

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

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

MINUTES

September 2, 2021

Members Present

Keith Heaton	Chairman
Bruce Adams	Southeastern Utah Association of Local Governments
Naghi Zeenati	State Transportation Commission
Gregg Galecki	State Board of Water Quality
Jack Lytle	Uintah Basin Association of Governments
Dean Baker	Uintah County
Garth "Tooter" Ogden	Sevier County
Marlo Oaks	State Treasurer
Jerry Taylor	Five County Association of Governments
Glade Nielsen	Six County Association of Governments
Kyle Stephens	State Board of Water Resources

Staff and Visitors

Candace Powers	Housing and Community Development
Brenda Brown	Housing and Community Development
Paul Moberly	Housing and Community Development
Zach Leavitt	Housing and Community Development
Christina Oliver	Housing and Community Development
Aaron Waite	Attorney General's Office
Skyler Davies	Division of Water Quality
Kevin Yack	Uintah Basin Association of Governments
Tyler Timmons	Six County Association of Governments
Shay Morrison	Six County Association of Governments
Randy Christensen	Mona City
Scot Flannery	Jones and DeMille Engineering / Monticello
Evan Bolt	Monticello City
Devan Shields	Sunrise Engineering / Elk Meadows Special Service District
Leo G. Kanell	Beaver County / Elk Meadows Special Service District
Eric Major	Jones and DeMille Engineering / Ballard
Mark Reidhead	Ballard Water and Sewer Improvement District
Justin Atkinson	Sunrise Engineering
Rexford Carpenter	Sunrise Engineering
Kelly Crozier	Neola Sewer and Water Improvement District
Bryan Meier	Sunrise Engineering
Brian Gines	Neola Sewer and Water Improvement District
Aaron Averett	Sunrise Engineering
Randy Asay	Daggett County
Trevor Brooksby	Daggett County
Michael Bryant	Southeastern Utah Association of Local Governments
Ron Winterton	Duchesne County / Senator
Kevin Yack	Uintah Basin Association of Governments
Jeremy Carroll	Elk Meadows Special Service District
Dee Draney	Elk Meadows Special Service District
Kory Moosman	Wellington City
Jesse Ralphs	Sunrise Engineering

Paula Noyes
David Rust
Will Wright
Skye Sieber
Tim Young
Shay Morrison
Tyler Timmons
Skyler Davies
Gary Zabriskie
Aubrey Larsen
Jordan Katcher
Brian Carver
Zac Covington
Mark Whitney
Leland Pollock
Alberto Vasquez
Ryan Goodrich
Tyler Faddis
Laurie Brummond
Jamison Christensen
Ben Coray
Heidi Eyre
Mario Gonzalez
Japheth McGee
Camille Moore
Clyde Watkins
Robert Worley
Stanley Holmes
By Phone:
1206 *****42

Wellington City
Uintah Basin Association of Governments
Uintah Basin Association of Governments
Division of Drinking Water
Monticello City
Six County Association of Governments
Six County Association of Governments
Division of Water Quality
Five County Association of Governments
Community Development Office
Community Development Office
Bear River Association of Governments
Bear River Association of Governments
Beaver County
Garfield County
Garfield County Hospital
Ashley Valley Water and Sewer Improvement District
Jones and DeMille Engineering
Uintah Basin Association of Governments
Jones and DeMille Engineering
Sunrise Engineering
Beaver County
University of Utah
Zions Public Finance
Garfield County

Sunrise Engineering
Utah Citizens Advocating Renewable Energy

WELCOME

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, September 2, 2021 at 1385 South State, Room 157, Salt Lake City, Utah and was called to order at 8:30 a.m. by Chairman Keith Heaton.

I. ADMINISTRATIVE ITEMS

1. Up-coming Meeting Dates & Location – October 7, 2021 – 1385 South State, SLC, UT

2-3. Financial Review & Review of Agenda Items

Candace Powers reviewed the status of the funds for today's meeting. There are eight new project applications and one large infrastructure project application for funding, and one special consideration request for a change of scope. The projects discussed at a review meeting are placed on a priority list for final funding approval at the October 7, 2021 funding meeting. The mineral lease balance is low but sufficient for this trimester. The Board is tasked with providing reasonable funding for applicants as well as to keep the fund revolving. Loans may be provided from the mineral lease account at 0% or interest bearing. The bonus fund must be allocated as an interest-bearing loan with a minimum 0.5% interest rate.

Chairman Heaton noted today's meeting is available via google meet and proceeded with individual introductions.

III. APPROVAL OF MINUTES [6:13]

Chairman Heaton requested a motion to approve the minutes from the August 5, 2021 meeting.

Naghi Zeenati made and Dean Baker seconded a motion to approve the minutes of the August 5, 2021 meeting as presented. The motion carried with Jack Lytle absent for the vote.

Chairman Heaton indicated the last review meeting is mostly water and sewer projects to allow time for the Division of Water Quality and the Division of Drinking Water staff to provide their reviews. The Board should note the funding tool in funding decisions. However, one project is primarily recreational property where most homes are second homes wherein the funding tool does not take that differential into account. Loan funding for such projects is appropriate. It was noted to the Board that the Elk Meadows West Village Unit 1 project may not be eligible for CIB funding.

IV. PRIORITY PROJECTS

4.1. Ballard City (Uintah) [09:10]

Ballard City presented a funding assistance request for a \$590,000 grant for the 1500 East Second Culinary Source and Waterline project. This project consists of water system improvements to 1500 East and a second source connection to include installing approximately 6080 linear feet of 8-inch C900 PVC pipe, connections to existing waterlines, 25 each 3/4-inch water service connections, 9 gate valves, 6 fire hydrants, 1 new meter vault and associated connections and asphalt pavement repair. The applicant is contributing \$100,000 cash. Project Total \$690,000.

Funding Median Range:

\$ 177,000 Loan 30y @ 0.5%

\$ 413,000 Grant

The applicant noted the applicant entity is Ballard Water and Sewer Improvement District. This project will replace a 6-inch line with an 8-inch line on 200 East and the road will be paved by UDOT. The State mandate requires a second source of water. There is an agreement with Roosevelt City to tie in to the water system which is where pavement will be replaced in the project, not by UDOT. They have spoken with DEQ about funding the project, but DEQ has little grant. They have discussed water rates with the public.

Chairman Heaton asked if the applicant had considered applying for ARPA funding through the Governors Office of Planning and Budget (GOPB).

The applicant indicated they will be applying for a well. The applicant noted that Roosevelt City water is more expensive than water from the Tribe.

Mayor Baker noted that this year Ballard Water and Sewer Improvement District had problems with the water from the Tribe and shut down all outdoor watering with just enough for culinary. This will guarantee a secondary water source from Roosevelt City. This project is critical to provide culinary water to homes.

The Board acknowledged the detailed minutes. There was a reference to applying for a \$50,000 grant for a master plan and nothing regarding the current project. Was that disclosed in the public hearing?

The applicant stated there was a second public hearing on this project on Tuesday and the funding was discussed and the funding tool was referenced. The public was supportive of a second source. CIB staff required an additional public hearing.

CIB staff noted the submission of the recent public hearing minutes yesterday and there was discussion in those minutes.

Chairman Heaton referred to the MAGI which is low which indicates a loan would be affordable.

The applicant indicated they could accommodate some loan. When they discussed the project with the Uintah Basin Association of Governments, Ballard was requesting a 20% loan and 80% grant but the AOG suggested they apply for all grant. The MAGI could be a bit skewed as it references Roosevelt City.

Chairman Heaton asked about the age of the system and if UDOT is replacing roadway, could they explain the asphalt replacement costs in the application.

The applicant stated the Roosevelt City roadway will require asphalt replacement as a result of the tie in to their system. The system is over 15 years old. Most of it is undersized. This is going to be the second source.

The Board referenced the MAGI and asked about public response to water rate increases.

The applicant indicated the rates should be fair. Some were upset because water was shut off for yard watering so there was discussion about raising rates which would help people conserve. The public is generally in favor of a base rate increase.

The Board referred to the applicants suggested funding of 50/50 and suggested that funding.

The applicant again noted that the AOG told them to resubmit for 100% grant then referenced the funding tool suggesting a \$177,000 loan for 30 years at 0.5% and a \$413,000 grant. In the AOG's defense, it was more of an emergency issue and not having another source.

(Commissioner Jack Lytle arrived at 8:55 am)

Dean Baker made and Jack Lytle seconded a motion to place this project on the Priority List for funding at the October 7, 2021 meeting as a \$590,000 grant.

The Board indicated the fund is diminished, the MAGI is low and the public is amenable to a rate increase. They are retiring debt soon.

Gregg Galecki made and Marlo Oaks seconded a substitute motion to place this project on the Priority List for funding at the October 7, 2021 meeting as a \$295,000 loan for 30 years at 0.5% with a 2-year principal payment deferral and a \$295,000 grant (total \$590,000).

The Board asked about current residential and commercial connections on the system, are there new connections in the future and what are the current rates.

The applicant noted the majority of connections are residential; 482 connections with approximately 12 as commercial. There is a moratorium on new connections with the status of water. The impact fee is \$2500 with a \$500 connection fee.

Tooter Ogden made and Bruce Adams seconded a second substitute motion to place this project on the Priority List for funding at the October 7, 2021 meeting as the tool recommends; a \$177,000 loan for 30 years at 0.5% and a \$413,000 grant (total \$590,000). The motion carried with Gregg Galecki opposed.

4.2 Neola Water and Sewer Improvement District (Duchesne County) [33:00]

Neola Water and Sewer Improvement District presented a funding assistance request for a \$182,000 loan for 30 years at 0.0% and a \$728,000 grant (total \$910,000) for sewer improvements. This project

consists of sewer system improvements to included slip lining approximately 2500 feet of sewer line, cleaning and camera inspection of 9,500 feet of sewer, installation of screening, SCADA, metering, and effluent structures at the lagoons as well as other necessary improvements and repairs throughout the wastewater system to address sewer system deficiencies, groundwater infiltration, root intrusion, and deteriorating facilities with appropriate repair, replacement and/or lining of existing pipes and new manholes to comply with state requirements.

Funding Median Range:

\$ 474,000 Loan 30y @ 1.5%

\$ 436,000 Grant

The applicant indicated the sewer line is over 50 years old and is 8-inch concrete. There is too much water going into the lagoons. The lines have been scoped and there are several places in need of repair; fix infiltration and areas with problems.

The Board referenced the August 10, 2021 public hearing minutes which stated there have been no significant repairs in 40 years and not rate increases for 30 years and asked why there has been no significant maintenance.

The applicant indicated that the water rates were doubled, which supported the sewer side. Sewer rate increases are necessary and will be coming. There have been problems and it is unknown as to why repairs and improvements have not been done, but the current management intends to address the sewer issues now that the water issues are being addressed.

The Board asked about private and public portions of the Neola system.

The applicant noted it is on the lateral from homes connecting to the main line where there is a lot of infiltration. It is the District's responsibility.

The Board asked the applicant to address the 20% in engineering costs and 15% mobilization which are high and if they have pursued ARPA funding for this project. What equipment is to be mobilized?

The applicant stated ARPA funds were not available when this project was conceived. They are looking for sources of funding to do other repairs to the system. Aaron Averett, Sunrise Engineering spoke to the components of mobilization (*while kneeling before the Board*) and the lining equipment.

The Board indicated Mr. Averett did not need to kneel before the Board.

Mr. Averett was offered a chair, sat and continued. The pipe for lining is conveyed in big rolls and there is steam equipment to heat the lines to make the pliable enough to feed through the lines. In the end it is a cost savings to line the pipe wherein twice as much pipe can be accommodated. There may be 8 or 9 trucks mobilized for heating pipe, pulling pipe through, camera inspection, top hats for connecting laterals plus larger trucks with the rolls of pipe. Mobilization includes transport sometimes as far as Ogden.

The Board asked about high priority improvements and asked about the 19% contingency included.

Mr. Averett indicated the second part of project includes a portion of the system that has NOT been scoped. When the camera has viewed the rest of the system, there will be clarity as to additional repairs. Some portions do not need repair. More contingency has been applied to current projects due to the uncertainty of costs.

The Board suggested a motion for funding should include establishing a replacement fund for future maintenance. The MAGI is an indicator as to where rates should be. Neola's current rate is 1.08% of

MAGI and DWQ suggests an affordable percentage of MAGI is 1.40%. A 50/50 funding package at 1% interest would increase rates to 1.26% of MAGI; a rate increase of approximately \$8.00.

Jack Lytle made and Naghi Zeenati seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$182,000 loan for 30 years at 0.5% and a \$728,000 grant (total \$910,000).

The suggested funding package is outside the funding tool range which requires an exemption.

The applicant noted that the sewer ponds overflow approximately 2-3 weeks a year though the ponds are large enough. Infiltration causes the overflow which is what the State has required to fix. Is there a capital improvement fund being established?

The applicant noted the sewer and water are separate accounts and there is a savings account, but not a replacement fund.

Treasurer Oaks suggested including a requirement of making application for ARPA funds and if not approved, CIB will be the funding source.

Chairman Heaton noted the applications deadline for ARPA to GOPB is September 15, 2021 with final funding decisions in October 2021 and announcements in November.

Ms. Powers noted the Board approves the funding. Staff can reduce but not increase the approved funding. ARPA requires some match funding. It was speculated that GOPB would fund up to 80% which requires the additional funding from elsewhere. Those amounts are not certain though a matching component is required. The applicant may withdraw the funding request and it will be noted at the next CIB meeting with the funding reallocated to the mineral lease fund. If the motion includes a requirement to apply for ARPA, the applicant will show evidence of having applied.

Jack Lytle made and Dean Baker seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$182,000 loan for 30 years at 0.5% and a \$728,000 grant (total \$910,000). Funding conditions include a rate increase to 1.26% of MAGI, the establishment of a capital replacement fund, making application for ARPA funding noting a funding tool exemption of financial hardship.

Gregg Galecki made a substitute motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$455,000 loan for 30 years at 1.0% and a \$455,000 grant (total \$910,000). Funding conditions include a rate increase to 1.26% of MAGI, the establishment of a capital replacement fund and making application for ARPA funding.

Mayor Baker offered a second to the motion with an amendment to the interest rate as a 0.5% interest rate.

Commissioner Adams suggested that if they are successful in being approved for ARPA funding, the CIB will provide a 20% grant match.

The Chairman called the question.

Gregg Galecki made and Dean Baker seconded a substitute motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$455,000 loan for 30 years at 0.5% and a \$455,000 grant (total \$910,000). Funding conditions include a rate increase to 1.26% of MAGI, the establishment of a capital replacement fund and making application for ARPA funding. If Neola receives ARPA funding with a match requirement, the CIB will award up to a 20% grant as match (\$182,000 is 20% of current project cost). The motion carried unanimously.

4.3 Monticello City (San Juan County) [1:04:00]

Monticello City presented a funding assistance request for a \$258,000 loan for 30 years at 1.0% and a \$1,000,000 grant (total \$1,258,000 for the Spring Creek Water Collection project. This project consists of purchasing 1570.4 acre-feet of available Spring Creek water rights.

Funding Median Range:

\$ 479,000 Loan 30y @ 1.0%

\$ 779,000 Grant

Ms. Powers noted that the original application included infrastructure costs, applicant cash and funding from USDA. The entity has modified the application and is only seeking funding for the water rights.

The applicant indicated they are struggling with drought conditions. In Monticello, there have been water issues for many years. They are nearly 100% reliant on runoff for water. They attempt drilling deep wells without success. In 1986, the Lloyds Lake reservoir was built which has only been filled only twice. It is used for irrigation as a significant portion of the water is owned by the Conservation District. Monticello also has secondary water and culinary ponds. This is the first year Monticello has started using the secondary water. This year there has been little to no runoff. There have been water restrictions during 11 years of a 14-year period. Water is the most important to the community. In 2013, they began metering water use in an effort to conserve water. Two deep wells were also drilled with a resultant 120 gallons a minute. Water rights do not come available often and the purchase of these water rights is very important. Two years ago, Monticello engaged in negotiations with the owners of the water rights and it has been a process. This year Monticello is at a point of clarification in regard to the water rights and it is good, usable water which will gravity feed into the collection system. This funding request will enable the purchase of these rare water rights. They have implemented an emergency water rate structure based on water supply and the drought situation.

Mr. Zeenati referred to the public hearing meeting which indicated applicant cash and USDA funding.

The applicant noted the original project in its inception in 2014 included infrastructure. Monticello City has invested approximately \$250,000 and a lot of time and effort in the project to date. This application to CIB is ONLY for the purchase of water rights. The grant with USDA is incumbent on completing some environmental studies; working with the Forest Service and USDA officials. It will likely be a 50/50 match from Monticello for the USDA infrastructure project funds.

The Board asked if they had considered ARPA funds.

The applicant indicated they are receiving \$250,000 in ARPA funds. Number two on the CIB application list is a sewer slip line project and with ARPA funds and CIB, the sewer slip line would be fully funded. At the September 14 city council meeting, they will seek approval for the sewer slip line project.

1:17:27

Commissioner Adams provided an historical perspective. In 1879 there were three large cattle companies. One of the companies came from England; another one from Pittsburg and another one from Texas. Shortly after Brigham Young passed away, John Taylor went to Parowan and asked for 100 families to move to the San Juan Mission. (This has been written about in a book by Gerald Lund called 'The Undaunted'. These 100 families with 100 wagons and over 1000 head of cattle and horses were going to move from Parowan to the San Juan Mission in Bluff. The first thing they did was search for water. They went to Durango, Colorado and filed on the water rights. It caused trouble between the cattle companies and the residents that were starting Monticello. Judge Fred Keller wanted to preserve the history of this happening of the settlement there and wrote a song that tells a little of the history of that area.

Commissioner Adams stated every fifth-grade student that came through his class had to learn the Blue Mountain song. Commissioner Adams sang the song.

My home, it was in Texas
My past you must not know.
I seek a refuge from the law
Where the sage and pinon grow
 For the brand "LC" I ride
 With a sleeper calf on my side
 I'll own the hipside and shoulder when I grow older
 Zapatero don't tan my hide
I trade down at Monsa store
With bullet holes in the door
A calico treasure my horse will measure
When I'm drunk and feeling sore
 Well I chum with Latico Gordon
 I drink at the Blue Goose Saloon
 I dance all night with the Mormon girls
 And ride home beneath the moon
Blue Mountain you're azure deep
Blue Mountain with sides so steep
Blue Mountain with horse head on your side
You have won my love to keep
(1:24:54) applause.

Commissioner Adams indicated the water sources have been tapped on the Blue Mountain and brought into the water system in Monticello and only one water source has not been tapped which is Spring Creek and there isn't anywhere to build a reservoir to capture the water. The water comes early before it is advantageous to agriculture. Water rights have historically been passed along to family, but for the health, safety and welfare of Monticello, they now want to sell those water rights. Monticello will build an 8-Inch pipeline across Pine Ridge with an outlet into the City's water system in North Creek though this funding request is only to purchase the water rights and suggested a \$1,000,000 grant and a \$258,000 loan.

The applicant stated the project to deliver the water will be gravity flow according to the completed hydraulic calculations with some syphon. The water will go into secondary pools which will then go into the secondary system or the culinary treatment plant; used for both culinary and agriculture. The City's water right is up to 2 CFS and an 8-inch size pipe was selected. Purchasing water rights is NOT eligible for ARPA funding.

Bruce Adams made and Jerry Taylor seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$258,000 loan for 30 years at 0.5% and a \$1,000,000 grant (total \$1,258,000).

Chairman Heaton referred to the Boards exemptions wherein *financial hardship* was indicated as the motion is outside the funding tool recommendations.

Commissioner Taylor asked what happens if they do not immediately purchase the water rights.

The applicant stated someone else may purchase the water rights. Monticello has done the engineering and surveying for the purchase of the rights to clarify the title and have a purchase agreement in place. It is rare that San Juan water rights become available and the water purchase agreement is contingent on funding.

The Chairman called the question.

Bruce Adams made and Jerry Taylor seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$258,000 loan for 30 years at 0.5% and a \$1,000,000 grant (total \$1,258,000) noting a financial hardship exemption. The motion carried unanimously through roll call vote.

4.5 Daggett County (Daggett County) [1:36:24]

Daggett County presented a funding assistance request for a \$710,000 loan for 30 years at 0.5% and a \$4,021,000 grant (total \$4,731,000) for the 2021 Dutch John Water Improvements. This project consists of water system improvements to include an adjustable flow regulation tank stabilizing flow and redundancy for source water to the 50 year old water treatment plant, a new 'pilot' treatment plant with a metal building and associated building infrastructure in the same area of the existing plant to determine optimum water treatment processes including micro/ultra-filtration, granular activated carbon, ultraviolet treatment, or an updated version of the existing coagulation/filtration system and for required redundancy, new pipelines, pumps and associated telemetry work, a treatment plant septic system, HVAC, electrical work, furnishings necessary for the function of the building and rights of way.

Funding Median Range:

\$ 2,651,000 Loan 30y @ 2.0%

\$ 2,081,000 Grant

The applicant indicated that the project is in Dutch John. The water system is a user funded system and does not receive funding from Daggett County as the financial statements in the application represents. Dutch John was created by the Bureau of Reclamation (BOR) as a housing community for the construction of the dam and operated by BOR until 1984 then became part of Daggett County. The water regulations have changed and there are non-compliance issues with the water system. The water lines are owned by the BOR. The project is for a flow regulation tank at the same elevation as the treatment plant to regulate the water flow through the Dutch John treatment plant. The size of the tank has been questioned but the response is that it is a security for sufficient water storage in the system.

Commissioner Lytle disclosed his residence is in Dutch John and his commission duties include the water system which is aging and improvements are necessary to prevent a possible failure. There have been good discussions with the community as the system is funded by the rate payers and the rates are relatively high. There isn't a capital improvement fund but rates were raised 18 months ago. Daggett County is carrying some unallocated revenue which has not been placed in a capital improvement fund. They plan on building the PTIF to accrue and could contribute \$100,000 from that account if necessary. It is a small system with big infrastructure expense; it could be phased.

The applicant indicated there are 127 connections; 103 residential and 24 commercial. The project could be in three phases; Phase I would be the tank, Phase II would be a one-year pilot study required by DEQ then it would be 3 years before a treatment plant would be considered. This request is for the whole project.

Chairman Heaton asked if the tank needs to be in place to do the study.

The engineer stated it is beneficial to have the tank before the study or a pilot plant would need to be brought in to do the study to run the expected flow rates. The security of extra water and the flow are equally important.

Chairman Heaton asked if the Board were to finance the construction of a tank at this meeting, what would that entail.

The applicant stated the cost of Phase I – the tank and the required components would be \$2,790,000.

Mayor Baker asked if the tank is free of the facility and what are the projections for the number of connections. The water not being used goes stale and would need more treatment than the flow of cleaner water from the reservoir. Most of the growth is vacation homes.

The applicant indicated they do plan on rolling the water over from the tank, but having dirtier water might help make cleaner water at this point. The cost of retrofitting the existing facilities to meet

requirements would cost the same as a new facility. Second homes are an issue with the flow rate varying in the summer; the plan factors in the private land, and the possibility of future growth. The County owns over 1000 buildable acres which very likely could sell quickly – the system will be built to accommodate growth. The treatment plant can add modules as growth occurs. They are currently non-compliant for TOC (total organic carbon).

Mr. Galecki supported phasing the project but expressed concern about the seemingly high cost of the 1,000,000-gallon tank which seems way oversized and suggested a smaller tank.

The applicant stated they do not have a current storage tank for untreated, raw water. The tank estimate utilized recent tanks installed in the Basin. The cost of labor and materials have increased, especially concrete. The nearest batch plants to Dutch John are in Vernal or Rock Springs. The tank is large to accommodate a 15-day water availability during the peak water season to allow system repair in the case of a break in the water line which belongs to the Bureau of Reclamation. The line installed in 1980 has not failed to date but the original 6-inch line which returns treated water to the dam has had several leaks with a three-year leak that has yet to be located.

Mayor Nielsen asked about the objective of the pilot and could that be accommodated from other studies.

The applicant stated it is a Division of Drinking Water requirement. In order to build a new plant, a study is required to determine the quality of water which would come out of the treatment plant. It is also a chemical study to verify the plant is sufficient to remove the organics or if an alternative plant would be necessary. The Dutch John water must be used for the study.

Commissioner Lytle referenced a special town meeting with a very open conversation on the project and most understand and support the project.

The applicant indicated the conclusion of the meeting was the acknowledgement that the water system needs to be addressed but with fiscal responsibility. There will be an application for ARPA funding and possibly other sources of funding.

Chairman Heaton asked if it would be possible to place this on the pending list as other funding sources are clarified.

Mr. Zeenati suggested funding a phase of this project.

Naghi Zeenati made and Tooter Ogden seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$1,039,000 grant and a \$1,040,000 loan for 30 years at 0.5%.

Mr. Galecki indicated that their MAGI shows their water rate exceeds the 1.75% benchmark of affordability and the 1,000,000-gallon tank seems large. He suggested a \$1,000,000 grant for Phase I to provide a 1,000,000-gallon tank which will also cover the matching funds required for ARPA funding.

Gregg Galecki made and Kyle Stephens seconded a substitute motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$1,000,000 grant for phase 1.

Ms. Powers indicated that CIB contracts for a scope of work which must be accommodated in the amount of funding to complete a project. The motion would therefore require the applicant to verify additional funding from another source for a completed scope of work.

Commissioner Lytle indicated Dutch John completed a 500,000-gallon tank to distribute treated water in 2015 which was funded by the Division of Drinking Water. This 1,000,000-gallon tank is raw water to supply the treatment system. A larger storage tank would require less use of the pumps, less wear on the pipes and regulated water in the appropriate rate for the filtration system; a 1,000,000-gallon tank is not oversized.

Commissioner Ogden stated the recent public hearing minutes have not been provided and there are a number of unanswered questions. The project should be tabled until the ARPA result is known and the project components are clarified.

Tooter Ogden made and Naghi Zeenati seconded a second substitute motion to place this project on the Pending List.

Commissioner Lytle suggested a friendly amendment 'allowing time for the water district to clarify the project and funding.

Mr. Galecki stated that ARPA funding requires a 20% match which the applicant does not have. If they receive ARPA funding they could return to the Board for matching funds.

The Chairman called the question on the second substitute motion.

Tooter Ogden made and Naghi Zeenati seconded a second substitute motion to place this project on the Pending List allowing the entity to clarify the project and funding. The motion carried unanimously through roll call vote.

Break 2:25:24

4.5 Elk Meadows Special Service District [2:25:54]

Elk Meadows Special Service District presented a funding assistance request for a \$1,660,000 loan for 30 years at 0.5% for the West Village Unit I Water Improvements. This project consists of water system improvements to include extending water distribution to 69 lots within the West Village Unit 1 Recreational Property to accommodate fire flow by installing approximately 3600 linear feet of 8-inch PVC pipe, approximately 5350 linear feet of 6" PVC pipe including 12 fire hydrants and 10 gate valves, 2600 linear feet of 2-inch pipe and fittings, 3 new PRV stations, air valve assemblies and associated meters and service connections.

Funding Median Range:

\$ 797,000 Loan 30y @ 1.0%

\$ 863,000 Grant

Mr. Kanell, Beaver County Attorney's Office discussed his view of the legalities of CIB funding for this project. Mr. Kanell has been with Beaver County 40 years and this subdivision was created before his time. The subdivision was approved without requiring the waterlines to be installed. Most of the lots have been sold and new owners want to build, so water service is needed. The water lines to be installed would be in the streets of the subdivision. There have been some improvements where lines have been extended for lots to be built on. Those lot owners were responsible to get the water line to their lot. With the number of owners now wishing to build, it would be prudent to do it all in one project to reduce the cost and provide a uniform assessment to each lot owner. He agreed the private property owners are getting the benefit, but they will pay for it. They are working on the state assessment process so if Elk Meadows could get the funding to do the project, they would ask the owners to pay the cost of it. The area is on the mountain and needs fire protection as well. This project would provide fire protection for the large subdivision that has been there for over 50 years. If it does not qualify for CIB funding, they will need to find funding though he believes legally and ethically it could qualify.

Chairman Heaton indicated CIB could fund the trunk line and the fire hydrants as public infrastructure,

not onto the private property.

Mr. Kanell indicated the project includes service connections and meters which is technically Elk Meadows responsibility.

Aaron Waite, legal counsel to the Board from the Attorney General's Office requested more information regarding this project. The applicant is an eligible applicant under the statute, funding cannot be merely a pass along of low interest government financing. Additional information is requested in order to make a determination of eligibility.

Commissioner Lytle stated the system in Dutch John always owns the water meter and there is a connection fee.

Mr. Kanell stated Elk Meadows owns the water meters and ask the owner to pay for it. If someone is putting a cabin on a lot, they pay for the water meter, but the water system owns it.

Commissioner Adams said Elk Meadows is coming to CIB as the CIB's funding is very competitive and they are requesting a loan.

Mr. Zeenati noted a similar project where the interest rate was 4.5%. There is a disclosure requirement when lots are sold that it has water, sewer, gas and electricity and asked why the lots are being sold without the utilities and the disclosure.

Mr. Kanell stated that the owners were aware of the lack of utilities on the lots and now they want to build and contacted Mr. Kanell to find out how to proceed. He suggested they get a few lot owners together and see what it would cost to extend the line to the lot. The price was very expensive. This is an old subdivision – all the lots have subsequently changed hands and there are no lots for sale on the mountain and they are trying to help to get water service. The District has charged a standby water fee to run the service district but can't provide water. When this project is completed, they will stop the standby water fee and the fee would be applicable when there is water available with a regular fee when they hook to the system. Connection and impact fees would then be collected.

Mr. Zeenati referred to their minutes indicating not all of the property owners are in support of the application as some lots cannot be built on. This project appears to be all inclusive without an exemption for those who cannot build.

Mr. Kanell indicated this is an assessment area which requires a special process. There were four people that filed objections of the 69. If 40% objected to the project, it could not go forward but he indicated good support for the project.

Ms. Powers noted if this project is deemed a legal use of CIB funding and if the Board is comfortable with funding this project, Elk Meadows is responsible for making the loan payment regardless of what revenue is received from property owners.

Chairman Heaton suggested the project be placed on the pending list to allow greater clarity.

Naghi Zeenati made and Dean Baker seconded a motion to place this project on the Pending List to further clarify the eligibility of the project. The motion carried unanimously through roll call vote.

4.6 Elk Meadows Special Service District [2:44:00]

Elk Meadows Special Service District presented a funding assistance request for a \$690,000 grant and a \$2,760,000 loan for 30 years at 1.5% (Total \$3,450,000) for 2022 Water System Improvements. This

project consists of water system improvements to include land purchase for and construction of a 250,000-gallon storage tank, a system-wide SCADA network and new radio-read meters, replacement of the 5000 linear feet of existing pipeline and booster stations in the Triple Chair Springs area and Puffer Lake Springs area, Pinnacle Club improvements to include 2700 linear feet of 8-inch culinary water line, 6 valves, 5 hydrants and associated appurtenances, fencing and necessary drainage

Funding Median Range:

\$ 1,656,000 Loan 30y @ 1.0%

\$ 1,794,000 Grant

The applicant stated there has been a lot of growth in the past 20 years with many different owners of the resort. *The current owner has kept the resort open for 12 years and has built a lot of condos.* The current pump house is from the 1970s and there is a need for water storage. Their springs need improvements and there is an abundance of snow in the winter so SCADA is also needed. Bonding costs have been included in the engineering as well as other specialty services.

Bruce Adams made and Tooter Ogden seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$3,450,000 loan for 30 years at 2.5% citing an administrative exemption. The motion carried unanimously through roll call vote.

4.7 Mona City [2:49:54]

Mona City presented a funding assistance request for a \$235,200 grant for Culinary Water Pipe Replacement. This project consists of water system improvements to include replacement of approximately 3500 linear feet of 6-inch, 4-inch and 2-inch pipe with 8-inch culinary water pipe, 29 each meter service connections, approximately 14 8-inch valves and road repair. The applicant is contributing \$100,800 cash. Project Total \$336,000.

Funding Median Range:

\$ 132,000 Loan 30y @ 1.0%

\$ 103,200 Grant

The applicant indicated they are beginning construction of a million-gallon water tank and in the process, they discovered undersized pipelines throughout the community. They have self-funded some improvements and this project will complete all the lines in the community for fire suppression and hydrants throughout the town and provide the required 8-inch lines. They are in the process of applying for ARPA for sewer improvements.

Mr. Zeenati noted the applicant cash and suggested approving as submitted.

Naghi Zeenati made and Jerry Taylor seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$235,200 grant as requested.

Mr. Galecki noted they are under the MAGI and are retiring debt in 2025.

Gregg Galecki made and Dean Baker seconded a substitute motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$236,000 loan for 20 years at 1.0%.

Tooter Ogden suggested funding the project according to the funding tool median range.

Tooter Ogden made and Kyle Stephens seconded a second substitute motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$132,000 Loan for 30 years at 0.5% and a \$103,200 Grant (total \$235,200) contingent on DEQ review of plans and specs. The motion carried unanimously through roll call vote

4.8 Garfield County

Garfield County presented a funding assistance request for a \$1,132,545 grant for Garfield Hospital Improvements in Panguitch. This project consists of expanding the 1975 Garfield County 15-bed critical access hospital with the construction of a new operating room, a smaller c-section operating room and renovating the existing operating room to include central processing and a pharmacy to meet OSHA standards. The applicant is contributing \$1,132,545 applicant cash. Project Total \$2,265,090.

Funding Median Range:

\$ 850,000 Loan 30y @ 1.5%

\$ 282,545 Grant

The applicant stated that Garfield County is a debt-free county. The County revenue fluctuates and promised revenue does not come to fruition. Years ago, it was determined that the County should become debt free as the revenue is unstable. The County has rainy day funds and rely on the Community Impact Board to match those funds as they have historically. The hospital is zero debt and the County owns that facility. The County puts money into the upgrades and improvements the hospital to keep it nice. 93 percent of the County is federal land; 3-4% State and 3% taxable private land. 87% of taxes go to the school district. The Hospital is one of the finest hospitals in the country; we've kept it up to date. Garfield County will not accept any loan, but will accept what the Board can accommodate to offset their cost with cash grant.

Chairman Heaton asked about the relationship with IHC; what is the financial arrangement.

The applicant indicated IHC manages the hospital and charges a fee to the County. Any revenue loss or gain belongs to the County. The County owns the equipment, but Intermountain allows them to access any discounts they may have access to. Intermountain requires the hospital to be up to IHC standards.

Chairman Heaton noted that CIB requires a construction estimate which has not been provided.

The applicant indicated the estimate is from the architects. The project has not been bid out but a revised estimate will be provided.

Commissioner Adams noted that Garfield County and San Juan County were involved with the monuments issue. Garfield County has been a good partner with San Juan County and there is appreciation for the fiscally conservative commissioners of Garfield.

Bruce Adams made and Jack Lytle seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$1,132,545 Grant citing financial hardship as the exemption.

Treasurer Oaks asked the applicant if they had approached Intermountain Healthcare for funding from a community foundation.

The applicant noted they do not give to counties or cities in their foundations noting IHC has a community foundation which provides some funding for equipment. They will be asking the foundation for equipment.

Mr. Galecki stated he would make a substitute motion but he wouldn't get support.

Commissioner Taylor said "I'll second that."

Mr. Galecki appreciates the philosophy of 'no debt', the application is not complete and the Board is relying on their statement that they cannot afford any debt.

The applicant reiterated that Garfield County is a poor county. We almost lost this hospital a few years

back as Intermountain Health indicated it was too much to operate the hospital at the rural level. A previous Garfield County Commissioner said Garfield County will take control of that facility if IHC would run it for \$1 a year; the County will keep it up to date. Garfield County couldn't afford to lose the hospital and that is why they keep reserve funding.

Mayor Baker indicated Intermountain Medical Center is building a new facility in the Uintah Basin and they received an USDA grant for \$54 million dollars to construct the new facility. There are other funding sources.

Commissioner Adams called the question on the motion. Dean Baker,

Bruce Adams made and Jack Lytle seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$1,132,545 Grant citing financial hardship as the exemption. The motion carried with Gregg Galecki, Kyle Stephens, Marlo Oaks, Naghi Zeenati, Glade Nielsen, Jerry Taylor, Jack Lytle, Bruce Adams and Tooter Ogden in favor and Dean Baker opposed.

Mr. Vasquez expressed appreciation for the CIB which provided funding assistance resulting in more available health care for rural Utah through the Garfield Hospital, Circleville Clinic and the Cannonville Clinic among others.

5. Large Infrastructure Projects

5.1 Wellington City [3:18:53]

Wellington City presented a funding assistance request for a \$2,400,000 loan for 30 years at 1.5% and a \$3,413,000 grant (total \$5,813,000 for 2022 Water System Improvements. This project consists of culinary water improvements to include design and engineering for an 8-inch pressure reducing station, approximately 12,260 linear feet of 12-inch pipe, 8 each 12-inch gate valves, an 10-inch pressure reducing station, reconnect 5 existing hydrants, approximately 20,865 linear feet of 8-inch pipe and bedding, 77 each 8-inch gate valves, direction drilling for railroad crossing, 18 new hydrants, 350 radio read meters and assembly and associated pavement disturbance and replacement. The applicant is contributing \$50,170 cash with a pending \$717,000 grant and \$1,000,000 loan from the Division of Drinking Water. Project total \$7,580,170.

Funding Median Range:

\$ 1,861,000 Loan 30y @ 0.5%

\$ 3,952,000 Grant

The applicant indicated the water system is in dire of improvements. There have been three major leaks on Highway 6 which requires paving and is on UDOT right of way. There is still asbestos pipe in the system. There have been over 30 water leaks this year.

Commissioner Ogden referred to public comments stating support for the project. The replacement of fire hydrant assemblies has been noted on the estimate two times and asked for clarity.

The applicant stated they will replace old fire hydrants in one part of the system and add new fire hydrants where there are no hydrants.

Mr. Zeenati asked about the status of the Division of Drinking water loan and grant and asked about the applicant cash.

The applicant indicated that the DDW authorized the loan and grant in June and they have received some ARPA funding which is their applicant cash.

Naghi Zeenati made and Tooter Ogden seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$3,952,000 grant and a \$1,861,000 loan for 30 years at 0.5%.

Mr. Galecki asked about the cost of mobilization and the cost of hydrants and gate valves.

The applicant indicated mobilization is applied as a percentage of construction. Fire hydrants are expensive and this application was prepared in the spring; costs have increased since and those costs have decreased the contingency by half.

Gregg Galecki made and Marlo Oaks seconded a substitute motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$3,413,000 grant and a \$2,400,000 loan for 30 years at 0.5%.

Treasurer Oaks asked about ARPA and should the motion include a contingency if they receive additional ARPA funding.

The applicant indicated there is local ARPA which has been given to the community is the match for this project. They are also applying for the State \$50 million ARPA. There are a lot of applications for that funding so it is not likely funding will be awarded to Wellington.

Commissioner Adams stated Wellington is a small community and they are taking a loan from the Division of Drinking Water.

The Chairman called the question on the substitute motion.

Gregg Galecki made and Marlo Oaks seconded a substitute motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$3,413,000 grant and a \$2,400,000 loan for 30 years at 0.5%. The motion failed with Gregg Galecki, Dean Baker, Marlo Oaks and Glade Nielson in favor and Kyle Stephens, Naghi Zeenati, Jerry Taylor, Jack Lytle, Bruce Adams and Tooter Ogden opposed.

The Chairman called the question on the original motion.

Naghi Zeenati made and Tooter Ogden seconded a motion to place this project on the Priority List for funding at the October 7, 2021 funding meeting as a \$3,952,000 grant and a \$1,861,000 loan for 30 years at 0.5%. The motion carried with Dean Baker, Kyle Stephens, Marlo Oaks, Naghi Zeenati, Glade Nielson, Jerry Taylor, Jack Lytle, Bruce Adams and Tooter Ogden in favor and Gregg Galecki opposed.

6. Pending Projects

7. Supplemental Requests

The Chairman asked for a motion to consider the Special Consideration request.

Naghi Zeenati moved and Tooter Ogden seconded a motion to hear the Special Consideration request from Ashley Valley Water and Sewer Improvement District. The motion carried with Dean Baker, Kyle Stephens, Marlo Oaks, Naghi Zeenati, Glade Nielson, Jerry Taylor, Jack Lytle, Bruce Adams and Tooter Ogden in favor and Gregg Galecki absent from the vote.

8. Special Consideration

8.1 Ashley Valley Water and Sewer Improvement District

Ashley Valley Water and Sewer Improvement District requested time on the September 2, 2021 meeting to discuss the change of scope. The original project consisted of expanding the existing water treatment plant with a 2-million-gallon water tank, concrete pad, pipe connections, walkways, railings, stairways, ladders, SCADA upgrades, electrical controls and connections and a chemical feeder system and the Jensen waterline improvements including 10" pipe lining and appurtenances and pavement repair.

AVWSID would like to replace aging portions of the loop line and assessment of the full length of the pipeline and possible repair or reline. This should be able to be accomplished within the remaining funds with this change of scope.

The district will scale back the assessment length to ensure the project stays within budget.

Scope Change Summary:

- Removal of the Jensen Waterline replacement
- Addition of the loop line condition assessment. This would include the assessment of approx. 37,000 lineal feet and reline of the most critical sections of the line and water system connections to the distribution system.

Naghi Zeenati moved and Bruce Adams seconded a motion to approve the change of scope requested by the Ashley Valley Water and Sewer Improvement District . The motion carried unanimously through roll call vote.

9. Board Member Discussion and/or Action Items [3:40:00]

9.1 CIB Board Meetings – October 7, 2021 1385 South State

9.2 CIB ARPA Update – A letter has been drafted which will go to the Legislature. Commissioner Bruce Adams is to represent the Board in this endeavor.

ADJOURNMENT [3:40:53]

The next meeting of the Permanent Community Impact Board will be October 7, 2021 at 1385 South State, Salt Lake City, Utah.

The meeting adjourned at 12:30 pm.

Submitted by:
Candace Powers