



State of Utah

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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
Betty Naylor, *Chair*
Roger G. Fridal, *Vice-Chair*
Kristi Bell
Brett Chynoweth
Jeff Coombs
Tage Flint
Eric Franson, P.E.
Alan Matheson
David Stevens, Ph.D.
Marie E. Owens, P.E.
Executive Secretary

DRINKING WATER BOARD MEETING February 28, 2019 – 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.

2. Roll Call

Board Members present: Betty Naylor, Roger Fridal, Kristi Bell, David Stevens, Jeff Coombs, Eric Franson, Tage Flint and Brett Chynoweth.

Division Staff present: Marie Owens, Hayley Shaffer, Michael Grange, Heather Bobb, Lisa Nelson, Rachael Cassady, Michelle Deras, Ryan Dearing, Patti Fauver, and Nathan Lunstad.

3. Approval of the Minutes:

A. January 15, 2019

- Brett Chynoweth moved to approve the January 15, 2019 minutes as presented. Kristi Bell seconded. The motion was carried unanimously by the Board.

4. Programmatic Financing – Michael Grange

Michael Grange, Technical Assistance Section Manager with the Division of Drinking Water (DDW, the Division) briefly reviewed the handout provided in the Board packets explaining Programmatic Financing. Training for Board members was also provided prior to this meeting, to which Michael referenced the handouts and presentation from the earlier training.

5. Financial Assistance Committee Report

A. Status Report – Michael Grange

Michael reported there is currently a balance of about \$3 million in the State SRF fund. Over the course of the next year, the Division is expecting an additional \$4.3 million to come into the fund, for a total of approximately \$7.4 million for project allocation through the end of January 2020.

Michael then reported currently there is approximately \$45.3 million in the Federal SRF fund. Over the course of the next year, the Division is expecting about \$20 million to come into the fund for a total of approximately \$65 million for project allocation through the end of February 2020. He reported there are no anticipated federal loan closings at this time.

B. Project Priority List – Michael Grange

Michael reported there are two new projects recommended to be added to the Project Priority List this month including: Diamond Valley Acres with 7.2 points, and Granger-Hunter Improvement District with 33.3 points. The Financial Assistance Committee recommends the Board approve the updated Project Priority List as presented, with the addition of these two projects.

Betty Naylor asked if any member of the Board has any conflicts of interest, or potential conflicts of interest needing disclosure. Eric Franson acknowledged a potential conflict of interest with Granger-Hunter Improvement District.

- Jeff Coombs moved to include Eric Franson in the discussion portion of this agenda item, however abstain from voting based on the disclosed potential conflict of interest. Roger Fridal seconded. The motion was carried unanimously by the Board.
- David Stevens moved to approve the updated Project Priority List. Brett Chynoweth seconded. Eric Franson abstained. The motion was carried by the Board.

C. SRF Applications

i. STATE:

a) Kane County Water Conservancy District – Heather Bobb

Representing Kane County Water Conservancy District was Michael Noel, Dirk Clayson, and Joe Phillips.

Heather Bobb informed the Board Kane County Water Conservancy District is requesting \$210,000 in financial assistance for a transmission/distribution line to the Duck Creek Townsite parcel. The total cost of the project is \$419,095. Kane County is requesting funding to purchase the materials for the project and will be paying for the labor and engineering as an in-kind match of \$209,458.

The local MAGI for Kane County is approximately \$31,958 (70% of the state MAGI), their after project water bill is 1.24% of the local MAGI. They do qualify for additional subsidy based on the less than 80% of the State MAGI. Due to time constraints, this project was not presented to the Financial Assistance Committee. Therefore, staff recommends the Drinking Water Board authorize a loan of \$210,000 at 0.81% Interest/Fee for 20 years.

Those present to represent the system reviewed the need for the funding and projects as presented, however requested a modification to the staff's recommendation to include a portion of the loan have principal forgiveness. The Board discussed and clarified various items with the representatives, and Marie informed the Board this water system is in full compliance with their IPS report.

- Brett Chynoweth moved to authorize a loan of \$168,000 at 0.81% interest or fee with 20% principal forgiveness for 20 years to Kane County Water Conservancy District for the project as described. Tage Flint seconded. The motion was carried unanimously by the Board.

ii. FEDERAL:

a) Diamond Valley Acres – Lisa Nelson

Representing Diamond Valley Acres was John Cazier, Ryan Davis, Barbara Johnston, Randee Sanders, and Justin Christensen.

Lisa Nelson informed the Board Diamond Valley Acres Water Company is requesting \$235,000 in financial assistance to fund the equipping of an existing well and to connect it to the distribution system.

The local MAGI for DVAWC is \$34,007 which is 74% of the State MAGI and the current average water bill is \$53.14 per month, which is 1.88% of the local MAGI. Their current rates appear to be sufficient to cover the proposed debt service. Staff's recommendation is a reduction in interest rate, based on the system's MAGI. The Financial Assistance Committee recommends the Drinking Water Board authorize a loan of \$235,000 at 2.5% Interest/Fee for 20 years to the Diamond Valley Acres Water Company.

Those present to represent the system reviewed the need for the funding and projects as presented. The Board discussed and clarified various items with the representatives, and Marie informed the Board this water system currently has 9 points on their IPS report.

- Jeff Coombs moved to authorize a loan of \$235,000 at 2.5% interest or fee for 20 years to Diamond Valley Acres Water Company. Kristi Bell seconded. The motion was carried unanimously by the Board.

b) Granger Hunter Improvement District – Lisa Nelson

Representing Granger-Hunter Improvement District was Clint Jensen and Jason Helm.

Lisa informed the Board Granger-Hunter Improvement District (GHID) is requesting \$20,000,000 in financial assistance to fund numerous system improvements from their

Capital Improvements Plan that will occur over the course of several years. These improvements include new wells, new storage tanks and repair of existing storage tanks, and installation of water line. This application will also be the first Programmatic Financing request made before the Board.

The local MAGI for GHID is \$35,701 which is 78% of the State MAGI therefore Granger Hunter is eligible for subsidy. The current average water bill is \$45.60 per month, which is 1.53% of the local MAGI, so rates are already sufficient to cover the proposed debt service. GHID is also contributing \$5,950,000 towards this project. Due to limited principal forgiveness funds in the Federal program, Staff recommends a reduced interest rate for the Granger Hunter project. This will be both as subsidy and as incentive to participate in the Federal Program's "Programmatic Financing" option. The Financial Assistance Committee recommends the Drinking Water Board authorize a loan of \$20,000,000 at 1.25% Interest/Fee for 20 years.

- Tage Flint moved to authorize a programmatic financing loan of \$20,000,000 at 1.25% interest or fee for 20 years. Roger Fridal seconded. Eric Franson abstained. The motion was carried by the Board.

c) M & J Trailer Home Community – Heather Bobb

Representing M & J Trailer Home Community was Jesse Boone.

Heather informed the Board M & J Trailer Home Community is a private water system in Box Elder County that is owned by Jenamac LLC. The project consists of a new well, 2,200 feet of distribution line, 25,000 gallon tank and arsenic treatment. They scored 50.2 points on the project priority list. The cost of the project is estimated at \$1,200,000. After purchasing the trailer park, Jenamac LLC learned of all the problems with the water system and wants to come in to compliance and become an approved system again.

Heather explained M & J Trailer Home Community has a significant number of deficiencies on their IPSreport, is a "not approved" water system and has a "no-use" order. There is a DRAFT version of a Compliance Agreement Enforcement Order (CA/EO) with the Division to correct the deficiencies and become an approved water system. A large portion of these deficiencies will be corrected with this project as they are basically replacing the entire system.

They have explored several options to correct the system, including regionalizing with another system. The closest system is Ukon Water, which requires each connection to purchase one share of company stock. This would require each individual connection to purchase a share and increase the cost of the project significantly and availability of shares is unknown. Fielding Town has also been contacted; they informed staff they receive their water from Ukon Water.

M & J has also approached Bear River Water Conservancy District, who expressed support of this project, with a suggestion of drilling a test well to determine quantity and quality of water.

Based on the engineering pre-design report, the most feasible and cost effective option is for M & J to replace the entire system.

Heather reported that as this is a small community, they did an independent income survey to obtain their local MAGI which is approximately \$18,292 (41% of the state MAGI), their after project water bill, with 0% interest would need to be \$352.31 which is 23.11% of the local MAGI. Therefore they do qualify as a hardship community to receive principal forgiveness. Based on the above information, the Financial Assistance Committee recommends the Drinking Water Board not authorize a funding package.

Jesse Boone reviewed the need for the funding and projects in order to restore potable water to the residents living in the trailer homes on the property. The Board discussed and clarified various items with Jesse, and determined based on the per connection cost, is not a responsible use of the funding program.

- Roger Fridal moved to not authorize a funding package to M & J Trailer Home Community. Betty Naylor seconded. The motion was carried unanimously by the Board.

The Board revisited this request later in the meeting during the “Open Board Discussion” agenda item and discussed the possible authorization of a full loan. Based on discussion of the lack of collateral and cost per connection, the initial vote of not authorizing funding to the water system remained. The Board would like staff to continue discussing other potential options this system may want to explore including private funding. Marie informed the Board staff will continue to work with Jesse in order to reach a solution for the residents on the property and finalize the CA/EO.

6. Rulemaking Activities

A. Current Rulemaking Activities (Board Action Needed)

- i. None

B. Future Rulemaking Activities (Informational)

- i. **R309-300: Certification Rules for Water Supply Operators – Michael Grange**

a) Impact to Water Systems

Michael reviewed the impact to water systems once the R309-300 Rule change is implemented including a revision to the continuing education unit requirements and water system classifications. Patti Fauver, Program Manager with DDW was invited up to discuss this item in more depth, and ways in which the Division is looking to improve the current system to have better prepared and trained water system operators to protect public health.

b) Coordination with Stakeholders

Michael informed the Board the draft revised rule was prepared by a stakeholder group consisting of Division staff, selected water system operators, and selected technical assistance providers. He explained this diverse group of subject matter experts has over 100 years of collective experience in the drinking water industry, most of it in water system or water treatment facility operation. The draft revised rule was further vetted through an internal review

process within the Division of Drinking Water and with our District Engineers. The Division also plans to conduct an informal public review.

ii. R309-400: Water System Rating Criteria – Rachael Cassady

a) Proposed Draft Rule Language

Rachael Cassady, Rules Section Manager with DDW reviewed the proposed draft rule language of the water system rating criteria, noting the proposed draft rule has been reduced to a total of 3 pages down from 38 pages in the existing rule. She informed the Board the major changes to the rule include the elimination of credit points to mask other possible deficiencies, a more simplified and concise point system, and a rating system that will be more in line with EPA's ETT point system. She explained this will more efficiently alert staff if a water system is in trouble with EPA.

b) Existing Draft Rule Language

Copies of the existing rule were provided to Board members for review and comparison of the revised draft rule.

c) IPS Implementation and Table of IPS Points (Proposed Draft)

Rachael then reviewed the proposed IPS point value tables. Marie explained if these tables were to be amended, they would only need to be brought before the Board for approval and not put through the official rulemaking process. Rachael explained this rule will be brought to the Board at the April meeting to officially begin to amend the rule, with an anticipated adoption date of June 2019. From there, water systems will have approximately six months to fix deficiencies on their current IPS report before the rule is implemented on January 1, 2020.

d) Impact and Outreach

Rachael informed the Board of the outreach that has been ongoing including webinars, mailings, and consultations during the RWAU conference to educate water systems on the proposed changes, and solicit requests for feedback on the draft rule before the official comment period opens after the April Board meeting.

There was discussion among Board members on the number of water systems that will potentially go "Not Approved" once this rule goes into effect if they have not resolved their deficiencies, equaling approximately 27%. Rachael acknowledged this would be the case and restated the importance of educating water systems on the change and providing a grace period to resolve their issues before the rule is officially implemented.

Betty expressed her appreciation to the staff on their efforts to provide outreach and education on the proposed rule changes.

iii. R309-105: Administration: General Responsibilities of Public Water Systems

a) Customer Complaints – Marie Owens

Marie informed the Board this agenda item was for review and consideration to be brought back to a future meeting for a more in depth discussion.

She reviewed the Draft language related to the addition of "Water-Related Customer Complaints" in the rule and explained the reasons for the change. Marie continued expressing the frustration the Division receives from residents reporting they have provided a complaint or

water related concern to their water provider with no follow-up or response. The proposed additional language to the rule would provide guidelines to a water system on their responsibilities to investigate and provide feedback to the complaining resident and/or connected water system if they are receiving water from another public water system.

Board members shared concerns of the possible overreach the addition of this rule may imply and this may be interpreted as putting more rules in place for the majority of water systems that are providing the right feedback to their residents, as well as other possible unintended consequences. Other members had concerns of how this would be tracked and how the Division would ensure compliance.

In order to review this item further, Jeff Coombs, Eric Franson, and Tage Flint volunteered to be on a Board sub-committee to vet prior to a Board vote.

b) Emergency Response – Ryan Dearing

Ryan Dearing, Environmental Scientist and Emergency Response Contact for the Division reviewed the handout provided in the Board packets relating to changes to emergencies. The proposed change to this rule would clarify for a water system what an emergency is, when to report to the Division and their additional stakeholders, and the suggestion of all water systems having a contingency plan in place in the event of an emergency.

Ryan continued stating this rule has not be revised since 1992, and there are a variety of new threats water systems should be planning for including cyber-security, terrorism, etc.

A draft of the proposed language will be brought before the Board for review and approval at a future date.

7. Rural Water Association Report – Dale Pierson

Dale Pierson with Rural Water Association of Utah (RWAU) thanked the Drinking Water Board for attending the RWAU conference and holding a Board meeting onsite. He informed the Board the conference had approximately 1,900 registered attendees this year.

The annual RWAU meeting was held earlier this day and Dave Gardner was elected as the new section chair. Dale reminded members the conference banquet and awards ceremony would be held this same evening at 6pm, and two of the Drinking Water Board members would be receiving an award, Roger Fridal and Eric Franson.

Dale then informed the Board of the winners of the Best Tasting Water:

- 1st Place = Silver Lake
- 2nd Place = Monroe
- 3rd Place = Morgan

Betty thanked Dale and his staff for their work and for hosting the Board meeting at the annual conference.

8. Open Board Discussion – Betty Naylor

See the last paragraph of agenda item 5(C)(ii)(c).

9. Director's Report

A. Enforcement Report

Marie reviewed the report of water systems with a current status of "Not Approved" for various reasons as well as those systems under formal and informal enforcement. She reminded the Board Division staff has been actively working to assist water systems in order to be moved to approved and removed from this list. They are also diligently working with systems to solve the deficiency issues and ultimately prevent them from being added to this list. The Board will routinely be provided copies of this report to review the status of these systems.

B. Other

Marie informed the Board the reauthorization of the State Safe Drinking Water Act has passed through the legislature and will be sent to the Governor for his signature. This will ensure funding for the next five years.

Tage also thanked Marie on her efforts to get the Extraterritorial Jurisdiction Bill passed.

10. Other

There were no other items for discussion.

11. Public Comment Period

There were no public comments at this time.

12. Next Board Meeting:

Date: Tuesday, April 9, 2019
Time: 1:00 pm
Place: Multi Agency State Office Building
Board Room 1015
195 North 1950 West
Salt Lake City, Utah 84116

13. Adjourn

- Brett Chynoweth moved to adjourn the meeting. David Stevens seconded. The motion was carried unanimously by the Board.

The meeting adjourned at 4:50 p.m.