



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF DRINKING WATER
Nathan Lunstad, P.E.
Director

Drinking Water Board

Kristi Bell, Chair
Eric Franson, P.E., Vice-Chair
Dawn Ramsey
Justin Maughan
Corinna Harris
Jeff Coombs
Blake Tullis, Ph.D.
Shazelle Terry
Kimberly D. Shelley
Nathan Lunstad
Executive Secretary

DRINKING WATER BOARD MEETING

May 24, 2024, 10:00 AM

Via Zoom Webinar

FINAL MINUTES

1. Call to Order

Kristi Bell, Chair, called the Drinking Water Board (Board, DWB) meeting to order at 10:00 AM.

2. Roll Call – Michael Grange

Board Members Present at Roll Call: Kristi Bell, Eric Franson, Corinna Harris, Blake Tullis, and Shazelle Terry. Jeff Coombs joined virtually at 10:05 AM.

3. Disclosure for Conflict of Interest

None.

4. Financial Assistance Committee Report

A. SRF Applications

i. Federal

a. Summit County Service Area #3 (Allyson Spevak)

Representing Summit County Service Area #3 were Vince Pao-Borjigin, Joan O'Brien, Chris Bullock, and Joe Santos.

Allyson Spevak presented the Summit County Service Area #3 financial assistance request. Project details can be found in the Drinking Water Board Packet.

Staff recommends the Drinking Water Board authorize a construction loan of \$3,302,414 with \$660,414 in principal forgiveness to Summit County Service Area #3 Municipality/Water System, for a repayable loan amount of \$2,642,000 at 0.50% for 40 years.

Vince Pao-Borjigin sought clarification on the average water bill, noting it should be around \$109, not the \$203 recorded in the packet. Michael Grange explained that the \$203 figure comes from the application Summit County Service Area #3 provided. He suggested that the system and SRF team review the numbers provided after the meeting. Michael clarified that the \$203 is based on

the revenue numbers and the number of connections, as calculated. Vince questioned if it was not reflected in the application that half of the residents are not on the water system but still contribute revenue. Michael confirmed that a standby fee and other line items on the application were considered. He emphasized that the number used in calculating whether the system qualifies for a subsidy, which is crucial for the presentation to the board, is the After-Project water bill. This estimate is based on the after-project water bill, and the current payment plays only a minor role in the project proposal.

Eric Franson asked if the after-project water bill estimation of \$231 per month would be affected if the starting number is closer to \$109. Michael Grange clarified that it wouldn't necessarily change since the connection numbers in the database align with spreading out the \$2.6 million loan over 40 years, resulting in the \$231 monthly bill. Summit County Service Area #3 determines how to spread this cost among residents, a common situation in rural areas with standby lots. The repayment schedule is based on a 40-year term with 0.5% interest.

Blake Tullis noted the packet indicates a \$30 increase per connection to repay the loan, suggesting the bill would rise from \$109 to \$139, much lower than \$231. Michael confirmed that the actual repayment requires \$231.04 and suggested reviewing the numbers with Vince and Allyson. Allyson stated the annual repayment is about \$84,000, and Grange clarified the monthly bill would be roughly \$140 per connection, not \$231. Eric noted this might make Summit County Service Area ineligible for principal forgiveness, which Michael confirmed as possible, mentioning their application for additional projects to be reviewed at the June meeting.

Vince Pao-Borjigin clarified that the standby fees come from around 200 residences with private wells using the service area's water rights. These residences cannot connect to the system, and their fees don't reflect service area expenses. Currently, there are about 209 connections, with few vacant properties. Vince emphasized that although there are 500 residences, less than half are on the actual water system and don't contribute to its expenses or revenues.

Eric Franson asked if replacing the tank with a 750,000-gallon tank is sufficient for the long-term master plan or if there's an opportunity to upsize it. Joe Santos confirmed that the forecast aligns with their needs.

Eric also commented on the cost estimate, noting that the contingency numbers seem larger than 10%. The representatives clarified that those were their estimates.

Corinna Harris asked about the contingency plan if the tank fails before construction is completed. Vince clarified that the system can isolate the tank and use a backup storage tank. They could also run both wells, though one has high arsenic levels and is only authorized for about three months per year. Joe Santos added that the tank serves a higher zone and would need to be run through the PRB station.

- Eric Franson moved that the Drinking Water Board authorize a construction loan of \$3,302,414 to Summit County Service Area #3 Municipality/Water System, for a repayable loan amount of \$3,302,414 at 0.50% for 40 years. Corinna Harris seconded. The motion was carried unanimously.

Eric explained that given the uncertainties regarding the actual costs, the motion allows for a conservative approach with the flexibility to adjust at the next board meeting. If the water bill turns out to be \$240, more principal forgiveness can be provided in the upcoming application. Conversely, if it is \$140, the proposed loan package would be appropriate. This approach enables immediate action in an emergency situation while providing an opportunity to reassess the figures.

5. Public Comment Period

None.

6. Open Board Discussion

None.

7. Next Board Meeting

Date: June 25, 2024
Time: 1:00 PM
Place: Multi-Agency State Office Building
195 North 1950 West
Salt Lake City, UT 84116

8. Adjourn

- Jeff Coombs moved to adjourn the meeting. Blake Tullis seconded. The motion was carried unanimously by the Board.