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**TOWN OF ALPINE  
SPECIAL COUNCIL MEETING/  
PUBLIC MEETING  
NEW WASTEWATER TREATMENT PLANT  
SLIB (STATE LOAN & INVESTMENT BOARD) GRANT APPLICATION  
FEBRUARY 13TH, 2006**

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Please note: These minutes are a summary only of a tape-recorded meeting.

(clerk's note: Tape # 1 of 2 starts here)

Mayor David Lloyd called the meeting to order at 7:00 p.m. and held the pledge of allegiance. A quorum was established by the mayor through a roll call. Council members present: D.R. Hutchinson, Shirley Brown, Don Jorgensen, and Steve Fusco. Mayor Lloyd present also. Others present: see attached list.

Mayor Lloyd advised the special meeting is being held as a public meeting to discuss a grant application by Nelson Engineering to fund the new waste water treatment plant (WWTP). The meeting started with questions stemming from Nelson Engineering's presentation on the feasibility study presented on February 7th, 2006.

**Steve Fusco, council:** Mr. Fusco questioned whether the other nine entities across the river were contacted as to their intent to participate in a new sewage treatment plant. Bob Norton, Nelson Engineering, advised Alpine Meadows was present at the last meeting. During the course of the feasibility study each developer was contacted directly and the projections used in the report came directly from each developer. Mr. Fusco questioned whether it is more advantageous to build the treatment center for the Town at this time separating the other developers out at this time. Bob Norton feels it is more advantageous to work together with the developers. The lack of written commitments concerns Mr. Fusco as developers have voiced only verbal commitments to date. Mr. Norton feels developers are waiting to hear cost estimates and some developers are more definite than others in participating. Ty Ross, Meridian Group Engineer, was present for cost information. North Star Utility represents more than the Alpine Meadows project.

**Kathy Elsworth, North Star Utility:** Ms. Elsworth advised there is an important distinction between the water and sewer district boundary for the utility company. The water service is regulated by the Public Service Commission of Wyoming and, currently, the recognized district for North Star Utility is the Alpine Meadows project and Flying Saddle/ Garaman area. The sewer district for the utility company is not regulated by the Public Service Commission so there is no set service area or district. Mr. Fusco questioned whether there is a site to handle the sewer for the utility company if they don't hook into the town's system. Ms. Elsworth indicated they are looking at different options. North Star Utility is committed to the Alpine Meadows Subdivision to provide sewer services irregardless. If the Town is unable to provide sewer services to North Star Utility, the company is able to provide sewer services to both the Garaman property and the Alpine Meadows Subdivision. However, it would not allow North Star Utility at this point to expand its service area to include any of the other properties on the north side. Quite a bit of interest has been expressed by various north side owners to hook into the utility system and it is matter of pulling everyone together and insuring there is capacity, according to Elsworth.

**Leon Kjellgren, Nelson Engineering:** Mr. Kjellgren advised the capacity that has been designed into the first new treatment plant (400,000 gallon maximum day flow capacity) does not have the capacity for everything North Star Utility is asking for. According to Bob Norton the plant has been sized to 400,000 and if the current, vacant lots existing in the Town build-out as well as the unsewered lots are connected, close to 300,000 gallons would be needed for town use. Additional expansion of the plant would be necessary if all of North Alpine connects to the

plant. The design idea for this new plant is to create a plant that can be built in phases to accommodate growth. The initial phase of the plant is projecting what the growth would be in the next 20 years. Mr. Norton used a lower projection growth rate than North Star Utility had in regard to the north alpine development. This is based on his own experience in watching other projects build-out at a slower pace and he used a fairly, conservative projected growth rate to keep the initial costs lower and make it easier for the existing users. The plant is expandable and modular. If growth occurs at 15 years rather than 20 years, for example, the plant is easily expandable.

**Mayor David Lloyd:** Mr. Lloyd questioned Kathy Elsworth whether the sale agreements for the Alpine Meadows Project have a clause which requires owners to build within a 2 ½ year time frame from purchasing the lots. Ms. Elsworth advised there is a 2- year resale restriction. Ms. Elsworth indicates the earliest a home would be able to be constructed on the site is the Fall of 2006 and the Spring and Summer of 2007 is more likely. As far as timing of needing a sewer treatment plant these timeframes will also apply.

**D.R. Hutchinson, council:** Mr. Hutchinson questioned Bob Norton when the Town of Alpine would be up and running on the new plant. Mr. Norton advises construction would start in the Spring of 2007 and completed in Fall of 2008. This would include the collection system and new treatment plant; some phasing could occur before this point. Mr. Norton reiterated that 300,000 gallons in capacity will be needed for the existing Town of Alpine when all vacant lots are built upon. In the first two years after services are offered, Mr. Norton projects 50% of those that have septic service would be connected to the sewer district. At the end of the 20 year period, another 40% would hook-up and he assumes some people will hold out for awhile; the council can require a mandatory hook-up for septic users. The vacant lots were projected to hook into the sewer system at 2% a year for 20 years. At the end of 20 years, approximately 40% of the vacant lots would be built upon, and, therefore, reaching the capacity demand of 300,000 gallons for the Town would not take place for quite awhile. Some communities never reach 100% build-out.

**Steve Fusco, council:** Mr. Fusco inquired whether the Town has reached capacity on the existing plant. Mr. Norton advised the existing treatment plant has a capacity of 65,000 gallons per day and the current flows entering the plant averages 52,000 gallons per day. RVM isn't built out to 50% yet and the projections for this subdivision may have been in error according to Mr. Fusco when designing the original WWTP. Mr. Norton reviewed the manufacturer's manual on the existing WWTP and concurs with the manufacturer the capacity is 65,000 gallons maximum. However, he cannot advise how the engineering firm arrived to the size of the plant; possibly the amount of wastewater produced from the commercial area was underestimated. D.R. Hutchinson advised that by 2002 the rest of the town, with exception of the hill, was to be tapped into the existing sewer treatment plant.

**Bryant Brown, local resident:** Mr. Brown questioned whether the influent to the plant is a rough estimate or if the numbers are accurate. Mr. Norton advised the numbers used are estimates based on water meter readings and irrigation is subtracted out. There is a flume on the effluent leaving the plant; a recorder could be placed on the effluent to get an accurate reading. The effluent is the same as the influent in this particular plant. If the projections are off by 10,000 gallons, for example, Mr. Norton advises it is immaterial. They used a 100 gallons/ person/ day when determining the size of the new plant. Lincoln county estimates 2.54 people per home, therefore, 250 gallons of estimated use per home was utilized. This number is slightly higher compared to regional numbers such as Jackson which was 115 gallons per day. Adding commercial properties with residential, then the gallons per/ person has to be increased. Mr. Norton feels the numbers are fairly accurate for this region.

**Steve Fusco, council:** Mr. Fusco questioned the direction of flow for the lift station. The lift station will be located in the northeast sector of Town according to Mr. Norton. (Note: this lift station would be established to service all unsewered existing Town of Alpine properties). Utilizing and replicating the Sunrise Engineering information, Nelson Engineering indicates the waste will flow toward a lift station in south easterly flow in a gravity fed main to Forest Meadows; the waste will then be pumped in a pressured main along the town limits to the new plant. The pressured main is due to the topography and there wouldn't be the ability to tap into this line for gravity services according to Mr. Kjellgren. The additional lift station would require an easement from the Bureau of Reclamation and take the flow around the boundary of the town. An emergency generator and a building would need to be created for the lift station. The majority of the sewer main lines which feed the lift station can be placed in the town's streets

according to Mr. Norton. Alternatives were discussed for the new collection system and deciding an official route will not have to be determined at this time, according to Mr. Kjellgren.

Mr. Fusco questioned whether the \$5,000.00 tap/hook-up fee is an assessment fee for the new line to be extended past the owner's property. Mr. Norton advised there is a number of ways that the Town can assess the properties; this is a new connection fee at \$5,000.00. Mr. Fusco worried homes which have just been built and that have invested in a septic system would not want to tap into the new wastewater plant. Would these people have to abandon their new septic systems and hook-up to the new system? Would we assess them for running the sewer lines past their homes? He feels there will be land owner opposition if this occurs. The council will have to make that determination according to Bob Norton; his projections only assume that 50% of current septic owners would hook-up immediately and the other owners would hook-up over the next 20 years. New septic owners will probably not hook-up until their new system's fail in 20 years. He suggests the council will not allow any new septic owners once the sewer district is established.

**Bryant Brown, local resident:** Mr. Brown, having reviewed what has been presented, feels the community is very fortunate to have Nelson Engineering reviewing the situation for the community, however, he expressed concerns it has not been looked at thoroughly. Mr. Brown advised he is paying approximately \$25.00/ month for sewer service. To his understanding 112 current sewer connections exist. Approximately \$35,000.00 in revenue is gained by the sewer department's fees per year according to Mr. Brown. The membranes in the new WWTP should work from 6-8 years before needing to be replaced. He feels it is prudent to look at the operating costs for the plant and look at money needed to buy one per year. The membranes won't be needed initially, but money should be put aside to purchase the membranes. For operating the plant he assumes at least \$45,000.00 salary will be needed to run the new plant. The power and electricity to run the plant needs to be factored in and he assumes \$ 18,000.00 a year for this cost. He feels regular equipment operating costs will be needed; he assumed \$2,000.00 per year. He feels an annual operating costs estimated is around \$125,000.00 per year to run the plant. These costs will be immediate to run this plant and if the Town is only receiving \$35,000.00 per year in revenues. He feels the monthly rate will rise to 3 ½ times over \$75.00 per month for user fees.

Mr. Brown comes from Pocatello, Idaho and realizes the current monthly rate is low and he expects to pay higher fees, however, he is estimating monthly user fees on the operating costs only and not construction costs. He expressed concern over the loans and debt service for the newly constructed plant and how this will affect monthly user fees. To borrow \$5,000,000.00 for 20 years at 5% interest will run at least \$62,000.00 per year for interest. The principal balance per year will be around \$250,000.00 per year for a total estimation of over \$300,000.00 per year to operate and pay the debt service on the plant. Assuming there will be a \$5,000.00 connection fee; Mr. Brown feels in 20 years approximately 600 new sewer connections will be created. Taking 600 connections X \$5,000.00 produces approximately \$150,000.00/ year in revenue. At least \$162,500.00 is left to pay to operate the sewer plant. Utilizing the \$162,500.00 figure to base the monthly rates he estimates at least 4 times as much as a monthly payment. He likened this situation to the gas mileage situation and feels maybe the Town should look at a "Chevrolet" model vs. a "Cadillac" model for the sewer plant. He feels Mr. Norton is very knowledgeable and is concerned he may not have had enough time to thoroughly evaluate the situation and true operating costs of the plant. He expressed concerns where the projections are based on only 112 current sewer users. The design of this treatment plant will be nearly 10 times what we currently serve. He doesn't fault progress or planning ahead. He isn't sure the Town of Alpine can afford this new treatment plant. He is strong believer in "paying as you go" mentality with this project.

Mr. Brown questioned if there is anyone who builds a house first and then negotiates to buy the land that it sits on. He is very concerned the Town of Alpine doesn't own the property in which this new sewer treatment plant will be located on and the lease isn't currently valid. He asked for serious consideration by this mayor and council to thoroughly evaluate the situation and not bankrupt the town leaving a lasting legacy for this administration. (see attached document dated 2-13-06 by Mr. Brown titled "Proposed Alpine Sewer Cost Evaluation").

**Steve Fusco, Council:** Mr. Fusco questioned whether the land owned by the Game & Fish Department has been secured. Mayor Lloyd advised that it hasn't been secured at the present time; however, he knows the Town will have a lease 50 years or more. Mayor Lloyd advised he talks with the Fish & Game at least once a week over the

issue. He advised the Town must deal with the U.S. Fish & Wildlife as well as the Fish & Game. He feels there is no way the land will be sold at 1992 prices and today's market value on the land is \$400,000.00 according to Mayor Lloyd. Shirley Brown advised that if the town purchases the property it should be included in the price of the new sewer treatment plant. Mr. Fusco advised the land should be secured as soon as possible whether leased or purchased to which the mayor advised he is trying and doesn't have all the answers yet. Again, Mr. Fusco advised this is a valid point to make in this process. Mr. Fusco likened to building a sewer plant on property that we do not own as the same as trying to sell water we are not sure that we have excess to sell yet.

**Shirley Brown motioned to post-pone any further efforts to secure this new \$ 9 million waste treatment plant until such time as the property where it will be sitting is purchased and to look further at cost reductions for the sewer plant. Mayor accepted the motion and called for a second. Steve Fusco seconded the motion as the property does need to be secured. The mayor called for any further discussion. No further discussion was made. Mayor called the vote. VOTE: 2- Yes (Shirley Brown & Steve Fusco); 3- No (D.R. Hutchinson, Don Jorgensen, and Mayor Lloyd (swing vote); 0- Abstain; 0- Absent. Motion did not pass.**

Mr. Fusco advised that the Town cannot negotiate water prices for a service we do not have and expressed confusion how the Town can negotiate sewer for a piece of property they do not own. Mayor Lloyd stated, "Once again Mr. Fusco we are not talking about the North side of the river we are talking about getting this Town on the sewer and I know this can be worked out."

(clerk's note: Tape #1 of 2 – Side B starts here)

**Bob Norton, Nelson Engineering/ Response to Bryant Brown's questions:** Mr. Norton advised the process for determining rates is not as simple as it seems. He added a couple of scenarios based on the last discussion at the last meeting by adding to alternative four (new financial alternatives are titled 4A, and 4B). The first hand-out presented is titled "Alpine WWTP Finance Evaluation" and the first part is the method as to how the capacity fee which is calculated by taking the \$5,330,000. / 400,000 gallons = \$13.33/ gallon X 375 gallons per day per residence = \$4,996.88 – connection fee.

Additionally, calculations were also made on the collection system. The total capital costs of the collection system which is \$ 4,045,640.00 and if the Town receives their 75% of the mineral royalty grant Alpine's share becomes \$1,011,410. The number of users potentially served by the collection system will be 536. By taking the \$1,011,410.00 and dividing it by 536 = \$1,886.96 per ERU.

Mr. Norton explained the three different alternatives numbered 4, 4A, and 4B, as a financial evaluation for estimating costs and establishing fees for the new sewer treatment plant. The first alternative, number 4, is based on the assumption the Town is successful in obtaining a 50% grant for constructing the wastewater treatment plant and a 50% grant for constructing the collection system. It is also assumed that a portion of the plant for North Alpine sewage demands is paid upfront by the developers. A loan of \$ 3,411,452.00 is needed with this alternative with an annual payment of \$218,840.00.

**Alternative 4-A was discussed** at the last meeting assumes the Town will obtain a 75% approved grant from the mineral royalty program for the sewer collection system and a 50 % grant for the wastewater plant. Mr. Norton assumed the only ones making a commitment were Alpine Meadows and Mr. Garaman which is 73% of the connection fees. Under this scenario the loan amount would be \$3,094,628.00 and the annual payments would be \$198,520.00. With this scenario you could add the collection system capacity fees and the total connection fees in Alpine for properties without existing sewer services would be \$6,900.00 for tap fees. Properties which have existing sewage collection system all they would be doing is buying capacity in the sewage treatment plant and their fees would be a \$5,000.00.

**Alternative 4-B left the connection fee at \$5000.00.** With alternative 4 the monthly user fees would start at \$36.00/ month and would increase to \$46.00/ month over a 20 year period. With alternative 4-A monthly user fees would start at \$26.00 and increase to \$40.00/ month. The reason these rates would start at a lower amount is because the tap/ connection fees would be higher. Monthly fees for alternative 4B would start at \$36.00 and increase to \$44.00 per month. Mr. Norton presented three separate spread sheets which pertain to each alternative financial plan.

**Mr. Norton explained financial plan 4B** assumes a 50% MRG (Mineral Royalty Grant) and a 50% SRF loan for the Alpine WWTP (waste water treatment plant) and a 75% MRG and 25% SRF loan for the sewer collection system. It also assumes Alpine Meadows and Garaman connection fees are pre-purchased or paid up front which is 73% of the North Alpine Connection fee in that 20 year period. This hand-out also breaks down the expenditures associated with designing, permitting, construction, administration, etc. for the new plant in the first year. An annual land lease payment is also assumed at \$19,500.00. If the state is willing to sell the land these numbers would change and purchasing the land would be rolled into the loan for the sewer treatment plant. Other revenue shown is 371.63 (ERU) for the North Alpine Capacity Fees which brings in approximately \$1,858,150. that the Town has available for these expenditures. Interest earned on this money will be approximately 3 ½% at \$32,518. In the second year, 2008, it shows the construction and engineering costs and shows 20% of the unsewered residents adding to the system, user fees, and the revenue from the grant, etc. In 2009 the user fees start increasing dramatically as the capacity fees for North Alpine were paid up front and now monthly user fees are being received as the homes are starting to build. By 2010 Mr. Norton assumes only 19.6 of the new equivalent residential units are being built after the initial start-up. This includes loan payments to the town, operation and maintenance costs are \$103,000.00 in the first year. Operation and maintenance costs increase each year.

Mr. Brown was correct according to Mr. Norton as it is appropriate to build a reserve account for replacement of the equipment. The objective would be to obtain \$2.9 million in a reserve account at the end of the 20 year period to replace any electrical and mechanical equipment. Sometimes pumps may go out at 10 years and the reserve would be there to handle the expense. The construction should be completed in 2008 and the first year's loan should be available in the account. Mr. Norton stated, "If you take a very straight line calculation yeah it does look difficult to do but if you actually look at the investments that are made and the loans and grants that are provided and work it through, it is not an undoable project. It certainly isn't a \$75.00 and \$200.00 per month user fees." Fees with this system will go up and there is no question they will raise.

With alternative 4A the connection fee would be \$6,900.00 which would reduce the monthly user fees, however, the question is whether this is more of a burden to your economic development. Some communities have tried to keep connection fees lower to encourage economic development and other communities are vice versa. Mr. Norton feels an appropriate user connection fee would \$5,000.00 and a monthly user fees would be \$36.00 to start with and goes up to \$44.00 per month. In this scenario the Town is taking advantage of the properties on the North side of the river assuming they pay for the capacity up front. If they don't make this commitment then this scenario wouldn't work. The Town does not want to build a 400,00 gallon/ day plant unless they make a firm commitment to purchase from the plant. It is advantageous to the developments on the North Side to utilize this new plant from the Town of Alpine. The developers are going to have to build a plant and operate the plant. If there were two 200,000 gallon capacity plants on each side of the river they would cost more to run than one 400,000 gallon capacity plant.

Mr. Norton projects 960 users (ERU- equivalent residential users) in the 20 year period which is conservative when compared with the developer's projections. The projections in the first 10 years are less than the developers. There is a certain amount of risk, however, at this point and time the council is not making a commitment to build this treatment plant at this time. If application is made for a grant the town will not know until the latter part of June 2006 whether they are approved. If the town is approved for the grant and decides not to build the WWTP the money can be returned to the state. He doesn't feel the town is making any commitment other than authorizing a grant application at this point at time. There is time to look at alternatives, look at leasing or purchasing the land needed.

The next step after this grant application would be to pursue the loan application and Mr. Norton advises the council and mayor needs to find out more from the developers are going to actually commit. Part of the loan application in alternative 4B assumes Alpine Meadows' and Mr. Garaman's would be pre-purchased, however, not all the money necessary would be pre-paid. Some of this money, \$694,000.00, is needed in the loan. The more commitment the developers provide lessens the risk for the Town of Alpine. The other risk for the Town is the septic users and the build out for vacant lots. The town is building capacity for them and the Town needs to determine how they will hook-up.

**Bryant Brown, local resident:** After reviewing the spread sheets with Mr. Norton he notices a significant factor being presented in all three financial plans is the North Alpine developers. He expressed that if the North Alpine doesn't develop to the magnitude to the projections, than his monthly fees would rise. Mr. Norton advised that if North Alpine/ North Star Utility/ Garaman/ Alpine Meadows decided not to participate in the WWTP then the Town would build have the size or capacity or less depending on the number of septic users who will convert over. Mr.

Norton advises it is advantageous to the Town if the developers on the North Side put the same amount of money to the Town of Alpine rather than building their own helping them to build the facility.

Mr. Norton advised the Town will need a definite commitment from the Alpine Meadows Project before even designing the WWTP let alone construction of the facility. He feels the Town should continue with making the grant applications, as the developers need to know the Town's funding in order to determine costs for the developers. The town has the capability now to tell them now their connection fee will \$5,000.00 and bring the waste to the facility. If the developer doesn't commit a new scenario will be created. If the Town isn't awarded the grant, this scenario will not work. Alpine's situation may be identified as a real need at the state level.

**Mary Flowers, local resident:** Mr. Flowers questioned Mr. Norton whether this costs includes the lift stations for the Grey's River Road and across the river. It only covers the Grey's River Road existing Town of Alpine area lift stations. She assumed the DEQ and Bureau of Reclamation only want one WWTP in this area to which Mr. Norton replied "generally yes." Mr. Flowers questioned whether the Alpine Meadows Group has to participate in this WWTP to which Mr. Norton replied they do not have to participate. Mr. Norton advised the DEQ, Bureau of Reclamation, and Lincoln County all want one sewage treatment plant by preference, however, if the town decides not to include the North Alpine area they have no choice.

Mary Flowers believes the Meridian Group does need the Town of Alpine for emergency services, fire, police, etc. Additionally, she feels they should be charged for these services. Steve Fusco advised the Alpine Meadows is in the current fire district and they would have services irregardless; additionally, the Alpine Fire Department is also funded by Lincoln County as well as the Town of Alpine. Ms. Flowers questioned D.R. Hutchinson as to why the Town of Alpine could not assess a 15% annexation fee to Alpine Meadows. Mr. Hutchinson response was it hasn't been discussed yet to which Ms. Flowers asked, "Why can't we discuss it?" Mr. Jorgensen advised Ms. Flowers she must address the whole council not just one individual. D.R. Hutchinson advised to his understanding Alpine Meadows will pay to be apart of the sewer district that discussion will take place in the future. As far as a 15% annexation fee, Mr. Hutchinson advised this issue hasn't been discussed with the developer.

Ms. Flowers reminded the council and mayor that from the beginning Mr. Halpin advised he would build a plant for the Town of Alpine. Mayor Lloyd advised that during all of the negotiations to date Mr. Halpin has not denied the fact he would participate in building a WWTP, however, he doesn't plan on building a sewer treatment plant for the Town of Alpine's portion. Mr. Lloyd stated, "He has not backing down on paying an annexation fee or anything else that I know of." D.R. Hutchinson feels the 'cards' have changed dramatically in favor for the Town in that different grants are available; Mr. Halpin was in the driver's seat in his opinion in the beginning and no 'cards' were in favor of the Town. Mayor Lloyd advised it appears the Town may have excess water to sell which isn't known for sure yet. Steve Fusco disagreed with Mr. Hutchinson in that he feels the Town has always had cards in their favor, i.e., 17 acres of land available for a sewer treatment plant.

Ms. Flowers is not opposed to filing a grant at this time; however, she is confused as to whether the money will be obtained for the town or the whole area. Mr. Norton advised the grant application is for the Town's share of the WWTP and the Town's collection system. The developers on the north side of the river would pay for all of their sewage collection system, the pipeline to bring the sewage to the WWTP, and their share of the capacity in the WWTP. The grant is not for and would not benefit the north alpine developers and could benefit the vacant properties existing inside the Town's limits.

**John Woodward, Lincoln County Planning Director:** The county commissioners approved a petition to allow the creation of an improvement district for the Alpine Meadows, but it is not for water and sewer; the district is for road maintenance, open space, etc. There is still has to be a formal election for it to be official.

**Steve Fusco, council:** Mr. Fusco questioned whether the Town can still negotiate a hook-up fee for the north alpine area and that it doesn't necessarily need to be \$5,000.00 per hook-up or \$36.00 to treat their sewage. Mr. Norton advised both areas are open for negotiation. Mr. Norton advised the Mayor and council will need to negotiate these political decisions. Mr. Fusco advises a written commitment rather than a verbal commitment is in order from the developer. Mayor Lloyd advised a written commitment should follow once the developers are able to digest the numbers and data from the Town's engineer. Mr. Fusco questioned whether there will be problems in installing sewer services on the "hill", Pinecrest Circle, Terrace Drive, etc. Mr. Norton advised it will be a construction

difficulty and these issues were factored into the projected costs. The streets are narrow and installation will be difficult as there is a DEQ requirement to keep water and sewer infrastructure at minimum 10 feet apart.

**D.R. Hutchinson, council:** To his understanding, the mission tonight is to approve or disapprove the grant application and the Town is under no obligation to accept the grant and the town has until June 2006 to obtain further commitment from the developer, etc. In June 2006 if everything falls into place and it is approved, the Town at that point must decide to proceed or cancel the grant and cut the project in ½ based on the developer's commitment.

**Bryant Brown, local resident:** Mr. Brown questioned whether it is possible to actually purchase the land through the loan rather than enter into a lease; it would be a good investment. He also questioned whether costs to pave the streets upon completion of construction. He added to consider the cost of inflation for these projects and not base the costs on today's costs. Costs of steel, cement, paving will be different in 2008. Mayor Lloyd advised it will be almost completely impossible to purchase the 17 acres from Fish & Game simply due to the fact the state attorney general wants to put that land for bid from developers, etc.; this provision is according to law in order to sell the property. The state attorney general advised they cannot give preference during a sell to local governments. Mr. Norton advised he's experienced this before and the other community ended up with a long-term lease. The preference would be to purchase the land, but at minimum a lease should be secured. If the Town is able to purchase the land, Mr. Norton advised both the grant and loan programs could fund this purchase. Mr. Norton advised the Town has the ability if approved by this grant to request additional grants in the future. Leon Kjellgren advised if the Town is contemplating purchasing the land they include this request in the first grant the town is seeking so that things fall into sequence. The council could include in their motion tonight to include the \$390,000.00 land purchase costs in the grant.

**Leon Kjellgren, Nelson Engineering:** Mr. Kjellgren also cautioned the council they may be approved by the grantor; however, the approval may be 1/2 or 3/4 of their request. There is a good possibility they may approve only the design of the project initially and the conditions associated with the money also has to be considered. Mr. Kjellgren cautioned the council against only seeking grants and loans to pay for a WWTP and not consider the expansion of the collection system; the collection system is needed to pay for the WWTP. He also offered alternatives to seek grant and loan funding for a portion of the expansion of the town's collection system initially leaving the "hill" out of the equation. There is a lot questions that cannot be answered tonight. Mr. Hutchinson reminded everyone that including the North Alpine developers in the grant request adds strength to the grant application due to the community's growth.

Mr. Fusco advised the rate per 1,000 gallons for water fees is incorrect on the SLIB grant application and should read \$1.00/ 1,000 gallons.

(clerk's note: Tape #1 of 2 ends here and Tape # 2 of 2 begins)

**Mr. Bob Norton, Nelson Engineering:** Mr. Norton reviewed the SLIB grant application which shows the 75% grant and 50 % and a potential funding source as the SRF loan. The applicant's local match required for this grant is considered to be funding from the North Alpine area – Alpine Meadows and Mr. Garaman. The Town will need this commitment in writing before committing to an approved grant, however, the written commitment isn't needed today. Mr. Norton asked the council and mayor to read the grant application for errors or corrections. If the town wants to include the purchase of the land it can be included with the 50% or 75% request. His personal feeling is to have it added to the 50% wastewater treatment plant request as it is part of the WWTP process. According to Mr. Norton if the Town purchased the land at 2 ½% interest over 20 years the cost would be less than a 5% lease agreement; purchasing the land wouldn't raise the connection or monthly user fees. Steve Fusco expressed confusion as to how the grant can be filed indicating the Town's match is the money committed by the developer and when the Town doesn't have a written commitment from the developer yet. Mr. Norton indicated the Town isn't making a commitment and all the Town is saying is that if they build this \$9 + million dollar project the town must have \$1,858,000.00 in connection fees paid which is the local match. If the money isn't provided by the developer then the Town doesn't accept the grant money; the commitment comes when the town actually receives money from the grant. Mr. Norton advised the Town may want to secure the written agreement for this matching money from the

developer by April and May 2006 and not wait until June 2006 as the grantor will be reviewing the grant application and will be asking these questions. The Town needs to start the negotiation process now through its attorney with the developer.

**Steve Fusco, council**: Mr. Fusco questioned what easements would need to be secured immediately as well to which Mr. Norton advised easements were factored into the plan. The Town cannot begin to seek approved easements until the design phase of the new system. The money for the easements is built into the grant and loans. Dialogue can begin now but application for easements will occur after the surveys and preliminary design of the pipeline is complete, according to Mr. Norton. The Town can file additional grants, however, this SLIB grant cycles again in September 2006. One of the first questions the grantor will ask is whether the requested grant amount in the application can be paid out over 3-4 grant cycles. The answer to this question according to Nelson Engineering is to have 1/3 distributed in June 2006, 1/3 distributed January 2007, and the remaining 1/3 in June 2007. This way the grantor can fund additional municipalities and communities. Mr. Fusco questioned whether the town is looking at any Business Ready Communities Grant funding to which Mr. Norton replied it is a possibility, however, the Town must keep in mind the criteria for the business ready communities is to create jobs, businesses, and the majority of what we are doing is not commercial development. He feels the mineral royalty grant program is more appropriate funding source. Ms. Flowers expressed concern the town's existing sewer plant is at capacity and a new development of 22 units alone is proposed in the RVM subdivision; therefore, parallel grant applications to additional funding sources should be explored. Mayor Lloyd advised the Town will pursue every avenue available to obtain grant funding. Mr. Fusco questioned whether obtaining a firm commitment from the Alpine Meadows Subdivision would assist in the Business Ready Communities grant to prove we will be creating jobs as the project calls for considerable commercial development. Mr. Norton expressed concern that the developer is building the collection system and pipeline to the Town's WWTP then the project is a private development. He explains many of the other communities participating in this program is building commercial development, however, the infrastructure stays with the municipality rather than private ownership. In his opinion of the Business Ready Communities Grant is a bit of stretch whether this project will fit the criteria for the grant.

Mr. Norton also explored the RUS (Rural Utility Service) grants and loans, however, the Alpine community's median family income is higher and it doesn't allow the town to be eligible for much funding.

The Mayor refocused the meeting to discuss whether the purchase of the land would be included in the SLIB grant application. The mayor reiterated the land would go up for bid rather than a direct sale to the Town of Alpine if it is sold; the Town could face a bidding war with other developers. Mayor Lloyd questioned how to include the land purchase price when the actual price may be unknown and the sale or lease of the land is still in negotiation with the Game & Fish division. Currently, the Game & Fish has promised at the least a 50-90 year lease on the property. The \$390,000.00 is an estimated purchase price based on appraisals.

**D.R. Hutchinson motioned to include \$360,000.00 or \$390,000.00 (whichever price is correct) in the SLIB grant to purchase the WWTP land. Further discussion occurred again over the grant process. If the Game & Fish Division decides not to sell the land, according to Mr. Norton the lease payments will need to be paid on annual basis and cannot come from the grant. The lease costs are in the operation and maintenance numbers in this grant which is payable by the Town of Alpine and cannot be made from the grant funding. Don Jorgensen seconded the motion. Mayor Lloyd called for further discussion. Mary Flowers asked for the recording to be stopped and Mayor Lloyd called for a 5 minute break. Mayor Lloyd called the meeting back to order and reiterated the motion on the floor. Bob Norton advised to make the price an even \$400,000.00. D.R. Hutchinson withdrew said motion.**

**D.R. Hutchinson motioned to approve \$400,000.00 for the purchase of the land if at possible in the application for the grant (SLIB) under the 50% section. Don Jorgensen seconded. Mayor Lloyd called for further discussion. VOTE: 5-Yes, 0-No; 0- Abstain; 0- Absent**

**DISCUSSION OF 243-RESOLUTION NO. 2006-01: Mayor Lloyd read the SLIB 243-Resolution No. 2006-01 through the title and beginning paragraph. D.R. Hutchinson motioned to approve 243-Resolution No. 2006-01 with the approved amendment. Don Jorgensen seconded. Mayor Lloyd called for further discussion. VOTE: 5-Yes; 0- No; 0- Abstain; 0- Absent**

Steve Fusco questioned whether the property should be rezoned defining the use solely for a WWTP in case the land is sold in a bid process.

Mayor Lloyd called for any further discussion before closing the meeting. Leon Kjellgren advised he has a different view than Bob Norton in one area. Mr. Norton advised any type of flow measurement on the existing treatment facility probably wouldn't make a lot of difference as far as the design of the treatment plant as the new plant is dealing with greater numbers by a factor of 10; Mr. Kjellgren agrees with this statement. After conversing with Lee Schwab today, Mr. Kjellgren asked him to look into some things at the plant. Mr. Kjellgren feels the town is very close to reaching capacity of the existing plant. When he receives numbers that indicate the town is at 80 % of design capacity with only average daily flow; his numbers can be very inaccurate as they are making assumptions that water meter readings may be due to leaking and irrigation, etc. Lee Schwab is going to try and find some type of flow measuring device on a rental basis. Flow measuring is needed not for the stand point of Bob Norton's analysis, but is very concerning for the Town of Alpine to know the true flow measurement of the plant. Mr. Hutchinson inquired whether reaching the capacity may warrant a moratorium on new buildings to which Mr. Kjellgren replied it very likely could be the case. Until the Town receives the numbers the Town may not know how to react to the situation. Lee Schwab will try to 'tweak' the situation in the plant to assume more flow; Lee Schwab has seen a spike in flow since December of 2005 which he hasn't seen before. The flow isn't subsiding. Mr. Kjellgren warned the council and mayor they cannot exceed the daily flow and gamble with their discharge permit. According to Leon Kjellgren it is the operator's function (Lee Schwab) to determine the flow entering the plant and the plant running as efficiently as possibly for the remainder of its life. Mr. Schwab also needs to inform the mayor and council whether the town is meeting the discharge permit requirements. Fines for exceeding discharge with the plant can be \$25,000.00 per day. Flow measurement will prove essential to what Mr. Schwab recommends. According to Lee Schwab the Town of Alpine has not, to date, exceeded its discharge permit. Renting flow measurement equipment on a monthly basis will be \$1,000.00 per month.

**Bill Flowers, local resident:** Mr. Flowers questioned whether a discharge permit could be secured for each WWTP which Mr. Kjellgren advised each plant would have its own separate discharge permit. Mr. Flowers advised that he doesn't agree with Bob Norton that many residents only care about he looks of the plant vs. the functionality of the plant. Mr. Flowers is president of the River View Home Owner's Association and properties which lie above the sewer plant have typically been the most valuable properties in his association.

Mayor Lloyd called for further discussion. **Steve Fusco motioned to adjourn the meeting. D.R. Hutchinson seconded. VOTE: 5- Yes; 0- No; 0- Abstain; 0- Absent**

\_\_\_\_\_  
Dave Lloyd, Mayor

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Tracy Matthews, Clerk

\_\_\_\_\_  
Date