

Spanish Valley Water & Sewer Improvement District
Full Agency Meeting
August 16, 2007

The meeting was called to order at 7:49 p.m. at the Agency office, 3025 E Spanish Trail Road, Moab, Utah by Chairman Gary Wilson. Other trustees present were Lance Christie, Mike Holyoak, John Hartley and Dan Holyoak.

Others present were: Dan Pyatt, Rex Tanner, John Keys, Kyle Bailey, Tom Stengel, Terry Sykes, Marsha Modine, Dana Van Horn, JR Krist, Brittany Krist, Paul Cox, Joe Kingsley, Mary Wright, Kathy Reske, Doug Rasmussen, Joanne Savoieé, Ed McElhaney, Randy Day, Roger Schmidt, Dan Stenta, Jerry Ward, Mike Rivette, Donna Rivette, Ron Georg, Charles Pipkin, and John Fogg.

Public Hearing – increase in wastewater impact fees Motion to open the public hearing for increase in wastewater impact fees at 7:49 p.m. by Lance Christie. Second by Mike Holyoak. Gary Wilson-Aye, Lance Christie-Aye, Mike Holyoak-Aye, John Hartley-Aye, Dan Holyoak-Aye. MOTION CARRIED. Terry briefly explained the impact fee process. It was then explained that the committee's recommendation was \$4860.00 and that the current fee is \$1655.00. Terry reiterated that the current amount is from 1995." Mary Wright of the Pueblo Verde Development was the first to speak. "My name is Mary Wright. I live in the valley. I own La Sal Modular Homes and I am developing a subdivision. For the seven years I have been in business here I have tried to provide affordable housing for as many people as could qualify for it. My first two or three years of business it was approximately 90% of my yearly total. Now, with the price of land going up, I'm lucky to get 10% to 20% of my total year's business. It's hard enough for people to afford this land that are full time residents (I am not talking about people from out of town) who truly want to have their own place – like the Kristis for example or the people that have already bought into my subdivision that I am developing. But to put these impact fees on them, I will tell you flat-out right now, you just cut out all of the people that would have qualified through the USDA one hundred percent affordable financing. There is no way these people can get a home. This type of an increase, in my mind, from the way you are stating it is just totally directed at new building. Why? All your toilets, sinks, bathtubs, everything in your existing homes is going to go into this new system the same as new development. Why isn't everybody involved in bringing in this entire new system for our valley? On my water bill (which I've got with me) I pay \$25.95 a month for sewer fees every month. Raise it for everybody. It's just not the new people that are going to be using this system. Everybody in the valley is going to be using this and you're just dealing with it so blatantly towards new development. Last year in the total of 50 building permits that were issued there is no way that enough money could be generated with your increase now of 300% that you're asking for that it will come anywhere near what this is going to cost. Where is this other money going to come from? How are we going to sustain it? Just on new building? I don't think so. Look at the big picture of the whole thing. You know we have no more affordable housing and people cannot upgrade in their lives. And you throw these impact fees on top of what they can barely qualify for anyhow and guess what? They're going to live in trailers that are condemnable and part of that is on your backs. I also feel (this is the first meeting I've come to) and I was at a meeting earlier this week where it was mentioned "Gee nobody comes to the water board meetings." Well I understand why now. Because we are not given any information to look at to substantiate anything that you guys are talking about. You also don't introduce yourselves. You don't... this isn't recorded – it is on a tape, I realize that but you say you're not getting support from the community. Of course you're not. This is... we all feel like we're being blindsided. Absolutely blindsided here." Chairman Wilson advised Ms. Wright that her time was about up. "I'm done." She replied. Charles Pipkin was next to speak. "I don't need to educate this board. Anybody that knows Lance Christie knows that we have an affordable housing crisis in this community. I'm looking at the solution that you are proposing and I'm wondering if perhaps...my father taught me if I come to him with a problem I'm supposed to bring at least one solution. It may not be a good one but to demonstrate I thought about it some. And what occurs to me is when we look at the property tax base, I pay my property taxes they reflect what my house is worth. So if I have a bigger house, I pay a higher property tax. If I have a smaller house I pay a lower property tax. But the impact fees are going to be the same no matter what my house is worth if I build a new house. So in order to not exacerbate an already existing workforce affordable housing crisis could we perhaps look at a fee structure an impact fee structure that bore some reflection to the difference in the values of the homes that are being constructed and coming online for this new system. It might be a more palatable solution for those who need low cost workforce affordable housing. Thank you." Chairman Wilson advised Mr. Pipkin that what he was asking for was illegal. Next to speak was Randy Day. "I'm Randy Day I would like to speak to the impact fee increases. As I understand it, we formed this board and this special service district. When I was living in Cedar Hills in '77 we didn't have a sewer plant. We didn't have any of that and we created a special service district and this board in its inception was created in order to take care of the

sewer lagoon problem that we had. It was a district and it's been taxed. As I see it you have three or four different sources of revenue and I'm not sure what all they are. I'm sure your audit could tell me if I could look at it maybe I could understand that setting a little bit better. It appears to me, as a developer, and understanding how that certainly works; that I pay for the plumbing - I put it in the ground, I pay for the water pipe - I put it in the ground. I pay for all of that and I put it in the ground then I give it to you for free. I give you all of that. And then you charge each person that hooks up to that particular line that I built and of course that line on down the road and you charge him a fee to own that and it used to be that we would set up a government agency or government to participate and do things that we can't afford to do for ourselves as a public unit - and it makes sense to have something so it is less costly. With the fees that I see coming, it's much easier for me to drill a well (and cheaper) put in my own private sewer system than it is to subscribe to the current setting. That concerns me greatly as a Grand County resident. Because not too many miles down the road south of here is a county that will allow that to go on as long as it will perpetuate itself. That is going to happen. You're gonna see developers, you're gonna see individuals, you're gonna see everybody else head for that county line because it saves them 8 to 12 thousand dollars depending on where you're at in this setting. Grand County has to pay attention to that. We do. I don't blame them. That's where I'm gonna start looking for property to develop - it's cheaper. It's a lot less expensive to handle that. Now I realize you gentleman (and I know most of you well) that there's a good group of heads here and I'm not still getting my arms around this setting of impact fees to that increase. I understand that they haven't been adjusted. And I understand it's a bargain compared to a lot of places. But it's not a bargain compared to Green River or Thompson. I can tell you that. It's just not a bargain. Chairman Wilson advised Mr. Day that his time was almost up but he would be allowed to conclude if he would like to. What I'd like to say is that we need to look at that not in comparison, I don't care what Denver city does and I don't care what Grand Junction, Colorado does, I do care though, however, what Grand County does in looking straight on to the teeth of the lion next door. And they will allow it to perpetuate. You can count on it. And if we're not smart, and I understand we're trying to create some inflow with a new water service plant...sewer plant in this process you're trying to build a sewer plant I understand and I'm not sure if these impact fees are supposed to pay for that sewer plant or just for what they're paying for right now. I realize it's a complicated situation. But in Grand County - it feels like I'm not getting my bang for my buck anymore for what I'm paying for on my tax rolls and my water and sewer. Thank you." The final speaker was Ed McElhaney. "Yes, my name is Ed McElhaney and I also have a manufactured home dealership and I'll speak for Mary - she got...her time was less but... Doing affordable housing - when people pick their house out, do their property, they usually will max their... as much as they can borrow. These impact fees, for example, Mary has contracts on houses and property that the people are maxed out. If you pass these impact fees before her contracts come to fruition all those sales that she has - they're not going to work because people cannot afford any more. And uh, I don't know - it's just something that I think that it's a sad situation but it is a reality. And I also, with what the gentleman said here, San Juan County is going to be very - is going to look very good to a lot of developers and that's not good to be doing a lot more wells and a lot more septic systems. We need to put our heads together and figure out some way to keep the impact fees lower. Thank you."

Motion to close the public hearing for increase in wastewater impact fees at 8:03 p.m. by Mike Holyoak. Second by Lance Christie. Gary Wilson-Aye, Lance Christie-Aye, Mike Holyoak-Aye, John Hartley-Aye, Dan Holyoak-Aye. MOTION CARRIED.

Public Hearing - increase in culinary water rates Motion to open the public hearing for increase in culinary water rates at 8:03 p.m. by Lance Christie. Second by John Hartley. Gary Wilson-Aye, Lance Christie-Aye, Mike Holyoak-Aye, John Hartley-Aye, Dan Holyoak-Aye. MOTION CARRIED. Terry explained the proposed increase of \$1.00 to the base rate of all rate levels. The highest tier of the conservation rate would go from \$1.25 per thousand to \$1.50 per thousand. Joanne Savoie spoke first. "Joanne Savoie. Yeah, a dollar is pretty modest and I came to hear what the increase would be and why. And I did come to the last...the last time I came to a meeting was to increase something on our water bill to pay for the George White Well. So there was an increase not that long ago to pay for that well. It was me and I think two other people at that public hearing - so this is substantially bigger. So what is the increase for? I mean it is modest until you start using more than 16 thousand gallons (and I think I'm one of those kinds of users) so why is it increasing?" Terry replied that the cost of fuel, electricity, basically the cost of doing business has increased. He also noted that if the agency were to follow rigid formulas for increases that it would be a lot higher and that we are just trying to do things incrementally. Joanne Savoie - "I have a maybe unrelated question if I might ask. The current tax on our property bill... property tax bill - What does that pay for? I mean it's not much on mine but..." Terry: For the Improvement District? Joanne Savoie: Yes. Terry: I'll let Marsha address that one. Marsha: We no longer have a property tax for the Improvement District. If you will check your taxes this year; you will see that Spanish Valley Water and Sewer is no longer listed. We paid off our G.O. bonds last year. Joanne Savoie: It did say zero. I was just thought it was a zero increase. Marsha: No, zero period. Joanne

Savoie: Zero period. Okay. Randy Day spoke next. "I'd like to make a comment toward that increase. I knew that was coming and expected that to be considerably higher than that due to the cost of what it takes to run a business period and those kinds of costs and those kinds of things I certainly can understand how the board needs to raise those and what they have to look like. So I appreciate that kind of a tax increase and the work that's put in to do that and for that – that's still a very reasonable water rate and I appreciate your time for looking at that."

Motion to close the public hearing for increase in culinary water rates at 8:08 p.m. by Lance Christie. Second by John Hartley. Gary Wilson-Aye, Lance Christie-Aye, Mike Holyoak-Aye, John Hartley-Aye, Dan Holyoak-Aye. MOTION CARRIED.

Discuss, consider, approve wastewater impact fee increase resolution Chairman Wilson moved this agenda item from item 15 to item 12 to facilitate the flow of the meeting. Motion to table this agenda item until September 6, 2007 by Lance Christie. Second by John Hartley. The board began a discussion on this item and it was pointed out that a motion to table is not debatable. Lance Christie withdrew the motion so that discussion was allowed. Chairman Wilson explained that if San Juan County decides to be involved with the treatment plant, then they will be paying the same impact fees as Grand County residents. Lance spoke of the agency being blindsided by overwhelming development and explained the basic function of the agency. Terry advised the audience that all of the study's and other materials have been available to the public for weeks. Only one person has come in to request that information. Terry then asked Robert Worley to explain the intent of impact fees. Robert explained that impact fees have been imposed to make new development pay for their share of the system. Chairman Wilson explained that this increase is primarily to catch up and that the agency did not collect enough money in the past few years. Lance Christie said that the fees go towards financing the capital infrastructure plan and that that plan has increased but the impact fees have not increased proportionally. Chairman Wilson then stated that there probably will be a sewer rate increase. The existing residents have already paid their fees and for the pipe. If we didn't have the development that we do – it wouldn't be necessary. Motion to table this agenda item until the September 6, 2007 meeting by Lance Christie. Second by John Hartley. Gary Wilson-Aye, Lance Christie-Aye, Mike Holyoak-Aye, John Hartley-Aye, Dan Holyoak-Aye. MOTION CARRIED Joanne Savoie asked how the new plant would be financed. Robert Worley and Chairman Wilson explained that monies will come from grants, bonds, rate increases and that impact fees cannot pay for it alone. Chairman Wilson also explained that there will not be a G.O. bond for this project so there will be no property tax increase. Rex Tanner said that if there was a revenue bond that it would justify a rate increase. Chairman Wilson stated that there is a lot to do with the funding and that the answers are not yet available. Lance Christie said that the board is responsible for protecting the existing ratepayers. JR Krist asked about the current rates. The board advised that the rates haven't changed yet and that he should come to the office as soon as he is able.

Discuss, consider, approve culinary water rate increase Chairman Wilson moved this agenda item from item 16 to item 13 to facilitate the flow of the meeting. Motion to raise the culinary water rates by the recommended \$1.00 (and recommended \$0.25 increase in highest conservation rate) by Lance Christie. Second by John Hartley. Gary Wilson-Aye, Lance Christie-Aye, Mike Holyoak-Aye, John Hartley-Aye, Dan Holyoak-Aye. MOTION CARRIED.

Minutes Motion by Lance Christie to approve the minutes of the meeting of July 19, 2007 as presented. Second by Dan Holyoak. Gary Wilson-Aye, Lance Christie-Aye, Mike Holyoak-Aye, John Hartley-Aye, Dan Holyoak-Aye. MOTION CARRIED.

2006 Audit Presentation – Doug Rasmussen Doug Rasmussen, auditor from Smuin, Rich & Marsing, presented the 2006 Audit to the Board. The audit stated there were no instances of non-compliance and no management letters were issued.

Quarterly Financial Statement Chairman Wilson advised that due to the late hour that there would be no presentation of the Financial Statement by Marsha.

Chairman Wilson declared the meeting adjourned. Hearing no objections the meeting adjourned at 8:37 p.m.

ATTEST:

Gary Wilson, Chairman

Mike Holyoak, Clerk