

**MINUTES OF THE STUDY SESSION OF THE
TOWN COUNCIL OF THE TOWN OF CHINO VALLEY
MONDAY, APRIL 13, 2026**

5:00 PM

**COUNCIL CHAMBERS | 202 N. STATE ROUTE 89 | CHINO VALLEY,
ARIZONA 86323**

1. CALL TO ORDER, ROLL CALL

Mayor Armstrong called the meeting to order at 5:00 p.m.

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

Absent:

Staff Present: Town Manager Terri Denemy, Executive Analyst Jessi Sorteberg, Executive Assistant Mike Coomer, Human Resources Director Laura Kyriakakis, Development Services Director Laurie Lineberry, Assistant Development Services Director Will Dingee, Assistant Public Works Director/Town Engineer Steven Sullivan, Streets Manager Paul Smith, Utilities Manager Jesse Holyfield, Finance Director Katie Pehl, Chief of Police Josh McIntire, Town Magistrate Angela Bradshaw-Napper, Community Services Director Cyndi Thomas, Economic Development Manager Maggie Holmberg, IT Manager Spencer Guest, Audio Visual Technician Nicholas Harwick, Deputy Town Clerk Sara Burchill, Town Clerk Erin N. Deskins

2. DISCUSSION ITEMS

a. Consideration and discussion regarding the Fiscal Year 26/27 budget.

Terri Denemy, Town Manager, presented the following:

- Thanked Council for the steps leading up to this meeting.
- The Town needs to be fiscally conservative due to the Town's financial position.
- Discussed the importance of bringing in new forms of revenue.
- Staff worked to reduce their budgets without impacting services. However, projects and maintenance need not be deferred as it does not ultimately help.

Katie Pehl, Finance Director, presented the following:

- Gave an overview of the FY26/27 Budget Summary Base including personnel, operating, one-time operating, minor capital, major capital, debt, contingency, and interfund transfers. This budget is a decrease of \$12 million compared to the current fiscal year's base budget. Once recommendations are added in, should the Council approve them as recommended, the budget is \$4.9 million less than the current fiscal year.
- Discussed the net budget to identify surpluses and deficits in terms of revenues. The ongoing revenues cover the ongoing expenses overall. The same is true with recommendations included as presented by staff. The Town's remaining cash balance

would be just over \$10.5 million. Reserves should be 25% of operating expenditures in the general governmental and enterprise funds, or \$4.9 million. This leaves the Town with a surplus of \$5.6 million, which staff does not recommend spending.

- Discussed TPT revenues which have not quite hit projections. Therefore, staff is projecting a lower revenue for this fiscal year.

Cyndi Thomas, Community Service Director, presented the following:

- Requests included Community Center Park improvements (pickleball courts and detention pond expansion) and construction of the Peavine South Connection.
- Briefly discussed the history of the Peavine South Connection and the roadblocks that the Town and City of Prescott have faced in getting the project completed. A grant has been submitted for construction and connectivity to Prescott.

Laurie Lineberry, Development Services Director, presented the following:

- The department's only request was for personnel reclassification. This would help to retain employees, create a career ladder, and streamline decision-making in the Code Enforcement department.

Laura Kyriakakis, HR Director, presented the following:

- Requests included personnel requests such as COLA and Merit raises, a police market adjustment, and position freezes.
- One-time operating cost requests included Yavapai Combined Trust reserve plan and a compensation and classification study.
 - The compensation & classification study should be performed every three to seven years. The Town conducts an internal, informal study and can stretch them out a little more.

Spencer Guest, IT Manager, presented the following:

- Requests included software contracts, computer imaging solutions, Cloud backup storage, and intrusion detection services.
 - Costs of software and support have gone up, as well as the need for email filtering software.

Katie Pehl, Finance Director, presented the following:

- Discussed non-departmental requests including legal services, YPLAN contribution, YRT Contribution, and PSPRS Unfunded Liability Payment.
 - Previous years' YPLAN contribution was about \$1,000 per year. They were now asking for just under \$77,000. Vincent Gallegos would be coming back to present and Council and staff could give comments.

Josh McIntire, Chief of Police, presented the following:

- Personnel requests included position reclassification and new positions (however, none of the new position requests were being recommended by staff).
 - Gave a list of statistics on police activity demonstrating the need for more traffic enforcement.

- Operating requests included YCSO Dispatch contract, cadet program, records request public portal, rifle replacement, and replacement vehicles.

Meeting recessed at 6:44 p.m.

Meeting resumed at 6:55 p.m.

Steven Sullivan, Town Engineer, presented the following:

Public Works

- Personnel requests included one reclassification and two new positions. None were recommended.
- Operating requests included a grant match for project design.
- Minor capital requests included epoxy for the aquatics' locker room floor, utility cart, mower.
- Major capital requests included town hall roof, parks maintenance building design, and field 4 and playground lighting.

Streets

- Minor capital requests included welding and service conversion and a commercial mower.
- Major capital requests included street improvements and street's building parking lot.

Water

- Operating requests included regional water facilitation.
- One-time operating requests included utility risk/vulnerability assessment.
- Minor capital requests included a surge protection program.

Wastewater

- Minor capital request was for a vactor truck. However, this will likely come off as staff may have found funding for a vactor truck to purchase this fiscal year.

Erin Deskins, Town Clerk, presented the following:

- Requesting one-time operating costs for General Election Expenses due to the referendum and talks of recalls.

Maggie Holmberg, Economic Development Manager, presented the following:

- Requesting an Economic Development Analytics Platform to help attract retail using database decision-making. This is a platform that could be used across various departments.

Katie Pehl, Finance Director, presented the following:

- Provided an in-depth spreadsheet of personnel, operating, one-time operating, minor capital, and major capital requests for Council to discuss if they have any changes they would like made.

- Gave an overview of the next steps in the budget process with final budget approval scheduled for June 23, 2026.

Council and staff discussed the following:

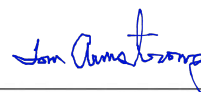
- Councilmember McCafferty clarified the Town's debt, stating that yearly debt payments are going from \$2.2 million to nearly \$2.6 million, but it would go down by \$100,000 next fiscal year and \$250,000 the next year.
 - Staff stated that was correct, as there will be some debt services falling off the books.
- Discussion ensued regarding the Wastewater Fund and revenues improving as a result of rate increases, but expenditures increasing due to necessary improvements. Because of that the rate model that was used is not holding.
 - This topic led to discussion of the needed PFAS treatment facility and changes in those plans as ADEQ may no longer be funding 100% of the project as previously assured.
 - Staff stated that due to the nature of the project being PFAS related, there is greater opportunity for up to 90% forgivable loans.
- Councilmember McCafferty stated that the Town's revenues are going down year over year, but expenses are going up.
- Councilmember Switzer inquired how confident staff was that they had someone to fill the reclassified Code Enforcement position.
 - Staff stated they are very confident.
 - Councilmember McCafferty clarified that the reclassification would be a continual cost.
 - Staff stated that was correct.
 - Councilmember Holt had concerns with an enforcement agency having one supervisor and one employee.
 - Staff stated that after the last conversation on the matter, they went back and revised it from a supervisor position to a lead position so that they have authority to make decisions in the field.
- Discussion ensued regarding personnel procedures for those who are not meeting standards to receive a merit increase, typically coaching, counseling, discipline, performance improvement plans, etc. Employees that continue to not meet standards then go through a different process.
 - Councilmember Holt inquired how many people do not get merit increases.
 - Staff stated very few do not get merit increases because staff tries to deal with such issues proactively, but there have been a few over the years.
 - This discussion led to a conversation regarding the procedures for employees who receive multiple complaints from people outside the organization.
- Councilmember McCafferty inquired about the history of the Plans Examiner position and if the Town should just eliminate the position rather than freezing it.
 - Staff stated that the previous Plans Examiner retired a few years ago and helps on a 1099 basis during high volume times. If staff needed to add that position mid-year, it would be difficult. Freezing would allow staff to come ask Council to unfreeze the funding rather than add a position.
- Councilmember McCafferty inquired what effect the frozen position would have on public safety operations.

- Staff stated that they were staying afloat and were more concerned with keeping the officers they have now. Other local agencies were looking to increase their rates by up to 11%. Further discussed current PD staffing and scheduling.
- Councilmember McCafferty inquired what effect the frozen streets position would have.
 - Staff stated the position hadn't been filled for a while and current operations would not be impacted.
 - Councilmember Holt expressed concern that freezing positions would result in those positions being eliminated permanently, and he didn't want to lose positions, especially public safety positions.
- Councilmember McCafferty inquired if waiting another year to let advances in network intrusion detection get better would be detrimental.
 - Staff stated that they wanted to explore what other options might be available because there are some industry standards that can be implemented by the Town via federal level organizations without incurring additional costs.
 - Council inquired if staff could get that done before the budget is passed.
 - Staff stated they could put in a placeholder amount, or put it under the Town Manager's authorization due to the amount, or it could come to Council as a contingency item.
- Discussion ensued regarding YPLAN and their increased contribution request.
 - Staff stated that when the organization went from CYMPO to YPLAN they took over YavaLine Transit from Prescott Valley, which changed their budget significantly. Last year, Chino Valley received grants from YPLAN which were greater than the contribution would be.
 - Council pointed out that YavaLine does not serve Chino Valley. Council questioned whether the Town was benefiting from that amount and discussed potential changes to the IGA and asked staff for what they feel is a fair and equitable contribution.
- Council pointed out that they never received financial documentation from YRT as was requested for last year's funding.
 - Discussion ensued regarding the viability of YRT and if YPLAN would use their requested \$77,000 to help YRT.
- Councilmember Holt inquired if an Accreditation Manager could also take on tasks as an Emergency Operations Manager.
 - Staff stated they looked at that and it depends on the progress they can make over the next few years to get Emergency Management to a place where it is a little more self-sustaining.
- Councilmember Holt stated that it would have been beneficial to combine jobs such as the epoxy on the aquatics floor when they did the pool deck.
 - Staff stated they were different products, but agreed that they did not have good plans in place in the past. These are conversations that are being had with facilities to be more proactive than reactive.
- Councilmember McCafferty discussed the option of privatizing the pool due to the loss of the operating cost.
 - Staff stated that the community has stated that they don't care how much it costs, they want the pool.
 - Further discussed the challenges of privatizing community pools.
- Mayor Armstrong inquired if staff had a finalization date on the integrated water master plan.
 - Staff stated they have put it on hold until the new public works director comes in.

- Councilmember Holt inquired if the Town had employees capable of operating a vector truck.
 - Staff stated they have three utilities staff who are already trained to operate the vehicle.
- Councilmember Holt inquired when the referendum would be on the ballot.
 - Staff stated it would be on the November ballot.
- Discussion ensued regarding the pros and cons of freezing positions.
- Council discussed the Town's lack of revenue to fund any extra capital improvements such as fire suppression along Highway 89, even as a loan.
 - Staff stated they have met since the last discussion on economic development and are working on putting together some plans for Council to consider.
- Council wanted to see IT's request for Trend Micro Intrusion Detection Services be given a placeholder in case staff found a solution for that item.
- Councilmember McCafferty asked for clarification of the Community Center Park improvements that it would be Phase 1B of the plan that the Parks & Recreation Advisory Board put out.
 - Staff stated that was correct.
 - Staff further stated that this year's improvements may not be completed by the end of the fiscal year, but they will be rolled over to next year.
- Councilmember Switzer inquired about a metal roof for Town Hall.
 - Staff stated they could get quotes for different materials.
- Discussion ensued regarding the playground and field 4 lighting and constraints around the project which make it so expensive.
 - Councilmember Holt stated that those who use the fields should be helping to find some funding for that project as well.
- Council thanked staff for their work on the budget.

3. ADJOURNMENT

Mayor Armstrong adjourned the meeting at 7:28 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 Study Session of the Town Council of the Town of Chino Valley, Arizona held on the 13th day of April, 2026. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 28th day of April, 2026.

Erin N. Deskins

Erin N. Deskins, Town Clerk