

**PERMANENT COMMUNITY IMPACT BOARD MEETING**

Department of Workforce Services  
Housing and Community Development Division  
Salt Lake City, Utah  
Electronic Meeting via Zoom Webinar

**MINUTES**

September 3, 2020

**Members Present**

Jonathan Hardy	Chairman
Bruce Adams	Southeastern Utah Association of Local Governments
Dean Baker	Uintah County
Mike Dalton	Five County Association of Governments
David Damschen	State Treasurer
Gregg Galecki	State Board of Water Quality
Irene Hansen	Duchesne County
Jack Lytle	Uintah Basin Association of Governments
Garth "Tooter" Ogden	Six County Association of Governments
Kyle Stephens	State Board of Water Resources
Naghi Zeenati	State Transportation Commission

**Staff and Visitors**

Keith Heaton	Housing and Community Development
Candace Powers	Housing and Community Development
Gayle Gardner	Housing and Community Development
Brenda Brown	Housing and Community Development
Pam Sjostrom	Housing and Community Development
Paul Moberly	Housing and Community Development
Kayl Smith	Housing and Community Development
Jordan Katcher	Housing and Community Development
Alison Garner	Attorney General's Office
Margaret Lautaimi	Department of Workforce Services
Debi Carty	Department of Workforce Services
Christina Davis	Department of Workforce Services
Skyler Davies	Division of Water Quality
Heather Pattee	Division of Drinking Water
Nathan Hall	Division of Drinking Water
Brian Carver	Bear River Association of Governments
Zach Leavitt	Six County of Association of Governments
Mike McKee	Seven County Association of Governments
Nate Wiberg	Five County Association of Governments
Kevin Yack	Uintah Basin Association of Governments
Ron Winterton	Utah Senator, District 26, Duchesne County
Ryan Goodrich	Ashley Valley Water & Sewer Improvement District
Bart Jensen	Jones & DeMille Engineering
Kimberly Madsen	Legislative Fiscal Analyst
Trudy Wheeler	Jensen Water Improvement District
Randan Vincent	Jensen Water Improvement District
Lucky Wall	Jensen Water Improvement District
Monty Pratt	Jensen Water Improvement District

David Hatch	Ouray Park Water Improvement District
Max Jensen	Ouray Park Water Improvement District
Judy Hamblin	Cedarview Montwell Special Service District
Paul Bittmenn	Cedar City
Marcus Keller	Zions Bank
Cody Grundy, Mayor	Town of Loa
Bruce Brown	Town of Loa
Travis VanOrton	Town of Loa
John Drew, Mayor	Providence City
Max Pierce	CRS Engineering
Ryan Snow	Providence City
Miles Nelson	Price City
Nick Tatton	Price City
Mike Korianos	Price City
Nathan Mitchell	Town of Wales
Sherrie Pandya	Kane County Human Resource Special Service District
Jeff McCarty	Sunrise Engineering
Jason Blankenagel	Sunrise Engineering
Justin Atkinson	Sunrise Engineering
Jesse Ralphs	Sunrise Engineering
Bart Jensen	Jones & DeMille Engineering
Kevin Despain	CRS Engineering
Tayler Jensen	Cache County
JR Bird	Roosevelt City
Kurt Mower	Roosevelt City
Pamela Juliano	RGPC
Ann Harvey	<i>No Coal in Oakland</i>
Stan Holmes	Sierra Club
Dickson Taylor	Johnson Water Improvement District
Sarah Stock	Living Rivers
Ted Franklin	<i>No Coal in Oakland</i>
Utah Tar Sands Resistance	
Darrell Fordham	Argyle Wilderness Preservation Alliance

**Other**

206.xxx.x442  
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**WELCOME**

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, September 3, 2020 via Zoom Webinar and was called to order at 8:30 a.m. by Chairman Jonathan Hardy.

Chairman Hardy read the following statement:

*“The Permanent Community Impact Fund Boards recognizes the new OPMA provisions regarding anchor location requirements for public meetings. This is to notify the public that an anchor location for CIB meetings has been suspended due to the substantial risk to the health and safety of members of the public and this Board in response to the COVID 19 Pandemic until further notice.”*

## **I. ADMINISTRATIVE ITEMS**

### **1. Up-coming Meeting Dates and Locations**

October 1, 2020 CIB Funding Meeting – Zoom Webinar

### **2. Financial Review: [01:30]**

Candace Powers reviewed the status of the funds for today's meeting.

Chairman Hardy referred to the reduced Mineral Lease balance, and noted that there is funding available in the Bonus account.

### **3. Review of Agenda Items:**

There are 7 new projects, 2 supplemental requests and 1 special consideration on today's agenda.

## **I. WELCOME and INTRODUCTIONS**

A roll call was conducted in regard to Board attendance. All Board members were noted as present for today's meeting.

## **II. APPROVAL OF MINUTES**

Chairman Hardy requested a motion to approve the minutes from the August 6, 2020 review meeting.

**Jack Lytle made and Naghi Zeenati seconded a motion to approve the minutes of the August 6, 2020 CIB Meeting. The motion carried unanimously.**

## **BOARD DISCUSSION [09:25] Financial Funding Tool**

Paul Moberly - Community Development Office, discussed the changes to the funding tool and the review sheet. The summary sheet includes the DEQ recommendation (water & sewer) and exemptions to authorize funding outside the recommended range for funding. The tool recommends a range for consistency; the Board ultimately makes the funding decision.

Treasurer Damschen stated the legislative audit has encouraged the Board toward more consistency and acknowledged the efforts of staff to develop a tool to achieve consistency in funding.

Commissioner Dalton and Mr. Galecki asked if the tool was available for Board use.

Mr. Moberly indicated that a useful version of the tool may be provided to the Board and Regional Planners in its final iteration.

Ms. Brown noted that during the meeting the Board could request numbers to be run through the tool and it would display on the screen.

Chairman Hardy noted that the chat feature on the Zoom Webinar has been disabled to facilitate transparency and compliance in the public meeting.

*Note: A proposed funding package generated by the financial funding tool is displayed after each project description.*

## **III. NEW PROJECTS**

### **4.1 Ashley Valley Water and Sewer Improvement District (Uintah County) [25:28]**

The Ashley Valley Water and Sewer Improvement District presented a funding request of a \$1,685,000 grant for water treatment plant expansion and Jensen waterline replacement. This project consists of expanding the existing water treatment plant with a 2 million gallon treatment

module, concrete pad, pipe connections, walkways, railings, stairways, ladders, SCADA upgrades, electrical controls and connections and a chemical feeder system and replacing the main service line to Jensen including 10" pipe lining and appurtenances and pavement repair.

*Proposed:*

*\$540,000 Loan 30y @ 0.5%*

*\$960,000 Grant*

Ryan Goodrich and Bart Jensen represented Ashley Valley Water and Sewer Improvement District.

The applicant stated the system currently has 4 treatment modules and this project is for a 5<sup>th</sup> two million gallon treatment module for a treatment storage expansion to meet minimum sizing requirements. AVWSID provides water and sewer collection services to approximately 13,000 people in the area outside of Vernal City and wholesale water to four other water systems. This project will also include replacement of the main service line to Jensen to meet required fire flow and pressure. They have recently adjusted rates and are working on a capital replacement fund.

The Board asked if the application from Jensen Water Improvement District (on the Agenda) and this application are connected.

The applicant stated the applications are independent of each other as AVWSID delivers water to the Jensen District boundary only.

*Mayor Baker disclosed being a member of the AVWSID Board to be noted in the minutes.*

The Board noted that in 2016, the District expected 8 million gallons/day for distribution but were only getting 6 million gallons/day and asked if the infrastructure undersized.

The applicant stated when treatment plant was remodeled and the 4 modules reinstalled, it was rated by DDW at 6 million gallons/day. Though they can produce 8 million gallons/day, it red flags the DDW report. Another 2 million gallon/day module needs to be installed. This provides redundancy for any module malfunction issue and maintains the minimum sizing requirements and meets the demand of over 8 million gallons/day.

The Board noted the numerous water systems in the area and asked if they could combine for better cost efficiencies.

The applicant noted there are around 4 different districts and consolidation has been voiced but the Districts continue to want control of their own systems.

**Jack Lytle made and David Damschen seconded a motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as an \$842,000 grant and an \$843,000 loan for 30 years at 1.5% (total \$1,685,000).**

The Board noted the low MAGI.

**Gregg Galecki made and Mike Dalton seconded a substitute motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$1,685,000 loan for 30 years at 1.5%. The motion failed with Gregg Galecki, Kyle Stephens and Mike Dalton in favor and David Damschen, Tooter Ogden, Jack Lytle, Dean Baker, Irene Hansen, Bruce Adams and Naghi Zeenati opposed.**

Chairman Hardy called the question on the original motion.

**Jack Lytle made and David Damschen seconded a motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as an \$842,000 grant and an \$843,000 loan for 30 years at 1.5% (total \$1,685,000). The vote carried with David Damschen, Tooter Ogden, Jack Lytle, Dean Baker, Kyle Stephens, Irene Hansen, Bruce Adams and Naghi Zeenati in favor and Gregg Galecki and Mike Dalton opposed.**

4.2 Jensen Water Improvement District (Uintah County) [48:00]

The Jensen Water Improvement District presented a funding request of a \$562,000 grant and a \$563,000 loan for 30 years at 1.0% (total \$1,125,000) for a water system improvements and meter upgrade. This project consists of water system improvements to include installing a 10" water line at the Naples water tank feed and supply lines, moving an existing PRV to the 10-inch Sunshine Bench Line to increase water pressure, a 10" gate valve and a 12" gate valve, replacing 538 SCADA water meters throughout the system, replacing 7900 linear feet of 4" and 6" lines with 8" pipe and 6 gate valves and pipe bedding on the Lower Brush Creek Pipeline to meet fire flow demands, rights of way negotiation and acquisition. This project may also include system improvements on 6000 North and/or GIS improvements as outlined in the master plan and PER if the funding is sufficient.

Proposed:

\$ 405,000 Loan 30y @ 0.5%

\$ 720,000 Grant

Randan Vincent, Lucky Wall, Monty Pratt, Trudy Wheeler with Jason Blankenagel and Aaron Averett from Sunrise Engineering represented Jensen Water improvement District.

The applicant indicated this project is initiated through a master plan. This project will increase the size of water lines to enable non-functioning fire hydrants to accommodate pressure and flow requirements. Also the metering systems will be replaced to track water usage. The District has recently increased the water base rate by \$5.00 and a \$1.20 overage increase resulting in a monthly water bill to \$82.50 increasing the MAGI.

The Board noted a good public meeting and asked if the 40 year old water tank in Naples would be abandoned and would that limit capacity.

The applicant indicated they will abandon the Naples tank due to age and elevation. The required capacity is 910,000 gallons and there is 1.5 million gallons of storage capacity in the system without the use of the Naples water tank.

The Board noticed the cost of the 8" PVC pipe was indicated at \$56 per linear foot.

The applicant noted \$56 per linear foot takes into account all costs associated with the replacement. It includes the cost to bore under the Brush Creek in two places and various challenging installation issues. The Ashley Valley 10" inch line is specifically for Jensen water but the two AVWSID and Jensen projects are not contingent on each other.

**Dean Baker made and Irene Hansen seconded a motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$563,000 grant and a \$562,000 loan for 30 years at 0.5% (total \$1,125,000).**

The Board noted the inconsistency in the funding recommendations for the AVWSID and Jensen based upon MAGI and interest rate as loan criteria stating the funding should be consistent on the MAGI and not only the loan terms.

Chairman Hardy stated the legislative audit recommended that similar projects should receive similar funding. The Board could rely solely on MAGI, but it has been expressed that MAGI may not be the most current or accurate. It is the obligation of the Board to take all factors into consideration with regard to entity and best allocation of CIB funds. It was also noted that the Board currently has reduced grant funding available at this time.

**Naghi Zeenati made and Tooter Ogden seconded a substitute motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$563,000 grant and a \$562,000 loan for 30 years at 1.5% (total \$1,125,000).**

The Board requested further comment from the applicant regarding impact and feasibility regarding rate range.

The applicant stated this project is their highest priority, but there will be additional projects to replace undersized lines in the system to comply with water pressure and delivery standards and additional lines to provide for potential growth. It may require a rate increase to cover the loan repayment and to finalize the projects in the master plan.

The Board indicated that the applicant's request was for 50/50 at 1% interest and the Board is suggesting a 1.5% interest rate and that would warrant a rate increase. Or would a rate increase be required even with their request and asked how much funding they are contributing to their capital improvement fund.

The applicant stated that the 50/50 funding package came from the Division of Drinking Water and their analysis of what Jensen could do for this project. The public hearing noted a 65/35 range. In regard to the capital improvement question, they do have some emergency funding and did discuss a 0% interest rate in the public hearing.

The Board asked if they had contacted the Division of Drinking Water for some grant funding.

The applicant indicated they have and will apply to the Division of Drinking Water for future projects.

The Board discussed various funding packages.

**Gregg Galecki made and David Damschen seconded a second substitute motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$787,000 grant and a \$338,000 loan for 30 years at 1.5% (total \$1,125,000). The motion carried with David Damschen, Gregg Galecki, Tooter Ogden, Kyle Stephens, Mike Dalton, Irene Hansen, and Bruce Adams in favor and Dean Baker, Naghi Zeenati and Jack Lytle opposed.**

Chairman Hardy reminded the Board of the mineral lease fund financial situation which shows a deficit. Adjustments will need to be made at the October 1, 2020 Funding Meeting.

#### 4.3 Ouray Park Water Improvement District (Uintah County) [01:20:12]

The Ouray Water Improvement District presented a funding request of a \$1,200,000 grant and a \$300,000 loan for 30 years at 0.5% (total \$1,500,000) for 2020 Water System Improvements. This

project consists of updating the components of the water system to include replacing 21,120 linear feet of undersized 2" and 4" water lines with 6" and 8" water lines, a pressure reducing station, 5 additional fire hydrants, upgrading the chlorinator station, and Master Meter and SCADA system improvements.

*Proposed:*

*\$ 540,000 Loan 30y @ 0.5%*

*\$ 960,000 Grant*

Max Jensen and David Hatch represented Ouray Park Water Improvement District.

The applicant indicated that upsizing the lines will increase fire flow to areas that have not previously had fire flow in response to the 2005 master plan recommending these improvements. Their water is sourced from the Ute Tribe.

The Board referred to the applicant's public hearing minutes which were lacking in detail; they did not discuss the project scope and funding request in any clarity.

The applicant was not aware the information was not included in the minutes stating in the public meeting they discussed the funding options and determined a \$5,000 annual payment could be accommodated. A \$300,000 loan at .5% has an annual payment of \$10,794 which would be 10% of annual budget.

**Tooter Ogden made and Jack Lytle seconded a motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$1,200,000 grant and a \$300,000 loan for 30 years at 0.5% interest (total \$1,500,000). The motion carried with David Damschen, Gregg Galecki, Tooter Ogden, Jack Lytle, Kyle Stephens, Mike Dalton, Irene Hansen, Bruce Adams, and Naghi Zeenati in favor and Dean Baker opposed.**

#### 4.4 Cedarview Montwell Special Service District (Duchesne County) [01:30:45]

The Cedarview Montwell Special Service District presented a funding request of a \$1,760,000 grant and a \$440,000 loan for 30 years at 0% (total \$2,200,000) for a Page Sharmel 2020 Water Project. This project consists of providing culinary water service to the Sharmel Acres and Page Bench areas (currently on wells) to include the construction of 15,500 linear feet of main lines, 600 linear feet of service laterals, 20 meters, 1 meter vault, 14 fire hydrants, 5 ea. 8" gate valves, 5 ea. 12" gate vales, associated appurtenances and related pavement repair.

*Proposed:*

*\$ 902,000 Loan 30y @ 1.0%*

*\$ 1,298,000 Grant*

Judy Hamblin and Jeff McCarty of Sunrise Engineering represented Cedarview Montwell Special Service District.

The applicant indicated that the residents of Sharmel and Page Bench approached the District to be included in the culinary system. This project had been submitted for funding but withdrawn as it was not ready. It has been refined and the District is ready to proceed.

The Board asked the applicant how many new customers will benefit from this project.

The applicant stated that there are 19 connections committed in contract. It is anticipated more connections will commit as construction is completed.

The Board asked about impact fees to help offset the cost of this project.

The applicant stated the hook-up fee is \$3,000 and the impact fee is \$2,000 and the potential for future connections is not limited. There are approximately 30 property owners currently and they could subdivide those properties in the future.

The Board asked about the connection between Cedarview Montwell and the City of Roosevelt and asked if other funding sources were contacted.

The applicant stated the City of Roosevelt has guaranteed a \$90,000 allocation toward this project to upsize the water line, but this project is solely Cedarview Montwell. The Page Bench line goes to the Roosevelt border so they can connect in the future. They have had discussions with the Division of Drinking Water about funding but DDW did not have available grant funding and no application has been made.

The Board noted the efforts of the applicant to provide a good public hearing and the assessment of scope and feasibility in presenting their application to the Board.

**Naghi Zeenati made and David Damschen seconded a motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$1,430,000 grant and a \$770,000 loan for 30 years at 0.5% (total \$2,200,000). The vote carried with David Damschen, Gregg Galecki, Tooter Ogden, Jack Lytle, Kyle Stephens, Mike Dalton, Irene Hansen, Bruce Adams, and Naghi Zeenati in favor and Dean Baker opposed.**

#### 4.5 Cedar City (Iron County) [01:46:40]

Cedar City presented a funding request of a \$6,200,000 loan for 30 years at 2.5% for a recreation center addition. This project consists of a gymnasium/fitness center addition to the Cedar City Recreation center to include demolition, excavation, concrete, sidewalks, landscaping, masonry, steel frame building, overhead doors, entrances, restrooms, gym hardwood floor and taraflex track flooring, fire extinguishers, basketball backstops, electric scoreboards, plumbing, HVAC, fences and gates, childcare area with appurtenances and applicable finishes. (*Equipment to include: volleyball system, judging platforms, bleachers, batting cage, treadmills, elliptical machines, bikes, soft play, rock wall, rubber floor, fitness equipment, flooring, camera system, janitorial equipment.*)

#### Proposed:

\$ 5,983,000 Loan 30y @ 1.5%

\$ 217,000 Grant

Paul Bitteman and Marcus Keller of Zions Bank represented Cedar City.

The applicant indicated this project has been discussed in public meetings numerous times and public comments were taken during the budget process. The published public hearing was immediately after a discussion of the project specifics but the project discussion was not represented in the public hearing. A second public hearing was held in August. Since the application was submitted, the market rate has dropped and asked the Board to consider amending the loan rate request from 2.5% to 1%.

The Board then asked why the applicant is requesting CIB funding rather than commercial market rate loan.

The applicant stated they had made the decision to approach CIB and the market rate has fluctuated a lot. They refinanced a few of their existing bonds in the spring with rates from 1.5 to



3.0%. In regard to commercial funding, Marcus Keller of Zions Public Finance noted that though rates may be low, recreation centers are viewed as non-essential by commercial lenders. Cedar City submitted the CIB application at the 2.5%, but the market has gone down so they are asking for a 1% interest rate.

The Board asked what the source of the repayment funds will be.

The applicant stated they will use sales tax revenue but they may also use impact fees. The financial advisor recommends using a local building authority.

The Board noted the AOG was not supportive of this project and asked for clarification.

The applicant stated that Cedar City does not have a voting member on the AOG Board and members from that committee are highly respected but have differing opinions of what the City Council should be doing.

The Board noted the funding from CIB is fixed for 30 years and commercial loans are fixed for only 15 years. The Board asked how the sales tax revenue has been impacted recently.

The applicant indicated the building revenues and sales tax revenues are good but the transient room tax is off 25 to 40 percent.

**Naghi Zeenati made and Tooter Ogden seconded a motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$6,200,000 loan for 30 years at 2%. The motion carried with David Damschen, Gregg Galecki, Tooter Ogden, Dean Baker, Kyle Stephens, Mike Dalton, Irene Hansen, Bruce Adams, and Naghi Zeenati in favor and Jack Lytle opposed.**

#### 4.6 Town of Loa (Wayne County) [02:10:35]

The Town of Loa presented a funding request of a \$1,350,000 grant and a \$1,350,000 loan for 30 years at 1.5% (total \$2,700,000) for water system improvements. This project consists of replacing 17,000 feet of existing pipe with new 8" and 10" PVC pipe, system looping to increase capacity, replacing the existing 4" thin wall plastic pipe on Main Street, installing new meter setters with backflow prevention throughout the system, installing an integrated SCADA system to meter system usage and status of system components, gate valves, 4 new hydrants, associated appurtenances, easements and pavement repair.

*Proposed:*

*\$ 1,323,000 Loan 30y @ 1.5%*

*\$ 1,377,000 Grant*

Cody Grundy, Bruce Brown, Travis Van Orton, and Jesse Ralphs of Sunrise Engineering represented the Town of Loa.

The applicant indicated the waterlines on main street need to be replaced with larger pipe for fire flow compliance and backflow prevention and SCADA system.

The Board commended the applicant on the public hearing minutes. It was noted that there is 97% public land, 3% private land in Wayne County leaving little tax revenue to accommodate public infrastructure and counties do not receive a commensurate amount of PILT. The Board asked if there was a replacement fund for water improvements.

The applicant stated their radio water meters stopped working and they had to purchase \$100,000 worth of new water meters throughout the town which reduced their available funds.

The Board asked about impact fees referring to existing debt being retired in the next three years and asked if that affects affordability.

The applicant stated the impact fees are \$1,800. Their MAGI is over the 1.75% threshold but when the existing debt is retired, they will be just under the 1.75% of MAGI. The water base rate is \$40.00 and there is a tiered overage structure. The Division of Drinking water review indicates a water rate of \$57.47 is 1.75% of MAGI with a funding scenario for this project as a 75% grant and 25% loan. The water rates were raised in November. There have been several public hearings to discuss water system improvements and rate increases.

The Board asked to view options for funding this project and suggested a principal payment deferral noting that interest will accrue.

**Tooter Ogden made and Mike Dalton seconded a motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$2,025,000 grant and a \$675,000 loan for 30 years at 0.5% with a principal payment deferral of 3 years (total \$2,700,000).**

**Jack Lytle made and Irene Hansen seconded a substitute motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$1,350,000 grant and a \$1,350,000 loan for 30 years at 1.5% with a principal payment deferral of 3 years (total \$2,700,000).**

The Board discussed what the payment would be with a 1.5% interest rate.

**Gregg Galecki made and David Damschen seconded a second substitute motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$2,025,000 grant and a \$675,000 loan for 30 years at 1.5% with a principal payment deferral of 3 years (total \$2,700,000). The motion carried with David Damschen, Gregg Galecki, Kyle Stephens, Mike Dalton, Bruce Adams and Naghi Zeenati in favor and Tooter Ogden, Jack Lytle, Dean Baker and Irene Hansen opposed.**

#### 4.7 Providence City (Cache County) [02:39:58]

The City of Providence presented a funding request of a \$1,700,000 loan for 30 years at 1.5% for a new water storage tank. This project consists of the construction of a new 1.5 million gallon concrete water storage tank to include distribution piping, feed line and SCADA system. The applicant is contributing \$286,000 cash.

*Proposed:*

*\$1,326,000 Loan 30y @ 2.5%*

*\$ 374,000 Grant*

Ryan Snow and Max Pierce of CRS Engineering represented the City of Providence.

The applicant indicated the project has been engineered, the property and rights of way are acquired and the project is ready to go out for bid. Providence City has experienced a 20% population growth in the last 10 years and 70% in the last 20 years. They need additional water storage. The City can accommodate additional cash from their cash reserves if the bids come in higher than the estimate to cover the project.

The Board asked the applicant if they would prefer to keep their applicant cash and fund this project with a 100% loan from CIB.

The applicant indicated they would be able to take the additional loan and keep their cash.

**Bruce Adams made and Mike Dalton seconded a motion to place this project on the Priority List for final approval at the October 1, 2020 funding meeting as a \$1,990,000 loan for 30 years at 1.5%. The motion carried with Gregg Galecki, Tooter Ogden, Jack Lytle, Dean Baker, Kyle Stephens, Mike Dalton, Irene Hansen, Bruce Adams, and Naghi Zeenati in favor and David Damschen opposed.**

The applicant requested the Board to suspend the rules and fund this project today.

**Bruce Adams made and Kyle Stephens seconded an amended motion to suspend the rules and fund this project at today's meeting as a \$1,990,000 loan for 30 years at 1.5%. The carried unanimously through a roll call vote.**

## **VII. Supplemental Requests**

### **7.1 Price City (Carbon County) [2:51:43]**

On June 13, 2019 the CIB authorized funding for Price City to accommodate the 2019 Street/Water/Sewer Improvement Project on 700 East, 300 East & 4th Avenue as a \$250,000 grant and a \$750,000 loan for 10 years at 2.5% interest (total \$1,000,000) and \$700,000 applicant cash. This project will consist of reconstructing 700 East between 100 S to 400 S with 2,400 CY road base, 2,600 Tons hot asphalt, 900 LF curb & gutter, storm drains and ADA corners; on 300 East 900 CY road base, 1,000 Tons hot asphalt, 50 LF curb & gutter, storm drains, ADA corners, 1,200 LF water main, 3 water main connections, 3 fire hydrants, 5 service connections and a traffic loop replacement; on 4th Avenue 125 CY road base, 250 Tons hot asphalt, 600 LF water main, 1 water main connection, 1 fire hydrant, 20 service connections and 15 sewer connections.

On September 3, 2020 Price City presented a supplemental funding request for a \$150,000 grant and a \$450,000 loan for 15 years at 1.5% interest (total \$600,000) to accommodate elevated costs for the 2019 Street and Water improvements.

Mike Kourianos, Nick Tatton and Miles Nelson represented Price City.

**Bruce Adams made and Naghi Zeenati seconded a motion to fund the supplemental request as a \$150,000 grant and a \$450,000 loan for 15 years at 1.5% (total \$600,000).**

The Board asked if any funding had been spent and why the project has been delayed over a year having been funded on June 13, 2019.

The applicant stated no CIB funds had been spent. By the time the bid package was prepared with the timing of a bond closing, the weather would have prohibited construction and the project was rescheduled for the spring. With COVID 19 and restrictions there was further delay.

The Board asked if engineering costs had increased as a result of the delay.

The applicant stated the engineering design and construction remained the same.

**Bruce Adams made and Naghi Zeenati seconded a motion to approve the supplemental funding request as a \$150,000 grant and a \$450,000 loan for 15 years at 1.5% (total \$600,000). This motion carried unanimously through roll call vote.**

#### 7.2 Town of Wales (Sanpete County) [02:58:40]

On February 7, 2019 the CIB authorized a \$500,000 grant and a \$104,000 loan for 20 years at 2.5% interest (total \$604,000) to the Town of Wales to construct a public safety building. This project will consist of constructing an 80' x 85' steel building with 3 drive-through engine bays, office/training area and equipment storage.

On September 3, 2020, the Town of Wales presented a supplemental funding request for an additional \$177,000 grant and a \$36,000 loan for 20 years at 2.5% (total \$213,000) for elevated costs for the Public Safety Building. The Town of Wales has acquired the land and accommodated the building plans.

*It was noted that this project was presented to the Board on December 13, 2018 with an estimate 2016. The funding was authorized in February 2019 and it was bid a year and a half after award.*

Nathan Mitchell represented the Town of Wales.

The applicant indicated that the original cost estimate was done locally without engineering specifications for concrete, plumbing and electrical. The project went out to bid and nobody bid on it because of the lack of engineering specifications. It was subsequently engineered and put out to bid and the bids exceeded the available funding.

The CIB staff noted the efforts of the new mayor to make a difficult situation better through this process.

The Board acknowledged the Town of Wales need for the building and asked if the applicant will need to redo the bond process and is the project ready to commence.

The applicant stated that they are working with bond counsel to reauthorize an additional amount of loan. They are ready to commence construction with the approval of supplemental funding.

**Jack Lytle made and Gregg Galecki seconded a motion to approve the supplemental funding request as a \$177,000 grant and a \$36,000 loan for 20 years at 2.5% (total \$213,000). The motion carried unanimously through roll call vote.**

#### **VIII. Special Consideration**

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[03:07:35]

The Chairman called for a vote to hear the special consideration request.

**David Damschen made and Naghi Zeenati seconded a motion to hear the Special Consideration request from Kane County Human Resource Special Service District. The motion carried unanimously.**

#### 8.1 Kane County Human Resource Special Service District (Kane County) [03:08:03]

On July 5, 2018, the Permanent Community Impact Fund Board (the "Board") authorized a \$10,000,000 loan 30 years at 2.5% to Kane County Human Resource Special Service District for the construction of hospital improvements, including the remodeling of 10,000 square feet of the existing hospital building and the construction of a 7,360 square foot addition to the hospital to

accommodate improvements to the emergency room, imaging, medical/surgical, skilled nursing, pharmacy, lab, administration, admittance, hospital information management, lobby, IT and central supply.

On September 3, 2019 Kane County Human Resource Special Service District requested authorization to utilize the remaining funds for a new 5,635 square foot structural steel ambulance shed with classrooms and training area.

Sherrie Pandya represented the Kane County Human Resource Special Service District.

The applicant indicated the original project is substantially completed with only a few items in the long term care area remaining. There is sufficient funding to complete those items and there will be funding remaining to facilitate the ambulance building project. A cost estimate has been provided by Big-D Construction and reviewed by PCI, the hospital's construction manager. The applicant will accommodate any additional funding necessary to complete the additional project.

**Mike Dalton made and Naghi Zeenati seconded a motion to approve the special consideration for the change of scope to include construction of the ambulance building. The motion carried unanimously through roll call vote.**

#### **IX. Board Member Discussion and/or Action Items**

##### 9.1 CIB Board Meetings [03:14:33]

CIB Funding Meeting October 1, 2020 – Zoom Webinar

##### 9.2 CIB Loan Deferrals Report [03:15:00]

There are no new loan deferral requests.

The Board discussed when meetings might be in person.

Chairman Hardy indicated it is a possibility but we are still being encouraged to avoid large gatherings. Social distancing standards would be required for the Board and public attendees.

##### 9.3 CIB Audit & Policy Change Discussion – Chapter IV [03:18:22]

#### **Chapter IV - Strengthened Procurement Controls Are Needed for Some Board-Approved Projects**

***4.1 Auditor Recommendations:*** *The Permanent Community Impact Board should review all projects to ensure they are engaging in a competitive bid process.*

Chairman Hardy noted that the purpose of this recommendation is to require projects to be competitively bid. If not then an explanation is documented before a contract is issued. Findings from the Legislative Audit suggested that not all entities are consistent in their bidding and awarding processes. The Board should apply a strengthened procurement policy; and a publicly transparent bid process. The policy being recommended is to follow the State Procurement Code and Standards.

Commissioner Dalton asked if there is an enforcement arm of State government (such as local government) to determine if procurement policy is being followed to eliminate the need for staff to enforce this policy as well.

Chairman Hardy stated that the State Auditor does not audit every entity. The Legislative Audit is recommending that the Board provide a procurement policy for enforcement for all Board approved projects to require the use of a procurement policy.

Treasurer Damschen noted that auditing is not enforcement; it is assessing processes against requirements. The request of staff will not be to enforce policy, but to oversee and implement stricter application and procurement practices for larger dollar transactions.

Chairman Hardy stated that the recommendation is to strengthen the procurement standard for the CIB. In section 4.2, there will be further discussion regarding a threshold.

Ms. Powers stated that in the CIB tutorials, it is stated that the applicant must follow State Procurement policies and if they have their own, their policies can be followed but cannot be less than the State procurement policy.

Chairman Hardy suggested the CIB adopt the State Procurement Code as the minimum standard for CIB projects that would need to be verified before a contract is provided. CIB has not imposed that standard but could set the State code as the standard. It would be easier to have the State Procurement Code as the standard to require, versus reviewing various standards from applicants to verify the standard was met.

Treasurer Damschen added that the requirements to which State agencies are subject to are more robust and stringent than what local governments are subject to. The creation of a policy would ensure more robust procurement processes.

Chairman Hardy indicated that 4.1 is to establish a procurement standard that is applied consistently and it needs to be strengthened. 4.2 is to establish a threshold to require using Bid Sync procurement process that the State offers. It is transparent and open for anyone to bid upon. Think about adopting one set of standards across all projects that entities follow the procurement code and put the project out for bid. There are some exemptions in State Procurement to circumvent that process. Those could be the exceptions and would require documentation. A threshold could be implemented for larger projects that they use State Purchasing. The audit chapters are to be discussed and addressed by December.

#### **4.1 Motion**

**Naghi Zeenati made and Kyle Stephens seconded a motion to approve the State Procurement standard as the CIB requirement of applicants that need to be met and verified before a contract will be provided.**

Chairman Hardy noted that the award letter will require meeting the State Procurement standard and the entity will provide documentation they have met that standard then a contract will be issued. The Chairman called the question.

Treasurer Damschen suggested that State Purchasing be made aware of the new CIB policy as it may result in changes and added work flow and work load. When the State does procurement, they have analysts that they work with and they help accomplish the procurement within the confines of the law. There will be more interaction with staff and purchasing.

Chairman Hardy clarified that most of these projects will never touch purchasing and in fact if we are a procurement unit, we don't have to go through purchasing, we just have to follow the State

Procurement code. We're asking our entities to follow the State Procurement Code standards, not that they have to work with State Purchasing to do so. The work load is really in the second conversations where they do work with State Purchasing on these large projects to put it in Bid Sync and open bidding. Mostly we will verify they have followed the standards set forth in the State Procurement Code. Not that we or they will have to work with the Division of Purchasing.

***Naghi Zeenati made and Kyle Stephens seconded a motion to approve the State Procurement standard as the CIB requirement of applicants that need to be met and verified before a contract will be provided. Not voted on at this point in the meeting.***

***4.2. Auditor Recommendations: The Permanent Community Impact Board should consider requiring that State Purchasing be used with larger projects and determine a threshold for imposing this requirement.***

Chairman Hardy continued with a review of 4.2 which is to establish a threshold standard wherein the use of State Purchasing is required. What dollar threshold should be the benchmark for the requirement? We have had internal discussions suggesting \$1,000,000. Are there other suggestions?

***Naghi Zeenati made and Tooter Ogden seconded a motion to establish the threshold of \$1,000,000 to require State Purchasing for procurement.***

Chairman Hardy suggested the inclusion 4.1 and 4.2 as one motion requiring and verifying state procurement standards prior to issuing a contract on *all awards*, and awards over \$1,000,000 will be required to use State Purchasing.

Commission Lytle suggested the use of State Purchasing be encouraged or strongly *recommended*, not required.

Chairman Hardy referred to the audit which says *determine a threshold for imposing this requirement*. The Board would suggest it for any application but would require it of applicants for projects over \$1,000,000.

***Jack Lytle made and Irene Hansen seconded a substitute motion to require and verify state procurement standards prior to issuing a contract on *all awards*, and funding awards over \$1,000,000 will be recommended to use state purchasing.***

Chairman Hardy stated the substitute motion does not meet the auditor recommendation that a threshold be established that requires an applicant to use State Purchasing and standards. Chairman Hardy asked if Commissioner Lytle would like to amend substitute motion.

Commissioner Lytle replied that the motion will stand as made.

Commissioner Hansen indicated that they try to use local vendors when possible. Many of those vendors are not part of the approved State Purchasing. Often those vendors are more cost effective. Would that eliminate them from bidding?

Chairman Hardy stated that everyone can register with State Purchasing. There is not an approved list and anyone can register. It was noted that purchasing has moved from BidSync to \*SciQuest.

Treasurer Damschen indicated if a list of local vendors is provided, they will ensure that they receive the RFP.

The Chairman called the question on the motion made concerning **4.1**.

***Naghi Zeenati made and Kyle Stephens seconded a motion to approve the State Procurement standard as the CIB requirement for all projects to be met and verified before a contract will be provided. The motion carried unanimously through roll call vote.***

The Chairman called the question on the substitute **4.2 motion**.

**Jack Lytle made and Irene Hansen seconded a substitute motion to establish the threshold of \$1,000,000 to recommend State Purchasing for procurement. The motion failed with Dean Baker and Irene Hansen in favor and David Damschen, Gregg Galecki, Tooter Ogden, Kyle Stephens, Mike Dalton, Bruce Adams and Naghi Zeenati opposed and Jack Lytle abstaining.**

The Chairman called the question on the original **4.2 motion**.

**Naghi Zeenati made and Tooter Ogden seconded a motion to establish the threshold of \$1,000,000 to require State Purchasing for procurement. The motion carried with David Damschen, Gregg Galecki, Tooter Ogden, Kyle Stephens, Mike Dalton, Bruce Adams and Naghi Zeenati in favor and Dean Baker and Irene Hansen opposed and Jack Lytle abstaining.**

*Chairman Hardy noted there may be some discussion in the future as to what is and is not included in the \$1,000,000 threshold – some fine tuning but the standard that gets adopted; projects of a \$1,000,000 will need to work with State Purchasing.*

#### **ADJOURNMENT**

The next Permanent Community Impact Board Funding Meeting will be held October 1, 2020 via Zoom Webinar at 8:30 a.m.

The meeting adjourned at 1:01 p.m.

Submitted by:  
Pamela Sjostrom  
Candace Powers

*\*Of note: The State of Utah has partnered with [JAGGAER](https://purchase.utah.gov/) (formerly **SciQuest**), an online e-procurement service, to distribute and receive bids, proposals and other solicitations posted by the State of Utah.) <https://purchase.utah.gov/for-vendors/>*