

Minutes of the work meeting of the Town Council of the Town of Apple Valley, Washington County, Utah that was held on the 27<sup>th</sup> 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 6:00 pm.
2. The Pledge of Allegiance was led by Mayor Moser.
3. Roll Call: Trevor Black, Evan Brown, Dale Kingsley, Kevin Sair, and Mayor Moser were present. Town Clerk Nathan Bronemann took minutes.
4. Declarations of conflict of interests.  
  
None Stated.
5. Discussion on information related to service districts with Rod Miller.

Mayor Moser introduced Rod Miller who would be educating the Town Council on special service districts.

Rod Mills said that he did this for free and that he did so because he wanted to make a difference.

He distributed information to the Council. He said that there was a lot of misunderstanding with regard to special districts. He said that it has been a fairly contentious issue for some time now. The State even talked about getting rid of special service districts. But, they are here to stay and there is a reason that they are here.

Special service districts offer specific advantages. He said that the goal was to take systems that are under capitalized and unsustainable and fix the issues. Some of the advantages unique to service districts are the following. They allow for a singular focus, in this case, water. They are one-step politically removed. This allows the appointed board to concentrate on the needs of the district and not the politics of the day. They are directly accountable to the citizens, but they are appointed and not elected. They offer political subdivision of the city. There is significant statutory latitude given to special service districts especially for water. Where a municipality cannot move water from entity to entity, a special service district can do so.

Right now a lot of the State has over-allocated their water resources. The State is in the process of remedying that issue. With the district that can be managed. If the State determines that there is not enough water to sustain the residents of this valley and if there was a water district in place, you could go and look for other resources to bring in.

Funding options are very similar to those available to municipalities. However, there are greater amounts of money available to special service districts with respect to municipalities.

Special service districts can be a great source of information.

Since they are not well understood, there is usually a lot of opposition against them. They do have the ability to tax. You can state your intent to not tax, but a special service district does have the ability. It is a completely new organization for the Town, so you will be pioneers in creating a special service district. Since it is one-step politically removed, residents may feel that they aren't represented.

A local district organization is organized by statute. It is governed by a board of trustees appointed by sponsoring party. There is budget and financial accountability to the sponsor.

Some of the code has changed recently. He apologized if there had been any changes to what he was about to present. None of the changes should be material.

A special service district has the ability to issue bonds, and levy taxes. It would have the capability to interact with other political entities.

Another option would be for the Town (as a municipality,) to purchase and operate the water companies itself. As an existing organization, it is simpler to add to it rather than trying to create a new entity, (such as a special service district.) Service districts do not have policing power as does a municipality with regard to enforcing water ordinances, etc. There are not nearly as many tools available to a municipality as there are to a special service district. One significant difference is Municipalities do not have as much latitude in dealing with water rights. Municipalities are limited in many aspects with respect to water.

Cities can lease water resources and share revenues. This can be both a positive and a negative aspect. In the event of scarcity of water, the mayor or town board of trustees may limit the use of water.

A municipality can construct facilities outside of city boundaries if the purpose is shown to be needful.

Evan Brown asked what more an SSD would be able to do.

Rod Mills continued stating that municipalities have complete control over setting water rates, where a special service district would answer to the municipality. He recommended employing a tiered system to conserve water.

Local service districts do have broader powers and are subject to fewer limitations. They do not have policing power. There are significant limitations on managing a water resource.

Evan Brown asked how conservancy districts related to special service districts.

Rod Mills said that they were very similar to a local service district.

Dale Kingsley asked if taxes had to be involved.

Rod Mills said that the power to tax was part of the legislation, but need not be used.

Evan Brown asked if the SSD could levy taxes by their own accord.

Rod Mills said that there was a process including budget disclosure and public hearings. It is not an easy process as is also the case with a municipality.

Evan Brown asked for differences between a municipality and a special service district levying taxes.

Rod Mills said that it could be written into the bylaws to not levy taxes.

Mayor Moser said that the process is the same for a special service district as it would be for the town. That would include hearings, budget review, etc. as is laid out by the State.

Rod Mills added that there were even more requirements for a special service district. He recommended that the Town Council find people with experience to serve on the board of the special service district.

Dale Kingsley asked who made the decisions on how the special service district is created.

Rod Mills said that was up to the Council and that additional structure through resolutions is available to further limit the special service district.

Evan Brown asked if the district would be involved in the adjudication of the water.

Rod Mills said that that should be the purpose of the district.

Evan Brown said that by going with a district there would only be one class of water.

Rod Mills said that that would be true, but an oversimplification.

Kevin Sair said that this decision was not an easy one and that he realized that there was no "right" choice. There is still a long way to go. There is a lot of miscommunication and a lot of people upset.

Evan Brown said that he believed that most of the Town would agree that they needed to be in the water business. He asked the Town to not limit the tools to get the job done.

Mayor Moser said that as a council they are trying to solve a problem in the best way possible. The goal is to have water available in the future. The intent is not to raise water rates or taxes. That is why Rod Miller was invited so that the Council could educate themselves. As much as people don't like to hear the word "growth" it will happen.

Rod Mills added that in every economy people don't want change, but that is dictated by the economy.

Mayor Moser said that as Town Councilmen, they have to deal with almost every major issue that the Town is confronted with. They are stopped almost everywhere to discuss those issues. They are entrusted to make decisions based on logic and not on emotion. These decisions must be based on logic and information.

Curtis Gubler said that Desert Rose wanted half acre lots even before we were a Town. After the Town was created, they agreed to allow half-acre lots. It seems that the Town is forcing itself and grow too fast without being setup for that growth.

Mayor Moser said that their purpose was to maintain a resource for the future. Developers needed to bring recourses to the table.

Rod Mills said that in this case, the jurisdiction would be the Town boundaries.

Mr. Strutzel said that eventually it would concern the citizens. His biggest concern was if there were other avenues to fix the problem that didn't cost \$10.5 million.

Mayor Moser said that that figure was an estimate to purchase all the water companies, merge them, and update the entire infrastructure. It was an estimate only. The Town Council has the ability to agree to make a purchase of water companies without public input. He said that he is up very late every night working on this issue.

John Simmerman said that he knows that we do not have the answers. Understanding what a service district was about and its benefits was very valuable. There was a mailing that went out with some misinformation that got people thinking, and at least getting people involved was positive. He said that he recognized the value of a service district.

Mayor Moser said that the intent was NOT to tax and to function solely on the revenues from the services provided.

John Simmerman added that when he lived in California new developments were not allowed until they brought new infrastructure and that did not come at an expense to the current residents. That is the way he sees Apple Valley growing.

Mayor Moser agreed and said that is the way the Town's ordinances are written.

Dale Beddo said that it would be a great injustice to elect representatives and to not allow them to make the best decisions for the community. He strongly apologized for the slander that has taken place within the community toward the Town Council. He reminded people that they have 30 days to withdraw protest letters. This is not about those who are satisfied with their services, but about those who do not. Think of them.

Brenton Bennett asked if it was possible to retract a special service district once it has been formed.

Rod Mills said that it was possible, but not easy.

Brenton Bennett asked what role the Washington County Conservancy District would play.

Rod Miller said that it was unclear, and would be unable to speculate much on that.

Mayor Moser said that the Town is currently being taxed by the Washington County Conservancy District, but they are not currently interested in this community.

Evelyn Greco said that the stumbling block for most residents is how much money Two Bears has and how much they stand to make on this deal. She wondered when the pipeline would start to be replaced and by whom.

Mayor Moser said that Two Bears has expressed the intent to turn over the water companies to the Town at their cost. However, the first issue is to decide to create the special service district or not. He said that the Town Council is just as concerned as the residents about the costs involved.

Harland Ashby said that he has talked to several conservancy districts and they say the Town has no need for creating a special service district. He read from a paper on the purpose of a service district. He said that municipalities could bring water across state lines contrary to what was said.

Kevin Sair restated that he would not vote until he knew how much the water companies were sold for.

Rod Mills said that the creation of a special service district does not compel the Town to buy anything. There are funding advantages to special service districts. Some districts have sat for years without taking any action.

Kevin Sair asked that if they moved forward and purchased the water companies as the Town, could they later transfer them to a special service district.

Rod Mills said that it was possible but much more difficult. It would be better to do so now.

Trevor Black asked about the water rights and if they could be transferred between a district and a municipality.

Rod Miller said that it was possible, but difficult.

Evan Brown asked about the real cost to combine the water systems.

Rod Mills said no one really knows the real cost to bring these systems to where they need to be. However, does the Town want to carry the uncertainty of the financial burden or the SSD.

Mayor Moser said that if the Town went into default, they would have to raise taxes. A service district has more options available to help with debt including debt forgiveness.

Mayor Moser thanked Rod Miller for the information.

6. Adjournment.

Motion made by Kevin Sair to adjourn the meeting. Trevor Black seconded the motion. Vote: Trevor Black-yes, Evan Brown-yes, Dale Kingsley-yes, Kevin Sair-yes, and Mayor Moser-yes. The motion passed 5/0.

Meeting adjourned at 8:05 PM.

Date approved: \_\_\_\_\_

ATTEST BY: \_\_\_\_\_  
Nathan Bronemann

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Richard Moser