

PERMANENT COMMUNITY IMPACT BOARD MEETING

Department of Workforce Services
Housing and Community Development Division
Salt Lake City, Utah

MINUTES

Thursday, January 7, 2016

Members Present

Keith Heaton	Chairman
Claudia Jarrett	Six County Association of Governments
Bruce Adams	Southeastern Utah Association of Local Governments
Steve Farrell	State Board of Water Resources
Gregg Galecki	State Board of Water Quality
Ron Winterton	Uintah Basin Association of Governments
Jim Matson	Five County Association of Governments
Jae Potter	Carbon County
Michael McKee	Uintah County
David Damschen	State Treasurer

Members Excused

Naghi Zeenati	State Transportation Commission
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Staff and Visitors

Jonathan Hardy	Housing and Community Development
Candace Powers	Housing and Community Development
Gayle Gardner	Housing and Community Development
Shad West	Housing and Community Development
Cristine Rhead	Housing and Community Development
Brenda Brown	Housing and Community Development
Katherine Smith	Housing and Community Development
Mike Hansen	Housing and Community Development
Shannon Ellsworth	Housing and Community Development
Paul Moberly	Housing and Community Development
Kyle Slaughter	Housing and Community Development
Michele Vobora	Housing and Community Development
Thom Roberts	Attorney General's Office
Susan Eisenman	Attorney General's Office
Nathan Hall	Division of Drinking Water
John Mackey	Division of Water Quality
Brian Carver	Bear River Association of Governments
Michael Bryant	Southeastern Utah Association of Local Governments
Gary Zabriskie	Five County Association of Governments
Emery Polelonema	Six County Association of Governments
Cody Christensen	Uintah Basin Association of Governments
Mike Davis	Vernal City
Cary Reese	Kane County
Bob Johnson	Kane County School District
Bret Reynolds	CIVCO Engineering Inc.
Matt Brown	Kane County

Ed Shaw
Layne Jensen
Daren Anderson
Keith Despain
Cindy Gooch
Matt McAllister
Michael Hawley
Adam Massey
Bryan Kimball
Brant T. Hanson
Richard Squire
Rob Dotson
Kelleigh Cole
Sonja Norton
Ken Bassett
Keith Broadhead
Dale Brinkerhoff
Chris Wilson
Matt Shipp
Ryan Goodrich
David Hatch
Dirk Clayson
Brian Barton
Craig Giles
Alex Buxton
Merrial Johansen
Jacob Sharp
Jon Bronson
Mike Christianson
Doug Nielsen
Marcus Weller
Eric Johnson
Bethany Hyatt
Christina Davis

Best Engineering
Franson Civil Engineers
Caldwell Richards Sorensen Engineers
Ashley Valley Water and Sewer Improvement District
J-U-B Engineers
Mountainland Supply
Jones & DeMille Engineering
Uintah Transportation Special Service District
Ephraim City
Ephraim City
Ephraim City
Enoch City
Governor's Office of Economic Development
Vernal City
Vernal City
Epic Engineering
Iron County
Utah Department of Transportation
Epic Engineering
Ashley Valley Water and Sewer Improvement District
Ashley Valley Water and Sewer Improvement District
Kane County
Jones & DeMille Engineering
Smithfield City
Zion's Bank Public Finance
Johansen & Tuttle Engineering
Castle Valley Special Service District
Zion's Bank Public Finance
Civil Science Inc.
Sunrise Engineering
Zion's Bank Public Finance
Blaisdell, Church and Johnson
Department of Workforce Services
Department of Workforce Services

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, January 7, 2016 at the Department of Workforce Services Office, 1385 South State Street, Room 157, Salt Lake City, Utah and was called to order at 8:30 a.m. by Chairman Keith Heaton.

ADMINISTRATIVE ITEMS

Financial Review

Candace Powers reviewed the status of the funds for today's meeting. There are seven new projects, two supplemental requests and two requests for special consideration on today's agenda.

Review of Agenda Items

Candace Powers reviewed the agenda items for the Board members.

I. INTRODUCTIONS

Chairman Heaton welcomed everyone and asked the Board members and staff to give introductions.

II. APPROVAL OF MINUTES

Chairman Heaton requested a motion to approve the minutes from the December 10, 2015 meeting.

Claudia Jarrett made and Steve Farrell seconded a motion to approve the minutes from the December 10, 2015 meeting. The motion carried unanimously.

III. NEW PROJECTS

1. Vernal City (Uintah County)

Vernal City presented a funding assistance request for a \$933,000 loan for 30 years at 0.0% interest and a \$933,376 grant (total \$1,866,376) for water and sewer utility improvements. The water component consists of purchasing a radio read meter reading program for 3,200 water connections. The sewer component will reline 14,500 linear feet of 6 inch and 8 inch sewer line, 1,200 linear feet of 10 inch sewer line and 900 linear feet of 15 inch sewer line. The project will also add 4 manholes and repair disturbed asphalt.

The applicant stated that currently, the meters are read manually and in winter, some readings are missed. The radio read system would allow 3200 connections to be read year around and indicate leak detection, amount of usage and tampering detection. The sewer component would address the deteriorating lines with new technology by relining with new PVC to reduce the amount of infiltration to meet current and future needs.

The applicant also indicated the financial situation of Uintah County which has been affected by the drop in oil and gas prices.

The Board asked if the applicant had sought other funding and suggested funding as a loan.

The applicant indicated they had not sought other funding and that any added cost would be difficult in this economy.

Mike McKee made and Ron Winterton seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$933,000 loan for 30 years at 0.0% interest and a \$933,376 grant (total \$1,866,376).

Gregg Galecki made a substitute motion placing this project on the Priority List for funding consideration at the February 4, 2016 meeting as a \$1,866,376 loan for 30 years at 2.5% interest. There was no second to the motion.

Claudia Jarrett made and Gregg Galecki seconded a second substitute motion placing this project on the Priority List as a \$1,193,188 loan for 30 years at 2.5% interest and a \$673,188 grant (total \$1,866,376). The motion failed with Jarrett, Galecki, Adams and Farrell in favor and Damschen, Winterton, Matson, McKee, and Potter opposed.

The Chairman called the question on the original motion.

Mike McKee made and Ron Winterton seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$933,000 loan for 30 years at 0.0% interest and a \$933,376 grant (total \$1,866,376). The motion carried with Potter, Damschen, McKee, Winterton, Adams and Matson in favor and Jarrett, Galecki and Farrell opposed.

2. Ashley Valley Water and Sewer Improvement District (Uintah County)

Ashley Valley WSID presented a funding assistance request for a \$250,000 loan for 30 years at 0.0% interest and a \$250,000 grant (total \$500,000) for sewer improvements consisting of installing 2,500 feet of 8 inch gravity sewer line with 9 new manholes from 1000 South and 1350 West to Robinwood Lane.

The applicant stated that the 10 year old sewer lift station servicing the Krystle Home Subdivision has had problems including odor, leaky floors, a cracked pump and hydraulic problems. The applicant indicated that maintaining the lift station is more expensive than placing a gravity sewer line which will connect to the Vernal line where the pumped sewage already ends up.

The Board asked if the applicant had an agreement with Vernal.

The applicant answered no, and indicated that the original request by the developer was denied, so the lift station was built.

The Board suggested that approval would be contingent on an agreement with Vernal.

The Board asked if they have looked for any funding from the Water Quality Board.

The applicant indicated they have not.

The Board inquired about applicant cash.

The applicant indicated that they do have a reserve account, but it is saved for repairs and rights of way.

Mike McKee made and Jim Matson seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$250,000 loan for 30 years at 0.0% interest and a \$250,000 grant (total \$500,000).

There was additional discussion by the Board.

Gregg Galecki made a substitute motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$500,000 loan for 30 years at 2.5% interest. There was no second to the motion.

Mike McKee made and Bruce Adams seconded a second substitute motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$250,000 loan for 30 years at 2.5% interest and a \$250,000 grant (total \$500,000).

Claudia Jarrett made and Gregg Galecki seconded a third substitute motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$500,000 loan for 30 years a 1.0% interest. The motion failed with Jarrett and Galecki in favor and Damschen, Farrell, Adams, Winterton, Matson, McKee and Potter opposed.

The Board voted on the second substitute motion:

Mike McKee made and Bruce Adams seconded a second substitute motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting

as a \$250,000 loan for 30 years at 2.5% interest and a \$250,000 grant (total \$500,000). The motion carried with Gregg Galecki opposed.

3. Castle Valley Special Service District (Emery County)

Castle Valley SSD presented a funding assistance request for a \$1,000,000 loan for 6 years at 2.5% interest and a \$945,000 grant (total \$1,945,000) for Consolidated Capital Projects – 2016 to include street improvements in Elmo, Huntington, Castle Dale, Clawson, Ferron and Emery; drainage improvements in Elmo, Cleveland, Huntington, Castle Dale, Orangeville, Clawson, Ferron, Emery; and water line replacement in Orangeville.

The applicant stated they maintain the streets for 8 cities in Emery County. Each year the District does a crack seal project and a chip seal/seal-coat project in one of the cities. The projects rotate through the county so that every 7-8 years each city receives a street maintenance project. The District holds a bond election and has approved the sale of \$12.5 million in general obligation bonds to develop the needs identified in the Capital Facilities Plan. The projects submitted in this application came from the 2009 Facilities Plan.

The Board commended the process.

Bruce Adams made and Ron Winterton seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$1,000,000 loan for 6 years at 2.5% interest and a \$945,000 grant (total \$1,945,000). The motion carried unanimously.

4. Enoch City (Iron County)

Enoch City presented a funding assistance request for a \$10,000 grant to develop a storm drain master plan including city limits and the Enoch City annexation declaration boundary which includes a build-out area of 5,945 acres. The applicant is contributing \$10,000.

The applicant indicated that this plan will focus on storm water management in an area that has been significantly impacted by drainage issues and stated that the current capital facilities plan is insufficient. The City has not looked for alternative funding sources but has established a Storm Drainage Enterprise Fund to collect revenues which are included in the matching funds for this request.

Jim Matson made and Steve Farrell seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$10,000 grant. The motion carried unanimously.

5. Ephraim City (Sanpete County)

Ephraim City presented a funding assistance request for a \$208,000 loan for 20 years at 2.5% interest and a \$484,000 grant (total \$692,000) for a culinary pipeline replacement consisting of installing a new 10 inch HDPE waterline located inside of a trans-mountain 7,100 foot long, six foot diameter tunnel. This project will be done while repairs to the tunnel are made by a joint effort of Ephraim City and other partners.

The applicant indicated that the tunnel was built by the Bureau of Reclamation in 1937 and in 1982 Ephraim City developed culinary springs in this area and obtained a 50 year lease to run a 10 inch diameter water line through the tunnel which supplies more than 60% of the City's culinary water supply. The lease places sole obligation of the culinary water line on Ephraim City for all related expenses and maintenance. The tunnel has deteriorated over the years with partial collapses placing

the City's critical water supply at risk and deterioration has escalated over the last four years including walls collapsing and rocks and debris collecting in the tunnel blocking water movement.

The applicant stated that the new line will be installed inside the tunnel while the existing water line remains in place. The pipe will be hung from the walls of the conduit where it will be accessible but out of the surface water and debris flowing through the tunnel. This funding request is for the new 10 inch culinary pipe only but is in conjunction with repairs to the tunnel.

The Board discussed the MAGI and consistency in funding suggesting an alternate funding package.

Jae Potter made and Claudia Jarrett seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$346,000 loan for 25 years at 2.5% interest and a \$346,000 grant (total \$692,000). The motion carried unanimously.

6. Smithfield City (Cache County)

Smithfield City presented a funding assistance request for a \$64,400 grant for a city master plan consisting of updating and developing five plans to include the city's general plan, water master plan, storm drain master plan, transportation master plan, and impact fee and rate analysis. The applicant is contributing \$64,400 cash to the project.

The applicant indicated that in 2004 the City prepared their current general plan with a population of 8,200. Today, the estimated population is just under 12,000. Smithfield is facing significant growth pressure with an outdated development plan.

The Board indicated that in 2013, a storm water plan was funded and asked if this was in a different area. The Board further indicated that this area is a non-producing area and may not be an appropriate use of the limited funds.

The applicant indicated that they did seek other funding but were denied and indicated that doing a comprehensive plan vs. a general plan would provide better information for planning and growth.

Steve Farrell made and Mike McKee seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$64,400 grant. The motion carried with Winterton, Potter, Jarrett and Galecki opposed.

7. Kane County (Kane County)

Kane County presented a funding assistance request for a \$1,500,000 loan for 30 years at 2.0% interest and a \$5,250,000 grant (total \$6,750,000) for a new civic center and a remodeled civic complex. This project consists of constructing a new conference center and events center (33,000 square feet), remodeling the Kanab City offices and senior citizen center, and restoring the Kanab museum and old library (36,311 square feet). The project includes a new 400 person amphitheater, 161 parking stalls and landscaping. The applicant is contributing \$1,250,000 cash to the project.

The applicant indicated that this project will provide for community events and space for Kanab City offices, a senior citizens center, museum, remodeling and restoration of the existing gymnasium, music room, restrooms, cafeteria and one class room from the original Kanab Middle School campus.

The applicant stated that the Kanab City offices will occupy the west half of the annex building with the multi-purpose room serving as the room for city council meetings. Part of the annex building will be the senior citizen center to include one multi-purpose room with an art/tech center underneath.

The old City Library will house the Kanab Museum. The entire project will take four years to complete.

The Board asked who established the value of the property.

The applicant stated it was appraised several years ago and felt that \$2,500,000 was conservative. Selling the property was considered but it was decided to return the property to the taxpayers in this manner.

The Board asked if the applicant collected Transient Room Tax (TRT) and inquired as to the amount for consideration of revenue available to secure a loan for this project.

The applicant indicated that the maximum TRT was collected.

The Board suggested that Phase 1 of this project could be without CIB funding. A caution was given by the Board that the conference center needed break out rooms and a larger kitchen.

The applicant expressed confidence in their design.

The Board indicated that perhaps the project should be funded as a general obligation bond with a vote of the public to support the project.

The applicant indicated that though there is a lot of public support for the project, a general obligation bond and vote would likely fail.

The Board expressed concern about the cost and size of the project considering Kane County is not a producing area and suggested funding a phase of the project with consideration to the interest rate requested by the applicant.

Claudia Jarrett made and Gregg Galecki seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$2,952,000 loan for 30 years at 2% interest for the senior center and City offices only.

There was further Board discussion including the need and a revision of the project, a substitute motion was made.

Jae Potter made and Bruce Adams seconded a substitute motion to deny this project as presented.

The Board continued discussion of the project and a second substitute motion was made to provide a portion of the requested funding for the city offices and senior center and the 2017 project schedule provided by Kane County which includes the conference center, restoration of the Kanab Heritage Library, remodeling the gymnasium and future museum, parking lots and landscaping.

Mike McKee made and Steve Farrell seconded a second substitute motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting for the 2017 project schedule, city offices and senior citizen center as a \$2,200,000 loan for 30 years at 2.0% interest and an \$885,000 grant (total \$3,085,000). The motion carried with Winterton, McKee, Damschen, Farrell and Galecki in favor; Potter, Jarrett and Adams opposed; and Matson abstaining.

IV. SUPPLEMENTAL REQUESTS

1. Spring City (Sanpete County)

Spring City submitted a supplemental funding request of a \$575,000 grant for the Historic Old School renovation project to complete the interior spaces of the project including lavatory components, doors and windows; floors to include tiles, wood and carpet; finishes, specialties, plumbing, lighting, mechanical and electrical. (The original proposed budget was submitted without final blueprints and costs associated).

The applicant indicated that for the past 30 years, hundreds of thousands of dollars have been raised by a group of citizens known as the Friends of Historic Spring City to complete the restoration of the Old School. Spring City is on the National register of Historic Places and the old school is a landmark. There are continuing efforts to secure funding from private and public sources for this project. The funding request is for the continuation of the restoration.

The applicant stated that the Old School will be used for city offices and a cultural center, senior center, judicial chambers etc.

The Board indicated that the original funding was for the first floor, and now the project has expanded to include all three floors.

The applicant indicated that it was always the intent to restore the whole building. It made more sense to do the mechanical, electrical and sheetrock of the building. The project has evolved. The CIB funding and other funds generated will continue the interior and finish work.

The Board indicated that supplemental funding is generally approved under the same terms as the original funding.

(Note: It was stated that the Friends of Spring City have been the initiators of the restoration through many grants and donations. The City is involved as the eligible applicant for CIB funds)

Claudia Jarrett made and Gregg Galecki seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a \$285,000 loan for 30 years at 2.5% interest and a \$290,000 grant (total \$575,000). The motion carried unanimously.

2. Iron County Municipal Building Authority (Iron County)

Iron County presented a funding assistance request for an additional \$700,000 loan to the original \$3,000,000 loan for 20 years at 2.5% and an increased loan term for a total of \$3,700,000 25 years at 2.5% for the construction of a 12,500 square feet building and a remodel of 9,000 square feet to provide a total of 21,500 square feet of necessary office space to be leased to the state. (The loan funding has not been issued yet).

The applicant indicated that in 2012 Iron County was awarded a loan of \$3,000,000 from the CIB Board for 20 years at 2.5% interest for the construction of a 19,000 square foot office building that was planned to house various state and county agencies. The county has the property, but it has been difficult to finalize the details for what and who the new facility should house. The state has built a new DNR building making the space vacated by DNR available in another facility owned by the county and previously leased by various state agencies including the Adult Probation and Parole agency. This will require remodeling of the nearly 9,000 square foot building and constructing a new

12,500 square foot building. Both facilities will be owned and operated by Iron County with a 25 year lease commitment from the State to allow a repayment of the loan to CIB.

The applicant indicated that the County is ready to proceed but construction costs have increased.

The Board discussed the project and funding.

Bruce Adams made and Jim Matson seconded a motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting for a supplemental \$700,000 loan for 25 years at 2.5% and a change in loan terms to 25 years for the total project (\$3,700,000 25 year loan at 2.5%). The motion carried unanimously.

V. REQUESTS FOR SPECIAL CONSIDERATION

Chairman Heaton requested a motion to hear presentations on two Requests for Special Consideration.

Ron Winterton made and Jae Potter seconded a motion to hear two Requests for Special Consideration. The motion carried unanimously.

1. Uintah Transportation Special Service District (Uintah County)

On October 4, 2014 Uintah Transportation SSD presented a funding assistance request for a \$6,000,000 loan for 15 years at 1.5% interest and a \$10,000,000 grant (total \$16,000,000) for Phase I construction on the South Vernal Truck Route. The applicant was awarded a \$6,000,000 loan for 15 years at 1.5% interest and an \$8,284,000 grant (total \$14,284,000) consisting of constructing 4.9 miles of two paved traffic lanes with turning lanes extending east from SR-45 to US-40.

The applicant stated that due to the drop in oil prices, there is no longer a critical need for this project on the South Vernal Truck Route.

Uintah Transportation SSD is requesting a reallocation of the \$6,000,000 loan for 15 years at 1.5% interest and \$8,284,000 grant (total \$14,284,000) authorized for the South Vernal Truck Route to Leland Bench Road. This project will facilitate the realignment and reconstruction of 7.6 miles of Uintah County Roadway moving the existing roadway along the Duchesne River to the south on top of the Leland Bench to utilize soils with greater capacity to withstand larger vehicles.

The applicant is also requesting \$685,000 in supplemental grant funding. The total project cost will include a \$6,000,000 loan for 15 years at 1.5% and \$8,969,000 grant (total \$14,969,000).

The Board discussed the project and funding.

Gregg Galecki made a motion to fund the supplemental requested amount as a \$300,000 loan for 15 years at 1.5% interest and a \$385,000 grant (total \$685,000). There was no second to the motion.

After further Board discussion a substitute motion was made.

Mike McKee made and Ron Winterton seconded a substitute motion placing this project on the Priority List for funding consideration at the February 4, 2016 funding meeting as a supplemental \$685,000 grant and reallocation of a \$6,000,000 loan for 15 years at 1.5% interest and \$8,284,000 grant (total \$14,284,000) from the FY2015 South Vernal Truck Route funding to

the Leland Bench Road project as a \$6,000,000 loan for 15 years at 1.5% interest and a \$8,969,000 grant (total \$14,969,000). The motion carried with Gregg Galecki opposed.

2. Housing and Community Development Rural Planning Group – Phase II

The Housing and Community Development Rural Planning Group presented a funding assistance request for a \$585,000 grant for Phase II of the Rural Planning Office to facilitate rural planning, primarily for capital improvements to include technical assistance, training, tools and resources to improve communication between rural communities, state agencies, funding boards, professional service providers and other organizations.

The applicant indicated that the RPG will assist with CIB eligibility criteria and assist in implementing better planned funding requests.

The applicant explained that Phase I included start up purchases and a large amount of in-state travel. Out of state travel also increased as the RPG's were invited to present at national conferences. A major effort and expense was for two studies concerning coal and oil. The original \$1,000,000 they received was stretched out for two years and is now depleted.

The Board recognized that there is a great need in the rural communities for planning efforts and assistance. The Board also indicated that it would be beneficial for the RPG to make regular reports to the Board on their activities and to outline their planning accomplishments this year.

Chairman Heaton indicated that Mike Hansen is leaving State government to work in the private sector and thanked Mike for his leadership with the RPG's.

Jae Potter made and Bruce Adams seconded a motion to suspend the rules and fund this request as a \$585,000 grant. The motion carried unanimously.

VI. BOARD MEMBER ISSUES

1. April CIB meeting will be held in Duchesne.
2. September meeting should be changed from September 1, 2016 to September 8, 2016 to accommodate the Uintah Basin Energy Conference on September 1, 2016.
3. June Retreat will be held in Monticello.

ADJOURNMENT

The next regularly scheduled meeting of the Permanent Community Impact Fund Board will be on Thursday, February 4, 2016 at the Multi-Agency State Office Building in the Department of Environmental Quality Board Room, 195 West 1950 West, Salt Lake City, Utah.

This meeting adjourned at 12:48 p.m.

Submitted by:
Cristine Rhead