rate was in the middle of the road for the surrounding areas; the Town's rates were more than some and lower than others, and a little above the state average.
 - The Town did not make a profit from its water and wastewater operation. The current and proposed fees were only meant to cover the costs.
 - The Town had 1,089 water customers and was projected to grow nominally over

the next 10 years.

- The Town sold about 118 million gallons of water in the last year. That was anticipated to be 144 million gallons by 2033.
- The proposed rate increases took into account the rise in costs for chemicals, electricity, insurance, workers compensation, and capital improvements (as much as \$18.8 million over the next 10 years to ensure proper functioning of the system). The proposed rate increases also took into account how and when to repay the debt that would have to be incurred to make those capital improvements. About \$12.8 million would be funded in bonds.
- The cost of water service was projected to increase from about \$950,000 per year to about \$1.7 million per year by 2033. The cost of wastewater service was projected to increase from just over \$2 million per year to just under \$3 million per year by 2033.
- The first proposed rate plan recommended rate adjustments each year effective in January from 2024 to 2026, assumed no change in rate structure, and assumed uniform percentage adjustments for base and volume charges. This rate plan would increase the average user's bill by about \$4.73 per month, or 5.2%, in the first year. The next two years it would only go up by 3%, or \$2.50 to \$3.00 per month. The increases would be slightly higher for high water users.
- The current plan had three conservation blocks; 0-8,000 gallons, 8,001-20,000 gallons, and 20,001 and above. The second proposed rate plan was designed for more aggressive conservation and would include a block from 8,001-15,000 gallons and then 15,001-20,000 gallons, and 20,000 gallons and above. This would hopefully offer greater incentive for conservation earlier in usage amounts. The base charges and wastewater charges would not change.
 - 5,000 to 10,000 gallons per month was considered non-discretionary and was generally water used for bathing, drinking, cleaning, cooking, etc. More than that was generally outdoor usage such as lawn watering and car washing. The additional incentive was meant to limit outdoor usage. A 20,000 gallon per month user would see an increase of about 8% in the first year.
- Both scenarios would bring in approximately the same amount of revenue, but the question was what goals did the Council want to achieve from the plan.

Council and staff discussed the following:

- Council inquired how many wells the Town had.
 - Staff did not know that number.
- Council inquired what this meant for those residents on Prescott water.
 - Staff stated the wastewater charge was a fixed monthly charge of \$58 per month and would see an increase, but water usage would not have an affect on the rate.
- Council inquired about the debt and if would be to service existing lines or to expand the current system.
 - Staff stated it would be a combination of overhauling existing lines, expanding lines, and rehabbing the pump and lift stations.
- Council inquired about the deficit the Town was in regarding the wastewater account and if the increased rates would bring that to zero and how long before that happened.
 - Staff stated the fund was operating in the red, and the increased rates would correct that.
 - Staff stated there would also be a bit of a contingency balance.
 - Staff stated that the Town would recover its cost each year for the next three years.
- Council inquired about the \$2.00 resource fee. It would only generate \$36,000 per year and wondered if it was worth it.

- Staff stated that in order to generate more revenue from that fee it would have to be higher, and it was better to ease into it. As more accounts were added the Town might want to go back and revisit that fee particularly as water resources become more expensive in the next decade.
- Council wondered if the Town needed it.
- Staff stated that over the next 10 years it would add up to between \$500,000 and \$600,000 as more accounts were added. It wouldn't solve all the Town's problems but was a step in the right direction.
- Council inquired if it was a separate line item that would be maintained, balanced, and carried over year to year.
- Staff stated that was correct.

Mayor Miller opened the Public Hearing.

TJ Brown stated the following:

- He felt the first portion of the presentation was about covering expenses and making the Town's water operations functional and practical. The second portion focused on conservation and financial penalty to high-volume users which would generate less revenue if successful as high-volume users changed their behavior. He felt that there then wouldn't be enough revenue to cover the debt service. He was also concerned about the debt and wondered if there was another way to do it outside of incurring debt. There was discussion about future connection fees and development and adding more users to the system. He knew of hundreds of units that would like to be developed and thought that was a better option for paying for the capital improvement projects than debt.

Mark Holmes, Water Consultant, presented the following:

- The rate study was part of the United States' Bill of Reclamation Grant that funded the additional work to look at the conservation component.
 - 50-60% of Chino Valley water usage was used outdoors. Most communities were 60-70%. The Town hoped to lower that outdoor water usage.
- The Water Resources Fee would start out small but would grow and pay for groundwater modeling and studies that required hundreds of thousands of dollars.

Mayor Miller closed the Public Hearing.

Council and staff discussed the following:

- Council revisited Mr. Brown's comment about having less funds if conservation was successful.
 - Staff stated that water was a funny business in that it produced a product which the producer tried to get customers not to buy. Designing a conservation rate took into consideration that people would likely use less water, making the rates slightly higher.
- Council asked about the number of water users compared to sewer users.
 - Staff stated that the ratio of sewer users was more than double that of water users.
 - Council discussed which plan each of them preferred.

MOVED by Councilmember Tom Armstrong, seconded by Councilmember John McCafferty to approve Resolution 2023-1235 increasing water and wastewater rates by 3% each year for three years, establishing a water resource fee, and adding a fee for volume charges.

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

- c) Public Hearing, consideration, and possible action regarding application from Theresa Morse, Hot Pizzas, LLC, aka Pizza Hut, for a new Series 007 (Beer and Wine Bar) Liquor License located at 312 Marketplace Drive, Chino Valley.

Recommended Action: (i) Hold Public Hearing (ii) Recommend approval for a new Series 007 Liquor License for Hot Pizzas, LLC, aka Pizza Hut.

Sara Burchill, Deputy Town Clerk, presented the following:

- Applicant Theresa Morse had applied with the State for the aforementioned Liquor License.
- Ms. Morse was scheduled to be available via Zoom but had not logged in.
- Pizza Hut already possess a Series 12 Restaurant Liquor License allowing on-site sale and consumption of spirituous liquor with no to-go privileges.
 - The State allowed stacking of these licenses to allow patrons to purchase new, unopened beer and wine as a to-go option. Spirituous liquor would have no to-go option.
- The Police, Fire, and Planning Departments reviewed the application and recommended approval with no comments.
- Staff posted the establishment to meet the required 20-day period from November 22, 2023, to December 12, 2023.
 - To date staff received no written arguments in favor of or in opposition to the requested license.
- Council could recommend approval, denial, or forward no recommendation to the State Liquor Board.
 - The State Liquor Board would make the final decision regarding issuance of the license.
- The Arizona Department of Liquor website currently listed 22 active liquor licenses within the Town limits. Two belonged to Safeway, and the most recent Circle K license had not yet been listed.
- Only one other establishment in Town held a Series 7 Liquor License. Eight others held a Series 12 Restaurant Liquor License.

Council and staff discussed the following:

- Council inquired if the license would include the delivery of alcohol to a customer's home.
 - Staff could not give a definitive answer. Staff stated that COVID had introduced legislation about allowing delivery of alcohol, but believed that had been suspended.
 - Council mentioned that Safeway delivered alcohol along with their food deliveries. Council was concerned that issue was not spelled out in the details of the license.
 - Staff stated that Safeway held different series' of Liquor Licenses.
 - Staff pulled the Statute and determined that the license did allow for delivery in connection with a retail sale.

- Council inquired what the age requirement was for the delivery of alcohol.
- Council inquired about training for Pizza Hut staff.
 - Staff stated the establishment was in good standing with the Liquor Board and had no documented violations.
- Council stated the manager did not complete question 16 of the application.
 - Staff stated the applications started with the State Liquor Board and was reviewed by them for completeness. Once the State approved the application it was then forwarded to the Town.
- Council felt there were too many unanswered questions and suggested sending no recommendation to the State.

Mayor Miller opened the Public Hearing.

There were no requests to speak from public.

Mayor Miller closed the Public Hearing.

MOVED by Councilmember Tom Armstrong, seconded by Councilmember Robert Schacherer to submit the application from Theresa Morse for a new Series 007 Beer and Wine Bar license for Hot Pizzas, LLC, aka Pizza Hut 312 Marketplace, Chino Valley, for State decision with no decision from the Town of Chino Valley.

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

7) **ADJOURNMENT**

MOVED by Councilmember Sherri Phillips, seconded by Councilmember John McCafferty to adjourn the meeting at 7:11 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 December, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 23rd day of January, 2024.

Erin N. Deskins

Erin N. Deskins, Town Clerk