

**MINUTES OF THE STUDY SESSION  
OF THE TOWN COUNCIL OF THE  
TOWN OF CHINO VALLEY**

**WEDNESDAY, MARCH 01, 2023  
10:00 AM**

**CHINO VALLEY COUNCIL CHAMBERS  
202 N. STATE ROUTE 89, CHINO VALLEY, AZ**

Present: Jack Miller, Mayor; Eric Granillo, Vice-Mayor; Annie Perkins, Councilmember; Tom Armstrong, Councilmember; John McCafferty, Councilmember; Sherri Phillips, Councilmember (arrived at 11:07 a.m.); Robert Schacherer, Councilmember

Absent:

Staff Present: Cindy Blackmore, Town Manager; Terri Denemy, Assistant to the Town Manager; Joe Duffy, Administrative Services Director; Laurie Lineberry, Development Services Director; Maggie Tidaback, Economic Development Project Manager; Laura Kyriakakis, HR Director, Frank Marbury, Town Engineer/Public Works Director; Chuck Wynn, Police Chief; Cyndi Thomas, Community Services Director; Tricia Lewis, Public Information Officer, Joan Dwyer, Magistrate; Sara Burchill, Deputy Town Clerk; Erin Deskins, Town Clerk

**1. CALL TO ORDER; ROLL CALL**

Mayor Miller called the meeting to order at 10:10 a.m.

**2. DISCUSSION ITEMS**

- a.** Town Council will engage in strategic planning activities and discussion to determine priorities which will guide the 2023/24 budget process.

Cindy Blackmore, Town Manager, introduced the budget workshop planning session and overviewed the agenda and plan for the day:

- This meeting was an opportunity to get together and talk about the budget process, especially for the new Councilmembers. They would hear from Joe about how the budget worked, and he could answer any questions they might have. The meeting was intended to be very interactive.
- The meeting was not about specific numbers, but rather a higher level of planning and prioritizing. Numbers would come later as staff moved through the budget process.
- Last year's budget workshop looked two and three years out so they would be going over that also to see if priorities may have changed.
- The morning would have department overviews including accomplishments and priorities coming into the next budget year.
- The economy was a little shaky and the Town would need to be conservative. Joe would talk more about that.
- Input today would help staff to put together a recommended budget to present to Council.
- Council and staff participated in an ice breaker game.

Cindy Blackmore presented the following:

- Accomplishments
  - Enhanced public information with the new Public Information Officer (PIO). The PIO had been on board for about six months now and the plan was to continue to enhance communication with the public, increase social media content, finding new ways to reach the public, and generally get the Town's message out there. Another goal is to tell the Town's side of the story, get ahead of false information, and get feedback from the public to make sure the Town was meeting the needs of the public.
  - Analyzed and improved administrative processes – Ms. Blackmore had wanted to make some changes and improve some processes so they worked for the Town's needs today. She recognized Terri for her work with department heads and staff to improve processes, get contracts in place, working with Joe to make the budget process more effective, etc. Terri was also working with the Public Works department helping to do procurement while they had some administrative changes.
  - Held Citizens Academy – this had been done in the past, but hadn't been done for three or four years. It was a great academy celebrating what the staff does, letting the citizens know what the Town does, and getting them involved. Staff got great feedback and were looking at doing this program at least twice per year. Citizen's Academy was a great way to get more people involved.
  - Employee Connection Meetings – with the limited time that the Town Manager had, she wanted to reach all levels of staff, not just talking to department heads, she wanted to have the frontline workers come so she could get information from them directly since they were out every day working with the public. It was a meeting held once per month where representatives from all departments who would come, have lunch, and discuss what had been going on. It had been a good process for the Town Manager and the feedback was positive for staff as well. They spread information with their coworkers as well so they could answer questions from the public.
- Incoming year want to:
  - Continue community engagement and communication.
  - Strategic Plan update – this was done in 2018 and most of the current Council was not involved in that plan, so it needed to be updated.
  - Continue process improvements.
  - Right sizing staffing & succession planning – this would be really important next year. It wasn't always about how much staff you had, but having the right people in place.
  - Capital Improvement Program.
  - Training and staff development – this was super important because the Town had a small staff and they needed to be the best they could be.
  - Internal communications – make sure staff was communicating effectively as a team.
  - Regional communication & collaboration – this area was unique, and the quad cities need to work together and not double the work.

Maggie Tidaback, Economic Development Project Manager, presented the following:

- Accomplishments:
  - The Town was awarded \$750,000 in grant funding.
    - \$500,000 was for the Economics Strengths Project Grant. This was awarded to the Town two years in a row. This was to help fund the Capital Improvement Project from Road 1 East to Perkinsville and underneath the highway.

- \$250,000 was congressionally directed spending at Old Home Manor (OHM).
  - RV Park Development was in escrow at OHM. It was 33.66 acres and would include pickle ball courts, a gaming area, horse stall, a convenience store, etc.
  - Tourism campaign – this was the second year the Town was partnering with the Arizona Office of Tourism.
    - Mostly now focusing on micro-marketing highlighting outdoor tourism, side-by-side, UTV tourism, etc.
  - Collaborating with Greater Chino Valley Collaboration to develop outdoor recreation opportunities. Ms. Tidaback was on the coordinating team. Camp Verde did this and was able to get a trail built that brought in 250,000 hikers that year.
  - Planning and Development of Wayfinding Sign Program – These signs would provide direction to specific places within the town. Development Services was helping with this project. Civiltech was getting the engineering done. Staff would also be adding placemaking which would add a logo to the top of the wayfinding signs.
- Coming year
  - Move forward with wayfinding
  - Working with ADOT on relocating their yard away from Highway 89.
  - Continue searching for economic development infrastructure funds.
  - Grow tourism campaign & outdoor recreation opportunities.
  - Get the OHM/RV Park deal across the table.
  - Get a second grocery store.

Laura Kyriakakis, Human Resources, presented the following:

- Accomplishments
  - Completed Classification and Compensation Study (Class & Comp) – this study started with a position analysis questionnaire. Instead of comparing title to title, they compared duties and responsibilities. They focused on matching the external market and addressing any internal inequities and depression. The Town ended up reclassifying some positions, updating pay scales and initiating market adjustments for staff. Since doing that recruitment had changed and recruiting was no longer an issue. If an employee was paid fairly, money was a non-issue.
    - Turnover for this fiscal year was about 13% and the government rate was about 20%. The Town on-boarded 18 employees and off-boarded 15. There were four positions to fill.
    - The Police Department was now seeing some lateral recruitment. The Town would do an informal Comp & Class to make sure employees were being paid fairly.
    - Career ladders were also created for preparation as the Town grows.
  - CALM app (wellness programming) – this was paid for through Yavapai Combined Trust (YCT). It was a mobile app that helped with stress, sleep, improves mood, helps to prepare for stressful meetings, etc. It had been pretty successful with staff.
  - Stipend program, inclement weather and GPS tracker Policies – these policies helped employees to know what was expected and when, and what and how they would be paid.
  - Updated personnel policy manual and administrative procedure manual – staff was in the process of doing this now, breaking it out into employee handbook and an administrative procedural manual. It was currently overwhelming and employees didn't read it. The goal was for it to be more user friendly and easier to read.
- Coming year

- Roll out personnel policies and administrative procedures manual.
- Update job description for all positions – this would be part 2 of the Class & Comp study.
- Enhancement to payroll system – This was mandatory, but the staff wanted to make use of technology to help the Town’s small staff.
- Executive search for a Finance Director.

Laurie Lineberry, Development Services Director, presented the following:

- Accomplishments
  - Implemented CitizenServe software – this was the same software that the County used for building permits as well as planning, business licenses, customers were well pleased with the software. Staff was also working on a module for Public Works to use also.
    - Development on the program began in February 2022 and went live with it in June of 2022.
    - The software included modules for grading, drainage permits, right-of-way permits, and driveway permits which would be utilized by Public Works.
  - General plan rewrite and approval through Council (June) – documentation would be reviewed soon. The land that had been entitled would cover the Town for the next 10 years. Staff would also be working on adding intensity density categories, because the current general plan did not allow for land owners to take a 10-acre parcel and split it into two five-acre parcels; it started at two.
  - Updated process for festivals/events with Community Services – been working with Cyndi Thomas on the events process. Staff spent six months working through creating a new process.
  - Internal review of code enforcement processes – Staff had been struggling with complaints. The codes on the books were done in 2019 by one person who did not receive any additional input from anyone else. It did not function well for those doing code enforcement.
  - Remodeled half of lobby/office area – this was done to get supervisors with the people they were supervising. It was difficult to supervise when your employees were working with customers out of earshot.
  - Expanded notification for planning cases – despite the current code stating a minimum of 300 feet, the development staff would pull up each case on the computer and enter different radii to make sure they notify a minimum of 25 properties as well as people who would be directly impacted and give them notice. The State required one type of notice, the Town would put out five.
- Coming year
  - Review and adopt International Property Maintenance Code - Had been adopted by the Town about 10 years ago, but a prior Council said that it was too restrictive. It could be taken through a review process and eliminate some things that didn’t make sense for the Town and then present it to Council. The Planning & Zoning Commission would be vetting the code.
  - Adoption of the General Plan by voters.
  - Review of Unified Development Ordinance (UDO) with adopted General Plan goals and policies – the UDO would implement the General Plan so they needed to line up with what the Town was trying to accomplish. It wouldn’t be deleted, but it would be reorganized, make sense, and implement the General Plan.
  - Update Town Code Chapter 113: Festivals.
  - Remodel 2<sup>nd</sup> half of lobby/office area.
  - Begin review of the 2024 “I-Codes” with the Building Advisory Board – the Town’s Building Department talked to all others in the Valley and County to make sure the Town was using the same code books they use and the same

timeline for adoption so that contractors working in three different locations wouldn't have to juggle three different codes.

Erin Deskins, Town Clerk, presented the following:

- Accomplishments
  - Successfully completed the 2022 primary election including the Mayor's seat, three Councilmember seats, and the APS Franchise Agreement.
  - PrimeGov – this was a new agenda management software system. It was still a work in progress. It went live on 1/24/23, there were a few hiccups, but would hopefully work themselves out.
  - I-Pads for Council & Commission members – these enabled the Town to transition from printed to electronic packets. They were not fully up and running yet. Staff was waiting to get through full implementation with PrimeGov before moving forward. It had already helped save on printing and ink costs, and staff time. It was a huge success. Staff was now only printing for permanent storage.
  - Blueink – this was a digital signature software which was much cheaper than DocuSign. There have been no issues and this was also saving on printing and ink as everything is able to be retained as an electronic document.
- Coming year:
  - Special election on November 7, 2023
    - This would be an all mail in ballot only election.
    - Items would be the General Plan, to amend the mayor's term from two to four years, and get approval to sell land at OHM. In order to sell land for a price over \$1.5 million the Town had to get approval from the voters.
  - Implement Town-wide records management program – this was currently the Deputy's job who has a lot of other duties, so staff was looking to implement a full town-wide records management program to make sure state statute on records was being followed.

Cyndi Thomas, Community Services Director, presented the following:

- Recreation
  - Accomplishments
    - Enhanced Territorial Days to become Chino Valley's "signature" event – this event was expanded with Council approval by moving the July 4<sup>th</sup> budget to Territorial Days. The Town had more people in the park than ever before.
    - Planned and facilitated monthly family activities at the Community Center – staff was trying for one topic a month. So far they held A "Pizza" Art for families and children to come and make art. Feb was "I Heart Art" month, tomorrow would be "Luck of the Irish" family bingo and they had some really good prizes lined up.
    - Offered exercise and activity classes daily at the community center – classes included yoga, fitness with friends, karate, and zumba. Classes were full all the time, and instructors were asking for a spot daily.
    - Became a member of the National Parks and Recreation Association and attended their national conference in September – Ms. Thomas said this was one of the highlights of her career because the people she met, and the networking and ideas she gained were immeasurable.
    - With support from Development Services, created a Special Event permit and updated the process for special events – the very first Special Event Permit was given out this week. There were some hiccups, but staff would overcome them. It was an online fillable form which had a

few issues. This was to be focused on outside vendors that want to come do large events (over 100 people). Not necessarily Town events.

- Coming year
  - Continue to enhance Territorial Days and make it the Town's signature event – This year it would be a three-day event including a car show and fireworks on Sunday.
  - Seek additional instructors to offer even more exercise and activity classes daily at the Community Center – staff would also be looking at other facilities to offer instruction like the senior center and aquatics facility.
  - Continue to enhance monthly family activities – staff would like to go to an every other week program rather than once per month and the numbers showed that the Town would be able to support that. There were 16 children with their parents for the “Pizza Art” activity.
  - Purchase recreational scheduling software – this would help with scheduling of fields, classes, facilities, and help the youth leagues to manage their programs.
  
- Aquatics:
  - Accomplishments
    - Served over 7,500 patrons at the pool.
    - Installed artificial turf for the comfort of the swimmers – this saved staff time with not having to upkeep grass.
    - Certified 13 swim instructors – some would be able to be utilized again this year, but the goal was to certify 15 swim instructors this year.
    - Partnered with HI-Line vending to supply discounted products for the concession stand – staff and life guards were going to Costco almost every other day to pick up otter pops, ice cream sandwiches, etc. Staff thought of this idea and it had been very successful.
  - Coming year
    - Re-plaster the pool and resurface the pool deck – this was in the budget for the current budget year, but hadn't been done due to vendor availability.
    - Plan and enhance family friendly activities and special swim events – these had been done in the past, and staff wanted to go back to them.
    - Keep the pool open and operable until Labor Day.
    - Purchase aquatics scheduling software – this went hand-in-hand with the recreation software.
  
- Library:
  - Accomplishments
    - New programs – circulating tech devices
    - Launchpad learning tablets for kids – these were provided for children to be able to do educational games for reading, writing, math, etc.
    - Wonderbooks (books with audio built in) – users could read along with it to help get to the next level of reading.
    - Playaways (audio book players)
    - Hotspots (free wifi to take home) – this came to the Town through a grant. The Town currently had 12 and there was always a waitlist.
    - Dramatic service increase & customer engagement.
    - Doubled number of programs and program attendance.
    - Doubled number of new library cards.
    - Patron walk ins and patron website visits had also increased.
  - Coming year
    - Library would need additional funds to get more hotspots – the grant would end soon and staff would not be able to purchase more.

- Audio compact discs – these were also in high demand and staff was looking to increase their supply.
  - Subscription and membership costs – these costs were rising and the Library would need additional funds.
- Senior Services:
    - Accomplishments
      - Community Development Block Grant funding for Senior Center – staff was still in the design phase, but hopeful to start construction around the first of June.
      - Served over 35,000 meals this year, this was the largest number the Town had ever had.
      - 4,0000 participated in gentle exercise program.
      - Largest daily attendance numbers in the past 15 years.
      - Daily averages
    - Coming year
      - Complete kitchen renovation.
      - Find a location to continue serving during construction – the Town was contractually obligated to serve meals to clients. Staff had been looking at trailers to rent, and came up with the idea to use a trailer from the Salvation Army. The only downside was that the Salvation Army would only have to give 24 hours notice if they needed the trailer for a natural disaster emergency, and this would be right during fire season.
      - Continue to enhance “Living Your Best Life” talk series – this program was meant to target the younger Senior crowd. This month they would be talking about addiction and where it begins, next month would be “Marijuana as Medicine – Is it Right for Me?”
      - Solicit and train more Meals on Wheels drivers to be able to use substitute drivers when needed.

Meeting recessed at 11:36 a.m. for lunch.

Meeting resumed at 12:00 p.m.

Council and staff participated in a trivia challenge.

Chuck Wynn, Police Chief Police, presented the following:

- Police Department
  - Accomplishments
    - Began transition to the new police building.
    - Cadet program for teens interested in a career in law enforcement – this program was for 14-15 year olds and would help to keep them out of trouble.
    - Trained all officers on active shooter response including having several staff certified as trainers – officers trained with all other local departments and would refresh once per year. This training included force on force, simulations, and Chino Valley officers were also trained as trainers.
    - Police shooting range restroom project underway – Scott Balck, Engineering Project Manager, had been great about getting bids on this project. Lots of agencies were using the range now, and the porta-john was not an ideal solution.
    - Department’s first therapy dog – staff had been waiting to find the right person to fit the dog with. McKenna Popp had been hired last year as an adoption specialist and she was the perfect fit for the position. She was





- Construction of the 18” waterline along the Peavine Trail should be done, but with all the weather delays they were not able to work a lot. They were right at Perkinsville Rd now. Connecting this waterline would help to provide a loop for water services so that if water goes out at one spot not everyone would be put out of service.
    - Road 1 East from Center Street to Road 3 South would get a sewer line underneath it, Road 1 South by the Fire Station would also get a sewer line. Staff would be fixing three cul-de-sacs off Perkinsville Rd by having the road crew do the gravel work and the contractor do the paving work. All these projects were out to bid
    - Pavement Management Program – this was already being advertised. There were 10 people at the pre-bid conference. This would give staff good data to rate the roads and provide budget scenarios for \$1 million for roads versus \$2 million for roads.
    - Chino Valley Integrated Water Master Plan – this would be a water and sewer master plan. The Town had reached a point of production that this was now a necessity.
  - Coming year
    - Complete planned roads projects
      - Old Highway 89 – this would be an overlay and fixing the guardrails on the historic bridge.
    - Perkinsville Road Water and Sewer Extension across Hwy 89 – this project was currently stuck as staff tried to figure out right-of-way issues to get the water across the highway. The design needed to be completed.
    - Chip seal Angus Place – this cul-de-sac needed water and sewer under it, so staff was looking at chip sealing to get a few more years out of it until the water and sewer could be done.
    - Chip seal the pathway along Road 1 West between the Senior Center and Del Rio School – a lot of people used the pathway.
    - Re-stripe Town Streets – the Town was about five years behind on this project.
    - Repave handicap spaces and re-stripe lot for Senior Center.
    - Re-purpose former Police Department building – the roof needed to be repaired and the inside needed to be remodeled. It was still being discussed what would be done with the building.
    - Update engineering standards – this had been put on hold with all of the construction needs.
    - Begin working on Town right-of-way needs – the Town currently had a patchwork of right-of-way through Town. Staff would need to look at how to systematically get the right-of-way before repaving the road so they could look at adding pathways or widening a road to get decent drainage. Some homeowners owned all the way across the road.
      - Council asked how much of the town’s roads were not on right-of-way. Mr. Marbury responded that probably 50% of the projects done last year did not have proper rights-of-way which is why power poles and trees were right up against the road and water stood on the road because proper ditches couldn’t be done.
- Streets
  - Accomplishments
    - Construction and temporary chip seal of Meridian Parkway.
    - Constructed and secured streets yard
    - Cleanup of illegal dump site at OHM – over 700 tons of essentially free material was reclaimed and used for road shoulders.
    - Acquired new equipment for enhanced service delivery.

- 3-ton roller and trailer.
    - Additional snowplow – the Town now had two snow plows, both were equipped with salt/cinder spreaders on the back.
    - High-power pressure washer – used to wash down the snow plows so they don’t rust out from the salt.
  - Coming year
    - Continue street maintenance. Staff would be concentrating on shoulder drainage.
    - Complete base construction in preparation of paving the cul-de-sacs off Perkinsville Rd.
    - Work with engineering on the new pavement management program.
    - Acquire a new streets division office facility – they were currently sharing a space with the Equestrian Facility, and they were supposed to have been out a little over a year ago. Supply chain issues were making it difficult to find an office trailer.
    - Implement “on-call” rotation for streets – this would allow for someone to be on-call all the time and let employees know when they were on-call.
    - Replace three vehicles including dump truck – the dump truck had been postponed because of the needs of the road office.
- Fleet
  - Accomplishments
    - The new fleet manager had focused on process improvements.
    - New fleet software was up and running – this was integrating service center goals and inventory management. The department had made a lot of money by turning in old parts and filters that no longer fit the Town’s vehicles.
    - Centralized new vehicle and equipment purchases – staff would rotate vehicles that weren’t being used to someone who would use them before just getting rid of them.
    - Implemented workflow improvement processes.
    - Safety compliance improvements.
    - Improved efficiency in inventory management.
  - Coming year
    - Continue to focus on process improvement.
    - Use new software metrics for replacement data and inventory.
    - Shop improvements.
    - Scoping and design of new fleet shop.
- Utilities (water and sewer)
  - Accomplishments
    - Staffing enhancements
    - Equipment upgrades
    - Screw press – this was installed and was about 25% more efficient. It ran more often, but ran slower and dried out the sludge better saving the Town money on pump fees and energy.
    - Air line replacement – the plant would not have been functioning well enough to pass all the permits without this having been done.
    - Water storage tanks inspection and cleaning.
    - Back up generators for two well sites.
    - Water fill station – this was just about ready to present to Council for purchase.
  - Coming year

- Collection system inflow & infiltration survey – this was the stormwater that seeped into the storm system. It needed to be studied so it could be minimized so the Town didn't treat rain water.
  - Continue planning for Wastewater Treatment Plant expansion – a consultant was doing a study to determine what type of treatment methods might be best and whether the Town should look at moving the plant closer to Sullivan Lake and do those cost-benefit analyses.
  - SCADA technology upgrade – reports on all systems and sets off the alarms if something goes down. It was aging technology and need upgrading.
- Parks & Facilities
  - Accomplishments
    - Roof and gutters at Community Center
    - HVAC at Town Hall
    - Paint/flooring at Aquatics
    - Slide shade canopy on Aquatics slide
    - Fleet building electrical and safety upgrades
    - Solar lights on pergola at Memory Park
    - Landscaping in front of Library
  - Coming year
    - Develop staffing plan for Parks & Custodial staff
    - Obtain equipment to support operations
    - Scoping and design of new maintenance shop
    - Re-plaster the pool
    - Replace Library roof
    - Lighting improvements

Joan Dwyer, Municipal Court Judge, presented the following:

- Accomplishments
  - Triennial review of minimum accounting standards.
  - In-house audit was conducted in July 2022.
  - Final audit was received in November 2022 showing no findings – this was the first time ever there were no findings for the court.
  - Jury Trial Questionnaire Pilot Program – the questionnaires that were usually done in Court could now be done online ahead of time.
  - A juror information page created on the Town of Chino Valley Municipal Court website.
    - A case specific juror questionnaire was added to the page.
    - Approximately 50% of the jurors used the online process to complete the questionnaire.
  - Completion of Chino Valley Municipal Court Policy Manual – this was done with several court administrators throughout Yavapai County. It took about 18 months and would be presented to Superior Court next week.
  - A committee was set up by the Yavapai County Superior Court Presiding Judge to review, edit, and update the court's policy manual to share with Yavapai County Municipal and Justice courts.
  - A presentation of the final policy is scheduled for March 9, 2023
- Coming year
  - Review old case files for collection efforts – the Court had over 3,000 cases sitting in collections starting from 1998. Collections was done through Supreme Court who sent out letters on the Court's behalf letting people know what they owed and their registration was tagged so they can't renew their plates. If a person moved out of the state the Court had minimal activity. If people didn't pay the Court was issuing Order to Show Cause and if that didn't work the

Court would issue a warrant which could result in someone's license being suspended.

- Monthly staff meetings – enhanced time for questions and communication and working on things that needed to be addressed. In two years the Court would be having their operational review through the administrative office of the Courts and they needed to start getting prepped for that.
- Quarterly audit of cases for docketing and disposition – the Court Administrator would pick 10 cases once per quarter and make sure that the docketing is being done, the disposition is there, etc. This would ensure that public access was complete.
- Training Manual & Staff Information Guide.
- General information for Court staff on the Court and the Town of Chino Valley.
  - Outlines job responsibilities
  - Gives training guidelines for new employees
- Refine Standard Operating Procedures

Joe Duffy, Finance Manager, presented the following:

- Budget Process
  - Rather than starting with the General Fund he would start from the bottom and work his way up because everyone knew about the General fund but might not know about the smaller accounts the Town had.
  - Every year the Town put out a Budget Calendar giving a summary of what had to be done and when. January and February was preparation and getting information sent out to departments. Beginning of March would start interdepartmental meetings and things would be very busy until Council adopted the budget.
  - Accounting system was broken into three funds: Major fund, capital improvement funds, and minor funds
  - Minor funds included the street lighting improvements district which was the Town's smallest fund and accounted for \$4,000 per year, there were three separate districts all located in Brightstar. The Town paid the electric bill for all property owners for the street lights. The Town would tell the County how much they need to collect for each district and the County would assess all the properties and based on the assessed value the homeowners would receive a bill. Larger homes paid more, smaller homes paid less.
  - The Court had a special revenue fund that allowed court to collect fees for court improvements and collection expenses. Last year the Judge made the decision not to spend a lot in court improvements in the event that the court would be included in a new Town Hall, there would be a good bucket of money to use on improvements at that time. It was currently in an interest-bearing account and would be rolled forward every year. At the end of this budget year staff estimated it would be over \$114,000.
  - The Police Department also had a special revenue fund that collects funds when vehicles are towed for evidentiary purposes, and other traffic related items. The Town was not collecting as much due to a change in State law.
  - The Town received a lot of miscellaneous grants. The Town usually only received a few hundred thousand dollars, but some years a large grant was received, so every year the Town would budget \$3.5 million even if that's not what was received because the Town had to have the expenditure authority to spend it. Without doing that the Town would have to wait until the next fiscal year to budget the money and then spend it. Grants could roll forward if they weren't spent.
    - Grants the Police Department received included sign boards, defibrillators, cadet academy, community outreach, and K9 donations.

- The Library, Senior Center, and Parks & Recreation also received grants and donations.
- Debt Service Fund
  - This fund kept track of General government debt.
  - The Town had about \$7 Million dollars of debt left from the aquatics center that would be paid off in 10 years. Staff recently had it refinanced at a lower interest rate with the same term saving the Town a little over a million and a half dollars over 10 years.
- Capital Asset Replacement Fund
  - This was set up by Council to account for one-time moneys like a worker's comp dividend. The money would then be used to replace vehicles and equipment. Staff had also started moving money from the General Fund into this fund and was now being used as a capital equipment replacement fund. The Town hadn't been in a position to do that until the last couple years.
- Community Development Block Grant (CDBG)
  - These funds were received every three to four years and were historically used to pave roads in some of the lower income areas. This year the Town chose to use it for the Senior Center kitchen remodel along with the Mary Campbell donation, and the Town will put in about \$150,000.
- Capital Improvement Project (CIP) Funds
  - The Town had always had a general CIP fund, but when Ms. Blackmore came on as the Town Manager she said there should be one for HURF, Water, and Sewer. CIP funds that were moved over from the general fund were able to be rolled over into the next year and was a great way to build funds for future CIP projects. The dollar threshold was any major capital over \$50,000.
  - General CIP – this was funded by 1% of the Town's sales tax collections. This fund would provide for all sorts of projects like the CDBG match, pool re-plastering, General Plan, Police Department construction. Staff was projecting \$3.5 million to complete the Police Department this year, but had added in a lot of cushion and expect to come in well under budget and end the fiscal year with unexpended fund in this account. Per Town code this fund could also be used to fund projects for the Police Department, Recreation, and Aquatics.
  - Water CIP – this included money from the Water Enterprise Fund. Money could also be moved from the General fund to this fund. Funds left over at the end of each year could be used on future year projects
  - Sewer CIP – funds were transferred in from the Sewer Enterprise Fund. Staff was planning to borrow money for the EQ Basin and the 1 East sewer line, but Mr. Duffy now recommended that the Town use some federal monies first before borrowing money.
  - Covid Relief – the Town needed to spend the federal funds before borrowing money to complete projects. The Town received nearly \$5 million and transferred in \$1 million from the general fund to cover the Perkinsville water and sewer line and the Peavine water line. The projects came in under what was projected and would add the Road 1 East Sewer Line. This fund needed to get down to zero as quickly as possible.
- Major Funds
  - Highway User Revenue Fund (HURF) – this fund was commonly referred to as the gas tax fund. When a load of fuel was brought to Yavapai County the distributor would record it and give that number to the state, the State calculates the distribution to the County and the Town would get its portion based on population.

- This fund also paid for operating expenses including salaries and wages, uniforms, gas and oil, road signs, etc.
- Water and Sewer Enterprise Funds – these funds tracked operating expenses of the departments and kept track of the fund’s debt service.
  - Excess funds were transferred to the Water and Sewer CIP funds.
- General Fund – This account was for items that were not department specific such as:
  - Legal fees
  - Insurance
  - Outside agency funding
  - League of Arizona Cities and Towns dues
  - One-time items such as a software package the whole Town would use – this might start as a large dollar amount like \$250,000 for set up and implementation and then go to \$25,000 for subsequent years. Staff would budget the first year through the general fund and then bill the appropriate department in the following years.
  - Contingencies – the Town was required to have a contingency fund of 5% of fund expenditures. This year’s was \$600,000, next years might be \$650,000. Excess funds are used to pay off the Town’s unfunded liability to PSPRS. The Town had done \$300,000 for a few years, last year it went up to \$400,000, and staff hoped to get it up to \$500,000.

Council and staff discussed the following:

- Council asked where reserves were recorded. Mr. Duffy stated that he keeps a worksheet in the budget that Council would see when the budget was put out. Every year the Town had carryable reserves because previous Councils had instructed to overestimate expenditures and underestimate revenues, and that had been how the Town operated ever since.
  - The departments were really good about doing this and staying under budget. Last year the Town’s reserves were three times what the Town was required to carry. The Town’s current reserves were at \$5.2 million but may end closer to \$6 million.
  - The Town was seeing healthy growth in revenues and departments were not way over budget.
  - There was some concern about the sewer enterprise fund because buy in fees were paying for replacement projects, and sewer buy ins were down.
- Council asked if the Town would see a significant impact if the Governor were to sign legislation removing sales tax from food. Staff stated that it would have a big impact in the Town’s budget and they were working closely with the League of Arizona Cities and Towns to oppose that legislation and tell the State that it should not be messing with city and town revenues. The legislation could be devastating to rural communities like Chino Valley. The Town would have to cut services.
  - It would depend on how the legislation was structured. It could be effective immediately or phased in.
  - Some staff members had good relationships with legislators and tell them how things like this would hurt small town communities.
- Council asked how online shopping had been for this year compared to Covid. It hadn’t been looked at for the last few months, but the Town was still seeing healthy growth. The issue was that the Department of Revenue put an online shopping code for vendors to report which they were not doing accurately. Without that the Town would be seeing more growth without that code. It should still be a stable revenue source for the Town. It

was coded to where it was delivered. It was suggested that the Town get some Amazon lockers.

Cindy Blackmore summarized the meeting with the following:

- Staff worked very hard to have structurally balanced budgets. Some money was ongoing, some things were one-time expenses.
- The past few years had been good years, but the way it was looking, things were very volatile. There was lots of talk of recession, but the Town was not really seeing anything to suggest that was a reality yet. There was a downturn in buy-in fees, housing has slowed down, interest rates were up.
  - With the upcoming cycle it would be an even more conservative budget than last year. The first priority would be to take care of staff and then look at what really needed to be done in the next business cycle even though new staff was very needed.
- Staff did not have specific numbers on anything yet, but it would be brought to Council as soon as they did.

Council and staff discussed what Council would like to prioritize:

- Council pointed out that last year's discussion revolved around not expanding roads until the current roads were fixed, and not stalling on projects, but getting them done.
- Staff looked through the list and stated that a lot of them were discussed at this meeting. They would continue to utilize technology, look at adding a new Town Hall complex into the CIP, and refine the CIP plan to have a 5- and 10-year plan, working on the RV park, improving visuals along Highway 89, increasing tourism, looking at selling OHM, increasing recreational events and venues.
- Council mentioned removing the General Plan, the Pavement Management Program, and Wastewater Treatment Plant (WWTP) Expansion as they were all in process.
  - Staff clarified that although the General Plan was in process there were still a lot of steps to happen before going to vote and then it needed to be approved by the voters.
  - The Town currently had a consultant on board to evaluate the different technologies available and see what they should incorporate for the WWTP Expansion. Current flows were at about 70%. The Town was required to begin design at 80% and be in construction at 90%.
- Staff felt that technology was still a priority and Council agreed.
- Prioritize Communication to reach the silent majority.
- Council discussed that the General Plan Open Houses showed that the community wanted more amenities and opportunities for recreation. Some Councilmembers asked what the town should do that it was not already doing. Pickleball and improved paths was suggested. Council also discussed if recreation should supersede a new Town Hall complex since the chambers were rarely filled during a meeting. It was clarified that a new Town Hall complex referred more to workspace for staff rather than chambers for meetings.
  - When speaking about recreation, parks were consistently mentioned and councilmember clarified that recreation was not just a park but rather a highlight of the community, not one acre parcels.
  - Staff suggested adding a recreation piece to the plan and stated that there were some things in the works such as the Trust for Public Land deal at Del Rio Springs and potentially adding recreational opportunities at the State Park. It didn't necessarily have to be about expanding recreation, but rather properly maintaining the parks, or adding recreation activities at the parks.
  - Councilmember asked about having \$200,000 for Pickleball courts. Staff stated that it would be looked at once the numbers were in, but it would be closer to \$750,000 – \$1 million. The Town might have to look at public-private

partnerships. Prescott's 32 Pickelball courts cost \$1.2 million. The Pickelball tournaments were huge, so it might not be a bad investment when considering the increase to tourism. Contractors volunteering services fell into a gray area since it was government work and there needed to be proper insurance coverage, etc.

3. ADJOURNMENT

Adjourned at 1:57 p.m.



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Jack W. Miller, 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 Regular Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 1st day of March, 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 25th day of April, 2023.

*Erin N. Deskins*

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Erin N. Deskins, Town Clerk