State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Alan Matheson
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board
Paul Hansen, P.E., *Chair*
Betty Naylor, *Vice-Chair*
Brett Chynoweth
Tage Flint
Roger G. Fridal
Alan Matheson
David L. Sakrison
David Stevens, Ph.D.
Mark Stevens, M.D.
Kenneth H. Bousfield, P.E.
Executive Secretary

DRINKING WATER BOARD MEETING
January 8, 2016 - 1:00 pm
Multi Agency State Office Building – Room 1015
195 North 1950 West
Salt Lake City, Utah 84116

FINAL MINUTES

1. **Call to Order – Chairman Hansen**

Paul Hansen, Board Chairman, called the meeting to order at 1:07 pm.

Chairman Hansen acknowledged and thanked Scott Baird for sitting in for Alan Matheson.

2. **Roll Call – Ken Bousfield**

Board Members present: Paul Hansen, Betty Naylor, Roger Fridal, and David Stevens.
Scott Baird sat in for Alan Matheson.
David Sakrison joined the meeting at approximately 1:08 pm, while item 3 was being approved.
Tage Flint joined the meeting at approximately 1:27 pm, while item 4(C)(i)(a) was being presented.

Board Members excused: Brett Chynoweth and Mark Stevens.

Division Staff present: Ken Bousfield, Michael Grange, Heather Bobb, Rich Peterson, Julie Cobleigh, and Marianne Booth.

3. **Approval of the Minutes:**

A. November 13, 2015
B. November 25, 2015

Betty Naylor noted that she had notified Marianne Booth that the following typographical errors needed to be fixed on the November 13, 2015 minutes:

- Page 3, Item 4(C)(i)(b) Trenton Town, motion:

Tage Flint moved to authorize a $632,000 loan at 1% interest for 30 years to Trenton with $631,000 in grant, contingent upon the establishment of inter-local agreements with ~~newton~~ Newton and Clarkston.

- Page 5, Item 4(C)(ii)(c) Wooden Shoe, first sentence:
  Representing Wooden ~~Show~~ Shoe Water Company was John Field, President of Wooden Shoe Water Company, and Jo Santos of Epic Engineering.
- Page 8, Item 7 Proposed Legislation, first sentence:
  Ken then took a moment to report on a bill that will be introduced with the Legislative Session beginning the 4th week in January 2016 which is being proposed by Senator Howard Stephenson that would cut the ~~of~~ ¼ of 1% of dedicated State tax monies

- Betty Naylor moved to approve the minutes as amended. Roger Fridal seconded. The motion was carried unanimously by the Board.

4. **Financial Assistance Committee Report**

A. Status Report – Michael Grange

Michael Grange, Construction Assistance Section Manager with the Division of Drinking Water (DDW, the Division) reported that currently in the State SRF fund there is $1,180,000 and the Division is expecting an additional $6,000,000 to come into the fund through allocations and repayment streams over the course of the next year for a total of $7.3 million to be available for the funding of projects. He then gave an update on current projects and their statuses.

Michael then moved onto the Federal SRF fund and noted that there is currently $39.5 million and over the course of the next year the Division is expecting approximately $16 million to come into the fund through the Annual Capitalization Grant and repayment streams for a total of $55,357,000 to be available for the funding of projects. He also gave an update on current projects and their statuses.

In response to questions from the Board Michael informed them that though White Hills and West Erda have been authorized for a while they are still working with Division Staff to resolve some issues.

B. Project Priority List – Michael Grange

Michael Grange proposed that three new projects be added to the project priority list; Fairfield Culinary Water with 32.2 points and a project consisting of a new well, tank, and pump station, Old Meadows Water Company with 22.8 points and a project consisting of water line replacement, and Eagle Mountain with 11.4 points and a project consisting of a new water line and pump station.

- David Stevens moved to approve the updated project priority list. David Sakrison seconded. The motion was carried unanimously by the Board.

C. SRF Applications

i. FEDERAL:

a) Bear River WCD – Julie Cobleigh

Representing Bear River WCD (Bear River) was Voneene Jorgensen, General Manager of Bear River WCD, and Bill Bigelow of Hansen, Allen & Luce.

Julie Cobleigh, Environmental Engineer with the Division, informed the Board that Bear River is requesting $200,000 in financial assistance to create a master plan for their water system which will include outreach activities to stakeholders and drinking water suppliers in the county, evaluation of existing water resources and demands, investigations into development options, conservation planning, and an evaluation of a water rights bank. Bear River will also be contributing $15,000 towards the master plan cost of $215,000. The local MAGI for Bear River is $42,006, based on zip code, which is 104% of the State MAGI. Their currently average water bill is $40, or 1.37% of the local MAGI. Based on current water related debt and O&M costs a planning loan at 0% for 5 years would result in an average water bill of $143. The difference between the water bill amounts is due to Bear River using property tax to help fund their water system. The Financial Assistance Committee (FAC) recommends that the board explore the following options: (1) a full grant of $200,000 which would not change the water bill and (2) a 50/50 split of loan and grant at 0% interest for 10 years which would increase their water bill about $1.

There was discussion between the Board, Division Staff, and those representing Bear River regarding the difference in the current and estimated water rates, the scope and cost of the master plan, and whether the surrounding communities would be assisting with that financially.

Roger Fridal announced that as he sits on the Bear River WCD Board he has a conflict of interest and abstained from the motion and voting.

- David Sakrison moved to authorize a $200,000 grant to Bear River WCD. The motion was not seconded. <u>The motion failed</u>.

The Board discussed more in depth the two options available.

- Paul Hansen moved to authorize a $100,000 loan at 0% for 10 years with $100,000 in grant to the Bear River WCD. David Stevens seconded. <u>The motion was carried unanimously by the voting members of the Board.</u>

b) Fairfield – Rich Peterson

Representing Fairfield was Peter Lawrence, Mayor Pro-Tem, and Ryan Taylor of Epic Engineering.

Rich Peterson, Environmental Engineer with the Division, informed the Board that Fairfield is requesting $1,160,000 in financial assistance for a new water well, storage tank, pump station, and treatment facility. Fairfield will also be contributing $20,000 towards the total project cost of $1,180,000. The local MAGI for Fairfield is $35,766 which is 88% of

the State Magi. Their current average water bill is $55 or 1.9% of the local MAGI, which qualifies them for additional subsidization. The FAC recommends that the Board authorize a $1,160,000 loan at 0% interest for 30 years with $580,000 in principal forgiveness to Fairfield.

There was discussion between the Board, Division Staff, and those representing Fairfield and it was noted that in order to contribute towards the project and keep the cost per connection down after funding Fairfield will obtain a General Obligation Bond. It was also noted that the American Iron and Steel (AIS) provision has been taken into account and that Fairfield has already located a site for the project.

- Paul Hansen moved to authorize a $1,160,000 loan at 0% interest for 30 years with $580,000 in principal forgiveness, with the standard condition that all issues on their compliance report be resolved. Roger Fridal seconded. The motion was carried unanimously by the Board.

c) Eagle Mountain – Rich Peterson

Representing Eagle Mountain was Chris Trusty, City Engineer, Ted Mickelsen of Jones & DeMille Engineering, and Cody Deeter of Lewis, Young, Robertson & Burningham, Inc.

Rich Peterson informed the Board that Eagle Mountain is requesting $2,895,000 in financial assistance for approximately 4 miles of a new 16-inch PVC pipeline and a new 50h pump station. Eagle Mountain also plans to contribute $500,000 towards the total project cost of $3,366,805. The local MAGI for Eagle Mountain is $53,839 which is 133% of the State MAGI. Rich also noted that Eagle Mountain may participate in the water use study for the Division and they need to resolve issues on their Federal Single Audit reports. The FAC recommends that the Board authorize a $2,895,000 loan at 1.8% interest for 20 years to Eagle Mountain with the condition that they resolve all issues on their compliance report and Federal Single Audit reports and if they participate in the water use study the interest rate will be dropped by .5%.

There was discussion between the Board, Division Staff, and those representing Eagle Mountain as to what a Federal Single Audit report was and whether issues with it would affect any motions. There was also discussion regarding the loan amount and Eagle Mountain's contribution not adding up to the total project cost and Rich informed them that it was due to the loan origination fee being added into the project cost.

- David Stevens moved to authorize a $2,895,000 loan at 1.8% interest for 20 years with the condition that all issues on their compliance report and Federal Single Audit reports be resolved, and if they participate in the water use study the interest rate will be dropped by .5%, to Eagle Mountain. Tage Flint seconded. The motion was carried unanimously by the Board.

d) Taylor West Weber WID – Rich Peterson

Representing Taylor West Weber Water Improvement District (TWW) was Val Surrage, System Manager, Dan White, P.E. of Garner Engineering, and Cody Deeter of Lewis, Young, Robertson & Burningham, Inc.

Rich Peterson informed the Board that TWW is requesting $1,198,000 in financial assistance to drill and equip a new well to replace the 50 year old one that recently caved in. TWW currently has a project under construction for a new well, tank, and transmission line. The local MAGI for TWW is $31,999 or 79% of the State MAGI. Their resulting water bill after authorization would be $59.55 or 2.23% of local MAGI which qualifies them for additional subsidization. Although this project could use either Federal or State funding and is listed under Federal, Division Staff recommends that the Board authorize a $1,198,000 loan at 1.64% for 30 years with $299,740 in grant from State funds to the Taylor West Weber Water Improvement District.

There was discussion between the Board Division Staff, and those representing TWW whether this project could be part State and part Federal and it was noted that under Federal funding and in order to comply with AIS an additional $140,000 would be added to the total project cost and there are time considerations as the current well has caved in. It was also noted that with the project that is currently under construction TWW has applied for a waiver to the Federal AIS requirement as a key component does not qualify. It was also discussed that any water rights issues had been resolved.

- Roger Fridal moved to authorize a $1,198,000 loan at 1.64% interest for 30 years with $299,740 in grant from State funds to the Taylor West Weber Water Improvement District. David Stevens seconded. The motion was carried unanimously by the Board.

There was additional discussion between the Board and Division Staff regarding evaluation of future projects for feasibility on splitting them into smaller projects with financial assistance coming from both State and Federal funds.

5. **Rural Water Association Report – Dale Pierson**

Dale Pierson, Executive Director of the Rural Water Association of Utah (RWAU), thanked the Board and invited them to attend the Water and Energy Nexus Forum on January 21, 2016 at the Davis Conference Center in Layton. Dale also invited them to attend the entire Annual Rural Water Conference in addition to the Board meeting being held in conjunction with that Conference and noted that Dr. Peter Gravatt, EPA Administrator of the Office of Groundwater and Drinking Water, will be in attendance. Dale then turned the time over to Brian Pattee, Compliance Circuit Writer, Terry Smith, Management Technician, and Curt Ludvigson, Development Specialist

Brian Pattee gave an annual summary report on his continued work with systems regarding their compliance issues, assistance with contamination incidents, and cross connection control training.

Terry Smith gave an annual summary report on his continued work with systems regarding their financial, technical and managerial issues, water rate studies and analyses. He made presentations to Boards and Councils on financial and technical management as well as master plans. He has also been doing training on energy efficiency, conservation, sustaining revenues, water rights, capacity development, water auditing, water usage, loss and tracking. He also authored four articles for the Connector magazine.

Curt Ludvigson gave an annual summary report on the "non-public drinking water rule" and his continued work to get it adopted in the six county area, which consists of Sanpete, Sevier, Piute, Juab, Millard & Wayne. He also noted that he is working with Morgan, Summit, and Wasatch counties regarding the rule and its adoption. Curt also noted that he has been working with some systems that are in need of financial assistance and will most likely be coming before the Board over the course of the next year.

6. **Directors Report**

A. Water Operator Certification Commission Appointments

Ken Bousfield, Division Director of DDW, noted the reappointment of Dr. David Stevens and Bart Simons to the Water Operator Certification Commission and noted that next year there will be 4 appointments expiring.

Paul Hansen thanked Dr. David Stevens for his willingness to be a member.

B. Governor's proposed budget

Ken directed the Board to the summary sheet of the Governors proposed budget and pointed out on line 2, the Division is proposing using $800,000 in sales tax monies from the State SRF program to replace monies from the Federal SRF that are diminishing. He then noted that on line 9 the Division was appropriated $4 million in general fund, plus $1 million from the Federal fund and $500,000 from the State fund the study on source capacity requirements which responds to the Legislative audit.

Revised Total Coliform Rule

Ken notified the Board that as part of the authorized rulemaking process there will be a public hearing on January 20, 2016 in the Board Room of the Multi Agency State Office Building at 1:00 pm to approve the more stringent requirement. Specifically the more stringent requirement involves some systems that currently monitor for Coliform bacteria quarterly that will be required to monitor monthly with the new Rule. He also noted that even though this seems more stringent it would be less confusing than systems changing from monthly, to quarterly, to yearly, based on their sample test results and from a public health standpoint is a safer option.

Rural Water Association of Utah Annual Conference

Ken reminded the Board that as the Board meeting will be held in conjunction with the RWAU Annual Conference in St. George, the Division will assist with lodging and registration. Ken asked the Board members to please let Marianne Booth know what their plans were by January 29, 2016.

Water & Energy Nexus Forum

Ken noted that there will be some very interesting presentations, most notably those by Jordan Valley which has saved over $300,000 a year in operating costs by implementing energy

efficiency measures; Salt Lake City which has replaced some of their pressure reducing valves with energy generation facilities; and Weber Basin which has been involved in a drought study that spans 500 years. Ken also noted that Lieutenant Governor Spencer Cox will be a key note speaker.

7. **Other**

Paul Hansen noted that one of the items for the March agenda will be elections of the Board's Chair and Vice-Chair and invited Board members to consider filling those positions.

Paul Hansen asked Michael Grange to look into limitations on grants and interest rate reductions with regard to the federal funding of projects, with the intent that more projects can take advantage of available federal funds.

8. **Next Board Meeting:**

Date: Thursday, March 3, 2016
Time: 2:00 pm
Place: The Dixie Convention Center – St. George
Garden Room
1835 Convention Center Drive
St. George, Utah 84790

9. **Adjourn**

Paul Hansen, Board Chairman, adjourned the meeting at 2:37 pm.

In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Dana Powers, Office of Human Resources, at: (801) 499-2117, TDD (801) 903-3978, at least five working days prior to the scheduled meeting.