

**MINUTES OF THE REGULAR MEETING OF THE
TOWN COUNCIL OF THE TOWN OF CHINO VALLEY
TUESDAY, MAY 26, 2026**

5:30 PM

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

1. CALL TO ORDER; PLEDGE OF ALLEGIANCE; ROLL CALL

Vice-Mayor Granillo called the meeting to order at 6:01 p.m. and led the Pledge of Allegiance.

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

Absent:

Staff Present: Town Manager Terri Denemy, Town Attorney Andrew McGuire, Officer Sean Snyder (Sgt. at Arms), Executive Analyst Jessi Sorteberg, Assistant Development Services Director Will Dingee, Senior Planner Jessica Barragan, Finance Director Katie Pehl, Town Water Consultant Mark Holmes, Town Engineer/Assistant Public Works Director Steven Sullivan, Police Chief Josh McIntire, Community Services Director Cyndi Thomas, IT Support Technician Sandra Santos, Audio Visual Technician Nicholas Harwick, Deputy Town Clerk Sara Burchill

2. INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS

- a. Presentation and update by Katie Pehl, Finance Director, regarding the January-March 2026 quarterly financial report.

Katie Pehl, Finance Director, presented the following:

- Provided the location of the budget on the Town website for anyone wanting to review it.
- Gave a brief overview of the performance of the various Town revenues and expenditures (everything was on track), then provided a more in-depth explanation of each fund and how they were doing in relation to staff projections.
- Discussed the Town's cash balances by fund.

Council and staff discussed the following:

- Councilmember Holt inquired if the Town's income tax was down because of San Tan Valley's incorporation.
 - Staff stated the flat tax rate was changed a couple years ago and was the reason for the current dip in income tax revenue.

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. 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 on items not on the agenda 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. Public comment is invited and encouraged, however, personal attacks on individuals is not appropriate. Disrespectful behavior will not be tolerated; this includes loud outbursts, profanity, and disruptive discussions among our audience.

Sara Burchill, Deputy Town Clerk, stated there were no requests to speak.

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.

Councilmember Stankewicz reported that the Chino Valley Memorial Foundation's event for Peace Officer Memorial Day was a great event and commended those parties involved in the planning and execution.

Councilmember Holt thanked the Public Works staff for all of their work on the roads.

- b. Status report by Town Manager Terri Denemy regarding Town accomplishments, and current or upcoming projects.

Terri Denemy, Town Manager, presented the following:

- Asked residents to be patient as the road work is concluded over the next few weeks and further asked everyone to drive carefully and slowly on the in-progress roads to keep the dust down and keep the surfaces even.
- The Aquatic Center season will begin with a soft opening on Friday, May 29th. Swim lesson registrations are also open.
 - There are approved swimwear guidelines and patrons are asked to dress appropriately.

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 McCafferty requested clarification on Consent Agenda item c.

MOVED by Councilmember Robert Switzer, seconded by Councilmember Larry Holt to approve Consent Agenda items a, b, d, e, f, and g.

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

NAY: None

7 - 0 Passed - Unanimously

- a. Consideration and possible action to approve a First Amendment to the Purchase and Sale Agreement between the Town of Chino Valley and Chino Valley Rodeo Drive, LLC extending the closing date.
- b. Consideration and possible action to approve Resolution No. 2026-1310, approving the proposed statements and estimates of expenses of the Town of Chino Valley Street Lighting Improvement Districts for fiscal year 2026-2027 and setting a date for the public hearing on the proposed statements and estimates for June 23, 2026.
- c. Consideration and possible action to approve Resolution No. 2026-1311, approving the proposed statement and estimate of expenses of the Del Sol Maintenance Improvement District for fiscal year 2026-2027, and setting a date for the public hearing on the proposed statement and estimate for June 23, 2026.

Terri Denemy, Town Manager, presented the following:

- Because this subdivision does not have an HOA, the Town made an agreement to take care of the landscaping through a Maintenance Improvement District which would be assessed to all the property owners.
- The Town was given an estimate of \$3,000 per year for the maintenance. Bids for the maintenance to match Town Code came back much higher. Staff is discussing phasing in the larger price and asking Council to subsidize the increased amount to be fully funded by the residents within the next two years.

Katie Pehl, Finance Director, presented the following:

- Staff is requesting the Tentative Budget to be adopted for the full amount and then have further discussion at the public hearing in June. It can be reduced once approved, but it cannot be increased.

Council and staff discussed the following:

- Councilmember McCafferty asked for specifics as he believed that the Town was just doing weed control.
 - Staff discussed bringing up the presentation prepared for a future meeting.
 - Councilmember McCafferty stated that he would be fine to move forward if there are plans to discuss this at a later meeting.

- Councilmember Switzer suggested a future agenda item to discuss what Development Services would need to do to avoid a problem like this again.
 - Andrew McGuire, Town Attorney, stated it's easiest to just say "no" to such requests.
- Councilmember McCafferty clarified that this action is only approving the tentative budget.
 - Andrew McGuire, Town Attorney, stated that they are not making any decisions on particular line items, and the next meeting Council can lower the amount to whatever they decide.

MOVED by Councilmember Robert Switzer, seconded by Councilmember John McCafferty to approve Consent Agenda item 5c.

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

NAY: None

7 - 0 Passed - Unanimously

- d. Consideration and possible action to appoint members to the Building Advisory Board and the Parks & Recreation Advisory Board.
- e. Consideration and possible action to approve Resolution No. 2026-1308 amending the Call of Election for the 2026 election cycle.
- f. Consideration and possible action to approve the April 27, 2026, study session minutes.
- g. Consideration and possible action to approve the April 28, 2026, regular 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. Public hearing, consideration, and possible action on Ordinance No. 2026-968 (ZC-2026-03) for a rezone of three parcels of land totaling approximately 0.94 acres from Agricultural Residential, Minimum 5 Acres (AR-5) to Commercial Light (CL) to accommodate a future retail and fuel station.

Recommended Action: (i) Hold a Public Hearing
 (ii) Approve Ordinance No. 2026-968

Jessica Barragan, Senior Planner, presented the following:

- Discussed the zoning, general plan, and location data justifying the request.

- Planning & Zoning recommended approval of the proposed rezone.

Vice-Mayor Granillo opened the public hearing.

There were no requests to speak.

Vice-Mayor Granillo closed the public hearing.

Councilmember Switzer originally made a motion to approve Ordinance No. 2026-967. After realizing the error, the motion was restated as follows:

MOVED by Councilmember Robert Switzer, seconded by Councilmember Larry Holt to approve Ordinance No. 2026-968 for a rezone of three parcels of land from Agricultural Residential to Commercial Light.

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

NAY: None

7 - 0 Passed - Unanimously

- b. Public hearing, consideration, and possible action on Ordinance No. 2026-967 (ZC-2026-01) to rezone 4.97 acres from Agricultural Residential, Minimum 5 Acres (AR-5) to Single Family Residential, Minimum 1 Acre (SR-1) for a lot split.

Recommended Action: (i) Hold a Public Hearing
(ii) Approve Ordinance No. 2026-967

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

- Discussed the location, size, and current zoning of the property, and the General Plan justifying the request for the lot split.
- The property does experience sheet flow, which would make denser development challenging.
- Planning & Zoning recommended approval of the requested lot split.

Council and staff discussed the following:

- Councilmember Switzer clarified that if they developed the property, the sheet flow would require additional engineering.
 - Staff stated that is correct, they would have to do engineering studies to determine what would be needed. It is a local sheet flow and not a FEMA designated zone.
- Councilmember Holt inquired about water and sewer.
 - Staff stated that water is available at the property line. Because it is only being split to three parcels it is not a subdivision and they will not be required to pull in sewer.
- Councilmember Holt expressed concern of having sheet flow travel over a septic system.

- Staff stated it would need to be approved by the County environmental department.
- Vice-Mayor Granillo inquired if the County would also be involved in the sheet flow buildout.
 - Staff stated it would just be through the Town.

Vice-Mayor Granillo opened the public hearing.

There were no requests to speak.

Vice-Mayor Granillo closed the public hearing.

MOVED by Councilmember Robert Switzer, seconded by Councilmember John McCafferty to approve Ordinance No. 2026-967 to rezone 4.97 acres from Agricultural Residential to Single Family Residential for a lot split.

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

NAY: None

7 - 0 Passed - Unanimously

- c. Consideration and possible action to approve the First Amendment to the Professional Services Agreement between the Town of Chino Valley and Mark Holmes LLC allowing up to \$75,000.00 for professional services in FY 2026.

Recommended Action: Approve the First Amendment to the Professional Services Agreement between the Town of Chino Valley and Mark Holmes LLC allowing up to \$75,000.00 for professional services in FY 2026.

Terri Denemy, Town Manager, presented the following:

- The current agreement with Mr. Holmes allows up to \$70,000 per year.
- Due to the departure of the Town's public works director, staff asked Mr. Holmes to fill in for various meetings and take on additional tasks regarding the Integrated Water Master Plan and WIFA loan applications.
- Staff may not reach the \$70,000 threshold, but wanted to have that spending capacity in case they need Mr. Holmes's services through June.

MOVED by Councilmember Robert Switzer, seconded by Councilmember John McCafferty to approve the First Amendment to the Professional Services Agreement between the Town of Chino Valley and Mark Holmes, LLC, allowing up to \$75,000.00 for professional services in FY 2026.

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

NAY: None

7 - 0 Passed - Unanimously

- d. Consideration and possible action to approve Resolution No. 2026-1317 authorizing the application for a Drinking Water State Revolving Fund loan from WIFA for the Bright Star Water Production Facility PFAS Remediation.

Recommended Action: Approve Resolution No. 2026-1317 authorizing the application for a Drinking Water State Revolving Fund loan from WIFA for the Bright Star Water Production Facility PFAS Remediation.

Terri Denemy, Town Manager, presented the following:

- There had been extensive conversation on this topic in study session, but staff would be reviewing the project once more.

Mark Holmes, Town Water Consultant, presented the following:

- Gave a brief history of the matter since August 2023 when the Town had its water production wells tested.
- Provided an update on the project cost estimate and the current process of securing a Construction Manager at Risk.
- Listed the future items that will be coming to Council in relation to this project.

Katie Pehl, Finance Director, presented the following:

- Discussed the WIFA loan application process and the steps that still need to be taken and the expected terms of the loan.
- Gave a breakdown of the project funding and who would be paying what portions, and how staff is budgeting to allow spending capacity should anything change.
- Provided a review on the status of the Town's water fund, which is now healthy enough to support the estimated additional debt.

Council and staff discussed the following:

- Councilmember Switzer inquired if staff had an estimate of the likelihood of the application being approved.
 - Staff stated the representatives from WIFA feel very confident that the Town will receive the 90% forgivable range due to the project being PFAS related as it is a high priority. However, it is always subject to change. Staff will be aware of any changes prior to Council's final approval of the loan documents.
 - Councilmember Switzer further inquired if staff had looked at any kind of contingency plan in the event a worse case scenario happened.
 - Staff stated they have some capacity in the water fund. Staff further explained that with the current estimate there is a cushion of approximately \$2 million, and if the project went up another 30%, there would be a \$500,000 gap which could be covered by the water fund balance.
- Councilmember Switzer inquired if the PFAS remediation facility would have a projected lifespan.

- Staff stated it would be a "forever facility," but the vessels may need to be replaced at some point. But Council could expect them to be in production for 20 to 40 years.
- Councilmember McCafferty clarified that this loan was included in this year's budget.
 - Staff stated that is correct.
- Councilmember Stankewicz inquired if the expansion of the Bright Star development would have any impact on the facility.
 - Staff stated that everything has been looked at holistically, including Bright Star and other developments.
- Councilmember Stankewicz inquired if there is something that can be done to prevent this in future developments.
 - Staff stated that they now know where the contamination areas are, such as high density septics, and will be looking at additional safety measures.
 - Staff further stated that the PFAS contamination in the Bright Star well is not necessarily from the Bright Star development.
- Councilmember Holt inquired if the proposed facility would be able to handle an additional well if needed as the Town continues to develop.
 - Staff stated that if the Town needed a new well, they would seek one that had no detection of PFAS.
- Councilmember Holt inquired about what would happen if the Chino Meadows water provider folded.
 - Staff stated that there are mechanisms at the Arizona Corporation Commission that have emergency systems to help.

MOVED by Councilmember Robert Switzer, seconded by Councilmember Sherri Phillips to approve Resolution No. 2026-1317 authorizing the application for a Drinking Water State Revolving Fund loan from WIFA for the Bright Star Water Production Facility PFAS Remediation.

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

NAY: None

7 - 0 Passed - Unanimously

- e. Consideration and possible action to approve Resolution No. 2026-1309, approving a Tentative Budget for the fiscal year 2026-2027 and proposed expenditure limitation for the same year, in the amount of \$48,345,342, and setting a public hearing date of June 23, 2026, on the tentative budget and adoption of the final budget.

Recommended Action: Approve Resolution No. 2026-1309 approving a Tentative Budget for the fiscal year 2026-2027 and proposed expenditure limitation for the same year, in the amount of \$48,345,342, and setting a public hearing date of June 23, 2026, on the tentative budget and adoption of the final budget.

Katie Pehl, Finance Director, presented the following:

- Gave a breakdown of the overall Town budget for FY26/27, which is \$1.6 million more than the FY25/26 budget due to the Bright Star PFAS project.
- Provided an overview of the various fund balances.
- Reviewed the Town's ongoing revenues and expenditures.
- Listed the next steps in the budget process with final adoption scheduled for June 23, 2026.
- Tonight's action would set the maximum cap for the Town's budget. It cannot be increased hereafter, but can be decreased.

Council and staff discussed the following:

- Councilmember Switzer emphasized that the Town is reducing the budget for road repairs by \$1 million to be fiducially responsible. Therefore, the Town needs to concentrate on increasing revenue and take advantage of every economic opportunity they can going forward.
 - Staff stated that is correct. In the prior year, the Town allocated more of the general capital improvement fund balance toward street improvements and would like to see it go up in future years if sustainable.
- Councilmember McCafferty stated that the Town needs to continue their economic development strategic planning discussions.
 - Staff stated they have been actively engaged in those discussions since the last meeting on the matter.
- Councilmember Stankewicz stated that the budget packet is very well written and commended staff on a job well done. However, he had concerns about some things happening with the police department and inquired where the Town's police department is in relation to the surrounding areas' base salaries.
 - Staff stated they try to keep up with the other entities, but are typically the lowest and that is the reason staff recommended the market adjustment of 3%. The position freezes were added back to the budget per Council's discussions, so it is now fully funded, and staff will proceed with a soft freeze so that they can be filled if needed.
 - Councilmember Stankewicz inquired about minimum staffing in the police department and overtime usage.
 - Staff stated that the minimum is three officers (which typically only happens because of vacations or training), but they typically have four to five officers per shift. Overtime has been well managed this year by just moving people around and the officers have been flexible to accommodate that.
- Councilmember Holt asked for clarification on the position freezes.
 - Staff stated that two positions are hard freezes (Development Services and Streets Maintenance positions) and the police department positions are on a soft freeze.
 - Councilmember Holt inquired if the hard freeze positions would have to come back to Council for funding.
 - Staff stated that is correct because the funds would either have to come from contingency or other departments.

MOVED by Councilmember Robert Switzer, seconded by Councilmember Sherri Phillips to approve Resolution No. 2026-1309, approving a Tentative Budget for the fiscal year 2026-

2027 and proposed expenditure limitation for the same year, in the amount of \$48,345,342, and setting a public hearing date of June 23, 2026, on the tentative budget and adoption of the final budget.

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

NAY: None

7 - 0 Passed - Unanimously

- f. Consideration and possible action to approve Resolution 2026-1307, authorizing the submission of a grant application to, and acceptance of grant funds from, the AZ SMART Fund for a Grant for Match Pursuant to Title 28, Chapter 2, Article 2, Arizona Revised Statutes.

Recommended Action: Approve Resolution 2026-1307, authorizing the submission of a grant application to, and acceptance of grant funds from, the AZ SMART Fund for a Grant for Match Pursuant to Title 28, Chapter 2, Article 2, Arizona Revised Statutes.

Jessi Sorteberg, Executive Analyst, presented the following:

- This is a state-run program that supplements match funds required by a federal grant program and must be applied to in conjunction with the federal program. Last week an application was submitted to the Safe Streets and Roads for All. Further discussed the project cost and funding.
- The goal of the grant is to conduct a speed study, intersection analysis, and signage inventory to reduce serious injuries and deaths on the roadways.
- Discussed the program funding available and how the Town qualifies.

Council and staff discussed the following:

- Councilmember Switzer inquired if the \$70,000 match was in the budget.
 - Staff stated this application is meant to cover the \$70,000 match if the Town was awarded the federal grant. If this particular grant was not awarded, then staff would have to look at potentially having to pay that \$70,000 match.

MOVED by Councilmember Robert Switzer, seconded by Councilmember John McCafferty to approve Resolution No. 2026-1307, authorizing the submission of a grant application to, and acceptance of grant funds from, the AZ SMART Fund for a Grant for Match Pursuant to Title 28, Chapter 2, Article 2, Arizona Revised Statutes.

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

NAY: None

7 - 0 Passed - Unanimously

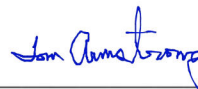
7. ADJOURNMENT

MOVED by Councilmember Sherri Phillips, seconded by Councilmember John McCafferty to adjourn the meeting at 7:12 p.m.

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

NAY: None

7 - 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 Regular Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 26th day of May, 2026. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 9th day of June, 2026.

Erin N. Deskins

Erin N. Deskins, Town Clerk