

PERMANENT COMMUNITY IMPACT FUND BOARD MEETING

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

MINUTES

April 6, 2023

Members Present

Bruce Adams	Southeastern Utah Association of Local Governments
Naghi Zeenati	State Transportation Commission
Dean Baker	Uintah County
Jerry Taylor	Five County Association of Governments
Laura Hanson	Governor's Office of Planning and Budget
Scott Bartholomew	Six County Association of Governments
Jack Lytle	Uintah Basin Association of Governments
Greg Miles	Duchesne County
Ralph Brown	Sevier County (pending confirmation)

Members Excused

Curtis Wells	Chairman
Kirt Slaugh	State Treasurer's Office

Staff and Visitors

Christina Oliver	Housing and Community Development
Candace Powers	Housing and Community Development
Brenda Brown	Housing and Community Development
Paul Moberly	Housing and Community Development
Jennifer Domenici	Housing and Community Development
Christopher Pieper	Attorney General's Office
Skyler Davies	Division of Water Quality
Tyler Timmons	Six County Association of Governments
Brock Jackson	Six County Association of Governments
Brittany Hardy	Department of Workforce Services
Kaylee Beck	Department of Workforce Services
Brittany Hardy	Department of Workforce Services
Parker Vercimak	Jones & DeMille Engineering
Shannon Heaps	Austin Community Special Service District
Kendall Torgerson	Austin Community Special Service District
Ryan Goodrich	Ashley Valley Water and Sewer Improvement District
Russ Finlinson	Town of Leamington
Clark Nielson	Town of Leamington
Robert Teagle	Austin Community Special Service District
Deana Brklacich	St. George City
Marc Mortenson	St. George City
Marc Edminster	Lewis, Young, Robertson & Burningham, Inc.
Jim Child	Galloway & Company

VIRTUAL:

Stacey Herpel	Housing and Community Development
John Willis	St. George City
Michele Randall	St. George City
April Gardner	Department of Workforce Services

Zach Leavitt
Skyler Davies
Stan Holmes
David Rust
Justin Atkinson
Ron Winterton
Greg Todd
Ryan K. Englund
Dean
Jayne

Housing and Community Development
Division of Water Quality
Sierra Club
Uintah Basin Association of Governments
Sunrise Engineering
Utah Legislature
Utah Office of Energy Development
Better City LLC

WELCOME AND INTRODUCTIONS 9:00 am

The Permanent Community Impact Fund Board (CIB) Meeting was held on Thursday, April 6, 2023 and was called to order at 9:00 a.m. by Acting Chairman Commissioner Bruce Adams. Curtis Wells and Kirt Slauch are excused.

I. BRIEFING [2:24]

- 1. Up-coming Meeting Dates & Location – June 1, 2023 – Monticello, UT**
- 2-3. Financial Review & Review of Agenda Items** [3:09]

This is the second review meeting in the 3rd Trimester of FY2023.; review of funds for today's meeting. There are five new project applications for discussion. The current available revenue is insufficient to cover all applications as requested. Revenue is received monthly and at the June funding meeting, the revenue available will be considered in regard to funding the priority projects. The new projects discussed at this review meeting will be placed on the priority list for final funding approval at the June 1, 2023 funding meeting.

The Board discussed possible June balances. The monthly revenue varies with mineral lease revenue coming from resources developed on federal lands; and bonus revenue coming from the lease payment on the federal land. Loan payments are returned to the fund wherein they were allocated.

The Board noted funds allocated to the railway study are expected to be paid back; possibly in a year.

III. APPROVAL OF MINUTES [9:20]

Chairman Adams requested a motion to approve the minutes from the March 2, 2023 meeting.

Naghi Zeenati made and Jerry Taylor seconded a motion to approve the minutes of the March 2, 2023 meeting as presented. The motion carried unanimously with all members present.

IV. NEW PROJECTS

4.1. Ashley Valley Water & Sewer Improvement District (Uintah County) [10:20]

Ashley Valley Water and Sewer Improvement District presented a funding assistance request for a \$400,000 grant for a sewer cleaner and vacuum system truck. This project consists of the purchase of a new Vactor 2100i combination single engine sewer cleaner with positive displacement vacuum system to include a Roots 824-18" hg. blower, 12-yard debris body, 1300-gallon capacity for fresh water, mounted to a Freightliner 114SD chassis and necessary appurtenances. Applicant cash \$160,000.

**Proposed funding tool loan/grant scenario:*

MIN \$324,000 Loan, 10y @ 0.5% | \$76,000 Grant
MED \$362,000 Loan, 10y @ 2.0% | \$38,000 Grant
MAX \$400,000 Loan, 10y @ 3.0% | \$0 Grant

Dean Baker disclosed he sits on the Ashley Valley Water & Sewer Improvement District board.

The applicant stated the district provides sewer collection services for approximately 14,000 people but

not all have sewer connections. The District has completed the EPA mandates for assessment. The District response to emergencies needs improvement and this truck will address the response to snowmelt, flooding and rain events. They have implemented a pause on new development for 6 months as the District initiates a water rights study. There is a discount on insurance if the District is inspecting and cleaning manholes. They also utilize sonar technology to inspect the manholes and lines.

The Board asked if they had considered renting the truck as needed.

The applicant has considered renting from the oil companies in the area, but there would not be a dedicated truck on standby for the District wherein they could not respond to emergencies.

The Board asked if the District would consider sharing with areas unable to afford a truck.

The applicant indicated they are members of an association that shares equipment. They have working relationships with Daggett County and Uintah County and other agencies and sharing the equipment is possible.

The Board indicated the request as all grant is outside the funding tool recommendation established by the Board. The public hearing mentioned the District could handle a 1% loan; is that accurate?

The applicant said the District Board had discussed the possibility of a loan and they would have the final determination as there are other debt and funding needs to be set aside for future capital infrastructure.

The Board asked what the revenue source would be for the loan repayment and the status of applicant cash.

The applicant said sewer revenue would be pledged and cash is in the general fund as capital replacement. The rates were recently raised \$3.00; \$1.50 for water and \$1.50 on sewer.

Jack Lytle made and Greg Miles seconded a motion to place this project on the Priority List for funding at the June 1, 2023 funding meeting as a \$400,000 grant citing a 'special circumstance' exemption.

Dean Baker's understanding is the Basin would receive more grant and lower interest rates yet the tool shows all loan.

The classification of the project in the funding tool is one determining factor in the funding tool scenario.

Laura Hanson made a substitute motion to place this project on the Priority List for funding at the June 1, 2023 funding meeting as a \$324,000 loan for 10 years at 0.5% and a \$76,000 grant (total \$400,000). The motion failed due to lack of a second.

The Chairman called the question on the original motion.

Jack Lytle made and Greg Miles seconded a motion to place this project on the Priority List for funding at the June 1, 2023 funding meeting as a \$400,000 grant citing a 'special circumstance' exemption. The motion carried with Laura Hanson opposed and Dean Baker abstaining.

4.2 Austin Community Special Service District (Sevier County) [29.24]

The Austin Community Special Service District presented a funding assistance request for a \$1,000,000 grant for culinary water system improvements. This project consists of spring exploration and

renovation, new well house, new storage tank and distribution system improvements to include excavation and redeveloping the Upper Norton Springs, installing 100 linear feet of 6-inch PVC pipe, 100 linear feet of 6-inch perforated spring collection pipe, 30 cubic yards of washed rock, 90 square yards of filter fabric, 620 cubic yards of fill, 130 cubic yards of clay cut-off wall, 800 square yards of liner, 530 cubic yards of backfill, 2 spring collection manholes and 1 junction manhole, 650 linear feet of surface ditch, 2 drain pipe head wall, seeding, 1000 linear feet of 4-inch HDPE transmission pipe and 2 air valves. Well house improvements include a new flow meter, SCADA, a booster pump building, Lizard Bench well abandonment and well house demolition, power service, and a well pump control valves, new 120,000 gallon concrete storage tank and appurtenances, waterproofing, earthwork, fencing and gates; distribution improvements to include 1,600 linear feet of 4-inch water pipe, 14,000 linear feet of 8-inch water pipe, 3,100 linear feet of 10-inch water pipe, a Sevier River crossing, 8 each 8-inch gate valves, 4 each 10-inch gate valves, 17 fire hydrants, 95 meters, engineering services, NEPA permitting, rights of way and road repair. Applicant Cash \$5,000. Sevier County \$500,000. Division of Drinking Water \$2,705,000 loan/grant.

**Proposed funding tool loan/grant scenario:*

MIN \$100,000 Loan, 30y @ 0.0% | \$900,000 Grant

MED \$115,000 Loan, 30y @ 1.0% | \$885,000 Grant

MAX \$130,000 Loan, 30y @ 1.5% | \$870,000 Grant

The applicant said Austin was built in 1911 originally named Broadtown. Austin is unincorporated and many of the homes are original. The water connections are mostly in the Town of Austin with other outlying areas. The area is low income and the citizens have requested not to take on any debt so they are asking for a grant to update the water system. One of the spring collection sites has root intrusion and sanitary concerns. Another spring collection site has immediate needs having also failed the sanitary survey. Austin has acquired the Lizard Bench water system area which also needs attention. The Drinking Water funding is in place and the design is nearly completed. There is coordination with the BLM for the tank right of way and the Forest Service for the springs. When the permits are finished, they will bid the project. They have taken on the Lizard Bench system but the State views the systems as two separate systems because they are not physically connected. This project will connect the two systems with piping to operate as one contiguous system. Rates were raised 6 months ago with a rate restructuring. The applicant cash is coming from the general fund and the county funding is covering the engineering fees, permitting and other project costs incurred to this point. When the loan is closed, the remainder of the County funding will be placed in the construction escrow with the Division of Drinking Water funds.

The applicant indicated the DDW award was part of the rate increase but there is potential for an additional rate increase in regard to the DDW loan.

The Board asked about the age of the water system and if there is a maintenance program established. If a loan is offered. Would there be more rate increases and why are the engineering expenses so high.

The applicant said much of the maintenance is done by volunteers and Board members in conjunction with their water operator. They have gone to the springs regularly to pull out root wads, jet, clean and chlorinate. But that maintenance is not sufficient. DDW has been aware of the issues and has determined a full redevelopment is necessary. The Lizard Bench tank is in disrepair nearing complete failure. They have discussed the median funding tool range and the possibility of a loan but there is opposition from the community. The special engineering includes structural engineering for the tank, the geotechnical engineering for where the lines cross the Sevier River and there is a 20% contingency.

Commissioner Brown indicated he was a non-voting member on the Austin Special Service District. The State has encouraged Austin to absorb Lizard Bench because Lizard Bench could not qualify for funding to make the necessary improvements.

Mayor Baker stated the monthly water rate increase to accommodate the funding tool maximum with a

0% interest rate would be a \$3.80 monthly. (Divided the annual payment with the number of households.) There should be some entity participation.

Sharon Heaps of Lizard Bench Water System (30 households) spoke. "The water pressure was sometimes 20 psi which is below state recommendations and there is no fire suppression. The system was difficult to maintain and the required improvements are to be accommodated as a result of becoming part of the Austin Special Service District.

Commissioner Lytle asked about their capital replacement fund; which is essential.

The applicant does not have a capital replacement fund.

Commissioner Lytle suggested including a requirement to establish a capital replacement fund by allocating what would be an annual loan payment to establish and maintain the fund. Would this project provide fire flow? What percentage of the project directly affects the Lizard Bench area?

The applicant indicated the fire suppression storage amount in the tank would be 60,000 gallons. The Lizard Bench area does not have fire hydrants and there are several homes that are below the state minimum pressure. The tank will be at a higher elevation improving pressure and fire suppression. Approximately 40 percent of the project is for Lizard Bench improvements (a third of the system) to include the tank and the distribution and connection to the Austin system.

Commissioner Bartholomew acknowledged the economic constraints of the Austin area and encouraged the District to establish a capital replacement fund to maintain the system.

Scott Bartholomew made and Jerry Taylor seconded a motion to place this on the Priority List for funding at the June 1, 2023 funding meeting as a \$1,000,000 grant *citing a financial hardship exemption.*

Commissioner Miles stated there are areas in his District that pay much higher water rates; and people are happy to pay to have water. He supported the admonition to establish a fund.

Dean Baker made and Laura Hanson seconded a substitute motion to place this on the Priority List for funding at the June 1, 2023 funding meeting as a \$100,000 loan for 30y @ 0.0% and a \$900,000 grant (total \$1,000,000). The motion failed with Laura Hanson, Dean Baker and Naghi Zeenati in favor and Scott Bartholomew, Jack Lytle, Jerry Taylor and Bruce Adams opposed with Greg Miles abstaining.

The Chairman called the question on the original motion.

Scott Bartholomew made and Jerry Taylor seconded a motion to place this on the Priority List for funding at the June 1, 2023 funding meeting as a \$1,000,000 grant *citing a financial hardship exemption and encouragement to establish a capital maintenance fund for the water system.* The motion carried unanimously.

4.3. Town of Leamington (Millard County) [1:10:40]

The Town of Leamington presented a funding assistance request for a \$750,000 loan for 30 years at 1.0% and a \$2,000,000 grant (total \$2,750,000) for culinary water system improvements. This project consists of drilling a new backup well, new well house, 9,000 linear feet of 6-inch well fill line, a 4-inch system meter, 2 each 6-inch system meters, chlorine residual reading at tank site & equipment for remote reading, replacing the analog water meters with 112 each 1-inch culinary remote read digital meters, 112 each 1-inch culinary digital meter radios, 112 each 1-inch meter lids with radio cutout & installation, 3 each 10-inch gate valves, canal crossing construction, 3,800 linear feet of new 10-inch

culinary water line, well drilling and testing to include 110 linear feet of 14-inch surface casing, 900 linear feet of 10-inch steel casing, 110 linear feet of 10-inch drill hole, associated development, sampling, drilling exploratory wells to determine water quality and flow rate for a secondary well, a new 200,000 gallon concrete storage tank, piping and controls to connect to culinary water system, power to back-up well, easements & rights of way, SCADA system, fencing and chain link gate. Reasonable and requisite engineering is included in the scope of work. Applicant cash \$250,000.

**Proposed funding tool loan/grant scenario:*

MIN \$1,678,000 Loan, 30y @ 1.0% | \$1,072,000 Grant

MED \$1,953,000 Loan, 30y @ 2.5% | \$797,000 Grant

MAX \$2,228,000 Loan, 30y @ 3.5% | \$522,000 Grant

The applicant thanked the Board for discussing projects and providing funding. Leamington completed a culinary master plan with DDW funding 2 years ago which identified over \$4 million dollars of needed improvements including a back up well. Several fires in the area have created issues with the springs and the water shed. Their existing well is 6 years old and the water output has decreased as have the springs. They will replace the 'rail car' which has been water storage with a 200,000-gallon new storage tank. The well house will include space for a chlorinator if necessary. The line from the well will be replaced with a larger line. Leamington receives \$8,000 per year from property taxes and the base water rate is \$33. Homes outside the town limits have higher rates.

Naghi Zeenati made and Scott Bartholomew seconded a motion to place this project on the Priority List for funding at the June 1, 2023 funding meeting as a \$750,000 loan for 30 years at 1.0% and a \$2,000,000 grant (total \$2,750,000) contingent on the Division of Drinking Water funding and inspection of the wells citing an administrative exemption. The motion carried unanimously.

4.4 Town of Leamington (Millard County) [1:42:48]

The Town of Leamington presented a funding assistance request for a \$450,000 grant for town hall structural Improvements. This project consists of the Leamington Town Hall renovations to include brick, mortar and chimney repair to the older portion of the older portion of the town hall building including paint stripping, brick replacement, brick repointing*, chimney repairs, new concrete caps and repainting of the building exterior; electrical upgrades to include replacing three hazardous electrical panels, new electrical wire and replacing existing incandescent fixtures with LED; replacing existing toilets in bathrooms, adding new grab bars and signage; purchase and installation of a new wheelchair lift, new elevator for access to basement bathrooms; resurfacing exterior sidewalks and adding non-slip coatings to ramps and sidewalks and new handrails on steps. * Brick repointing consists in removing a portion of the deteriorated mortar and redoing the joints with new mortar. Repointing halts any further water infiltration through the mortar and behind the brick wall – which avoids any mortar crumbling or bulging brick and saves the wall (or any part of it) from collapsing.

**Proposed funding tool loan/grant scenario:*

MIN \$450,000 Loan, 30y @ 1.0% | \$0 Grant

MED \$450,000 Loan, 30y @ 2.5% | \$0 Grant

MAX \$450,000 Loan, 30y @ 3.5% | \$0 Grant

The applicant said 15 years ago, the exterior of the building was painted wherein moisture accumulated under the paint and deteriorated the porous bricks. Moisture may seep into the interior of the building if they don't fix the issue by removing the paint from the older portion of the building then determine which bricks need replacing. The bricks will be sealed and repainted with a breathable paint. The landscaping will be replaced. The budget contingency is high to cover unknown expenses. Leamington has applied twice to CDBG for the ADA improvements but have been rejected. The town has built a ramp to the entrance. The plan is to install a chairlift, an elevator, handrails, resurface the sidewalks for wheelchairs, replace older electrical and lighting and create a 'bride's room'.

The Board confirmed this is a town hall and not a church; CIB cannot provide funding for churches and

asked about the T-Mobile grant which was referenced in the minutes.

The applicant indicated there was a notice from the league of cities and towns concerning the T-Mobile grant, that they have \$25 million dollars for communities less than 50,000 people. Leamington applied for a \$125,000 grant but it was rejected.

The Board asked if they had contacted SHPO.

The applicant indicated they contacted SHPO when they put rock on the bell tower which was accommodated through SHPO funding; they can apply again in a few years. They contacted Preservation Utah, but they do not have any funding.

Naghi Zeenati made and Jerry Taylor seconded a motion to place this project on the Priority List for funding at the June 1, 2023 funding meeting as a \$450,000 grant *citing a unique project exemption*. The motion carried with Jack Lytle opposed.

11:00 am Break

[2:02:50]

The Board recognized the now Director of the Office of Energy Development, Greg Todd for his service on the Permanent Community Impact Fund Board as a commissioner of Duchesne County.

Director Todd thanked the Board and acknowledged the service of the Board for the State of Utah. Commissioner Miles expressed his respect for Director Todd stating he is engaged and passionate about county government and tries hard for community and state.

4.5. St. George City (Washington County) [2:05:22]

St. George City presented a funding assistance request for a \$20,000,000 loan for 30 years at 2.0% for a new town hall and parking structure. This project consists of the engineering, design and construction of a 69,362 square foot building with three (3) levels and a finished rooftop space at 61 South Main Street to include 58,500 square feet of sitework with pavement improvements, pedestrian paths, lighting and signage, a four (4) level parking structure with 308 parking spaces with all easements and rights of way. The City owns the property. Applicant Cash \$19,563,000.

**Proposed funding tool loan/grant scenario:*

MIN \$20,000,000 Loan, 30y @ 2.0% | \$0 Grant
MED \$20,000,000 Loan, 30y @ 3.0% | \$0 Grant
MAX \$20,000,000 Loan, 30y @ 3.5% | \$0 Grant

The Board acknowledged the merits of the project and support for the project, but stated the current revenue is insufficient to fund this project at this time.

The applicant indicated the current city hall was constructed in 1980 with a population of 10,000 and they had 100 employees. The population today is 100,000 and they have 800 full time employees. They have outgrown the current building; the police department will be housed in the current city hall. The Board authorized funding to St. George as a 2.5% loan to renovate the current city hall and police department in 2019 and in 2020, COVID delayed everything. *(The funding was \$15,000,000 for 20 years @ 2.5% authorized June 9, 2020 and withdrawn April 27, 2021)*. Subsequently, the plan to expand the city hall was changed to the construction of a new building. They have acquired property in the heart of downtown. The project has been designed which includes a parking structure and is planned to be sufficient for 40 years for the citizens, events, and gatherings. The total project cost is \$45,000,000 which includes the land purchase. The remaining cost is \$39,563,000. They have \$19,563,000 in applicant cash set aside for this project. Their request is for a loan. They could go to the public market, but without a return to CIB. They would like to see if they could make something work.

The Board acknowledged St. George is eligible, but noted the insufficient. The Board is required to give priority to those areas impacted by mineral development and there are large requests pending from producing areas. What is the plan if CIB cannot fund the project?

The applicant stated the interest rate from a lending institution would be approximately 4.5%.

Commissioner Bartholomew suggested the applicant could go to a lending institution wherein many entities that cannot, rely on CIB funding. If all of the CIB revenue is committed to this project, that leaves nothing for other communities in need.

Mr. Zeenati stated that CIB benefits by providing an interest-bearing loan.

Commissioner Bartholomew noted that perhaps the interest rate should be 4%...still lower than commercial rates.

Commissioner Adams concurred if the funds are loaned, there is a return to CIB.

All the statements are correct, but the Board is to give priority to those areas impacted by mineral development. If the Board funds this large project which has other options, it leaves nothing for entities wherein CIB is their only option.

The applicant asked if they could authorize a \$10,000,000 loan at a 2% rate then St. George could go to the open market for the remainder. They referred to their applicant cash of \$19 million and suggested an option to come back for the rest of the funding next year.

CIB does not purchase a bond without sufficient evidence that the entity can complete the project. If reduced funding is authorized, the entity must provide proof of sufficient other funding to complete the project. The entity can change the application wherein CIB could fund a component of the project that could be completed with the available funding. The Board could place the project on the pending list allowing the applicant to consider a revised application.

Commissioner Adams shared a rendition of 'You gotta know when to hold 'em...know when to fold 'em...'

Mr. Zeenati suggested authorizing the \$20,000,000 for 20 years @ 3.5% subject to funding availability in June.

The Board discussed the revenue and the funds and the processes to provide clarity concerning balances, applications on the prioritization list, revenues and the June funding meeting.

Mr. Zeenati asked the applicant if they could consider a portion of the project that could be completed with a reduced funding award.

Commissioner Taylor asked if they could build the project within the current budget.

The applicant affirmed they have considered several iterations and are confident with the scope of work and the budget as presented. The parking garage could be a stand-alone project and asked if they could secure \$8,000,000 now for the parking garage and they would reevaluate the rest of the project.

Jack Lytle made a motion to place this project on the Pending List. The motion failed due to lack of a second.

Commissioner Miles would make a motion similar to Commissioner Lytle but with a 3.5% interest. The Board's is tasked with prioritizing funding for rural communities; especially those impacted.

Commissioner Lytle said he did not include an interest rate as his motion was to place it on the pending list which is not a funding commitment.

Commissioner Bartholomew asked if the project was put on the pending list, could it be denied at a later meeting? Yes.

Commissioner Miles said the pending list placement would give them time to plan, but stated funding would be at least 3.5% interest which would provide a return on the funding.

Naghi Zeenati made and Greg Miles seconded a motion to place this project on the pending list as a \$20,000,000 loan for 20 years @ 3.5%.

Christopher Pieper, legal counsel to the Board clarified that at the review meeting, the Board is discussing the project and providing a funding scenario to be authorized at the funding meeting *subject to available funds*. Placing a project on the pending list is tantamount to not taking any action. It keeps the project in line for funding but it is not necessary to indicate a funding package.

The Board discussed the various motions; staff pursued clarification of the motions.

Commissioner Lytle suggested that per the advice of legal counsel, the various motions should be moot and the original motion to place this project on the pending list could be the motion if someone would second the motion.

The Chairman called for a second on the original motion to place the project on the pending list.

Ms. Hanson clarified for the applicant that they can come back at a later date when there is more information about available funding and/or bring back a scaled project request.

The applicant is to contact staff when they are ready with a scaled project.

Jack Lytle made and Scott Bartholomew seconded a motion to place this project on the Pending List. The motion carried unanimously.

5. Large Infrastructure Projects	N/A
6. Pending Projects	N/A
7. Supplemental Requests	N/A
8. Special Consideration	N/A

9. Board Member Discussion and/or Action Items

9.1 CIB Board Funding and Policy Meeting – June 1-2, 2023

The Board discussed locations and dates. The Board supported the offer of Commissioner Bruce Adams to have the June 1-2, 2023 meetings in Monticello, Utah, hosted by San Juan County.

ADJOURNMENT [3:08:21]

The next meeting of the Permanent Community Impact Board will be June 1, 2023 in Monticello, Utah.

The meeting adjourned at 12:15 pm.

Submitted by:
Candace Powers