



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, Ph.D., P.E.
Director

Drinking Water Board

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

DRINKING WATER BOARD MEETING

January 7, 2025, 1:00 PM

Via Zoom Webinar & In Person:
Multi-Agency State Office Building
195 North 1950 West
Salt Lake City, UT 84116

Nathan Lunstad Cell # 385-239-5974

MINUTES FINAL

1. Call to Order

Eric Franson, Co-Chair, called the Drinking Water Board (Board, DWB) meeting to order at 1:00 PM.

2. Roll Call – Nathan Lunstad

Board Members present at Roll Call: Eric Franson, Justin Maughan, Blake Tullis, Shazelle Terry, Corinna Harris, Phil Bondurant

Division of Drinking Water (DDW, Division) Staff Present: Jessica Fitzgerald, Nathan Lunstad, Allyson Spevak, Wayne Boyce, Andrea Thurlow, Cadence Hernandez, Michelle Deras, Michael Newberry, Kcris Hunter, Russell Seeley, Brian Pattee, Dani Zebelean

3. Approval of Meeting Minutes

A. November 12, 2024

- Shazelle Terry moved to approve the Drinking Water Board meeting minutes with a change on the ending time on the meeting on November 12, 2024. Corinna Harris seconded. Phil Bondurant abstained from voting. The motion was carried unanimously by the Board.

4. Disclosure for Conflict of Interest

None

5. Directors Report – Nathan Lunstad

A. New Employees; Kcris Hunter; Chris Bowles

Introduction of Phil Bondurant, the new Board member representing a Local Health Department. Phil is the Executive Director for Summit County Local Health Department.

Chris Bowles is the Division's new Environmental Scientist Coordinator for the Division's Field Services Section. Chris worked for Riverton City as the DRC Operator, supervising the Water Quality Team and administering the Cross Connection Control Program.

Kcris Hunter is the new Environmental Program Coordinator for the Infrastructure Funding Section. She provides administrative support to the State Revolving Fund Program and coordinate loan and grant initiatives in collaboration with the Division of Drinking water staff, program managers and applicants. Kcris spent the last 14 years working at RWAU as a Training Specialist and Certification Trainer.

B. Enforcement Report (Board Packet Item Only)

The Enforcement Report can be found in the Drinking Water Board Packet.

C. Other

Nathan Lunstad, DDW Director, thanked the Board for attending the supplemental meeting on December 27, 2024. The Board was able to reallocate \$1.4 million in ARPA funding.

Nathan highlighted success in Lead Service Line Inventories, and Lead-Free Schools Program.

6. Five-Year Notice of Review and Statement of Continuation (Board Action Needed) – Nathan Lunstad

Division staff recommends that the Drinking Water Board authorize staff to file the required Five-Year Notice of Review and Statement of Continuation for each of the referenced Division of Drinking Water Rules with the Division of Administrative Rules.

Shazelle Terry moved to authorize staff to file the required Five-Year Notice of Review and Statement of Continuation for each of the referenced Division of Drinking Water Rules with the Division of Administrative Rules. Justin Maughan seconded. The motion was carried unanimously by the Board.

7. Rural Water Association Report – Dale Pierson

Dale Pierson presented the Rural Water Association Report and gave a brief overview of items the Rural Water Association of Utah is focused on.

8. Financial Assistance Committee Report

A. Status Report – Wayne Boyce

B. Cashflow – Wayne Boyce

Wayne Boyce, DDW Financial Manager, provided an overview of the Status Report included in the packet. This report covers various financial grants such as Federal SRF, ARPA, Authorized Projects, Lead Service Line, Emerging Contaminants, and State SRF.

Wayne highlighted that all fund accounts have a healthy position and projected cash flow with current Federal SRF availability. ARPA transfers of funds will help cashflow for SRF. The Division received the FY24 Capitalization Grants for Base, Supplemental and SRF. There is a State Match of \$4.6 million for the Supplemental Grant. Those funds will be moving to out of State Funds. Federal funds are currently at -\$50 million, as we are double counting the Salt Lake City funding.

State SRF availability was at about -\$4.4 million, as of this meeting the Division will be at -\$3.4 million.

Cash Projections so that this meeting, excluding LSLR & EC will be \$30.48 million as GY22 Loan Funds are fully drawn or committed.

C. Project Priority List – Michael Grange

Michael Grange reported there were two (2) new projects being added to the Project Priority list:

1. **Manderfield** scored 24.2 on the project priority list. Their project is for a new tank, distribution line, fire hydrants, meters and setters and to equip a well.
2. **Irontown** scored 20.1 points on the project priority list. Their project is for a new well and well house.

The Financial Assistance Committee recommends the Drinking Water Board approve the updated Project Priority List.

- Justin Maughan moved that the Board approve the updated Project Priority List. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

D. SRF Applications

i. Federal

a. Iron Town - Cadence Hernandez

Representing Iron Town was Barbara Osborne and Cheryl Ponton.

Cadence Hernandez presented the Iron Town financial assistance request. Project details can be found in the Drinking Water Board Packet.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a loan of \$ 883,000 at 0% interest for 40 years, with \$265,000 in principal forgiveness to Irontown.

Barbara Osborne and Cheryl Ponton thanked the Board for their consideration and provided an additional detail of the needs and current situation in Iron Town.

Board Discussion:

Justin Maughan inquired about the IPS points, and whether they have a plan to address them. Barbara confirmed that there is a plan in place, to rectify Cross Connection policy and Uranium testing which a schedule has been put in place.

Justin Maughan inquired about the engineering cost estimates. Barbara had expected it to be less, but have been working with Ensign Engineering and confident in the current estimates.

- Shazelle moved that the Drinking Water Board authorize a loan of \$ 883,000 at 0% interest for 40 years, with \$265,000 in principal forgiveness to Irontown. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

9. Public Comment Period

None.

10. Open Board Discussion

A. Packet & Reports Content Review

Eric Franson initiated a discussion about the board packet's format and content, suggesting it be revisited.

Justin Maughan stated that the loan application seems to contain the necessary information and asked Michael Grange to confirm staff's thorough review of applications. He expressed that this confirmation would alleviate his concerns.

Michael Grange affirmed the staff's meticulous review process, citing an example of a past application that was revised after staff identified a discrepancy. He emphasized the thoroughness of their reviews, including consulting with external sources. He then asked Justin Maughan if his question was addressed.

Justin Maughan questioned the appropriate level of scrutiny regarding project costs and whether the board should analyze the rationale behind a system's choice of a more expensive alternative.

Michael Grange confirmed that cost-effectiveness is a key consideration, explaining that staff analyzes project costs and explores alternatives with water systems.

Nathan Lunstad added that the SRF team, along with permitting staff and engineers, conducts a thorough project review, often identifying more cost-effective options.

Justin Maughan asked whether this cost-effectiveness analysis occurs before or after projects are presented to the board.

Nathan Lunstad clarified that the timing varies, with some aspects considered beforehand and others afterward. He also mentioned the staff's efforts to encourage water system consolidation.

Eric Franson described the plan review process, noting it typically occurs post-approval but can involve pre-board consultation. He discussed the challenges of mandating formal alternative evaluations.

Michael Grange explained that staff assesses projects based on overall need and regularly discusses cost and responsible use of taxpayer funds with water systems and their engineers. He cited an example of a privately owned system with 30 connections proposing a \$7 million project. He deemed the project not cost-effective and not a good use of taxpayer dollars, given limited grant availability. He suggested the system explore becoming a district and incorporating surrounding areas. The system followed this advice, formed a district, and is now pursuing funding from the Community Impact Board. Grange confirmed that while not a formal written policy, the process for these discussions is in place and project managers are trained to address these issues as needed.

Eric Franson confirmed that the application includes questions about engineering studies, master plan integration, and project justification.

Mayor Dawn Ramsey (who left the meeting at 2:00 PM) expressed comfort with the current information level due to confidence in staff but requested continued prioritization of value engineering.

Michael Grange added that staff emphasizes planning with the engineering and water communities. The state authorizes nearly a million dollars annually for water system planning, including master plans and engineering studies. They encourage systems to secure planning funds *before* submitting project proposals to the board. Grange explained that these studies help towns determine actual needs, rather than relying on anecdotal information (e.g., "we need a new tank"). He believes that working closely with engineering firms during these studies gives systems a better understanding of current and future needs. He noted that while planning studies typically cost \$50,000-\$60,000, some range from \$80,000-\$100,000, and he considers planning money well spent.

Corinna Harris inquired about the application process, specifically if it addresses pursuit of other funding options. Eric Franson confirmed it does. Harris then shared an anecdote about a city that secured a different grant and no longer needed a previously approved loan. Michael Grange clarified that the application includes a section for listing project costs and funding sources, including amounts requested from each agency. He explained that a challenge occurs when other agencies don't approve the requested amount or the desired loan/grant ratio, making it difficult for staff to provide accurate information to the board. Staff works to coordinate with other funding agencies (e.g., Community Impact Board, Water Resources) to anticipate potential authorizations. While they have established relationships with these agencies, this coordination presents ongoing challenges.

Eric Franson acknowledged that some entities "term shop" (seeking the most favorable funding terms from multiple sources). He believes staff works to mitigate this through open communication with other funding agencies, ensuring everyone is aware of funding requests and decisions. This collaborative approach aims to prevent entities from strategically applying to

multiple sources and accepting the most advantageous offer. He indicated they have tried to address this issue over time.

Nathan Lunstad encouraged **Justin**, given his loan application experience, and other board members (including **Eric**, **Shazelle**, and others) to offer feedback on improvements and streamlining.

Michael Grange echoed this, emphasizing the board's diverse expertise and expressing his belief that it's one of the best in the state. He stressed that staff welcomes questions and values the board's perspective, encouraging continued questioning and challenging of staff and water systems. He stated this sends a positive message to the water and consulting communities about preparedness. He advised applicants to anticipate questions and be ready to answer them.

Eric Franson observed a decrease in board questions over time. While acknowledging confidence in staff, he recalled more frequent inquiries, especially about cost estimates and alternatives. He suggested a key takeaway: don't hesitate to ask questions and don't assume presentations are "done deals." He emphasized that more information and discussion are always possible. He noted that recommended motions might imply finality, but stressed that while staff and the Financial Assistance Committee have done their work, dialogue with the system about project details and costs could be more in-depth.

Michael Grange emphasized the board's power to table a project if more information is needed. He explained that bi-monthly meetings allow for a two-month delay to gather information (unless it's a dire emergency, in which case a supplemental meeting would occur). He stressed informed decisions about taxpayer dollars and affirmed staff's awareness of this. While staff provides comprehensive information, he reiterated the board's ultimate authority.

Eric Franson added that the board's diverse backgrounds and expertise are valuable in questioning and information gathering, whether related to health, engineering, or other areas. He then returned to the original question about altering the meeting packet.

Eric Franson opened the discussion to thoughts on the meeting's information packet. Justin Maughan suggested including the engineer's estimate, as it provides cost details and a clearer picture of the project scope. Franson clarified that Maughan was requesting a more detailed breakdown of construction costs than the general project estimate currently provided. Michael Grange confirmed this information is received with the application. Franson agreed with Maughan, acknowledging that estimates are not perfect but provide valuable insights. Maughan explained the estimate helps him assess cost reasonableness (e.g., casing size) and identify areas for further questioning. He emphasized that it provides project understanding beyond just the total cost. Franson noted that this detail would be more valuable to some board members than others, likely leading to more informed questions about construction costs. He then asked if adding the engineer's estimate to the packet would be difficult. Grange indicated it would not, and the board agreed it would be helpful. Franson then asked if there were any other items for discussion.

The board approved the inclusion of the engineer's estimate in future board packets.

Nathan Lunstad asked about improvements to the board packet and reports, noting the move toward PowerPoint summaries. Shazelle Terry suggested more detailed financial summaries and a walkthrough of the packet contents, focusing on explaining the summary language. Justin Maughan seconded this, suggesting training or a Financial Assistance Committee meeting as venues for this discussion. He expressed difficulty understanding the financial reports, specifically the "red numbers."

Eric Franson noted this reinforces the need for training to review these reports. He acknowledged the difficulty in understanding negative balances, positive cash flows, and ongoing disbursements. He suggested the upcoming training (or another setting) would help newer board members understand the reports. He then encouraged board members to email staff with any further suggestions regarding financial or Rural Water reports, emphasizing the importance of continuous improvement.

Corinna Harris requested access to a sample application to better understand the information involved. Eric Franson clarified her request. Michael Grange suggested scheduling new board member training, as it wasn't done recently. He proposed using the training to review an application, discuss its sections, and explain how staff uses the information for evaluations. He felt this would address some existing questions. Franson concurred. He suggested annual refresher training for the board to review the process and staff evaluation methods, ensuring board confidence. Franson agreed, suggesting they proceed with the training.

The Board decided to schedule a new board member training session to review the application process, staff evaluations, and financial reporting, including a discussion of how to interpret the financial reports (particularly the "red numbers"). This training will also cover how staff uses the information in the applications.

B. Financial Assistance Committee

Eric Franson asked for volunteers to join the Financial Assistance Committee and suggested outlining the committee's responsibilities. Michael Grange explained the committee's role, meeting schedule (approximately three weeks prior to board meetings), typical meeting length (one to one and a half hours), and virtual format. He emphasized the manageable time commitment.

Shazelle Terry volunteered to join the Financial Assistance Committee.

11. Next Board Meeting

Date: February 27, 2025
Time: 9:00 AM
Place: Dixie Convention Center
1835 S Convention Center Dr
St George, UT 84790

12. Adjourn

- Justin Maughan moved to adjourn the meeting. Shazelle Terry seconded. The motion was carried unanimously by the Board.

The meeting adjourned at 2:29 P.M.