



State of Utah

GARY R. HERBERT
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SPENCER J. COX
Lieutenant Governor

Department of Environmental Quality

Alan Matheson
Executive Director

DIVISION OF DRINKING WATER
Marie E. Owens, 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.
Marie E. Owens, P.E.
Executive Secretary

DRINKING WATER BOARD MEETING

May 12, 2017 – 1:00 pm
Multi Agency State Office Building
Board Room
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 1:00 pm.

2. Roll Call

Board Members present: Paul Hansen, Betty Naylor, Roger Fridal, Brad Johnson, David Sakrison, and David Stevens.

Board Members excused: Brett Chynoweth, Tage Flint, and Mark Stevens

Division Staff present: Marie Owens, Sandy Pett, Julie Cobleigh, Rich Peterson, Lisa Nelson, Heather Bobb, and Marianne Booth

3. Approval of the Minutes:

A. March 2, 2017

Betty Naylor noted that she had notified Marianne Booth that the following typographical error needed to be fixed on the March 2, 2017 minutes:

- Page 5, Item 4(C)(iii)(a)-Hanksville, line 3
‘...contacted to the Division to begin a request for additional...’
- Betty Naylor moved to approve the minutes as amended. David Sakrison seconded. The motion was carried unanimously by the Board.

4. Board Re-appointment Report – Chairman Recognition – Marie Owens

Marie Owens, Division Director of the Division of Drinking Water (DDW, the Division), informed the Board of the following appointment expirations:

- Roger Fridal, ending First Appointment
- David Sakrison, ending First Appointment
- Paul Hansen, ending Second Appointment
- Mark Stevens, ending Mid-Term Appointment

Marie stated that Paul Hansen is at the end of his final appointment, both Roger Fridal and David Sakrison had reapplied, and 3 other applications had been received for the other two positions. She noted that she has submitted her recommendations to the Governor's office and new appointments should be made in June.

On behalf of the Department of Environmental Quality and the Division, Marie then took a moment to recognize Paul Hansen and his contributions to the Board, the Division, and the drinking water community over the past 11 years.

5. Financial Assistance Committee Report

A. Status Report – Sandy Pett

Sandy Pett, Contract/Grant Analyst with the Division, reported that currently there is roughly \$6 million in the State SRF Fund and over the course of the next year the Division is expecting an additional \$4.5 million to come into the fund for a total of approximately \$10.4 million for project allocation. Sandy noted that if approved, after today's de-authorizations that number will be closer to \$12.7 million. She also informed the Board that the Fillmore loan closed on April 13, 2017 for \$2.1 million and that project is underway.

Sandy then reported that currently there is \$26.9 million in the Federal SRF Fund and over the course of the next year the Division is anticipating \$16.7 million to come into the fund for a total of \$39.6 million for project allocation. She also noted that this is a little less than has been expected due to the grant award coming in at \$8.5 million.

B. Project Priority List – Julie Cobleigh

Julie Cobleigh, Environmental Engineer with the Division, proposed that the following projects be added to the project priority list:

- Community Water Company with 24.1 points, and a project consisting of water line replacement and treatment plant upgrades.
- Koosharem Town with 8.7 points, and a project consisting of a tank liner.
- Big Plains Water and Sewer District with 0 points as there is no construction but a loan to purchase a private water company and integrate it into their system.

The Financial Assistance Committee (FAC) recommends that the Board approve the updated project priority list.

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

C. SRF Applications

i. STATE:

a) North Fork – De-authorization – Rich Peterson

Rich Peterson, Environmental Engineer with the Division, reminded the Board that North Fork was authorized a loan of \$2,199,000 at 2.0% interest for 20 years to construct a new well and new tank on March 3, 2016. Since that time the North Fork has secured other funding. The FAC recommends that the Board de-authorize the \$2,199,000 construction loan to North Fork Special Service District.

- Paul Hansen moved to de-authorize the \$2,199,000 construction loan to North Fork Special Service District. David Sakrison seconded. The motion was carried unanimously by the Board.

ii. FEDERAL:

a) Central Iron County WCD – De-authorization – Julie Cobleigh

Julie Cobleigh reminded the Board that Central Iron County Water Conservancy District (Central Iron County) was authorized a planning advance of \$100,000 with \$50,000 in principal forgiveness for an aquifer balance study on November 7, 2014. Since that time Central Iron County's priorities have changed. Division staff recommends that the Board de-authorize the \$100,000 planning loan at 0% interest for 5 years with \$50,000 in principal forgiveness to Central Iron County Water Conservancy District.

- Roger Fridal moved to de-authorize the \$100,000 planning load at 0% interest for 5 years with \$50,000 in principal forgiveness to Central Iron County Water Conservancy District. David Sakrison seconded. The motion was carried unanimously by the Board.

b) Juab County – Lisa Nelson

Lisa Nelson, Environmental Engineer with the Division, reminded the Board that Juab County was authorized a \$27,270,000 construction loan on March 3, 2016 with the caveat that funding may be withdrawn if stated project requirements were not completed by March 3, 2017. She then informed the Board that due to unforeseen circumstances Juab County has been unable to meet those requirements and are now requesting an extension. Division staff recommends that the Board extend the original funding authorization to March 3, 2018.

There was discussion between the Board and Lisa confirming that all other aspects of the project and funding would remain the same.

- David Stevens moved to extend the original funding authorization stated project requirement completion date to March 3, 2018 for Juab County. Roger Fridal seconded. The motion was carried unanimously by the Board.

c) Torrey Town – Lisa Nelson

As an information item, Lisa Nelson reminded the Board that Torrey Town (Torrey) was authorized funding which included refinancing of an existing drinking water loan on March 2, 2017. Lisa then informed the Board that Torrey would like to clarify that the “drinking water loan” referenced previously is in fact a loan from the Permanent Community Impact Board (CIB). She then noted that Division staff had pulled the bond language and it is eligible to refinance under Federal SRF funding and no action is needed.

d) Koosharem – Rich Peterson

Representing Koosharem was Harlow Brown, Mayor; and Lynn Wall, P.E. of Wall Engineering.

Rich Peterson informed the Board that Koosharem is requesting \$45,000 in funding to install a liner in an existing concrete tank. The local MAGI for Koosharem is \$37,570, which is 87% of the State MAGI, and their estimated water bill will be \$20.79, which is 0.68% of the local MAGI. Rich also noted that there is \$6,000 remaining in Koosharem’s escrow account from funding authorized in September 2016, and Koosharem will also contribute \$42,000 toward this project. The FAC recommends that the Board authorize a loan of \$45,000 at 2.09% interest for 20 years to the Town of Koosharem for the installation of a storage tank liner.

After much discussion between the Board, Division Staff, and those representing Koosharem regarding the current water bill, after project water bill, nature of the project, and the last minute request to have a full grant, it was determined that item be tabled to allow for further review.

- Paul Hansen moved to table this item to allow the Town of Koosharem and Division Staff to review it further. Roger Fridal seconded. The motion was carried unanimously by the Board.

e) West Erda – Julie Cobleigh

Representing West Erda Improvement District (WIED, West Erda) was Jerry Houghton, Tooele County Recorder/Surveyor; Darrin Robinson of Jones & DeMille Engineering; Brett Palmer, Stansbury Park Improvement District (SPID, Stansbury Park), and Brendon Thorpe with Ward Engineer for Stansbury Park.

Julie Cobleigh began by reminding the Board of the history for West Erda, noting that in January 2015 they were authorized a total loan of \$1,622,600 at 0% interest for 30 years with \$811,600 in principal forgiveness to regionalize their water system with that of SPID. WEID, SPID, and Tooele County are now coming to the Board together to propose the WEID, SPID, and Tooele County enter into an interlocal agreement whereby SPID would incorporate WEID, request that the Board substitute SPID as the borrower on the previously authorized loan, and authorize an additional \$78,000 in funding to cover an increase in pipe diameter and additional piping. Julie also noted that the increased costs are approximately \$301,000; however Stansbury Park, Tooele County, and the Church of Jesus Christ of Latter Day Saints, which will make a connection along the proposed transmission line, will contribute the additional needed funding. The local MAGI for WEID is \$29,797,

which is 79% of the State MAGI. The current water bill for the 18 connections is \$79, which is 3.18% of the local MAGI; therefore WEID does qualify for additional subsidization. Julie also noted that there will be two distinct after project water bills, \$105 for those customers connected to the water line, and \$20 a month for those who live in the WEID boundaries and who will benefit from the installation of fire suppression. She also confirmed that there have been public hearings and a formal vote in support of the proposed project and water rate increases has been demonstrated. Division Staff recommends that the Board amend the original authorization to a loan of \$1,700,600 at 0% interest for 30 years to Stansbury Park Improvement District with \$850,600 in principal forgiveness with a graduated repayment schedule as proposed in the packet.

There was discussion between the Board, Division Staff, and those representing WEID, SPID, and Tooele County regarding the history of WEID and struggles that WEID has had in the past, SPID's willingness to incorporate and become responsible for WEID once the project is completed, if the project costs will affect current SPID customers, and the interlocal agreement that is currently in negotiation.

- David Stevens moved to amend the original West Erda Improvement District authorization to now be a \$1,700,600 loan at 0% interest for 30 years with \$850,000 in principal forgiveness and a graduated repayment schedule as proposed in the Board packet to Stansbury Park Improvement District. Paul Hansen seconded. The motion was carried unanimously by the Board.

f) Big Plains – Julie Cobleigh

Representing Big Plains Water and Sewer Special Service District (Big Plains) was Richard Moser, Mayor of Apple Valley Town; Harold Merritt, Chairman of Big Plains; and Rod Mills of Ensign Engineering & Land Surveying.

Julie Cobleigh informed the Board that Big Plains is requesting \$517,125 in funding to purchase the Canaan Springs Water Company (Canaan) including all water rights and existing water system infrastructure. She then informed the Board that Canaan is currently a non-public privately owned water system with 13 connections and that Big Plains is also applying for funding from Rural Development for a project to connect the two systems as well as upgrade existing Big Plains infrastructure. The local MAGI for Big Plains is \$35,993, which is 83% of the State MAGI. The estimated water bill is \$101, which is 3.36% of their local MAGI; therefore they do qualify for additional subsidization. The FAC recommends that the Board authorize a \$517,125 loan at 1.0% interest or fee per annum for 30 years with \$155,125 in principal forgiveness to Big Plains Water and Sewer Special Service District.

There was discussion between the Board, Division Staff, and those representing Big Plains regarding the water rights, how much water flows from the springs, and future development in the area.

- Paul Hansen moved to authorize a \$517,125 loan at 1% interest or fee per annum for 30 years with \$155,125 in principal forgiveness to Big Plains Water and Sewer Special Service District. David Sakrison seconded. The motion was carried unanimously by the Board.

g) Community Water – Julie Cobleigh

Representing Community Water Company (Community Water, CWC) was Dave Fuller, Andy Garland, and Mike Folkman, from Summit Water Distribution Company (Summit); and Emily Lewis of the law firm of Clyde, Snow & Sessions.

Julie Cobleigh informed the Board that CWC is requesting \$3,662,000 in financial assistance to replace and upgrade portions of their existing distribution system and transmission lines, install meters, upgrade their water treatment plant, and add and interconnection with Summit which will increase their efficiency, redundancy, and water quality; noting that after completion of this project Summit intends to take over ownership of CWC and assume responsibility for the loan. The local MAGI for CWC is \$78,670, which is 182% of the State MAGI. The estimated water bill is \$94, which is 1.44% of their local MAGI. The FAC recommends that the Board authorize a \$3,662,000 construction loan at 3.39% interest or fee per annum for 20 years to Community Water Company.

There was discussion between the Board, Division Staff, and those representing CWC and Summit regarding the state of CWC, the Federal SRF loan requirements, and the seemingly high amount of contingency funding. It was explained that Division Staff will adjust that contingency once actual bids for the project come in. There was also discussion regarding a memorandum of agreement stating Summit's current role as the care takers of; and their intention to, take over; CWC.

- Roger Fridal moved to authorize a \$\$3,662,000 construction loan at 3.39% interest or fee per annum for 20 years to Community Water Company. David Sakrison seconded. The motion was carried unanimously by the Board.

h) Cedarview Montwell – Lisa Nelson

Representing Cedarview Montwell Special Service District (Cedarview, CMSSD) was Bobby Drake, Board Chair; Mondi Taylor, Public Relations; and Aaron Averett with Sunrise Engineering.

Lisa Nelson reminded the Board that in January CMSSD had presented a funding request but due to a last minute change to the request and concerns over revenue stream it was deferred. Lisa then informed the Board that today CMSSD is requesting \$2,309,000 in financial assistance to obtain numerous easements on Native American (Tribal) land and to refinance a 2013 bond from the Board. She then informed the Board that since January Division Staff has verified that 75% of CMSSD's revenue comes from a distinct line item on resident's property taxes, therefore Division Staff based today's request on their stated ability to repay. Lisa noted that CMSSD has also been authorized a \$165,000 grant from CIB, contingent upon todays request being authorized. The FAC recommends that the Board authorize a \$2,309,000 loan at 0.25% for 28 years and no loan origination fee.

There was discussion between the Board, Division Staff, and those representing CMSSD regarding the Native American Business Committee's willingness to work with CMSSD on the easements, how this project would give other water systems in the area the option to

regionalize, and how having these easements would allow residents in those areas who are currently on wells to connect into the system.

- Paul Hansen moved to authorize a \$2,309,000 loan at 0.25% interest for 28 years and no loan origination fee to Cedarview Montwell Special service District. David Stevens seconded. The motion was carried unanimously by the Board.

iii. Other:

a) Plymouth Town – Lisa Nelson

Lisa Nelson reminded the Board that on May 8, 2015 Plymouth Town (Plymouth) was authorized a \$880,000 loan at 3.49% interest for 30 years for construction of a new 500,000 gallon tank, storage, and fire protection. Plymouth has completed that project and is now requesting a change in scope to be able to use the remaining \$176,000 in funding to redevelop their springs. Division Staff recommends that the Board authorize a change to the project scope for Plymouth Town to include spring redevelopment.

There was discussion between the Board and Division Staff regarding which spring they were going to redevelop and the need to resolve all issues on their compliance report.

- Betty Naylor moved to authorize a change to the project scope to include spring redevelopment for the remaining funds that were authorized on May 8, 2105 to Plymouth Town. David Sakrison seconded. The motion was carried unanimously by the Board.

6. Rural Water Association Report – Dale Pierson

Dale Pierson, Executive Director of the Rural Water Association of Utah (RWAU), thanked Paul Hansen for his service and leadership on the Board over the last 11 years.

Terry Smith, Management Specialist with RWAU, updated the Board on some of the work he has been doing, including:

- Board training and certification for Harmony Heights Water who are privately owned.
- Flood response preparation classes.
- Water Certification training.
- Water Rate study for Toquerville.

Brian Pattee, Compliance Circuit Rider with RWAU, updated the Board on some of the work he has been doing, including:

- Cross Connection Control training.
- Lead in Schools initiative

Curt Ludvigson, Development Specialist with RWAU, gave his thanks to Paul for his service on the Board. Curt also thanked the Board and those working on the West Erda project. Curt then informed the Board that he has been asked to give a detailed report on the work he has been doing at the following Board meeting so won't go into that today.

7. Directors Report

A. Lead in School Initiative

Marie Owens, Division Director of DDW, informed the Board that based on a letter received from the Environmental Protection Agency (EPA) which state that “there is no safe level of lead exposure for children”, the Division that started an initiative to obtain water samples from all the schools in the State. She noted that these samples need to be taken while the schools are in service and as we are nearing the end of the school year, the Division has contacted Salt Lake, Summit, and Bear River School Districts, and then as school resumes this fall they will reach out to the remaining school districts. Marie informed the Board that the Division is also including the Local Health Departments and water systems, and has offered the use of their account at the State Lab for these samples to the school districts, so there should be no cost to them. Marie also reminded that though the Division has a lead and copper rule in effect, that exceedance level for lead is not health based.

B. Public Notice Rule Changes

Marie informed the Board that the Division will be initiating rule changes to include public notification be made when a water system becomes “not approved”.

C. Water Use Data Update

Marie updated the Board on the status of the water use study, noting that the Division having received no additional funding to conduct their own study, has instead been reaching out to those larger water agencies in the State to acquire data. She then noted that even so, the Division has not been able to collect the needed data for Peak day use to reset that standard yet.

D. Sanitary Survey Season

Marie then updated the Board on the Sanitary Survey season, noting that the Division has made some minor changes to the way they are assigned and are working closely with the Local Health Departments. She also noted that the Division does do sanitary survey training, but it is not required.

8. Other

9. Next Board Meeting:

Date: Friday, July 14, 2017
Time: 1:00 pm
Place: Multi Agency State Office Building
Board Room
195 North 1950 West
Salt Lake City, Utah 84116

10. Adjourn

- Paul Hansen moved to adjourn the meeting. Betty Naylor seconded. The motion was carried unanimously by the Board.

The meeting adjourned at 3:30 pm.