

DRAFT

MINUTES OF THE REGULAR MEETING TOWN COUNCIL WATER AND UTILITIES SUBCOMMITTEE TOWN OF CHINO VALLEY

**Tuesday, February 11, 2020
3:30 P.M.**

The Town Council Water and Utilities Subcommittee of the Town of Chino Valley convened for a regular meeting in the Council Chambers Conference Room, located at 202 N. State Route 89, Chino Valley, Arizona.

1) CALL TO ORDER

Chair Lon Turner called the meeting to order at 3:38 p.m.

2) ROLL CALL

Present: Lon Turner, Chair; Corey Mendoza, Councilmember; Jack Miller, Councilmember

Staff Frank Marbury, Public Works Director/Town Engineer; Mark Holmes, Water Services

Present: Consultant

3) APPROVAL OF MINUTES

- a) Consideration and possible action to approve the January 14, 2020, regular meeting minutes.

MOVED by Councilmember Corey Mendoza, seconded by Councilmember Jack Miller to approve the January 14, 2020, regular meeting minutes.

AYE: Chair Lon Turner, Councilmember Corey Mendoza, Councilmember Jack Miller

3 - 0 PASSED - Unanimously

4) ENGINEER'S REPORT

Mr. Marbury noted that the power keeps going out but does come back on.

5) CALL TO THE PUBLIC

Call to the Public is an opportunity for the public to address the Subcommittee concerning a subject that is not on the agenda. Public comment is encouraged. Individuals are limited to speak for three (3) minutes. The total time for Call to the Public may be up to 15 minutes per meeting. Subcommittee action taken as a result of public comment 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.

6) OLD BUSINESS

- a) Discussion regarding the Fiscal Year 2021 budget to include:
- Septage system
 - Old Home Manor system expansion
 - Sewer expansion for State Route 89
 - Satellite water service areas

Committee Members, Mr. Holmes and Mr. Marbury discussed the following:

- Staff wanted to have a discussion about the budget for 2021 and expand the discussion into a strategic plan for the future.

Septage System

- The septage receiving system study was currently underway with Kimley Horn. They were in the beginning stages of the addendum to the study, with the major component being market research on the demand for septage receiving for the haulers. They would canvass the haulers to determine the amount hauled and the locations they used. This would give an estimate of drive times and costs for drive times, trucking costs for hauling and dumping fees. The consultant would also be looking at adapting the Town's plant to receive septage, how much could be received now and, in the future, and if the amount of influent coming in would affect the septage that could be received and any modifications needed to accept the septage. The market research and compilation were expected to only take approximately a month. These services have already approved by Council and was part of a contract addendum.
- The plant modification portion would take longer than the market research.
- The Committee would be updated monthly as the study progressed.

Old Home Manor (OHM) System Expansion and Satellite Service Areas:

- The Rodeo Drive improvements into the business park were moving forward. The design portion was about to begin and it would include 700 feet of sewer and water expansion.
- There were currently requests for proposals out for a potential RV park at OHM, which could mean extended water and sewer to the RV park if it came to fruition, which would increase the overall services to the area. The proposals for the RV park would include the expansion of utilities and it would be handled similarly to new subdivisions.
- The masterplan for OHM was underway. Mr. Holmes explained that Civiltech had been chosen by a selection committee. At the next Council meeting they would be seeking approval for the integrated water masterplan and a five-year capital improvement plan. The budget came in close to the estimation of \$250,000. There was an additional \$25,000 provision for sewer metering, which would provide a better understanding of the flows and peaks. The actual cost was close to \$287,000, which would be broken down over two fiscal years.
- Civiltech had put together a comprehensive scope, fee and schedule for work completion of the water resources, water system, sewer and reclaimed and recharged water.
- The capital improvement plan being proposed was looking at what would be needed at OHM based on what was projected for growth, establishing a budget and looking at the projects through an engineering cost estimate. It would include all needed work from sewer expansion and pipes for water, sewer and reclaimed. The study would include what was needed and where it would be needed and when it was needed but would not include any as-built or engineering designs. The study would look at five year, ten year and buildup of OHM. It would also look at integration of whatever the Town wanted to build in the future.
- It was a large cost item and the first phase. Additional phases, if Council so chose, would look at the needs beyond OHM.
- The scheduled work should be done by the end of November.

- Civiltech had a landscape architect on staff, and they would be looking at how to minimize water usage including how to maximize rainwater and drainage usage to minimize and possibly eliminate any outdoor watering needs.
- Highlands Ranch well had a legal draw authority of 2,500 gallons per minute attached to it. It was important because if the Town wanted to use that well location or within 660 feet of that well location, there would not have to be a well space or well impact study. If the Town has that well and it did impact others, it would not affect their draw limits. The engineering question would look at if it made sense to have a well at that location with a potential reservoir and pump station to tie into the existing Town system. The well could not be used because it was corkscrewed when it was drilled.
- Part of the proposed scope of work was to analyze the well and find out if it made sense for the Town to put a new well at the site, including any necessary onsite easements. The study would give a definitive answer whether it made sense to have the well and why or it would say if there were no reason to have the well in that location. If it did not make sense to have the well, the Town could sell the land like any other asset. The legal withdraw authority would go with the property when it sold. If the well was replaced within 660 feet, the withdrawal authority could be used at the new well. Committee members discussed options and consequences of selling or keeping the well. The withdrawal authority could be split between a number of wells that were 660 feet from the original well.
- If the Town abandoned the well, the draw authority would also be abandoned and no one else could pick up that draw authority. The Town could kill the well even if the property was sold, that draw authority would be gone. The water quality in the area was good.
- This study was parallel work to the OHM study, but the two studies would tie together because they were part of the same service area. The Highlands Ranch study was approximately \$18,000.
- The other scope of work was for the Road 4 South satellite service area. The Town had the right to establish a satellite service area and not have the requirement of extending water down to a satellite service area. The Town could use a Type 2 water right that could be used until five customers were serviced and then extend the service area to the smaller service area and then the service area could grow like the current service area. The town could have one or more production wells, one primary and one back up, and could establish satellite service areas that would eliminate or help of augment five miles of expensive infrastructure. It could create a water production facility that was fairly inexpensive and could save a substantial amount of money.
- The Committee discussed the Town boundaries on the east and west side on the southern part of the Town.
- Committee members questioned if the Town were to go into an agreement with Prescott, why the Town would not just tap into the Prescott line. This might be an inexpensive option, but currently there was not enough known to properly answer the question. Prescott was not willing to provide fire flow. If large infrastructures were built in the area, it could require additional fire flow and might be an additional cost. Sewer was an additional issue. There could be temporary package plans at remote locations where there were no sewer lines extended. It was a temporary mobile system. But the discharge was a big issue and a discharge permit was required. The treated affluent needed to be handled. There could be discharge wells or percolation ponds with an underground storage facility or a recharge permit could be acquired.
- Committee members discussed that if sewer lines were extended, water lines should also be extended. Businesses disliked being on septic systems because of potential problems and there were concerns about impacts to the surrounding areas and waterways. Expanding water and sewer lines were expensive but were the Town's step forward in taking care of health and safety by providing the ability to hook up areas to the Town's system. Satellite service areas

- were a first step in making this happen.
- The Committee discussed business and possible future developments that could potentially hook into the Town's utility infrastructure.
 - Overview: Chino Meadows wells or integrated masterplan were part of the OHM expansion and was on the next Council agenda; the Highlands Ranch well did not need to be pursued at this time unless they wanted a future game plan now; the Road 4 South satellite system was a future item to be considered but a study would give the necessary information for a recommended well location and what was needed for a reservoir to start a satellite service at that location. The development of a satellite location would be part of an enterprise fund and was required to pay for itself. Every customer was equal when it came to use and costs. It was a debt service for infrastructure.
 - The pros and cons of growing the Town's system, having others come in and serve or privatizing the system would be discussed at an upcoming meeting. Having multiple municipal water lines parallel to each other was inefficient and duplicated the services.
 - The Committee discussed the importance of the financial aspects, including where the funding would come from and if the infrastructure would be self-supportive or if the general fund would be impacted. If the study were done, this information would be included and cover funding and rate structures of a possible satellite service. The finance director would assist in determining the rate structures and where the funding would come from. The study would also help determine all existing wells in the area and look at well spacing and impact and the well location of a new well. These types of studies assisted in the determination if moving forward was feasible.
 - The Committee thought the Highlands Ranch well could be a good tool down the road by having the ability to utilize it in the future or use it as a bargaining tool. The committee was unsure how important it was and how it fit into the Town's current plan. The value of the property was not going to go down and the cash in hand now would not be worth selling it now because of what the Town could get for it in the future.
 - If the study were done now, it would have to be modified in the future, but most likely at a reduced rate unless the Town changed part of the infrastructure. The study could potentially be completed at any time the Town was ready to pursue it.
 - The Committee discussed the current well systems for the Town. They were in good production shape and did not currently need another well. The Town had curtailment plans in place for emergency well production issues. The best plan was to stay out of emergency curtailment issues and to have a backup in case something went down. The Town was currently researching the Peavine Trail water connection through an EPA grant. It would run a waterline from Road 2 North to Perkinsville along the Peavine Trail. It would help loop the main water system and with the integrated OHM masterplan it could bring on more wells and more storage for the entire Town system and add resilience to help armor the system in case of an emergency. It was questioned if the Town could keep the waterline going down the Peavine Trail to Road 4 South. Staff said it could be done but it might make more sense to go down Road 1 East to get to the customers. A study would answer the question about which expansion made more sense. Once the OHM masterplan was complete, the Town could pursue other masterplans to help answer these types of questions.
 - The Committee discussed the types of issue masterplans covered including water, drainage, and sewer.
 - The Committee agreed to wait on the Highlands Ranch study and hold off on the Road 4 South satellite system until more was known about the Prescott situation. The Committee wanted to spend the money on expanding the current infrastructure in a good producing well area instead of building new water facilities in another area.

Sewer Expansion for State Route 89

- Staff questioned if sewer expansion along Highway 89 should be brought up at the Council retreat.
- There were studies from the past that could be shared and it proved to be impractical at the time of the studies. The studies could be slightly modified for current situations.
- There were several commercial customers that were interested in being on the Town sewer system.
- The Committee discussed where the current sewer lines on the highway were located. Staff wanted to research what it would take to extend the lines from Perkinsville and Road 1 East across the highway in front of Family Dollar. The Town could then provide gravity fed sewer to the commercial properties and pick up other properties along the way. The Committee thought there were easement issues with that route and that it would be difficult to get done.
- If there were more than 50% plus one of land owners who wanted to have sewer, they could form a Community Facilities District (CFD) and use their land for securing financing. But if it were to go bankrupt, the Town would be responsible for paying the debt service. This was a rare occurrence and it was an affordable option.
- The Committee discussed a land swap with DOT and opening up another area for commercial development that could get water and sewer easily.

The Committee agreed to have staff bring the old studies to the committee for review and to discuss it at the upcoming retreat.

7) NEW BUSINESS

- a) Discussion regarding Chino Valley Head Start's request to connect to Town water.

Mr. Marbury asked to have the Head Start's request tabled until the next meeting. The last meeting it had not been on the agenda. Staff needed to research the logistics before discussing it in detail.

- b) Discussion and update regarding Big Chino and Wine Glass Ranch work provided free of charge to the Town.

Committee Members, Mr. Holmes and Mr. Marbury discussed the following:

- The company, EHS Support, specialized in remediation projects and was currently doing groundwater modeling and remediation of one of the largest superfund sites in the Phoenix area. They had a large team and wanted to expand the Arizona portfolio, so they could become more well known for their GIS services, groundwater modeling, hydrologist services, etc. They needed to have a resume to compete in the market. Mr. Holmes had convinced them to offer the Town the Big Chino and Wine Glass Ranch Phase One work for the analysis of assured water supply that was required by the State. EHS was actually developing the necessary model and looking at the States documentation. It was \$68,000 worth of services the company was providing free of charge. They would generate a report that would be given to the Town with the information necessary to update the model so the Town could move forward with the next phase of the work.
- There was no obligation to use the company for further phases, but the Town could enter into a professional service agreement if they were satisfied with their work. Phase two was estimated at approximately \$100,000.
- The water needed to be locked up as soon as possible so that Prescott did not lock it up.
- A basic contract for Phase 1 was already in place for the free services. The Town Manager had the authority to sign the contract since it was under \$25,000 and it had also been reviewed by the Town attorney.
- It was being fast tracked for completion.

Once the Town was close to the second phase, the Committee would decide if and how to proceed.

- A Committee Member suggested that the Committee research on the cost of purchasing a local water company. The Town would need to put it out to a vote. The company may not have a value and could be given to the Town at no cost. A new appraisal would be required for the value of the company. If the company was given to the Town at no cost, it could have a large liability, it would have to be determined how the customers would pay for that large liability. The appraised value needed to be determined and if it was negative, the Town needed to determine what it would take to get up to the current engineered Town code. Most likely major capital improvements would be required. The Town needed to consider those improvements and operating and maintaining the system. That information would be contained in the appraisal evaluation. It could serve as a satellite water service at the Road 4 South area. If the company went bankrupt, the Arizona Corporation Committee (ACC) would take over, and they would get the system up and running because it was a health and safety issue. The Committee needed to determine what the priorities were for staff to present to Council as a whole. This could be brought up at the retreat with speculative numbers.

8) ADJOURNMENT

MOVED by Councilmember Corey Mendoza, seconded by Councilmember Jack Miller to adjourn the meeting at 5:10 p.m.

AYE: Chair Lon Turner, Councilmember Corey Mendoza, Councilmember Jack Miller

3 - 0 PASSED - Unanimously

Submitted: February 27, 2020.

By: *Erin Deskins, Deputy Town Clerk*

Approved: _____, 2020.