

**MINUTES OF THE STUDY SESSION OF THE
TOWN COUNCIL OF THE TOWN OF CHINO VALLEY
WEDNESDAY, FEBRUARY 5, 2025
12:00 PM
GRACE CHURCH | 2010 AZ-89 | CHINO VALLEY, ARIZONA 86323**

1. CALL TO ORDER, ROLL CALL

Mayor Armstrong called the meeting to order at 12:13 p.m.

Present: Mayor Tom Armstrong, Vice-Mayor Eric Granillo - remote, Councilmember John McCafferty, Councilmember Sherri Phillips, Councilmember Robert Schacherer, Councilmember Larry Holt

Absent: Councilmember Robert Switzer

Staff Present: Town Manager Terri Denemy, Human Resources Director Laura Kyriakakis, Development Services Director Laurie Lineberry, Assistant Development Services Director Will Dingee, Finance Director Katie Pehl, Public Works Director/Town Engineer Frank Marbury, Police Chief Josh McIntire, Lieutenant Randy Chapman, Lieutenant Amy Chamberlin, Community Services Director Cyndi Thomas, IT Manager Spencer Guest, IT Tech Support Sandra Santos, IT Tech Support Matt Widner, Deputy Town Clerk Sara Burchill, Town Clerk Erin N. Deskins

2. DISCUSSION ITEMS

- a. Town Council will engage in strategic planning activities and discussion to determine priorities which will guide the 2024/25 budget process.

Terri Denemy, Town Manager, presented the following:

- Staff changed the order of presentations to allow Councilmember Phillips to participate in Council priorities.
- Discussed some economic possibilities in the coming year as well as funds that were no longer available (such as Covid funds), funds that could be threatened, and options to get the Town through the next year to 18 months to continue providing services to residents.

Katie Pehl, Finance Director, presented the following:

- The budget process objective was to align the budget with community goals, council goals, and ensure fiscal responsibility and transparency.
- Reviewed the budget process steps. The public survey and today's budget workshop checked off the first two steps. An additional study session would be held in April, followed by the budget review and tentative budget adoption in May, and public hearing and final budget adoption in June.
- Reviewed survey results (175 responses):
 - Most respondents lived in Chino for six years or more and lived in the town limits.
 - Most respondents were over the age of 65. Very few were under the age of 24.
 - The younger demographic wanted more activities.

- Reviewed priorities from survey results based on a weighted average. The highest priority was protection of the aquifer followed by neighborhood streets maintenance, and major thoroughfare maintenance not including Hwy 89. The lowest priority was centralizing town services.
 - Expansion of water and sewer systems were lower on list. Staff felt that they should take more opportunity to educate the public on the connection between protection of the aquifer and expansion of the water and sewer systems.
- 79% of respondents were unsatisfied or very unsatisfied with the roads. Only 16% were satisfied or very satisfied and came more from the younger demographic.
- When asked to choose their top three priorities respondents chose street repairs, and aquifer protection. Recreational opportunities, business recruitment, and public safety were tied for third
 - Staff stated it was important to note that an item might not have been identified as a priority because residents were already satisfied with what the Town was doing.
- The most used facilities were the parks and library.
- Respondents felt the biggest challenges facing the Town was roads, maintaining rural character, and managing growth. Challenges low on the list were crime, traffic, quality entertainment options, and a larger council meeting space.
- Open ended comments were presented to Council in their packet.
- Gave a brief overview of the future financial outlook.
 - Negatives included slowing job growth, slowing personal income growth, slowing home purchases due to higher mortgage rates, slowing retail sales, and rising construction costs potentially affecting municipalities.
 - Positives included job growth in key sectors such as education and health services, expected expansion of high-tech industries, lower unemployment rates, steady demand for housing particularly in smaller municipalities, and population growth driven by net migration.
 - Unknowns included federal changes especially with funding and tariffs, and foreign affairs/conflicts.
 - Gave a graphical overview of the Town's debt through 2047.
 - Gave a graphical overview of the Town's potential debt through 2047 if the Town took on WIFA loans for the water reclamation facility expansion and water production facility.
 - Future considerations included the Town's aging infrastructure, PFAS and PFOS treatment, potential food tax elimination (would go into effect January 2027 if passed), PSPRS unfunded liability, and Old Home Manor area plan.

Council and staff discussed the following:

- Vice-Mayor Granillo inquired if the debt projections included grants.
 - Staff stated they were based on the payment amount. If the Town did not receive the grant portion the amounts could be higher. The first WIFA loan would be going before the board this month.
- Councilmember Schacherer stated that the Del Rio Springs building work is supposed to be getting done with volunteers, grants, etc.
 - Staff stated they were working on those options but had included the numbers in the presentation as a budget item to keep it on the Council's radar.
- Discussion ensued regarding PFAS treatment and potential funding options.

- Discussion ensued regarding the potential elimination of food tax and the path to get it passed and how it would affect municipalities across the state.

Council Priorities

Council stated their individual priorities for the budget:

- Councilmember Holt:
 - Road repairs
 - Keeping the Town rural
 - Public safety (he stated that safe roads were part of public safety)
- Councilmember McCafferty
 - Roads
 - Sustainable water
- Councilmember Schacherer
 - Roads
 - Better relations with staff
- Councilmember Phillips
 - Water
 - Expansion of wastewater and sewer
 - Roads
- Vice-Mayor Granillo
 - He was concerned about the Town's future tax revenues
 - Water/sewer
 - Police force (he wanted to have enough people so that officers were not being overworked)
 - Roads
- Mayor Armstrong
 - Infrastructure – particularly getting people on water and sewer.

Council used stickers to give a weighted average on the importance of each matter.

Council and staff discussed the following:

- Discussed the reasons for adding an additional budget study session so that Council could be more involved and have more opportunity to move money around to fund the items they felt were most appropriate.
- Discussion ensued regarding online shopping revenues and how it might be affected if a recession hits.

Staff Presentations

Cyndi Thomas, Community Services Director, presented the following:

- Staff's goal was to maintain the level of service they were accustomed to and expand where appropriate and financially responsible.
- Budget additions included:
 - Aquatics:
 - Resurfacing the pool deck which would turn 20 years old this year.
 - Library:

- Add library staff in place of the library director/manager, hire a new cataloger, and create office space for library staff from the space that HR had vacated.
- Senior Center:
 - Bring back trips and adventure programs and expand more on activities and nutritional education.
- Recreation:
 - Enhance the Town's main events, continue with the Peavine Trail expansion, continue planning of Phase III of Community Center Park.

Council and staff discussed the following:

- Councilmember Schacherer asked for more details about the pool deck resurfacing.
 - Staff stated it would be a cool deck surface. Staff would be looking at other options to see if there were any other options.
- Councilmember McCafferty inquired how much the pool deck would cost.
 - Staff stated they would need a new quote as the previous quote of just over \$108,000 was from 2023.
 - Councilmember McCafferty inquired if the Town might have staff that could do the project.
 - Staff stated they would be looking at any alternatives.
- Councilmember McCafferty inquired about Phase III planning and if there were extra funds needed for engineering.
 - Staff stated that there were no additional costs as the scope and engineering were already in the process.
- Councilmember McCafferty inquired if there were any third-party participants in the Peavine Trail expansion.
 - Staff stated that Yavapai Trails and Prescott Parks & Recreation would be the ones that cut the trail. Staff was also working closely with Trust for Public Lands.
 - Councilmember McCafferty inquired what amount of funding staff would be looking at to pursue the project.
 - Staff estimated that it would be less than \$5,000 for the entire project.
- Councilmember Schacherer inquired if prices would be included in the budget.
 - Staff stated that prices were not being presented at this meeting but would be included in the next budget presentation in April. Staff waited to invest time in such particulars until they could hear priorities from Council.
- Councilmember Schacherer stated he didn't hear anything about heated bags for meal deliveries.
 - Staff stated new bags were coming out of their normal budget and were ordered at the end of November. However, they would not be heated bags because not everyone had accessibility in their vehicles for the heated bags. But staff could look into the matter further.
- Councilmember Holt inquired about square footage on the pool deck.
 - Staff didn't have that number on hand but could provide it at a later time.

Laurie Lineberry, Development Services Director, presented the following:

- Goals for the coming year included:
 - Rewriting of the zoning code was already funded and would be their main focus once they got the solar matter completed.

- Staff was looking to complete an area plan and design guideline for the Horizontal Multi-Use areas throughout Town. People had come in wanting to do some development in those areas, but staff didn't have a guideline to provide them. Staff asked for funding for this task last year and would continue asking until it could be funded.
- Now that Public Works had vacated the Development Services building the space was disjointed and staff was looking to remodel to make it a more functional space. Staff would like to take out some walls and create a conference room.
- Staff felt that several departments would benefit from the employment of a full-time GIS Technician. Staff needed a base map of the Town with all the right coordinates that would allow staff to build other maps. Staff believed the position would have enough work to keep someone busy.

Council and staff discussed the following:

- Councilmember McCafferty inquired about piggybacking on Yavapai County's GIS contract.
 - Staff stated they already have an IGA with the county and money budgeted, but the scope was very minimal, and it was difficult to do anything without a base map of the Town.
 - Discussion ensued regarding how the GIS position would help all departments including engineering, economic development, police, etc, and whether the position would have work for the next five years.
 - Mayor Armstrong inquired if it would require hiring a consultant to fill the position.
 - Staff stated that they would do standard recruitment.
 - Staff cautioned against hiring someone and "splitting responsibilities" as it often resulted in someone being trained in one area and not the other. They also end up not being able to split responsibilities well.
 - Mayor Armstrong inquired what the position would cost.
 - Staff stated it would likely be in the \$75,000 - \$80,000 range.
 - Councilmember Schacherer stated that several departments had asked for and received a budget of \$20,000 for GIS. He was confused about why they all needed it because he was unsure of what GIS was.
 - Staff stated that \$20,000 was given to IT, water and wastewater was given \$25,000 each. Repurposing those funds would cover \$70,000 of that salary. There would still be additional costs when considering benefits, but it wouldn't be as significant as a full position.
 - Staff offered to give Council a presentation on what GIS is.
 - Councilmember Schacherer inquired what grade the position would be.
 - Staff stated it would be comparable to a Senior Planner with a top range of \$101,000. Staff would do an assessment to determine what the market calls for.

Meeting recessed at 1:32 p.m.

Meeting resumed at 1:48 p.m.

Maggie Holmberg, Economic Development Manager, presented the following:

- She had no budgetary additions this year. The year's priorities would include:

- Business attraction – she would especially be looking to bring in more hotels as the Town looked towards more tourism with the new state park.
- Increasing tourism.
- Finding more grants and outside funding.
- Site selection and real estate development.
- Intergovernmental relations – this is something staff was looking to expand within the Town to make sure the Town’s financial interests were being protected.

Council and staff discussed the following:

- Councilmember McCafferty inquired what grants were available in relation to economic development.
 - Staff stated that infrastructure equaled economic development. Ms. Holmberg writes all the grants for the Town. She was currently applying for state parks grants for a staging area down Perkinsville Road. The biggest challenge when attracting businesses was the lack of infrastructure. She also helped the Police Department with congressionally directed spending.
 - Discussion ensued regarding business recruitment and interest in Chino Valley and development coming to surrounding areas including Bashas, Aldi, etc.

Katie Pehl, Finance Director, presented the following:

- Priorities for the coming year would include:
 - Tax collection to capture all potential revenues. Staff was looking to contract with an audit service to do audits to get the Town any tax revenues being missed.
 - External audit contract – the Town’s current auditors said their prices would change significantly since the Town’s last contract with them was from five years ago. The RFP was already out.

Laura Kyriakakis, HR Director, presented the following:

- HR had no budgetary additions this year. The year’s priorities would include:
 - Transferring of files from physical to paperless to increase efficiency, productivity, enhance security, reduce disaster recovery, and ensure legal compliance.
 - Employee retention via benefits and programs. Turnover can be very expensive. The budget currently had some money to enhance retention to maintain and produce a productive work environment.
 - Improve performance management program (HelloTeams) to enhance communication, align employee goals with Town goals, set clear expectations, track and measure progress, identify development needs, improve decision making, and improve the culture.

Council and staff discussed the following:

- Councilmember McCafferty inquired if the Town’s turnover rate of 13% was high.
 - Staff stated that the Town’s turnover had recently gone up and while it wasn’t considered a high percentage, staff hoped to see the number go down.
 - Staff stated that sometimes the reason for higher turnover was higher recruitment. A number of employees had retired and some left the state, so some of the reasons for turnover could not be controlled.

- Mayor Armstrong inquired about “Calm” and if it was well received and how much it cost the Town.
 - Staff stated that it was an indirect cost because Yavapai Combined Trust pays for it. Staff stated that it was widely used and people enjoyed it.
- Councilmember Holt inquired if it was normal for an employee to take 15 years to get to the top of their pay range.
 - Staff stated they no longer use a step program. About eight years ago they moved to pay ranges with a minimum and maximum. The ranges move up to match COLA increases every year. Merit increases move employees up in their ranges. The grades are then reevaluated every two to three years to make sure that the minimum and maximum are competitive to match the external market. Staff tried to keep the ranges so that employees would not cap out.
 - Further discussion ensued regarding the trajectory and timeline of step increases and range increases.

Spencer Guest, IT Manager, presented the following:

- Priorities for the year included:
 - Replacement of two virtual servers from 2017. Typically, the Town ran servers for seven to 10 years depending on what they were being used for which was longer than some other places would.
 - Replacement of a backup server from 2017.
 - Expansion of door access control. This would help with the management of keys, management of public, enhance security, and would provide the ability to track when employees come in, and disable employee access if they leave the Town, etc.
 - Police internet and phone system redundancy for emergency operations. This system should be able to stand alone in case there is some kind of event in Chino Valley. Staff was looking at something like Starlink so that it would be outside the area of Chino Valley.

Josh McIntire, Police Chief, presented the following:

- Based on one of the biggest complaints the Police Department received from residents regarding traffic and speeding, PD was asking for a traffic enforcement unit which would be dedicated to DUI, traffic collision investigation, and providing targeted enforcement for those complaints.
 - The department had received less money from the Government Office of Highway Safety (GOHS) because they haven’t been able to focus as much on traffic. Staff hoped that a unit dedicated to traffic offenses would help bring those funds up again.
- The department hoped to hire a PANT officer. The Town had not had an officer in this position for about two years. PANT still came out to Chino Valley to help, but staff wanted someone from Chino Valley that could focus on the area. PANT was offering half-funded positions (50% of the hired officer would be paid for through PANT funds). The Town would pay the other half.
 - Staff pointed out that the Town received Smart & Safe Arizona funds from Prop 207 which must be used for public safety personnel expenses. Staff had been compiling that money over the last few years as they were not sure how much they would be getting. Staff currently had about \$250,000 in the account and were getting \$70,000-\$80,000 annually.

- The department was requesting an additional records clerk as they have received a lot of requests for reports and FOIA over the last year (100 just for January 2025). One two-hour incident could be eight hours of body cam footage that has to be redacted. Staff was also looking at some redaction software to help cut down on the time spent on redactions.
- The officer shooting range at Compass Training was constantly utilized and it only had one porta potty. Staff was requesting to construct a bathroom.
- The department was requesting an Emergency Manager/PIO position. The Police Chief was currently spending 60% of his time on emergency management. This item was meant to start the conversation of the need for the position rather than an official request. The department was doing good things but could do better and wanted to enhance what they were already doing.

Council and staff discussed the following:

- Councilmember Schacherer inquired if the PANT funding covered benefits as well.
 - Staff stated that it did and came with a vehicle as well. PANT also provided officers with body cams, additional armor, etc.
- Councilmember Schacherer inquired about a radar that the Police Department received.
 - Staff stated that they received GOHS grants for three radars, one lidar, and motor mounts. One sergeant was motor trained and utilizes the bike when he can, but he can't ride full time or focus on traffic as much because he's a sergeant. There were still officers interested, and it would be part of the traffic enforcement unit.
- Councilmember Schacherer inquired if service for the motorcycle was still in effect.
 - Staff stated they had an IGA with Prescott to have the motorcycles serviced.
- Councilmember Schacherer inquired how many animal licenses were issued. Last time he checked it he felt it was a very low number.
 - Staff did not have the number on hand but agreed with him.
- Councilmember McCafferty inquired how many positions the department was asking for.
 - Staff stated they were asking for a total of four and a half positions.
 - Further discussion ensued regarding an Emergency Manager/PIO and why those positions were wrapped together and where the position would actually be placed.
- Councilmember McCafferty inquired what the starting salary was for an officer.
 - Staff stated it was \$63,398.
 - Discussion ensued regarding pay for officers for the surrounding areas and strategies to retain officers.

Frank Marbury, Town Engineer, presented the following:

- Administration/Parks/Facilities/Fleet:
 - Staff needed to develop a townwide circulation plan to fulfill General Plan objectives. Engineering standards and codes also needed to be looked at because they were tied in with zoning codes.
 - Staff wanted to continue working on pay-as-you-go vehicle replacements rather than lease/purchase.
 - Ballfield, playground, and parking lighting. Staff was looking at portable light packs for use at night meetings and other events.
- Utilities:
 - A vactor truck for jetting main lines and cleaning out manholes and the lift station. Streets could also be used to jet culverts. The current vactor truck was from 1996.

- Staff wanted to complete a study for aging controllers and power spikes at the reclamation facility, and make sure any new equipment matched the old equipment.
- Pretreatment programs needed to be updated to make sure that the Town could accommodate a new RV park or other developments.
- Streets:
 - Staff was mainly looking at equipment to work on street repairs.
 - Class 8 dump truck (6 wheel) with a skid steer with milling attachment. While these were separate items staff was requesting them as a package.
 - Asphalt recycler. Staff was looking at possibly not buying the trailer that was budgeted for this year and rolling those funds into the purchase of a recycler next year.
- Capital Projects:
 - Street projects – staff was looking at doing a pulverize and double chip seal process to get a 5-to-7-year life out of some roads in lieu of a full street replacement. This method could get four to five times the distance of a full road replacement.
 - Water Reclamation Facility equalization basins, drying beds, and plant improvements.
 - Water Production Facility design. Staff felt they should have the design on the shelf in case funding came along.

Council and staff discussed the following:

- Councilmember McCafferty inquired if the Town was behind on updating codes.
 - Staff stated that the proposed updates only pertained to building codes. Prescott and Prescott Valley had been leading “The Quad City Standards” so that all cities and towns in the quad cities’ areas would have roughly the same engineering details. Staff would bring that to Council for adoption when complete.
- Councilmember Schacherer inquired about the vector truck being in the budget last year.
 - Staff stated that there was no funding obtained for it so it was not purchased and was being requested again. Staff suggested possibly wrapping it into the WIFA loans for the plant projects.
 - Staff stated that some things were put into the budget so that the Town would have the spending authority should they find some funding for the item.
 - Staff stated the plant was getting to a point where they needed to flush the lines and the vector truck was what they needed to complete that.
- Councilmember McCafferty inquired about possibly spending \$250,000 to improve the current truck.
 - Staff stated that the improvements would be put on a 30 year old chassis that had a life of 10 years. Staff felt that in this case it wouldn’t be a wise use of the funds. The truck broke down more than it worked. Staff didn’t know if the frame itself was worth saving. It had experienced several electrical fires. Staff stated they could look further into the option of repairing the vector truck.
- Councilmember McCafferty inquired if the asphalt recycler could do chip seal.
 - Staff stated it would be more of a hot mix for some of the larger patches like a contractor did at Cactus Wren and Road 1 North. With the asphalt recycler staff could do an intersection like that if they needed to.
- Councilmember Schacherer inquired how long the design of the water production facility would be relevant.

- Staff stated that it would be good for about 10 years and then it would need to be looked at again just to make sure anything like a valve detail didn't need upgrading.
- Councilmember Schacherer inquired if the design also showed underground activity.
 - Staff stated that it would make the project shovel ready.
- Councilmember Holt inquired if there would be any expenses for the cemetery take over.
 - Staff stated that there was some maintenance costs. Staff wanted to have the cemetery for a year and analyze the costs particularly in manpower, chemicals, etc. From there staff would determine if it was something that could be handled in-house or should be added to the contract.
- Councilmember Schacherer inquired about adding parks/maintenance workers last year.
 - Staff stated that a part-time position was made a full-time position which helped and the department was not requesting any additional staff this year.

Erin Deskins, Town Clerk, presented the following:

- Staff was hoping to increase the training budget mainly for the records specialist. The Arizona State Library, Archives, & Public Records did not have a training program and had not had one in many years. Staff was looking to go through National Association of Government Archives & Records Administrators (NAGARA). The records specialist was currently a member and got a good rate for being a first-time member, but it would go up next year. More training was requested specifically for public record requests.
- The Town Clerk was looking to participate in the International Institute of Municipal Clerks annual conference. It would be held in St. Louis this year, and Reno next year. The conferences applied directly to Ms. Deskins being able to earn her Master Municipal Clerks designation.

Council and staff discussed the following:

- Councilmember Schacherer inquired if staff had a price for the trainings.
 - Staff stated it would likely be less than \$4,000 additional to the budget line.

Terri Denemy, Town Manager, presented the following:

- Council:
 - The Mayor was involved in several bodies and was meeting with legislators more, which was requiring a lot of travel.
- Town Manager:
 - Staff was not requesting an increase but wanted to discuss the vacant position and how it should be staffed as far as title and salary.

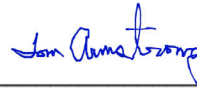
Council and staff discussed the following:

- Councilmember McCafferty inquired where the Council's \$30,000 goes and if they ran a zero balance. He felt that Council should be the last to receive additional funds.
 - Staff stated that a lot of it went to the League Conference, cell phone stipends, Paulden Plunge, etc. Staff would provide Council with the data from the last few years.
 - Staff stated that they did not believe the Council ever went over the budgeted amounts.

- Staff would put out a survey to Council with the presented staffing requests so that Council could give their priorities based on what they heard today.
- Councilmember Schacherer inquired if rollovers would be included in the budget again this year as it was in prior years.
 - Staff stated that they intended to have those numbers to Council sooner this year and if the projects were not moving forward, they would be presented as a re-request.
- Staff discussed adding the extra meeting to meet Council's desire for more engagement.

3. ADJOURNMENT

Mayor Armstrong adjourned the meeting at 3:17 p.m.



Tom Armstrong, 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 5th day of February, 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 25th day of March, 2025.

Erin N. Deskins

Erin N. Deskins, Town Clerk