

**MINUTES OF THE STUDY SESSION OF THE
TOWN COUNCIL OF THE TOWN OF CHINO VALLEY
WEDNESDAY, MAY 29, 2024
12:00 PM
COUNCIL CHAMBERS | 202 N. STATE ROUTE 89 | CHINO VALLEY,
ARIZONA 86323**

1. CALL TO ORDER; ROLL CALL

Mayor Miller called the meeting to order at 12:00 p.m.

Present: Mayor Jack Miller, Vice-Mayor Tom Armstrong, Councilmember Annie Perkins, Councilmember Eric Granillo, Councilmember John McCafferty, Councilmember Sherri Phillips

Absent: Councilmember Robert Schacherer

Staff Present: Town Manager Cindy Blackmore; Assistant to the Town Manager Terri Denemy; Development Services Director Laurie Lineberry; Finance Director Katie Pehl; Public Works Director/Town Engineer Frank Marbury; Police Chief Chuck Wynn; Deputy Police Chief Josh McIntire; Lieutenant Randy Chapman; Lieutenant Amy Chamberlain; Human Resources Director Laura Kyriakakis; Community Services Director Cyndi Thomas; IT Manager Spencer Guest; Town Clerk Erin N. Deskins

2. Presentation and discussion regarding the preliminary budget for Fiscal Year 2024/2025.

Katie Pehl, Finance Director, presented the following:

- The budget was designed around Council's vision, mission, and strategic priorities.
- Gave an overview of projects within Council priorities.
 - Priorities included:
 - Effective Government
 - Add 5.5 full time employees
 - Cost of living and merit raises
 - Increased police training
 - Increased police safety gear
 - Increase education and tuition reimbursement
 - Quality of Life
 - Rewriting the zoning code
 - Construction of new pickleball courts (if funding can be obtained via grants or contributions)
 - Increase funding for Yavapai Family Advocacy Center
 - Water and Land Stewardship
 - Wastewater treatment plant improvements
 - PFAS remediation
 - Land purchase at Del Rio Springs
 - Water system improvements
 - Investments in Peavine Trail.

- Quality Infrastructure
 - Utility extensions
 - North Reed Road reconstruction
 - Outer Loop Road preservation
 - Asphalt patching equipment
 - Street sweeping
 - Infrastructure management system
 - Financial Stability
 - Maintaining positive fund balances in excess of requirements
 - Explore untapped revenue sources
 - Continued economic development outreach
- Gave an overview of future investments related to the General Plan Implementation including:
 - Zoning code rewrite
 - Design concept plans for horizontal multi-use (HMU) centers
 - Parks, recreation, trails, and open space master plan
 - Recharge assessment for Del Rio – Upper Verde River
 - Area plan for Old Home Manor (OHM)
 - Water valuation assessment
 - Stormwater master plan
- Gave an overview of Town-wide revenues
 - Revenues were slightly above what they were the previous year, mostly due to a WIFA loan for the wastewater treatment expansion. However, there was a slight decrease in tax revenue due to the loss of residential rental tax and a projected decrease in construction TPT. Staff was budgeting conservatively.
 - Staff was looking at various options to increase revenues.
- Gave an overview of Town expenditures.
- Gave an overview of the various fund balances.
- Gave an overview of debt obligations.
- Gave an overview of department budget requests which included:
 - New employee positions
 - Increased software licensing
 - Sick time payout policy change
 - Yavapai County GIS intergovernmental agreement (IGA)
 - Insurance premium increases
 - Office furniture
 - Increased operating costs due to inflation
 - And more
- Gave an overview of the Town's PSPRS Unfunded Liability
 - The Town had put in \$1 million this year, but staff was unsure how that would impact the actual number as the fund was a year behind with the numbers.
 - Although the Town paid towards the unfunded liability every year, the Town's liability would continue to increase on certain years due to the number of active, inactive, and retired members. Currently the number of people relying on the pension benefits was higher than the amount of people paying into them.
- Discussed the Capital Improvement Projects Citizen's Advisory Committee's recommendation for year one of the current five-year plan which included:
 - Land purchase at Del Rio Springs.

- Pickleball courts if matched to a grant or contribution funding source.
- Further discussed projects planned over the next five years including:
 - Streets
 - Water
 - Wastewater
 - Pool Deck Resurfacing
- Reviewed next steps for the budget process including:
 - Tentative budget adoption
 - Publishing notice of public hearings and budget schedules
 - Adoption of the final budget

Council and staff discussed the following:

- Council was unclear about the status of a vector truck for Public Works.
 - Staff stated that it was included in the budget, but only if there was a separate revenue source found for that item.
 - Staff knew that getting a vector truck would only be possible through a different funding source such as a grant or WIFA loan.
- Council expressed concern for the wastewater plant and being at capacity and what would happen during monsoon season if stormwater came into and affected the plant.
 - Staff stated that average flow rates were about 65% and treatment averages were at 80 - 90%. The planned improvements would equalize the numbers.
 - Staff felt they were on the right track with the plant improvements.
 - Staff stated the infiltration and inflow study did not show much of a major effect during storm events.
- Council asked for clarification on the timeline of the EQ basin expansion.
 - Staff stated that the expansion of the plant was delayed, but the EQ basins were moving forward.
- Council also asked for clarification on the price of the EQ basin expansion.
 - Staff stated the \$5 million price tag was a place holder until they could get a more definite number after design. \$2.8 million was for the EQ basins, but there had been Council discussion about including technology upgrades and improvements to other systems.
 - Council inquired if there had recently been upgrades to pneumatic systems.
 - Staff stated there was some maintenance done to replace leaking cast iron lines with stainless steel lines.
- Council inquired how many staff members were planned to move into the old police station.
 - Staff stated six or eight staff members. They were hoping to have a number on the remodel tomorrow.
- Council inquired about the HMU zoning code rewrite.
 - Staff stated it was a complete rewrite of the zoning code and would remove Public Works decisions from the Development Services Department, which was not appropriate.
 - Council inquired if this was something they really needed to move forward with.
 - Staff stated this was for conceptual design standards, as required by the General Plan, and each one would have a theme.
 - Council inquired if OHM would be included.
 - Staff stated that OHM was a much larger area and was being held

separately as the focus would not be the same as the other HMUs along Highway 89.

- Council asked for clarification on a \$3.8 million transfer.
 - Staff stated the largest part of those transfers was the Town's debt service (about \$1.3 million). There were also transfers from water to the water CIP to fund Congressionally Directed Spending (CDS) matches. There were also transfers from water and wastewater to the General Fund. Nothing was coming out of reserves.
- Council inquired what the Town's reserve balance would be.
 - Staff stated the required reserves were \$4.4 million for the general fund and staff was planning to bring that to \$5.1 million.
 - One councilmember felt it was important to increase the reserves for possible future expenditures especially related to water. There was emphasis added regarding the Town's current debt ratio being about 50% of the yearly revenue and getting those debts paid down.
- Council inquired about personnel changes for Finance.
 - Staff stated that it was a small department and there was a lot of turnover (three new employees) in the last year which led to those personnel increases due to changes in health insurance coverage elections.
- Council asked for clarification on the additional \$10,000 for senior meals and if the Town couldn't utilize the schools which would be empty during the summer.
 - Staff stated that would be ideal, but the schools would only be available for a six-week timeframe during any given summer and only had two cooking kitchens, both of which were unavailable this summer. Staff was also planning up to four months for the senior center kitchen remodel. Because of this, staff would be limited in what they could serve and would have to rely on pre-packaged meals.
 - One councilmember felt that four months for a kitchen remodel was an inordinate amount of time.
- Council clarified that the Peavine trail improvements was related to the north end.
 - Staff stated that was correct and would be from Road 4 North to the State Park and then to Sullivan Lake.
- Council asked for clarification on the GIS IGA and what it would be for.
 - Staff stated that a more generalized GIS program would be utilized by Development Services to help build base layers as the Town did not have any. The Utility side would be more for specific utility work requiring more specialized GIS data.
 - Council inquired if there would be room to expand on that system should the need arise.
 - Staff stated they thought the base would be there for that.
 - Council inquired if the \$25,000 would go to the County.
 - Staff stated the IGA with the County would be \$20,000. There were additional components for water and wastewater which would be \$25,000 each.
- Council inquired about additional revenue sources, specifically impact fees as they were told previously that they were impractical for the Town.
 - Staff stated they felt any avenue should be explored. Staff had not looked at them for Chino Valley yet, and it may not be feasible, but they would look into it. It had to be balanced with not discouraging housing in the area, but

- making sure there were enough revenues coming in for additional population.
 - Council inquired how long it would take to implement impact fees.
 - Staff stated it would take about a year as a study would be required as well as public hearings.
 - Council asked about some of the requirements for impact fees.
 - Staff stated they had to be used within 10 years of collection, it had to be demonstrated, and it could not go to existing infrastructure, rather the parts attributed to the growth.
- Council stated that an additional two officers would make a total of seven in the last three years and the population had not grown that substantially. Council had been assured that the addition of the last three officers would allow the officers to go to four 10-hour days and there would be a buffer built in. Council asked for clarification on the need for two additional officers as that would put the Town at 2.8 officers per 1,000 residents, making it one of the highest in the country.
 - Staff stated that there were currently two officers in background checks which would put the department at their allocated staffing. Over the past year six officers had been out for long periods of time due to injury. The department had to staff the high school with a school resource officer, one was assigned to the gang task force, and there was a vacancy for a canine officer. Changes were made to try to get to the four 10-hour shifts, but there was still a lot of lag time getting all the necessary officers on the street.
 - One councilmember stated that each added employee was a permanent loss of revenue. Council questioned if over-hire authority would be a more appropriate way to address the issue.
 - Staff stated the additional positions requested this year was to cover people that were out. Staff also cited Council's goal of safety, land size, serving the outlying community, and the transient population (especially with the addition of a state park) as reasons for the increase.
- Council inquired why the Town wanted to purchase land at Del Rio Springs.
 - Staff stated it was a placeholder for consideration at a later date. The piece of land could not be purchased in the original land purchase with Trust for Public Land.
 - Council inquired if purchasing the land and having the liability of the buildings on it were good for the Town.
 - Staff stated it would have to be analyzed.
 - Council stated that it would likely cost more than the land to deal with the buildings.
 - Staff had included funds for a study to look at what the costs would be to fix the buildings so that Council would have all the information to make that decision.
 - One councilmember felt the Town should purchase the land for additional future revenue and to avoid any other municipalities purchasing the land.
- Council asked for clarification about the \$15 million for a new Town Hall in Fiscal Year 28/29.
 - Staff stated that was merely a placeholder. The only items Council would be approving with this budget was Fiscal Year 24/25.
- Council inquired if there was currently anyone wanting to contribute to pickleball courts.
 - Staff stated there wasn't anything yet, but there was an association that was attempting to get funding.

- Council inquired if \$29,500 was enough to purchase new vests for the police department.
 - Staff stated it was for uniforms and vests and would fulfill the department's request.
- Council inquired about the furniture to move Public Works and Human Resources to the old police station.
 - Staff stated it would be \$60,000 for Public Works and \$15,000 for Human Resources.
 - Council felt that was a lot of money.
 - Council inquired why Human Resources furniture was categorized as “Operating Expenses” when Public Works had it categorized as “Capital.”
 - Staff stated anything exceeding \$50,000 was categorized as “Capital.”
- Council inquired if the Town was starting with staff and volunteers for the zoning code rewrite and asked what the \$250,000 was for.
 - Staff stated they had gone through the process before and it was a long, timely process and consultants were necessary to help them weed through the code and match pieces together and pull out what was no longer necessary or relevant.
- Council inquired if an Assistant Town Manager had been budgeted for.
 - Staff stated that it was already in the budget.
 - Council stated that it was budgeted for the prior year, but not the coming year. Council inquired if a position was being eliminated.
 - Staff stated that no positions were being eliminated. An Assistant Town Manager would have a dual role and changes within the Town Manager’s department allowed there to already be an excess in the personnel budget that could compensate for the additional amount.
- Council was under the impression that the Town was already making a Storm Water Master Plan and asked for clarification.
 - Staff stated that the Integrated Water Master Plan (IWMP) was currently being developed. The Storm Water Master Plan would be a separate plan. Staff stated there was a Storm Water Master Plan component to the IWMP, but it would be more of best practices, whereas this would be more concrete plans for trying to capture storm water and get it to infiltrate into the ground.

MOVED by Vice-Mayor Tom Armstrong, seconded by Councilmember Eric Granillo to move into Executive Session.

AYE: Mayor Jack Miller, Vice-Mayor Tom Armstrong, Councilmember Annie Perkins, Councilmember Eric Granillo, Councilmember John McCafferty, Councilmember Sherri Phillips

NAY: None

6 - 0 Passed – Unanimously

3. ADJOURNMENT

Mayor Miller adjourned the study session at 1:26 p.m.



TOWN COUNCIL NOTICE & AGENDA

EXECUTIVE SESSION
WEDNESDAY, MAY 29, 2024
12:00 PM

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

AGENDA

1. CALL TO ORDER; ROLL CALL
2. An executive session pursuant to A.R.S. § 38-431.03(A)(1) for discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, resignation, or salary of Cindy Blackmore, Town Manager.
3. ADJOURNMENT

Jack W. Miller, Mayor

Tom Armstrong, Vice-Mayor for Mayor Miller

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 29th day of May, 2024. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 9th day of July, 2024.

Erin N. Deskins

Erin N. Deskins, Town Clerk