

**STANSBURY PARK IMPROVEMENT DISTRICT
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**BOARD MEETING MINUTES
June 5, 2025**

CALL TO ORDER:

The Stansbury Park Improvement District Board of Trustees meeting was held at the Oquirrh Mill building, 30 Plaza, on the above date. Mr. Smart called the meeting to order at 3:04 p.m.

ATTENDANCE:

Neil Smart, Board Chair; Brock Griffith, Trustee; Jacob Clegg, Trustee; Brett Palmer, District Manager; Marilyn Mann, District Office Manager; Brendan Thorpe, Ward Engineering Group; Fred Philpot, LRB, joined virtually; Brent Rose, SPID Attorney; Joe White, Ironwood; Derald Anderson, Developer; Christine Rouska, SPID clerk, Cami Thorpe, Minutes; Brock Petersen, Resident.

LRB PUBLIC FINANCE – ELECTRONIC PRESENTATION AND DISCUSSION OF SHORT-TERM AND LONG-TERM FINANCIAL PROJECTIONS. PROS AND CONS OF PROVIDING SEWER SERVICE TO THE PROPOSED OQUIRRH POINT DEVELOPMENT IN ERDA FOR 3500 SEWER CONNECTIONS:

Mr. Philpot presented the constant sewer user rate year-over-year data. The last presentation was not intended to be a cash flow analysis. The analysis showed what the capital cost and a theoretical cost on a per ERU basis would be if OPID were provided sewer service versus not serving OPID. The analysis is not intended to be a rate calculation. The debt service payment is constant but demand is increasing. As more ERUs are added, the cost per ERU would go down.

The Board did not need to know what the rate should be but wanted to see the analysis if the rate were held constant. Costs would increase over time which would require the rate to stay the same. Mr. Philpot did not analyze the other operational expenses, the true impact on the system over time, or inflation.

Mr. Clegg clarified that SPID phase one capital improvement project is needed now to meet state requirements regardless if OPID is served or not. Phase two would only be implemented if ERUs exceeded 8,500. It may not be necessary to look at phase two because making projections is difficult beyond twenty years. Mr. Philpot clarified the growth rate. The starting number to serve only SPID is 4,155 ERUs growing to 6,000 ERUs by 2045. Serving OPID adds 2,600 ERUs through 2045, totaling 8,500. Mr. Clegg does not believe OPID growth rate will be faster than the 2% growth rate reflected in the modeling. Mr. Clegg does not believe OPID will reach the growth reflected in the modeling. Mr. Philpot added that the numbers are correct but would depend on the actual growth, which is one of the risks. If the growth does not happen, the debt service cost still needs to be paid.

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The cost for SPID alone for phase one is \$12.2 million and is needed with or without OPID. The cost to include OPID is \$15 million. The model reflects a larger number of ERUs for OPID.

Mr. Griffith asked what the growth rate would need to be to break even on the excess costs associated with serving OPID. Mr. Philpot answered around 1.75 percent with 64 ERUs per year.

Phase two would be 100 percent growth related, and impact to the rates would be less. Impact fees would increase to cover the full capital cost. The user rate would be used to cover replacement and repair costs.

If growth disappears, the debt service would still need to be paid but impact fees could not be used. The proportional impact beyond phase one is zero because of impact fees. Another variable is that the cost estimates only include capital. Operational costs are not included, which would likely increase. The user rate would likely need to be increased. The analysis includes a theoretic rate of \$11.98 with OPID and \$12.87 without OPID.

Mr. Clegg asked if the system would be the same size if OPID were included. Mr. Thorpe explained the difference between the \$12 million cost without OPID and \$15 million cost with OPID for phase 1. With OPID, some upsizing in the system would take place to prepare for a possible phase two once 3.5 million gallons per day is reached. Mr. Clegg asked if it were prudent to spend money now to take the risk of having the system worn out in twenty years, or wait until the system upgrades are actually needed. Mr. Thorpe believes it would be worth spending the funds now at a lessor cost to be prepared for the future. There should not be wear and tear on the system in twenty years.

Mr. Philpot stated that because there is a substantial cost to meet the state requirements, it would be beneficial to include OPID. Mr. Philpot believes the inclusion of OPID is more beneficial than not.

Mr. Palmer stated that there is short-term benefit. When phase two is needed, a bond for \$10 million would be required. The impact fees are recouped over time and would not cover the whole cost of the debt service. Mr. Philpot agreed. Each phase would require debt. The rates would need to reflect the debt service. Adding OPID helps diffuse the rate increases. Other elements could also be considered, such as federal loans or programs to delay paying the debt.

Mr. Philpot stated next steps would be to layer the analysis into the sewer rate model to evaluate the total sewer rate. Operational costs also need to be reviewed. The current sewer fund balance is around \$840,000. The total fund balance is \$1.9 million.

Mr. Clegg asked if the model would change by OPID paying money upfront. Mr. Philpot answered that interest expense could be diffused. The cost would need to be proportionate to the impact on the system regardless if the funds are provided up front or with each impact fee. Their impact fee obligation would be reduced. OPID could ask to reserve the proportionate capacity in the system. Prepayment also comes with restrictions.

PUBLIC COMMENT:

Brock Petersen, Stansbury Park resident, asked if Auxiliary Dwelling Units, (ADUs) are taken into consideration. Mr. Philpot stated not directly but theoretically they would be counted as part

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of the total ERUs. More density in the form of ADUs could cause phase two to be implemented sooner. ADU's built within Stansbury Park do not pay impact fees. ADUs built outside of the District boundaries or in Erda pay impact fees. Mr. Petersen asked what the current growth rate in Tooele County is, and is it being used for the analysis. Mr. Palmer stated the growth was based on existing SPID boundaries and the capacity to serve. The model includes the growth rate calculated within Stansbury Park. Mr. Thorpe added that twenty years of growth in Stansbury Park was reviewed, which was not constant. The growth decelerated over twenty years. The rate was based on building permits and showed two percent or less over the last two-three years. Mr. Petersen asked about the user rate being increased recently. Mr. Palmer answered that the water rates and the water impact fees were increased. The sewer rate and sewer impact fee will be increased once a decision is made on serving OPID and the type of treatment option that is selected, then the completion of the rate analysis and impact fee calculations can be calculated. Mr. Petersen asked if growth is in the best interest of residents if a few pay for the majority of other residents. Some residents are not part of the Stansbury boundaries and do not pay taxes for amenities in Stansbury Park. Mr. Smart stated that some of Mr. Petersen's concerns are related to the Stansbury Park Service Agency. SPID payers all pay the same rate. The price does not change based on an address. Out-of-district rate payers, such as Erda residents, pay a higher rate.

SPID office staff had all their questions answered and feel comfortable to answer resident's questions.

Joe White asked if ADUs are based on gallons used per day and not calculated by individual ERUs. Mr. Thorpe stated it all evens out in an average. There is a conservative safety factor added within the calculations.

CONSIDERATION AND POSSIBLE APPROVAL FOR PROVIDING SEWER SERVICE TO OQUIRRH POINT DEVELOPMENT:

Mr. Griffith and Mr. Smart spoke in favor of serving OPID.

Mr. Clegg asked that future SPID Boards adjust the impact fee to stay in front of funding for debt service and that development pays for development. Mr. Palmer stated that the last impact fee analysis was completed in 2018. When COVID happened and caused significant inflation, the project cost overran the funds collected. Mr. Thorpe added that a study does not need to take place every five years in order to amend impact fees every year. An assessment to update cost estimates on existing capital facilities could be completed each year to revise the impact fee and user rates.

Mr. Palmer stated that the District is constantly playing catch up with impact fees versus the cost of projects.

Mr. Smart suggested increasing rates and impact fees every one to two years.

Mr. Thorpe asked Mr. Philpot if impact fees can be increased regularly every year or every couple of years. Mr. Philpot had concerns to escalate impact fee every year. The fee has to be justified and is not a common practice. He suggested to build the inflation increase into the project cost schedule rather than into the impact fee. Inflation cannot be double counted in a project cost and impact fee.

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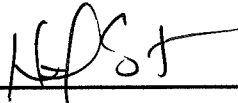
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MOTION: Mr. Griffith moved to approve providing sewer service to Oquirrh Point Development based on the information and ERUs provided. Mr. Smart seconded the motion. Mr. Clegg recused himself from voting as he is the OPID engineer. The motion passed.

MOTION FOR ADJOURNMENT:

MOTION: Mr. Griffith moved to adjourn. Mr. Clegg seconded the motion. All were in favor. The meeting adjourned at 4:12 p.m.

APPROVAL:



Neil Smart, Chairman