

Minutes of the work meeting of the Town Council of the Town of Apple Valley, Washington County, Utah that was held on the 13th day of October, 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, Dale Kingsley, and Mayor Moser were present. Evan Brown and Kevin Sair were excused. Town Clerk Nathan Bronemann took minutes.
4. Declarations of conflict of interests.

None Stated.

5. Training for the Special Service District with Rod Mills

Rod Mills distributed a handout. (See attached.) He said that he wanted to change the strategy for the SSD since it was approved and created earlier than expected. He said that he spoke with the Two Bears attorney and a deal is in the works for the Town's SSD to purchase the water companies directly without having a third party involved.

Rod Mills said that they were deep into the water resource optimum study of the water systems. He said that they had not received the help and information from the water companies that they had anticipated. He said that they had a model built for the systems.

Kelly Crane said that there were still some questions as to the size of the pipes and a few other issues, but they had a plan.

Rod Mills continues that the system valuation portion of the job was moving forward. He said that he had gathered as much information as possible with other similar situations. He said that the general precedence for this type purchase was to do the study and to value the system based not on the replacement value of the system, but on the appreciable value. He said that it was a little different since it was a purchase from private parties.

Rod Mills addressed the third component of the study being analysis. He said that they would have some recommendations on the merging of the two systems.

Rod Mills then spoke of the launching of the special district. He said that he told the Two Bears attorney that he was not interested in paying long-term debt. He is not interested in the existence of long-term user fees.

Rod Mills then addressed the schedule going forward. He said that on November 3rd and December 1st there is more training scheduled. He suggested considering a retreat where the future board members could spend a day to work on training for the SSD. He said that they would be willing to do that.

Rod Mills addressed funding. He said that the State Drinking Water Board would be addressing funding for the SSD's purchase of the water companies in their meeting on November 9th. He said that it would be good to have representative from the future board present in that meeting.

Mayor Moser said that they could appoint the board members on the 3rd of November and appoint members to be present at that meeting.

Rod Mills said that that meeting would be a precursor for the January 11th meeting where funding would likely take place. Finally they would have to decide when the SSD meetings would take place and how often. He recommended that they meet twice a month. He said with preparation time that would mean about 8 hours of volunteer time per month for the board members.

Mayor Moser said that they would likely schedule their first meeting for the 7th of November and establish a meeting schedule at that time.

Rod Mills continued with explaining the administrative control board. He said that the qualifications were that the members had to be registered voters in the SSD jurisdiction. He said that they consisted of the Mayor, a council member and three other appointed members. He said that the Town would want someone with some legal knowledge to hear legal council and help guide the board. He also recommended someone with a technical background, preferably with a water company or district. He said that the appointments would normally be 4-year terms.

Mayor Moser said that he had two years left on his term and that they would try to stagger the terms on the SSD control board.

Rod Mills recommended doing so along with staggering the Mayor and Town Council member terms on the SSD control board. He said that in the future he could continue to provide training. He said that they board members could be paid up to \$5,000 per year, but recommended using volunteer members. Once the board is formed, they will need to convene and elect officers including a secretary and treasurer.

Kelly Crane said that they treasurer would need to hold a fidelity bond and recommended that they be in the position for a longer term so that bond would not have to change.

Mayor Moser said that the scope of the study would be done at the end of this month and they would be able to review it the Town Council meeting on November 3rd.

Kelly Crane then addressed funding. He said that there were many that were happy to help fund in the future. He said that there were many funding mechanisms available including the Division of Drinking Water, Rural Development, the CDBG and the Community Impact Board.

Kelly Crane said the Community Impact Board grants are fewer for non-producing counties such as Washington County. However, there were still options available including mostly loans. He said that they would usually do 50/50 planning grants. Rural Development will loan up to 45% of the project cost at the current rate of 3.25% over 40 years. The Division of Drinking Water is very excited to help the Town move forward with this project. They do not want residents to pay more than 1.75 % of the residents' average annual income for water. By that calculation the monthly water bill should not be over about \$44.95.

Rod Mills clarified that as private companies, they can justify charging more, but as a public holding, the rates should be kept at a lower rate as explained.

Kelly Crane continued stating that another advantage was that the residents would no longer have to pay money to the Washington County Conservancy District on their annual taxes. He said that that was likely to change meaning about \$8 less per month for the average resident. That would mean an overall monthly cost of about \$37. He recommended having a tiered water cost structure with a base fee and steps for excessive usage.

Rod Mills said that all of these entities work very hard to keep the cost of the utility low for the residents.

Neil Duncan asked about those on the dead end of the water system and stated that the system would need to be looped. He said that whoever ended up on the board would need to dedicate time to help the Town and get the issues resolved.

Mayor Moser thanked Rod and Kelly for the time and information.

6. Adjournment

Motion made by Trevor Black to adjourn the meeting. Dale Kingsley seconded the motion. Vote: Trevor Black-yes, Dale Kingsley-yes, and Mayor Moser-yes. The motion passed 3/0.

Meeting adjourned at 7:09 PM.

Date approved: _____

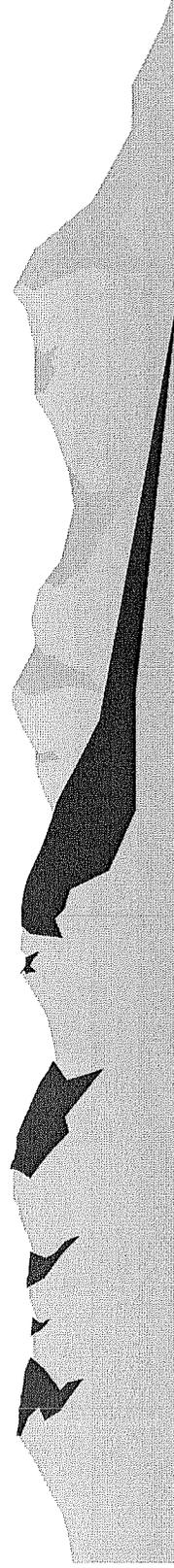
ATTEST BY: _____
Nathan Bronemann

Richard Moser

Apple Valley Town Council Meeting

October 13, 2011

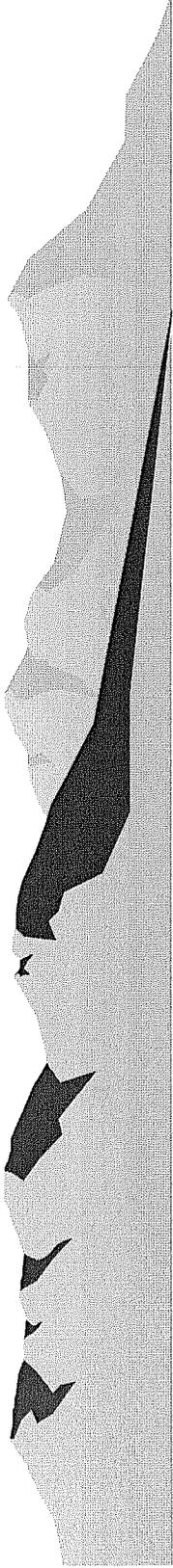
Work Session and SSD Orientation



Tonight's Agenda

- Progress Report
- Schedule
- Administrative Control Board Discussion
- Funding

PASS THROUGH AGREEMENT.



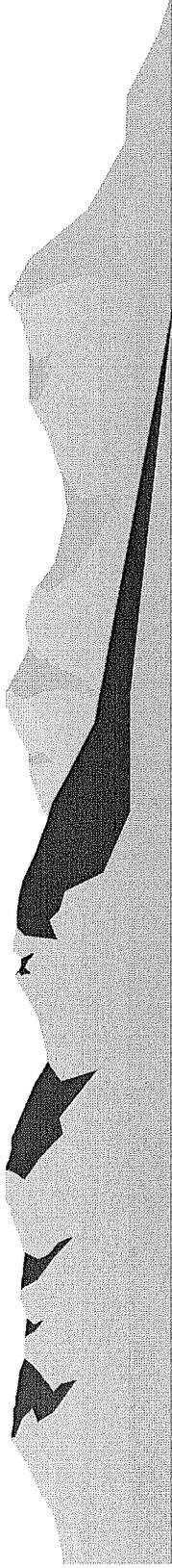
Progress Report

- **Water Resource Optimization Study.**
 - System Model
 - System Valuations
 - Analysis – Consolidation
 - Acquisition Parameters



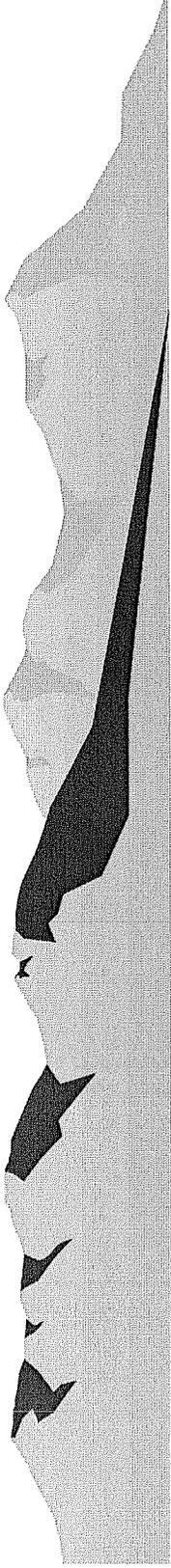
Schedule

- **Water Resource Optimization Study**
- **Work and Training Sessions**
- **Funding**
- **SSD Meetings**



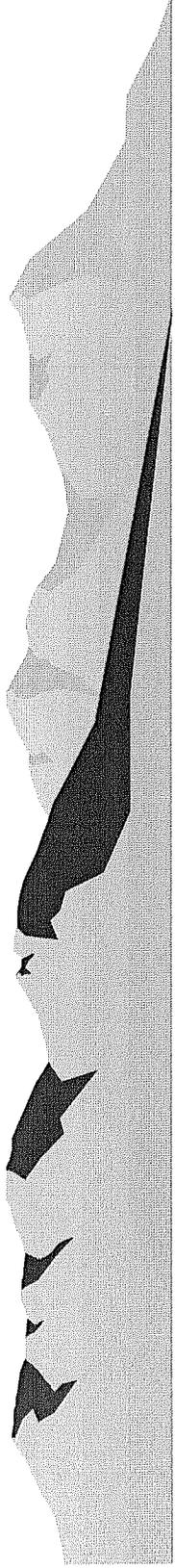
Administrative Control Board

- **Selection Criteria**
- **Demographics**
- **Terms and Staggering**
- **Electing Officers**



Funding

- **Division of Drinking Water**
- **Rural Development**
- **Community Development Block Grants**
- **Others**



When you have no WATER

You only have one
PROBLEM

