

Minutes of regular meeting of the Big Plains Water and Sewer Special Service District, Washington County, Utah that was held on the 6<sup>th</sup> day of September, 2017 at the Town Office 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 Harold Merritt.
3. Roll Call: Jack Davis, Neil Duncan, Harold Merritt, Ron Brown, and Mayor Moser were present. Dale Harris arrived late. Rod Mills of Ensign Engineering was present. Legal counsel was excused. Nathan Bronemann was present taking minutes.
4. Declarations of conflict of interests  
Harold Merritt said there may be some discussion on conflicts when they reached item 10, but he would wait until then.

5. Construction and Acquisitions – Harold Merritt

Harold Merritt said they had some issues running the Apple Valley #1 well pump last week. He said there was a surge issue with the electrical system they needed to look into fixing. He said he would talk to Dale Harris about getting an electrician to look at it.

Harold Merritt said the booster pump for the Cedar Point well had died and it was currently only pumping about 25 GPM. He asked what was going on with Well 59.

Rod Mills said everything was ready to go. He said Dale Harris needed to order the pipe and had likely done so.

Dale Harris arrived at 6:12 pm.

Rod Mills asked Dale Harris to contact Scholzen Products to make sure the Well 59 materials were on their way.

Dale Harris discussed his recommended solutions for Apple Valley Well #1. He recommended going pitless.

a. New Water Systems

Mayor Moser said the final draft of the contract to purchase the Canaan Springs should be ready tomorrow. He said the District would be at the mercy of the Webb family and their attorneys. He hoped that it wouldn't take too long to execute. He said Gary Kuhlmann would need to issue an opinion letter as soon as the contract was signed.

6. Funding – Rod Mills

Rod Mills said they just had a few follow up items to close on the Canaan funding. He said he wanted to revisit the planning grant that was tentatively approved and was sitting on Michael Grange's desk which pertained to connecting all of the water systems.

Mayor Moser said the Rural Development survey was ready to go out and should be going out in the mail next week. He said they would keep Nathan Bronemann informed about how the response rate was going. He said that if the survey went well, the District could be eligible to refinance all of its debt to a lower rate and allowing the additional funding to add storage and connect the systems while decreasing the annual debt service.

7. Operations – Neil Duncan

Neil Duncan said he didn't see any problems at this time.

8. Resource Management – Mayor Moser

Nothing more to discuss.

9. Development – Jack Davis

Nothing to report.

a. Water Rates

Commercial water rates were discussed under item #10.

Jack Davis told Mr. Merritt that he would have preferred hearing about the rate change proposal sooner.

b. Sewer

Nothing to discuss.

10. Review of Policies and Procedures

a. Discussion and possible action on commercial rate amendments to the fee schedule.

Harold Merritt said he was concerned with individuals trying to start small business and the cost of the impact fees they needed to pay. He said the Town hasn't seen a new business since the Town was created in 2004. He said he recently sold a piece of land to an individual wanting to start a business. He said he felt any conflict of interest he had with this had come and gone. He said the individual who bought the property was considering not developing. Mr. Merritt recommended setting the impact fee rate at a flat \$12,000 regardless of the size of the connection, as long as the appropriate amount of water rights were conveyed. He said he felt this would help business growth in the area.

Ron Brown asked if the gas station was going to hook into the municipal system.

Mayor Moser said they would have to connect to the system to be able to expand as they planned.

Mayor Moser said that everyone else in the county (under the Washington County Water Conservancy District,) was paying \$7,400 for a ¾ inch connection, \$16,045 for a 1-inch connection, \$53,187 for a 1.5-inch connection, and \$83,623 for a 2-inch connection. He said the Big Plains District was much less. He said it may be beneficial to allow the payment of impact fees over time.

Harold Merritt said that was in the city.

Dale Harris said the impact fee covered the cost of the impact to the system.

Mayor Moser said the movie theater in Hurricane paid over \$100,000 for water impact fees. He said that was definitely too high.

Harold Merritt said he felt anything over a 3-inch connection would be negotiated through a pioneering agreement.

Rod Mills said the District's rates looked similar to what St. George City was doing, but they still charged impact fees. He said the board could decide to lower the rates in the hopes that more businesses would come to town. But, he said he liked being able to

negotiate with new businesses on a case by case basis. He said Apple Valley's impact fee rates were about average when compared to the others in the area. He said it would be nice to have it be much lower.

Dale Harris said he saw both sides of the argument. He said they couldn't compare Apple Valley to St. George. He said Apple Valley didn't have the business to command a high impact fee. But, he said if the District looked at each new proposed business on a case by case basis, they may be able to make the impact fees affordable by financing them over time.

Rod Mills suggested the District enact a policy to allow the first five commercial entities a special pioneering deal on impact fees. He said the purpose of impact fees were to recapitalize the system.

Mayor Moser said it would be nice to look at this on a case by case basis.

Nathan Bronemann expressed concern over pricing ourselves out of business vs. not being able to make the loan payments and finding a balance. He expressed concern over establishing a precedent if special deals were offered on a case by case basis. He said it all came down to the argument of whether the burden of the system be charged to the current users or the developers. He said if the impact fees are reduced, the monthly rates may need to be raised to compensate.

Rod Mills again recommended offering discounts on impacts for a period of time.

Mayor Moser said that in order to change impact fees they would have to have a public hearing. He said that with the political climate in the Town right now, there would likely be a fight on lowering impact fees for new development.

Harold Merritt said Aaron Stout was struggling to get his business going due to the high impact fees.

Mayor Moser said the policy could be changed without having a public hearing.

Rod Mills suggested that the policy be changed to adopt a temporary program to encourage new businesses. He suggested that all commercial impact fees (regardless of meter size,) will be \$12,000 until such time that the board revert to its regular fees.

Mayor Moser said there should be a limit.

Ron Brown said this could go on for ten years.

Rod Mills said most entities simply charged impact fee rates based on the equivalent residential connection comparison.

Mayor Moser suggested that the policy allow up to six commercial impact fees at \$12,000 or until the District changed the policy.

Rod Mills said he would work on a policy and come back to the next meeting with some suggestions.

Mayor Moser said Washington County Water Conservancy District charged the same impact fees even for connections that were used for agricultural. He suggested that be looked into.

Motion made by Mayor Moser to have Rod Mills suggest a change to the policies and procedures to accommodate a discount on the impact fees up to a 2-inch connection for the first six connections.. Ron Brown seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Mayor Moser-yes, Ron Brown-yes, and Harold Merritt-yes. The motion passed 5/0.

11. Consent Calendar - Income and Expenses

Motion made by Neil Duncan to accept the consent calendar as presented. Jack Davis seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Mayor Moser-yes, Ron Brown-yes, and Harold Merritt-yes. The motion passed 5/0.

12. Consider approval of minutes:

a. August 16, 2017 Meeting Minutes

Motion made by Ron Brown to approve the August 16, 2017 meeting minutes. Mayor Moser seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Mayor Moser-yes, Ron Brown-yes, and Harold Merritt-yes. The motion passed 5/0.

13. Request for a closed session

None requested.

14. Adjournment

Motion made by Neil Duncan to adjourn the meeting. Ron Brown seconded the motion. Vote: Jack Davis-yes, Neil Duncan-yes, Mayor Moser-yes, Ron Brown-yes, and Harold Merritt-yes. The motion passed 5/0.

Meeting adjourned at approximately 7:38 PM.

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

ATTEST BY: \_\_\_\_\_

Nathan Bronemann

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Chairman Harold Merritt