

**MINUTES OF THE STUDY SESSION OF THE  
TOWN COUNCIL OF THE TOWN OF CHINO VALLEY  
MONDAY, APRIL 27, 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 5:01 p.m.

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

Absent: Councilmember Sherri Phillips

Staff Present: Town Manager Terri Denemy, Executive Analyst Jessi Sorteberg, Executive Assistant Mike Coomer, Finance Director Katie Pehl, Utilities Manager Jesse Holyfield, Fleet Manager Matthew Green, Community Services Director Cyndi Thomas, Economic Development Manager Maggie Holmberg, 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:

- Last budget session was productive and the points and changes discussed during the last meeting would be further discussed tonight.
- Yavapai Regional Transit (YRT) and Yavapai Plan — Regional Planning Organization (YPlan) will be presenting to address their budget requests.
- Fleet will also be presenting regarding steps they are taking to make more data-driven decisions.

Tom Stultz, YRT Director, presented the following:

- Gave an overview of YRT's current financial position including revenue, donations, and expenses. Funds have had to be pulled from the reserve account to cover some overhead but were looking to replace them with some reimbursements from ADOT.
- Explained that YRT does not charge for rides. He explained that if YRT were to charge for rides, those funds would be deducted from ADOT's reimbursement. Charging for rides would result in a loss of \$3,800 to \$4,200 per year due to administrative costs.
- The Paulden Plunge will be discontinued. YRT is asking for that \$3,000 be reallocated to YRT.

Council and Mr. Stultz discussed the following:

- Councilmember McCafferty clarified that YRT wanted \$3,000 added to their budget in lieu of the Paulden Plunge.
  - Mr. Stultz stated that is correct.

Vincent Gallegos, YPlan Executive Director, presented the following:

- Discussed the relationship between the Town and YPlan and described YPlan as an extension of the Town staff.
- Discussed the increase in YPlan's budget and redistricting which increased the Town's contribution. Discussed the percentage of the Town's budget this contribution would require.
- Gave a breakdown of each municipality's contribution amounts.
- Stated that YPlan is now directly managing YavaLine which increased YPlan's budget and how this serves local municipalities.
- Discussed federal tax dollars and how they come back to the area.
- Gave a brief overview of federal tax dollar allocation and how they have become direct investments in Chino Valley via YPlan.
- Provided a breakdown of the services the Town benefits from by contributing to YPlan including federal funding access, regional advocacy, transit connectivity, etc.
- Discussed strategic plans and project goals for the next 25 years. Further discussed specific plans for the next fiscal year that will directly impact the Town.
- Provided projections for Town contributions over the next two budget years.

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

- Councilmember Holt inquired about the FY25 payment which Mr. Gallegos's presentation states was \$84,526.
  - Staff stated it was not paid yet and is coming to Council.
- Councilmember McCafferty clarified that, in actuality, the Town's budget was \$24 million. Regarding the RTA, he mentioned that an RTA-type organization for water may be a competing interest in the region. He inquired if the increase in contribution was to subsidize the YPlan bus operations.
  - Mr. Gallegos appreciated the heads-up regarding water.
  - The most significant factor in the jump is due to federal regulations that dictate how acquired funding is spent.
- Councilmember McCafferty inquired how viable the State Route 89 project from Road 3 North to Road 5 North is.
  - Mr. Gallegos stated that the state budget is not looking good. The organization had been averaging \$5.5 per year and the proposed project is \$40 million. State Representatives were looking at other methods to get the project done.
- Councilmember McCafferty inquired if YPlan is in a position to serve as an advocate to lessen burdens causing the Town economic downfall.
  - Mr. Gallegos stated that the Town, and other municipalities, are losing business due to a lack of communication, and very strict and hard policy on behalf of ADOT. YPlan is setting up a meeting with ADOT, Chino Valley, Prescott Valley leadership to work through the issue. They are hoping to facilitate an outcome that is beneficial to the region.

- Vice-Mayor Granillo asked for an update from Maggie Holmberg, Economic Development Manager, on the tour regarding fixing economic development hardships.
  - Staff stated they are still touring and discussing creating some sort of district along the highways so they can figure out a creative solution to help the businesses with the money it costs to put in things like turn lanes, etc. Staff stated that they were told that Chino Valley is number one on their list.
- Vice-Mayor Granillo inquired if the RTA went to the voters if the Town would still have to pay the contribution, and what the rate on an RTA typically is.
  - Mr. Gallegos stated it depends on the strategy for the region. The rate is typically 1/4 to 1/2 cent sales tax.
- Vice-Mayor Granillo inquired if \$1 Billion in 25 years would actually happen.
  - Mr. Gallegos stated that he does not anticipate an RTA carrying 100% of that \$1 billion.
- Mayor Armstrong inquired about how many staff the Town would not have to hire by contributing to YPlan and the dollar value of such.
  - Mr. Gallegos stated that all YPlan staff is available to the Town including a Planning Manager, two Planners, a Regional Grants Manager, etc. A rough dollar value would be about \$500,000.
- Mayor Armstrong inquired if there was a timeline for connecting YavaLine to YRT.
  - Mr. Gallegos stated that they are currently buying two vehicles which would help to connect Prescott and Prescott Valley. He hoped to have an improved schedule between now and August.
- Mayor Armstrong inquired if YPlan thought YRT would be able to continue not charging for rides.
  - Mr. Gallegos interpreted the mayor's question as being about stewardship of tax dollars, being efficient, and honoring the limited resources that are available and these were the goals they would hope to achieve by consolidating services. YavaLine is charging for rides. YPlan would be paying for a short-term transit plan which would cover YRT and would evaluate all the points brought up by Council.
- Mayor Armstrong stated that he spoke with Representative Bliss who reported that State Representatives would not be receiving any funding for projects.
  - Mr. Gallegos stated that he asked the State for \$400,000 for a design concept report to make the project more eligible for federal funding. They are looking at how to make small advances.
- Mayor Armstrong stated that he spoke to the new director at ADOT who seemed more amenable to changes.
- Councilmember Switzer inquired where transit fell during survey periods.
  - Staff stated they didn't know off the top of their heads.
- Further discussion ensued regarding ways to keep tax dollars in the area.

Matthew Green, Fleet Manager, presented the following:

- Reviewed the Town's RTA Fleet software to track maintenance, parts and labor applied to each vehicle.
- Discussed how staff is using the software to rotate and reassign vehicles so they receive maximum utilization over their lifetime.

Council and staff discussed the following:

- Mayor Armstrong mentioned that Yavapai County was recently getting rid of some vehicles and asked if there was anything that was of interest to the Town.
  - Staff stated there was not.

Katie Pehl, Finance Director, presented the following:

- Gave a comparison of revenue from the prior fiscal years since FY24/25 and projections for FY26/27.
- Staff offered additional options to Council regarding a personnel freeze, including a soft freeze and no freeze. Staff changed their recommendation to a soft freeze, meaning each position would be funded, but the Town Manager and Finance Director would monitor revenues and if revenue capacity allows, and they find it operationally necessary to fill those positions, they will have the ability to do so.
- Discussed the Brightstar PFAS treatment plant and recent discussions with ADEQ regarding funding.
- Gave an updated summary with recommendations and pointed out the items making the budget larger than it was last year, including the PFAS treatment plant (although the Town will only pay \$500,000 they have to show spending capacity for \$5 million), YPlan contribution, YRT contribution.
- Provided an updated net budget with recommendations.
- Reviewed next steps in the budget process with the final budget approval scheduled for June 23, 2026.

Council and staff discussed the following:

- Councilmember Switzer inquired if staff forecast a bump in TPT over the summer.
  - Staff stated that they see a bump each quarter, and the fourth quarter is usually fairly strong.
- Councilmember Holt inquired about the drop in investment earnings.
  - Staff stated those are the State's investment pool and is based on liquidity and safety over yield. They are very secure investments and the Town can draw on funds whenever they need. Due to the drop in interest rates, staff is anticipating a \$42,000 drop.
- Councilmember McCafferty inquired about the difference in cost when considering the revenue increase of 1.5%.
  - Staff estimated about 3% more in costs.
- Discussion ensued regarding the pros and cons of freezing positions and focusing funds on other areas and needing to potentially fund positions from contingency.
- Councilmember Switzer inquired if any recent testing for PFAS has been done at Bright Star and inquired if the amount could have possibly gone down.
  - Staff stated it's possible, but unlikely.
- Councilmember McCafferty inquired if the Town would take out a loan for the \$500,000 contribution to the WIFA treatment plant loan, or just pay it out of contingency.
  - Staff stated they would have to do the loan to get the grant. As it stands, they're looking at a debt service of about \$35,000 per year for a 20-year period. Paying it off at once would have to come from the Water Fund and staff would not recommend doing that.
  - Staff further discussed the current state of the water fund and creating spending capacity.

- Councilmember Switzer inquired about the difference between Chino Valley and Prescott and Prescott Valley water rates.
  - Staff stated they need to look at the Town's again as it has been three years since the last rate study.
- Councilmember Holt inquired about a timeframe on the 90/10 forgivable loan/grant.
  - Staff stated they have put in an application and the Town is on the list.
  - Staff stated Mark Holmes, Town Water Consultant, will be giving a presentation on May 12th and will give a full overview of the Brightstar PFAS Treatment plant.
- Councilmember McCafferty inquired if there were any budgeted match funding for the UTV staging area design grant that staff applied for.
  - Staff stated there is no match required. Future stages are to be determined.
- Councilmembers discussed their personal opinions regarding the transit items and whether the Town should contribute the full requested amounts or some other amount as decided by Council.
  - Further discussion ensued regarding the Town's IGA with YPlan and the contribution amounts of surrounding areas.
  - Staff recommended Council choose a fund amount for YRT and give staff direction to work on the IGA.
    - Council suggested \$20,000 for each organization.
- Councilmember McCafferty inquired about debt service payments for the EQ Basin expansion.
  - Staff stated those are the orange portions of the "Additional WIFA Loan Impact" slide.
- Councilmembers discussed statements from state agencies regarding halting development due to water restrictions.
- Councilmember McCafferty inquired how many pay periods the Town's current reserve would cover.
  - Staff stated they spend approximately \$500,000 per month.
- Councilmember McCafferty inquired if there has been any public input on the Town budget.
  - Staff stated other than the survey that went out in December, they have not received anything.
  - Councilmember Switzer stated that YavaLine would have been low on the list.
    - Staff stated they did not ask that specifically this year, but could include it in future surveys.
- Mayor Armstrong inquired if anyone had seen a redistricting plan from ADOT for Economic Development along the highway.
  - Staff stated they have not seen it yet, but discussions should begin upon completion of the tour that was mentioned previously.

### 3. ADJOURNMENT

Mayor Armstrong adjourned the meeting at 7:05 p.m.

*Tom Armstrong*

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Tom Armstrong, Mayor

ATTEST:



*Erin N. Deskins*

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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 27th day of April, 2026. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 26th day of May, 2026.

*Erin N. Deskins*

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Erin N. Deskins, Town Clerk