

**PERMANENT COMMUNITY IMPACT FUND BOARD MEETING**

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

**MINUTES**

December 12, 2019

**Members Present**

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

**Excused**

Mike Dalton	Five County Association of Governments
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**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
Katherine Smith	Housing and Community Development
Skye Sieber	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
Lisa Nelson	Division of Drinking Water
Skyler Davies	Division of Water Quality
Greg Todd	Duchesne County
Zach Leavitt	Six County Association of Governments
Nate Wiberg	Five County Association of Governments
Laurie Brummond	Uintah Basin Association of Governments
Kevin Yack	Uintah Basin Association of Governments
Sheri Dearden	Millard County
Byron Kroeger	Millard County Care & Rehabilitation
Brett Chynoweth	Town of Tropic
Dayne Shakespear	Town of Tropic
Ken Tuttle	Town of Tropic
WaLon Brinkerhoff	Town of Tropic

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Will Wright	Uintah Basin Association of Governments
Bob Sudweeks	Town of Tropic
Dickson Taylor	Johnson Water Improvement District
Dean Draper	Millard County
Adam Richins	Millard County
Charles Strebel	Town of Tabiona
Jenny Giles	Town of Tabiona
John Breakfield	Town of Tabiona
Aaron Jensen	Sunrise Engineering
Jesse Ralphs	Sunrise Engineering
Caleb Evans	Town of Minersville
Brandon Davis	Town of Minersville
Kolby Blackner	Town of Minersville
Justin Atkinson	Sunrise Engineering
Jacob Sharp	Castle Valley Special Service District
Merial Johansen	Johansen Tuttle Engineering
Alex Buxton	Zion's Bank Public Finance
Marc Mortensen	St. George City
Jason Burningham	Lewis Young Robertson & Burningham
Aaron Averett	Sunrise Engineering

## **WELCOME**

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, December 12, 2019 at the DWS Admin South Building, 1385 South State Street, Room 157, Salt Lake City, Utah and was called to order at 8:30 a.m. by Chairman Jonathan Hardy.

## **I. ADMINISTRATIVE ITEMS**

### **1. Upcoming Meeting dates and Locations**

February 6, 2020 - DWS Office, 1385 South State Street, Room 157, Salt Lake City

### **2. Financial Review**

Candace Powers reviewed the status of the funds for today's meeting. There are six new projects and one supplemental request for funding consideration.

## **II. WELCOME AND INTRODUCTIONS** [05:25]

Chairman Hardy requested that Board members and staff give introductions.

## **III. APPROVAL OF MINUTES** [07:12]

Chairman Hardy requested a motion to approve the minutes from the November 7, 2019 meeting.

**Jack Lytle made and Tooter Ogden seconded a motion to approve the minutes of the November 7, 2019 meeting. The motion carried unanimously.**

## **IV. PRIORITY PROJECTS** [8:16]

### **4.1. Johnson Water Improvement District (Uintah and Duchesne Counties)** [9:46]

Johnson Water Improvement District presented a funding assistance request for a \$102,000 grant for 8000 West water system improvements. This project will consist of replacing the booster pumps and booster station plumbing to the Ledge Lane Tank with 670 LF 6" PVC pipe, two 6" gate valves, two new pumps, and tank site chlorination equipment. Also included in the project are 105 LF 8" PVC pipe and two 8" gate valves for the Jumper Line across 8000 West. The applicant is contributing \$68,000 cash.

Chairman Hardy recused himself having a conflict of interest with this application and left the room. Keith Heaton was acting Chairman for this application.

The applicant indicated that Johnson Water is in both Duchesne and Uintah Counties. They serve 800 customers. Most of the water is distributed to the oil industry. These improvements include the pump station to accommodate water from two reservoirs versus one, a chlorinator and valves where the line crosses the road.

The Board noted that in the public hearing minutes they submitted, they stated it would not be productive to take a loan under \$100,000 and asked for an explanation.

The application referred to the bonding expenses.

Chairman Heaton noted there is additional expense with the issuance of bonds but it is possible.

The applicant indicated that most of the water was provided to the oil fields, but currently as production is down, they are providing almost no water to industry.

The Board asked who uses the water if the industry is not using it.

The applicant indicated the water remains in Starvation Reservoir. The Dollar Ridge fire has created some issues with the system maintaining chlorine in the lines requiring a flush of the lines to keep water fresh.

The Board expressed concern with all grant for this project as it appears to be an investment to sell water to industry, not residents.

The Chairman asked how many residential connections the applicant serves.

The applicant indicated there are 750 residential connections. There are approximately 930 total connections. The majority of the water over the last 20 years has gone to industry, but currently that is not the case.

The Board referred to the 0.68% MAGI and the benchmark for a grant would be over 1.75%. It was suggested that the applicant keep their cash and the Board authorize additional funding for a 100% loan.

The applicant asked where the MAGI comes from.

Ms. Powers noted the Division of Drinking Water review wherein it states Johnson Water is an unincorporated area of Duchesne County west and southwest of Roosevelt. The District serves approximately 4,300 Equivalent Residential Connections (ERCs) of which 700 are residential.

Lisa Nelson, Division of Drinking Water, noted that the tax assessor's office provides the MAGI and for Johnson Water, the MAGI is Roosevelt. The equivalent residential connections (ERC's) also have an effect on the water rates.

The applicant indicated that the majority of water sold is out of Myton.

The Board noted that since 2011, the Board has provided \$1.5 million in grant funding and \$735,000 in loan funding for water system improvements.

The applicant explained prior projects.

The Board suggested a loan and an increase in the request to cover the cost incurred with a loan.

**Gregg Galecki made and Dean Baker seconded a motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$175,000 loan for 20 years at 2.0% interest.**

The applicant indicated they would still prefer to put cash in and lower the amount of loan.

**Jack Lytle made and Irene Hansen seconded a substitute motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as an \$112,000 loan for 20 years at 1.5% interest. The motion carried unanimously.**

David Damschen was absent for the vote.  
Chairman Jonathan Hardy assumed the chair.

#### 4.2. Town of Tabiona (Duchesne County) [40:28]

The Town of Tabiona presented a funding assistance request for a \$1,956,000 grant and a \$652,000 loan for 30 years at 0% interest (total \$2,608,000) for water system improvements including spring rehabilitation. This project will consist of constructing a new 150,000 gallon culinary concrete storage tank; installation of 3,300 feet 10" water line, gate valves and appurtenances from new tank to 4050 N and North Tabby Lane; replacing 3,300 feet 6" water line with 10" water line, gate valves and appurtenances from existing tank to 4050 N and North Tabby Lane; redeveloping the spring located near 1100 Mt. Tabby Road, water rights and rights of way negotiation and acquisition and installing 8,400 feet of 6" transmission line and gate valves to connect to existing storage tank.

The Board asked about the growth and fire flows in regard to this project, what are the water rates and how many connections are on the system.

The applicant indicated that if there were a fire incident, the system would be drained in eight hours. The Town of Tabiona has an opportunity for annexation of property for growth in the future, and this project will help accommodate possible growth. The water system currently serves 174 people and the water rate is \$23.00 per household. Water rate increases have not occurred in the last six years. Rates may be increased in January 2020.

The Board asked about impact fees assessed for new connections; residential and commercial.

The applicant stated the Town ordinances have recently been updated including impact fees.

**Gregg Galecki made and Tooter Ogden seconded a motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$1,564,000 grant and a \$1,044,000 loan for 20 years at 1.0% interest (total \$2,608,000).**

The applicant indicated this amount of loan is not affordable. The total budget is \$100,000 for income and expenses. This would increase user rates a lot. An affordable payment may be accommodated in a 70% grant 30% loan. This includes a rate increase.

**Naghi Zeenati made and Irene Hansen seconded a substitute motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$1,825,000 grant and a \$783,000 loan for 30 years at 1.0% interest (total \$2,608,000). The motion carried unanimously.**

David Damschen was absent for the vote.

#### 4.3. Castle Valley Special Service District (Emery County)

Castle Valley Special Service District presented a funding assistance request for a \$772,000 grant and a \$1,000,000 loan for 6 years at 2.5% interest (total \$1,772,000) for the 2020 Consolidated Capital Projects. This project will consist of development of the streets and city surface drainage system in Elmo, Cleveland, Huntington, Castle Dale, and Ferron; development of streets in Orangeville, Emery and in Clawson the streets project will be in conjunction with UDOT at Main Street and Highway 10 and culinary water line replacement in Orangeville and Ferron. The applicant is contributing \$15,000 cash.

The applicant indicated in November, their bond election passed which will cover multiple years and multiple projects which may be leveraged over approximately 14 years.

The Board commended the process to assist with infrastructure needs across several communities. The Board suggested a \$500,000 grant and a \$1,272,000 loan 10 years @ 2.5% which would make the payment similar to their request.

The applicant stated they would like to keep the payoff around 6 years considering that a lot of the construction is for streets which need maintenance again at around 7 years.

**Bruce Adams made and Gregg Galecki seconded a motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$772,000 grant and a \$1,000,000 loan for 6 years at 2.5% interest (total \$1,772,000). The motion carried unanimously.**

#### 4.4 Town of Tropic (Garfield County)

The Town of Tropic presented a funding assistance request of a \$392,000 grant and \$393,000 loan for 30 years and 2.5% interest (total \$785,000) for spring redevelopment and water rights. This project will consist of developing the Spring Creek Spring to increase flow, accommodate water use agreements to exchange non potable water for spring water, replace 4,105 LF of 4" and 6" pipes with 12" PVC pipe and fittings along 50 South from Bryce Way to 500 West and north along 500 West to 100 North, installing 330 radio read meters and software. The spring development will include 14,000 sq. ft. 40 mil polyethylene liner, 250 LF 8" collection pipe and fittings, 95 LF 8" pipe and fittings, 389 SY geotextile fabric, five 2" air vents, 650 LF stock fence and gates and 2 spring collections boxes. The applicant is contributing \$100,000 cash.

The applicant stated they have done a study and they are approaching 200 gpm from the Spring Creek Spring. This is four small projects to include redevelopment of the spring, upgrading water lines to the new elementary school, installation of radio meters, and water rights. Water base rates have been increased, they have implemented a tiered system of fees, and they have done a study of the water system to increase efficiencies.

The Board commended the Town for the thorough minutes, but asked about the cost of engineering at 23% of the project.

The applicant indicated that the engineering costs for the water project itself are quite low, but there is a water rights component that is separate from the construction.

**Tooter Ogden made and Naghi Zeenati seconded a motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$392,000 grant and a \$393,000 loan for 30 years at 2.5% interest (total \$785,000).**

The Board referred to the water rates of \$21.49 and a \$7.00 rate increase would accommodate 100% loan.

The applicant indicated the rates were increased in June to \$33.00.

**Tooter Ogden made and Naghi Zeenati seconded a motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$392,000 grant and a \$393,000 loan for 30 years at 2.5% interest (total \$785,000). The motion carried unanimously.**

Break [1:05:48]

#### 4.5. Town of Minersville (Beaver County)

The Town of Minersville presented a funding assistance request for a \$210,000 grant and \$490,000 loan for 30 years at 1% interest (total \$700,000) for water system improvements. This project will consist of water system improvements to include developing an additional spring collection pipeline, renovating the spring pump system, constructing an additional chlorination room and chlorination system upgrades, replacing the existing pressure reducing valve (PRV) stations, upgrading multiple locations of cast iron pipe by installing 550 LF of 8" PVC C900 DR-18 Pipe and gate valves on 100 West from 300 South to 200 South; 650 LF 8" PVC C900 DR-18 pipe and gate valves on 500 South from 300 West to 400 West; installing 1,800 LF 10" PVC C900 DR-18 pipe and gate valves on 100 West from 300 South to 400 South, 400 South from 100 West to 200 West and 200 West from 400 South to 500 South; installing 1,800 LF 8" PVC C900 DR-18 pipe and gate valves transmission pipeline from booster to PRV.

The applicant indicated a water loss of 7800 gallons from the spring and the elementary school needs water.

The Board noted that the applicant is at 1.80% of MAGI, also noting the applicant is not contributing any cash to this project.

The applicant stated they have existing debt which they are currently servicing.

**Gregg Galecki made and Naghi Zeenati seconded a motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$400,000 grant and a \$300,000 loan for 30 years at 1.0% interest (total \$700,000).**

The Board asked for clarity as to the engineering and asked if this would eliminate the cast iron pipe.

The applicant explained the several tasks involved in engineering; larger projects have a lesser percentage of engineering while smaller projects have a greater percentage of engineering. This project would eliminate the cast iron pipe.

The Chairman called the question.

**Gregg Galecki made and Naghi Zeenati seconded a motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$400,000 grant and a \$300,000 loan for 30 years at 1.0% interest (total \$700,000). The motion carried unanimously.**

4.6. Millard County (Millard County) [1:06:37]

Millard County presented a funding assistance request for a \$500,000 grant for the Millard County Care Center dining room project. This project will consist of a new care center dining room by expanding the existing building to include a hallway and create a 1725 sq. ft. room with new exterior walls, a new roof, climate control, lighting, plumbing, doors and windows, concrete power, safety engineering etc.

The applicant indicated this was an unexpected mandate. Care centers are subject to inspection by the State Department of Health. If something is found out of compliance they issue a tag for the problem that should be fixed and may include a financial penalty. A survey of Millard Care and Rehab indicated the dining facility was deficient. Subsequently, a review of the facility determined the dining facility would require new construction. The Department of Health has not made this a mandate. This is not a pass through to the entity that runs the care center. This is Millard County's facility.

The Board acknowledged that property taxes have diminished, but Millard County has indicated they have no debt.

The applicant stated the property tax has declined because they have reached the threshold of being within 2% of the certified maximum tax rate and a raise would be only a few thousand dollars of revenue. There has been no new growth in Millard County so there isn't a way to increase tax revenues. They speculate on new growth due to pending projects with a subsequent tax increase in 2023. The Intermountain Power Plant operations and revenue have historically allowed Millard to fund projects.

The Board suggested funding the project with a loan with a 2 year deferral to allow pending projects to come to fruition. The cost of this facility as presented is \$290 per square foot which seems excessive.

The applicant indicated they are going to reduce the amount to \$461,000 which is a more accurate cost. The \$500,000 was an estimate prior to further assessment. Costs are higher because it is a skilled nursing facility with extensive regulations.

**Gregg Galecki made and Dean Baker seconded a motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$461,000 loan for 30 years at 2.5% interest.**

Ms. Garner asked if that included bonding expenses and the applicant indicated it did not.

**Naghi Zeenati made and Tooter Ogden seconded a substitute motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$250,000 grant and a \$250,000 loan for 30 years at 2.5% interest (total \$500,000).**

The applicant noted that Millard County has diminished revenues to this Board but there is an expectation of higher production and revenue in 4-5 years.

The Chairman called the question.

**Naghi Zeenati made and Tooter Ogden seconded a substitute motion to place this project on the Priority List for funding consideration at the February 6, 2020 funding meeting as a \$250,000 grant and a \$250,000 loan for 30 years at 2.5% interest (total \$500,000). The motion carried with Gregg Galecki opposed and David Damschen absent for the vote.**

## **VII. SUPPLEMENTAL REQUEST**

### **7.1. St. George City (Washington County)**

On July 11, 2019 St. George City was awarded a \$12,557,000 loan for 20 years at 2.5% interest for the St. George City Campus Expansion Project. The project consists of expanding (10,160 SF) and remodeling (29,358 SF) city hall to accommodate a new 311 customer service center, additional space for human resources, utilities, public works, community development, economic development, legal and administration employees. The project will also expand (15,926 SF) and remodel (17,656 SF) the police building for victim services, gang and drug task force, bike patrol public safety services, training rooms, workspace for patrol officers and accommodation for future growth.

St. George City requested time at the December 12, 2019 CIB meeting to discuss supplemental funding for the project.

The applicant stated that this is a modification to give room for expansion in the city hall building. This is a four-phase project. Phase 1a was to relocate 911 out of the police building. Phase 1b is a parking structure and has been funded by St. George. Phase 2 and 3 represent the request to CIB. Phase 2 is the expansion and remodel of City Hall which includes the council chambers. The council will be expanding from a 5 member council to a 7 member council. Phase 3 is the expansion of the police department. The increased cost of the project is \$2,443,000 and the total request is now \$15,000,000. The City of St. George will issue the bond which will be paid by revenues from the general fund, energy and water enterprise funds and police impact fees.

The Board acknowledged this as a good project.

**Tooter Ogden made and Naghi Zeenati seconded a motion to fund the Supplemental Request as a \$2,443,000 loan for 20 years at 2.5% interest. The motion carried unanimously.**

David Damschen left the meeting.

## **IX. BOARD MEMBER DISCUSSION and/or ACTION ITEMS**

*The Board discussed the candy provided to the Board and it was to be noted on the record that the Holiday Kit Kat was not the expected taste (It was a Holiday Cinnamon Edition.) but the Reese's Peanut Butter Cup and York Peppermint Patty were normal.*

### **9.1. CIB Board Funding Criteria**

Paul Moberly with the Community Development Office led a continuing discussion to clarify the criteria with perceived result of more consistency while maintaining flexibility in the review of funding requests. Mr. Moberly met with some members of the Board prior to this meeting and will seek to visit with most of the Board members prior to the February 6, 2020 CIB meeting.

Since the last discussion, the criteria has been reassessed. The proposal is that applicants apply for an amount determined by the applicant necessary to complete the project. The request will not be as a loan or a grant. It will be a single amount on their application to the CIB and the maximum debt service they can accommodate.

The vision is to establish criteria (Criteria includes the applicant, the location and the project) wherein the staff and applicant determine a plausible funding package to submit for review and discussion with the Board.

Chairman Hardy stated this will be a tool to assist with the application and Board discussion process. It does not inhibit the Board's ultimate decision. He suggested that an actual project from today's meeting be entered into the existing tool.

Mr. Moberly indicated that numbers are not final but it will give an idea of how the tool may function. A revised application will include possible exemptions for the established criteria.

The Division of Drinking Water explained their criteria for establishing interest rates which includes checking with local banks to find the BBI, connections including industrial and residential.

It was noted there are other funding sources and each source calculates the funding package differently.

Mr. Heaton noted that established criteria will provide clarity for applicants as well as the Board. This provides structure.

Commissioner Hansen suggested the tool and criteria should be available to applicants prior to applying which can also assist in explaining to constituents.

Ms. Powers noted if the Board approves the final product, the tool will be available and a revised application will reflect the criteria authorized by the Board.

Mr. Heaton indicated this is a continuing dialogue to establish criteria and subsequently a usable tool as soon as the February 6, 2020 Board meeting, and prior to the CIB tutorials which occur in the spring. This will likely be the application criteria for fiscal year 2021.

#### **ADJOURNMENT** [2:34]

The next meeting of the Permanent Community Impact Board will be February 6, 2020 at DWS Admin South Building, 1385 South State Street, Salt Lake City, Utah at 8:30 a.m.

The meeting adjourned at 11:16 a.m.

Submitted by:  
Candace Powers