

**MINUTES OF THE SPECIAL MEETING
OF THE TOWN COUNCIL OF THE TOWN OF CHINO VALLEY**

**TUESDAY, MAY 17, 2022
6:00 P.M.**

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

Present: Mayor Jack Miller; Vice-Mayor Annie Perkins; Councilmember Tom Armstrong; Councilmember Eric Granillo; Councilmember Cloyce Kelly; Councilmember John McCafferty

Absent: Councilmember Lon Turner

Staff Present: Town Manager Cindy Blackmore; Assistant to the Town Manager Terri Denemy; Administrative Services Director Joe Duffy; Public Works Director/Town Engineer Frank Marbury; Police Chief Chuck Wynn; Lieutenant Josh McIntire; Lieutenant Randy Chapman; Economic Development Project Manager Maggie Tidaback; Development Services Director Laurie Lineberry; Accountant Tricia Kelsey; Audio Visual Technician Lawrence Digges; Deputy Town Clerk Sara Burchill

1) CALL TO ORDER; ROLL CALL

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

- 2) Consideration and possible action to approve the Cooperative Purchasing Agreement with Interior Solutions of Arizona, LLC, to provide furniture, lockers, and storage for the Chino Valley Police Department in an amount not to exceed \$576,601.82. (Joe Duffy, Administrative Services Director)**

Recommended Action: Approve the Cooperative Purchasing Agreement with Interior Solutions of Arizona, LLC, in an amount not to exceed \$576,601.82.

Administrative Services Director Duffy presented the following:

- The Police Department was requesting to make a cooperative agreement under a State contract for furniture with Interior Solutions.
- The contract was only good until the end of the month, so the contract needed to be in place so that the price and purchase could be secured.

Council and Staff discussed the following:

- The Town had budgeted to purchase all the furniture and equipment.
- The cost covered all labor and installation of furniture and equipment.
- There were two quotes. The first was all the office furniture and equipment and the second quote included all lockers, gun cabinets, shelving, etc. Both quotes had separate installation prices. The price to install the lockers and gun cabinets was \$46,830.
- The original budget projection for the furniture and fixtures was \$500,000. There had

been an increase to the actual budget, and with the change orders to the project, it was estimated the project would be \$200,000 under what was projected for the entire project.

- In the upcoming budget, there was \$700,000 budgeted for equipment and \$500,000 for furniture.
- The next item that would be brought to Council would be for all the door locks, video and monitoring, and communication equipment. Staff had quotes for that equipment.
- Putting all the costs together, the entire project from day one would be just over \$9 million. This included the architectural fees, construction, equipment, and furniture.
- The lockers had power inside so that radios and equipment could be charged.

MOVED by Vice-Mayor Annie Perkins, seconded by Councilmember Cloyce Kelly to approve the Cooperative Purchasing Agreement with Interior Solutions of Arizona, LLC, in an amount not to exceed \$576,601.82.

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

6 - 0 PASSED - Unanimously

3) **ADJOURNMENT**

MOVED by Vice-Mayor Annie Perkins, seconded by Councilmember Cloyce Kelly to adjourn the meeting at 6:11 p.m.

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

6 - 0 PASSED - Unanimously

**STUDY SESSION
TUESDAY, MAY 17, 2022
6:05 P.M.**

**Council Chambers
202 N. State Route 89
Chino Valley, Arizona**

1) **CALL TO ORDER; ROLL CALL**

Mayor Miller called the meeting to order at 6:11 p.m.

2) Presentation and discussion regarding the preliminary budget for Fiscal Year 2022/2023. (Joe Duffy, Administrative Services Director)

Administrative Services Director Duffy presented the following:

Revenue and Expense Overview

- Staff had been compiling information for the budget since February.
- It was a complicated budget, and the Town would be spending a lot of money trying to get things done. This was because the Town did not spend as much money in the current year and there were several old and new projects that could be done.
- Staff began the budget with the Council priorities.
- Staff's graph had color coded the projects by year.
- Projects included in Year One included General Plan, payment management program, and design of sewer treatment plant expansion. The second and third years included getting projects done (many would get completed), increasing use of technology, expansion of IT system, improving resident communication, accelerating the road maintenance program, increasing maintenance activities overall for all facilities, obtaining water providers, and a new Town Hall complex (five years out).
- Overall, the numbers were good, with positive trends.
- Staff conservatively estimated revenues and overestimated the expenses. This gave the Town more money at the end of the year, and it allowed the Town to build up reserves in all of their funds.
- Retail sales continued to increase, which was in large part due to internet sales. Staff expected that trend to continue.
- There continued to be strong construction activity, and staff expected it to continue at a healthy pace. This would lead to more water service accounts, which in turn would help the enterprise fund.
- The Town was in good and stable condition, with good reserves, and strong revenue funds.
- State shared revenue estimates were provided by the League of Cities and Towns. The net change from fiscal year 2021/2022 to 2022/2023 was significant, especially in the State Shared income tax. The Town's share was so large, that staff thought at least a half million dollars should be reserved as one-time revenue instead of ongoing revenue. The Town should not count on that revenue year after year. The State shared income tax revenue was typically two years behind the income collected by the State. The revenue shares to the Town would be at the beginning of Covid, and there could be significant changes to next year's revenue shared amount.
- Vehicle license tax was stable and ongoing, as was the State highway user revenue.
- They had started the previous budget year with \$9.6 million, but ended with \$9 million, having spent an extra \$600,000. Revenues were up \$1 million, and expenses were down \$600,000. They would be starting the new budget with \$1 million more than planned. Because of this, staff was budgeting more aggressively to try and spend down some of the reserves and get some projects completed.
- The reserves were more than double what was required.
- Required reserves could not be spent. They were to be saved as a rainy-day fund.
- The excess reserves were extra funds, and more than the policy required.
- One-time revenues were funds that would only be received by the Town once.
- Ongoing revenues were funds that were stable revenue funds received by the Town.
- Ongoing expenses should not exceed the ongoing revenues. This included salaries, wages, supplies, utilities, etc.
- Longtime revenues were one-time projects, capital projects, vehicle purchases, etc.
- The previous year, the Town barely got above the one-time revenues, even though they had expected to dip into the reserves. This year they would be budgeting aggressively to spend down the reserves.

- The HURF fund was a small fund.
- One percent of the sales tax went to the General Fund.
- The police department building budget and other project budgets were high so that there was a buffer in case more money was needed for the police building.
- Staff recommended transferring \$500,000 over from the General Fund to ensure there was enough money.
- The ongoing payments were mostly service payments.
- The future five-year new Town Hall project would need to be borrowed money.
- The water enterprise fund was healthy, with revenues exceeding expenses. Staff was proposing a rate study since it had been five years since the last study.
- The sewer enterprise fund was doing fine on the operating fund side, but the Town was spending a lot of money on capital and fixing many things. Staff was concerned about this fund. The equipment and parts were very expensive, and staff was unsure what needed to be done to keep it operating efficiently.
- Transfers: Moving money from the general fund to the assets replacement fund to purchase vehicles and one building. An extra \$500,000 was transferred from the general fund to the general fund capital improvement fund for the police department if needed. A transfer of \$3.1 million from the general fund to the road Capital Improvement Project fund (CIP) to cover road projects. A transfer of \$1 million into the Covid state local recovery fund (the American recovery fund) to cover both projects budgeted with that money. It was a buffer. There would be \$200,000 of HURF money transferred to the road CIP. Money would be transferred to the debt service fund from the general fund to make the debt service payments. Through the resolution that set up the fund, the Town was transferring \$250,000 to support the police department and \$150,000 for the aquatic center back to the general fund. It had been happening for years. There were transfers to the water enterprise fund and the sewer enterprise fund at \$100,000 each for projects.
- Staff recommended borrowing money from WIFA. The first loan would be for the equalization basins and blowers. The project was under design. The Road 1 East sewer expansion was also under design. It would be an approximately \$5 million job. Staff had only budgeted \$2 million and would not be pursuing the loan until the project was out to bid. The interest rate was low but was rising and would be around 3.5%.

Council and staff discussed the following:

- The Covid Relief funds needed to be obligated by 2026 and spent within two years. If the funds were not used, the Town would lose them.
- Staff thought the \$1.5 million budget was accurate for the blower project.
- The PSPRS was not addressed in the budget. The Town adopted a policy that they would use excess contingency general funds to make an annual contribution to pay it down. They had been making \$300,000 payments for the last four fiscal years. It was brought to Council every May or June for approval to make the payment. The Town's unfunded liability was approximately \$2.8 million. The Town had been paying \$400,000 to reduce the unfunded liability. By doing this, the Town was able to decrease their contribution rate for current retirees. The benefit was about 8% for every \$100,000. The amount should be paid off within 10 years. This year the Town had \$600,000 in contingency funds and would only spend \$75,000 of it. The Town could make a larger contribution. Members discussed the goal of bringing it to zero quickly.
- The past discussion about the sewer plant accepting septage was no longer active because the plant could not handle it. It was an efficient plant with a small footprint and it was effective in cleaning water for recharge, but it was very sensitive. Because of the concentration of the septage, in order for the plant to accept it, they would need to construct a different style plant. There were differing opinions about the profitability of accepting septage, but staff thought the difficulty of treating septage made the process

expensive. Many plants were moving away from accepting septage due to the high cost and increased regulations on treating it.

- Online orders charged local sales tax.

Town Manager Blackmore presented the following:

Staffing and Wages

- Staff recommend adding seven positions. Six positions would be under the general fund and one in the water and sewer fund.
 - The Town had a contract previously for a Public Information Officer, and because of the many important projects in the upcoming years (General Plan rewrite) that would require a lot of messaging, staff wanted to make it a position and budget for a full-time position. That position could also handle public affairs (what was going on in the legislature and intergovernmental agencies).
 - A certified pool operator. There was currently no one on staff that was qualified to maintain the pool properly. In the long run it would save the Town money because they would not be deferring maintenance issues. This position would work part-time as a facilities maintenance person.
 - Three police officers. That would be moving forward in getting the police officers off 12-hour shifts and on to 10-hour shifts. It was better for the community and the officers.
 - Custodian. The Town was adding a building and was already stretched thin on their custodial staff.
 - Water and sewer technician. This would ensure proper maintenance of the facilities, which would increase the lifespan of the equipment and keep costs down.

Council and staff discussed the following:

- The average salary for a certified officer was \$55,000. It was 10% lower in the academy, but upon certification they got the additional pay. They were currently doing a study of police officer wage comparison with the surrounding communities.
- The \$116,000 budget for the Public Affairs Officer included all benefits for the job as well as wages. The salary was approximately 65% of the total budget (\$75,000 annually). Staff thought there was enough work to justify a full-time position, but the position could start out as part-time. With all the future projects and programs, staff thought it was important to have someone to get the right messaging out to the public. The person would also be monitoring public affairs and intergovernmental contracts. Staff believed there was a lot of work that could be done under the position. The position would ensure good social media information, personal interactions, and someone that could attend meetings. The position could ensure that all inquiries were appropriately responded to in a timely manner. Since staff was small and had a lot to do, the position was viewed as a professional person that would have the necessary skills to help with other administrative tasks in the front office. Staff would not recommend having a position that could be dissolved easily because it would be difficult to hire someone for the position if they decided to designate it as a part-time position. HR staff reviewed similar positions in the area to determine the salary. Improved communication would meet one of the Council goals. The position would be trained to handle social media and misinformation. Members were concerned that the social media presence would create a rabbit hole in which the commenting would not stop. Members were not sure they wanted to have a full-time position for the Public Information Officer. Staff was willing to try the position as a part-time position for a year and come back to Council if the position required full-time hours. The part-time position would not qualify for benefits, dropping the cost of

the position. Members agreed part-time was how they wanted to proceed with the position.

- The 12-hour shifts for police officers was out of necessity. Due to vacation time, sickness, and training, the shifts necessitated longer hours. There were times people had to carry out 14-hour shifts due to circumstances. The burnout with longer shifts was a problem. With three other officers, they could reduce the shifts to 10 hours, and it also allowed for overlap days for training purposes.
- The Public Affairs Officer position one-time charge of \$5,600 was to buy office equipment and supplies. The position would not take over for the police department's public information position, but would work with them.

Administrative Services Director Duffy presented the following:

- The proposed budget included a 5% cost of living and up to a 2% merit increase.
- Staff shared data on how other comparable communities were handling cost of living increases during the increase in inflation.
- Prescott and the Town were doing the same cost of living and merit increases. Prescott Valley was implementing a 4% increase for both the cost of living and merit increase.
- The merit increase was performance-based.

Council and staff discussed the following:

- Sedona had a range for their cost of living and merit increases, from 1 to 5%.
- It was universal for area towns and the county to try and offset the increase in the cost of living.

Administrative Services Director Duffy presented the following:

Capital Improvement Projects (CIP) General Fund

- The general fund CIP, the 1% sales tax, would fund the final construction of the police department.
- Staff recommended that the asbestos removal for the donated trailers at the Roads Yard not be completed until the police department facility was completed. The Town could not dispose of the trailers until the asbestos was removed.
- There was \$300,000 budgeted for the General Plan, a Council goal.
- The pool replastering and deck resurfacing was budgeted at \$300,000.
- There was \$150,000 match for the CDBG grant (Senior Center Kitchen remodel).
- Total funding to date for the Covid State local fiscal recovery funds was \$4.1 million from the federal government, with an additional \$1 million from the general fund and additional funding from an EPA grant, totaling \$5.6 million. The two projects would be the Peavine water line and Perkinsville and Hwy 89 water extension, which would get water across the highway. The estimated costs were based on current market conditions. The Perkinsville project was broken into three construction phases. Staff could add or subtract phases as needed based on costs.

Capital Improvement Projects (CIP) Road Fund

- There was \$500,000 to reconstruct local streets.
- There was \$2.3 million for street improvements for fiscal year 2022/2023. Staff was working with the Roads and Street Committee and the roads were being designed.

Council and staff discussed the following:

- There was a total of \$3 million being moved over from the general fund, with \$500,000 being used in the current fiscal year for roads. That left \$2.5 million for roads. That was

all the money the Town had to spend on the roads for the proposed budget. The \$2.5 million would be enough to get from Road 1 South from the highway to Road 1 East (half a mile), and Road 1 East from Fletcher Court to Road 3 South (6,200 feet). This included utility money to get sewer under Road 1 East.

- Staff explained that if the Town started working on the pavement management program that had been discussed, they could develop objective numbers that could help develop graphs that would show what the Town could get for their money. Back in 2018, staff estimated they needed \$1.8 - \$2 million annually to keep the roads at a current level. That would have increased based on the current market. Many of the roads did not have the necessary structure to be able to repair and patch them, and they were not built for large trucks. For many of the roads, they needed to be ripped out, six to eight inches of gravel added, and then three to four inches of asphalt added to make them real roads. With proper maintenance, the roads could last 20 years.
- The \$500,000 would cover approximately a quarter mile of road.
- Members discussed the costs of utilities and modifications to projects to allow for increased costs. If roads were resurfaced without the utility infrastructure, they would need to be ripped up in the future to add the utilities.
- Members discussed the condition of various local Town roads.
- There was \$100,000 budgeted for the pavement management program. The road inventory and conditions needed to be updated, including road specifications. There would be small ongoing costs for the program, such as licensing. The roads would be rerated every two to three years.

Capital Improvement Projects (CIP) Water Fund

- Projects included a backup generator at the North Campus well and the Yavapai College well and painting water tanks.
- There was half a pole barn budgeted, with the other half covered by the Sewer CIP fund. Equipment could be parked under the structure.
- There was \$65,000 budgeted for a new fill station, giving the town two fill stations.

Capital Improvement Projects (CIP) Sewer Fund

- Completion of the screw press.
- \$1.1 million was budgeted for the equalization basin and the turbine blower was budgeted at \$1.35 million. The Town had borrowed \$1.5 million to ensure increased costs could be covered.
- Half the pole barn structure was budgeted.
- Road 1 East Sewer line had \$2 million budgeted.
- Plant expansion engineering was included.

Town Manager Blackmore presented the following:

Supplemental Budget Requests

- General Plan rewrite
- Pavement Management Program
- Sewer Plant Expansion
- Council iPads, so packets would not need to be printed.
- Human Resources Information System would improve and automate the HR system.
- Library eBooks
- Fleet Management System – RTA software would automate and manage the fleet assets, including maintenance, age of fleet, etc.
- Agenda Management Program – improvement of the agenda management system.

- Bandwidth increase
- Part-time Public Affairs Officer
- Budget increases for advertising and public relations for all departments.
- Road maintenance acceleration: maintenance along Hwy 89 and the purchase of a trailer and roller.
- Increase in maintenance: fence maintenance, contract support services in parks, town facilities. One additional custodial position and utility maintenance were requested and increased contracting.
- New Town Hall complex (5-year goal)
- Council Stipends – Staff had looked at surrounding areas stipends, and the Town’s stipends had fallen behind. They were currently getting \$6,000 for the mayor and \$3,600 for council annually. Surrounding areas were at \$9,000 for the mayor and \$6,000 for council annually. It had already been put in the budget for Council consideration.

Council and staff discussed the following:

- Each increase for department advertisement and public relations was under each department's budget. The increases for the departments were reviewed.
- The Greater Chino Valley Collaborative included people and entities working together to create more river and trail access, mitigation and land management, trail connection, and the preservation of Del Rio Springs, with future hopes of creating a State park. \$9,600 was added to the non-departmental advertising fund for the project.
- Staff reviewed their current fleet management software program, which was not working for the Town’s purposes because it lacked the appropriate tools. The current software company wanted to move into a three-year contract.
- Staff would make the adjustments to the budget that were discussed at the meeting. Staff would do a small presentation at the next meeting, and Council would adopt the tentative budget, which would set the maximum amount that the Town could spend. From that point, the budget could be reduced, but it could not be increased.
- The pool cover was for a new tarp and would replace the current deteriorating tarp.
- The total budget was approximately \$46 million, up from \$41 million in the previous year.
- The furniture prices for the police building were secured and staff could create purchase orders.
- Members discussed adding an additional \$500,000 for roads. Staff explained that they had already transferred as much funding from the General Fund as they could. To get more money, they would need to reduce spending somewhere else or postpone another project. Staff reviewed the general fund expenses and how any unspent money in the upcoming budget could eventually be moved to roads if not used.

3) **ADJOURNMENT**

MOVED by Councilmember Cloyce Kelly, seconded by Councilmember Tom Armstrong to adjourn the meeting at 7:57 p.m.

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

6 - 0 PASSED - Unanimously



Jack W. Miller, Mayor



ATTEST:

Erin N. Deskins

Erin N. Deskins, Town Clerk

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Town Council of the Town of Chino Valley, Arizona held on the 17th day of May, 2022. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 28th day of June, 2022.

Erin N. Deskins

Erin N. Deskins, Town Clerk