

**MINUTES OF THE
HEBER VALLEY SPECIAL SERVICE DISTRICT
PUBLIC HEARING
MAY 08, 2025 – 6:00PM**

PRESENT: Heidi Franco Chair
Celeste Johnson Vice Chair
Brenda Christensen Board Member
Colleen Bonner Board Member
Don Huggard Board Member
Mike Johnston Board Member
Yvonne Barney Board Member

ALSO PRESENT: James Goodley General Manager
Bryan Provost HVSSD (electronic participation)
Eliza McGaha Secretary
Tina Rodriguez Treasurer
Trent Davis HVSSD
Wes Johnson Midway City
Susie Becker Zions Bank
Mark Anderson Zions Bank
Becky Wood Midway Sanitation District
Craig Simons Midway City Council (electronic participation)

CONDUCTING: Board Chair, Heidi Franco

AGENDA ITEMS:

Discuss and Consider Rate Increase

Discuss and Consider Rate Increase:

Heidi Franco called the public hearing to order at 6:02 p.m. and turned the time over to Susie Becker with Zions Bank for the rate presentation. Ms. Becker presented the rate study model via PowerPoint slides. She explained that the debt service ratio must stay above 1.25 and the days of cash on hand should ideally be at 180 days and stay above a minimum of 150 days. Ms. Becker explained that the color coding in the model will change based on the numbers entered. Red indicates that the debt service is below 1.25, yellow represents caution and green represents being above 1.5.

Ms. Becker asked about the cost of new construction and impact fees showing in the model and if those projects were impact fee eligible. Mr. Goodley commented that those projects, highlighted in blue, were the CIB projects from the impact fee facilities plan in 2021 done by Aqua Engineering. Mr. Goodley said when he came on, he suggested changing the scope of those plans to eliminate the lab and new farm shop and add the headworks. The upgrade to the lift station is done. Celeste Johnson added that the capital improvement plan is changing and even though we are going to be doing impact fee eligible projects, they may not be the exact projects currently listed in the model.

Ms. Becker asked if the seven listed capital projects were impact fee eligible and if they could be used to offset the costs. Mr. Goodley responded that those projects are his 5-year capital improvement plan, which is more of a maintenance and replacement plan; none of which are capacity-related and therefore not impact fee eligible; they are to update equipment. Of Mr. Goodley's capital projects, project number seven, shown as costing \$20,409,000, is the only impact fee eligible project. A maximum of \$7.5 million of that cost can come from impact fees, the rest of the funds must come from somewhere else.

Ms. Becker commented that the items in the model should be updated. Discussion included updating the capital facilities plan and various ways the numbers in the model can change the results. Mr. Goodley commented that the projects will depend on what DWQ requires in the updated permit they will issue to the district. He also commented that he reached out to the CIB representative recently and told her issuance of the DWQ permit is dragging out and we may not be able to spend the bulk of the money for a few years. He said she was thankful for the update and suggested proceeding as fast as we can. He is going to follow up with her.

It was explained that the scope of the original CIB bond that was issued in 2023 was changed last October when Mr. Goodley and Steve Farrell met with the CIB to request changes to the projects. Mark Anderson added that the reason Mr. Goodley and Mr. Farrell went back to CIB was to make sure the projects that were not part of the original scope of work were approved so they would be approved and eligible for reimbursement.

Discussion led Ms. Becker to pull up the model and remove numbers from projects that are not going to be done and plug in different numbers for different new projects to get an idea of how the model will change.

Mike Johnson stepped out of the meeting at 6:35 p.m.

Yvonne Barney stepped out of the meeting at 6:42 p.m.

Ms. Becker said there would need to be a rate increase in the model and plugged in different numbers to see what the projections would be.

Mike Johnson rejoined the meeting at 6:47 p.m.

Celeste Johnson asked Becky Wood, Midway Sanitation District Manager, what she thought of a 4% rate increase. Ms. Wood replied that keeping it under a dollar would be fine. The consensus of the group was that keeping the rate increase under a dollar for the next few years would be acceptable and easier for the public and those with fixed incomes.

Yvonne Barney rejoined the meeting at 6:50 p.m.

Ms. Becker added a 3% increase to 2025 starting in July and across the board which made the numbers in the model even better. She said it's better to start the increases early on. Ms. Becker said she thinks rates will have to go up more than 3% to cover the projects that benefit existing development which are not impact fee eligible and will need to be covered by rates instead.

Celeste Johnson asked Ms. Becker if using CIB money for a project rather than cash on hand would change the numbers very much. Ms. Becker replied that it would change a bit because of the higher debt payment instead of cash on hand. Ms. Becker offered an idea for getting more cash on hand. She said there may be some money in our impact fees that could be moved into the \$2.5 million cash balance that we started with and suggested we have our auditor look into that. Often there are two main parts to an impact fee; the buy into existing excess capacity and the new construction cost. If a portion of the impact fee that is being charged is to buy into existing excess capacity, you can take that portion of each impact fee and repay the fund that was borrowed from, which could bring up the cash balance of 2.5 the model started with.

Heidi Franco opened the public hearing at 7:02 p.m.

There was no comment from the public.

Heidi Franco closed the public hearing at 7:04 p.m.

Wes Johnson commented that if this board is intending to have a rate increase starting July 1st, he thought in the interest of MSD and Heber, they should advertise and do a public hearing. Discussion determined that Midway and Heber should consult their legal counsel as to whether those entities need to have a public hearing since the increase is a pass through from HVSSD and HVSSD has had a public hearing. Don Huggard said the rate payers should get a courtesy notice regarding the rate increase pass through.

MOTION: A motion to adjourn the public hearing and go back into the regular meeting was made by Colleen Bonner, seconded by Brenda Christensen. The motion carried with the following vote:

YES: Yvonne Barney, Celeste Johnson, Colleen Bonner, Don Huggard, Heidi Franco, Brenda Christensen, Mike Johnston

NO: None

ABSTAIN: None

ABSENT: None

The public hearing was adjourned at 7:10 p.m.

APPROVED on this _____ day of _____, 2025.

Heidi Franco, Chair

Eliza McGaha, Secretary