



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board
Paul Hansen, P.E., *Chair*
Betty Naylor, *Vice-Chair*
Brett Chynoweth
Tage Flint
Heather Jackson
Brad Johnson
Natasha Madsen
David Stevens, Ph.D.
Mark Stevens, M.D.
Kenneth H. Bousfield, P.E.
Executive Secretary

MINUTES OF THE DRINKING WATER BOARD MEETING HELD AUGUST 28, 2013 AT
1:30P.M. AT THE DAVIS COUNTY CONVENTION CENTER IN LAYTON, UTAH

BOARD MEMBERS PRESENT

Paul Hansen, Chair
Betty Naylor, Vice-Chair
Brett Chynoweth
Tage Flint
Heather Jackson
Brad Johnson
Natasha Madsen
David Stevens, Ph. D.

GUESTS

Dale Pierson, RWAU
David Hill, Woods Cross City
Curtis Ludvigson, RWAU
Rauni Guffey, RWAU Tabiona Town
Todd Tolley, Leamington Town
Scott Archibald, Sunrise Engineering
Doug Carrigfer, Sunrise Engineering
Doug Nielsen, Sunrise Engineering
Scott Anderson, Woods Cross City
Ryan Westergard, Woods Cross City
Trevor Lindley, Woods Cross City
Gary Unsk, Woods Cross City
Paul Fulgham, RWAU Tremonton City
Robert Miller, Wasatch Mountain
Club Foundation
Stephen McIntosh, Wasatch Mountain
Club Foundation
Ken Snook, RWAU Board Price River
Water

STAFF

Ken Bousfield
Misty Tabor
Linda Matulich
Ying-Ying Macauley
Michael Grange
Tammy North
Bob Hart
Jesse Johnson
Rich Peterson
Kate Johnson

ITEM NO. 1 CALL TO ORDER

The Drinking Water Board convened at 1:30 p.m. in Layton, Utah with Chairman Paul Hansen presiding.

ITEM NO. 2 ROLL CALL

Chairman Paul Hansen asked Ken Bousfield to call roll of the Drinking Water Board members. The roll call showed that there were 8 members present.

ITEM NO. 3 INTRODUCTIONS

Chairman Paul Hansen asked guests to introduce themselves.

ITEM NO. 4 APPROVAL OF THE MINUTES

a. July 12, 2013

Motion made by Betty Naylor to approve the Meeting Minutes of the July 12, 2013 Board Meeting, seconded by Heather Jackson

**CARRIED
(Unanimous)**

ITEM NO. 5 FINANCIAL ASSISTANCE COMMITTEE REPORT

1. Status Report

Michael reported on the negative status in the State Revolving Fund balance being \$998,843. As of August 1, 2014 the fund will be receiving \$7 to \$8 million between sales taxes, interest repayments and principal repayments on existing loans, between now and August 1, 2014 the fund will have about \$5 million for State loan projects; over all the State money is in good shape. Michael explained that staff is working to close loans for; Price River WCD, Axtell Community, Kane Co, and Snowville equaling about \$1.8 million to obligate funding for those projects. Staff is also working with Payson, Ogden, Delta and Toquerville to continue construction on their projects and to close out their loans putting those projects into production for those communities.

Michael reported on the Federal program which is in much better shape; currently there is \$14 million available and over the next 12 months there will be about \$15 million in revenue to come in giving between now and August 1, 2014 a little over \$29 million for funding projects. Michael reviewed about 14 projects that staff is working on closing loans for equaling about \$32 million already authorized by the DWB. Michael stated the funds will be ok there is no discrepancy between the two simply because of the way the funds roll in and roll out. There will not be any danger having the money to obligate the projects. Both funds are in good shape, and there should be no concern in authorizing projects.

2. Project Priority List.

No new projects to report, no action from the board required.

3. SRF Applications
FEDERAL:

a. Wasatch Mountain Club – Michael Grange

APPLICANT’S REQUEST

Wasatch Mountain Club Foundation is requesting additional financial assistance to cover unexpected increases to upgrade their existing treatment system to include filtration, chlorination and turbidity monitoring for both raw and finished water. The total cost of the project was estimated to be \$22,000, but has increased to \$37,000. They are requesting an increase in the grant approved from \$18,000 to \$31,600. They will increase their contribution from the amount originally planned of \$4,000 to \$6,000.

STAFF COMMENTS

In February, 2013, the DWB authorized a grant of \$18,000 to Wasatch Mountain Club Foundation to address the violations at the Mt. Millicent Spring Source, which has been determined to be under the direct influence of surface water.

Since February, 2013, they have been faced with a number of challenges involving equipment upgrades and design changes to the project. Wasatch Mountain Club Foundation estimates that the cost increases are due to the need to improve and upgrade the filtration equipment, provide continuous monitoring of both turbidity and chlorination, add electronic data for reporting purposes, the need to engage an attorney to issue the legal opinion, and the legal fees charged by the special assistant to the Attorney General’s office to have paperwork reviewed.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION

The DWB authorize an increase of \$13,600 in funding to Wasatch Mountain Club Foundation to total a construction loan of \$31,600 with \$31,600 in principal forgiveness.

BOARD COMMENTS

Betty Naylor asked if attorney fees will be covered by the loan. Michael Grange clarified that yes the attorney fees will be associated with the loan and it is within the parameter of the loan rules.

MOTION

Motion made by Heather Jackson to authorize the increase in financial assistance as recommended by the FAC, with the exception of changing the name to Wasatch Mountain Club Foundation, seconded by David Stevens.

**CARRIED
(Unanimous)**

b. Woods Cross – Jesse Johnson

APPLICANT'S REQUEST

Woods Cross City is requesting an adjustment in the repayment schedule for the \$4,156,000 loan that was authorized by the DWB at the July 2013, Drinking Water Board Meeting to construct a water treatment plant to treat three groundwater wells that have been contaminated with Tetrachloroethylene (PCE).

STAFF COMMENTS

In an effort to minimize a change in water rates to the residents of Woods Cross, the City has requested low payments on the loan for the first 12 years, with balloon payments on the remaining 8 years. The reason for this is that in 2027, Woods Cross will have repaid some existing loans, which will free up significant funds to be reallocated towards this current loan.

The attached financial spreadsheets show the repayment schedule, but the requested adjustment has Woods Cross making annual payments of approximately \$47,000/year for 12 years, with the remaining payments ballooning to \$450,000 for the remaining eight years.

There were some concerns in the Financial Assistance Committee Meeting about the discrepancy between the initial payments and balloon payments, which is now provided and included in the packet. This has annual payments of \$100,000, with balloon payments of \$370,000.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION

The Financial Assistance Committee recommended that the request be presented and discussed at the August 2013 Drinking Water Board Meeting with no recommendation. This would allow staff to compile additional information.

BOARD COMMENTS

Betty Naylor explained to the Board Members that are not on the Financial Assistance Committee why this change is being presented with no recommendation. She explained that if they went with the first option the concern was; would the board have funds available to continue to fund other projects during this time period. However they appreciate the alternative options. Jesse explained that the second option did not make that much of a difference in the total of the fund. Representative of Woods Cross stated that Woods Cross does not have any issue with the re-adjustments and they are very comfortable with the change. Paul Hansen stated that the board is sympathetic to this situation in that Woods Cross City and their community is taking care of a pollution that they are not at fault in causing. He thanked them for their cooperation and willingness to take an alternate route and helping out the DWB.

MOTION

Motion made by Tage Flint to authorize adjustment in repayment schedule recommended by the FAC, seconded by Paul Hansen

**CARRIED
(Unanimous)**

c. Leamington City – Packet Item will be handed out at the Drinking Water Board meeting - Rich Peterson

APPLICANT'S REQUEST

Leamington Town is requesting \$56,000 in emergency financial assistance to repair their spring and transmission line that was damaged recently by flooding.

STAFF COMMENTS

Leamington is seeking funding to help them repair the damage that has recently occurred at their Upper and Lower Narrows Springs (WS002). Last year a wildfire burned a significant area of the upstream drainage basin above these springs. As a result, the vegetation is mostly gone which makes the area vulnerable to higher than usual runoff and debris flows. Last month a moderate rainstorm crossed over the burn scar and sent a large amount of water and debris down the drainage towards the Narrows Springs. The flood water and debris breached an 8-inch spring transmission line, 8-inch spring collection line and a 2-inch spring transmission line.

The Town is in the middle of repairing those damaged lines right now. They originally thought it was only the transmission lines that were breached, but as they uncovered the damaged pipe, they discovered the damage went into the spring collection area also. It is this spring collection area replacement that is taking the most time and effort to repair. Included in the repair will be new collection piping, new gravel in the collection area, new clay cutoff walls, new 40 mil cover liner and two new spring boxes.

The local MAGI is \$54,304, which is approximately 144% of the State's MAGI. Their current average water bill is \$46.22/month per ERC. The base financial evaluation resulted in a \$56,000 construction loan with an interest rate of 2.39%. This funding package yields an average monthly water bill of approximately \$59.15 per connection, which is 1.31% of the local MAGI. Based on this information, Leamington does not qualify as disadvantaged.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION

The Financial Assistance Committee recommends the DWB authorize a \$56,000 construction loan to Leamington at 2.39% interest for 20 years.

BOARD COMMENTS

Todd Tolley from Leamington stated the problem they have happened about a year ago and since that time, the system has been repaired three other times. They are waiting for the Federal Government to step in and protect their system but that has not happened yet. This is the fourth attempt at this point to protect their water. Fool Creek is another town being affected by this however the Town of Leamington is carrying the financial burden. Many other issues have happened since the original issue a year ago therefore eliminating their savings accounts, and that is why they are here looking for a grant or a 0% interest loan. Todd stated he appreciates what the Board has offered with this loan; however since they have a bigger dilemma than what is on the application Leamington is hoping for a grant to a lower interest rate.

Rich Peterson clarified that the DWB has given grants for emergency projects in the past. Paul Hansen explained his concern about this project is that it may not correct the problem permanently, and his concern that another flood will cause the same issues, since the Town has tried four times to correct the problem. Todd Tolley stated this loan is going to be used to rebuild the system to avoid another storm coming in and washing out these efforts again.

Paul Hansen asked Rich if there are any other factors or considerations that could be looked at to get a lowered rate or a grant. Rich stated the only other way is the emergency situation. Todd Tolley stated that they are currently getting water from an emergency well. Heather Jackson asked if this system covers other systems and asked if the entire system has been included and looked at, because perhaps that will qualify them for financial assistance. Todd explained that Fool Creek is the owner of the water system, in 1973 Leamington came in and they ran a new transmission line and worked with the springs in agreement that they get ¼ of the water. They do not have a real system however the springs supply their drinking water. Betty Naylor asked if the other community was involved would the numbers be adjusted enough to qualify for lower rates. Rich stated since the short time notice they had not looked into that option.

Paul Hansen asked what the difference would be saved if the DWB approved a 0% interest Rich stated with 0% interest it would drop it about \$1 dollar monthly and the total interest lost would be about \$15,000. Michael Grange reported staff may have to go with the zip code process to try that and depending on what that zip code showed how big it was and what other residences there are it may or may not help. The town also has the option to commission an income survey within the service area, however, there is precedent for either a 0% loan or a grant in an emergency situation and the income survey would take longer. Todd Tolley explained the springs are a big drinking water source it is good quality water where the well water they are currently using is not.

MOTION

Paul Hansen made a motion to authorize the \$56,000 construction loan at 0% interest for 20 years based on the following factors 1) the repair work appears to be the result of the burn, erosion sliding, and other effects and was not caused by negligence by the Town of Leamington or lack of planning from the Town, in some ways not really different than the Woods Cross situation and they were given a 0% interest loan based on it being a situation that the system was dealt; and 2) it is not a huge impact on the DWB financially however it saves the Town of Leamington money. Paul also encouraged the Town of Leamington to get their partners to step up to help cover the costs this only being a recommendation not part of the motion.

Motion made by Paul Hansen to authorize funding to the Town of Leamington of \$56,000 at 0% interest for 20 years, seconded by Heather Jackson.

**CARRIED
(Unanimous)**

4. OTHER:

ITEM NO. 6 FINALIZING RULES PREVIOUSLY SUBMITTED TO THE DIVISION OF ADMINISTRATIVE RULES

Ken Bousfield reported that the Rules presented at the June 6, 2013 Board meeting have gone through the Administrative Rules procedures and no comments were received.

He further clarified that those rule changes that consisted only of non-substantive changes would automatically be officially finalized. Those rules with substantive changes need to be finalized. He recommended that the Board authorize the staff to finalize the Rules.

Ken Bousfield asked for a motion to authorize staff to finalize: the Engineering Rules the Operator Certification Rules, the Cross Connection Rules, Back Flow Certification Rules and EPA Monitoring and Reporting Rules. Paul Hansen also clarified to Board Members that when adopting the Rules we require an effective implementation date for the rules. Ken Bousfield stated the board could make the effective date today or any time after today.

Motion made by Brett Chynoweth to adopt the rules as shown including Engineering Operator Certification, Cross Connection and EPA Monitoring and Reporting with today; August 28, 2013 as the effective implementation date, seconded by Natasha Madsen.

**CARRIED
(Unanimous)**

ITEM NO. 7 AUTHORIZATION TO INITIATE RULE REVISIONS

Paul Hansen clarified this is action to initiate the rule making process and reminded the board that discussions were previously held to bring these sections to the board as they were completed.

- a. R309-511 “Hydraulic Modeling Requirements, and
- b. R309-515 “Source Development

Tammy North stated that she is presenting two rules to the Board to begin the rule making process. Tammy explained that Bob Hart had formed a committee consisting of engineers who regularly submit plans to the Division for the purpose of receiving input from them regarding needed changes and/or updates. The two rules are: the Hydraulic Modeling Rule, R309-511; and the Source Development Rule, R309-515. The proposed changes are in the Board’s packet. Staff is requesting that the Board authorize staff to start the Rule making process.

Motion made by Betty Naylor to authorize staff to begin the rule making process for R309-511, and R309-515 based on the amendments submitted to the DWB by DDW staff seconded, by Natasha Madsen.

**CARRIED
(Unanimous)**

Tammy North reported that the DWB would probably not see these rules back until about January depending on the amount of comments received and based on the scheduled future Board Meetings.

ITEM NO. 8 CHAIRMAN’S REPORT

Paul Hansen turned the time to Ken Bousfield.

ITEM NO. 9 DIRECTOR'S REPORT

a. Report to the Legislative Economic Development Tax Force

Ken Bousfield explained that he was invited by the Utah Legislative Economic Development Task Force to present the drinking water perspective as it relates to economic development at its August 22nd meeting. Ken mentioned that his presentation covered the importance of drinking water being an essential product for life as well as personal hygiene, house cleaning, removing waste, irrigation, fighting fires and economic development for commercial and industrial processes. He discussed the challenges and differences between large water systems and small water systems. Specifically, small systems face economies of scale issues in whatever they do which may make the costs for repair and replacement of aging infrastructure cost prohibitive. Large system face the challenge of having to develop low quality water sources that require extensive treatment plants to make them safe to drink or developing sources in hydraulic basins remote from the point of use. These issues require major capital expenditures which may need to be funded by loans.

Ken also talked about the importance of sustaining the quality and longevity of all water systems. Specifically he recommended Asset Management practices be universally implemented. Ken talked about the importance of proper management of water systems and the importance of running a water system like a business. He specifically recommended that managers and operators of small water systems attend the Water University class training offered by the Rural Water Association.

b. Comment period for the Division's Proposed Fees

Ken mentioned he sent a letter to all systems telling them the comment period started August 8, 2013 and will end on September 9, 2013. On September 9th a hearing will be held in the afternoon in the board room at the DEQ office. A copy of the letter can be found on DEQ's public notice website.

c. Alan Matheson's Letter on Utah's Water Future

Ken notified the Board that the DWB/DDW jointly prepared letter addressing comments on **Utah's Water Future**; was signed by Ken Bousfield and Paul Hansen today and it will be submitted to Alan Matheson.

ITEM NO. 10 NEXT BOARD MEETING

Date: November 8, 2013
Time of Board Meeting: 1:00 p.m.
Location: DEQ's Board Room, # 1015
195 North 1950 West
Salt Lake City, Utah 84116
Phone: (801) 536-4200

ITEM NO. 11 OTHER

No other discussions held.

ITEM NO. 12 ADJOURN

Motion made by Heather Jackson to adjourn the DWBM at 2:18 p.m., seconded by David Stevens.

**CARRIED
(Unanimous)**

Misty Tabor
Recording Secretary