



HEBER VALLEY SPECIAL SERVICE DISTRICT

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BOARD MEETING April 28, 2022

4:00 P.M.

Administration Building
1000 E Main Midway, UT 84049

AGENDA ITEMS

Those in attendance:

Those In attendance: Celeste Johnson, Heidi Franco, Mike Johnston, Yvonne Barney, Don Huggard, Steve Farrell, Brenda Kozlowski, Dennis Gunn, Wes Johnson, **Online:** Brad Rasmussen

CONDUCTING: Board Chair, Celeste Johnson

ENTITY UPDATES, *specifically regarding growth that could affect HVSSD:*

ACTION ITEMS:

1. **Consent Agenda** Approval – (5 minutes).
 - A. [February 24, 2022 Board Meeting Minutes](#)
 - B. [March 10, 2022 Board Meeting Minutes](#)
 - C. [March 24, 2022, Board Meeting Minutes](#)
 - D. [March 2022, Profit & Loss](#)
 - E. [March 2022, Reconciliation](#)
 - F. Warrants

Celeste Johnson stated that there was a correction that needed to the March minutes where a comment she had made should state decreased rather than increased.

A motion was made by Steve Farrell to approve the minutes on the consent agenda with the revision to the March 28, 2022, board meeting minutes as noted by Chairman Celeste Johnson. The motion was seconded by Don Huggard and the motion passed all in favor. The revision was made to the March 24, 2022, minutes by Janet Carson.

2. **Easement for Force Main Charleston Town**, discuss and possibly approve – Brenda Kozlowski - (10 minutes)

Brenda Kozlowski stated that everyone should have the information that they received in the packet. She stated they need the ground to put the sewer in. They are a part of HVSSD. This is their property, and they are doing this to benefit the community of Charleston. She stated that she did not attend the last meeting, and she was willing to address the concerns.

Steve Farrell asked if Charleston was putting the line in or bonding for it.

Brenda Koslowski stated that they are not bonding. It will belong to Charleston when it is completed. This is the first time they have done this.

Celeste Johnson stated that when a developer comes in, they pay for the line and then, after inspection, they turn it over to the community. It should be in writing with an extension agreement.

Don Huggard stated that HVSSD has only 2 customers, Midway SD and Heber.

Steve Farrell asked if there would be a line extension agreement to pay back the developer for the line. That means it would be owned by the developer until they turn it over to Charleston.

Brenda Kozlowski stated that, at this time, they do not know who the developer will be.

Steve Farrell asked why they would need an easement right now because they do not know who the actual developer will be.

Wes Johnson stated that there was a developer, and Charleston is now in the process of meeting with the property owners in this area. They have let them know that Charleston is not going to pay for this. He stated that the line has a value of \$65 thousand per acre. There is a cost of the easement and another value for the construction easement. He asked if the board was comfortable with the cost. This cost is more than the cost of Heber Light and Power.

Heidi Franco asked if they wanted them to fill in the ditch.

Wes Johnson stated that nobody uses the ditch, and they may need to check to see who owns it. They have been checking into this.

Heidi Franco asked about the possibility of UDOT changing the road or getting close to this easement.

Wes Johnson stated then it would be the responsibility of UDOT to either buy a wider easement or buy the property. If the ditch is filled in it will give HVSSD more space.

Mike Johnston stated that he sees a difference between the other deals. This is a request from a public entity and would be a benefit to HVSSD. They are not harmed, in any way, by them putting the line in and cleaning it up. He would prefer not to put the burden of the cost of the easement to Charleston.

Steve Farrell stated that if it was a municipality putting in the line in, it would be a developer putting in the line and not Charleston. HL & Power is owned by the same entities that own HVSSD.

Celeste Johnson stated that in Midway, the developers pay for it then turn it over to MSD. Let the developer pay for it and let Charleston have the easement. The developer would pay for it and give it back to Charleston. Charleston should not have to pay for it.

Mike Johnston stated that it is much cheaper for a private entity to put this in than a public entity and he would prefer not to put the burden of the cost on Charleston users.

Wes Johnson stated that there will be user fees and impact fees to HVSSD. He asked that they keep in mind that there have been very difficult negotiations with the property owners.

Don Huggard stated that whatever is done here will be setting a precedent.

Celeste asked who the precedent is with.

Don Huggard stated that if someone comes in and states that they want an easement. They typically pay for it and then turn it over to MSD.

Mike Johnston stated that they have charged for easements.

Steve Farrell stated that it was funded by a municipality not a private individual.

Heidi Franco stated that they should put in the process that Charleston will set up an agreement with the developer to install the line, and once it has been inspected it will be turned over to Charleston.

Mike Johnston stated that they should state that the easement is for Charleston and not a privately owned line.

Steve Farrell stated he is ok with the easement if there is a construction easement also.

Celeste Johnson stated that the construction easement should be paid to HVSSD, Charleston gets the easement and what dollar amount would they ask for.

Wes Johnson stated the land value was \$65,000.00, the land easement is %50 of that value and the construction easement is %25 of the value. Wes Johnson stated that the total easement would be \$20,000.00, and asked if they would they look at the value of filling in the ditch of \$16,000.00. He stated that there is value to the ditch being levelled.

Celeste Johnson stated that they would potentially propose is that HVSSD grant Charleston an easement because they are part of HVSSD. If and when a sewer line is put in HVSSD will expect a construction easement cost of \$3000.00 because the developer or private landowner will put in a ditch and put in the line in Charleston's easement.

Heidi Franco stated that she would like to see the amount \$6714.00 for the construction easement value as what they will be paid.

Dennis Gunn asked if they want to do this as a dollar amount or on principal. If this doesn't happen for 20 years, then \$6000.00 is nothing.

Mike Johnston made a motion that they grant Charleston town a permanent easement 15 feet wide and a temporary construction easement of and additional 15 feet along the frontage along highway 189 with the following stipulations that it must be a public line dedicated to Charleston Town. The contractor must repair the grade and finish the grade so that the ditch is gone, and it is level and clean and covered with six inches of topsoil. If nothing happens in ten years, it will expire, and they would have to come back and renegotiate. This will be at no cost. The motion was seconded by Celeste Johnson. The chairman asked for any discussion on the motion. Heidi Franco stated that she would like to charge the developer \$6714 for the construction easement. Celeste Johnson stated they don't have a developer right now. If, in ten years this happens this is nothing. Heidi Franco stated that she wants to protect the assets. What if they have to hold off watering during the time of the construction? Mike Johnston added to the motion that the operations of the construction does not occur during the operations of the farm a cost would occur. Don Huggard asked that they put in the motion that it would be inspected during construction and after and approved by HVSSD engineer. Steve Farrell stated that he would be fine with the motion if it was Charleston putting in the line. He stated that an easement limits the use of the property.

Steve Farrell stated that he felt that they were not recognizing their fiduciary responsibility. They charged HL&P which is owned by the same entities. He felt that they don't need a big amount, but they do need to show something and not set a precedence. Heidi Franco stated she would vote no for the same reason to be responsible for the assets.

The motion passed with a majority vote to approve. Board members Celeste Johnson, Mike Johnston, Brenda Kozlowski and Don Huggard voted aye, and Steve Farrell, Heidi Franco, and Yvonne Barney voted nay.

Heidi Franco stated that she would like a final draft of the agreement with the clarification and conditions.

3. [Aqua Engineering to submit application to DWQ for Discharge Permit](#) and possibly approve – (minutes)

Brad Rasmussen stated that this is a continuation of what he has recommended for a long time. There is paperwork that needs to be done to start the process. This gives them some talking leverage with everything they are doing. The reuse stuff gets complicated. Having this card on the table will allow them to talk to groups. The Provo water Users will get excited about this, and it will initiate conversations. Getting this process going makes everyone wake up and start talking.

Heidi Franco asked about the cost.

Brad Rasmussen stated that he is not sure what the actual cost will be.

Celeste Johnson asked if they could get the discharge levels where they should be and why they should go through this.

Brad Rasmussen stated that we don't know what the levels are and what they need to be to discharge into the Provo River.

Steve Farrell asked if they would be wasting their time trying to discharge into the Provo River. They will find out who is against it and the bigger part of it is they will bring the people together.

Heidi Franco stated that she feels they are not ready to do this yet. She would prefer to move forward with the mechanical plant and then see where things go.

Steve Farrell stated that he feels just the opposite of this. Now we should put the application in.

Wes Johnson stated that they are reluctant with the discharge but by applying for this does it open their eyes. Maybe they can get their attention.

Brad Rasmussen stated that the initial goal is the groups will meet.

Celeste Johnson asked if \$8000.00 would be the cost for this process.

Brad Rasmussen stated that it may not be that much. The people that get involved are the ones who handle the permit, and the waste load allocation officer. This is where the permit comes from, then they would write a draft permit. They would also do an anti-degradation report stating what they can do that is least degrading to the river. Maybe instead of the mechanical plant they could move towards one more line. As more people come into the valley you will have more water to take care of.

Heidi Franco asked if anyone can sue HVSSD for filing the permit.

Brad Rasmussen stated that it will go out to public notice before the permit is issued.

Celeste Johnson stated that if it came to this point, they could just pull the permit.

Steve Farrell stated that they would be operating under state guidelines.

Heidi Franco asked about the status of the permit.

Dennis stated that they do not have a permit. He stated that they are working on requiring instream standards for IRBs and reuse standards for the farm.

A motion was made by Steve Farrell to authorize Brad Ramussen to submit a draft permit for discharge. The motion was seconded by Don Huggard and the motion passed all in favor.

1. **Approve New Farm Fence** - discuss and possibly approve not to exceed. (5 minutes) – Wes Johnson and Dennis Gunn

Dennis Gunn stated that they need to fence people and animals out of the property.

Wes Johnson stated that they have advertised the notice for bids in the Wave. If they inquire they will be given a packet with the specs. They will open the bids on May 9th. They will need authorization from the board for the manager to go ahead with the process that will cost under \$65,000.00. He stated that there are other items they need to get going on soon. Part of the fence is part of the survey of the boundaries. They were hoping to get going on this before now. The cost from Cory Neerings for the survey was \$7500.00.

Celeste Johnson asked about the purchase guideline for this.

Steve Farrell stated it is \$10,000.00.

Wes Johnson stated they would like a motion to not exceed this cost without talking to the board.

A motion was made by Heidi Franco to approve the survey at a cost of \$7500.00 and the cost of the fence at \$65,000.00. The motion was seconded by Steve Farrell and the motion passed all in favor.

4. **New Farm Property Survey** discuss and possibly approve not to exceed. (5 minutes) – Wes Johnson and Dennis Gunn
5. **Award bids for berm construction in New Farm** discuss and possibly approve – Dennis Gunn and Wes Johnson

Dennis Gunn stated that they can get the soil from Heber Light and they need to put a berm around the farm to make sure water does not enter off the property near the new houses.

Chairman Celeste Johnson reviewed the bids and the cost for each bid with the board.

Wes Johnson stated that there had been a concern with KW in a previous project where the cleanup was not completed at the end. Wes called them and addressed their concerns and they stated that they were unaware that this had not been resolved and that they will come and take care of it.

Celeste Johnson suggested that they meet with the manager to resolve this issue.

Dennis Gunn stated that the dirt will come from a HL&P substation. The soil has been tested and it will work for this project.

Heidi Franco asked about any weed issue.

Dennis Gunn stated that they can put lines in to keep it watered. The board discussed the shape of the berm and what they could do to make it presentable because of the close neighbors. The staff will maintain it to a higher level than it has been in the past.

A motion was made by Mike Johnston to approve item 5 and accept the bid from KW Robinson. The motion was seconded by Steve Farrell and the motion passed all in favor.

6. Expansion Implementation continuation from January 28, 2022, Board Meeting,

A. Issuance of Bonds, discuss and direct staff – Mark Anderson, Zion's Bank - (30 minutes)
Sewer revenue bond- \$22,605,000 Series June 15, 2022, with a 20-year amortization.

Dennis Gunn stated that they need a new lagoon system. The one that was repaired has now failed.

Brenda Kozlowski asked if this is the one they were thinking about draining.

Heidi Franco stated that the amount is up \$13 million after the latest figures.

Dennis Gunn stated that there have been lots of building permits issued.

Mark Anderson asked about the timing for this process.

Celeste Johnson stated that it should be at least within the next year and that they should bond this year.

Mark Anderson stated that the interest cost may not go down but that the cost may.

Brad Rasmussen stated that they should do the mechanical plant engineering this summer and winter and it would be next spring when it will go under construction with a 2-year window for completion.

Celeste Johnson asked when they should close on the bond.

Brad Rasmussen stated it would be a year from now.

The board discussed the timing for the bond. Dennis Gunn stated that they need the bond to start the new lift station.

Mark Anderson stated that he doesn't anticipate that interests will go down. Since last November the cost has gone from 2% to 3.5% to 4%. Every day brings new surprises. Right now, the 25-year Market TIC is 3.68%, the 20 year is 3.54% and the 20-year DP TIC is 3.75. He stated that he spoke with DEQ today and most of their funds are committed. The application period ends June 30th.

Steve Farrell stated that they should have a very good chance going for a loan even with 2.5% interest.

Mark Anderson stated that he could see if the MAG list has been finalized and ask that Wasatch get added to the list. The board would need to hold a public hearing on the loan from the CIB. He will talk to Dustin and MAG staff to see if this can be amended.

Steve Farrell stated that he felt that they should look at this.

Mark Anderson stated that the application date is June 1st. The money they can lend for this is much bigger and will delay the interest rate.

Celeste Johnson asked if they could do a parallel appeal for it.

Heidi Franco stated that there is a bond cost that the two could accrue.

Steve Farrell stated that the district does not have a bond rating and they would need to do this.

Celeste Johnson stated that the rate of \$14.65 per ERU goes into effect on July 1. Can part of the story be addressed by the growth that has occurred? The district should move forward with the rating and get on the list.

Mark Anderson asked if COB is viable. He stated that 2.5% would still be a deal.

Brad Rasmussen stated that they have the engineering and construction budgets now and get the information for the application.

Mark Anderson stated that he will talk to Candace Powers on how it would impact the users on the system, and they should hold the hearing for the CIB loan. It should be a special hearing for the loan and the notice should state their intent to seek a loan from the Community Impact Board.

Heidi Franco asked how much for it.

Brad Rasmussen stated that they need \$14.6 million and another 2 to 3 million for aerating. He suggested \$16.8 million.

Dennis Gunn stated there is \$6 million in impact fees.

Steve Farrell stated that 10 to 12 million would be a good number. He stated that the CIB is a part of money from the federal government and royalties from gas and coal. We need to convince them that we need it. The bigger the number the less success we will have.

7. Consideration of closed session pursuant to Utah Code section 52-4-205

- ii. (c) Strategy session to discuss the purchase and or sale of real property.

No closed session needed.

DISCUSSION ITEMS:

1. Manager's Updates. – Dennis Gunn

- Manager Dennis Gunn informed the board that they are entering into an agreement with Les Olsen.
- The Rural Water meeting on May 5th will be hosted by HVSSD. They can get CEUs for attending and there is no cost.
- Celeste Johnson asked the manager for an update on OSHA at the next meeting.
- Dennis Gunn asked if Heidi Franco had received an answer to the question she had from the financial report from the February 22, 2022, meeting. Heidi stated that she did get her answer.

- The manager will be implementing ULGT training. This will be done online and there is no cost to the district for it. A course will be assigned to employees each week with a short quiz at the end. The training will take about an hour to complete and will cover required training.

2. Other Business

Wes Johnson stated that a couple of years ago Horrocks did a delineation of the Probst property. They hired Bob Thomas to do the VanWagoner delineation. They thought there were more wetlands and asked the farmer not to irrigate. They were supposed to be here today, and he does not know when the core is coming, and they have a problem with the property now irrigating.

Steve Farrell stated that they have been asked by the state to not water until May 1st.

Wes Johnson stated they can't dictate when the core will come, and they are concerned with holding VanWagoner off from the water. They need to make sure they do not irrigate and that it does not have a financial impact on the district. They should send him a letter with notice that they will not pay for it and to please not water until after the assessment. It should indicate that this is critical to the district.

Celeste Johnson asked if they could put it off till next spring. It is pointless if they came after they have watered it. They can let Bob Thomas help them with the decision.

Heidi Franco stated that the district paid them a lot for the liability in the past.

With no other business to address a motion was made by Heidi Franco to adjourn the meeting. The motion was seconded by Brenda Koslowski and the motion passed unanimously.

Date Approved: 5/26/22

Board Chair

Celeste Johnson

District Manager

Dennis Gunn

