

**MINUTES OF THE STUDY SESSION OF THE
TOWN COUNCIL OF THE TOWN OF CHINO VALLEY
WEDNESDAY, SEPTEMBER 10, 2025
5:00 PM
COUNCIL CHAMBERS | 202 N. STATE ROUTE 89 | CHINO VALLEY,
ARIZONA 86323**

1. CALL TO ORDER, ROLL CALL

Vice-Mayor Granillo called the meeting to order at 5:00 p.m. and asked for a moment of silence for Charlie Kirk.

Present: Vice-Mayor Eric Granillo, Councilmember John McCafferty, Councilmember Sherri Phillips, Councilmember Larry Holt, Councilmember Robert Switzer
Absent: Mayor Tom Armstrong, Councilmember Robert Schacherer
Staff Present: Town Manager Terri Denemy, Town Water Consultant Mark Holmes, Development Services Director Laurie Lineberry, Finance Director Katie Pehl, Public Works Director/Town Engineer Frank Marbury, Community Services Director Cyndi Thomas, Audio Visual Technician Nicholas Harwick, Town Clerk Erin N. Deskins

2. DISCUSSION ITEMS

- a. "Water 101" discussion and presentation from Mark Holmes, Water Consultant, on the key elements of water regulation and compliance, including paper water, wet water, and the Town's water portfolio.

Mark Holmes, Town Water Consultant, presented the following:

State Water Management

- Discussed basic principles of Arizona water law including ownership, doctrine of prior appropriation, doctrine of reasonable use, and boundaries between surface and groundwater.
- Broadly discussed groundwater basins and the regulation thereof, and gave more details on groundwater within the Prescott Active Management Area (AMA).
- Discussed the primary goals of the 1980 Groundwater Management Code and water management as a response to groundwater conditions, along with the six key provisions for the Prescott AMA.

Prescott Active Management Area

- Discussed yearly precipitation rates and the fact that only 4,000 to 8,000 acre feet of the yearly 450,000 acre feet the area sees as precipitation recharges the aquifer. Stormwater should be treated as a water resource.
- Discussed the Prescott AMA's water budget, including demands versus water supplies.
- Briefly discussed the decline of water levels in the Chino Valley area; nearly 25 feet over 25 years.

- Reviewed the potential consequences of long-term non-safe yield conditions ultimately resulting in the potential collapse of the entire groundwater-dependent system.

Chino Valley General Plan - 2040

- Briefly reviewed the water components that were specified in the 2040 General Plan and defined some of the terms.
- Briefly reviewed the water components highlighted in the 2018 Strategic Plan.

Types of Water Rights (Paper & Wet Water)

- Defined and discussed wet water rights (including Type 1, Type 2, and Service Area Water Rights). These rights may be permanent, but could be retired by converting them to paper water rights in the form of "extinguishment credits."
- Defined and discussed paper water rights including the value and market of paper water rights.
- Discussed the Town's water portfolio including extinguished credits, Type 1 and Type 2, Service Area Rights, and Physical Availability Determination.
- Defined and discussed groundwater, surface water, stormwater, reclaimed water, and artificial water bodies.

Integrated Water Master Plan (IWMP)

- Discussed the water master plan completed for Old Home Manor (OHM) in 2021 looking at water resources, water systems, sewer, reclaimed water, and capital improvement.
- Discussed the in-progress town-wide water master plan looking at all the same components which will provide critical data for the efficient management of the Town's utilities and water resources.
 - Staff was working on updating the schedule to get a completion date to Council by mid-October.

Regional Water Organizations

- Listed and briefly discussed the organizations of which the Town was a member or used to be a member.

Meeting recessed at 6:08 p.m.

Meeting resumed at 6:12 p.m.

Deeper Dive Into Water

- Gave a brief history of Town water planning over the last 20 years without an IWMP in place.
- Briefly discussed water conservation, education, and outreach efforts.

Assured Water Supply Permits

- Defined and discussed Certificates of Assured Water Supply (CAWS). This is required of land divided into six or more parcels with at least one parcel having an area of less than 36 acres.

- Discussed the fact that with increased overdraft each year there may not actually be a 100-year water supply.
- Reviewed the requirements of a developer who wants to acquire a CAWS. This is all done at the state level with the Arizona Department of Water Resources (ADWR) and takes a year and a half to two years to complete.
- Defined and discussed Designation of Assured Water Supply (DAWS). These are specific to water providers and must be renewed every 15 years.
- Defined and discussed Analysis of Assured Water Supply (AAWS) which can be applied for by any landowner.
- Defined and discussed Physical Availability Determination (PAD). This employs groundwater models to calculate the annual volume of groundwater that can be pumped for up to 100 years.

Indirect Potable Reuse (IPR)

- Discussed the regulations of recharging reclaimed water via IPR which requires an aquifer protection permit through Arizona Department of Environmental Quality (ADEQ).
- Discussed permitted Recovery Wells (RW) which are allowed by a permit from ADWR.

Dry-Lot Subdivisions

- Defined and discussed dry-lot subdivisions which would become an extinct breed as it's only a matter of time before the water table drops below 400 feet, making dry-lot subdivisions ineligible for development.
- Defined and discussed wild cat subdivisions resulting from lot splits. A parcel eventually becoming six or more lots would be required to get an assured water supply.

Town Water Resources Activities - Last 20 Years

- Discussed the Town's various land and water resources (and potential to acquire more), plans for water importation, and key factors to make that goal a reality.
 - Importation also needed to be associated with northern reclamation and mitigation (recharge).
 - These improvements and expansions needed to be looked at soon.
- Discussed the process and amount of water returned to the aquifer after the IPR process of reclaiming and treating wastewater.
 - Highlighted the importance of thinking about strategies to try to recharge a higher ratio of reclaimed water.
- Discussed the proposed Wild & Scenic River Designation and the fact that the designation could have a negative impact by creating a federal water right. The risk to the citizens with wells is uncertain. The designation would require congressional approval. Staff was working on finding a way to protect the river in a different way that provides local control.

Town Water Conservation Plans, Education, and Ordinances

- Briefly reviewed conservation plans and materials that the Town will be developing, or currently has available, along with ordinances regarding water and sewer.
- Briefly mentioned an upcoming presentation from SRP regarding conservation kits at the September 23rd Council meeting.
- Briefly discussed the Prescott AMA Fifth Management Plan and municipal requirements.

Council, staff, and Mr. Holmes discussed the following:

- Councilmember McCafferty inquired if the water demands quoted from 2019 would still hold true today.
 - Mr. Holmes stated that the demand would have gone up a little, but generally they are in the ballpark. ADWR was behind on getting new numbers, but they could be retrieved through some public record requests and regional participation.
- Councilmember Switzer asked for clarification on exempt wells versus non-exempt wells and their water usage.
 - Mr. Holmes stated that because they're not metered, ADWR only makes estimates.
 - Councilmember Switzer stated that the estimates were too low.
 - Discussion ensued regarding the number of exempt wells in the Prescott AMA.
- Staff pointed out that the Town recharges more water than they pull due to collecting sewer from other providers and inquired why the water recharge was not a larger number compared to the municipal usage.
 - Mr. Holmes stated that the outdoor water usage consumes between 60-65% of water used.
- Councilmember Holt inquired how many acre-feet Watson Lake is for comparison purposes.
 - Councilmember Switzer stated that it was 3,000 acre-feet when full.
- Councilmember Holt inquired about the recharge of septic systems.
 - Mr. Holmes stated that the design of a septic system is not to have that water go back to the water table because the contaminants would violate the clean water act.
 - Further discussion ensued regarding proper placement and separation of septic fields, and the issues that ensued from Chino Meadows' high density septic fields.
- Councilmember Phillips inquired about rumors that Chino Valley would be dry in 20 years.
 - Mr. Holmes stated that could be a possibility for some of the outer portions of the aquifer, but felt there was more time for those wells at the center of the aquifer before they saw any kind of impact. He estimated the center of the aquifer to be more towards the east side of Town near the central highlands.
- Councilmember McCafferty inquired if PRN-6.2 in the Town's General Plan was satisfied with the resources linked on the Town's website.
 - Mr. Holmes stated that they can always improve, but there is a lot of good information on the website and reviewed other brochures available.
- Councilmember Switzer inquired if the figures provided regarding the Town's water portfolio were credits just to satisfy the state to allow development rather than physical numbers.
 - Mr. Holmes stated that Type 1 and Type 2 were physical water that could be pumped from wells; the extinguished credits were not physical water, rather providing a legal right of access to a water supply.
- Councilmember Holt inquired what would happen to someone who purchased land with a certificate for a 100-year assured water supply, but it goes dry in 10 years.
 - Mr. Holmes stated that is a reality.
- Councilmember Switzer inquired if the Town could create retention ponds by OHM to catch, treat, and recharge stormwater.
 - Mr. Holmes stated they could do that, and it needed to be looked at as an engineering assignment as a region. Stormwater would need to be "polished" but otherwise would start out pretty clean.

- Councilmember McCafferty inquired if any of the Town's water features were currently filled with effluent water.
 - Staff stated no because they recharge all of their water for the credits.
 - Councilmember Switzer inquired if that would have a negative effect on the windmill farm.
 - Mr. Holmes stated that a letter was sent to the Windmill House, and their lake was found to be out of compliance. The maximum size is 12,300 square feet or a quarter acre. He estimated theirs was six to 10 acres.
- Councilmember Holt inquired about Sullivan Dam and if it hinders the Verde River.
 - Mr. Holmes stated that it does not, but it may give way down the road as it is already coming apart.
 - Further discussion ensued regarding a bigger or smaller dam and possible implications of each.
- Councilmember McCafferty inquired if the Town had made efforts to identify parcels they might want to purchase for Big Chino water importation.
 - Mr. Holmes stated they have not done that yet, there will be more details on that in the forthcoming IWMP.
- Discussion ensued regarding CAWS and the provision that pumping under the owner's CAWS cannot affect nearby parcels' water supply. Mr. Holmes related this to Prescott's wells near OHM and making sure they do not impact OHM's water supply. Further discussion continued regarding regulations and restrictions on pumping as enforced by ADWR.
- Councilmember McCafferty inquired if the Town's IPR had recently been renewed.
 - Mr. Holmes stated that it was submitted last year and the Town just received a letter extending their review time as the department was behind.
- Vice-Mayor Granillo inquired how many RW's the Town has.
 - Mr. Holmes stated the Town has six.
- Councilmember McCafferty inquired if any other municipal or private wells were pumping the Town's recharged water.
 - Mr. Holmes stated that it is commingling with groundwater and is flowing. He stated the ADWR looks at a mass balance.
- Vice-Mayor Granillo inquired what the cost would be for infrastructure to accomplish water importation.
 - Mr. Holmes stated that he did not have today's dollars, but estimated it to be north of \$20 million.
 - Councilmember McCafferty stated that it was \$360 million for Prescott to do their pipe.
 - Mr. Holmes stated that Chino Valley would not have to import as far.
- Discussion ensued regarding the Town's need for water importation whether there was more growth or not.
- Discussion ensued regarding the difference between reclamation (cleaning wastewater) and mitigation (recharging water to the aquifer).
- Councilmember McCafferty inquired if the Town was using best practices at its water reclamation facility or if there were advances with better outcomes.
 - Mr. Holmes stated that it could be improved, but they'd probably be investing dollars to save cents. He reiterated that outdoor water use was the biggest demand, and stormwater collection and use should be a priority.
 - Discussion ensued regarding establishing stormwater reclamation through existing infrastructure and not requiring additional developments.

- Discussion ensued regarding other potential negatives of the Wild & Scenic River Designation, such as losing potential recreational opportunities.
- Councilmember Switzer inquired if the Town could take advantage of the Santa Cruz washwater if they built a very large stormwater reclamation facility.
 - Mr. Holmes stated that any water molecule that finds its way into a watercourse could not be touched and primarily belonged to a tribal community or SRP.
 - Councilmember Switzer inquired, if there was a large facility of that kind, how the water would be transported.
 - Mr. Holmes stated that the most effective way would be through piping. There were other options that would require a cost benefit analysis.
- Councilmember McCafferty inquired how long the Town's water portfolio would last based on the Town's current needs and portfolio as it is today.
 - Mr. Holmes stated he would be able to answer this question when the IWMP is presented to Council.
- Councilmember Holt inquired if the Town had water rights for the new state park.
 - Mr. Holmes stated the Town would have water rights to serve whatever would be developed there.
- Councilmember McCafferty inquired when the first meeting to coordinate a steering committee on the new regional water district would occur.
 - Staff stated they were working on scheduling something in the first couple of weeks in October.

3. ADJOURNMENT

MOVED by Councilmember Sherri Phillips, seconded by Councilmember Larry Holt to adjourn the meeting at 7:15 p.m.

AYE: Vice-Mayor Eric Granillo, Councilmember John McCafferty, Councilmember Sherri Phillips, Councilmember Larry Holt, Councilmember Robert Switzer

NAY: None

5 - 0 Passed - Unanimously



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 Study Session of the Town Council of the Town of Chino Valley, Arizona held on the 10th day of September, 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 14th day of October, 2025.

Erin N. Deskins

Erin N. Deskins, Town Clerk