

A special meeting of the Nibley City Council, Providence City Council, and Hyrum City Council held at Nibley City Hall, 455 W. 3200 S. Nibley, Utah, on Thursday, January 20, 2014.

The following actions were made during the meeting:

No action was taken.

OFFICIAL MINUTES OF THE MEETING
Minutes were taken by Assistant City Recorder Cheryl Bodily

Mayor Mike Johnson, Councilmember Duffin, and Gary Larsen, Millville City Public Works director were present representing Millville City.

Mayor Shaun Dustin called the Thursday, January 20, 2014 Nibley City Council meeting to order at 6:36 p.m. Those in attendance included Mayor Shaun Dustin, Councilmember Bryan Hansen, Councilmember Larry Jacobsen, and Councilmember Amber Whitaker; participating via telephone, from Nibley City.

Councilmember Jacobsen made a motion to approve the evening's agenda. Councilmember Hansen seconded the motion. The motion passed unanimously with Councilmember Jacobsen, Councilmember Hansen, and Councilmember Whittaker all in favor.

Mayor Don Calderwood called the Thursday, January 20, 2014 Providence City Council meeting to order at 6:37 p.m. Those in attendance included Councilmember Bill Bagley, Councilmember John Drew, and Councilmember Jeff Baldwin.

Councilmember John Drew made a motion to approve the evening agenda. Councilmember Bagley seconded the motion. The motion passed unanimously 3-0; with Councilmember Drew, Councilmember Bagley, and Councilmember Baldwin all in favor.

Mayor Stephanie Miller called the Thursday, January 20, 2014 Hyrum City Council meeting to order at 6:37 p.m. Those in attendance included Councilmember Martin Felix, Councilmember Scott Allgood, and Councilmember Jared Clawson. Ron Salvesson, Hyrum City Administrator, was also in attendance.

Councilmember Felix made a motion to approve the evening's agenda. Councilmember Allgood seconded the motion. The motion passed unanimously 3-0; with Councilmember Felix, Councilmember Allgood, and Councilmember Clawson all in favor.

Election of Chair

Councilmember Jared Clawson motioned to have Mayor Shaun Dusting chair the joint meeting. Councilmember Jacobsen seconded the motion. The motion passed unanimously 9-0; with Councilmember Clawson, Councilmember Jacobsen, Councilmember Hansen, Councilmember Whittaker, Councilmember Bagley, Councilmember Drew, Councilmember Baldwin, Councilmember Felix, and Councilmember Allgood all in favor.

Joint Workshop with Providence and Hyrum Cities regarding South End Sewer Study

Brad Rasmussen of Aqua Engineering was present at the meeting. He gave a presentation on a study conducted by Aqua Engineering regarding the South Cache Valley Regionalization Study. Mr. Rasmussen first discussed the demographics (section 1.2) associated with equivalent residential connections (ERU). Mr. Rasmussen reviewed the following topics: facility governance/body politic (1.3), the Hyrum City Wastewater Facility (1.4), the Hyrum purchase price (1.4), discharge requirements (1.5), a Hyrum facility upgrade and MGD expansion costs (1.6), collection system expansion and costs (1.7), reclaimed water for irrigation, operations and maintenance costs (1.8), and total project costs and financial impact which was broken down into a monthly cost ERU 3 MGD.

Suzie Becker From Zions Bank, who had done most of the financial analysis data was present at the meeting. She discussed interest rates associated with the monthly cost of ERU and the payment of sewer upgrade debt.

The remainder of the meeting consisted of questions and discussion from the various cities Mayors, Councilmembers, and members of the public present.

Councilmember Bagley (Providence) asked if the numbers were assuming 100% financing which Mr. Rasmussen responded was the case.

Mayor Calderwood (Providence) asked about the amount of debt still owed on infrastructure in each city. Mayor Calderwood discussed a study from Logan which included data on numbers used in reserve for infrastructure and how the additional costs to each city would put them “out of business”. He also discussed Logan’s affordable rate study. He said from his viewpoint he would have a difficult time selling this to his citizens.

Councilmember Jacobsen asked about controlling the loading of nitrogen into Cutler reservoir. Mr. Rasmussen said there was a secondary water quality standard being implemented. He concluded that they had anticipated rule changes that would be coming down from the TMDL.

Mayor Dustin asked if they had looked into other options other than a membrane plant. Mr. Rasmussen said they went with what was in the existing plant and said the number one reason was phosphorus. He discussed how a membrane system worked. Mayor Dustin asked what the difference was between the way Logan and Hyrum treated in terms

of future permit requirements. He wondered if Logan was looking at future requirements or was only working with current permit standards. Mr. Rasmussen admitted he was not very familiar with how the Logan plant worked. He didn't know if they were doing any chemical buffering for the phosphorus. Mayor Dustin assumed that the Logan plant was designed to the same standard that the updated Hyrum plant would be designed to. Mr. Rasmussen agreed with his assumption. Mayor Dustin asked about loan terms. Ms. Becker said that 30/year was pretty rare and felt Logan would be looking for a 20 year term. She discussed that those rates could be negotiated. Mr. Rasmussen discussed the financing breakdown which had been anticipated at a 20 year deal with RD money for 40 years and CID for 20 years. Mr. Rasmussen discussed the affordability study as it applied to water quality.

Mayor Dustin asked Mr. Rasmussen if he would characterize himself in the context of cost estimates as conservative or as a "hair splitter" in his estimations. Mr. Rasmussen said he was conservative. Mayor Dustin asked for a table to be included which would include a comparative rate study with the data from Mayor Calderwood and which showed the recommended alternatives and the estimated costs from Logan. Mayor Dustin agreed that if they took the "worst case" numbers then he didn't know how they could swing this but that there was a big difference between the "worst case" and "best case" numbers.

Councilmember Baldwin (Providence) expressed his concern with not being proactive. He said the rates didn't look attractive right now but was concerned that at some point in time the numbers could flip-flop and then they wouldn't have any control over Logan City. He discussed his experiences growing up in Park City and the expense of a new treatment system plant in Park City which he said had more that paid for itself. He suggested they look at the dollar value ten years from now. Mr. Rasmussen gave his perceptions of the sewer industry in general.

Mayor Calderwood (Providence) discussed the reserve rates that he felt would be need to be added to the projected rates.

Councilmember Bagley (Providence) asked if the participation of Millville in the Hyrum facility would dilute the numbers down. Mr. Rasmussen said they had factored in some portion of Millville coming into the plan already. If the entire city were to come in it would dilute the number some. Councilmember Bagley asked if Hyrum would be willing to negotiate on the buy-out costs. Mayor Miller (Hyrum) said they had debt they needed to pay off on the facility along with money they had invested through the years. She felt they were being pretty fair and didn't see room for a lot of change. Councilmember Bagley asked how the buy-out would be paid; if it would be based on population. Mr. Rasmussen said he had assumed a fairly even divide and had calculated by thirds but said it would most likely be structured by district. Mayor Miller discussed a cost of \$8 million per city with Hyrum putting \$4 million back into their plant and said they weren't getting that big a return. Mayor Dustin said he understood the collection would be paid by Providence and Nibley with the plant buy-out being paid by Hyrum.

Councilmember Drew (Providence) said he had been asked by Mayor Calderwood to review the report and discussed the rate hike for Providence City and said from the rate perspective it was a “no go”. Councilmember Drew said they took issue with the assumptions made about population growth and discussed Providence’s projected growth. Mayor Calderwood asked how they sold this to the citizens now even if it was considered a good arrangement in 20 years. Councilmember Felix (Hyrum) discussed Hyrum’s current sewer rates and a couple of rate hikes that had occurred and said the people understood. He said it was an education process.

Mayor Dustin discussed accepting questions from the public. Most members present were in favor of public comment. Mayor Dustin gave direction to the public present

Randy of Providence City asked if there would be any residual value in the pumps and blowers that would be replaced. Mr. Rasmussen said there would if they could find a buyer. He discussed the resale value of pumps and blowers noting that the resale value was about 10 cents on the dollar.

General consent was given to hear from Craig Smith, Providence City Water Attorney, who was present at the meeting. Mr. Smith suggested that forming an inter-local agency was the best way to go. He said they could structure the legal entity exactly how they wanted it and they would be able to change the structure. He said an inter-local agency could be granted any or all of the powers that they had as a city. He said the other option was form a sewer district which didn’t have all the advantages of an inter-local agency.

Scott Larsen, a citizen of Nibley City asked if, in regards to volume that was being pushed out in regard to water, they had looked at the benefits of bringing the water back and reclaiming it in a secondary system. He said he would feel more comfortable paying more for sewer if he were not using culinary water in his yard and using a secondary system. Mr. Rasmussen said it could happen in the future but a pressure irrigation system would need to be installed and he said it wasn’t recommended at this time. The cost to put the secondary system throughout the city offset the benefit. Mr. Rasmussen displayed a “reclaimed water for irrigation” slide.

Ross Wilson, Nibley City engineer, said he had put pressure irrigation systems in many cities and discussed the cost of putting in those systems.

Mr. Smith asked if the level of treatment would allow the reuse of the water or if there would need to be additional treatment. Mr. Rasmussen said it met all type 1 and said Hyrum currently sent their discharge into their pressurized irrigation system. Mr. Smith asked for an estimate of the reduction in cost if there was a use for irrigation water all year round. Mr. Rasmussen gave Mr. Smith the numbers he requested. Mr. Smith asked about the availability of grants. Mr. Rasmussen said water quality was tied to affordability. Mr. Smith and Mr. Rasmussen discussed affordability.

Councilmember Allgood (Hyrum) made a motion to adjourn the meeting at 8:07 p.m.