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

TUESDAY MARCH 7, 2019
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 Turner called the meeting to order at 3:35 p.m.

2) ROLL CALL

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

Staff Present: Cecilia Grittman, Town Manager; Frank Marbury, Public Works Director; Mike Bovee, Utilities Manager; Joe Grassi, Utilities Operations Specialist; Mark Holmes, Water Services Consultant

3) APPROVAL OF MINUTES

a) Consideration and possible action to accept the January 30, 2018, public meeting minutes.

MOVED by Councilmember Corey Mendoza, seconded by Councilmember Jack Miller to approve the January 30, 2018 regular meeting minutes.

AYE: Chair Lon Turner, Councilmember Corey Mendoza, Councilmember Jack Miller
PASSED - Unanimously

4) 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.

5) OLD BUSINESS

6) NEW BUSINESS

a) Overview of integrated water master planning.

Mark Holmes presented the following information:

- Water integration phases are Integrated Water Masterplan (IWMP), Capital Improvement Plan (CIP), Infrastructure Improvement Plan or funding (IIP), and Utility Rate Study with stakeholder committee meetings.
- Integrated Water Masterplan (IWMP) was four integrated masterplans:
    - Water Resource Masterplan was based off the Town's General Plan, population projections and planning areas and how much water would be needed long term. Develop a water portfolio that showed available water supplies, costs and sustainability.
    - Water System Masterplan would look at the buildout of the entire Town and a water system that would produce, treat, transport and deliver the water to the customers and the systems that would need to be engineered and built to meet the customer's needs. Service levels, operation and maintenance levels would also be addressed.
    - The Sewer System Masterplan would address the system needed for the entire Town, the sewer system drainage basin and when new systems or expansion would be necessary.
    - Reclaim Water System Masterplan would address how reclaimed water would be managed and would develop a recovery system for reclaimed water for indirect potable reuse (IPR). Cities throughout Arizona have IPR and all wells were permitted as recovery wells with co-mingled water, which legally changes the characteristics of ground water to reclaimed water.
- Any current plans or studies the Town had on hand could be used in the overall development of the study.
- The CIP created a short and long-term capital needs outlook and would create a five-year fully funded capital improvement plan. The engineering study estimate looked at the cost of necessary improvements. It would prioritize projects and provide an implementation plan.
- The IIP plans would primarily be completed in-house by the Finance Director to determine contributions, revenue, grants, loans, and other types of funding. User fees, new fees, public/private partnerships and budget allocations would be reviewed.
- The Utility Rate Study would look at the cost of services and the overall revenue flow.
- Masterplans are usually done through committees or commissions that would work with staff and make recommendations. Groups would consist of residents, business owners, industry or those on exempt wells. The committee would meet monthly and should consist of approximately nine to eleven committed people with alternates available.
- Two types of planning the Town could use are wait to break (could be catastrophic) or capital replacement plan.
- The plans were action-based plans and provided answers to questions that the Town did not have.
- Overviewed a chart on water level of service, from best to worst. The Town was at a lower level three. The level could be improved through bolstering the robustness, reliability, and resiliency of the system.
- Planning goals are: maximize the use of existing water resources; determine when and how new water sources would be available; determine needs; determine maximum efficiency, conservation and sustainability; and ultimately determine if the Town could become a designated water provider. Designations lasted for 15 years.
- Lack of planning failures: inefficiency could lead to running out of water requiring water buybacks; not properly sizing infrastructure.

Committee Members and Mr. Holmes discussed the following:

- Water and sewer systems were not a choice and needed to be maintained and improved by the Town.
- To become a designated water provider, the Town needed to be able to show they had the

availability and legal right to use a continuous physical water source. The Town would need to show the financial capability to improve the system, that they could provide the necessary water quality, show that the Town would conform to the Prescott AMA Conservation Plans and Goals and provide mitigation that prevented the impact of surrounding water areas and communities. The Town did not currently have a large enough physical and legal availability of water for designation. Water from the Big Chino Aquafer would need the infrastructure to transport it to Town.

- The General Plan was congruent with the water masterplan.

b) Discussion regarding the Old Home Manor Master Plan and possible recommendation to Council to initiate Request for Qualifications for a master plan.

Mark Holmes presented the following information:

- First Phase Planning is to focus on critical areas like OHM.
- OHM studies could include IWMP, a 5 to 10 year CIP, IIP and a possible rate study.
- Determine the development goals in OHM and if development would be a wet or dry development district.
- Determine the size requirements for water and sewer, which could be integrated later into an overall town like system.
- Discussed when and where the improvements would be needed.
- Discussed the cost of improvements and funding sources.
- Seek Council direction by developing the following: a not to exceed budget for the masterplan, a scope of work, a request for qualifications, solicitation process to evaluate qualified firms to perform work, and firm selection and negotiations.
- The development would require extensive staff involvement.
- Planning benefits the Town and increases resiliency, robustness and reliability of the water and sewer utilities. The fee structure could help pay for studies.
- Seeking a recommendation from the Committee to take to Council for approval of OHM master planning to include the development of a request for qualifications, determine a budget, and complete the final masterplan. Funding could be from the Enterprise funds since it had a direct correlation to water and sewer.

Committee Members and Mr. Holmes discussed the following:

- How to determine the unknowns, what the Town wants and what was needed to reach its goals.
- Use the masterplan to strategically plan and pull different types of development together to make the whole development process work.
- Obligated water to OHM for the development came out of the Town's water portfolio. The non-subdivision user portfolio was limitless (service area right) but the Towns subdivisions had only 15-acre feet or less left in the portfolio.
- It was better for the Town if OHM was designed to not require certificates for subdivisions (service area right).
- There would be additional water supply from the wells at Bright Star and Country West that could potentially be connected if more water was necessary.
- Reclaimed water supply is an ever-increasing renewable resource and was higher than the water volume served annually because there were more sewer customers than water customers.
- The Town had limited funds for development but having a completed plan that provided developer the cost to participate and the return on development provided the necessary tools for future development. Assessments would help get cost of development back to the Town.
- Enterprise (utilities) funds pay for themselves.

- The Town could pick and choose the masterplans they wanted to pursue that answered the relevant questions.
- Water production was good in the area and would not be an issue. The masterplan would get the water production down to a per acre basis.
- The Town had a competitive advantage with the raw land and the water production volume.
- Extending the water and sewer lines a quarter mile would open acres of land and extensive economic development opportunities.
- The sewer capacity was known for current and future use and when an expansion was necessary.
- The study would provide a prospective tenant relevant information on water and sewer accessibility.
- Very little water was lost when pumped in for internal use and then discharged (60/40). The Town's water line loss was 6%.
- The Town had the means to pursue the study through the Enterprise funds.
- The Committee supported recommending the present masterplan presentation to the Town Council.

c) Overview of the Town's obligation to provide reclaimed water for Bright Star and possible recommendation to Council for the direct selection of a consultant for professional services.

Mark Holmes presented the following information:

- The Town had a water obligation to Bright Star.
- The Town approved a supplement to the Amended Development Agreement executed October 12, 2006, agreeing to make an amount of the reclaimed water available, when it became available, to Bright Star for water infrastructure improvements. Bright Star paid approximately $1.13 million for Town utility improvements, so the Town agreed to pay Bright Star $25,000 an acre foot for phase four or a total of $45.32 per acre feet.
- The agreement provision could be accomplished by becoming a designated water provider; use Bright Star's current and future amounts of reclaimed water generated in a Highlands Ranch Style Agreement, which had been approved by the Department of Water Resources, but the Department no longer approved credit for future projections of reclaimed water until the water was actually generated; or the Town could make reclaimed water available by performing a physical availability determination to then get recovery well permits on all production wells and recover their long term storage credits.
- The Town would do a numeric three-dimensional groundwater model to quantify how much water was physically available completed by a consulting firm specializing in ground water modeling.
- The Town had previously hired a firm that performed a physical availability determination for Wine Glass Acres. An analysis was provided for an assured water supply that expired in 2018. If the Town hired the same firm to perform the physical availability for Wine Glass Acres and Bright Star, it could provide a cost savings. Mr. Holmes would get a cost savings amount for combining the two.
- An assured water supply certificate took about 18 months.
- The reclaimed water could be used for other developments and the Town could maximize the number of acre feet that was physically available.
- If the Town received an analysis for Wine Glass prior to the Town of Prescott, it would be first in right and could limit the amount of water Prescott could withdraw if Prescott's withdrawal impacted the Town. If the Town did the analysis after Prescott, the Town's withdrawal could be limited by Prescott.

d) Discussion and possible action regarding possible water and sewer expansion projects and priorities.

This Item was postponed until the Council Retreat.

e) Status update on the E.P.A. grant pertaining to waterline connections.

Frank Marbury stated that EPA granted an extension to March 2023 for the grant. Staff was still seeking approval from EPA on the procurement process to select the design consultant.

f) Discussion and possible action regarding future Water and Utility Subcommittee meeting dates.

The Committee agreed to meet once a month on the second Tuesday of the month at 3:30 p.m. The next meeting would be April 9th. The Committee discussed items that may be discussed at future meetings.

7) EXECUTIVE SESSION

a) The Water and Utilities Subcommittee may vote to recess the Special Meeting to hold an executive session pursuant to A.R.S. § 38-431.03(A)(4) for discussion or consultation with the Town Attorney in order to consider the Towns position and instruct the Town Attorney regarding the Towns position regarding an intergovernmental agreement with the City of Prescott. (Cecilia Grittman, Town Manager)

No Executive Session was held.

9) ADJOURNMENT

MOVED by Councilmember Jack Miller, seconded by Councilmember Corey Mendoza to adjourn the meeting at 5:39 p.m.

AYE: Chair Lon Turner, Councilmember Corey Mendoza, Councilmember Jack Miller
PASSED - Unanimously

Submitted: March 19, 2019.

By: *Vickie Nipper, Deputy Town Clerk*

Approved: April 9, 2019.