

Minutes of the work meeting of the Town Council of the Town of Apple Valley, Washington County, Utah that was held on the 14th day of July, 2011 at the Smithsonian Fire Department Building, 1777 N. Meadowlark Dr. Apple Valley, Utah.

1. The meeting was called to order at 7:03 pm.
2. The Pledge of Allegiance was led by Mayor Moser.
3. Roll Call: Trevor Black, Evan Brown, Kevin Sair, and Mayor Moser were present. Nick turner, legal counsel was present. Dale Kingsley was excused. Town Clerk Nathan Bronemann took minutes.
4. Declarations of conflict of interests.

None Stated.
5. Public Hearing for the Intention to establish the Two Bears Southwest Regional Special Service District.

Mayor Moser stated that he had a PowerPoint presentation that was also available as a handout. He said that after the presentation, all those wishing to make comment needed to come to the front and use the microphone.

Mayor Moser went through the slide presentation.

See attached PowerPoint presentation.

Harlan Ashby expressed concerns with the sewer and natural gas. He said that there were other options for sewer. He also said that we could not use the natural gas line legally. He said that there was no need for a service district according to Ron Thompson at the Washington County Conservancy District. If Two Bears owns the water companies, he stated there is no need for the creation of a Special Service District.

Jack Davis stated that he is 50/50 on this issue. He stated that if the county takes over, there is no guarantee that the rates won't be raised. He asked the council how and when the water system would be looped.

Mayor Moser stated that it would be looped in the second phase and would be looped where the current water system ends.

Dale Beddo clarified that Harlan Ashby stated that the Town has the ability to control Two Bears.

Mayor Moser stated that that is the same situation with the current water companies and we still have major issues.

George Harris was concerned that on the new proposal the residents would have to pay more money for less water and he doesn't think that is right.

Marcia Miner stated that she had gone through this process twice in other cities. Once it worked and once it did not. She asked how the minimum would jump to \$70 per month. She thought that it should go into a public trust were residents could buy shares of the water. She said that a drop of 3,000 gallons per month would affect her personally. She didn't think that a special service district was the best solution to the water problems. She agreed, however with the needed upgrades.

Marv Payne stated that when he moved to Apple Valley he didn't have any water. He stated that he didn't believe that most of the Town had the proper water lines other than what is under the Cedar Point Water Company. He stated that the water in the end of the lines becomes stagnant then not looped. He said that in his opinion the Town should wait and see what happens to the current economy before any action is taken. He added that the water from Cedar Point Water Company was not very clean.

Jon Devereaux said that he had been here a long time and that when this system was put in it took a long time to get permits and that the system is currently up to par. He questioned whether the water was actually available to last into the future. He didn't believe that a district is necessary and the Town could do it by itself.

Amber VanAlfen asked why something this important isn't on the ballot. She said that they were being forced to not be anonymous.

Mayor Moser stated that all anyone needs to do is send a letter of protest according to State law.

Nick Turner stated that this isn't something that they came up with, but what is required by State code. (See section 17D-1) The reason that it can't be anonymous is that the protest letters have to come from registered voters in the Town or land owners. He read from the code stating that adequate protest needed to come from more than 33% of the registered voters in the area or more than 33% of the total appraised land value in the Town.

Gary Fox asked if the protest letters where a form of voting. He said that an SID seems to give control, but they do not. He said that changes can be made at any time and that rates would continually go up. He asked the council if they were willing to do what the citizens ask or if their minds are made up. He said that it should be decided in a referendum so the residents could vote on it.

Mayor Moser stated that they weren't here tonight to make a decision, but to receive public comment on the proposal. He stated that they would do what the Town wanted to do. However the State mandated that this process be completed.

Gary Fox asked that if he built on a vacant lot could he use a septic system.

Mayor Moser stated that he could do so if sewer lines were not yet available.

Gary Fox asked why there was a standby fee.

Mayor Moser said that it was only a proposed fee schedule and that standby fees were most likely charged to recoup the costs of having water available to a lot.

George Strutzel said that he understands the problems, but the \$10.5 million expense scares him. He said that the residents could live with the current situation. He asked at what point the Town would be affected.

Mayor Moser stated that George's system is independent of this current plan.

George Strutzel asked why Two Bears needed 20% up front and why it would cost \$10.5 million.

Mayor Moser stated that the \$10.5 million is for the purchase and the upgrade of the water system including the water lines.

George Strutzel asked if this proposal went through, what would happen to the people if they couldn't pay their water bills.

Mayor Moser stated that there was no discussion of a 20% or a specific dollar amount yet.

Curtis Gubler stated that a couple weeks ago they had had a meeting with the Division of Drinking Water and other attendees including some of the council members. In that meeting the biggest concern was how to get the penalties lifted from the Apple Valley Water Company. They said that they would draw up a plan and if they met the deadlines they would lift the penalty points. It was in that meeting that the 20% was mentioned. He said that there is an alternative and that it can continue to be run privately. There are several issues that will cost money, but not \$10 million.

Doug Randall stated that there are many people on fixed incomes and wondered how it would affect them. He also stated that this meeting was to propose a plan and not make a decision at this time.

Tammy Warner said that she wanted to be able to come in and view the protest letters.

Mayor Moser said that if anyone wanted to see the letters, they could come in and see the letters on file.

Josh Forrest said that he was Ira Bradshaw and the Little Creek Station. He asked what the 33% was referring to.

Nick Turner stated that it was either owners of 33% of the taxable value of the Town or 33% of the registered voters in the Town.

Josh Forrest asked if there were any land owners that would be exempt.

Nick Turner said that no one within the Town would be exempt.

Mayor Moser stated that Canaan Springs would be exempt from the water plan as they would be unaffected.

Josh Forrest asked what the current impact fees were.

Mayor Moser said that the current impact fees to build were \$3500.

Josh Forrest asked if the \$10.5 million was an estimate to purchase the water companies.

Mayor Moser stated again that it was an estimate to purchase the water companies and upgrade the water system.

Josh Forrest asked how much Two Bears was paying for the water companies.

Mayor Moser said that had not yet been disclosed.

Tom Hunt asked who Two Bears was. He also said that they would be selling for a profit. He asked the mayor to define regional water.

Mayor Moser stated that it meant that the water supply in the community would be combined into one system.

Tom Hunt also stated that they would have to pay higher rates either way. He asked for clarification on the protest letters.

Mayor Moser again stated that they needed to bring them in to the Town Clerk and that they needed to state their name, that they are opposed to the creation of a special service district and why. If 33% is reached then the Town would not be able to create the special service district.

Tom Hunt asked if Two Bears would follow through with the purchase if the Town did not create the special service district.

Mayor Moser said that as far as he understood, Two Bears was planning to purchase the water companies no matter what and that they were planning to connect the two and raise the water rates.

Trisha Seybert asked when residents needed to register to vote to be counted

Nick Turner said that would have to look into it.

Tricia Seybert said that when they moved here she moved out here to live in the country. She said that she didn't believe that a Special Service District would do anything but cost money.

Bruce Tuttle asked how many 1/3 would be.

Nathan Bronemann stated that 124 letters of protest would be needed according to the registered voters the week before.

Bruce Tuttle again asked for clarification of the 33%.

Nick clarified that if either of those events occurs the special service district could not be created.

Judith Davis stated that she has been paying \$47.50 for the last year, and that that wouldn't be changing for her. She asked what the newly privately owned water company was going to do to fix the current issues.

Mayor Moser said that when the two companies are combined, the fire flow and backflow issues would be fixed.

Judith Davis asked if they can know for sure that the new company is going to do that?

Mayor Moser said that there is no way to know for sure.

Judith Davis asked what their bill increase will be. The increase would be no less than \$70.

Mayor Moser stated that Two Bears would have to continue with private money. The Town or SSD can get much better rates on financing as well as grants only available to municipalities or SSDs. Also, since the community's base income is lower than the State average other grants are available. Since the cost is greater to Two Bears, they can justify higher rates to the Public Service Commission.

Judith Davis restated that the bills would stay lower if the SSD purchased the water companies. She asked if the Town would own the water companies.

Mayor Moser said that they would be owned by the SSD.

Judith Davis asked if there would be public access to the private company's books.

Mayor Moser said that there would be no public access to their books just as is the case now.

Dale Beddo said that Riverton just went through a similar system and the monthly water bill went to \$200 with a privately owned water companies. He asked if the estimated \$10.5 million was negotiable.

Mayor Moser said that since it was just an estimate and since they did not know how much Two Bears would be selling the water companies for.

Dale Beddo said that Mr. Gubler had formulated a plan, but asked if it was a correct assumption that the rates would increase either way. He asked, if that being the case, why would they not control our future destiny. He asked for transparency going forward.

DD Black asked why Two Bears was involved if the Town could just purchase the water companies from the current owners.

Mayor Moser said that since 2008 there have been ongoing negotiations with the water companies, but the cost was too high for Cedar Point Water Company and Canaan Water Company and the Apple Valley Water Company pulled out of negotiations. Two Bears has been able to successfully negotiate the purchase of both Cedar Point and Apple Valley water companies. They want to in turn sell to Town.

DD Black asked if there was money from the county to make improvements, why don't the current water companies make those improvements.

Mayor Moser said that since there is a purchase agreement in place between Two Bears and the water companies, the Town cannot directly buy from the current water companies.

Nick Turner stated that since there was a contract in place, the Town could not abrogate the existing contracts.

DD Black asked if there were any way to stop the purchase of the Two Bears purchase.

Nick Turner said that that would not be possible.

John Olsen said that the figure they are proposing is probably very low. He said that it is a bad deal. He said that if the Town wants to buy it, they should buy it but they don't have the money.

Jack Davis said that everyone needs quality water and that is what the hearing is for. He said that in South Zion Estates they have been paying \$47.50 for over a year now. He wanted to know how many people were being invoiced by Cedar Point Water Company and not paying.

Ann Beddo asked if there was any option for the city to buy the water companies except through the SSD.

Mayor Moser said that that was the only way.

Ann Beddo said that she realized that rates would have to go up to cover the needed fixes and thanked the Town Council for their work.

Blackhawk Walters said that he was proud of the residents of Apple Valley for taking action. He said that he had paper and pens for everyone to sign protest letters.

Marcia Miner asked if the SSD was not created was there an option for the Town to purchase the water companies or if there was any way to vote Two Bears out of it.

Mayor Moser said that there was no legal way to stop the purchase by Two Bears.

Marcia Miner said that if you think \$47.50 is bad, try \$200 or more. Some control is better than none. If the SSD is not created Two Bears will be worse.

Bonnie Maddox said that her concern was that there were vacant lots that were a fire hazard and that the current system was unacceptable. Apple Valley Water Company has never followed through with anything they have promised. As a Town we need to look to the future.

Julie Hutchings again asked "who is Two Bears?"

Mayor Moser is represented by Gary Tom and his three partners and their legal counsel.

Julie Hutchings asked what it would cost to purchase the Apple Valley Water Company from the conservancy district.

Mayor Moser stated that Mary Reep discussed that with Ron Thompson and that their water impact fee would be \$6,500 per home and that they would combine the Town's water with the county's water and it could be used elsewhere.

Cynthia Browning said that her home owner's insurance premium has gone up almost 300% due to the poor ISO rating. She said that by protesting, it would not keep things the same. She said that there were two choices; control the water through the SSD or let Two Bears control it.

Price Nelson said that since he has lived here he was approached several times by Ted Gubler to get his filtered water for testing purposes. He was told by Ted Gubler that it would not pass the test if not from a filter. Price asked whether the town was going to form the SSD or let Two Bears control the water. He suggested that the Town take the least of the two evils and create the SSD to purchase the water companies.

Tom Hunt asked if Two Bears was a non-profit organization. He said that he felt the Town was being held hostage. He didn't think that Two Bears had the money to purchase the water companies.

Terrisa Thygerson said that she was confused. She didn't understand why people were opposed to the creation of a SSD if it meant lower water bills. She asked if there were another option.

Mayor Moser said that if the deal falls through, there was a possibility that the Town could purchase the water companies.

Harlan Ashby said that there were three options. One was a special service district. Two was to allow Two Bears to run the water company. Three is to directly operate the water company as a Town.

Mayor Moser said that that was an option if the water companies had agreed to sell to the Town, but that they had not had that option. He suggested asking Curtis Gubler why they had pulled out of negotiations with the Town.

Harlan Ashby asked Curtis Gubler why they had pulled out of negotiations with the Town.

Curtis Gubler said that his brother Steve said that the city would not honor Desert Rose and Apple Valley Water Company has obligations to Desert Rose. He said that he thought that there should be a vote instead of having to file letters of protest.

Ann Beddo asked if they sold to the Town if Desert Rose could have sued them.

Curtis Gubler said that was true. He also said that his whole family is in favor of the sale of the water company.

Harlan Ashby said that he is impressed with the residents and appreciates the effort of the Town Council.

Neil Duncan said that he agreed with Harlan. He said that the Town needed to find the best option and take control of the water.

Marty Lisonbee said that he was intending to vote against this proposal, but now he is not so sure. He said that a non-profit means that they cannot show a profit, not that they can't pay their board hundreds of thousands of dollars. That is not the case with a SSD. An SSD is just a way that the Town can come up with the funds to purchase the water companies.

Kevin Sair said that he knows what tough times are. He said that without water his family is dead. He said that he loves Apple Valley and the citizens. He said that he doesn't have all the answers. He said that the whole country is struggling. He said that he started a class on the Constitution and he wanted to educate the Town residents. He said that he prays for the Town and he wishes that he had a better answer. He said that he wants the right decisions to be made for the community. He urged the residents to be involved.

Marv Payne questioned whether the water was available. He said that he only had permission to irrigate 13 acres which is only 1/3 of his land. Water is precious and cannot be wasted. The system needs to be upgraded.

Tim Mintz asked Curtis Gubler if it was the Town's fault for backing out of negotiations. If both companies are sold to Two Bears, he asked if they would honor the contractual obligations. He also asked if Two Bears would request to become part of the Washington County Water Conservancy District.

Curtis Gubler said that it was the Town's fault and that Two Bears had agreed to follow through with the contractual obligations.

Mayor Moser said that he was unaware of any intent by Two Bears to become part of the Washington County Water Conservancy District. He clarified that the Town's intent was to create a special service district to purchase the water companies from Two Bears.

Laura Randall said that they have had to replace their water heater because of bad water. She said that she thinks that the Town needs to pay more money to get better water. She said that the Council is doing their best and thanked them. She said that she loves the town and prays for the elected officials.

Will VonSleighter said that he was a little fuzzy. He asked how the water companies were non-compliant.

Mayor Moser said that in the back of the handout the letters of non-compliance were included. He said that the Apple Valley Water Company was non-compliant due to fire flow issues and for backflow issues.

Will VonSleighter said that he didn't think that it should cost \$10.5 million to fix that.

Melissa Christensen said that she had only lived here about 2 ½ years and asked what the benefits of the SSD were.

Mayor Moser said that with an SSD there would be accountability and transparency. He said that you would know how money is being spent. He said that there would be public hearings

on all major decisions. He said that the special service district would be run by a board of directors that would be appointed by the Town Council and include the Mayor and one Town Council member. All the board members would have to be registered voters and Town residents.

Melissa Christensen asked how the Town would benefit financially and if the service district would be owned by anyone.

Mayor Moser said that the special service district would have the ability to obtain financing through the State through the Division of Drinking Water and through the RDA with low interest loans that average from 1-3%. Also as a service district, they would be eligible for grants based on the gross income per household in the Town. He said that the service district would not be owned by anyone and would answer to the Town and to the State.

Melissa Christensen asked if anyone would get paid with the special service district.

Mayor Moser said that the board members would be unpaid volunteers, but there would be the need, as with any water company to have some employees to maintain the system as well as some legal counsel.

Melissa Christensen restated that there was no way the Town could stop the sale to Two Bears. She went on to say that there was no way to know for sure that the special service district could get lower interest rates than Two Bears.

Mayor Moser explained that Municipalities and service districts borrowing interest rates rarely went above 3% and that for private companies, their rates were currently between 7 and 9%.

Melissa Christensen said that the current water companies could fix the system for cheaper.

Mayor Moser said that they could, but they have not demonstrated that they can or will do what needs to be done.

Melissa Christensen said that she has water and septic and if this proposal comes in, she would have to get rid of her septic tank.

Mayor Moser said that sewer was something that was planned later and that when it does come in, no one needs to hook up to the sewer system unless their septic fails and sewer is available to them at that time. Otherwise residents can stay on their septic system.

Dale Beddo said that the Gublers had estimated that the repairs would cost \$1.5 million. At 7% interest that would cost \$105,000 per year and that they are currently collecting \$80,000 to \$85,000 per year. That would mean paying over twice what is currently being charged in order to service that debt or about \$55 per month. He asked the Mayor if the reason that Desert Rose was not being supported was because they were not in compliance with the Town and that if the law then forbade the Town from servicing Desert Rose.

Mayor Moser said that that was correct.

Dale Beddo also asked that Mayor and Wayne Bevan (Desert Rose's representative) if they felt confident that efforts had been put in motion to move the Desert Rose Subdivision forward and that it could be successful.

Mayor Moser said yes.

Wayne Bevan said yes.

Dale Beddo then asked Curtis Gubler if there had been another party that had offered to purchase the Apple Valley Water Company that they had also pulled out of negotiations with and if it had anything to do with Desert Rose.

Curtis Gubler said yes and it had nothing to do with Desert Rose.

Dale Beddo said that although Curtis Gubler did not want to sell to Two Bears, the rest of the family did and since Curtis is a minority shareholder, he could not stop the sale. That is the end of the argument. The Town is now unable to purchase the water companies. The rates are going to go up no matter what. It would be better to not subject to an outside agency. If the Town could have the transparency offered by the special service district the amount that needs to be spent would probably be much lower. He also added that if the special service district ended up with more debt than it could service, the DEQ more often than not would forgive a large portion in not all of the debt.

Caren Widner asked the Council why the other services were included in the SSD when only water seems to be the issue.

Mayor Moser that water was the primary issue. Natural gas cannot legally be a part of the special service district. The plan for sewer in the future, but the immediate attention is on the water. They knew that sewer would be needed in the future and so they decided to plan for it, but it is not needed right now.

Caren Widner asked why the Town could not get funds without the formation of a service district.

Mayor Moser said that the Town could get funds, but if the Town purchased the water companies, they would have to create a water board and the ultimate responsibility would fall back on the Town Council. This would alleviate some of the weight on the Town Council.

Caren Widner said that the service district would not be necessary to get the money.

Mayor Moser said that was true.

Nick Turner said that they would just be delegating their powers, but would still oversee the board of the special service district.

Boyd Miner expressed concern over Two Bears and if they were actually a not-profit organization.

Marv Bateman asked how many grants the Town could get to offset the cost of the water cost.

Mayor Moser said that there were grants available to offset up to half of the total cost of the proposed project.

John Olsen said to ask if the Town borrows money or gets grants to put in a sewer system do the residents think that they will not be forced to hook up. He prophesied that it would happen and said that he didn't believe that they were being told the truth.

Roger Sanders, Attorney for Two Bears, said that their intent was to facilitate a solution for the Town and not to make money. Both water companies don't have the cash flow to upgrade and provide the necessary water services. They originally thought that they would have funds available to them that turned out to only be available to municipalities. When they realized this they suggested to the Town that they form a special service district in order to access the funding that is available to them to provide safe water. It is not the intent of Two Bears to make a profit on this transaction.

Roger Sanders continued stating that a special service district has benefits that the Town is not afforded under the Constitution. The Town would oversee the special service district. The state wants to see sewer systems created in rural communities to protect the ground water. Two Bears wants to work with the Town to facilitate these things. As for transparency, Two Bears has a confidentiality agreement with the water companies and cannot legally disclose those terms unless the water companies agree to release that information. Two Bears will sell to the Town at the same cost by which they acquired the water companies.

Roger Sanders introduced Rod Mills, an engineer from Ensign Engineering in Cedar City. He is the one who helped come up with the financial model for the proposed service district that includes low interest loans and grants.

Rod Mills, a water resource engineer, spoke about the importance of water ownership. He said that the community should be interested in having some control over the water supply. He explained the benefits of creating a special service district. He said that it was a very reasonable way to facilitate the control of the Town's water. Special service districts have fewer restrictions with regard to managing water rights. Creating a special service district would force the focus of the board solely on the delivery of safe, quality water at the lowest possible cost.

6. Adjournment.

Motion made by Evan Brown to adjourn the meeting. Trevor Black seconded the motion. Vote: Trevor Black-yes, Evan Brown-yes, Kevin Sair-yes, and Mayor Moser-yes. The motion passed 4/0.

Meeting adjourned at 10:02 PM.

Date approved: _____

ATTEST BY: _____
Nathan Bronemann

Richard Moser



Weighing the Options

Currently

- All companies are PRIVATELY owned and operated
- No regional supply
- Problem with fire suppression
- No accountability for improvement
- NO accountability for repairs / maintenance
- No accountability for testing

Goals

- Public Health and Safety
- Correct fire suppression problems
- Regionalize supply
- Bring up to current standards
- Accountability

Where do we stand?

In the fall of 2008 the Town applied for and received a grant to evaluate the local water systems.

Alternatives to Consider

- No Action Taken
- Creation of a Special Service District to Purchase Existing Water Systems

No Action Taken

- The no action alternative fails to address the deficiencies of the existing water systems, or to plan for future development.
- Health and Public Safety issues would remain
- ISO rating remains inadequate (insurance standard)
- No Accountability

Benefits to No Action

- None

Disadvantages to No Action

- The Apple Valley Water Company has to plan to increase water pressure and increase fire flows as mandated by State requirement.
 - This means additional cost to the users.
 - **If left unchanged the ISO rating will continue to negatively affect home owners' insurance rates.**
- Water rights may be lost due to non-use.
- Access to existing water company service and operator personnel will remain unaccountable.
- Future development may require the formation of another water company.

Benefits to Creating a Special Service District

- Both Apple Valley and Cedar Point water companies' service areas will have a back up water source or regionalization of the water supply.
- Water rights will have public status.
- Fire flows will increase meeting current state requirements.
- The ISO rating will improve, decreasing home owners insurance premiums.
- The proposed Service District will be accountable to the State and the Residences of Apple Valley.

Disadvantages of Creating the proposed Special Service District

- The ability of the Special Service District to levy taxes.
 - **The intent of the District is to operate on the fees collected for the services provided and NOT to tax.**

The Current Situation

- The Gublers' Apple Valley Water Company has agreed to sell to the Two Bears group.
- The Cedar Point Water Company has agreed to sell to the Two Bears group.
- The Two Bears group has offered to allow the proposed Service District to purchase these companies from them.

Who is Two Bears

A Native American owned non-profit corporation. The name Two Bears Special Service District was the project name. However, if created, the name of the proposed Special Service District can be changed.

Two Bears

- They were able to successfully negotiate the purchase of the Cedar Point and the Gublers' Apple Valley water companies.
- They have offered the Service District the option to purchase the water companies from them.
- If purchased from Two Bears, the debt will be retired through a structured settlement as well as through the connection fees and impact fees from future construction.
- Through grants and low interest loans the systems will be expanded.
- Sewer will be planned and constructed in future stages as the need arises.

Benefits

- 95% of the current residents will be served through the Service District.
- Update of the current unapproved infrastructure in Apple Valley proper
 - Will meet current state standards for fire flow
 - Reduction of insurance rates (ISO rating)
- Planning for future Sewer infrastructure
- Ability to expand for future growth
- New growth pays for itself!! Not paid by current residents!
- Wastewater recirculation for irrigation purposes

Proposed Initial Fee Structure

Monthly Fees:

Water:	\$47.50 connected (up to 12,000 gallons per month) \$2.40 per 1,000 gallons in excess of 12,000 gallons \$20.00 standby (on vacant lots)
Sewer:	\$39.00 connected \$15.00 standby (on vacant lots)

(Applicable when it becomes available.)

Impact and Connection Fee (New Construction):

Water	\$6,000.00
Sewer	\$5,250.00

Estimated Cost of Project

- Purchase of the water companies
- Water pipeline infrastructure joining the two companies
- Upgrading the Apple Valley water system to State standards
- Water and sewer system design plan
- Sewer infrastructure (comes in a later phase)
- Estimated at \$10.5 million

- Funding provided through a grant/low-interest loan combination through the Division of Drinking Water and Rural Development Association

Phase I

- Provide Regional water supply.
- Provide Safe drinking water, fire flows.
- Includes 95% of all current residents of Apple Valley.
- Loan and debt service paid from a structured settlement as well as the connection fees and impact fees from future construction.

Phase II

- Loop the water system
- Install additional water tank
- Start the design of a sewer system.
- Plan for purchase of additional water companies
- Plan for purchase of additional water rights
- Plan to develop additional water resources

Checks and Balances

- Special Service District Board comprised of:
 - Apple Valley Mayor (runs with term of office)
 - One Apple Valley Council Member (runs with term of office)
 - Three Local Resident (Appointed by Town Council) (first term two years / then 4 years)
- **All members of the Board are unpaid volunteers.**

Sewer Connections

Advantages

- Current homeowners have the option to connect when available.
- All new developments will be required to hook into the sewer.
- Reuse of wastewater for irrigation purposes

Disadvantages

- Current homeowners are required to connect when **AND ONLY WHEN** septic fails
- Standby fee for vacant lots that can be serviced by sewer

Letters of Non-Compliance

- See Attachments

Letters of Non-Compliance

The image shows two pages of a document titled "Letters of Non-Compliance".

Left Page (Cover Letter):

- Header:** Utah Department of Environmental Quality, Division of Drinking Water, Public Water System DWS Report.
- Address:** 2601 North 2000 West, Salt Lake City, UT 84119.
- Subject:** Letter of Non-Compliance.
- Text:** "Reference is made to the Department Order issued on 06/11/2010...".
- Signature:** Kenneth S. Boush, Director, Division of Drinking Water.

Right Page (Report Summary):

- Header:** Utah Department of Environmental Quality, Division of Drinking Water, Public Water System DWS Report.
- Table:** Summary of violations with columns for Violation ID, Description, and Status.
- Table:** Physical Facility, Administrative, & Source Protection Deficiencies from DWS State.

Letters of Non-Compliance

May 17, 2011

Curtis G. Gubler
Apple Valley Water Company
973 West Winesap Circle
Apple Valley, Utah 84737

Dear Mr. Gubler:

Subject: Water System Rating Change/Not Approved System #UTAH27069

Enclosed is a copy of the Improvement Priority System Report (IPS) which indicates that your system is generally not in compliance with the Division of Drinking Water Rules. Consequently, your water system rating is hereby down graded to "Not Approved" effective immediately.

We request that you review the enclosed report and rectify the identified issues.

If you have any questions, please call Patti Faurer at (801) 536-4196. Whereas most of the points are a result of infrastructure deficiencies, you may contact Kenneth Wilde at (801) 536-0048 to discuss what you will have to do to correct those problems.

Sincerely,

DRINKING WATER BOARD

Letters of Non-Compliance

Utah Department of Environmental Quality

Division of Drinking Water

Public Water System IPS Report

UTAH27069 APPLE VALLEY WATER COMPANY

Run Date:
05/03/2011 05:59 pm

PWS ID: UTAH27069	Name: APPLE VALLEY WATER COMPANY	Rating: Not Approved
Legal Contact: APPLE VALLEY WATER CO CURTIS GRANT GUBLER	Rating Date: 05/03/2011	Activity Status: Active
Address: 973 W WINESAP CIR APPLE VALLEY, UT 84737		
Phone Number: 435-877-1033		
City Served (Area):		
County: WASHINGTON COUNTY		
System Type: Community	Last Inv Update: 05/31/2011	Avg Daily Prod: Gal/Day Gal/Min
Activity Status Cd: Active	Last Srvy Serv Dt: 04/14/2011	Total Dagn Cap:
Population: 100	Surveyor: KENNETH E WILDE	Total Emerg Cap:
	Oper Period: 1/1 to 12/31	
Total IPS Points: 194	Rating Date: 05/03/2011	Rating: Not Approved
Admin & Physical Facilities:	194	
* Quality & Monitoring Violations:	0	
Operator Certification:	0	

* Total Admin & Physical Facilities domain points may not agree with the detail section. The detail section shows all open physical deficiencies; the Total Admin & Physical Facilities value adjusts for duplicate deficiencies

Letters of Non-Compliance

Utah Department of Environmental Quality

Division of Drinking Water

Public Water System IPS Report

UTAH27089 CEDAR POINT WATER COMPANY

Run Date:
07/05/2011 01:12 pm

PWS ID: UTAH27089 Name: CEDAR POINT WATER COMPANY
Legal Contact: CEDAR POINT WATER COMPANY Rating: Not Approved
JERRY EVES Rating Date: 04/20/2011
Address: 55 S 300 W STE 1 Activity Status: Active
HURRICANE, UT 84737
Phone Number: 435-835-3394
City Served (Area):
County: WASHINGTON COUNTY
System Type: Community Last Inv Update: 08/27/2009 Avg Daily Prod:
Activity Status Cd: Active Last Srvy Srv Dt: 10/20/2006 Total Dsgn Cap:
Population: 130 Surveyor: RANDY TAYLOR Total Emerg Cap:
Oper Period: 1/1 to 12/31
Total IPS Points: **341** Rating Date: 04/20/2011 Rating: **Not Approved**
Admin & Physical Facilities: 6
Quality & Monitoring Violations: 345
Operator Certification: -10

QUESTIONS & ANSWERS

- Does the proposed district comes as a huge cost to you?
 - **The proposed District will be operated on the funds collected from the services provided.**
- Why pay for something we already have?
 - **We don't have anything. It's all privately owned.**
- Why buy a water company for someone else?
 - **This will be a purchase for the residents of the Town.**
- Is the District being created to provide salaries for the representatives or for big development?
 - **No one that serves on the board will be paid. There will be employees to maintain the system and day to day operations.**

QUESTIONS & ANSWERS

- Is it being done at the citizens' expense?
 - No, it will be paid for from the revenue that is collected for the service provided and for their benefit.
- Why aren't the townspeople being fully notified except for minimal legal requirements?
 - The Town is complying with all legal requirements and attempting to make ALL information available through this public hearing.
- What credentials do the Two Bears representatives have for forming this district?
 - Two Bears is not creating the district. The Town of Apple Valley is. Two Bears is just a name currently being used for the project. They will not control or have anything to do with the operation of the district.

QUESTIONS & ANSWERS

- Will the Service District Tax?
 - No it will be operated from the revenue collected from the service provided.
- Why are we paying for new development?
 - We are not. All new development, as stated in our land use ordinances, pays for itself.
- Why do I have to hook up to the sewer?
 - The current ordinance states that you can stay on a septic system as long as it works. When it fails, if the sewer is within 200 feet of your property line, then you are required to hook up. But if not, you can redo your septic system.



Where do we stand?

- Currently the Apple Valley and Cedar point water companies are being purchased by the Two Bears Group.
- The sale should be completed by the first of August.
- They plan to start construction on a pipeline to connect the two companies by the end of August.
- They will apply to the Public Service Commission for a rate increase on the system for no less than \$70.00 for a base rate. (The public hearing will be set shortly.)