



State of Utah

GARY R. HERBERT
Governor

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
Betty Naylor, *Chair*
Roger G. Fridal, *Vice-Chair*
Brett Chynoweth
Jeff Coombs
Tage Flint
Eric Franson, P.E.
Brad Johnson
David Stevens, Ph.D.
Mark Whitney
Marie E. Owens, P.E.
Executive Secretary

DRINKING WATER BOARD MEETING

March 1, 2018 – 2:00 pm

Dixie Convention Center – Garden Room

1835 Convention Center Drive

St. George, Utah 84790

FINAL MINUTES

1. Call to Order

Betty Naylor, Board Chairman called the meeting to order at 2:00 p.m.

Betty greeted everyone and thanked the Rural Water Association of Utah (RWAU) for allowing the Drinking Water Board (DWB, the Board) to hold the meeting at their 2018 Annual Conference.

2. Roll Call

Board Members present: Betty Naylor, Eric Franson, Brett Chynoweth, Tage Flint, Roger Fridal, Brad Johnson, Mark Whitney, David Stevens, and Jeff Coombs.

Division Staff present: Marie Owens, Michael Grange, and Heather Bobb.

3. Approval of the Minutes:

A. January 12, 2018

- Eric Franson moved to approve the minutes. Mark Whitney 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 there is approximately \$10.3 million in the State SRF fund and over the course of the next year the Division is expecting \$4.7 million to come into the fund for a total of approximately \$15 million for project allocation.

Michael also informed the Board that Big Plains SSD, Daggett County/Dutch John, and Henryville are or will be closing in the next few months; and that Laketown was proposed for this meeting, but has withdrawn their application at this time.

Michael then reported that currently there is approximately \$28 million in the Federal SRF fund and over the course of the next year the Division is expecting \$17 million to come into the fund for a total of approximately \$45 million for project allocation. Michael also noted that currently Juab County, Virgin Town, and Greenleaf Water Company are stalled, but Staff will be sending letters asking these systems to request an extension or to de-obligate the funding.

B. Project Priority List – Michael Grange

Michael Grange proposed that the following project be added to the project priority list:

- Swiss Alpine, with 18.8 points, and a project consisting of a new well and a transmission line.
- Tage Flint moved to approve the updated project priority list. Brett Chynoweth seconded. The motion was carried unanimously by the Board.

C. SRF Applications

i. STATE:

a) Grantsville – Michael Grange

Representing Grantsville was Brent Marshall, Mayor; Sherrie Broadbent, Finance Director; Craig Neely of Aqua Engineering; and Alex Buxton of Zions Bank.

Michael Grange informed the Board that Grantsville is requesting \$3.5 million in financial assistance to fund replacement of approximately 20,000 linear feet of main pipeline with 12-inch pipe and the drilling of a new well. Grantsville City will contribute \$1,635,000 to this project. The local MAGI for Grantsville is \$54,751, which is 124% of the State MAGI. Their average water bill is \$44 per month, which is 0.95%, therefore they do not qualify for additional subsidization. However, as Grantsville has 49 Financial Need Points they do qualify for a reduced interest rate. Division Staff recommends the Board authorize a \$3,500,000 loan at 1.5% interest or fee for 20 years with a \$35,000 loan origination fee to Grantsville City.

There was discussion between the Board, Division Staff, and those representing Grantsville regarding the need to complete this while UDOT is replacing SR 138 rather than having to re-dig up the road afterward, the size of the existing pipe, the city's contribution, the loan origination fee, and the Financial Need Points.

- Mark Whitney moved to authorize a \$3,500,000 loan at 1.5% interest or fee for 20 years with a \$35,000 loan origination fee to Grantsville City. Jeff Coombs seconded. The motion was carried unanimously by the Board.

ii. FEDERAL:

a) Johnson Water – Michael Grange

Representing Johnson Water Improvement District (Johnson WID) was Dixon Taylor, Manager; Dallas Murray, Mayor and Chairman of the Board; and Chris Thomsen of CIVCO Engineering.

Michael Grange informed the Board that Johnson WID is requesting \$90,000 in financial assistance to complete a master plan that will incorporate recent changes to their system, model and analyze their system, and identify and evaluate future needs. The 2016 local MAGI for Johnson WID is \$37,236, which is 85% of the State MAGI. Their current average monthly water bill is \$130.21, which is 4.2% of the local MAGI; therefore they do qualify for additional subsidization. Johnson WID also has 77 Financial Need Points. Division Staff recommends the Board authorize a planning grant of \$90,000 to Johnson WID for their Master Plan.

There was discussion between the Board, Division Staff, and those representing Johnson WID regarding the master plan, the Victory Pipeline, and the drilling in the area.

- Brett Chynoweth moved to authorize a planning grant of \$90,000 to Johnson Water Improvement District. David Stevens seconded. The motion was carried unanimously by the Board.

b) Swiss Alpine Water – Michael Grange

Representing Swiss Alpine Water Company (Swiss Alpine) was Dale Mickelson, Water Operator and President of the Board; and Ryan Taylor of DGA Engineers.

Michael Grange informed the Board that Swiss Alpine is requesting \$807,000 in financial assistance to drill a new well. Swiss Alpine will contribute \$140,000 towards this project. The local MAGI for Midway is \$61,675, which is \$139% of the State MAGI. The estimated after project water bill would be \$92.96, which is 1.81% of the local MAGI. Swiss Alpine is a second home community so they do qualify for 90% of the Revenue Bond Buyers Index. Division Staff recommends the Board authorize a \$807,000 construction loan with 3.53% interest or fee for 25 years to Swiss Alpine Water Company.

There was discussion between the Board, Division Staff, and those representing Swiss Alpine regarding the amount of connections, number of permanent residents; annual homeowner's fees, and the increase to their water bill. There was also discussion regarding

their source requirements to comply with DW rules, their storage capacity, and their water rights.

- Eric Franson moved to authorize a \$807,000 construction loan at 3.53% interest or fee for 25 years to Swiss Alpine Water Company. David Stevens seconded. The motion was carried unanimously by the Board.

iii. Other:

a) Ephraim City Emergency Request – Michael Grange

Eric Franson declared a conflict of interest, noting that he would refrain from speaking or voting on this matter as a Board Member.

Representing Ephraim City (Ephraim) was Brant Hanson, City Manager; Bryan Kimball, Mayor; and Eric Franson of Franson Civil Engineers.

Michael Grange informed the Board that Ephraim is requesting \$1,272,150 in financial assistance to drill and equip a new well, install a chlorinator, rehabilitate their existing well, and install transmission lines. Ephraim will contribute \$150,755 toward the project. The local MAGI for Ephraim is \$37,817, which is 85% of the State MAGI. Their estimated water bill after funding is \$73.59, which is 2.34% of the local MAGI, therefore they do qualify for additional subsidization. This is an emergency project due to their existing springs being highly susceptible to drought which causes them to exceed the MCL for arsenic in their drinking water. Division Staff recommends that the Board authorize a loan of \$1,272,150 at 1% interest or fee for 20 years with \$127,120 in principal forgiveness to Ephraim City.

There was discussion between the Board, Division Staff, and those representing Ephraim regarding the existing tunnel and transmission lines, the water rights, the arsenic level exceedances, chlorination, the system capacity and storage, and their intended phased rate increases.

The representatives for Ephraim requested that Board consider option #2, which has 20% or \$254,150 in principal forgiveness. The Board and Division Staff discussed the constraints with regards to Hardship Grant availability.

- Betty Naylor moved to authorize a \$1,272,150 loan at 1% interest or fee for 20 years with \$127,150 in principal forgiveness to Ephraim City. Brett Chynoweth seconded. The motion was carried unanimously by the Board

b) Intended Use Plan – Michael Grange

Michael Grange informed the Board that a requirement of the Federal SRF program is an annual Intended Use Plan (IUP), which lays out the Divisions proposed use of federal funds. He also noted that this will be published on the Drinking Water website for public comment.

There was discussion between the Board and Division Staff regarding Federal Administration infrastructure plans, the requirements that go along with federal funding, and the interest rates on funding.

5. Capacity Development Specialist Contract Award Authorization – Michael Grange

Michael Grange informed the Board that the Capacity Development Specialist Contract had expired in February. He went on to explain that the Division had started working on a new Request for Purchase (RFP) last year, however due to unforeseen circumstances it was delayed until January, when it was posted by the Department of Purchasing. In accordance with purchasing guidelines an evaluation committee of Michael, Marie Owens, Gary Kobzeff, and Eric Franson was put together and the one application that was received was reviewed, scored, and it was determined that they were qualified. That one applicant was RWAU. Michael then turned the time over to Eric Franson.

Eric Franson noted that as a committee they determined that it was important that a detailed work plan for next five years is submitted, which will ensure that they are providing the services that the Division needs.

- Eric Franson moved that the Rural Water Association of Utah be awarded the Capacity Development Specialist Contract pending negotiations and a detailed five year work plan. David Stevens seconded. The motion was carried unanimously by the Board

Michael noted that due to the lapse, RWAU and Division Staff could request a teleconference to present the final contract to the Board.

6. Anticipated Rule Change Notification – Marie Owens

A. IPS

Marie Owens, Director of the Division, reported that the Division's Improvement Priority System (IPS) Rule has been reviewed for improvements by Division Staff for the last year. The Division feels it is ready and will be bringing the updated rule and a correlating guidance table before the Board at the next meeting.

B. RTCR

Marie then reported that after the EPA audit in August 2017, there were a few small nuances that were overlooked in the current RTCR rule language, which Division Staff is working to rectify.

C. Water Use Data Requirements / Source and Storage Sizing Standards

Marie then reported that House Bill 303, if passed, will require that the Division do away with a standard source sizing and storage requirements and change to a three year rolling average for each water system based on their reported water use data.

In response to questions from the Board, Marie noted that this would require an additional full time employee for the first year and then increase to 1 ½ full time employees to fulfill the requirements.

7. Rural Water Association Report

Dale Pierson, Executive Director of RWAU, thanked the Board for being in attendance and holding their Board Meeting in conjunction with the RWAU Annual Conference. He then reported the following:

- There were 1,917 attendees this year.
- There were 112 that attended the Water Operator Certification class.
- There were 14 different classes taught by 13 DW Staff members.
- Betty Naylor, Board Chair, was a judge for the best tasting water contest, which Simplot Phosphate won.

Dale then reported on the National Rural Water Associations work on a Water Operator Apprenticeship program, which has been approved on a Federal level and also by the State of Utah. This program is in conjunction with the Department of Labor and enrollees will be able to earn their water operator certification and apprentice under current certified water operators at water systems in the state. The Department of Labor and the Department of Veterans Affairs have agreed to assist systems with up to 50% of the apprentice's salary from 6 months to a year. Dale also reported that they start rolling out this program and associated marketing for it within the next month.

8. Directors Report

Marie Owens reported the following on the 2017 lead in schools initiative:

- DW received samples from 700 schools throughout the State.
- 100 other schools sampled, but did not share their data with DW.
- 40 schools declined to sample.

Of those schools that sampled and reported their data to DW:

- 22 were above the EPA action limit for lead, which is based on corrosion and is not health based.
- 8% had non detect at all of their samples
- 58% had anywhere between 1 part per billion and 15 parts per billion.

Based on these results, DW has put together a workgroup with representative from four school districts, one local health department, and Division Staff to work on continued monitoring and mitigation measures.

Marie then reported the following on Division Staff's activity so far at the Annual Conference:

- 120 Consumer Confidence Reports

- Water system reports and monitoring requirement assistance for over 100 systems
- Sample Site Plans for 30 water systems.
- Operator Certification consultations with 30 water systems
- An unspecified number of consultations on DPB compliance, source protection, SRF, and engineering.

9. Other

David Stevens questioned whether the Board, could as a group, contact legislators regarding bills that directly affected Drinking Water. Brad Johnson informed him that has been done in the past through the proper channels if the Board has a consensus position on an issue. Brad also cautioned Board members not to present themselves as such when personally contacting legislators.

Mark Whitney informed the Board that he has officially resigned as Mayor of Stockton and will be moving out of State. He expressed his appreciation to have been a member of the Board.

10. Next Board Meeting:

Date: Friday, May 11, 2018
Time: 1:00 pm
Place: Multi-Agency State Office Building
Room 1015
195 North 1950 West
Salt Lake City, Utah 84116

11. Adjourn

- Mark Whitney moved to adjourn the meeting. The motion was carried unanimously by the Board.

The meeting adjourned at 4:03 p.m.