



## 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*  
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**  
April 9, 2019 – 1:00 pm  
Multi Agency State Office Building – Board Room 1015  
195 North 1950 West  
Salt Lake City, Utah 84116

### **FINAL MINUTES**

#### **1. Call to Order**

Betty Naylor, Board Chairman called the meeting to order at 1:00 p.m.

#### **2. Roll Call**

Board Members present: Betty Naylor, Roger Fridal, Kristi Bell, David Stevens, Jeff Coombs, Tage Flint and Brad Johnson.

Division Staff present: Marie Owens, Hayley Shaffer, Ying Ying Macauley, Michael Grange, Jennifer Yee, Heather Pattee, Lisa Nelson, Jessica Jin, Sandy Pett, Janet Lee, Rachael Cassady, and Colt Smith.

#### **3. Approval of the Minutes:**

##### **A. February 28, 2019**

- Roger Fridal moved to approve the February 28, 2019 minutes as presented. David Stevens seconded. The motion was carried unanimously by the Board.

#### **4. Financial Assistance Committee Report**

##### **A. Status Report – Michael Grange**

Michael Grange, Technical Assistance Section Manager with the Division of Drinking Water (DDW, the Division) reported there is currently a balance of just over \$3 million in the State SRF fund. 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 \$7.5 million for

project allocation through February 2020.

Michael then reported currently there is approximately \$43 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 \$63.2 million for project allocation through February 2020. Michael stated these figures could alter depending on the congressional appropriations for the 2019/2020 fiscal year grant cycles.

Michael reviewed the changes encompassed in the 2018 America's Water Infrastructure Act (AWIA) that will directly impact the federal SRF program:

1. In regard to disadvantaged communities, the principal forgiveness was previously limited to no more than 30% of the annual capitalization grant, however are now allowed to go up to 35%, with at least 6% of the annual capitalization grant. There is also a substitute congressional authority that can be implemented on a case by case basis allowing additional subsidy. For fiscal year 2019, congress has allocated an additional 20% to be used for principal forgiveness on the state SRF program. Therefore, allowing anywhere between 26% - 55% of the annual capitalization grant amount that can be authorized as principal forgiveness or subsidy to disadvantaged communities in the state.
2. Funds previously dispersed had a repayment schedule beginning within 1 year of substantial completion of the project. This has now been extended to 18 months before repayment begins.
3. All project requests are now eligible for a 30 year amortization, and disadvantaged communities are eligible for a 40 year amortization schedule. The 20 year schedule can also still be implemented if it makes the most sense. In all instances, the amortization schedule cannot be extended longer than the expected life of the infrastructure.
4. Programmatic financing will be divided up into programmatic financing – a single loan in one year for several projects, and portfolio financing – a loan for multiple years' worth of projects.
5. Division staff will need to create a program to encourage and incentivize systems applying for funding to have an asset development and management plan in place to account for reasonable future growth and aging infrastructure.
6. Funders must follow and implement EPA's best practices plan for SRF programs that is being developed in the next 3-5 years.

Marie added this does not indicate there are additional funds, but the allowance to apply them differently. Michael agreed, stating staff will be discerning with the new funding allowances.

## **B. Project Priority List – Michael Grange**

Betty asked if any member of the Board has any conflicts of interest, or potential conflicts of interest needing disclosure prior to the start of the following agenda items. There were no reported conflicts of interest disclosed.

Michael reported there are three new projects recommended to be added to the Project Priority List this month including: Circleville with 23.9 points, Marysville with 20.3 points, and Pinion Forest SSD with 16.1 points. The Financial Assistance Committee recommends

the Board approve the updated Project Priority List as presented, with the addition of these three projects.

- David Stevens moved to approve the updated Project Priority List. Kristi Bell seconded. The motion was carried unanimously by the Board.

Betty asked about the status of “potential projects” list. Michael informed the Board these projects are carryovers from 2009-2010, and will be removed from the list in the near future.

### **C. SRF Applications**

#### **i. FEDERAL:**

##### **a) Circleville – Lisa Nelson**

Lisa Nelson informed the Board that Circleville has formally withdrawn their application for SRF funding at this time.

##### **b) Cove Special Service District – Lisa Nelson**

Representing Cove Special Service District was Kelly Crane and Randell Obray.

Lisa Nelson informed the Board Cove Special Service District is requesting a revised amount of \$1,484,000 in financial assistance for well exploration/development, upgrade/repair to an existing well, construction of a new 300,000 gallon tank and the installation of 1000-ft of 6-inch PVC transmission water lines and 16,000 feet of 8-inch PVC distribution water lines.

She explained that on March 2, 2017, the Drinking Water Board authorized funding for this project; however, bids were recently opened and came in higher than estimated. There were three bidders and the bids were all within 1.25% of each other. Some of the reasons for the increased costs were related to the delays associated with the purchase of the land where the tank will be sited, a change in the well location, addition of a mainline booster pump station to the design scope, and the current construction environment.

Cove SSD has value engineered some of the project scope, but a \$399,000 funding shortfall still remains. In addition, the top two bidders have indicated they will not be able to honor their bids for longer than 60 days.

The local MAGI for Cove SSD is \$29,622 which is 69% of the State MAGI \$45,895 and therefore they do qualify as a disadvantaged community. In addition, the proposed funding package would result in an average water bill of \$46.46 per month, which would be 1.82% of the local MAGI. Staff’s recommendation is based on a proportional increase of loan and grant from the original authorization.

Those present to represent the system expressed their appreciation for the funding consideration, and provided a brief background on the need for the projects.

- Jeff Coombs moved to authorize a revised loan of \$1,484,000 at 0.00% interest with \$668,000 in principal forgiveness for 30 years with a repayable amount of \$816,000 to Cove Special Service District for the project as described. Roger Fridal seconded. The motion was carried unanimously by the Board.

**c) Marysvale – Heather Pattee**

Representing Marysvale was Janet Fautin, Jeff Albrecht, and Nathan Marshall.

Heather Pattee informed the Board Marysvale Town is requesting financial assistance in the amount of \$3,665,000. Their project includes improvements and upgrades to their existing well, a new line to the well, a chlorination building, booster pumps for the upper zones, distribution line, service laterals and misc. appurtenances.

The local MAGI for Marysvale Town is approximately \$31,145 (70% of the state MAGI), their after project water bill at a full loan would be \$89.94 which is 3.47% of the local MAGI. Therefore they do qualify for additional subsidy.

Those present to represent the system expressed their appreciation for the funding consideration, and provided a brief background on the need for the projects.

There was discussion between the Board and system representatives regarding the system source, available water rights, and various components related to the logistics of the project.

- Tage Flint moved to authorize a loan of \$3,665,000 at 0.00% interest with 20% principal forgiveness for 30 years to Marysvale for the project as described. Roger Fridal seconded. The motion was carried unanimously by the Board.

**d) Tridell-Lapoint (De-authorization) – Lisa Nelson**

Lisa Nelson informed members the Board previously authorized a loan of \$1,037,500 at 1.75% hardship grant assessment fee for 30 years with \$260,500 in Principal Forgiveness to Tridell Lapoint WID on January 15, 2019.

She explained staff has since received correspondence from Tridell Lapoint WID indicating that they no longer require the funding package and have declined. Staff's recommendation is the Drinking Water Board de-authorizes the loan as described above.

- Roger Fridal moved to de-authorize the loan of \$1,037,500 at 1.75% hardship grant assessment fee for 30 years with \$260,500 in Principal Forgiveness to Tridell Lapoint. David Stevens seconded. The motion was carried unanimously by the Board.

**5. Rulemaking Activities**

**A. Current Rulemaking Activities (Board Action Needed)**

**i. Authorization to Begin to Amend Water System Rating Criteria – Jennifer Yee**

### **a. R309-400: Water System Rating Criteria**

Jennifer Yee, Environmental Coordinator with DDW handed members a substitute version of the rule amendment from what was originally placed in the Board packet that no longer included the associated IPS policy document. She reviewed the existing rule language, proposed rule language, outreach activities and efforts over the last two years to engage stakeholder feedback, and explained the revisions to the rule are to ensure the priority of protecting public health.

She then reviewed the informal comments the Division has received in regard to the proposed point value amendments.

The question was asked how many systems would be considered “not approved” under the proposed rule amendment. Jennifer replied it would be about 15% of all water systems in the state. She explained the goal is to allow systems through the end of the year to fix relevant deficiencies on their report and have the rule go into effect on January 1, 2020.

- Tage Flint made a motion to authorize to begin rulemaking to amend R309-400: Water System Rating Criteria, and to file the proposed rule amendment with the Office of Administrative Rules for publication in the Utah State Bulletin. David Stevens seconded. The motion was carried unanimously by the Board.

### **6. Rural Water Association Report – Dale Pierson**

Dale Pierson with Rural Water Association of Utah (RWAU) informed the Board they are beginning to work on the planning phase of events for the coming year including the upcoming 2019 Fall Conference (held in August), the Training Needs Workshop on May 29, and the 2020 Annual Conference (held in February) on July 10 and 11.

He explained RWAU staff is working closely with Michael Grange from the Division to explore more efficient ways of tracking conference attendee CEUs.

Both Marie and Betty expressed appreciation for the RWAU staff involvement with IPS 2020 at the 2019 Annual Conference in St. George, and for allowing the Drinking Water Board to hold the February meeting at the conference.

### **7. Open Board Discussion – Betty Naylor**

The issue of current Board member’s expiring terms was discussed, including that of Betty Naylor – representative of a non-governmental organization, David Stevens – from an institution of higher education with expertise in water research, Brett Chynoweth – elected municipal official involved in management of a public water system, and Tage Flint – representative of a water district.

Marie informed members she has received applications for the various vacancies and is currently reviewing their qualifications. With the overlap in time before the new Board members are confirmed, she asked the members with expiring terms for their willingness to remain active on the Board for the 90 day post expiration term deadline. This would include

their presence at the next meeting in June. All agreed to extend their term by 90 days with the exception of Brett Chynoweth who was not in attendance at the meeting.

## **8. Director's Report**

### **A. Legislative Updates**

Marie reviewed the 2019 General Session including the passing of The Utah Safe Drinking Water Act for 5 years, the Extraterritorial Jurisdiction Amendments, and the Surplus Water Amendments. She explained the Constitutional Amendment was also authorized, however will not be on the ballot until 2020. The Surplus Water Amendments is contingent upon the passing of the Constitutional Amendments.

Those Bills that did not pass include the Department of Environmental Quality's request for legislative funding to offset in full the state salary/benefits, the WIIN Community Grant match for disadvantaged communities – there may be alternatives to secure this money, and the lead in schools/childcare facilities testing. Marie informed the Board there is still money available from EPA for mitigation purposes related to lead in schools.

### **B. ASDWA Updates**

Marie reviewed her recent trip to Virginia for the ASDWA State Administrators Member meeting. Some of the topics discussed included:

1. A revised lead and copper rule will be released in late 2019 to include pipe material inventories. While the implementation of this was not decided, the Division will begin communicating with water systems to inform them of this upcoming requirement.
2. Hypochlorite standard will be expected in May 2019.
3. Review and awareness of the emerging contaminants related to PFAS. EPA still determining if an MCL is needed.
4. The amount of funding Utah will receive related to the WIIN lead in school testing grant should be announced in the next month.
5. New EPA performance measures that were rolled out last year are to be no more than 25% non-compliance by 2022. By cleaning up data and implementing the changes to the IPS, the Division should be in compliance with this requirement.
6. There is a high occurrence of manganese in drinking water around the nation and was included in the UCMR4. EPA has also released a health advisory related to contaminant levels. Manganese removal may eventually need to be a part of the treatment process.
7. Data tracking software is underway to transition from SDWIS to the newly revised version called Prime.
8. Other AWIA related implications including the requirement of water systems serving over 10,000 to complete a CCR every six months as opposed to the current annual requirement beginning in 2020, as well as every water system serving over 3,300 to recertify their risk assessment and emergency response plans. This will be a phased implementation based on population served.

### **C. Other**

Marie Owens had no other items for discussion.

### **9. Other**

Betty thanked the Division for continuing to put the current drinking water related news articles in the Board packets.

### **10. Public Comment Period**

There were no public comments at this time.

### **11. Next Board Meeting:**

Date: Tuesday, June 11, 2019  
Time: 1:00 pm  
Place: Multi Agency State Office Building  
Board Room 1015  
195 North 1950 West  
Salt Lake City, Utah 84116

### **12. Adjourn**

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

**The meeting adjourned at 2:32 p.m.**