Six County Infrastructure Coalition Meeting  
July 17, 2015  
Carbon County Administration Building  
Price, Utah  

Draft Minutes  

Voting Board Members present: Bruce Adams, Mike McKee, Jae Potter, Casey Hopes, Keith Brady, Ron Winterton, Jack Lylte  

Also present: Executive Director Ralph Okerlund, Eric Johnson, Seth Oveson, Tami Ursenbach, Darin Robinson - Jones and DeMille, Tammie Lucero, Brian Raymond, Jordan Leonard  

1) Welcome – Bruce Adams  

Bruce welcomed all and led the Pledge of Allegiance.  

2) Minutes – Bruce Adams  

Jack Lylte asked if the meeting could continue on and allow board members time to review the minutes.  

At a later moment in the meeting:  
Jack Lylte made a motion to approve the minutes from the June 5, 2015 Coalition Meeting, Ron Winterton seconded. Motion carried.  

3) Public Comment (limit 3 minutes)  

No public comment was made.  

4) Finance Director Report and approval of expenses-Seth Oveson  

The financial activity for the month included paying Jones and DeMille $7,100 and a reimbursement to Executive Director Ralph Okerlund. Seth explained that he now has access to the PTIF account and the balance is $4,713,133.72.  

Ron Winterton made a motion to approve the financial report, Jae Potter seconded. Motion carried.  

5) Executive Director Report – Ralph Okerlund  

Ralph thanked everyone for accommodating today’s schedule. He explained that this meeting is to take a look at the planning study being completed by Jones and DeMille. This will give us reassurance that good work is being done.  

We are working on a couple of projects that are on the agenda today, one is ready for board consideration. This will be presented today. There is a lot of interest in the Coalition and its possibilities.  

Jae Potter made a motion to accept the report from the executive director. Jack Lylte seconded. Motion carried.  

6) Monthly Infrastructure Report - Jones & DeMille  

Draft minutes of the July 17, 2015 Six-Seven County Infrastructure Coalition – page 1 of 8.
Brian Barton and Darin Robinson gave a report in a power point presentation. They have been working hard to gather information and do planning for the areas future needs and development. They have ongoing communication with municipalities, counties and special districts. Irrigation companies have not all been very responsive.

The energy side has been very active and proactive to provide their infrastructure and planning information. A couple of examples were shown including the GIS system.

Jones & DeMille use a spreadsheet to keep track of the information coming in. There have been confidentiality agreements signed restricting the use of certain data. They are looking at regional connections that extend beyond the boundaries of the Coalition. It is important to look at corridors that will be used for more than one type of infrastructure element.

Primary infrastructure deficiencies include petroleum pipelines, transportation issues, power transmission and generation, rail facilities, water resource improvements. These are all float to the top and becoming more developed as the data is analyzed and planning begins.

ACR economists are looking at the historic data in order to make projections. Strengths, weaknesses, opportunities and threats will be addressed later on in the meeting and will also include strategizing, understanding goals, missions, objectives, process and priorities.

The overall schedule remains intact and they are still planning on finishing in April 2016. They hope they can accelerate that date in order to address specific needs. Completing the plan quickly is preferred.

The next few slides introduce historical economic data for oil production, natural gas production and mining. Jones and DeMille will further analyze this data. Also covered was historical employment trends, the fastest growing industries within the Coalition, oil gas and support services is the top industry within the Coalition with transportation being second.

The next slide covered data for traffic and freight analysis. There are several freight centers within the Coalition and into Grand County. They will continue to refine the information.

The projected 2040 traffic volume growth based on the Utah State travel model was discussed. The lower volume roads will have a greater margin of error. Major growth areas and roadway impacts were reviewed. Utah has the largest percentage of truck traffic in the nation at 23%.

Darin said the project lists are focused more on regional and county. More specific projects will be discussed in the executive session. This is a work in progress. The project list for each county was reviewed including Daggett, Carbon, Duchesne, Emery, San Juan and Uintah counties. Each county is looking for project diversity and getting product to market locally.

7) Legal Report – use of mineral lease funds - Eric Johnson

Eric explained public private partnerships, the use of mineral lease funds and what constitutes a public facility and public services.

The foregoing is consistent with how Utah and the Utah Attorney General has evaluated mineral lease funds and is probably the best articulation of what amounts to public facilities and public services. What is notable about the foregoing definitions is that many forms of public private partnerships fall within their scope. Mineral lease funds can be used to fund a wide variety of public private partnerships, still there are limits. There may be some projects

Draft minutes of the July 17, 2015 Six-Seven County Infrastructure Coalition – page 2 of 8.
that the Coalition wishes to undertake for which it cannot use mineral lease funds and will be required to seek funding from other sources.

8) Public Hearing on CIB application for Electrical Project – Bruce Adams

Ralph Okerlund explained that this project was brought to the Coalition by Duchesne and Uintah Counties. Current electrical providers are struggling to provide enough power to current users and residents in the Basin due to growth in both business and residential. In order to deliver more power, a new transmission line is needed to serve a large part of the basin and electrify the oil fields. The benefits would be improved air quality, a reduction in propane use, an enhancement of development and expansion of the oil fields which would increase production, creating more jobs and increasing mineral lease money.

If the project is built, the Coalition would be the owner. The Coalition would contract to build, maintain and operate the line. Revenues would be generated by transmitting electricity to residential and business users.

Mike McKee asked if this would be a phased project. Ralph said it could be a phased project depending on the cost and could spread into two to three years. Eric and Ralph met with the Attorney General’s office and talked about the Coalition doing large projects outside of the traditional CIB ventures. They did not receive a clear cut answer about this project or other potential big projects. The advice received was that on policy issues the CIB board can and will determine what kinds of projects it will fund. Today the Coalition board is looking for comments on submitting the application for funding by the CIB.

Eric explained that $1,350,000 is being requested on the application; a grant in the amount of $450,000 and a 2% interest loan in the amount of $900,000. There will be a local match of $450,000. These amounts are approximates. This Resolution is only for the first phase of the project and a public hearing is required on the CIB application.

Jack Lytle made a motion to open the public hearing at 11:21 a.m., Ron Winterton seconded. Motion carried.

Grant Earl, General Manager and CEO of Moon Lake Electric Association said Moon Lake was organized for rural power in the Uintah Basin in 1938 and is a private corporation, owned and run by its members. They serve from Daniels Summit to twenty miles east of Rangely, Colorado excluding Ashley Valley. They are in favor of the Coalition building this project because the current transmission lines operate at capacity during peak use, which runs the risk of prolonged brown outs. This project will provide alternate routes for delivering electricity to current electrical users, residential and industrial, in the basin. Without additional transmission capacity in the basin, the reliability of power delivery to current users is at risk and power cannot be extended to additional users who are already residing and doing business in the basin.

Tammy Lucero, Economic Development Uintah County, said that Uintah County is in favor of this project and the application by the Coalition to the CIB.

Irene Hansen, Economic Development Duchesne County, said she believes this would be a great project for the Six County Infrastructure Coalition.

Alan Walker, USTAR (Utah Science Technology and Research), University of Utah is here to speak for the department of chemical/petroleum engineering where he is a part time instructor. Currently, many pump jacks in the Uintah Basin are powered by natural gas. Each is a source of greenhouse gases. By electrifying these fields you will reduce this source of greenhouse gases and will enable the production companies to use electronic controls on their pump jacks, which would make them more efficient. Natural gas powered motors are either on or off. With
electrification you will be able to control the stroke length, the number of cycles per minutes, the RPM’s and turning the pump jacks on or off at will. This will optimize how the pump jacks function, improving efficiency. If you start calculating the impact of greenhouse gases, methane emissions and organic compounds on air quality, this project will significantly improve the quality of air in the Basin.

Jerod Griffiths, Moon Lake Electrics and Basin resident, said Moon Lake is committed to keeping the lights on and he feels that brown outs are a possibility. The time it takes to get crews out and physically locate problems in the system can be resolved by doing this project. He feels people take electricity for granted and he supports this project.

Jack Lytle made a motion to close the Public Hearing at 11:45 a.m., Jae Potter seconded. Motion carried.

Ralph Okerlund and Eric Johnson said that they have met with CIB staff and inquired about this potential project. This project is out of the box and is something the CIB has not considered in the past. There have been other utility municipal electric projects brought before the CIB and the board has turned them away because they did not want to do electric projects.

Bruce Adams said this application will allow the CIB Board to make a decision on whether they want to hear this project or not. Mike McKee disclosed that he is going to vote for this and Moon Lake is a service provider for him and he is a member of the cooperative. He still intends to vote in favor of the project.

Ron Winterton made the same disclosure. Daggett County also has a transmission line in it.

Bruce Adams disclosed that he is from San Juan County and has leased water rights to the power project in Green River.

A ten minute break was taken.

Keith Brady asked that if this transmission line went in would it cause more black or brown outs with the added load. Bruce said this will increase the transmission capacity and reduce the risk of black or brown outs.

Grant Earl clarified that Moon Lake has capacity in the transmission system to deliver the necessary power to load centers. What they don’t have is the ability to reroute the power to keep the electricity on in the event that a breaker or regulator goes down. So it’s a reliability issue with respect to current electrical users.

Keith stated he was surprised at how quickly this was happening. He asked about the expediency of the project. Bruce said time is of the essence on this project and will be discussed in the executive session.

9) Resolution to make application to CIB for Electrical Project – Ralph Okerlund

Jack Lytle made a motion to approve Resolution 2015-7A to make applications to CIB for Electrical Project. Keith Brady seconded. Motion carried. Roll call vote was unanimous.

10) Resolution to approve transportation study – Ralph Okerlund

Ralph turned the time over to Mike McKee because he is more familiar with the proposal. Mike said this is for a scientific survey and study of a transportation corridor running from San Juan to Daggett counties for tourism and energy development and would include information from the people in Carbon and Emery counties. The cost for the survey would be approximately $30,000. It would be in conjunction with the current study. The request is for the Coalition to fund this project.

Draft minutes of the July 17, 2015 Six-Seven County Infrastructure Coalition – page 4 of 8.
Eric said transportation studies are expressly authorized by the scope of the Coalition and within the agreement with the CIB.

Bruce said that Grand County would also be included in the survey even though they are not part of the Coalition. This information could be valuable to Grand County.

Eric said the resolution is framed to authorize the executive director to put out a request for proposals and to enter into a contract for this transportation study in an amount not to exceed $40,000.

Keith Brady asked why this study is needed if Jones and DeMille’s research has shown the increase of traffic on these roads, what purpose would this serve. Bruce said we are trying to gather information from the residents and counties.

Eric said anytime you go to the CIB for funding they ask about public approval. This survey would be helpful to have and is different from the prior study. Mike said another questions is whether other public funds should be utilized depending on how the survey goes.

Ralph said another benefit is having Grand County included and getting their citizens opinions so that their elected officials understand what the opinions are pertaining to transportation corridors, tourisms and economic development.

Keith asked if this would fall back on UDOT to improve the roads. The consensus was no because it will involve county roads. Adam Massey the executive director of the Uintah Transportation SSD, explained what they had spent on the Ashley Valley Energy route and its three phases. Looking at the survey it’s important to have the community involved and getting a broad spectrum of representations from all the different groups.

It was asked how the survey would be distributed to the public. That will need to be decided. Ralph said the results of the survey can be swayed by how the questions are written. It is important for the Coalition to be involved so that the questions are fair. It was suggested that the questions be reviewed and given authorization. The cost will go to the group doing a true, professional, scientific survey. Mike would want it to have credibility and be from an entity like Dan Jones.

Keith Brady made a motion to approve Resolution 2015-07-B, Ron Winterton seconded. Motion carried. All were in favor.

11) **Board Member Report – Board Members**

Bruce Adams said in San Juan one of their potash companies has left their county because of their inability to work with the BLM. They still have smaller companies who want to develop the potash and they are hopeful for this. Another project is the twenty-six wind turbines being erected in the Monticello area.

Ron Winterton said Duchesne County is working on three projects and will be coming to the Coalition for consideration in the next couple of months. They are seeing a slight downturn in production but there are still good things happening.

It was decided to take a 45 minutes lunch break.
Ralph would like to take the information from the study and turn it into usable information in order to prioritize projects. He has asked the board members to lead a discussion about the strengths, weaknesses, opportunities and threats to the Coalition which should help move forward with other projects.

Keith Brady said some of the strengths are working together for the common good of multiple entities, creating one political entity to push the State for help, regional approached projects, capital availability, going to the CIB as a group, protecting counties against liabilities, flexibility, strong co-chairs and board members from each county and representation by a county commissioners, strong full time director and legal counsel, influence in funding opportunities, interstate influence and recognition, diverse natural resources throughout the Coalition boundary, and opportunities to work together to address regional problems.

Ralph said when we bring six counties together it attracts people from the private sector who want to establish public/private partnerships. It opens up an avenue for them to work with the county government to be able to look at projects and getting them done. We are strengthened by the fact that projects can be presented to six counties at one time.

Jack Lytle said that the weaknesses can be viewed as strengths such as the political differences are good but the weakness is if we forget that we have to come to a common voice. If we have counties that should be in the Coalition but are not, then that could be an issue.

Divergent regional interests internally and externally can also make us stronger. Each county has its own focus in different ways and if they are not able to assimilate that focus regionally or within the Coalition then it will be a problem. This is something we need to be sensitive to. These are weaknesses but they bring different perspectives which make for a stronger group. As projects become available there will be more opportunities for additional projects which are strengths.

Jack continued concerning inconsistent project evaluation priorities and making these consistent.

We all share these weaknesses and challenges in different ways but collectively they become strengths. Our economic development directors are a strength. They are involved and provide the Coalition with needed information.

Casey Hopes discussed various opportunities including improving the quality of life, the potential for public/private partnerships, the potential for relationships with other private entities in funding, planning for regional infrastructure improvements, maximize efficiencies, access to significant sources of funding, implantation of major regional infrastructure projects, bringing in other counties for strategic unifying purposes, cooperation with non-Coalition counties, regional infrastructure efficiencies due to proactive evaluation of Coalition wide needs, potential for perpetual return revenue and economic development opportunities, paradigm shift for counties in regional planning and cooperative efforts, CIB shoulders risks of funding security, CIB funding for open port authorization, access to infrastructure and financial expertise in resources, infrastructure opportunities with States within the region, partnership with tribal entities, public education of Coalition priorities and overcoming negative perceptions by taking a proactive approach, create a balance between conservation, recreation infrastructure and development.
Ralph said the Coalition will allow us to look at opportunities that we have never looked at before and that the ability to look at a variety of projects will be beneficial.

Ron Winterton talked about threats including disagreements between the Coalition and counties which does bring healthy discussions and thinking outside the box. The formation of other coalitions to compete against our Coalition which could cause regional competition, infrastructure projects with counties outside the Coalition and maybe they will have to join to benefit. Resentment by other counties and entities, public perception from local media, legal challenges from private interests, competing with private entities for federal right of ways, special interests groups conflicts and market and economic fluctuations.

Ralph commented that the special interest groups is one of those that goes back and forth and could be strength because it relieves that focus from the individual counties to the Coalition.

Other threats are non-participating counties preventing projects that would benefit the Coalition, political instability due to officer turn over, missed education of the constituents regarding the goals of the Coalition, challenging the listing of the sage grouse, mineral lease money drying up and the Coalition being a scapegoat by outside entities and special interest group.

Ralph thanked everyone for participating in the discussion. He asked that members contact him with other ideas so they can be added. He wants this to be a living document where modifications can be made as it goes along.

Ralph discussed Coalition goals including short, medium and long range goals. He asked Bruce to comment. Bruce said this is intended to be a beginning of what the goals might be. The infrastructure survey that Jones and DeMille are doing will be completed in April which is an important step in the right direction. We are working on some projects. There will always be a difference of opinion but in the end we need to keep in mind that we are stronger when we come to a consensus.

An important item is influencing the management of public land. We are all involved in this right now as individual counties. Long range goals are seeing the need for infrastructure throughout the region whether it is utility or economic development and making progress to fill these needs. Bruce encouraged everyone to look over the goals.

Ralph asked that everyone think about the additional ideas on project performance indicators and evaluation metrics. At the end of the study there will be the opportunity to start prioritizing the kinds of things we want to work on. Be thinking on how we are going to evaluate those opportunities.

Ralph wanted to make sure that the success of the organization will be dependent on how we go from here. Any opportunities for giving him guidance will be appreciated.

13) Motion for closed (executive) session pursuant to §52-4-205 – Eric Johnson

Eric explained that the reasons to go into a closed session are to discuss potential real-estate transactions and to discuss information that is proprietary to private entities that shouldn’t be allowed to go to the general public. The board can allow certain individuals into a closed session who they feel are appropriate.

Ron Winterton made a motion to go into a closed (executive) session. Jack Lytle seconded. Motion carried.

Jack Lytle made a motion to leave the closed (executive) session, Keith Brady seconded. Motion carried.
14) **Motion to adjourn-Bruce Adams**

Bruce Adams made a motion to adjourn, Jae Potter seconded. Motion carried.

_________________________________________________________________
Bruce Adams, Co-Chair

_________________________________________________________________
Seth Oveson, Treasurer

_________________________________________________________________
Mike McKee, Co-Chair