

MINUTES FOR JANUARY 28, 2026: CITY COUNCIL SPECIAL MEETING

CALL TO ORDER: Council President Nick Hainline called the Special Meeting to order at 5:00 PM.

PLEDGE OF ALLEGIANCE

ROLL CALL: Council President Nick Hainline, Council Member Bob Bonning, Council Member Erika Cornett, and Council Member LuAnne Coates were present. Mayor Jared Hillier was absent.

NEW BUSINESS:

- A. Herbert Property Permanent Easement Agreement-Action Item: Nick Hainline asked for discussion from the Council. The conversations and questions were asked and answered as follows:

-Bob Bonning:

Q: for the Herbert property, if there were already 20 hookups granted and Mr. Herbert was asking for 20 more?

A: Yes, for a different easement agreement.

Q: If JUB Engineered this project, and what drove and changed from the original?

A: Mark Holtzen with JUB responded that early in the project there was a preliminary design, and when doing that it was discovered due to tariffs, other things in the economy, and inflation the costs had increased significantly. JUB met with the Mayor and City Administrator and the changed route straight south was presented in order to save approximately \$50,000.00-\$75,000.00. The changed route requires easement agreements from Mr. Jim Herbert, Mr. Frank Erwin, and the Hagerman Cemetery.

Q: The original easement was already granted/given to was still in effect and still being used? And will go out to the highway?

A: Mark Holtzen responded that yes. Mr. Holtzen then explained that there are two lines coming out of the new pump station in order to fix the low-pressure zones in some areas of the City and high-pressure zones in other parts of the City. The line out to the highway is feeding what is known as the 'central' pressure zone from Fourth Avenue going West. The line going South is known as the 'southeast' pressure zone is feeding Fourth Avenue going East. Since the city has such a slope it had to be divided into 2 zones.

Q: In the preliminary this wasn't included?

A: Mr. Holtzen responded that the preliminary did include both, and the original went out to the highway. In order to reduce costs the second line can be ran straight south instead of also out to the highway. The one on the highway was done on purpose for future development on the north and east side of the city, that line will feed that area. It does not make sense to run it straight south or save money. The easement in place now provides an access road to the pump station and the original line out to the highway.

Q: If we said we didn't like this new easement deal, this project can't go forward?

A: Mr. Holtzen responded that it can, we would just have to redesign it and send the line out to the highway and come down.

Q: Wasn't that the original?

A: Mr. Holtzen responded that again, it was to reduce costs and there is not enough money to do everything in the project. As it sits now, all of the piping to split the distribution will not be done. We were trying to get as much done as possible but in order to do that and save as much money as possible we ran that line straight south. Could it be done? Yes. It would cost more money. The bigger issue is that the City has an ARPA Grant of \$4.3 Million dollars that has to be spent. The project is awaiting approval from DEQ and we are awaiting approval any time so we can move forward. If we have to stop, redesign, and go back to DEQ for approval we will be at risk

of losing the ARPA Grant, as it has to be spent by December 2026. At that point we would be in jeopardy of losing some or all of that \$4.3 million grant, so there is risk to not agreeing on the easements quickly.

Q: What is the cost savings of that south line instead of going down the highway?

A: Mr. Holtzen responded for the new route \$50,000.00-\$75,000.00 roughly as opposed to going out to the highway then south.

Q: The new southern line did that have to be engineered again? Obviously, since it wasn't in the first one?

A: Mr. Holtzen responded that we hadn't done detailed design at that point, it was very preliminary conceptual, so the final design plans had not been prepared and at that point there was no redesign or additional design work needed.

Q: So this stuff won't cost any more?

A: Mr. Holtzen responded that to go south, no. It's already designed to go south.

Q: So you've already been paid?

A: Mr. Holtzen responded yes.

Q: If we grant these hookups, does that include the water meters?

A: City Administrator Justin Hulme answered that when someone hooks up to the City services, we supply all the parts, pieces, and meter to hook up and get connected to their house. This situation will be different, because they are going to develop and when it is all developed all of the parts and pieces will already be in there.

Q: So we will pay for the meter?

A: Justin Hulme responded yes, but that's it.

Q: Isn't that covered under the \$3,500, the meter?

A: Justin Hulme responded that yes, but if you build a house and hook up it also includes all the parts and pieces that we put in the ground. If we give the 20 hookups, we aren't putting those in and just placing just the meter. We would only be out the cost of the meter.

Q: What does the meter cost?

A: Justin Hulme responded that a meter is roughly \$350.00.

Q: And your time?

A: Justin responded yes and our time, but in the grand scheme of things if we aren't in the trench placing the brass, the poly, meter pit, and setters and everything else it is substantially more and those parts alone are pushing approximately \$2,000.00.

Q: And you're saying we won't have to pay for those parts?

A: Justin responded that no, when they go through the planning and zoning and go into develop it they have to put all the infrastructure in. when they put the main line in and tap it, they're going to put the tap on run pipe to setter meter pipe and lid and when they want to put the house in and hook to the system that is already there, all we do is put the meter in and turn it on.

Mr. Holtzen then responded that from that perspective that the real cost to the city, while not bringing in those funds, is far less excluding the time.

Mr. Hulme then stated that last subdivision developed was given a discount on their permit fees because all of the infrastructure was already there and at that point we were only placing the meter. That is regarding residential, the commercial is different.

Q: I didn't see any conditions on this at all. We granted the 20, we're going to grant 40 more. Say they wait 30 years to do their subdivision or whatever it is they're going to do, doesn't the price change for the city in 30 years? A lot? Maybe double?

A: Justin Hulme responded yes, that is likely.

Q: I'm concerned that there's no conditions... If you want to do it in 100 years, fine.

A: Justin responded that is up to the council.

Bob Bonning then stated that there needs to be a time period placed on it, and being open is not a very good idea. If they wait 20 more years to develop all these prices are going to be out the roof.

Erika Cornett responded that so would their costs for the City water and everything else the City is getting from them is going to go up.

Mark Holtzen responded that if the Council would like to put that in the agreements that is fine but he does not know what the property owners are going to want.

There was some discussion about inflation and increases in costs for water, meters, tax revenue from developed properties, development costs, and future water and sewer rates.

Q: (in regards to revenue) from only one of the properties, because one is not in the City?

-LuAnne Coates:

Q: Is the other property owner planning to annex into the City?

A: Mr. Holtzen responded that he did not know, and he doesn't speak for the property owners.

-Erika Cornett:

Q: Justin, on the water lines doesn't our City Code state that they have to be annexed to connect?

A: Justin Hulme responded that for his approval of water and sewer to be on the property they have to be annexed. If they are not annexed, it has to go before the Council to be approved rather than being approved and handled by public works.

-Bob Bonning:

Q: so, we would have to change City Code to do this?

A: Justin responded no, it would have to be approved by Council for anyone to connect to city services rather than being approved by staff. The code reads that if someone would like to connect to city services the application just has to be evaluated and approved, but if someone outside of City limits would like to connect it must be approved by the City Council.

-Nick Hainline:

Q: so, they wouldn't be able to use the plumbing unless approved or annexed?

A: Justin Hulme responded yes, and as far as the sewer is concerned, a lift station is also going to be needed and you have to be a licensed operator to operate the sewer system and a lift station, so they couldn't use the sewer without the city taking it over and there is a catch there as well.

-LuAnne Coates:

Q: If I'm understanding this correctly, JUB did a preliminary design and it needed two lines to pressurize different parts of the city. At that point, to save money because the costs of everything went up, the new route was presented. The one line that was done prior with the easement is complete?

A: Mr. Holtzen responded yes, the easement is complete.

Q: The new easements are Mr. Erwin and Mr. Herbert's properties?

A: Mr. Holtzen responded that yes, and an easement with the Hagerman Cemetery, who is not asking for anything.

-Bob Bonning:

Q: So you're saying we're going to save \$50,000.00 by going this way?

A: Mr. Holtzen responded yes, \$50,000.00 to \$75,000.00.

Q: And we're giving away some \$200,000.00 in hookups to save \$50,000.00?

A: Nick Hainline responded it is less than that with the infrastructure and actual out of pocket.

There was some discussion about the \$7,000.00 per hookup charged being forfeited, and the actual cost out of pocket for the City. Bob Bonning stated that if anyone wants to connect is \$7,000.00 but now they are paying nothing. Mr. Holtzen explained that the easements limit the ability of the property owner to use the land in addition to saving the \$50,000-\$75,000 saved to stretch the project funds, which are already overextended, and saving the cash that the project does not have while also obtaining the easements.

-Erika Cornett then stated the meter cost would be approximately \$14,000.00 out of pocket for the City.

-Nick Hainline:

Q: How much time is saved with the shorter route?

A: Mr. Holtzen responded that it will save a week, maybe 2 at most.

-LuAnne Coates:

Q: We've already paid to design these two routes? So, without agreeing to the easement, it would be a redesign?

A: Mr. Holtzen responded there would be redesign yes, depending on the scope there would be a little bit of cost associated with that. He is more concerned with running out of time.

Q: With the route to the highway, we have the walking path. Will the city be paying for the walking path?

A: Mr. Holtzen said yes, the lines go down the middle of the walking path so the City would be getting a new walking path. Whenever a water line goes in there is a surface repair for whatever is disturbed. It would be cheaper to do the walking path rather than go out into Highway 30. Once you go into Highway 30 you end up with a lot of traffic control being paid for, which is why we stayed at the walking path. With the shorter path we aren't going anywhere near Highway 30 and avoiding the cost and issues that go with that.

Q: Is there a lot of surface repair on the new route?

A: Mr. Holtzen responded that no, for the Herbert property its bare dirt. For the Erwin property it is an alfalfa field so there would be reseeding. For the cemetery it is going through a gravel road.

Q: So, less cost there?

A: Mr. Holtzen responded that yes, less cost for surface repair as well as for traffic control and safety measures that go with the highway.

-Bob Bonning:

Q: Why are we at the point where we have to get this done, only have a few days, and why wasn't this out in the open long ago?

A: Mr. Holtzen responded that these easement agreements have been being drafted and worked on with the property owners, City Attorney, Mayor, and City Administrator for several months and this is where the project has come to.

Bob Bonning then stated that he thinks part of the problem is that if the City still had a planning and zoning we would be in a lot different shape. City Administrator Justin Hulme addressed the council and stated that planning and zoning would not have handled this, as they do not handle water and sewer. They oversee property and could have potentially been involved in the easements but it is not likely.

-LuAnne Coates then stated that after her research on this subject, it comes down to the fact that we do not have the money to pay for the easements and it has brought us to bartering. She then asked Justin Hulme to address the Council regarding the importance of the water and project to the city.

Justin Hulme addressed the council and stated the following:

Big Springs currently has good flow. We are pushing 21-25 million gallons of usage off of the one spring in the summer. By bringing this project in, we have two sources of water for the City. If something were to happen with Big Springs such as coliform or other issue that makes a boil order necessary, the City of Hagerman would have a secondary water source. While not enough to provide for the City on its own, in the case of an emergency it will help. Most cities have a secondary water source, and if there is an issue with Big Springs we do not have a backup. LuAnne Coates asked for clarification on well or spring. Justin Hulme responded that it is a spring. The new source is a spring as well, and the project is for a pump station.

Mark Holtzen then responded that the City of Hagerman only has one storage tank. The project gives a secondary storage tank. While planning this project a 20-year growth study was looked at and it was considered that a water source was not able to be used, this allows for a secondary option to deliver safe drinking water for the City of Hagerman. The entire project will also address a fire-flow issue. On the East side of the City, fire flows are at 400-500 gallons per minute. Ideal flows are between 1,000-1,500 gallons per minutes. This project will also correct that safety issue while addressing the pressurization issues. Justin Hulme stated that DEQ mandates a minimum PSI for water systems and on the east side of town there are issues. Mark Holtzen stated that ideal pressurization is above 40 PSI, and on the east side of town it is dropping to 39-40 PSI. LuAnne Coates agreed as she lives in that area. Mark Holtzen then informed the Council that on the West side of town, we are seeing up to 90 PSI, and the DEQ limit is 100 PSI. The water project separates the City into two pressure zones and with growth eventually there would be a third pressure zone.

-LuAnne Coates:

Q: Are we using our max allowed from Big Springs?

A: Justin Hulme responded that no, we're not and this will create a buffer and lighten the load that this side of the system carries as the west side of town develops.

Q: Could we implement something down the road that we charge for new hookups?

A: Justin Hulme stated that for planning and zoning when a plat map is applied for there are multiple fees. Mark Holtzen informed the council about capacity and impact fees, which are a possibility in the future if pursued.

Q: We have to spend the \$4.3 million by December?

A: Mark Holtzen responded that yes, the ARPA Funds needed to be spent by December 2026, and that there are additional funds available through Idaho Community Development Block Grant but the ARPA funds are what need to be used.

Q: We've already spent a lot of money on this project. If we lose this grant money, we will be costing ourselves the \$4.3 million, correct?

A: Mark Holtzen responded that the City of Hagerman bonded for \$4.8 million, and that would be what we could spend. The project consists of the piping portion and the tank portion, and both projects are going at the same time. The loss of the ARPA funds would not allow both to continue and at that point the City Council would have to decide to do part of one project only.

-Bob Bonning:

Q: If we go with the original, would we be able to spend that money in time?

A: Mark Holtzen responded that that is what he is concerned about.

Q: Why are we at that point? Because of tariffs?

A: Mark Holtzen responded that early on, the design team sat down with the Mayor, Justin, and the route south was decided upon and that is the direction the project went and how we came to where we're at.

Q: And was the City Council involved in that at all?

A: Mark Holtzen responded he wasn't sure if they had spoken specifically with the council. It was mostly a conversation with Mayor Hillier and Justin, and its not unusual for JUB to work with the staff and the Mayor instead of coming back to the Council for issues. They normally don't go back to the council for these types of things. They could, but it is unusual in working with small cities.

-LuAnne Coates then asked for more information on the bond passed and funds. Mark Holtzen and City Clerk Ashley Cook responded in conjunction that the bond passed in May of 2023 was for \$4.8 million, and that for the rest of the funding with the government shut downs and layoffs there was a severe delay in funding across the country and the City is very lucky to have received the additional funds.

Q: If we don't spend the money by December, we are looking at losing it because we don't want to give up the \$180,000 in barter.

A: Mark Holtzen responded that yes, we are looking at losing some or all. Justin Hulme also responded that looking at it further, the City will also be foregoing money in revenue from utility bills, as well as less users on the system which can lower the cost per resident.

-Bob Bonning:

Q: Has the Herbert property been subdivided? I'm just wondering if we are paying for free hookups for an entire subdivision.

A: Mark Holtzen responded that he doesn't know, not to his knowledge.

Q: Will there be 40 homes in there?

A: Mark Holtzen responded that he didn't know.

Q: Does the Council want to add conditions or leave it open?

A: LuAnne Coates responded that upon use and annexation there would be conditions, and asked for a suggestion. No terms were discussed. Site plans and drawings of the project were then reviewed for Bid schedule A, bid schedule B, and Bid Schedule C with utility rates subsequently being raised to afford each bid schedule on top of the increase needed to repay the bond if the project fails.

Q: Is this going to affect our water and sewer bills?

A: The change in route, no. The water bond does need to be paid back and that is what will affect water bills.

Q: How much?

A: City Clerk Ashley Cook answered that it is approximately \$31.59, and Nick Hainline responded that agreeing to the easement terms would not affect bills.

Council President Nick Hainline asked for further questions from the Council. There were none. Nick Hainline made a motion to accept the Herbert Property Permanent Easement Agreement. The motion was seconded by Erika Cornett. A roll call vote was held.

Nick Hainline: aye

Bob Bonning: nay

Erika Cornett: aye

LuAnne Coates: aye

Motion passed.

B. Erwin Property Permanent Easement Agreement Action Item: Council President Nick Hainline made a motion to accept the Erwin Property Permanent Easement Agreement. The motion was seconded by Erika Cornett. A roll call vote was held.

Nick Hainline: aye

Bob Bonning: nay

Erika Cornett: aye

LuAnne Coates: aye

Motion passed.

Nick Hainline made a motion to adjourn the Special City Council meeting for January 28, 2026. LuAnne Coates seconded the motion.

Meeting adjourned at 5:51 PM.

Nick Hainline, Council President

Ashley Cook, City Clerk & Treasurer