

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

**TUESDAY, OCTOBER 11, 2022
5:00 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; Councilmember Lon Turner

Staff Present: Town Manager Cindy Blackmore; Town Attorney Andrew McGuire; Assistant to the Town Manager Terri Denemy; Development Services Director Laurie Lineberry; Administrative Services Director Joe Duffy; Public Works Director/Town Engineer Frank Marbury; Utilities Manager Mike Bovee; Senior Planner Will Dingee; Community Services Director Cyndi Thomas; Consultant Mark Holmes; Officer Michael Garcia; Officer Bill Burns; Audio Visual Technician Lawrence Digges; Town Clerk Erin N. Deskins

1) CALL TO ORDER; ROLL CALL

Mayor Miller called the meeting to order at 5:02 p.m.

Councilmember Eric Granillo arrived at 5:10 p.m.

2) Discussion regarding the Town's planning efforts to be undertaken over the next three fiscal years. Plans to be discussed include the General Plan, Utility Rate Study, Infrastructure Improvement Plan, Impact Fee Study, and Integrated Water Master Plan. (Joe Duffy, Administrative Services Director)

Administrative Services Director Joe Duffy presented the following:

- Staff would be presenting the planning and rate studies efforts that would be implemented over the next three years, some of which were integrated.
- Upcoming plans included the General Plan (GP), Utility Rate Study (Water and Sewer) – Phase 1 and Phase 2 (URS), Comprehensive Rate and Fee Study (CRS) for all other Town fees, Infrastructure Improvement Plan (IIP), Impact Fee Study (IFS), and the Integrated Water Master Plan and Capital Improvement Plan (CIP).
- The GP was underway, with the election for adoption planned for 2023.
- URS Phase 1 was underway and would be before Council at the beginning of 2023. Phase 2 would take an additional year.
- CRS would begin in January or February 2023.
- The IIP would be started before the IFS because the IFS needed data from the IIP for the study to be correct.
- It would be approximately \$1 million in planning. The only unknown cost was for the

CRS. The plans put together would be what the Town relied upon for the next five to 20 years. If the plans were completed, the Town would have their future path.

- The GP timeline was reviewed.

Utility Rate Study (URS – Phase 1&2)

- Phase 1 of the URS would compare the Town's current rates to surrounding providers. It would determine the necessary revenues required to meet the operating capital obligations into the future, and it would update their 10-year cost of service rate mode (the IIP would determine water and sewer capital needs for the future). Staff would present the proposed rates at a Council study session before adoption.
- The Town had applied for the Bureau of Reclamation Watersmart Grant for Phase 2. If awarded, the Town would factor in alternative methods of conservation into the rate study, which would set rates to encourage conservation. The ultimate goal would produce a multi-year water/wastewater plan, ensure enough funds to achieve operating capital requirements, and decrease outdoor water use demands. The same firm would complete Phase 2 if the grant was awarded.

Comprehensive Rate and Fee Study (CRS)

- The last study was completed in 2012 and looked at all Town fees. It determined the real cost of services provided. Once those costs were determined, it would look at how much the Town wanted to recover. Part of the study would consider other regional area fees. With that information, a reasonable fee would be determined.

Infrastructure Improvement Plan (IIP)

- Because the Town did not have an IIP, they were unable to complete the IFS. It was one of the most important plans the Town could complete.
- It provided a comprehensive look and estimated what the Town would need to consider five to 20 years out. This included waterlines, water/wastewater needs, roadways, parks, libraries, etc. It determined what the Town would need based on growth projections and would help set future budgets based on their needs.
- The Town would greatly rely on the plan for their future needs.

Impact Fee Study (IFS)

- Development Impact Fees were one-time charges applied to offset the initial public service costs of a new development. These fees were typically paid at the time a building permit was taken out. Each home in a new development would pay a portion of the impact fee charged by the Town. Impact fees included were police, recreation, roads, etc.
- The history of the impact fee study was reviewed. A professional services agreement was entered into in December 2020, but it was delayed due to Covid and because staff did not have the data needed to complete the IFS.
- This was why the IIP needed to start before and be integrated with the IFS.
- In accordance with ARS 9-463.905, it would take 12 to 15 months to complete. It had to forecast growth and all revenue to offset costs for new infrastructure and facilities. All revenues received by the Town needed to be considered. The need to service new growth needed to be demonstrated by servicing the new service area.
- The IIP would serve as the central document for the planning and enforcement of the

development impact fees. It would also disclose all the existing infrastructure, the capacity, and the cost of the infrastructure. It would identify the service areas for each necessary public service needed for the future. It could also serve as the Towns CIP, letting the Town plan five to 20 years out.

- Land assumptions were necessary, with growth projections over 10 years, and identifying multi-family, commercial, and industrial locations. It had to conform with the GP, which needed to be completed first. It would reveal the relationship between growth projections in specific areas and planned capital projects.
- The Council needed to determine if they wanted to have impact fees or not. Staff thought a lot of what the Town wanted could be accomplished through future growth and development agreements. The impact fees were burdensome to administer, and only applied to a specific development, and the growth and impact of the development.

Water Consultant Mark Holmes presented the following:

Integrated Water Master Plan (IWMP)

- The Town had completed an IWMP for Old Home Manor. The new IWMP would be town wide and would take more effort and time.
- It consisted of four master plans:
 - The Water Resources Masterplan – It looked at future growth and the acre feet per acre demands would be calculated based on current and future land development changes, and what future buildout and water demands would look like. It would look at water supplies needed, possible future water importation, and augmentation.
 - Water System Masterplan – It looked at how and where water was produced, where it was stored, boosted, and the pressurized systems needed for the daily water demands, along with fire flows and other requirements. This pertained to all three types of users: commercial, industrial, and residential.
 - Wastewater System Masterplan – It looked at the development of the sewer and the master sewer backbone. It was focused on a gravity fed system, the basin areas that would drain through gravity, lift stations needs, reclamation, and future plant locations (possible northern location since everything flowed to the north through gravity.)
 - Reclaimed Water Masterplan – It was the only ever-increasing renewable water supply. As the sewer was expanded, the Town would be able to collect the water, treat it, recharge the water, and put it to beneficial use.
- Based on the outcome of the four masterplans, a CIP would be developed. It would have a highly focused and detailed five-year plan, and a five- to 10-year generalized estimated plan based on what was proposed from a development standpoint for water and sewer. The first five-year CIP would have a prioritization plan, including what would be needed in year one, and then the remaining four years.
- Many communities did not fund the five- to 10-year plan unless there was a need. The IIP would look at if the Town should look at or save for some of those CIPs in that five- to 10-year timeframe.
- The IWMP would become a living plan that would be used by staff to determine what was needed from the developers for infrastructure sizing for water and sewer needs. It would help the Town provide the best water and sewer service practicable. The goal was to improve the reliance, resiliency, and the robustness of a system that could endure storms by providing backup systems and wells. It also developed the best management practices that helped with the improvements, operations, and maintenance of the system.

Council, Town Attorney, and staff discussed the following:

Development Impact Fees

- State law had many requirements for impact fees, including setting up an oversight committee or a bi-annual audit that looked at how the plan was performing. Every five years the Town needed to make a determination that no changes were needed or that it needed to be updated. The biggest hurdle would be to get the fees adopted, which was approximately a 270-day process after the masterplans were completed. Many communities stayed away from impact fees and only used capacity fees under the water rates setting structure. The initial planning of a capacity fee was the same level for pre-planning, but the adoption level was significantly less. The impact fee process was reviewed. There was an administrative burden that required dedicated staff to track the revenue and expenditures.
- Prescott and Prescott Valley both had impact fees, but there were no County impact fees.
- Each impact fee charged would need to be set up as their own fund for each development. A town the size of Chino Valley would likely have only one service area, so the plan would need allocations that made sense with respect to the areas that generated the growth.
- All funds needed to be spent on growth-related issues. Building out new infrastructure had to account for the use by existing residents, and new residents could not be charged for existing residents' share of impact. Growth paid for growth, and only for growth.
- Fund allocations had to be spent within 10 years, except water and sewer had 15 years to be spent. The approach used was the first dollar in, was the first dollar out.
- Drainage might be one impact fee that made sense on a townwide basis and treated as a single service area. This could provide regional improvements to the entire Town's drainage system.
- Alternative funding sources could be development agreements. These were good for infrastructure unique to a certain area, such as an internal recreational park, which did not benefit the entire Town. The Town was limited to what the developer could reasonably be asked to do. Other Towns used fees that were implemented for certain things, such as drainage fees. Usually new growth paid for the issues through retail sales taxes.
- Special tax districts could be used to pay for new development and charged only to the residents that chose to buy a home in that tax district and often created whole new communities. When there was only one or two of those types of districts, it functioned well. The political downside was that not everyone paid for it and it could be challenging.
- There were two kinds of financing coming from special tax districts: general obligation bonds and special assessment bonds (specific to developments).
- The Town had not had an impact fee since 2011.
- Impact fees could be used for roads but could only account for the impact of the new development.
- The way the Town's study was laid out was important. If it was project based, it was specific to certain areas and roads. The lane mile approach determined the number of lane miles for new growth within a certain period of time. This allowed the funds to be spread around more.
- The Town would require a second funding source in order to make the infrastructure whole and account for deficits.
- New construction sales tax had to be put back into capital in some aspects of the fee

study.

- Impact fees allowed for recouping the cost of the study.
- The range of the development fees would vary depending on the existing infrastructure in the area of the new development.
- Impact fees in a small development would help in cutting the cost of new infrastructure. Impact fees were often used to reimburse developers for putting in infrastructure ahead of time.
- Construction sales tax could be increased for new development. Discriminatory sales taxes were limited if there were development impact fees. A higher discriminatory new construction sales tax could be used without the impact fee for new road projects. No voter approval was needed for the new construction sales tax. Developers did not like the use of the higher new construction sales taxes.
- Members discussed finding a funding source for issues like recharging their water supply.
- Members discussed that there was no way to fix the Town's water issue without importing water. Using water from the Big Chino was a viable option, and it was something the Town had been working on for years. They thought they could get the funding for it quickly. It was the only thing the Town had, except they could work towards expanding the sewer for a renewable and ever-increasing supply of water. They could put sewer beyond their corporate boundaries because some county areas had high density septic tanks that could be in violation, and they may want to come on centralized sewer. Other water options would take decades and would cost billions and involve various government agencies.
- Members discussed concerns about making existing citizens pay high water prices so the Town could justify new development.

3) **ADJOURNMENT**

Mayor Miller adjourned the meeting at 5:53 p.m.

**REGULAR MEETING
TUESDAY, OCTOBER 11, 2022
6:00 P.M.**

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

1) **CALL TO ORDER, PLEDGE OF ALLEGIANCE; ROLL CALL**

Mayor Miller called the meeting to order at 6:02 p.m. and led the Pledge of Allegiance.

All members of Council and Staff previously mentioned were present except Mark Holmes.

2) **INTRODUCTIONS, PRESENTATIONS, AND PROCLAMATIONS**

- a) Presentation by Morgan O'Connor, ADEQ Community Liaison for Coconino, Mohave & Yavapai Counties, with the Voluntary Environmental Stewardship Program (VESP), Copper Level to Frank Marbury, Public Works Director. (Terri Denemy, Assistant to the Town Manager)

ADEQ NW Community Liaison Morgan O'Connor presented the following:

- He was presenting the Town with the Copper Voluntary Environmental Stewardship Program award recognition.
- ADEQ contractors and members of the project introduced themselves and described their role.
- ADEQ regulated public water systems in the area, including the Town's. The local NACOG Head Start Facility was having issues with excessive arsenic in their well water. Their own treatment system was required, so the Town helped determine a solution, which was to connect to the Town's water system. They now had clean drinking water. ADEQ gave a grant to the town which paid for half of the project.
- They thanked Steve Sullivan, Mike Bovee, and Frank Marbury from the Town for their work on the project and their collaborative effort.

3) **CALL TO THE PUBLIC- Individuals requesting to speak, please complete a Speaker Comment Card and return to the Clerk.**

Call to the Public is an opportunity for the public to address the Council on any issue within the jurisdiction of the Council 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 30 minutes per meeting. Council 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.

Mark Bonacquist – For the public record, he wanted to address the Council. For the past three years the Town had denied residents the legal right to the Board of Appeals. He reviewed UDO 1.150.007 Section 112 – Board of Appeals. It provided for the reasonable interpretation of the code to determine alternative materials and methods of construction by creating the Board of Appeals. He thought the Town was in violation of the code section by refusing every resident their legal right to an appeals board. If the Town refused to follow the regulations set out, then every resident was not required to follow the rules and regulations since the Council was elected to represent each resident of the Town. He wanted people to politely remind the Council to do the right thing.

Robert Campbell – He was there on behalf of Mr. Bonacquist. He questioned if there was supposed to be a Board of Appeals. Town Attorney McGuire explained that Council was not allowed to respond during Call to the Public because it was not agendaized. Mr. Campbell asked if they would form a Board of Appeals if they got citizens willing to serve on it. He did not understand why they were not allowed to respond. Attorney McGuire explained that State law prohibited them from responding.

Mark Bonacquist for Luke Cilano – He thought it was frustrating because the Council was the CEO of the Town, and they handled a \$46 million annual budget and 150 employees. He did not understand why the Council could not decide it needed to be done when they had put together the rules and regulations. Mr. Bonacquist vented his frustration at the Council for

what he claimed was a lack of a Board of Appeals. He was issued a notice of violation back on October 23, 2019 for violation 4-9-1: Outdoor storage. It was based on a person that had completed a code compliance complaint form. After reviewing the citation and the rules and regulations on outdoor storage, he noticed more than 400 citizens that had travel trailers, RV's and motorhomes that were used as onsite residency. During Covid restrictions, he had the right to request the Council discuss his request to have a travel trailer on his property for 180 days, but it was denied. Another resident, at a later date, presented the same issue, and his request was tabled. He had over 150 code compliance forms he had submitted to Developmental Services regarding that, and all said the same thing – no violation. It was a clear case of derelict of duty and discrimination because many others had been allowed to have recreational vehicles for onsite residency, and some as long as 15 years.

4) CURRENT EVENT SUMMARIES AND REPORTS

This item is for information only. The Mayor, any Councilmember, or Town Manager may present a brief summary or report of current events. If listed below, there may also be a presentation on information requested by the Mayor and Council and questions may be answered. No action will be taken.

- a) Status reports by Mayor and Council regarding current events.

Mayor Miller explained that during call to the public, people were allowed to address the Council, but not the audience behind them.

- b) Status report by Town Manager Cindy Blackmore regarding Town accomplishments, and current or upcoming projects.

Town Manager Blackmore presented the following:

- October 16-22 was Cities and Towns week, and the Mayor had signed a proclamation.
- Cyndi Thomas was promoted to the Community Services Director position.

5) CONSENT AGENDA

All those items listed below are considered to be routine and may be enacted by one motion. Any Councilmember may request to remove an item from the Consent Agenda to be considered and discussed separately.

- a) Consideration and possible action to approve the August 23, 2022, regular meeting minutes. (Erin N. Deskins, Town Clerk)
- b) Consideration and possible action to approve the September 13, 2022, regular meeting minutes. (Erin N. Deskins, Town Clerk)

MOVED by Vice-Mayor Annie Perkins, seconded by Councilmember Cloyce Kelly to approve consent agenda items a and b as written.

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

7 - 0 PASSED - Unanimously

6) ACTION ITEMS

The Council may vote to recess the public meeting and hold an Executive Session on any item on this agenda pursuant to A.R.S. § 38-431.03(A)(3) for the purpose of discussion or consultation for legal advice with the Town Attorney. Executive sessions are not open to the public and no action may be taken in executive session.

- a) Consideration and possible action to approve Ordinance No. 2022-923 amending the Town of Chino Valley Unified Development Ordinance, to ensure internal consistency with recently amended Title V Public Works Chapters 50 and 51 of the Town Code. (Will Dingee, Senior Planner).

Senior Planner Will Dingee presented the following:

- It was a text amendment to make the UDO consistent with Town Code after a recent text amendment to Sections 50 and 51, water and sewer related clauses.
- They would be reconciling Town Code sections in respect to water and sewer utilities in conjunction with minimum lot sizes. There were also associated administrative changes regarding subdivision definitions, refining plat and subdivision processes, and adjusting plat time limits, specifically in regard to preliminary plats. The current time limit was one year, with a possible one-year extension if granted by Town staff. Due to Covid, staff had experienced challenges for developers not being able to get contracts engineers and some contracts were not able to be fulfilled within the two-year window. Staff recommended that the time limit be a flat three years with no extension to help with challenges in the post-Covid time.
- The Planning Commission approved the text amendment on September 6, 2022, with a unanimous vote in favor. The Planning Commission forwarded a recommendation of approval.

Council and staff discussed the following;

The three-year timeline was only a UDO provision, not a Town Code amendment.

MOVED by Vice-Mayor Annie Perkins, seconded by Councilmember Cloyce Kelly to open the public hearing.

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

7 - 0 PASSED - Unanimously

Mark Bonacquista – Asked the Council which members were on the UDO subcommittee that met monthly. He wanted the record to reflect that no Councilmembers raised their hands. The Council had denied every resident the right to review and discuss any changes to the UDO rules and regulations. According to the Town’s website, there was supposed to be a UDO Subcommittee. The committee was supposed to bring any changes from the UDO to the Council. He thought all the UDO changes that had been made in the past were illegal because they had not been reviewed and recommended by the UDO Subcommittee. He wanted the public to politely remind the Council to do the right thing.

Mayor Miller closed the public hearing.

MOVED by Vice-Mayor Annie Perkins, seconded by Councilmember Lon Turner to approve Ordinance No. 2022-923 as reflected in Attachment A, subject to the staff report and information provided during this hearing.

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

7 - 0 PASSED - Unanimously

- b) Consideration and possible action to approve a Cooperative Purchasing Agreement with San Tan Auto Partners and Arizona Emergency Products in an amount not to exceed \$71,158.46. (Frank Marbury, Public Works Director/Town Engineer)

Public Works Director Frank Marbury presented the following:

- This was a cooperative agreement to purchase a vehicle for the Police Department.
- They had enough vehicles that had received enough damage to be totaled. They did get insurance money for the vehicle in question, but to fully replace it, additional funds were required. They were requesting the funds come from the contingency fund.

Council and staff discussed the following;

- The vehicle description was for a Ford Explorer, but since it was specially made for the Police, it was called an Interceptor.
- There were currently two other vehicles on order besides the current one.
- The price they were asking for included upfitting the vehicle with the proper equipment.

MOVED by Vice-Mayor Annie Perkins, seconded by Councilmember Cloyce Kelly to approve the Cooperative Purchasing Agreements with San Tan Auto Partners and Arizona Emergency Products in an amount not to exceed \$71,158.46.

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

7 - 0 PASSED - Unanimously

7) **ADJOURNMENT**

MOVED by Councilmember Lon Turner, seconded by Councilmember Cloyce Kelly to adjourn the meeting at 6:28 p.m.

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

7 - 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 11th day of October, 2022. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 8th day of November, 2022.

Erin N. Deskins

Erin N. Deskins, Town Clerk