

Drinking Water Board Packet

November 1, 2022

Agenda



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF DRINKING WATER
Tim Davis
Director

Drinking Water Board
Kristi Bell, Chair
Eric Franson, P.E., Vice-Chair
Dawn Ramsey
Justin Maughan
Robert Rolfs
Jeff Coombs
David O. Pitcher
Blake Tullis, Ph.D.
Kimberly D. Shelley
Tim Davis
Executive Secretary

DRINKING WATER BOARD MEETING

November 1, 2022 1:00 PM

Via Zoom Webinar & In Person:
Department of Environmental Quality
Multi Agency State Office Building
DEQ Board Room
195 N 1950 W
Salt Lake City, Utah 84116

Michael Grange Cell – (801) 674-2563

AGENDA

1. Call to Order
2. Roll Call – Michael Grange
3. 2023 Drinking Water Board Meeting Schedule (Board Action Needed)
4. Approval of Meeting Minutes
 - A. August 31, 2022 Minutes
5. Disclosure for Conflict of Interest
6. Directors Report – Nathan Lunstad
 - A. Enforcement Report (Board Packet Item Only)
 - B. New Employees; Bridgette Charlebois, David Kruse
 - C. Other
7. Rulemaking Activities
 - A. Current Rulemaking Activities
 - i. Authorization to Proceed with Publication in the Utah Bulletin – Michael Grange
 - a. R309-700 Financial Assistance: State Drinking Water SRF Program
 - b. R309-705 Financial Assistance: Federal Drinking Water SRF Program
 - c. R309-800 Capacity Development Program

- ii. Adopt Rule 309-230 Lead in School Sampling and Remediation Requirements
– Dylan Martinez
- 8. Rural Water Association Report – Dale Pierson
- 9. Financial Assistance Committee Report
 - A. Increase in Funding Authorization for Planning, Emergency Requests, & Emerging Contaminants – Michael Grange
 - B. Status Report – Michael Grange
 - C. Project Priority List – Michael Grange
 - D. SRF Applications
 - i. STATE
 - a. Eastland Special Service District – Kjori Shelley
 - b. Fillmore City – Elisa Brawley
 - c. Oak City – Kjori Shelley
 - d. Stockton Town – Skye Sieber
 - ii. FEDERAL
 - a. Upper Whittemore Water Company – Heather Pattee
 - b. Wilson Arch Special Service District – Skye Sieber
 - c. Leeds Domestic Water Users Association – Heather Pattee
 - d. East Carbon City – Skye Sieber
 - iii. DEAUTHORIZATIONS
 - a. Hoytsville Pipe Water Company – Elisa Brawley
 - b. Provo City – Skye Sieber
 - c. Scipio Town – Skye Sieber
 - E. Financial Assistance Committee New Member – Michael Grange
- 10. Public Comment Period
- 11. Open Board Discussion
- 12. Other
- 13. Next Board Meeting

Date: Tuesday, January 10, 2023
Time: 1:00 PM
Place: Zoom Webinar / Multi Agency State Office Building
195 North 1950 West
Salt Lake City, Utah 84116
- 14. Adjourn

Agenda Item

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Drinking Water Board
2023 Proposed Meeting Schedule

Tuesday January 10, 2023
(Scheduled)

Thursday March 2, 2023
(RWAU Conference)

Tuesday May 16, 2023

Tuesday June 27, 2023

Wednesday August 30, 2023
(RWAU Conference)

Tuesday November 7, 2023

Tuesday January 9, 2024

Agenda Item

4(A)



State of Utah

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DRINKING WATER BOARD MEETING

August 31, 2022 9:00 AM
Via Zoom Webinar & In Person:
Davis Conference Center
Meridian B Room
1651 N 700 W
Layton, Utah 84041

Tim Davis Cell # 385-226-6511

DRAFT MINUTES

1. Call to Order

Kristi Bell, Chair, called the Drinking Water Board (DWB) meeting to order at 9:05 AM.

2. Roll Call – Tim Davis

Board Members Present at Roll Call: Kristi Bell, David Pitcher, Eric Franson, Blake Tullis, Robert (Bob) Rolfs, Justin Maughan. Kim Shelley arrived at 9:13 AM. Mayor Dawn Ramsey arrived at 9:41 AM.

Division of Drinking Water (DDW, Division) Staff Present: Tim Davis, Michael Grange, Allyson Spevak, Skye Sieber, Heather Pattee, Elisa Brawley, Linda Ross, Nathan Lunstad, Kjori Shelley, Andrea Thurlow, Wayne Boyce, Dallys Eggett, Dylan Martinez, Michael Newberry.

3. Oath of Office & Disclosure Statement for New Members – Linda Ross, Notary

Notary Linda Ross administered the oath of office and disclosure statement, in turn, to each of the two new board members Bob Rolfs and Justin Maughan, and the disclosure statement to Mayor Dawn Ramsey.

Bob Rolfs, represents the public on the Board and is a physician who has spent most of his career in public health.

Justin Maughan represents a small water district on the Board and is a professional engineer who is the Nibley City Manager and also serves on the RWAU Board.

4. Approval of Meeting Minutes

- A. June 7, 2022 Minutes
- B. July 21, 2022 Minutes

- Eric Franson moved to approve the June 7, 2022, and the July 21, 2022 Drinking Water Board meeting minutes. Blake Tullis seconded. The motion was carried unanimously by the Board.

5. Disclosure for Conflict of Interest

Eric Franson disclosed his conflict of interest related to the Timber Lakes and Helper City projects as his firm, Franson Civil Engineers, is representing both water systems for these projects.

Kristi Bell disclosed her conflict of interest related to the Uintah Town project as she is on the Uintah City Council.

6. Rulemaking Activities

A. Current Rulemaking Activities

- i. Authorization to Proceed with Rulemaking R309-230 *Lead in School Sampling and Remediation Requirements* – Dylan Martinez

Dylan Martinez, DDW Lead Free Learning Project Manager, informed the Board of the Division's proposed rule to comply with House Bill 21 School and Child Care Center Water Testing Requirements, passed during the 2022 General Legislative Session. The bill requires all schools, both public and private, to test their consumable taps for lead by no later than December 31, 2023. Child care centers may test for lead by no later than December 31, 2023. If a school or child care center finds a lead level for a consumable tap that equals or exceeds the action level of 5 parts per billion, the school is required to take steps to stop the use of the consumable tap and to reduce the lead level below the action level.

The bill grants the Drinking Water Board the authority to make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish what constitutes steps to reduce the lead level below the action level as well as the time period to take steps to reduce the lead level below the action level. The Division of Drinking Water is proposing R309-230 to establish these requirements for House Bill 21.

The proposed rule has received input from several stakeholders including the Water Quality Association, the Utah Board of Education, the Utah Department of Health, local health departments, the Utah Private Child Care Association, and the International Association of Plumbing and Mechanical Officials (IAPMO). The rule has also been pre-filed with the Office of Administrative Rules for review.

The Division recommends that the Drinking Water Board approve the filing of R309-230 with the Office of Administrative Rules (OAR) to begin the rulemaking process.

Tim reassured the Board that the Division always informally engages stakeholders at the beginning of the rulemaking process in order to address any concerns and utilize their expertise. Once the Board authorizes the Division to formally begin rulemaking, the Division will seek

public comment and address any comments received before asking the Board to take any further action on a given proposed rule.

- Eric Franson moved that the Drinking Water Board authorize the Division to proceed with rulemaking for R309-230 *Lead in School Sampling and Remediation Requirements*. David Pitcher seconded. The motion was carried unanimously by the Board.

B. Rulemaking Update

- i. R309-700, R309-705, and R309-800 to include language complying with H.B. 269 Capital Assets for Water Sources of Drinking Water

Michael Grange informed the Board that R309-700 *Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program*, R309-705 *Financial Assistance: Federal Drinking Water State Revolving Fund (SRF) Loan Program*, and R309-800 *Capacity Development Program*, will be updated to include language complying with House Bill 269 Capital Assets for Water Sources for Drinking Water passed during the 2022 General Legislative Session. The bill requires all water systems that request financial assistance from the Board to comply with the asset management program and adopt asset management plans.

The Division hopes to request the Board's authorization to initiate rulemaking on these rules at the November 1, 2022, DWB Meeting.

- ii. R309-540, *Facility Design and Operation: Pump Stations* - Michael Newberry
- iii. R309-515-5, *Surface Water Sources*; R309-515-6, *Groundwater Wells*; and R309-600-13(3), *Sewers within DWSP Zones and Management Areas* - Michael Newberry

Nathan Lunstad, DDW Assistant Director, spoke in Michael Newberry's place, informing the Board that the Division will request the Board's authorization to initiate rulemaking at the November 1, 2022, DWB Meeting on the following rule revisions: R309-540, *Facility Design and Operation: Pump Stations*, R309-515-5, *Surface Water Sources*; R309-515-6, *Groundwater Wells*; and R309-600-13(3), *Sewers within DWSP Zones and Management Areas*.

Revising these rules will make them easier to understand and increase consistency with current Division policy and practices. Currently, the Division is receiving informal comments and feedback on these rule revisions ahead of the November 1, 2022 DWB meeting.

7. Rural Water Association Report – Dale Pierson

Dale welcomed the Board to the RWAU conference. Dale reported that this conference has higher attendance than in recent years in part due to increased water operator and cross connection certification.

8. Directors Report – Tim Davis
A. Enforcement Report

Going forward, the Enforcement Report will be included in Board packets, but Tim will not speak to the report during meetings unless the Board has questions about it.

B. New Employees; Andrea Thurlow & Dallys Eggett

Andrea Thurlow is the new Division Records Officer / Office Coordinator in the Administrative Services Section.

Dallys Eggett is the new Division Contracts / Grants Analyst in the Administrative Services Section.

Wayne Boyce is the new Division Financial Manager in the Administrative Services Section.

C. Other

None.

9. Financial Assistance Committee Report

A. Bipartisan Infrastructure Law Intended Use Plan / Lead Service Line & Emerging Contaminants Funding Policy

Lead Service Line & Emerging Contaminants Funding Policy

Tim explained that this new policy governs lead service line (LSL) and emerging contaminant funding that the State of Utah will receive from the Bipartisan Infrastructure Law (BIL). For each of the five years of the BIL, Utah will receive \$28 million per year for LSL inventory and replacement and \$7.5 million per year for emerging contaminant projects. The BIL establishes that capitalization grant money may be used to pay for activities directly related to these two stated purposes, as follows:

Lead Service Line Replacement:

- Identifying and inventorying lead service lines
- Planning, designing, and replacing lead service lines as part of replacement projects

Emerging Contaminants:

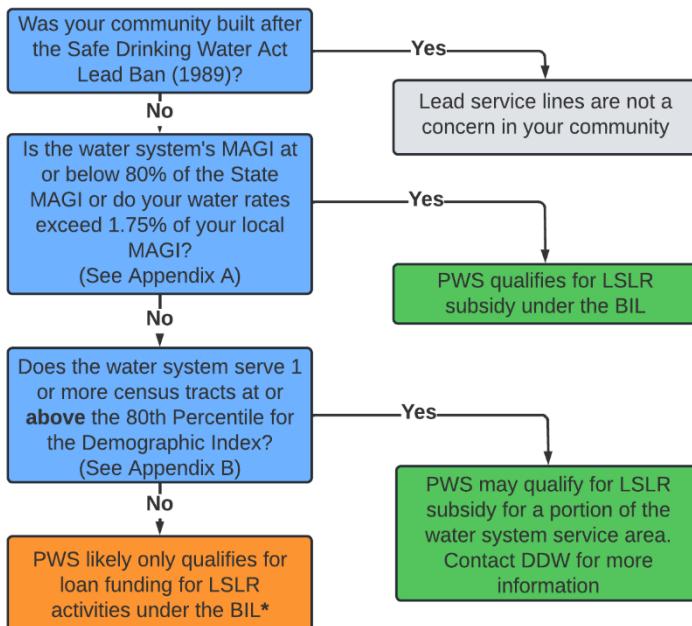
- Non-routine (non-compliance) monitoring and sampling to establish baseline conditions
- Planning and designing projects to treat drinking water to remove emerging contaminants

The policy adopts new criteria for the Division and the DWB to use to determine who is eligible to receive grants for LSL projects (see flowchart below). The Board will use its current hardship criteria for determining emerging contaminant grant authorization.

Determining PWS Eligibility for BIL Lead Service Line Replacement (LSLR) Subsidy



Note: Only Community and Non-Transient Non-Community public water systems are subject to service line inventory requirements and are eligible for LSLR funding



* LSLR activities at schools and licensed child care facilities may be eligible for subsidy regardless of whether the PWS meets hardship criteria

Appendices

Appendix A: 2020 MAGI by City (Utah)

Appendix B: Web Map - Hardship Funding Criteria for Utah Public Water Systems

Visit LCRR.utah.gov for more information

Water systems that serve one or more census tracts at or above the 80th percentile for the Demographic Index, would allow the Board to give grants to smaller, discreet areas within larger service areas that wouldn't otherwise qualify. (For more info on these criteria, visit the [Hardship Funding Criteria for Utah Public Water Systems](#) map.)

The policy also allows the Division and Board to give grants for LSL replacement to water systems that serve schools or childcare centers within their service area.

The policy gives the DWB Executive Secretary (Tim Davis) and Assistant Executive Secretary (Michael Grange) the ability to approve funding for LSL projects under \$100,000 and emerging contaminant projects under \$40,000. Any funding authorized by the Division for such projects will be reported at each Board meeting. The DWB will approve funding for projects above those two thresholds. The Division will develop an application for those projects to be authorized by the Division; any projects authorized by the Board will go through the SRF application process.

To ensure that a grant is going to a targeted area, it would go through the same process as an SRF loan; the recipient would need to apply for reimbursement and would be contractually limited to using the funds in the specific targeted area.

EPA has approved the Division's Intended Use Plan (IUP) for this funding. Additionally, the Division submitted the grant application for BIL funding and should receive it by the beginning of the new Federal fiscal year, October 1, 2022. Upon receiving the funding, the Division will start bringing projects to the Board for the first year of BIL funding.

- David Pitcher moved that the Drinking Water Board approve the Drinking Water Board Policy for Drinking Water State Revolving Fund Financial Assistance Requests for Lead Service Lines and Emerging Contaminants as presented. Bob Rolfs seconded. The motion was carried unanimously by the Board.

B. Status Report – Michael Grange

State SRF Program

Michael Grange, Technical Assistance Section Manager with the Division of Drinking Water, reported that currently there is just over \$8 million in the State SRF fund. Over the course of the coming year, the Division is expecting another \$1.9 million to be added to the fund. There will be approximately \$10.2 million available for State projects between now and August 1, 2023.

Federal SRF Program

Michael then reported that currently there is a negative balance of \$82 million in the Federal SRF program which is a snapshot of the current authorized funding, versus dollars in the bank. There is approximately \$90 million in the 2nd round revolving bank account in addition to the Federal funding incoming in the next few months. Over the course of the coming year, staff expects the following approximate amounts to be added to the fund; \$20 million from BIL, \$8 million in principal payments, \$800,000 in interest payments, and \$900,000 in hardship and technical assistance fees for a total of approximately \$30.1 million. This snapshot shows that through August 1, 2023, the program will have a negative balance of \$51 million.

For the Federal program, a percentage of each Congressional appropriation is slated to be authorized as subsidy, or as it's more commonly called principal forgiveness. The subsidization requirements are listed at the bottom of the Federal SRF summary page; for Grant Year 2021 we are, at a minimum, required to provide \$2,200,200 in subsidy, and at a maximum are required to provide \$5,390,490 in subsidy. Currently, we have closed \$809,868 in subsidy and authorized, but not yet closed, \$12,640,606 in subsidy. While the latter figure exceeds the maximum amount, many of those loans won't close this fiscal year. Michael hopes to hold a training for new board members in the next few weeks to go over this in more detail and answer any questions.

The Status Report lists the many Federal project loans that the staff is working to close. Recently staff has closed many loans authorized in 2019 and 2020.

General SRF Funding Discussion

Bob noticed that there is a lot of money moving around and asked what is the Board's responsibility for ensuring the money being spent in the future is under control. Michael explained that the Board's responsibility is to authorize funding for projects. Upon Board authorization, staff sends the recipient an authorization letter which is essentially a commitment for the funding. There has never been an instance where there wasn't funding available for authorized financial assistance and probably will never happen because of the nature of the revolving fund and funding incoming on an annual basis.

Per statute, once the Board has authorized financial assistance for a project, the recipient can start their project, before loan closing occurs. Then it is the Division's responsibility to work with the different entities to close loans and start the money revolving through for their projects. Once the loan is closed, SRF staff has the responsibility to receive and process reimbursement requests to be paid out of the escrow accounts. That process continues until the project is fully complete.

Tim further explained that the Status Report is a snapshot in time that includes current information for State and Federal SRF funding, and American Rescue Plan Act (ARPA) funding, but no information for future funding. The Division hopes to have a new tool developed by the November 1, 2022 DWB meeting that shows the true financial health of these accounts over time so that the Board is assured that there is adequate funding.

C. Project Priority List – Michael Grange

Michael reported that seven (7) new projects are recommended to be added to the Project Priority List:

1. Ballard Water Improvement District scored 55.9 project priority points. Their project is to install an 800,000-gallon concrete water tank, a new well, 3.5 miles of 12" transmission line, and waterline upgrades.
2. Hanna Water and Sewer District (29.0 points) Their project will be to construct a 200,000-gallon concrete tank, a booster pump station, 4,500 feet of 12-inch distribution line, Duchesne River crossing, and 10,100 feet of 8-inch distribution line.
3. Leeds Domestic Water Users Association (28.0 points) Their project consists of drilling a new well as a redundant source and installing a chlorinator, installing an altitude control valve and vault to control overflow, replacing 4,500 feet of aging and failing water main, and removing and replacing the transmission line from the spring to the storage location.
4. Wallsburg Town (27.4 points) Their project is to replace an existing 100,000-gallon concrete storage tank with a new 500,000-gallon storage tank and install approximately 40,000 linear feet of new PVC piping along with new valves and hydrants, including a new 8" PRV station.
5. Pine Valley Mountain Farms Water Company (27.2 rating points) Their project is to refurbish a 32-year-old water tank, replace 1,200 feet of leaky transmission line, install an emergency backup solar pump on one well, and purchase and install 75 electronic water meters.
6. Fruitland Special Service District (12.4 points) Their project is to redevelop the Mill Hollow Upper Spring.
7. Stockton Town Emergency Infrastructure Project. This project was not scored and was not presented to the Financial Assistance Committee. Stockton Town's water system was severely

impacted by a wildfire in July 2022. The project includes installing power and a chlorination system for an existing well.

The Financial Assistance Committee (FAC) recommends that the Drinking Water Board approve the updated Project Priority List as presented, with the addition of these seven (7) projects.

- Eric Franson moved to approve the updated Project Priority List. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

D. ARPA Disposition of Remaining Funds – Michael Grange

The Utah State Legislature appropriated \$50,000,000 of the State's allotment of ARPA funds to the Drinking Water Board for Utah drinking water infrastructure improvement projects. As of July 21, 2022, \$49,300,616 in ARPA grants have been authorized for 20 projects in small, rural, disadvantaged communities. As of August 5, 2022, \$699,384 of the appropriated ARPA funds remain available.

Staff believes these remaining funds are appropriate for small grants to drinking water systems that need quick access to financial assistance to repair or replace infrastructure on an emergency basis. Staff also believes that these small projects should not require systems to appear before the Board to request assistance.

The Financial Assistance Committee recommends that the Drinking Water Board authorize the DWB Executive Secretary or Assistant Executive Secretary to authorize up to \$40,000 in financial assistance from the remaining ARPA allocation to water systems that demonstrate an emergency need that meets the requirements of R309-705-3, R309-705-9, and Utah Code Title 73-10c.

Eric said the per instance amount of \$40,000 was set to match what the Board authorizes for master planning; however, he feels that based on inflation and the increased cost of goods and services, the amount for both these emergency ARPA grants and master planning funding should be increased.

- Eric Franson moved that the Drinking Water Board authorize the Executive Secretary or Assistant Executive Secretary to authorize up to \$40,000 in financial assistance from the remaining ARPA allocation to water systems that demonstrate an emergency need that meets the requirements of R309-705-3, R309-705-9, and Utah Code Title 73-10c. Blake Tullis seconded. The motion was carried unanimously by the Board.

E. Seven County Coalition Planning Project (Informational Item Only) – Michael Grange

Michael informed the Board that the Utah Navajo Water Rights Settlement was funded by the Federal government in December 2021. The settlement includes \$214 million and approximately 81,500 acre-feet of water rights, intended to provide drinking water to remote Utah Navajo chapter communities. In order to define the need, an initial study was completed by the Navajo Nation and the State of Utah in 2010. The study is now over 10 years old and must be updated based on current needs and construction market conditions.

The Utah State Legislature has allocated \$400,000 to the Seven County Infrastructure Coalition to update the 2010 study including the following work items:

- Coordinate with the various stakeholder communities, including the seven Utah Navajo chapters, the Navajo Nation, and the State of Utah
- Identify and evaluate potential projects, including conducting preliminary engineering modeling and analysis
- Evaluate land status and right-of-way issues
- Outline potential environmental review processes
- Educate the public and stakeholders on project benefits
- Prioritize projects according to potential construction schedules and cost

The funding assistance for this planning project will not come from the Drinking Water State Revolving Fund; however, it will pass through the Division's DWSRF staff and follow established DWSRF Program protocols and procedures for reimbursing study costs incurred by the Seven County Coalition.

Project success will be measured in part through:

- Successfully developing relationships and coordinating study milestones with each of the Utah Navajo chapters
- Completing capital improvement plans that will benefit each Utah Navajo chapter, including an outline of the scope of work, probable costs, and schedule implications
- Completing and submitting the final executive summary and action plan document

As this was an informational-only item, the Board took no action.

F. SRF Applications

- i. State Funding Emergency Request
 - a. Stockton Town – Michael Grange

Representing Stockton Town were Mayor Nando Meli and Consulting Engineer Ted Mickelson of Jones & DeMille Engineering.

Michael informed the Board that Stockton Town was severely impacted by a wildfire that broke out on July 9, 2022. By July 20, 2022, the fire had burned approximately 4,114 acres, including the area where the Town's drinking water treatment plant is located. In addition, the Town's main source of drinking water, a spring located in Soldier Canyon, is currently producing approximately 150 gallons per minute (GPM), significantly less than the 210 GPM the Town needs.

The spring feeds Soldier Creek and the Town draws water from Soldier Creek to feed the treatment plant approximately one mile below the spring source. To supplement its water supply and provide emergency backup when necessary, the Town drilled a backup well source near the treatment plant in 2008. Until the fire, power for the well was provided by a propane-fueled generator. The propane storage tanks were damaged in the fire and are unusable.

The Town is currently using a portable generator to pump the well and provide water to its

residents. In addition to damaged infrastructure, the Town is concerned that increased sediment in Soldier Creek, due to the lack of vegetation in the watershed, will overwhelm the existing treatment plant and cause water shortages if the plant is not upgraded.

Stockton Town is requesting \$640,000 in financial assistance to aid its water system recovery from the wildfire and has established the following priorities:

1. Provide permanent power to the well site to replace the propane generator
2. Install a chlorination system at the well site
3. Replace the spring collection box with one that allows sediment removal to reduce potential sediment loads on the treatment plant
4. Replace the existing treatment plant (built in approximately 1990) with newer process technology, better suited to the Town's current needs
5. Install a SCADA system to allow more efficient treatment control

The Town's current request is for funding to implement items #1 & #2 above. Stockton is working with the Natural Resource Conservation Service to secure funding for Item #3, and will gather additional information, including completing a service area income survey and apply for funding for items #4 and #5 as quickly as possible.

Due to the emergency nature of this project and in an effort to meet the Town's immediate needs in a timely manner, staff recommends that the Drinking Water Board authorize an emergency construction grant of \$640,000 in State SRF funds to Stockton Town to provide permanent power to the existing well site and install a chlorination system at the well site.

Mayor Meli explained that the fire has brought more attention to the many pre-existing issues of the Town's water system. The well has become their primary source of water and since the fire, they've been running it with a portable generator. They'd like to get power to the well to have a more sustainable source of water.

Tim explained that the well is no longer operating and that due to the fire the Town has been under a boil order up until two days ago. Because of the potential for increased turbidity due to erosion from the fire, the operation of the surface water treatment plant is at risk.

- Dawn Ramsey moved that the Drinking Water Board authorize an emergency construction grant of \$640,000 to Stockton Town to provide permanent power to the existing well site and install a chlorination system at the well site. Eric Franson amended the motion to include the condition of resolving any IPS points. Dawn agreed with the amendment. Blake Tullis seconded. The motion was carried unanimously by the Board.
 - ii. Previously Tabled Projects from July 21, 2022 Meeting
 - a. Helper City – Elisa Brawley

Representing Helper City were Mayor Lenise Peterman and Consulting Engineer Lauren Ploeger with Franson Civil Engineers.

Elisa Brawley informed the Board that Helper City is requesting financial assistance for the transmission line, well and storage tank rehabilitation, meter replacement, and a new SCADA system. This project will address a compliance issue. The total project cost is estimated at \$3,450,160. Helper City will be contributing \$34,160 towards the project and is requesting the balance of \$3,416,000 from the Drinking Water Board.

The median adjusted gross income (MAGI) for Helper City is \$37,000, or 80% of the State MAGI. The current average water bill is \$64.86 / equivalent residential connection (ERC), or 2.1% of the local MAGI. The after-project water bill at a full loan would be \$100.44/ERC or 3.26% of the local MAGI. Based on population, rural location, and after-project water bill, Helper City qualifies to be considered for ARPA grant funding.

The Financial Assistance Committee recommends that the Drinking Water Board authorize an ARPA grant of \$3,416,000 to Helper City.

- Dawn Ramsey moved that the Drinking Water Board authorize an ARPA grant of \$3,416,000 to Helper City. David Pitcher seconded. The motion was carried unanimously by the Board.

Per his conflict of interest, Eric Franson abstained from participating in discussing and voting on this item as a Board Member.

b. Uintah Town – Heather Pattee

Representing Uintah City were Mayor Gordon Cutler, Councilperson Kristi Bell, and Consulting Engineer Matt Hartvigsen with Jones & Associates.

Heather Pattee informed the Board that Uintah City is requesting financial assistance to build two new 375,000-gallon water tanks with associated appurtenances. The total project cost is estimated to be \$4,273,831. Uintah City has received an ARPA grant from Weber County in the amount of \$1,750,000 and will contribute \$1,523,831 toward the project. They are requesting the balance of \$1,000,000 from the Drinking Water Board.

Because costs have increased significantly over the past few months, staff and the City decided to increase the cost estimate from \$3,523,831 to \$4,273,831 to ensure that there are sufficient funds to complete the project. If the City is able to complete the project mostly with their contribution and the ARPA grant, they won't need full funding from the Board.

The local MAGI for Uintah City is \$64,100, which is 138% of the State MAGI. The current average water bill is \$71.43/ERC, which is 1.34% of the local MAGI. The estimated after-project water bill at the market rate of 3.01% would be \$86.23/ERC or 1.61% of the local MAGI.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a loan of \$1,000,000 at 2.0% interest/fee for 20 years to Uintah City. The City has no IPS points.

Kristi requested that the Board consider a lower interest rate because Uintah is a rather small community that managed to save \$1.5 million for this project with only a small amount of business revenue coming in. Uintah has been planning and preparing for this critical project for

years and they need to start on it immediately. Kristi said that while the construction bids have come back higher than expected, they won't need the full loan from the DWB.

Mayor Cutler explained that Uintah has been under a building moratorium for over a year due to its water issues. This project must be done so they can allow building in their community.

Eric said it's important to note that it is rare for a community to have raised so much money to contribute toward their project.

- Blake Tullis moved that the Drinking Water Board authorize a loan of \$1,000,000 at 1.0% interest/fee for 20 years to Uintah City. Justin Maughan seconded. The motion was carried unanimously by the Board.

Per her conflict of interest, Kristi Bell abstained from participating in discussing and voting on this item as a Board Member.

c. Timber Lakes Water SSD – Elisa Brawley

Representing Timber Lakes Water Special Service District (SSD) were General Manager Jody Defa and Consulting Engineer Lauren Ploeger with Franson Civil Engineers.

Elisa Brawley informed the Board that Timber Lakes is requesting financial assistance to install new master meters, upgrade existing distribution lines, redevelop their existing spring, and develop two additional springs with a spring pump station, and a 100,000-gallon tank. This project will address a compliance issue. The total project cost is estimated at \$3,295,630. Timber Lakes will be contributing \$32,630 towards the project and is requesting the balance of \$3,263,000 from the Drinking Water Board.

The MAGI for Heber City, which is adjacent to Timber Lakes, is \$51,000, which is 110% of the State MAGI. The current average water bill is \$94.71/ERC, which is 2.15% of the local MAGI. The after-project water bill at a full loan would be \$169.85/ERC or 4.00% of the local MAGI. Based on the current and after-project water bill, Timber Lakes does qualify for subsidy. Division staff encourages the Board to consider a 40-year term in order to lower their water bill.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a loan of \$3,263,000 for 30 years at 0% interest to Timber Lakes Water Special Service District. Conditions include that they resolve all issues on their compliance report.

Jody Defa explained that when purchased from the developer, the water system was unapproved due to several issues. Timber Lakes borrowed the \$5.9 million needed to buy the system and water rights, and they received a \$1 million State SRF loan to replace some pipes which will be paid off in 2024. So, their rates are high due to loan repayment. They've come a long way and they're starting to see more full-time residents. Jody asked that the Board consider principal forgiveness.

- David Pitcher moved that the Drinking Water Board authorize a loan of \$3,263,000 for 40 years at 0% interest to Timber Lakes Water Special Service District. Conditions include that

they resolve all issues on their compliance report. Bob Rolfs seconded. The motion was carried unanimously by the Board.

Per his conflict of interest, Eric Franson abstained from participating in discussing and voting on this item as a Board Member.

iii. STATE
a. Price City - Planning – Kjori Shelley

Representing Price City were Mayor Mike Kourianos, Treatment Plant Manager Ron Brewer, Public Works Director Miles Nelson, and Consulting Engineer Marie Owens with AE2S.

Kjori Shelley informed the Board that Price Municipal Corporation is requesting financial assistance for a two-part planning project. The system has a 90-year-old, 12-mile pipeline system with significant leaks which needs to be planned and mapped with existing utilities before replacement. In addition, their water treatment plant needs to be updated in order to address harmful algal blooms and aging equipment. The planning project will cost \$280,000. Price is contributing \$40,000 and they are seeking \$140,000 from the Utah Community Impact Board (CIB). They are requesting the balance of \$100,000 from the Drinking Water Board.

The local MAGI for Price is \$37,200, which is 80% of the State MAGI. The current average water bill is \$22.03/ERC, which is 0.71% of the local MAGI. Due to the low amount of \$100,000, the staff recommends a grant.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a planning grant of \$100,000 to Price Municipal Corporation.

Miles said that they'll submit their CIB funding request in the next 2 weeks for the October deadline.

Tim explained that Price has been dealing with harmful algae blooms in their source water of Scofield Reservoir on an annual basis.

- Eric Franson moved that the Drinking Water Board authorize a planning grant of \$100,000 to Price Municipal Corporation. Bob Rolfs seconded. The motion was carried unanimously by the Board.

b. Fruitland SSD – Kjori Shelley

Representing Fruitland Special Service District (SSD) were Chairman Bonner Hardegee and Consulting Engineer Jeff Baker with Jones & DeMille Engineering.

Kjori informed the Board that Fruitland SSD is requesting financial assistance to redevelop the Mill Hollow Upper Spring. The total project cost is \$289,769 and Fruitland SSD is contributing \$2,869 towards the project. They are requesting the balance of \$286,900 from the Drinking Water Board.

The local MAGI for Fruitland SSD is \$40,200, which is 86% of the State MAGI. The current average water bill is \$51.61/ERC, which is 1.54% of the local MAGI. The estimated after-project water bill at a full loan would be \$55.80/ERC or 1.67% of the local MAGI.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a construction loan of \$287,000 at 2.64% interest for 30 years to Fruitland SSD.

Bonner explained that Fruitland SSD is a very rural, small community water system serving about 560 residential connections half of which are part-time. This project will help ensure the longevity of the spring and help to prevent potential contamination from groundwater run-off.

- Blake Tullis moved that the Drinking Water Board authorize a construction loan of \$287,000 at 2.64% interest for 30 years to Fruitland SSD. David Pitcher seconded. The motion was carried unanimously by the Board.

iv. FEDERAL

a. Hanna Water and Sewer – Heather Pattee

Representing Hanna Water and Sewer were Clerk Wendy Roberts and Consulting Engineer Chuck Richens with Horrocks Engineers.

Heather informed the Board that Hanna Water and Sewer District is requesting financial assistance to construct a 200,000-gallon concrete tank, a booster pump station, 4,500 feet of 12-inch distribution line, and 10,100 feet of 8-inch distribution line. The total project cost is \$3,483,838 and they are requesting the full amount from the Board.

The local MAGI for Hanna is \$30,100, which is 65% of the State MAGI. The current average water bill is \$53.64/ERC, which is 2.14% of the local MAGI. The estimated after-project water bill at a full loan would be \$116.62/ERC or 4.65% of the local MAGI. Based on MAGI and average monthly water bill, Hanna qualifies to be considered for additional subsidy.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a construction loan of \$3,483,838 with \$2,623,838 in principal forgiveness to Hanna Water and Sewer District for a repayable loan amount of \$860,000 at 0% interest for 40 years. Conditions include they resolve all points on their IPS report.

Chuck explained that Hanna's service area is very large and the system doesn't currently reach all corners of that area, so they're not able to provide water to residents in those corners. The proposed projects are a part of Hanna's master plan.

- Blake Tullis moved that the Drinking Water Board authorize a construction loan of \$3,483,838 with \$2,623,838 in principal forgiveness to Hanna Water and Sewer District for a repayable loan amount of \$860,000 at 0% interest for 40 years. Conditions include they resolve all points on their IPS report. Eric Franson seconded. The motion was carried unanimously by the Board.

Prior to voting, Eric asked if upon project completion new connections would be added to the system which would help with loan repayment. The system responded that yes, that will be the case.

b. Ballard – Elisa Brawley

Representing Ballard Water Improvement District were Chairman Mark Reidhead, Board Member Bob Abercrombie, Drinking Water System Administrative Contact Ben Mower, and Consulting Engineer Jeff Baker with Jones & DeMille Engineering.

Elisa informed the Board that Ballard is proposing to install an 800,000-gallon concrete water tank, a new well, 3.5 miles of 12" transmission line from the new well and tank location, and replace undersized water lines. The total project cost is estimated to be \$7,287,000 and the District will be contributing \$187,000 towards the project. They are requesting the balance of \$7,100,000 from the Drinking Water Board.

The local MAGI for the Ballard area is \$44,100, or 95% of the State MAGI. The current average water bill is \$100.57/ERC which is 2.74% of the local MAGI. The estimated after-project water bill at a full loan would be \$154.67/ERC or 4.21% of the local MAGI. Based on the MAGI and after-project water bill they do qualify to be considered for additional subsidy.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a construction loan of \$7,100,000 with \$3,500,000 principal forgiveness for a total repayable amount of \$3,600,000 at 0% interest for 40 years to Ballard Water Improvement District. Additionally, the Board authorizes a release of up to \$192,000 from principal forgiveness for planning and engineering design.

Bob Abercrombie explained that for over 50 years Ballard Water has contracted their water from the Ute Tribe and has been dependent on the Tribe's infrastructure. Last year the system experienced water restrictions for the first time. They urgently need another water source.

- Eric Franson moved that the Drinking Water Board authorize a construction loan of \$7,100,000 with \$3,500,000 principal forgiveness for a total repayable amount of \$3,600,000 at 0% interest for 40 years to Ballard Water Improvement District. Additionally, the Board authorizes a release of up to \$192,000 from principal forgiveness for planning and engineering design. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

c. Leeds – Heather Pattee

Representing Leeds Domestic Water Users Association were President Don Fawson, Vice President Kurt Allen, Treasurer/Board Member Doris McNally, and consulting engineers Riley Vane and Parker Vercimak with Jones & DeMille Engineering.

Heather informed the Board that Leeds is requesting financial assistance for the following; drill a new well as a redundant source, install a chlorinator, install an altitude control valve and vault to control overflow, replace 4,500 feet of aging and failing water main, and remove and replace transmission line from the spring to the storage location. The total project cost is \$7,524,500.

Leeds is contributing \$5,000 towards the project and is requesting the balance of \$7,519,500 from the Drinking Water Board.

The local MAGI for Leeds is \$41,400, which is 89% of the State MAGI. The current average water bill is \$58.88/ERC, which is 1.71% of the local MAGI. The estimated after-project water bill at a full loan at 0% interest for 40 years would be \$107.87/ERC or 3.13% of the local MAGI. Based on the MAGI and average monthly water bill, Leeds qualifies to be considered for additional subsidy.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a construction loan of \$7,519,500 with \$3,499,500 in principal forgiveness to Leeds Domestic Water Users for a repayable loan amount of \$4,020,000 at 0% for 40 years. Conditions include they resolve all points on their IPS report.

Parker Vercimak explained that Leeds is privately owned and governed by a board. He expressed the urgency of this project as improvements to the system were outlined in a master plan 20 years ago. In 2012, the system received SRF funding to drill a new well but was unsuccessful. In the years since, the drought has worsened, increasing the need for a redundant source. They hope to save money on replacing the water main that runs down Main Street by piggybacking on Washington County Water Conservancy District's water main replacement project in the same corridor.

Per Eric's inquiry, Parker said that it would be helpful if the Board could authorize a release of up to \$430,000 from principal forgiveness for planning and engineering design.

- Eric Franson moved that the Drinking Water Board authorize a construction loan of \$7,519,500 with \$3,499,500 in principal forgiveness to Leeds Domestic Water Users for a repayable loan amount of \$4,020,000 at 0% for 40 years. Additionally, the Board authorizes a release of up to \$430,000 from principal forgiveness for planning and engineering design. Conditions include they resolve all points on their IPS report. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

d. Pine Valley Mtn Farms – Kjori Shelley

Representing Pine Valley Mountain Farms was Board President Michelle DePrizio.

Kjori informed the Board that Pine Valley Mountain Farms Water Company is requesting financial assistance to refurbish a 32-year-old water tank, replace 1,200 feet of leaky transmission line, install an emergency backup solar pump on one well, and purchase and install 75 electronic water meters. Replacement of the transmission line has become more urgent since SRF staff processed this application; water is starting to pool along 60 feet of the line. The total estimated project cost is \$700,000*. Pine Valley Mountain Farms will contribute \$69,985 and is requesting the balance of \$630,015 from the Drinking Water Board.

The local MAGI for Pine Valley Mountain Farms is \$53,300, which is 115% of the State MAGI. The current average water bill is \$92.51/ERC, which is 2.08% of the local MAGI. The estimated after-project water bill at a full loan would be \$132.33/ERC or 2.98% of the local MAGI. Based

on the MAGI and the average monthly water bill, Pine Valley Mountain Farms qualifies to be considered for additional subsidy.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a construction loan of \$630,015 with 100% principal forgiveness to Pine Valley Mountain Farms Water Company.

Michelle explained that installing solar on the pump would provide power to the pump on a daily basis and would reduce their power bill by two-thirds.

Eric would like an explanation for when there is a large discrepancy between the after-project water bill for a full loan versus a full grant. For example, if Pine Valley were to receive a full loan, their after-project water bill would be \$83.16, but if they were to receive a full grant their after-project water bill would be much higher at \$132.33. Tim replied that staff will look into adding an explanation for such discrepancies to future packets.

- David Pitcher moved that the Drinking Water Board authorize a construction loan of \$630,015 with 100% in principal forgiveness to Pine Valley Mountain Farms Water Company. Justin Maughan seconded. The motion was carried unanimously by the Board.

*The Financial Assistance Committee noted that the cost estimate was too low for the proposed project. In response, Pine Valley provided an updated cost estimate after the Board packet was sent to the Board members. (the Board packet cost estimate was \$418,485).

e. Wallsburg Town – Skye Sieber

Representing Wallsburg Town Mayor Celeni Richens and Councilmember and Drinking Water System Administrative Contact Clint Allen.

Skye informed the Board that Wallsburg Town is requesting financial assistance to replace an existing 100,000-gallon concrete storage tank with a new 500,000-gallon storage tank, install approximately 40,000 linear feet of new PVC piping along with new valving and hydrants, and a new 8" PRV station. The total amount of estimated funding needed is \$6,933,000 and the Town is requesting the full amount from the Drinking Water Board.

The local MAGI for Wallsburg is \$52,100 which is 112% of the State MAGI and the current average water bill is \$36.33/connection which is 0.84% of the local MAGI. Their after-project water bill at a full loan would increase to \$303.96/connection, which is 7.00% of the local MAGI. Based on the estimated after-project water bill, the system qualifies to be considered for additional subsidy.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a construction loan of \$6,933,000 with \$3,397,000 in principal forgiveness to Wallsburg Town, for a repayable loan amount of \$3,536,000 at 0% interest for 40 years. Additionally, the Board authorizes a release of up to \$239,000 from principal forgiveness for planning and engineering design.

Skye explained that the packet recommendation included the condition that they resolve all points on their IPS report; prior to this meeting Skye checked Wallsburg's report and they have resolved all items and so they currently have zero IPS points.

Mayor Richens explained that they are incrementally raising their water rates, with another increase starting in September in order to provide more funds for future maintenance and repairs. The proposed project is essential to their community. While Wallsburg is appreciative of the Board's funding offer, the Mayor requested any additional consideration that would help alleviate the financial burden.

Clint explained that Wallsburg's infrastructure is aging and beginning to fail leading to many repairs. There is an urgent need to complete this project in its entirety before there is a catastrophic failure. They would like the Board to consider a funding option that gets their water rate closer to the 1.75% of their local MAGI.

Kristi asked how the residents would react to the \$88.75 water rate that would accompany the funding recommendation. Clint said that they're holding a public hearing on September 1, 2022, to discuss raising the water rate by \$25 and then possibly raising the rates in a year to try to get a water bill of \$75, and then eventually generate a reserve so they could get a loan or a grant moving forward.

Bob asked why the tank size was increasing so much while the population wasn't increasing. Clint explained that the larger tank was for fire protection and to increase pressure.

Skye presented a funding option that would get their water bill close to the 1.75% of their local MAGI; a construction loan of \$6,933,000 with \$4,050,000 in principal forgiveness for a repayable loan amount of \$2,883,000 at 0% interest for 40 years.

Eric explained that in order to be consistent across all funding requests, the FAC has set a grant cap of \$3,500,000. Eric would be okay increasing the principal forgiveness amount in the original recommendation to \$3,500,000 but he wouldn't feel comfortable going above that.

David agreed with Eric and suggested that perhaps a graduated repayment schedule be considered while they're incrementally increasing their water rates. Skye said they can look into that option. Skye explained that Wallsburg's first principal and interest payment can be deferred for up to 18 months after the end of construction, giving them time to raise water rates and build up a debt reserve for that first payment.

- David Pitcher moved that the Drinking Water Board authorize a construction loan of \$6,933,000 with \$3,500,000 in principal forgiveness to Wallsburg Town, for a repayable loan amount of \$3,433,000 at 0% interest for 40 years. Additionally, the Board authorizes a release of up to \$239,000 from principal forgiveness for planning and engineering design. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

10. Public Comment Period

No public comments were made.

11. Open Board Discussion

The Board discussed increasing the authorization amounts for small grants for planning and emergency ARPA funding from \$40,000. Tim said increasing the amount to \$100,000 would be too high at this time, but \$60,000 would be reasonable. Tim will bring a proposal for increasing these amounts for the Board to act on at the November 1, 2022 DWB meeting.

12. Other

13. Next Board Meeting

Date: Tuesday, November 1, 2022
Time: 1:00 PM
Place: Zoom Webinar / Multi Agency State Office Building
195 North 1950 West
Salt Lake City, Utah 84116

14. Adjourn

- Blake Tullis moved to adjourn the meeting. Eric Franson seconded.

The meeting adjourned at 11:47 AM.

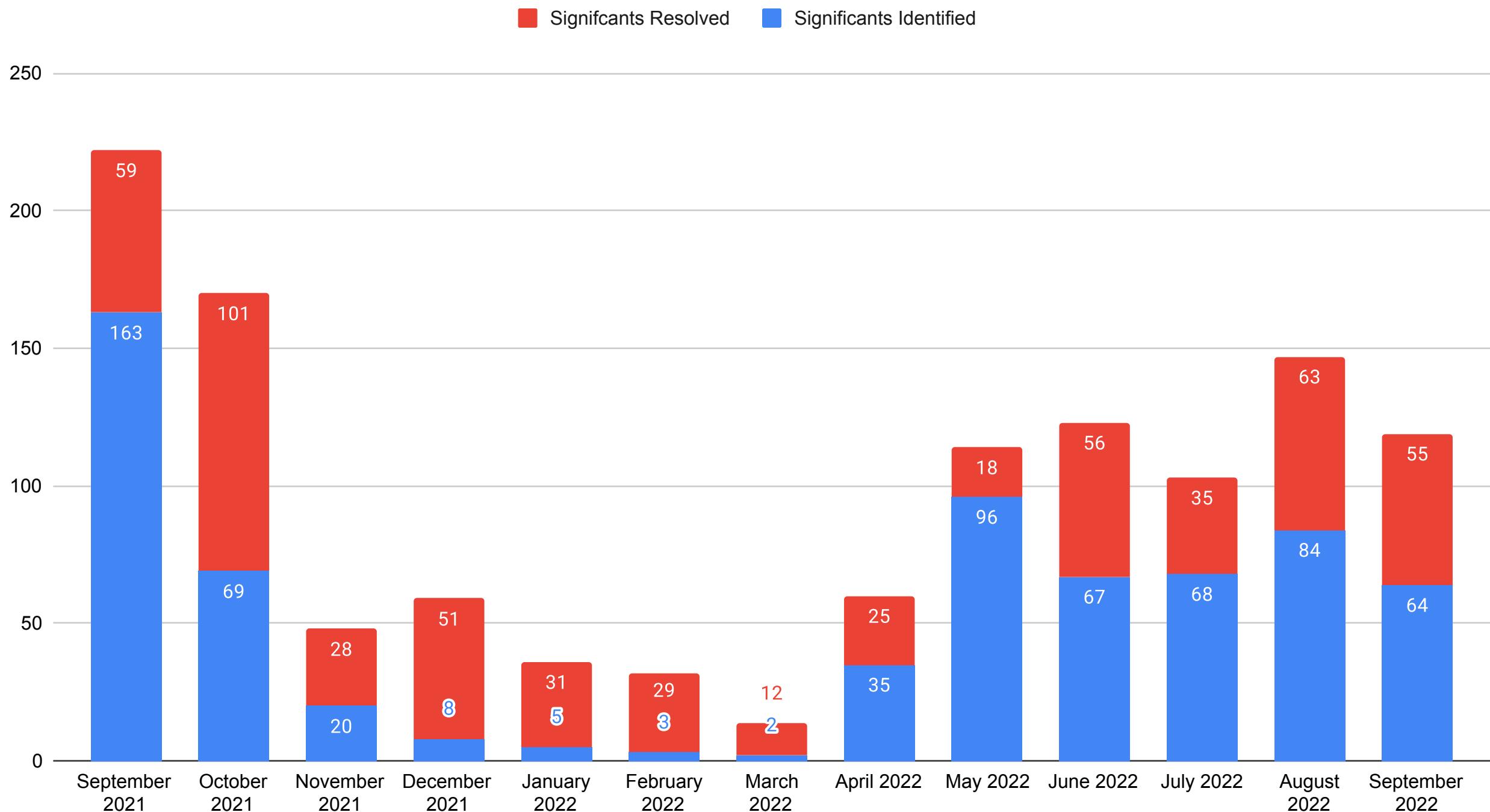
Agenda Item

6(A)

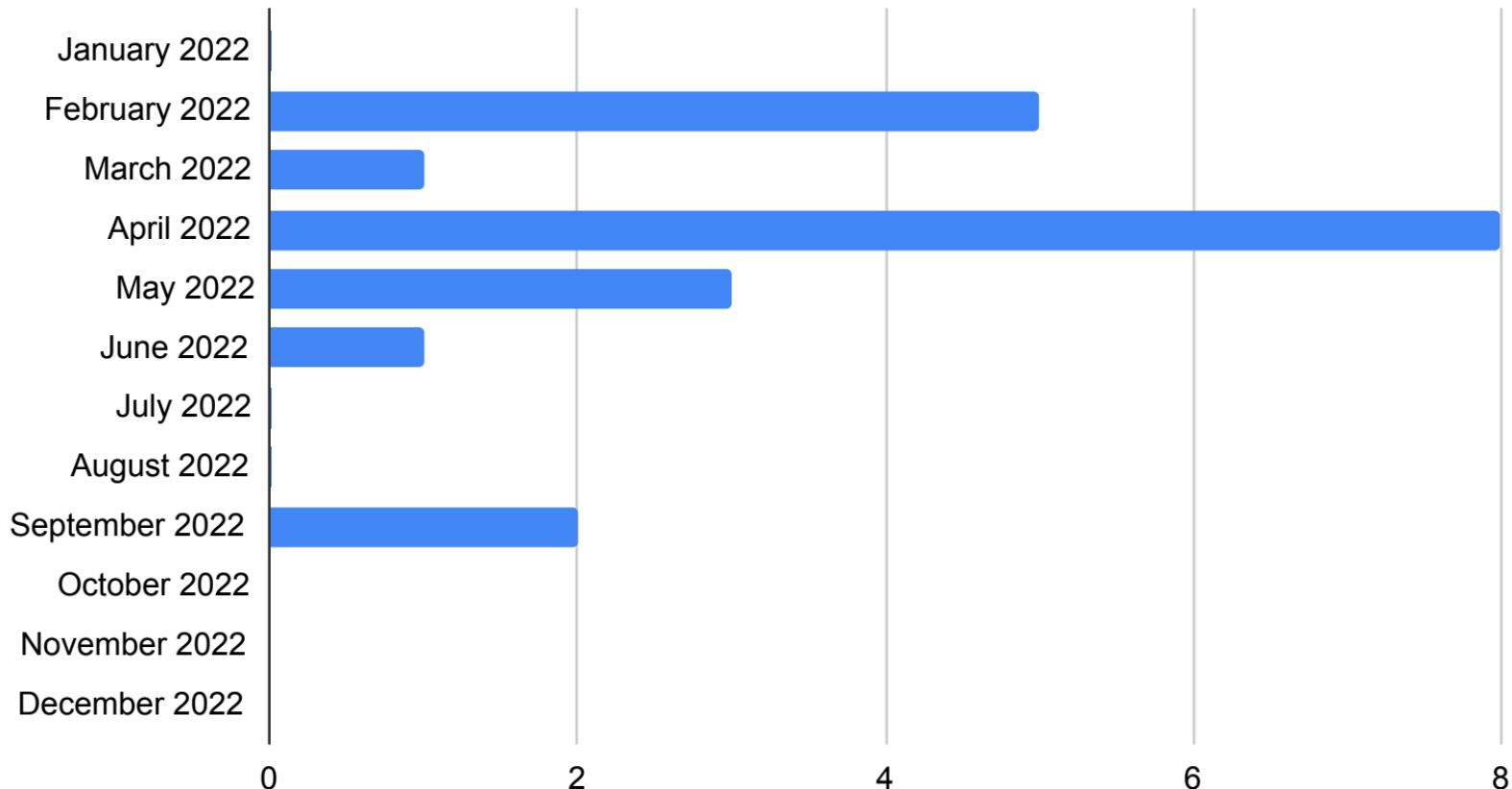
Board Report As of October 6, 2022

PWS ID	PWS Name	PWS Type	Pop Served	IPS Pts	Rating	Rating Date
Active Administrative Orders						
UTAH11043	OLD MEADOWS	Community	48	115	Not Approved	04/18/2017
Compliance Agreement Enforcement Order Systems						
UTAH25184	BATEMANS MOSIDA FARMS	Community	90	690	Corrective Action	4/24/2020
UTAH11099	FOOTHILL WATER USERS ASSOCIATION	Community	28	610	Corrective Action	8/8/2022
UTAH26059	WASATCH MOBILE HOME PARK	Community	31	325	Corrective Action	10/16/2020
UTAH27093	BIG PLAINS SW SSD - CANAAN RANCH	Community	62	245	Corrective Action	8/26/2020
UTAH18080	EMIGRATION BREWING COMPANY	Transient Non-Community	86	190	Corrective Action	5/10/2022
UTAH26033	DEER CREEK PARK	Transient Non-Community	150	160	Corrective Action	7/8/2020
UTAH13001	ALTON TOWN WATER SYSTEM	Community	136	130	Corrective Action	6/24/2021
UTAH02010	EAST GROUSE CREEK PIPELINE CO	Community	70	100	Corrective Action	9/9/2020
UTAH18104	MOUNTAIN DELL CAFE AND GOLF COURSE	Transient Non-Community	300	55	Corrective Action	10/14/2020
UTAH07067	SOUTH DUCHESNE CULINARY WATER	Community	525	50	Corrective Action	5/25/2022
UTAH08043	TRAIL CYN RESIDENTS ASSN	Community	42	20	Corrective Action	9/2/2020
UTAH29046	VALLEY VIEW STAKE CAMP	Transient Non-Community	300	0	Corrective Action	7/20/2022
Not Approved Systems						
UTAH24051	DESERT SAGE HOA	Community	55	1085	Not Approved	1/12/2022
UTAH25077	RIVERBEND GROVE INC	Transient Non-Community	25	650	Not Approved	2/10/2021
UTAH02078	M & J TRAILER HOME COMMUNITY	Community	27	620	Not Approved	8/20/2018
UTAH29131	THE RUBY	Community	160	310	Not Approved	5/19/2022
UTAH15018	SOUTH ROBINSON SPRINGS WATER USERS	Community	28	160	Not Approved	9/9/2019
UTAH11043	OLD MEADOWS WATER CO	Community	48	115	Not Approved	4/18/2017
UTAH07039	AXIA LAKESIDE, LLC.	Transient Non-Community	28	0	Not Approved	11/3/2016
UTAH27093	CANAAN SPRINGS/BIG PLAINS SSD	Community	245	180	Not Approved	10/5/2022

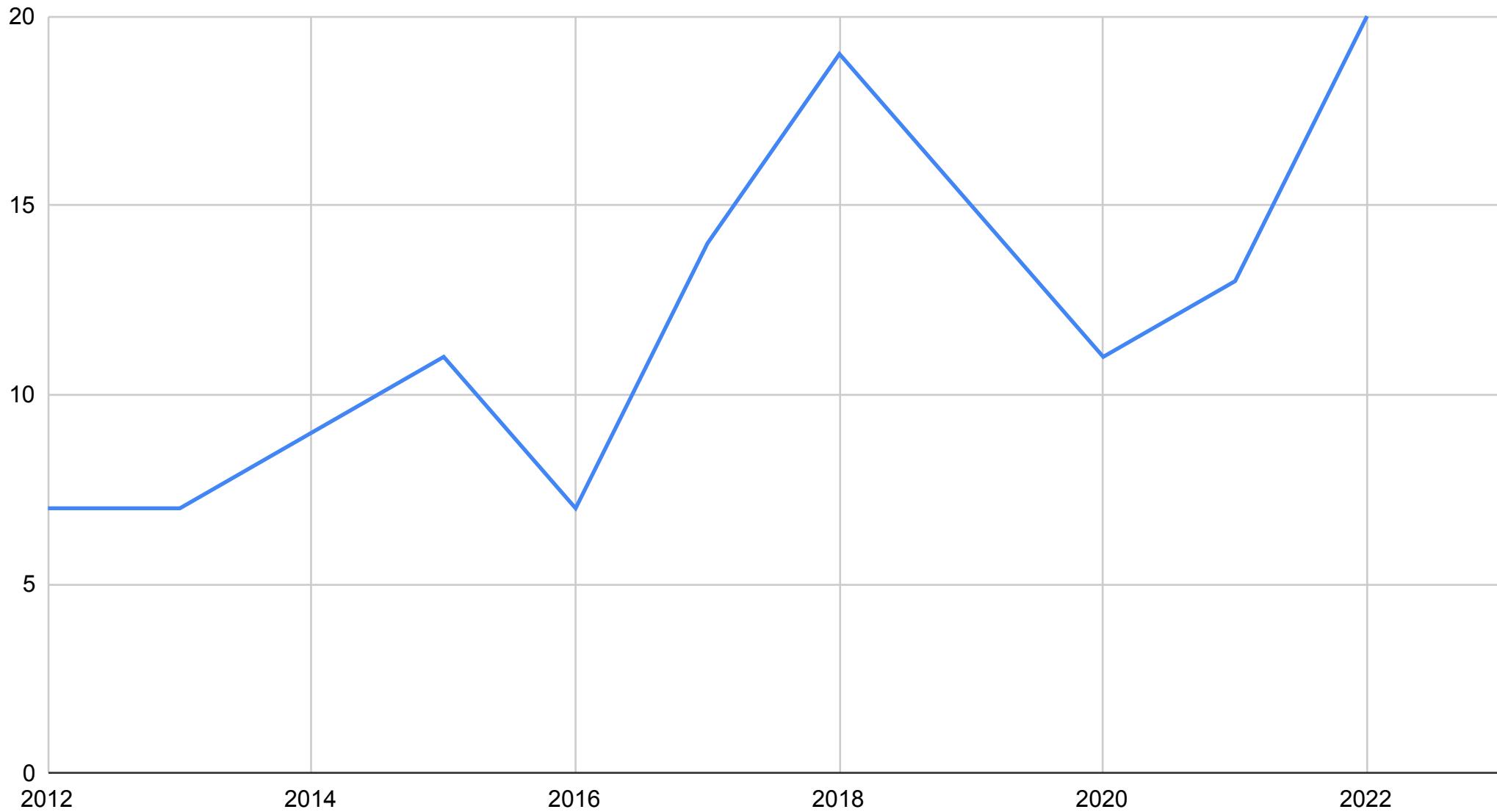
Significants Identified and Signifcants Resolved



New Systems Added 2022



New Systems Added Over Last Ten Years



Agenda Item

7(A)(i)(a-c)

DRINKING WATER BOARD PACKET

November 1, 2022 Request to Begin Rulemaking

R309-700 Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program

Presented to the Drinking Water Board November 1, 2022

PROPOSAL:

The Division of Drinking Water (Division) proposes to update the rule governing the State of Utah's Drinking Water Revolving Fund financial assistance program, R309-700, to comply with directives of HB269 Capital Assets Related to Water. Mainly to establish rules requiring water utilities to develop and implement asset management programs.

HISTORY/CONTEXT

Division Rule R309-700 was last updated in 2011. The 2022 update removes outdated references, implements current Board policies, and includes new language required by House Bill 269 Capital Assets Related to Water to implement asset management plans and programs at Utah's drinking water systems. HB269 was passed in the 2022 General Legislative Session. The bill requires water providers to "commit to adopt capital asset management plans under certain circumstances" namely when applying for financial assistance from the Drinking Water Board.

The bill requires the Drinking Water Board to make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish the elements of an asset management plan for retail water providers. The Division has updated rule R309-700 to meet these requirements as well as for other purposes stated earlier.

The proposed rule has received input from several stakeholders including the Rural Water Association of Utah, the Rural Community Assistance Corporation, water system managers from water systems of various sizes, and consulting engineers who regularly work with water systems to design and build infrastructure improvements.

DIVISION STAFF/DIRECTOR RECOMMENDATION

The Division recommends that the Drinking Water Board authorize staff to file Rule R309-700 with the Office of Administrative Rules (OAR) to begin the rulemaking process.

IMPLEMENTATION SCHEDULE

Request Drinking Water Board Approval to File the Rule:	11/01/2022
Deadline to file rule with OAR:	11/15/2022
Publication of Rule in State Utah Bulletin:	12/01/2022
End of 30-Day Comment Period:	12/31/2022
Request Drinking Water Board Approval to Adopt the Rule:	01/11/2023

COST ESTIMATE

The Division anticipates that adopting this rule will have some fiscal impacts to the state budget and to local governments. No fiscal impact to small businesses or non-small businesses is anticipated.

State of Utah
Administrative Rule Analysis
Revised November 2021

NOTICE OF PROPOSED RULE		
TYPE OF RULE: New ____; Amendment <input checked="" type="checkbox"/> ; Repeal____; Repeal and Reenact ____		
Title No. - Rule No. - Section No.		
Utah Admin. Code Ref (R no.):	R	Filing ID (Office Use Only)
Changed to Admin. Code Ref. (R no.):	R309-700	

Agency Information		
1. Department:	Environmental Quality	
Agency:	Drinking Water	
Room no.:		
Building:	Multi-Agency State Office Building	
Street address:	195 N 1950 W	
City, state and zip:	Salt Lake City, UT 84116	
Mailing address:	PO Box 144830	
City, state and zip:	Salt Lake City, UT 84114-4830	
Contact person(s):		
Name:	Phone:	Email:
Michael Grange	801-674-2563	mgrange@utah.gov
Please address questions regarding information on this notice to the agency.		

General Information		
2. Rule or section catchline:	R309-700. Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program	
3. Purpose of the new rule or reason for the change (Why is the agency submitting this filing?):	The Division is proposing this rule change to correct outdated references, update language, and add new language to implement the requirements of HB269 Capital Assets Related to Water.	
4. Summary of the new rule or change (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):	This rule outlines the process for political subdivisions of the state to apply for and receive financial assistance for water system infrastructure improvement projects. The new language defines the elements of a capital asset management plan as required by HB269.	

Fiscal Information		
5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:		
A) State budget:	Enacting this rule could cost the Department of Environmental Quality (DEQ) up to \$150,000 annually for one full-time FTE to manage the asset management program within the Division of Drinking Water. This position will be funded through a combination of set-aside funds from the annual Drinking Water State Revolving Fund capitalization grant authorized by Congress through the federal Safe Drinking Water Act and funds allocated to the Division of Drinking Water from the state legislature. Program management activities include, but are not limited to, public outreach to water systems and other interested parties, working with water systems and consulting engineers to help them understand the benefits of and how to prepare and implement an acceptable asset management plan and program, and receiving and reviewing asset management plans submitted by water systems.	

B) Local governments:

Enacting this rule could have a fiscal impact for local government entities required to develop, adopt, and implement a capital asset management plan and an asset management program. Cost to develop such a plan could be as much as \$100,000 depending on water system size and complexity. Annual costs could be an additional \$75,000 for water system staff to manage the asset management program and maintain the asset management plan. Annual cost savings to local government entities are expected but will vary depending on system size and complexity as well as how effectively the asset management program is implemented. Cost savings may be realized through better asset maintenance, better planning for asset rehabilitation or replacement, establishing a proactive maintenance schedule based on the importance the asset has to system operation, as well as other operations and maintenance efficiencies gained through implementing the plan.

C) Small businesses ("small business" means a business employing 1-49 persons):

No fiscal impact to small businesses is anticipated.

D) Non-small businesses ("non-small business" means a business employing 50 or more persons):

No fiscal impact to non-small businesses is anticipated.

E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

The proposed rule is not anticipated to have any aggregate costs or savings to persons other than small businesses, non-small businesses, state government, or local governments.

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

No fiscal impact to affected persons, other than those listed in earlier sections is anticipated.

G) Comments by the department head on the fiscal impact this rule may have on businesses (Include the name and title of the department head):

6. A) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)

Regulatory Impact Table			
Fiscal Cost	FY2022	FY2023	FY2024
State Government	\$0	\$150,000	\$155,250
Local Governments	\$0	\$175,000	\$180,250
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0
Fiscal Benefits			
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0

B) Department head approval of regulatory impact analysis:

The Director of the Division of Drinking Water, Tim Davis, has reviewed and approved this fiscal analysis.

Citation Information

7. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Subsection 73-10g-5		

Incorporations by Reference Information

(If this rule incorporates more than two items by reference, please include additional tables.)

8. A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	First Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	Second Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

Public Notice Information

9. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until (mm/dd/yyyy):

B) A public hearing (optional) will be held:

On (mm/dd/yyyy):	At (hh:mm AM/PM):	At (place):

10. This rule change MAY become effective on (mm/dd/yyyy):

NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date. To make this rule effective, the agency must submit a Notice of Effective Date to the Office of Administrative Rules on or before the date designated in Box 10.

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the *Utah State Bulletin* and delaying the first possible effective date.

Agency head or designee, and title:	Date (mm/dd/yyyy):	
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R309. Environmental Quality, Drinking Water.

R309-700. Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program.

R309-700-1. Purpose.

This rule establishes criteria for financial assistance to public drinking water systems in accordance with Title 73, Chapter 10c, Utah Code Annotated using funds made available by the Utah legislature from time to time for this purpose.

R309-700-2. Statutory Authority.

The authority for the Department of Environmental Quality acting through the Drinking Water Board to issue loans to political subdivisions to finance all or part of drinking water project costs and to enter into "credit enhancement agreements", "interest buy-down agreements", and "Hardship Grants" is provided in Title 73, Chapter 10c, Utah Code.

R309-700-3. Definitions and Eligibility.

Title 73, Chapter 10c, subsection 4(2)(a) limits eligibility for financial assistance under this section to political subdivisions.

Definitions for terms used in this rule are given in R309-110. Definitions for terms specific to this rule are given below.

"Asset Management Plan" A written plan developed by a water system to implement asset management or an asset management program within the system. The asset management plan describes the five core asset management components at R309-800-5(3) and provides an outline the water system can use to make appropriate improvements.

"Asset Management Program" The practice of managing infrastructure assets to maximize the efficiency and life expectancy of operating these assets while delivering the desired service levels.

"Board" means the Drinking Water Board.

"Credit Enhancement Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system for the purpose of providing methods and assistance to eligible water systems to improve the security for and marketability of drinking water project obligations.

"Disadvantaged Communities" are defined as those communities located in an area which has a median adjusted gross income less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns, or where the estimated annual cost, including loan repayment costs, of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. If, in the judgment of the Board, the State Tax Commission data is insufficient the Board may accept other measurements of the water users' income (i.e. local income survey or questionnaire when there is a significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city).

"Drinking Water Project" means any work or facility that is necessary or desirable to provide water for human consumption and other domestic uses. Its scope includes collection, treatment, storage, and distribution facilities; and also includes studies, planning, education activities, and design work that will promote protecting the public from waterborne health risks.

"Drinking Water Project Obligation" means any bond, note or other obligation issued to finance all or part of the cost of acquiring, constructing, expanding, upgrading or improving a drinking water project, including, but not limited to, preliminary planning, studies, surveys, engineering or architectural fees, and preparation of plans and specifications.

"Eligible Water System" means any community drinking water system owned by a political subdivision of the State.

"Emergency" means an unexpected, serious occurrence or situation requiring urgent or immediate action resulting from the failure of equipment or other infrastructure, or contamination of the water supply, threatening the health or safety of the public or water users.

"Financial Assistance" means a project loan, credit enhancement agreement, interest buy-down agreement, or technical assistance.

"Interest" means an assessment applied to loan recipients. The assessment shall be calculated as a percentage of principal.

"Interest Buy-Down Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system, for the purpose of reducing the cost of financing incurred by an eligible water system on bonds issued by the subdivision for project costs.

"Project Costs" include the cost of acquiring and constructing any project including, without limitation: the cost of acquisition and construction of any facility or any modification, improvement, or extension of such facility; any cost incident to the acquisition of any necessary project, easement or right of way, engineering or architectural fees, legal fees, fiscal agents' and financial advisors' fees; any cost incurred for any preliminary planning to determine the economic and

engineering feasibility of a proposed project; costs of economic investigations and studies, surveys, preparation of designs, plans, working drawings, specifications and the inspection and supervision of the construction of any facility; interest accruing on loans made under this program during acquisition and construction of the project; costs for studies, planning, education activities, and design work that will promote protecting the public from waterborne health risks; and any other cost incurred by the Board or the Department of Environmental Quality, in connection with the issuance of obligation to evidence any loan made to it under the law.

~~"Disadvantaged Communities" are defined as those communities located in an area which has a median adjusted gross income less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns, or where the estimated annual cost, including loan repayment costs, of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. If, in the judgment of the Board, the State Tax Commission data is insufficient the Board may accept other measurements of the water users' income (i.e. local income survey or questionnaire when there is a significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city).~~

~~"Drinking Water Project Obligation" means any bond, note or other obligation issued to finance all or part of the cost of acquiring, constructing, expanding, upgrading or improving a drinking water project, including, but not limited to, preliminary planning, studies, surveys, engineering or architectural fees, and preparation of plans and specifications.~~

~~"Credit Enhancement Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system for the purpose of providing methods and assistance to eligible water systems to improve the security for and marketability of drinking water project obligations.~~

~~"Eligible Water System" means any community drinking water system owned by a political subdivision of the State.~~

~~"Interest Buy Down Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system, for the purpose of reducing the cost of financing incurred by an eligible water system on bonds issued by the subdivision for project costs.~~

~~"Financial Assistance" means a project loan, credit enhancement agreement, interest buy down agreement, or technical assistance.~~

~~"Interest" means an assessment applied to loan recipients. The assessment shall be calculated as a percentage of principal.~~

~~"Emergency" means an unexpected, serious occurrence or situation requiring urgent or immediate action resulting from the failure of equipment or other infrastructure, or contamination of the water supply, threatening the health and / or safety of the public / water users.~~

R309-700-4. Application and Project Initiation Procedures.

The following procedures must normally be followed to obtain financial assistance from the Board:

(1) It is the responsibility of the applicant to obtain the necessary financial, legal and engineering counsel to prepare its application and an effective and appropriate financial assistance agreement.

(2) The applicant is required to submit a completed application form, an engineering report listing the project alternatives considered and including a justification for the chosen alternative, a project financing plan that includes an evaluation of credit enhancement, interest buy-down and loan methods applicable to the project, and documents necessary to perform a financial capability assessment (when requested), and capacity assessment (when determined to be beneficial for evaluating project feasibility). Comments from the local health department ~~and/or the Department of Environmental Quality's resident~~ district engineer may accompany the application. Comments from other interested parties such as an association of governments will also be accepted. Those costs incurred subsequent to the submission of a completed funding application form to the Board and prior to the execution of a financial assistance agreement and which meet the criteria for project costs are eligible for reimbursement from the proceeds of the financial assistance agreement.

(3) Division staff will evaluate the application and supporting documentation, calculate proposed terms of financial assistance, prepare a report for review by the Board, and present said report to the Board for its consideration.

(4) The Board may authorize financial assistance for the project on the basis of the staff's feasibility report and designate whether a loan, credit enhancement agreement, interest buy-down agreement, hardship grant or any combination thereof, is to be entered into, and approve the project schedule (see R309-700-13). The Board shall authorize a hardship grant only if it determines that other financing alternatives are unavailable or unreasonably expensive to the applicant (see R309-700-5). If the applicant seeks financial assistance in the form of a loan of amounts in the security account established pursuant to Chapter 10c, Title 73 Utah Code, which loan is intended to provide direct financing of projects costs, then the Board shall authorize such loan only if it determines that credit enhancement agreements, interest buy-down agreements and other financing alternatives are unavailable or unreasonably expensive to the applicant or that a loan represents the

financing alternative most economically advantageous to the state and the applicant; provided, that for purposes of this paragraph and for purposes of Section 73-10c-4(2), Utah Code, the term "loan" shall not include loans issued in connection with interest buy-down agreements as described in R309-700-10(2) or in connection with any other interest buy-down arrangement.

(5) Planning Grant - The applicant must submit an application provided by the Division and attach a scope of work, project schedule, cost estimates, and a draft contract for planning services.

(6) Planning Loan - The applicant requesting a Planning Loan must complete an application for a Planning Loan, prepare a plan of study, satisfactorily demonstrate procurement of planning services, and prepare a draft contract for planning services including financial evaluations and a schedule of work.

(7) Design Grant or Loan - The applicant requesting a Design Grant or Loan must have completed an engineering plan meeting program requirements.

(8) The applicant must demonstrate public support for the project. As a minimum, for a loan to be secured by a revenue bond, the Sponsor must mail notices to each water user in the Sponsor's service area informing them of a public hearing. In addition to the time and location of the public hearing the notice shall inform water users of the Sponsor's intent to issue a non-voted revenue bond to the Board, shall describe the face amount of the bond, the rate of interest, the repayment schedule and shall describe the impact of the project on the user including: user rates, impact and connection fees. The notice shall state that water users may respond to the Sponsor in writing or in the public hearing. The public hearing shall be held within ten days after the date of the notice. A copy of all written responses and a certified record of a public hearing shall be forwarded to the Division of Drinking Water.

(9) For financial assistance mechanisms when the applicant's bond is purchased by the Board, the project applicant's bond documentation, including an opinion from legal counsel experienced in bond matters that the drinking water project obligation is a valid and binding obligation of the applicant (see R309-700-13(3)), must be submitted to the Assistant Attorney General Board's bond counsel for preliminary approval and the applicant shall publish a Notice of Intent to issue bonds in a newspaper of general circulation pursuant to the Utah Code, Section 11-14-21. For financial assistance mechanisms when the applicant's bond is not purchased by the Board, the applicant shall submit a true and correct copy of an opinion from legal counsel experienced in bond matters that the drinking water project obligation is a valid and binding obligation of the applicant.

(10) Hardship Grant - The Board or its designee executes a grant agreement setting forth the terms and conditions of the grant.

(11) As authorized in 19-4-106(2)(c) of the Utah Code, the Director Executive Secretary may review plans, specifications, and other data pertinent to proposed or expanded water supply systems to insure ensure proper design and construction, as specified in rule R309-500-4 General. Construction of a public drinking water project shall not begin until complete plans and specifications have been approved in writing by the Director Executive Secretary.

(12) If a project is designated to be financed by the Board through a loan or an interest buy-down agreement as described in R309-700-10(2) to cover any part of project costs an escrow account supervised by the applicant and the Board will be established by the applicant to assure that loan funds are used only for qualified project costs. If financial assistance for the project is provided by the Board in the form of a credit enhancement or interest buy-down agreement as described in R309-700-10(1) all project funds will be maintained in a separate account and a quarterly report of project expenditures will be provided to the Board.

(13) If a revenue bond is to be used to secure a loan, a User Charge Ordinance must be submitted to the Board for review and approval to insure ensure adequate provisions for debt retirement and/or operation and maintenance. If a general obligation bond is to be used to secure a loan, a User Charge Ordinance must be submitted to the Board for review and approval to insure ensure the system will have adequate resources to provide acceptable service.

(14) A plan of operation for the completed project, including staffing with an appropriately certified (in accordance with R309-300) operator, staff training, and procedures to assure efficient start up, operation and maintenance of the project, must be submitted by the applicant and approved by the Board, its Director or other designee.

(15) A position fidelity bond may be required by the Board insuring the treasurer or other local staff handling the repayment funds and revenues produced by the applicant's system and payable to the State of Utah through the Drinking Water Board.

(16) The applicant's attorney must provide an opinion to the Board regarding legal incorporation of the applicant, valid legal title to easements and rights-of-way and at the project site and throughout the system, and adequacy of bidding and contract documents.

(17) CREDIT ENHANCEMENT AGREEMENT AND INTEREST BUY-DOWN AGREEMENT ONLY - The Board executes the credit enhancement agreement or interest buy-down agreement setting forth the terms and conditions of the security or other forms of assistance provided by the agreement and notifies the applicant to sell the bonds (See R309-700-9 and -10).

(18) CREDIT ENHANCEMENT AGREEMENT AND INTEREST BUY-DOWN AGREEMENT ONLY - The applicant sells the bonds and notifies the Board of the terms of sale. If a credit enhancement agreement is utilized, the bonds shall contain the legend required by Section 73-10c-6(3)(d), Utah Code. If an interest buy-down agreement is utilized, the bonds shall bear a legend which makes reference to the interest buy-down agreement and states that such agreement does not constitute a pledge of or charge against the general revenues, credit or taxing powers of the state and that the holder of any such bond may look only to the applicant and the funds and revenues pledged by the applicant for the payment of interest and principal on the bonds.

(19) The applicant opens bids for the project.

(20) LOAN ONLY - The Board approves purchase of the bonds and executes the loan contract (see R309-700-4(24)).

(21) LOAN ONLY - The loan closing is conducted.

(22) A preconstruction conference shall be held.

(23) The applicant issues a written notice to proceed to the contractor.

(24) The applicant must have adopted a Water Conservation Plan prior to executing the loan agreement.

R309-700-5. Implementing an Asset Management Program.

(1) Retail water suppliers seeking financial assistance through Utah's State Revolving Fund must commit to develop and implement an asset management program. An asset management program provides the following benefits to water systems:

(a) Prolonging asset life

(b) Reducing overall costs for operations, maintenance, and capital expenditures

(c) Improving decisions about asset maintenance, rehabilitation, repair, and replacement

(d) Meeting consumer demands with a focus on system sustainability

(e) Meeting service expectations and regulatory requirements

(f) Improving responses to emergencies

(g) Improving the security and safety of assets

(h) Budgeting focused on critical activities for sustained performance

(i) Setting rates based on sound operational and financial planning

(2) An effective asset management program includes: detailed asset inventories, operation and maintenance tasks and long range financial planning. These items should be captured in an asset management plan, which can be tailored to fit individual water system size and complexity.

(3) The asset management plan shall address the following 5 core components:

(a) The current state of the utility's assets

(i) Prepare an asset inventory

(ii) Develop a system map

(iii) Develop a method to assess and prioritize assets based on condition

(iv) Assess remaining useful life of the asset

(v) Determine asset value and replacement cost

(b) The utility's required "sustainable" level of service

(i) Analyze current customer demand and satisfaction

(ii) Analyze anticipated customer demand and satisfaction

(iii) Understand current regulatory requirements

(iv) Communicate system performance goals with the public

(v) Identify standard levels of service and track system performance

(c) Assets that are critical to sustained performance

(i) Conduct a failure analysis on all assets

(ii) Determine probability of failure

(iii) Analyze risk and consequences of failure

(iv) Prioritize system assets based on criticality to system operation

(v) Develop specific response plans based on potential asset failure

(d) Minimum infrastructure life-cycle cost

- (i) Implement an appropriate maintenance schedule including costs for all assets
- (ii) Identify life cycle costs for all assets
- (iii) Develop a capital improvement plan and an operations and maintenance strategy
- (iv) Identify and compare the cost of rehabilitation versus replacement
- (v) Determine the related costs of responding to asset failure
- (e) Long term budgeting strategy
- (i) Regularly review system budget
- (ii) Establish and fund a capital facilities account
- (iii) Implement a rate structure to ensure financial sustainability
- (iv) Explore asset renewal and replacement financing
- (v) Identify financial assistance options for major asset repair or replacement
- (vi) Prioritize financial resources based on asset condition and importance
- (4) All water systems subject to this rule shall complete the following:
 - (a) Prepare an asset management plan as described above
 - (b) Systems governing body shall formally adopt the asset management plan
 - (c) System shall submit proof of adoption to the Division
- (5) In addition to the above requirements, water systems applying for financial assistance under Utah's State Revolving Fund Financial Assistance Program must also submit their asset management plan or request sufficient funds to create an asset management plan.

R309-700-56. Loan, Credit Enhancement, Interest Buy-Down, and Hardship Grant Consideration Policy.

- (1) Board Priority Determination. In determining the priority for financial assistance, the Board shall consider:
 - (a) The ability of the applicant to obtain funds for the drinking water project from other sources or to finance such project from its own ~~resources;~~resources.
 - (b) The ability of the applicant to repay the loan or other project ~~obligations;~~obligations.
 - (c) Whether a good faith effort to secure all or part of the services needed from the private sector through privatization has been made; and
 - (d) Whether the drinking water project:
 - (i) meets a critical local or state need;
 - (ii) is cost effective;
 - (iii) will protect against present or potential hazards;
 - (iv) is needed to comply with the minimum standards of the Federal Safe Drinking Water Act, 42 USC, 300f, et seq. or similar or successor statute;
 - (v) is needed to comply with the minimum standards of the Utah Safe Drinking Water Act, Title 19, Chapter 4 or similar or successor statute;
 - (vi) is needed ~~as a result of due to~~ an Emergency.
 - (e) The overall financial impact of the proposed project on the citizens of the community, including direct and overlapping indebtedness, tax levies, user charges, impact or connection fees, special assessments, etc., resulting from the proposed project, and anticipated operation and maintenance costs versus the median income of the ~~community;~~community.
 - (f) Consistency with other funding source commitments which may have been obtained for the ~~project;~~project.
 - (g) The point total from an evaluation of the criteria listed in Table ~~4;~~1.

TABLE 1
NEED FOR PROJECT

	POINTS
1. PUBLIC HEALTH AND WELFARE (SELECT ONE)	
A. There is evidence that waterborne illnesses have occurred	15
B. There are reports of illnesses which may be waterborne	10
C. No reports of waterborne illness, but high potential for such exists	5
D. No reports of possible waterborne illness and low potential for such exists	0
2. WATER QUALITY RECORD (SELECT ONE)	
A. Primary Maximum Contaminant Level (MCL) violation more than 6 times in preceding 12 months	15

B. In the past 12 months violated a primary MCL 4 to 6 times	12
C. In the past 12 months violated a primary MCL 2 to 3 times or exceeded the Secondary Drinking Water Standards by double	9
D. In the past 12 months violated MCL 1 time	6
E. Violation of the Secondary Drinking Water Standards	5
F. Does not meet all applicable MCL goals	3
G. Meets all MCLs and MCL goals	0
3. VERIFICATION OF POTENTIAL SHORTCOMINGS (SELECT ONE)	
A. Has had sanitary survey within the last year	5
B. Has had sanitary survey within the last five years	3
C. Has not had sanitary survey within last five years	0
4. GENERAL CONDITIONS OF EXISTING FACILITIES (SELECT ALL THOSE WHICH ARE TRUE AND PROJECT WILL REMEDY)	
A. The necessary water treatment facilities do not exist, not functioning, functioning but do not meet the requirements of the Utah Public Drinking Water Rules (UPDWR)	10
B. Sources are not developed or protected according to UPDWR	10
C. Source capacity is not adequate to meet current demands and system occasionally goes dry or suffers from low pressures	10
D. Significant areas within distribution system have inadequate fire protection	8
E. Existing storage tanks leak excessively or are structurally flawed	5
F. Pipe leak repair rate is greater than 4 leaks per 100 connections per year	2
G. Existing facilities are generally sound and meeting existing needs	0
5. ABILITY TO MEET FUTURE DEMANDS (Select One)	
A. Facilities have inadequate capacity and cannot reliably meet current demands	10
B. Facilities will become inadequate within the next three years	5
C. Facilities will become inadequate within the next five to ten years	3
6. OVERALL URGENCY (Select One)	
A. System is generally out of water. There is no fire protection or water for flushing toilets	10
B. System delivers water which cannot be rendered safe by boiling	10
C. System delivers water which can be rendered safe by boiling	8
D. System is occasionally out of water	5
E. Situation should be corrected, but is not urgent	0
TOTAL POSSIBLE POINTS FOR NEED FOR PROJECT	100

(h) Other criteria that the Board may deem appropriate.

(2) Drinking Water Board Financial Assistance Determination. The amount and type of financial assistance offered will be based on the following considerations:

(a) An evaluation based upon the criteria in Table 2 of the applicant's financial condition, the project's impact on the community, and the applicant's commitment to operating a responsible water system.

The interest rate to be charged by the Board for its financial assistance will be computed using the number of points assigned to the project from Table 2 to reduce, in a manner determined by Board resolution from time to time, the most recent Revenue Bond **Buyer** Index (RBBI) as published by the Bond Buyer's Guide. The interest rate so calculated

will be assigned to the financial assistance. ~~To encourage rapid repayment of a loan the Board will increase the interest rate 0.02 per cent (0.02%) for each year the repayment period exceeds five (5.0) years.~~

For hardship grant consideration, exclusive of planning and design grants or loans described in Sections R309-700-6, 7 and 8, the estimated annual cost of drinking water service for the average residential user should exceed 1.75% of the median adjusted gross household income from the most recent available State Tax Commission records or the local median adjusted gross income (MAGI) is less than or equal to eighty-percent (80.0%) of the State's median adjusted gross income. When considering funding for planning and design grants and loans described in Sections R309-700-6, 7 and 8, the Board will consider whether or not the applicant's local MAGI meets the above criteria for hardship grant funding. If, in the judgment of the Board, the State Tax Commission data is insufficient, the Board may accept other measurements of the water users' income (i.e., local income survey or questionnaire when there is a significant difference between the number of service connections for a system and the number of tax filings for a given zip code or city). The Board will also consider the applicant's level of contribution to the project.

TABLE 2
FINANCIAL CONSIDERATIONS

	POINTS
1. COST EFFECTIVENESS RATIO (SELECT ONE)	
A. Project cost \$0 to \$500 per benefitting connection	16
B. \$501 to \$1,500	14
C. \$1,501 to \$2,000	11
D. \$2,001 to \$3,000	8
E. \$3,001 to \$5,000	4
F. \$5,001 to \$10,000	1
G. Over \$10,000	0
2. CURRENT LOCAL MEDIAN ADJUSTED GROSS INCOME (AGI) (SELECT ONE)	
A. Less than 70% of State Median AGI	19
B. 71 to 80% of State Median AGI	16
C. 81 to 95% of State Median AGI	13
D. 96 to 110% of State Median AGI	9
E. 111 to 130% of State Median AGI	6
F. 131 to 150% of State Median AGI	3
G. Greater than 150% of State Median AGI	0
3. APPLICANT'S COMMITMENT TO PROJECT	
PROJECT FUNDING CONTRIBUTED BY APPLICANT (SELECT ONE)	
A. Greater than 25% of project funds	17
B. 15 to 25% of project funds	14
C. 10 to 15% of project funds	11
D. 5 to 10% of project funds	8
E. 2 to 5% of project funds	4
F. Less than 2% of project funds	0
4. ABILITY TO REPAY LOAN:	
4. WATER BILL (INCLUDING TAXES) AFTER PROJECT IS BUILT RELATIVE TO LOCAL MEDIAN ADJUSTED GROSS INCOME (SELECT ONE)	
A. Greater than 2.50% of local median AGI	16
B. 2.01 to 2.50% of local median AGI	12
C. 1.51 to 2.00% of local median AGI	8
D. 1.01 to 1.50% of local median AGI	3
E. 0 to 1.00% of local median AGI	0
5. SPECIAL INCENTIVES: Applicant (SELECT ALL THAT APPLY.)	
A. Has a replacement fund receiving annual deposits of about 5% of the system's annual drinking water (DW) budget and fund has already accumulated a minimum of 10% of said annual DW budget in this reserve fund.	5
B. Has, in addition to item 5.A., accumulated an amount equal to at least 20% of its annual DW budget in its replacement fund.	5
C. Is creating or enhancing a regionalization plan	16
D. Has a rate structure encouraging conservation	6
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100

(b) Optimizing return on the security account while still allowing the project to proceed.

- (c) Local ~~political and~~ economic conditions.
- (d) Cost effectiveness evaluation of financing alternatives.
- (e) Availability of funds in the security account.
- (f) Environmental need.
- (g) Other criteria the Board may deem appropriate.

R309-700-67. Planning Grant.

(1) ~~A Planning Grant can only be made to a political subdivision with a population less than 10,000 people demonstrating an urgent need to evaluate its drinking water system's technical, financial and managerial capacity, and lacks the financial means to readily accomplish such an evaluation. The Drinking Water Board may make loans or grants from the security account to political subdivisions for planning for drinking water projects.~~

(2) Qualifying for a Planning Grant will be based on the criteria listed in R309-700-~~56~~(2)(a).

(3) The applicant must demonstrate that all funds necessary to complete project planning will be available prior to commencing the planning effort. The Planning Grant will be deposited with these other funds into a supervised escrow account at the time the grant agreement between the applicant and the Board is executed or the Board may choose to provide the funds in incremental disbursements as the applicant incurs expenses on the project.

(4) Failure on the part of the recipient of a Planning Grant to implement the findings of the plan may prejudice any future applications for drinking water project funding.

(5) The recipient of a Planning Grant must first receive written approval for any cost increases or changes to the scope of work.

(6) The Planning Grant recipient must provide a copy of the planning project results to the Division. The planning effort shall conform to rules R309.

R309-700-78. Planning Loan.

(1) ~~A Planning Loan can only be made to a political subdivision which demonstrates a financial hardship preventing the completion of project planning.~~

(2) A Planning Loan is made to a political subdivision with the intent to provide interim financial assistance for project planning until the long-term project financing can be secured. The Planning Loan must be repaid to the Board unless the payment obligation is waived by the Board.

(3) The applicant must demonstrate that all funds necessary to complete project planning will be available prior to commencing the planning effort. The Planning Loan will be deposited with these other funds into a supervised escrow account at the time the loan agreement between the applicant and the Board is executed ~~or the Board may choose to provide the funds in incremental disbursements as the applicant incurs expenses on the project.~~

(4) The recipient of a Planning Loan must first receive written approval from the Division Director for any cost increases or changes to the scope of work.

(5) A copy of the document(s) prepared by means of the planning loan shall be submitted to the Division.

R309-700-89. Design Grant or Loan.

(1) ~~A Design Grant or Loan can only be made to a political subdivision demonstrating financial hardship preventing completion of project design. For purposes of this Section R309-700-8, project design means engineering plans and specifications, construction contracts, and associated work.~~

(1) (1) For purposes of this Section R309-700-9, project design means engineering plans and specifications, construction contracts, and associated work.

(2) A Design Grant or Loan is made to a political subdivision with the intent to provide interim financial assistance for the completion of the project design until the long-term project financing can be secured. The Design ~~Grant or~~ Loan must be repaid to the Board unless the payment obligation is waived by the Board as authorized by 73-10c-4(3)(b).

(3) The applicant must demonstrate that all funds necessary to complete the project design will be available prior to commencing the design effort. The Design Grant or Loan will be deposited with these other funds into a supervised escrow account at the time the grant or loan agreement between the applicant and the Board is executed.

(4) The recipient of a Design Grant or Loan must first receive written approval from the Board before incurring any cost increases or changes to the scope of work.

R309-700-910. Credit Enhancement Agreements.

The Board will determine whether a project may receive all or part of a loan, credit enhancement agreement or interest buy-down agreement subject to the criteria in R309-700-~~56~~. To provide security for project obligations the Board may agree to purchase project obligations of applicants or make loans to the applicants to prevent defaults in payments on

project obligations. The Board may also consider making loans to the applicants to pay the cost of obtaining letters of credit from various financial institutions, municipal bond insurance, or other forms of insurance or security for project obligations. In addition, the Board may consider other methods and assistance to applicants to properly enhance the marketability of or security for project obligations.

R309-700-1011. Interest Buy-Down Agreements.

Interest buy-down agreements may consist of:

(1) A financing agreement between the Board and applicant whereby a specified sum is loaned or granted to the applicant to be placed in a trust account. The trust account shall be used exclusively to reduce the cost of financing for the project.

(2) A financing agreement between the Board and the applicant whereby the proceeds of bonds purchased by the Board is combined with proceeds from publicly issued bonds to finance the project. The rate of interest on bonds purchased by the Board may carry an interest rate lower than the interest rate on the publicly issued bonds, which when blended together will provide a reduced annual debt service for the project.

(3) Any other legal method of financing which reduces the annual payment amount on locally issued bonds. After credit enhancement agreements have been evaluated by the Board and it is determined that this method is not feasible or additional assistance is required, interest buy-down agreements and loans may be considered. Once the level of financial assistance required to make the project financially feasible is determined, a ~~cost-effective~~ cost-effective evaluation of interest buy-down options and loans must be completed. The financing alternative chosen should be the one most economically advantageous for the state and the applicant.

R309-700-1112. Loans.

The Board may make loans to finance all or part of a drinking water project only after credit enhancement agreements and interest buy-down agreements have been evaluated and found either unavailable or unreasonably expensive. The financing alternative chosen should be the one most economically advantageous for the state and its political subdivisions. [A loan origination fee is a fee assessed to the loan recipient as a percentage of the principal balance of the loan. This fee will not be charged to any disadvantaged community receiving a loan subsidy as part Drinking Water State Revolving Fund financial assistance.](#)

R309-700-1213. Project Authorization (Reference R309-700-4(4)).

A project may be "Authorized" for a loan, credit enhancement agreement, interest buy-down agreement, or hardship grant in writing by the Board following submission and favorable review of an application form, engineering report (if required), financial capability assessment, staff feasibility report, and capacity assessment (when determined to be beneficial for evaluating project feasibility). The engineering report shall include a cost effectiveness analysis of feasible project alternatives capable of meeting State and Federal drinking water requirements. It shall include consideration of monetary costs including the present worth or equivalent annual value of all capital costs, operation, maintenance, and replacement costs. The alternative selected must be the most economical means of meeting applicable State and Federal drinking water requirements over the useful life of the facility while recognizing environmental and other nonmonetary considerations. If it is anticipated that a project will be a candidate for financial assistance from the Board, the Staff should be contacted, and the plan of study for the engineering report (if required) should be approved before the planning is initiated.

Once the application form and other related documents have been reviewed and assessments made, the staff will prepare a project feasibility report for the Board's consideration in Authorizing a project. The project feasibility report will include a detailed evaluation of the project with regard to the Board's funding priority criteria, and will contain recommendations for the type of financial assistance which may be extended (i.e., for a loan, credit enhancement agreement, interest buy-down agreement, or hardship grant).

Project Authorization is not a contractual commitment and is conditioned upon the availability of funds at the time of loan closing or signing of the credit enhancement, interest buy-down, or grant agreement and upon adherence to the project schedule approved at that time. If the project is not proceeding according to the project schedule the Board may withdraw the project Authorization so that projects which are ready to proceed can obtain necessary funding. Extensions to the project schedule may be considered by the Board, but any extension requested must be fully justified.

R309-700-1314. Financial Evaluations.

(1) The Board considers it a proper function to assist and give direction to project applicants in obtaining funding from such State, Federal or private financing sources as may be available to achieve the most effective utilization of

resources in meeting the needs of the State. This may also include joint financing arrangements with several funding agencies to complete a total project.

(2) Hardship Grants will be evidenced by a grant agreement.

(3) In providing any form of financial assistance in the form of a loan, the Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of recognized municipal bond counsel to the effect that the bonds are legal and binding under applicable Utah law (including, if applicable, the Utah Municipal Bond Act). For bonds of \$150,000 or less the Board will not require this opinion.

(a) In providing any form of financial assistance in the form of a loan, the Board may purchase either ~~a~~ taxable or non-taxable bonds; provided that it shall be the general preference of the Board to purchase bonds issued by the applicant only if the bonds are tax exempt and are accompanied by a legal opinion of recognized municipal bond counsel to the effect that interest on the bonds is exempt from federal income taxation. Such an opinion must be obtained by the applicant in the following situations:

(i) Bonds which are issued to finance a project which will also be financed in part at any time by the proceeds of other bonds which are exempt from federal income taxation.

(ii) Bonds which are not subject to the arbitrage rebate provisions of Section 148 of the Internal Revenue Code of 1986 (or successor provision of similar intent), including, without limitation, bonds covered by the "small governmental units" exemption contained in Section 148(f)(4)(c) of the Internal Revenue Code of 1986 (or any successor provision of similar intent) and bonds which are not subject to arbitrage rebate because the gross proceeds from the loan will be completely expended within six months after the issuance of such bonds.

(b) In any other situations, the Board may purchase taxable bonds if it determines, after evaluating all relevant circumstances including the applicant's ability to pay, that the purchase of the taxable bonds is in the best interests of the State and applicant.

(c) If more than 25 percent of the project is to serve industry, bond counsel must evaluate the loan to ensure the ~~tax-exempt~~ ~~tax-exempt~~ status of the loan fund.

(d) Revenue bonds purchased by the Board shall be secured by a pledge of water system revenues, and it is the general policy of the Board that the pledge of water revenues for the payment of debt service (principal and/or interest) on a particular revenue bond be on a parity with the pledge of those water revenues as security for the debt service payments on all other bonds or other forms of indebtedness which are secured by the water revenues.

(4) The Board will consider the financial feasibility and cost effectiveness of the project in detail. The financial capability assessment must be completed as a basis for the review. The Board may require that a full capacity assessment be made for a given project. The Board will generally use these reports and assessments to determine whether a project will be Authorized to receive a loan, credit enhancement agreement, interest buy-down agreement, or hardship grant (Reference R309-700-~~9, 10 and 11~~10 and 11, ~~11 and 12~~11 and 12). If a project is Authorized to receive a loan, the Board will establish the portion of the construction cost to be included in the loan and will set the terms for the loan. The Board will require the applicants to repay the loan as rapidly as is reasonably consistent with the financial capability of the applicant. It is the Board's intent to avoid repayment schedules which would exceed the design life of the project facilities.

(5) Normal engineering and investigation costs incurred by the Department of Environmental Quality or Board during preliminary project investigation and prior to Board Authorization will not become a charge to the applicant if the project is found infeasible, denied by the Board, or if the applicant withdraws the Application prior to the Board's Authorization. ~~If the credit enhancement agreement or interest buy down agreement does not involve a loan of funds from the Board, then administrative costs will not be charged to the project. However, if the project is Authorized to receive a loan or grant of funds from the Board, all costs from the beginning of the project will be charged to the project and paid by the applicant as a part of the total project cost. If the applicant decides not to build the project after the Board has Authorized the project, all costs accruing after the Authorization will be reimbursed by the applicant to the Board.~~

(6) The Board shall determine the date on which the scheduled payments of principal and interest will be made. In fixing this date, all possible contingencies shall be considered, and the Board may allow the system ~~one year 18 months~~ of actual use of the project facilities before the first repayment of principal is required.

(7) The applicant shall furnish the Board with acceptable evidence that the applicant is capable of paying its share of the construction costs during the construction period.

(8) LOANS AND INTEREST BUY-DOWN AGREEMENTS ONLY - The Board may require, as part of the loan or interest buy-down agreement, that any local funds which are to be used in financing the project be committed to construction prior to or concurrent with the committal of State funds.

(9) The Board will not forgive the applicant of any payment after the payment is due.

(10) The Board will require a debt service reserve account be established by the applicant at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of one-tenth of the annual payment on the bond(s) purchased by the Board and shall continue until the total amount in the debt service reserve fund is equal to the

annual payment. The debt service reserve account shall be continued until the bond is retired. ~~Annual reports/statements will be required.~~ Failure to maintain the reserve account will constitute a technical default on the bond(s) and may result in penalties being assessed. Annual reports/statements will be required.

(11) The Board will require a capital facilities replacement reserve account be established at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of five percent (5%) of the applicant's annual drinking water system budget, including depreciation, unless otherwise specified by the Board at the time of loan authorization, until the loan is repaid. This fund shall not serve as security for the payment of principal or interest on the loan. The applicant shall adopt such resolutions as necessary to limit the use of the fund to construct capital facilities for its water system and to notify the Board prior to making any disbursements from the fund so the Board can confirm that any expenditure is for an acceptable purpose. The applicant will not need the consent of the Board prior to making any expenditure from the fund. Failure to maintain the reserve account will constitute a technical default on the bond(s) and may result in penalties being assessed. Annual reports/statements will be required.

(12) If the Board is to purchase a revenue bond, the Board will require that the applicant's water rates be established such that sufficient net revenue will be raised to provide at least 125% or such other amount as the Board may determine of the total annual debt service.

R309-700-1415. Committal of Funds and Approval of Agreements.

~~After the has issued a Plan Approval and received the appropriate legal documents and other items required by Rule R309-700, the Board will determine whether the project loan, interest buy down, credit enhancement, and/or grant meets the conditions of its authorization. If so, the Board will give its final approval. The Executive Secretary or designee may then execute the financial assistance agreement if no aspects of the project have changed significantly since the Board's authorization of the loan or credit enhancement, provided all conditions imposed by the Board have been met. If significant changes have occurred the Board will then review the project and, if satisfied, the Board will then commit funds, approve the signing of the contract, credit enhancement agreement, interest buy down agreement, or grant agreement, and instruct the Executive Secretary to submit a copy of the signed contract or agreement to the Division of Finance.~~

(1) The Executive Secretary, or designee, may execute the loan agreement, credit enhancement agreement, or interest buy-down agreement when the following are complete:

(i) All financial assistance authorization conditions, as outlined in the Authorization Letter sent to the Recipient, have been met; including Division approval of all submitted legal documents and other items required by this rule.

(ii) The Recipient has received written plan approval of the engineering plans and specifications for the authorized project from the Division of Drinking Water.

(2) If the approved scope of work has changed significantly since the Board's initial authorization, the Board shall review the modified project scope of work to determine if it meets the Board's requirements. If satisfied, the Board shall authorize the Executive Secretary, or designee, to proceed with executing the loan agreement, credit enhancement agreement or interest buy-down agreement.

R309-700-1516. Construction.

The Division of Drinking Water staff may conduct inspections and will report to the applicant and applicant's engineer. Contract change orders must be properly negotiated with the contractor and approved in writing. ~~Change orders in excess of \$10,000 must receive prior written approval by the Director before execution. All Change orders must be reviewed by staff to determine eligibility for reimbursement within the SRF program and determine there are sufficient funds in the amount authorized by the Drinking Water Board to complete the project as authorized. The applicant shall notify the Director Executive Secretary when the project is near completion and request a final inspection. When the project is complete to the satisfaction of the applicant, the applicant's engineer, and the Director, written approval will be issued by the Director in accordance with R309-500-9 to commence using the project facilities. When the project is complete, but before facilities can be placed into service, the recipient must request an operating permit in accordance with current Division of Drinking Water rules.~~

KEY: loans, interest buy-downs, credit enhancements, hardship grants

Date of Enactment or Last Substantive Amendment: January 2023

Notice of Continuation: March 12, 2020

Authorizing, and Implemented or Interpreted Law: 19-4-104; 73-10c

DRINKING WATER BOARD PACKET

November 1, 2022 Request to Begin Rulemaking

R309-705 Financial Assistance: Federal Drinking Water State Revolving Fund (SRF) Loan Program

Presented to the Drinking Water Board November 1, 2022

PROPOSAL:

The Division of Drinking Water (Division) proposes to update the rule governing the State of Utah's implementation of the Federal Drinking Water Revolving Fund financial assistance program, R309-705, to comply with directives of the Federal America's Water Infrastructure Act (AWIA) of 2018 as well as directives in HB269 Capital Assets Related to Water. Mainly to establish rules requiring water utilities to develop and implement asset management programs.

HISTORY/CONTEXT

Division Rule R309-705 was last updated in 2011. The 2022 update removes outdated references, implements current Board policies, and includes new language required by House Bill 269 Capital Assets Related to Water and the federal America's Water Infrastructure Act of 2018 to implement asset management plans and programs at Utah's drinking water systems. HB269 was passed in the 2022 General Legislative Session. The bill requires water providers to "commit to adopt capital asset management plans under certain circumstances" namely when applying for financial assistance from the Drinking Water Board. The federal AWIA of 2018 requires states to "encourage development by public water systems of asset management plans that include best practices for asset management".

HB269 requires the Drinking Water Board to make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish the elements of an asset management plan for retail water providers. The Division has updated rule R309-705 to meet these requirements as well as for other purposes stated earlier.

The proposed rule has received input from several stakeholders including the Rural Water Association of Utah, the Rural Community Assistance Corporation, water system managers from water systems of various sizes, and consulting engineers who regularly work with water systems to design and build infrastructure improvements.

DIVISION STAFF/DIRECTOR RECOMMENDATION

The Division recommends that the Drinking Water Board authorize staff to file Rule R309-705 with the Office of Administrative Rules (OAR) to begin the rulemaking process.

IMPLEMENTATION SCHEDULE

Request Drinking Water Board Approval to File the Rule:	11/01/2022
Deadline to file rule with OAR:	11/15/2022
Publication of Rule in State Utah Bulletin:	12/01/2022
End of 30-Day Comment Period:	12/31/2022
Request Drinking Water Board Approval to Adopt the Rule:	01/11/2023

COST ESTIMATE

The Division anticipates that adopting this rule will have some fiscal impacts to the state budget and to local governments. No fiscal impact to small businesses or non-small businesses is anticipated.

However, the anticipated fiscal impacts are reported in the Administrative Rule Analysis form prepared for the updated Rule R309-700 Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program and the anticipated fiscal impacts from implementing Rule R309-705 are included in the fiscal impacts reported for R309-700.

State of Utah
Administrative Rule Analysis
Revised November 2021

NOTICE OF PROPOSED RULE	
TYPE OF RULE: New ____; Amendment <input checked="" type="checkbox"/> ; Repeal____; Repeal and Reenact ____	
Title No. - Rule No. - Section No.	
Utah Admin. Code Ref (R no.):	R
Changed to Admin. Code Ref. (R no.):	R309-705

Agency Information		
1. Department:	Environmental Quality	
Agency:	Drinking Water	
Room no.:		
Building:	Multi-Agency State Office Building	
Street address:	195 N 1950 W	
City, state and zip:	Salt Lake City, UT 84116	
Mailing address:	PO Box 144830	
City, state and zip:	Salt Lake City, UT 84114-4830	
Contact person(s):		
Name:	Phone:	Email:
Michael Grange	801-674-2563	mgrange@utah.gov
Please address questions regarding information on this notice to the agency.		

General Information		
2. Rule or section catchline:	R309-705. Financial Assistance: Federal Drinking Water State Revolving Fund (SRF) Loan Program	
3. Purpose of the new rule or reason for the change (Why is the agency submitting this filing?):	The Division is proposing this rule change to correct outdated references, update language, and add new language to implement the requirements of HB269 Capital Assets Related to Water and the federal America's Water Infrastructure act of 2018.	
4. Summary of the new rule or change (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):	This rule outlines the process for political subdivisions of the state to apply for and receive financial assistance for water system infrastructure improvement projects. The new language defines the elements of a capital asset management plan as required by HB269 and AWIA.	

Fiscal Information		
5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:		
A) State budget:	Enacting this rule could cost the Department of Environmental Quality (DEQ) up to \$150,000 annually for one full-time FTE to manage the asset management program within the Division of Drinking Water. This position will be funded through a combination of set-aside funds from the annual Drinking Water State Revolving Fund capitalization grant authorized by Congress through the federal Safe Drinking Water Act and funds allocated to the Division of Drinking Water from the state legislature. Program management activities include, but are not limited to, public outreach to water systems and other interested parties, working with water systems and consulting engineers to help them understand the benefits of and how to prepare and implement an acceptable asset management plan and program, and receiving and reviewing asset management plans submitted by water systems.	

B) Local governments:

Enacting this rule could have a fiscal impact for local government entities required to develop, adopt, and implement a capital asset management plan and an asset management program. Cost to develop such a plan could be as much as \$100,000 depending on water system size and complexity. Annual costs could be an additional \$75,000 for water system staff to manage the asset management program and maintain the asset management plan. Annual cost savings to local government entities are expected but will vary depending on system size and complexity as well as how effectively the asset management program is implemented. Cost savings may be realized through better asset maintenance, better planning for asset rehabilitation or replacement, establishing a proactive maintenance schedule based on the importance the asset has to system operation, as well as other operations and maintenance efficiencies gained through implementing the plan.

C) Small businesses ("small business" means a business employing 1-49 persons):

No fiscal impact to small businesses is anticipated.

D) Non-small businesses ("non-small business" means a business employing 50 or more persons):

No fiscal impact to non-small businesses is anticipated.

E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

The proposed rule is not anticipated to have any aggregate costs or savings to persons other than small businesses, non-small businesses, state government, or local governments.

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

No fiscal impact to affected persons, other than those listed in earlier sections is anticipated.

G) Comments by the department head on the fiscal impact this rule may have on businesses (Include the name and title of the department head):

6. A) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)

Regulatory Impact Table			
Fiscal Cost	FY2022	FY2023	FY2024
State Government	\$0	\$150,000	\$155,250
Local Governments	\$0	\$175,000	\$180,250
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0
Fiscal Benefits			
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0

B) Department head approval of regulatory impact analysis:

The Director of the Division of Drinking Water, Tim Davis, has reviewed and approved this fiscal analysis.

Citation Information

7. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Subsection 73-10g-5		

Incorporations by Reference Information

(If this rule incorporates more than two items by reference, please include additional tables.)

8. A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	First Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	Second Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

Public Notice Information

9. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until (mm/dd/yyyy):

B) A public hearing (optional) will be held:

On (mm/dd/yyyy):	At (hh:mm AM/PM):	At (place):

10. This rule change MAY become effective on (mm/dd/yyyy):

NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date. To make this rule effective, the agency must submit a Notice of Effective Date to the Office of Administrative Rules on or before the date designated in Box 10.

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the *Utah State Bulletin* and delaying the first possible effective date.

Agency head or designee, and title:	Date (mm/dd/yyyy):	
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R309. Environmental Quality, Drinking Water.

R309-705. Financial Assistance: Federal Drinking Water State Revolving Fund (SRF) Loan Program.

R309-705-1. Purpose.

The purpose of this rule is to establish criteria for financial assistance to public drinking water systems in accordance with a federal grant established under 42 U.S.C. 300j et seq., federal Safe Drinking Water Act (SDWA).

R309-705-2. Statutory Authority.

The authority for the Department of Environmental Quality acting through the Drinking Water Board to issue financial assistance for drinking water projects from a federal capitalization grant is provided in 42 U.S.C. 300j et seq., federal Safe Drinking Water Act, and Title 73, Chapter 10c, Utah Code.

R309-705-3. Definitions.

Definitions for general terms used in this rule are given in R309-110. Definitions for terms specific to this rule are given below.

"Asset Management Plan" A written plan developed by a water system to implement asset management or an asset management program within the system. The asset management plan describes the five-core asset management components at R309-800-5(3) and provides an outline the water system can use to make appropriate improvements.

"Asset Management Program" The practice of managing infrastructure assets to maximize the efficiency and life expectancy of operating these assets while delivering the desired service levels.

"Board" means the Drinking Water Board.

"Capacity Development" is a process for water systems to acquire and maintain adequate technical, managerial, and financial (TMF) capability. Capacity Development is a fundamental component of the 1996 Safe Drinking Water Act (SDWA) Amendments which provide a framework for states and water systems to work together to protect public health. (See Rule R309-800)

"Credit Enhancement Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system for the purpose of providing methods and assistance to eligible water systems to improve the security for and marketability of drinking water project obligations.

"Disadvantaged Communities" are defined as those communities located in an area which has a median adjusted gross income less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns, or where the estimated annual cost, including loan repayment costs, of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. If, in the judgment of the Board, the State Tax Commission data is insufficient the Board may accept other measurements of the water users' income (i.e. local income survey or questionnaire when there is a significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city).

"Drinking Water Project" means any work or facility that is necessary or desirable to provide water for human consumption and other domestic uses. Its scope includes collection, treatment, storage, and distribution facilities; and also includes studies, planning, education activities, and design work that will promote protecting the public from waterborne health risks.

"Drinking Water Project Obligation" means any bond, note or other obligation issued to finance all or part of the cost of acquiring, constructing, expanding, upgrading or improving a drinking water project, including, but not limited to, preliminary planning, studies, surveys, engineering or architectural fees, and preparation of plans and specifications.

"Eligible Water System" means any community drinking water system, either privately or publicly owned; and nonprofit noncommunity water systems.

"Emergency" means an unexpected, serious occurrence of situation requiring urgent or immediate action. With regard to a water system this would be a situation resulting from the failure of equipment or other infrastructure, or contamination of the water supply, which threatens the health and / or safety of the public / water users.

"Financial Assistance" means a project loan, credit enhancement agreement, interest buy-down agreement, or technical assistance.

"Hardship Grant Assessment" means an assessment applied to a loan. The assessment shall be calculated as a percentage of outstanding principal balance of a loan, applied on an annual basis. Hardship grant assessment funds shall be subject to the requirements of UAC R309-700 for hardship grants.

"Interest" means an assessment applied to a loan. The assessment shall be calculated as a percentage of outstanding principal balance of a loan, applied on an annual basis.

"Interest Buy-Down Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system, for the purpose of reducing the cost of financing incurred by an eligible water system on bonds issued by the subdivision for project costs.

"Negative Interest" means a loan with an interest rate at less than zero percent. The repayment schedule for loans having a negative interest rate will be prepared by the Drinking Water Board.

"Principal Forgiveness" means a loan wherein a portion of the loan amount is "forgiven" upon closing the loan. The terms for principal forgiveness will be as directed by section 4 of this rule and by the Drinking Water Board.

"Programmatic Financing" is a financial assistance option under the DWSRF Program that is designed to provide funding for a water system's Capital Improvement Plan, or any portion thereof, so long as the projects are eligible and comply with DWSRF Program requirements.

"Project Costs" include the cost of acquiring and constructing any project including, without limitation: the cost of acquisition and construction of any facility or any modification, improvement, or extension of such facility; any cost incident to the acquisition of any necessary property, easement or right of way, except property condemnation costs, which are not eligible costs; engineering or architectural fees, legal fees, fiscal agents' and financial advisors' fees; any cost incurred for any preliminary planning

to determine the economic and engineering feasibility of a proposed project; costs of economic investigations and studies, surveys, preparation of designs, plans, working drawings, specifications and the inspection and supervision of the construction of any facility; asset management plans and related system software. Hardship Grant Assessments, fees and interest accruing on loans made under this program during acquisition and construction of the project; costs for studies, planning, education activities, and design work that will promote protecting the public from waterborne health risks; and any other cost incurred by the Board or the Department of Environmental Quality, in connection with the issuance of obligation to evidence any loan made to it under the law.

"SRF Technical Assistance Fund" means a fund (or account) that will be established for the express purpose of providing "Technical Assistance" to eligible drinking water systems.

"Disadvantaged Communities" are defined as those communities located in an area which has a median adjusted gross income less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns, or where the estimated annual cost, including loan repayment costs, of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. If, in the judgment of the Board, the State Tax Commission data is insufficient the Board may accept other measurements of the water users' income (i.e. local income survey or questionnaire when there is a significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city).

"Drinking Water Project Obligation" means any bond, note or other obligation issued to finance all or part of the cost of acquiring, constructing, expanding, upgrading or improving a drinking water project, including, but not limited to, preliminary planning, studies, surveys, engineering or architectural fees, and preparation of plans and specifications.

"Credit Enhancement Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system for the purpose of providing methods and assistance to eligible water systems to improve the security for and marketability of drinking water project obligations.

"Eligible Water System" means any community drinking water system, either privately or publicly owned; and nonprofit noncommunity water systems.

"Interest Buy Down Agreement" means any agreement entered into between the Board, on behalf of the State, and an eligible water system, for the purpose of reducing the cost of financing incurred by an eligible water system on bonds issued by the subdivision for project costs.

"Financial Assistance" means a project loan, credit enhancement agreement, interest buy down agreement, or technical assistance.

"Hardship Grant Assessment" means an assessment applied to a loan. The assessment shall be calculated as a percentage of outstanding principal balance of a loan, applied on an annual basis. Hardship grant assessment funds shall be subject to the requirements of UAC R309 700 for hardship grants.

"Negative Interest" means a loan with an interest rate at less than zero percent. The repayment schedule for loans having a negative interest rate will be prepared by the Drinking Water Board.

"Principal Forgiveness" means a loan wherein a portion of the loan amount is "forgiven" upon closing the loan. The terms for principal forgiveness will be as directed by section 4 of this rule and by the Drinking Water Board.

"Interest" means an assessment applied to a loan. The assessment shall be calculated as a percentage of outstanding principal balance of a loan, applied on an annual basis.

"Emergency" means an unexpected, serious occurrence of situation requiring urgent or immediate action. With regard to a water system this would be a situation resulting from the failure of equipment or other infrastructure, or contamination of the water supply, which threatens the health and / or safety of the public / water users.

"Technical Assistance" means financial assistance provided for a feasibility study or master plan, to identify and / or correct system deficiencies, to help a water system overcome other technical problems. The system receiving said technical assistance may or may not be required to repay the funds received. If repayment is required, the Board will establish the terms of repayment.

"SRF Technical Assistance Fund" means a fund (or account) that will be established for the express purpose of providing "Technical Assistance" to eligible drinking water systems.

R309-705-4. Financial Assistance Methods.

(1) Eligible Activities of the SRF.

Funds within the SRF may be used for loans and other authorized forms of financial assistance. Funds may be used for the construction of publicly or privately owned works or facilities, or any work that is an eligible project cost as defined by 73-10c-2 of the Utah Code or as allowed by 42 U.S.C.A. 300f et seq. Those costs incurred subsequent to the submission of a funding application to the Board and prior to the execution of a financial assistance agreement and which meet the above criteria are eligible for reimbursement from the proceeds of the financial assistance agreement.

(2) Types of Financial Assistance Available for Eligible Water Systems.

(a) Loans.

To qualify for "negative interest" or "principal forgiveness", the system must qualify as a "disadvantaged community" as defined in section 3 of this rule. Upon application, the Board will make a case by case determination whether the system is a "disadvantaged community". To be eligible to be considered as a disadvantaged community, the system must meet the definition provided in section 3 of this rule. Additionally, the Board will consider the type of community served by the system, the economic condition of the community, the population characteristics of those served by the system, factors relating to costs, charges and operation of the water system, and other such information as the Board determines relevant to making the decision to recognize the system as a "disadvantaged community".

(i) Loan Origination Fee (LOF) is a fee assessed to the loan recipient as a percentage of the principal balance of the loan. This fee will not be charged to any disadvantaged community receiving a loan subsidy as part of DWSRF financial assistance.

(ii) Hardship Grant Assessment.

The assessment will be calculated based on the procedures and formulas shown in section 6 of this rule.

(iii) Repayment.

Annual repayments of principal, interest, fees and/or Hardship Grant Assessment generally commence not later than one year after project completion. Project completion shall be defined as the date the funded project is capable of operation and a notice of "beneficial occupancy" is given to the general contractor. Where a project has been phased or segmented, the repayment requirement applies to the completion of individual phases or segments.

The loan must be fully amortized not later than 20 years after project completion or not later than 30 years after project completion if the community served by the water system is determined to be a disadvantaged community. The yearly amount of the principal repayment is set at the discretion of the Board.

(iv) Principal Forgiveness.

Eligible water systems meeting the definition of "disadvantaged community" may qualify for financial assistance in the form of forgiveness of a portion of the principal loan amount. Terms for principal forgiveness will be determined by Board resolution.

Eligible applicants for "principal forgiveness" financial assistance will be considered by the Board on a case-by-case basis. The Board will consider the type of community served by the system, the economic condition of the community, the population characteristics of those served by the system, factors relating to costs, charges and operation of the water system, and such other information as the Board determines relevant to making the decision to recognize the system as a disadvantaged community.

(iv) Negative Interest Rate.

Eligible water systems meeting the definition of "disadvantaged community" may qualify for financial assistance in the form of a loan with a negative interest rate, as determined by Board resolution.

Eligible applicants for "negative interest" financial assistance will be considered by the Board on a case-by-case basis. The Board will consider the type of community served by the system, the economic condition of the community, the population characteristics of those served by the system, factors relating to costs, charges and operation of the water system, and such other information as the Board determines relevant to making the decision to recognize the system as a disadvantaged community.

(vi) Dedicated Repayment Source and Security.

Loan recipients must establish one or more dedicated sources of revenue for repayment of the loan. As a condition of financial assistance, the applicant must demonstrate a revenue source and security, as required by the Board.

(b) Refinancing Existing Debt Obligations.

The Board may use funds from the SRF to buy or refinance debt obligations of municipal, inter-municipal or interstate agencies, where the initial debt was incurred and construction started after July 1, 1993. Refinanced projects must comply with the requirements imposed by the Safe Drinking Water Act(SDWA) as though they were projects receiving initial financing from the SRF.

(c) Credit Enhancement Agreements and Interest Buy-Down Agreements.

The Board will determine whether a project's funding may receive all or part of a loan, credit enhancement agreement or interest buy-down agreement. To provide security for project obligations, the Board may agree to purchase project obligations of applicants, or make loans to the applicants. The Board may also consider making loans to the applicants to pay the cost of obtaining letters of credit from various financial institutions, municipal bond insurance, or other forms of insurance or security for project obligations. The Board may also consider other methods of assistance to applicants to properly enhance the marketability of or security for project obligations.

Interest buy-down agreements may consist of any of the following:

(i) A financing agreement between the Board and applicant whereby a specified sum is loaned to the applicant. The loaned funds shall be placed in a trust account, which shall be used exclusively to reduce the cost of financing for the project.

(ii) A financing agreement between the Board and the applicant whereby the proceeds of bonds purchased by the Board is combined with proceeds from publicly issued bonds to finance the project. The rate of interest on bonds purchased by the Board may carry an interest rate lower than the interest rate on the publicly issued bonds, which when blended together will provide a reduced annual debt service for the project.

(iii) Any other legal method of financing which reduces the annual payment amount on publicly issued bonds. The financing alternative chosen should be the one most economically advantageous for the State and the applicant.

(d) Technical Assistance.

The Board may establish a fund (or account) into which the proceeds of an annual fee on loans will be placed. These funds will be used to finance technical assistance for eligible water systems.

This fund will provide low interest loans for technical assistance and any other eligible purpose as defined by Section 1452 of the Safe Drinking Water Act (SDWA) Amendments of 1996 to water systems that are eligible for Federal SRF loans. Repayment of these loans may be waived in whole or in part (grant funds) by the Board whether or not the borrower is disadvantaged.

(i) The Board may establish a fee to be assessed against loans authorized under the Federal SRF Loan Program. The revenue generated by this fee will be placed in a new fund called the "SRF Technical Assistance Fund".

(ii) The amount will be assessed as a percentage of the Principal Balance of the loan on an annual basis, the same as the annual interest and hardship grant assessment are assessed. The borrower will pay the fee annually when paying the principal and interest or hardship grant assessments.

(iii) The Board may set or change the amount of the fee from time to time as they determine meets the needs of the program.

(iv) This fee will be part of the "effective rate" calculated for the loan using Table 2, R309-705-6. This fee may be charged in lieu of or in addition to the interest rate or hardship grant assessment, but in no case will the total of the technical assistance fee, the interest rate, and hardship grant assessment exceed the "effective rate".

(v) The proceeds of the fund will be used as defined above or as modified by the Board in compliance with Section 1452 of the federal SDWA Amendments of 1996.

(3) Ineligible Projects.

Projects which are ineligible for financial assistance include:

(a) Any project for a water system in significant non-compliance, as measured by a "not approved" (R309-400) rating, unless the project will resolve all outstanding issues causing the non-compliance.

(b) Any project where the Board determines that the applicant lacks the technical, managerial, or financial capability to achieve or maintain SDWA compliance, unless the Board determines that the financial assistance will allow or cause the system to maintain long-term capability to stay in compliance.

(c) Any project meant to finance the expansion of a drinking water system to supply or attract future population growth. Eligible projects, however, can be designed and funded at a level which will serve the population that a system expects to serve over the useful life of the facility.

(d) Projects which are specifically prohibited from eligibility by Federal guidelines. These include the following:

(i) Dams, or rehabilitation of dams;

(ii) ~~Water rights, unless the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;~~

(iii) Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;

(iv) ~~Laboratory fees for monitoring;~~

(v) ~~Operation and maintenance costs;~~

(vi) ~~Projects needed mainly for fire protection.~~

R309-705-5. Application and Project Initiation Procedures.

The following procedures must normally be followed to obtain financial assistance from the Board:

(1) It is the responsibility of the applicant to obtain the necessary financial, legal and engineering counsel to prepare its application and an effective and appropriate financial assistance agreement.

(2) A completed application form and project engineering report (facility plan) listing the project alternatives considered and including a justification for the chosen alternative, a project financing plan including an evaluation of credit enhancement, interest buy-down and loan methods applicable to the project and financial capability assessment and a history of the applicant's compliance with the SDWA are submitted to the Board. Comments from other interested parties such as an association of governments, the local health and planning departments, and the Department of Environmental Quality (DEQ) District Engineers will also be accepted. Those costs incurred subsequent to the submission of a completed funding application form to the Board and prior to the execution of a financial assistance agreement and which meet the criteria for project costs are eligible for reimbursement from the proceeds of the financial assistance agreement.

(3) An engineering and financial feasibility report and a capacity development analysis are prepared by Division staff for presentation to and consideration by the Board. A Capacity Assessment will be made by Division staff (See rule R309-352) for "equivalency" projects, essentially, those funded by the annual federal Capitalization Grant as defined by federal regulations. A capacity assessment may be prepared for a "non-equivalency" project when it is determined to be beneficial for evaluating project feasibility.

(4) Retail water suppliers seeking financial assistance through the State Revolving Fund must commit to develop and implement an asset management program as defined in Rule R309-800, Capacity Development Program.

(5) The Board may authorize financial assistance for the project on the basis of the staff's feasibility report and designate whether a loan, credit enhancement agreement, interest buy-down agreement, or any combination thereof, is to be entered into, and approve the project schedule (see section 7 of this rule).

(6) The applicant must demonstrate public support for the project prior to bonding, as deemed acceptable by the Drinking Water Board. As a minimum, for a loan to be secured by a revenue bond, the Sponsor must mail notices to each water user in the Sponsor's service area informing them of a public hearing. In addition to the time and location of the public hearing the notice shall inform water users of the Sponsor's intent to issue a non-voted revenue bond to the Board, shall describe the face amount of the bond, the "effective rate", the repayment schedule and shall describe the impact of the project on the user including: user rates, impact and connection fees. The notice shall state that water users may respond to the Sponsor in writing or in the public hearing within ten days after the date of the notice. A copy of all written responses and a certified record of the public hearing shall be forwarded to the Division of Drinking Water.

(7) For financial assistance mechanisms where the applicant's bond is purchased by the Board, the project applicant's bond documentation must include an opinion from recognized bond counsel. Counsel must be experienced in bond matters, and must include an opinion that the drinking water project obligation is a valid and binding obligation of the applicant (see section 8 of this rule). The opinion must be submitted to the Assistant Attorney General for preliminary approval and the applicant shall publish a Notice of Intent to issue bonds in a newspaper of general circulation pursuant to 11-14-21 of the Utah Code. For financial assistance mechanisms when the applicant's bond is not purchased by the Board, the applicant shall submit a true and correct copy of an opinion from legal counsel, experienced in bond matters, that the drinking water project obligation is a valid and binding obligation of the applicant.

(78) As authorized in 19-4-106(2)(c) of the Utah Code, the Director may review plans, specifications, and other data pertinent to proposed or expanded water supply systems to insure proper design and construction, as specified in rule R309-500-4 General. Construction of a public drinking water project shall not begin until complete plans and specifications have been approved in writing by the Director.

(89) If a project is designated to be financed by the Board through a loan or an interest buy-down agreement, an account supervised by the applicant and the Board will be established by the applicant to assure that loan funds are used only for eligible project costs. If financial assistance for the project is provided by the Board in the form of a credit enhancement or interest buy-down agreement, all project funds will be maintained in a separate account, and a quarterly report of project expenditures will be provided to the Board.

Incremental disbursement bonds will be required. Cash draws will be based on a schedule that coincides with the rate at which project related costs are expected to be incurred for the project.

(90) If a revenue bond is to be used to secure a loan, a User Charge Ordinance, or water rate structure, must be submitted to the Board for review and approval to insure adequate provisions for debt retirement and/or operation and maintenance. If a general obligation bond is to be used to secure a loan, a User Charge Ordinance must be submitted to the Board for review and approval to insure the system will have adequate resources to provide acceptable service.

(101) A "Private Company" will be required to enter into a Loan Agreement with the Board. The loan agreement will establish the procedures for disbursement of loan proceeds and will set forth the security interests to be granted to the Board by the Applicant to secure the Applicant's repayment obligations.

(a) The Board may require any of the following forms of security interest or additional/other security interests to guarantee repayment of the loan: deed of trust interests in real property, security interests in equipment and water rights, and personal guarantees.

(b) The security requirements will be established after the Board's staff has reviewed and analyzed the Applicants financial condition.

(c) These requirements may vary from project to project at the discretion of the Board

(d) The Applicant will also be required to execute a Promissory Note in the face amount of the loan, payable to the order of the lender, and file a Utah Division of Corporations and Commercial Code Financing Statement, Form UCC-1.

(e) The Board may specify that loan proceeds be disbursed incrementally into an escrow account for expected construction costs, or it may authorize another acceptable disbursement procedure.

(112) The applicant's contract with its engineer must be submitted to the Board for review to determine if there will be adequate engineering involvement, including project supervision and inspection, to successfully complete the project.

(1213) The applicant's attorney must provide an opinion to the Board regarding legal incorporation of the applicant, valid legal title to rights-of-way and the project site, validity and quantity of water rights, and adequacy of bidding and contract documents, as required.

(1314) A position fidelity bond may be required by the Board insuring the treasurer or other local staff handling the repayment funds and revenues produced by the applicant's system and payable to the State of Utah through the Drinking Water Board.

(1415) CREDIT ENHANCEMENT AGREEMENT AND INTEREST BUY-DOWN AGREEMENT ONLY - The Board shall execute the credit enhancement agreement or interest buy-down agreement setting forth the terms and conditions of the security or other forms of assistance provided by the agreement and shall notify the applicant to sell the bonds.

(1516) CREDIT ENHANCEMENT AGREEMENT AND INTEREST BUY-DOWN AGREEMENT ONLY - The applicant shall sell the bonds and shall notify the Board of the terms of sale. If a credit enhancement agreement is utilized, the bonds shall contain the legend required by 73-10c-6(3)(d) of the Utah Code. If an interest buy-down agreement is being utilized, the bonds shall bear a legend referring to the interest buy-down agreement and state that such agreement does not constitute a pledge of or charge against the general revenues, credit or taxing powers of the state and that the holder of any such bond may look only to the applicant and the funds and revenues pledged by the applicant for the payment of interest and principal on the bonds.

(1617) The applicant shall open bids for the project.

(1718) LOAN ONLY - The Board shall give final approval to purchase the bonds and execute the loan contract.

(1819) LOAN ONLY - The closing of the loan is conducted.

(1920) A preconstruction conference shall be held.

(2021) The applicant shall issue a written notice to proceed to the contractor.

R309-705-6. Applicant Priority System and Selection of Terms of Assistance.

(1) Priority Determination.

The Board may, at its option, modify a project's priority rating based on the following considerations:

(a) The project plans, specifications, contract, financing, etc., of a lesser-rated project are ready for execution.

(b) Available funding.

(c) Acute health risk.

(d) Capacity Development (financial, technical, or managerial issues needing resolution to avoid EPA intervention).

(e) An Emergency.

The Board will utilize Table 1 to prioritize loan applicants as may be modified by (a), (b), (c), or (d) above.

TABLE 1

Priority System

Deficiency Description

Points
Received

Source Quality/Quantity

Health Risk (select one)

A. There is evidence that waterborne illnesses have

occurred.

- B. There are reports of illnesses which may be waterborne. 20
- C. High potential for waterborne illness exists. 15
- D. Moderate potential for waterborne illness 8
- E. No evidence of potential health risks 0

Compliance with SDWA (select all that apply)

- A. Source has been determined to be under the influence of surface water. 25
- B. System is often out of water due to inadequate source capacity. 20

-or-

- C. Source has a history of three or more confirmed microbiological violations within the last year. 10
- D. Sources are not developed or protected according to UPDWR. 10
- E. Source has confirmed MCL chemistry violations within the last year. 10

Total 100

Treatment	Points Available
Deficiency Description	
Health Risk/Compliance with SDWA (select all that apply)	
A. Treatment system cannot consistently meet log removal requirements, turbidity standards, or other enforceable drinking water quality standards.	25
B. The required disinfection facilities are not installed, are inadequate, or fail to provide adequate water quality.	25
C. Treatment system is subject to impending failure, or has failed.	25
-or-	
Treatment system equipment does not meet demands of UPDWR including the lead and/or copper action levels.	20
-or-	
System equipment is projected to become inadequate without upgrades.	5
	Total
	75

Storage	Points Available
Deficiency Description	
Health Risk / Compliance with SDWA (select all that apply)	
A. Storage system is subject to impending failure, or has failed. -or- System is old, cannot be easily cleaned, or subject to contamination.	25
B. Storage system is inadequate for existing demands. -or- Storage system demand exceeds 90% of storage capacity.	20
C. Applicable contact time requirements cannot be met without an upgrade.	15
D. System suffers from low static pressures.	15
Total	75

Distribution		Points Available
Deficiency Description		
Health Risk/Compliance with SDWA (select all that apply)		
A. Distribution system equipment is deteriorated or inadequate for existing demands.		20
-or-		
Distribution system is inadequate to meet 5 year projected demands.		10
B. Applicable disinfectant residual maintenance requirements are not met or high backflow contamination potential exists.		20
C. Project will replace pipe containing unsafe materials (lead, asbestos, etc).		15
D. Minimum dynamic pressure requirements are not met.		10
E. System experiences a heavy leak rate in the distribution lines.		10
	Total	75

Upon the Board finding of an emergency as required by
R309-705-9, Total 100
Priority Rating = (Average Points Received) x (Rate Factor) x (AGI Factor)
Where:

* Rate Factor = (Average System Water Bill/Average State Water Bill)

** AGI Factor = (State Median AGI/System Median AGI)

(2) Financial Assistance Determination. The amount and type of financial assistance offered will be based upon the criteria shown in Table 2. As determined by Board resolution, disadvantaged communities may also receive zero-percent loans, or other financial assistance as described herein.

Effective rate calculation methods will be determined by Board resolution from time to time, using the Revenue Bond ~~Buyer~~ Index (RBBI) as a basis point, the points assigned in Table 2, and a method to reduce the interest rate from a recent ~~RBBI~~ rate down to a potential minimum of zero percent. ~~To encourage rapid repayment of a loan the Board will increase the interest rate 0.02 per cent (0.02%) for each year the repayment period exceeds five (5.0) years.~~

TABLE 2

INTEREST, HARDSHIP GRANT FEE AND OTHER FEES REDUCTION FACTORS

POINTS

1. COST EFFECTIVENESS RATIO (SELECT ONE)	
A. Project cost \$0 to \$500 per benefitting connection	16
B. \$501 to \$1,500	14
C. \$1,501 to \$2,000	11
D. \$2,001 to \$3,000	8
E. \$3,001 to \$5,000	4
F. \$5,001 to \$10,000	1
G. Over \$10,000	0
2. CURRENT LOCAL MEDIAN ADJUSTED GROSS INCOME (AGI) (SELECT ONE)	
A. Less than 70% of State Median AGI	19
B. 71 to 80% of State Median AGI	16
C. 81 to 95% of State Median AGI	13
D. 96 to 110% of State Median AGI	9
E. 111 to 130% of State Median AGI	6
F. 131 to 150% of State Median AGI	3
G. Greater than 150% of State Median AGI	0
3. APPLICANT'S COMMITMENT TO PROJECT	
PROJECT FUNDING CONTRIBUTED BY APPLICANT (SELECT ONE)	
A. Greater than 25% of project funds	17
B. 15 to 25% of project funds	14
C. 10 to 15% of project funds	11
D. 5 to 10% of project funds	8
E. 2 to 5% of project funds	4
F. Less than 2% of project funds	0
4. ABILITY TO REPAY LOAN:	
4. WATER BILL (INCLUDING TAXES) AFTER PROJECT IS BUILT RELATIVE TO LOCAL MEDIAN ADJUSTED GROSS INCOME (SELECT ONE)	
A. Greater than 2.50% of local median AGI	16
B. 2.01 to 2.50% of local median AGI	12
C. 1.51 to 2.00% of local median AGI	8
D. 1.01 to 1.50% of local median AGI	3
E. 0 to 1.00% of local median AGI	0
5. SPECIAL INCENTIVES: Applicant (SELECT ALL THAT APPLY.)	
A. Has a replacement fund receiving annual deposits of about 5% of the system's annual drinking water (DW) budget and fund has already accumulated a minimum of 10% of said annual DW budget in this reserve fund.	5
B. Has, in addition to item 5.A., accumulated an amount equal to at least 20% of its annual DW budget in its replacement fund.	5
C. Is creating or enhancing a regionalization plan	16
D. Has a rate structure encouraging conservation	6
TOTAL POSSIBLE POINTS FOR FINANCIAL NEED	100

R309-705-7. Project Authorization.

A project may receive written authorization for financial or technical assistance from the Board following submission and favorable review of an application form, engineering report (if required), capacity development (including financial capability) assessment and staff feasibility report. The engineering report shall include a cost effective analysis of feasible project alternatives capable of meeting State and Federal drinking water requirements. It shall include consideration of monetary costs including the present worth or equivalent annual value of all capital costs, operation, maintenance, and replacement costs. The alternative selected must be the most economical means of meeting applicable State and Federal drinking water requirements over the useful life of the facility while recognizing environmental and other nonmonetary considerations.

Once the application submittals are reviewed, the staff will prepare a project feasibility report for the Board's consideration in Authorizing a project. The project feasibility report will include an evaluation of the project with regard to the Board's funding priority criteria, and will contain recommendations for the type of financial assistance which may be extended (i.e., for a loan, credit enhancement agreement, or interest buy-down agreement).

The Board may authorize financial assistance for any work or facility to provide water for human consumption and other domestic uses. Generally, work means planning, engineering design, or other eligible activities defined elsewhere in these rules.

Project Authorization is conditioned upon the availability of funds at the time of loan closing or signing of the credit enhancement, or interest buy-down and upon adherence to the project schedule approved at that time. The Board, at its own discretion, may require the Applicant to enter into a "Commitment Agreement" with the Board prior to execution of final loan documents or closing of the loan. This Commitment Agreement or Binding Commitment may specify date(s) by which the Applicant must complete the requirements set forth in the Project Authorization Letter. The Commitment Agreement shall state that if the Department of Environmental Quality acting through the Drinking Water Board is unable to make the Loan by the Loan Date, this Agreement shall terminate without any liability accruing to the Department or the Applicant hereunder. Also, if the project does not proceed according to the project schedule, the Board may withdraw project Authorization, so that projects which are ready to proceed can obtain necessary funding. Extensions to the project schedule may be considered by the Board, but any extension requested must be fully justified.

R309-705-8. Financial Evaluations.

(1) The Board considers it a proper function to assist project applicants in obtaining funding from such financing sources as may be available.

(2) In providing financial assistance in the form of a loan, the Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of recognized municipal bond counsel. Bond counsel must provide an opinion that the bonds are legal and binding under applicable Utah law (including, if applicable, the Utah Municipal Bond Act). For bonds of \$150,000 or less the Board will not require this opinion.

(3) In providing financial assistance in the form of a loan, the Board may purchase either taxable or non-taxable bonds; or a secured promissory note provided that it shall be the general preference of the Board to purchase bonds issued by the applicant only if the bonds are tax exempt. Tax-exempt bonds must be accompanied by a legal opinion of recognized municipal bond counsel to the effect that the Interest and the Hardship Grant Assessment, or a fee (also interest) on the bonds is exempt from federal income taxation. Such an opinion must be obtained by the applicant in the following situations:

(a) Bonds which are issued to finance a project which will also be financed in part at any time by the proceeds of other bonds which are exempt from federal income taxation.

(b) Bonds which are not subject to the arbitrage rebate provisions of Section 148 of the Internal Revenue Code of 1986 (or successor provision of similar intent), including, without limitation, bonds covered by the "small governmental units" exemption contained in Section 148(f)(4)(c) of the Internal Revenue Code of 1986 (or any successor provision of similar intent) and bonds which are not subject to arbitrage rebate because the gross proceeds from the loan will be completely expended within six months after the issuance of such bonds.

(4) If more than 25 percent of the project is to serve industry, bond counsel must evaluate the loan to ensure the tax exempt status of the loan fund.

(5) Revenue bonds purchased by the Board shall be secured by a pledge of water system revenues, and it is the general policy of the Board that the pledge of water revenues for the payment of debt service (principal and/or Hardship Grant Assessment) on a particular revenue bond be on a parity with the pledge of those water revenues as security for the debt service payments on all other bonds or other forms of indebtedness which are secured by the water revenues.

(6) If a project is Authorized to receive a loan, the Board will establish the portion of the construction cost to be included in the loan and will set the terms for the loan. It is the Board's intent to avoid repayment schedules exceeding the design life of the project facilities.

(7) Normal engineering and investigation costs incurred by the Department of Environmental Quality (DEQ) or Board during preliminary project investigation and prior to Board Authorization will not become a charge to the applicant if the project is found infeasible, denied by the Board, or if the applicant withdraws the Application prior to the Board's Authorization.

If the credit enhancement agreement or interest buy-down agreement does not involve a loan of funds from the Board administrative costs will not be charged to the project. However, if the Board Authorizes a loan for the project, all costs incurred by the DEQ or Board on the project will be charged against the project and paid by the applicant as a part of the total project cost. Generally, this will include all DEQ and Board costs incurred from the beginning of the preliminary investigations through the end of construction and close-out of the project. If the applicant decides not to build the project after the Board has Authorized the project, all costs accrued after the Authorization date will be reimbursed by the applicant to the Board.

(8) The Board shall determine the date on which the scheduled payments of principal, Hardship Grant Assessment, and interest will be made. In fixing this date, all possible contingencies shall be considered, and the Board may allow the system up to one year of actual use of the project facilities before the first repayment of principal is required.

(9) The applicant shall furnish the Board with acceptable evidence that the applicant is capable of paying its share of the construction costs during the construction period.

(10) LOANS AND INTEREST BUY-DOWN AGREEMENTS ONLY - The Board may require, as part of the loan or interest buy-down agreement, that any local funds which are to be used in financing the project be committed to construction prior to or concurrent with the committal of State funds.

(11) The Board will not forgive the applicant of any payment after the payment is due.

(12) The Board will require that a debt service reserve account be established by the applicant at or before the time that the loan is closed. Deposits to that account shall be made at least annually in the amount of one-tenth of the annual payment on the bond(s) purchased by the Board and shall continue until the total amount in the debt service reserve fund is equal to the annual payment. The debt service reserve account shall be continued until the bond is retired. Failure to maintain the reserve account will constitute a technical default on the bond(s).

(13) The Board will require a capital facilities replacement reserve account be established at or before the loan is closed. Deposits to that account shall be made at least annually in the amount of five percent (5%) of the applicant's annual drinking water system budget, including depreciation, unless otherwise specified by the Board at the time of loan authorization, until the loan is repaid. This fund shall not serve as security for the payment of principal or Hardship Grant Assessment on the loan. The applicant shall adopt such resolutions as necessary to limit the use of the fund to construct capital facilities for its water system. The applicant will not need the consent of the Board prior to making any expenditure from the fund. Failure to maintain the reserve account will constitute a technical default on the bond(s) and may result in penalties being assessed.

(14) If the Board is to purchase a revenue bond, the Board will require that the applicant's water rates be established such that sufficient net revenue will be raised to provide at least 125% or such other amount as the Board may determine of the total annual debt service.

(15) The applicant must have adopted a Water Management and Conservation Plan prior to executing the loan agreement.

R309-705-9. Emergency Assistance.

(1) Authority: Title 73, Chapter 10c of State Statute and the SDWA Amendment of 1996 give the Board authority to provide emergency assistance to drinking water systems.

(2) Eligibility: Generally, any situation occurring as defined in Section R309-705-3 would qualify for consideration for emergency funding. However, prior to authorizing funds for an emergency, the Board may consider one or more of the various factors listed below:

(i) Was the emergency preventable? Did the utility / water system have knowledge that this emergency could be expected? If not. Should it have been aware of the potential for this problem? Did its management take reasonable action to either prevent it or to be as prepared as reasonably possible to correct the problem when it occurred (prepared financially and technically for the event causing the problem)?

(ii) Has the utility / system established a capital improvement replacement reserve fund? Has the utility / system been charging reasonably high rates in order to establish a reserve fund to cover normal infrastructure replacement and emergencies?

(iii) Is the community a disadvantaged (hardship) community?

(iv) Is the potential for illness, injury, or other harm to the public or system operators sufficiently high that the value of providing financial assistance outweighs other factors that would preclude providing this assistance. (Even though the State does not have any legal obligation to provide financial assistance to help correct the problem.).

(3) Requirements for the Applicant: The applicant will be required to do the following as a condition of receiving financial assistance to cope with a drinking water emergency:

(i) To the extent feasible, the utility / system shall first use its own resources, e.g. capital improvement replacement fund, to correct the problem.

(ii) If the utility / system is not placing funds into a reserve fund on a regular basis and / or is charging relatively low water rates it shall be required to examine its current rate structure and policies for placing funds into a reserve account. The Board may require the utility / system to establish a reserve account and / or to revise its rate structure (increasing its rate) as a condition of the loan.

(iii) The Board may place other requirements on the utility / system.

(4) Financial Agreements, Bonding, etc: The State will work with the Applicant to help secure obligating documents. For example, the Board:

(i) Could waive the 30-day notice period, if legally possible.

(ii) Could accept a generic bond.

(iii) Could accept an unsecured loan or bond.

(5) Funding Alternatives: An Applicant may be authorized to receive a loan by any of the financial assistance methods specified in R309-705-4 for funding an emergency project. The Board may set and revise the methodology and factors to be considered when determining the terms of any financial assistance it provides including assigning a priority it deems appropriate. The terms of the loan, including length of repayment period, interest or hardship grant assessment, and principal forgiveness (grant) or repayment waivers will be determined at the time the emergency funding is authorized.

(6) Funding Process - The Board must find that an emergency exists according to the criteria in R309-705-9(2). It is anticipated that under normal emergency conditions time restraints will not allow a request for emergency funding to be placed on the agenda of a regularly scheduled Board meeting or adoption and advertisement of a project priority list. Therefore, the following procedures will be followed in processing a loan application for emergency assistance:

(i) Division staff will evaluate each application for emergency funding according to the criteria listed in R309-705-9(2). Staff will solicit recommendations from the LHD and District Engineer about the proposed project to mitigate the emergency. Staff will submit a report of its findings to the Board Chairperson or designee.

(ii) The Board Chairperson or designee will arrange for a timely meeting of the Board to consider authorizing assistance for the emergency. This meeting may be conducted by telephone.

R309-705-10. Committal of Funds and Approval of Agreements.

~~After the Director has issued a Plan Approval, the loan, credit enhancement, interest buy down, or hardship grant will be considered by the Board for final approval. The Board will determine whether the agreement is in proper order. The Executive Secretary, or designee, may then execute the loan or credit enhancement agreement if no aspects of the project have changed significantly since the Board's authorization of the loan or credit enhancement, provided all conditions imposed by the Board have been met. If significant changes have occurred the Board will then review the project and, if satisfied, the Board will then commit funds, approve the signing of the contract, credit enhancement agreement, or interest buy down agreement, and instruct the Executive Secretary to submit a copy of the signed contract or agreement to the Division of Finance.~~

(1) The Executive Secretary, or designee, may execute the loan agreement, credit enhancement agreement, or interest buy-down agreement when the following are complete:

(i) All financial assistance authorization conditions, as outlined in the Authorization Letter sent to the Recipient, have been met; including Division approval of all submitted legal documents and other items required by this rule.

(ii) The Recipient has received written plan approval of the engineering plans and specifications for the authorized project from the Division of Drinking Water.

(2) If the approved scope of work has changed significantly since the Board's initial authorization, the Board shall review the modified project scope of work to determine if it meets the Board's requirements. If satisfied, the Board shall authorize the Executive Secretary, or designee, to proceed with executing the loan agreement, credit enhancement agreement or interest buy-down agreement.

R309-705-11. Construction.

The Division of Drinking Water staff may conduct inspections and will report to the applicant and applicant's engineer. Contract change orders must be properly negotiated with the contractor and approved in writing. Change orders in excess of \$10,000 must receive prior written approval by the Executive Secretary before execution. When the project is complete to the satisfaction of the applicant, the applicant's engineer, and the Director, written approval will be issued by the Director in accordance with R309-500-9 to commence using the project facilities.

R309-705-12. Compliance with Federal Requirements.

(1) Applicants must show the legal, institutional, managerial, and financial capability to construct, operate, and maintain the drinking water system(s) that the project will serve.

(2) Applicant(s) shall require its contractors to comply with federal provisions for disadvantaged business enterprises and exclusions for businesses under suspension and/or debarment. Any bidder not complying with these requirements shall be considered a non-responsive bidder.

(3) As required by Federal Code, applicants may be subject to the following federal requirements (all assessments shall consider the impacts of the project twenty (20) years into the future):

Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended

Clean Air Act, Pub. L. 84-159, as amended

Coastal Barrier Resources Act, Pub. L. 97-348

Coastal Zone Management Act, Pub. L. 92-583, as amended

Davis Bacon Act, Pub. L. 107-217

Endangered Species Act, Pub. L. 92-583

Environmental Justice, Executive Order 12898

Floodplain Management, Executive Order 11988 as amended by Executive Order 12148

Protection of Wetlands, Executive Order 11990

Farmland Protection Policy Act, Pub. L. 97-98

Fish and Wildlife Coordination Act, Pub. L. 85-624

National Environmental Policy Act of 1969 (NEPA), Pub. L. 91-190

National Historic Preservation Act of 1966, PL 89-665, as amended

Safe Drinking Water Act, Pub. L. 93-523, as amended

Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Age Discrimination Act of 1975, Pub. L. 94-135

Title VI of the Civil Rights Act of 1964, Pub. L. 88-352

Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)

Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)

The Drug-Free Workplace Act of 1988, Pub. L. 100-690 (applies only to the capitalization grant recipient)

Equal Employment Opportunity, Executive Order 11246

Women's and Minority Business Enterprise, Executive Orders 11625, 12138 and 12432

Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

Anti-Lobbying Provisions (40 CFR Part 30)

Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended

Procurement Prohibitions under Section 306 of the Clean Water Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans

Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended

Debarment and Suspension, Executive Order 12549

Accounting procedures, whereby applicants agree to maintain a separate project account in accordance with Generally Accepted Accounting Standards and Utah State Uniform Accounting requirements.

KEY: SDWA, financial assistance, loans

Date of Enactment or Last Substantive Amendment: July 1, 2011

Notice of Continuation: March 12, 2020

Authorizing, and Implemented or Interpreted Law: 19-4-104; 73-10c

DRINKING WATER BOARD PACKET

November 1, 2022
Request to Begin Rulemaking

R309-800 Capacity Development Program

Presented to the Drinking Water Board November 1, 2022

PROPOSAL:

The Division of Drinking Water (Division) proposes to update the rule governing the State of Utah's capacity development program, R309-800, to comply with directives of the Federal America's Water Infrastructure Act (AWIA) of 2018 as well as directives in House Bill 269 Capital Assets Related to Water. Mainly to establish rules requiring water utilities to develop and implement asset management programs.

HISTORY/CONTEXT

Division Rule R309-800 was last updated in 2011. The 2022 update removes outdated references, implements current Board policies, and includes new language required by HB 269 and AWIA to implement asset management plans and programs at Utah's drinking water systems. HB269 was passed in the 2022 General Legislative Session. The bill requires water providers to "commit to adopt capital asset management plans under certain circumstances" namely when applying for financial assistance from the Drinking Water Board. The federal AWIA of 2018 requires states to "encourage development by public water systems of asset management plans that include best practices for asset management".

HB269 requires the Drinking Water Board to make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish the elements of an asset management plan for retail water providers. The Division has updated rule R309-800 to meet these requirements as well as for other purposes stated earlier.

The proposed rule has received input from several stakeholders including the Rural Water Association of Utah, the Rural Community Assistance Corporation, water system managers from water systems of various sizes, and consulting engineers who regularly work with water systems to design and build infrastructure improvements.

DIVISION STAFF/DIRECTOR RECOMMENDATION

The Division recommends that the Drinking Water Board authorize staff to file Rule R309-800 with the Office of Administrative Rules (OAR) to begin the rulemaking process.

IMPLEMENTATION SCHEDULE

Request Drinking Water Board Approval to File the Rule:	11/01/2022
Deadline to file rule with OAR:	11/15/2022
Publication of Rule in State Utah Bulletin:	12/01/2022
End of 30-Day Comment Period:	12/31/2022
Request Drinking Water Board Approval to Adopt the Rule:	01/11/2023

COST ESTIMATE

The Division anticipates that adopting this rule will have some fiscal impacts to the state budget and to local governments. No fiscal impact to small businesses or non-small businesses is anticipated.

However, the anticipated fiscal impacts are reported in the Administrative Rule Analysis form prepared for the updated Rule R309-700 Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program and the anticipated fiscal impacts from implementing Rule R309-800 are included in the fiscal impacts reported for R309-700.

State of Utah
Administrative Rule Analysis
Revised November 2021

NOTICE OF PROPOSED RULE		
TYPE OF RULE: New <u> </u> ; Amendment <u> </u> ; Repeal <u> </u> ; Repeal and Reenact <u>X</u>		
Title No. - Rule No. - Section No.		
Utah Admin. Code Ref (R no.):	R309-800	Filing ID (Office Use Only)
Changed to Admin. Code Ref. (R no.):	R309-800	
Agency Information		
1. Department:	Environmental Quality	
Agency:	Drinking Water	
Room no.:		
Building:	Multi-Agency State Office Building	
Street address:	195 N 1950 W	
City, state and zip:	Salt Lake City, UT 84116	
Mailing address:	PO Box 144830	
City, state and zip:	Salt Lake City, UT 84114-4830	
Contact person(s):		
Name:	Phone:	Email:
Michael Grange	801-674-2563	mgrange@utah.gov
Please address questions regarding information on this notice to the agency.		

General Information		
2. Rule or section catchline:		
R309-800. Capacity Development Program		
3. Purpose of the new rule or reason for the change (Why is the agency submitting this filing?):		
The Division is proposing this rule change to correct outdated references, update language, and add new language to implement the requirements of HB269 Capital Assets Related to Water and the federal America's Water Infrastructure Act of 2018.		
4. Summary of the new rule or change (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):		
This rule outlines the process for water systems to demonstrate their current capabilities or the process they will follow to improve their technical, managerial, and financial capabilities to operate a sustainable utility. The new language defines the elements of a capital asset management plan as required by HB269 and AWIA.		

Fiscal Information		
5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:		
A) State budget:		
Enacting this rule could cost the Department of Environmental Quality (DEQ) up to \$150,000 annually for one full-time FTE to manage the asset management program within the Division of Drinking Water. This position will be funded through a combination of set-aside funds from the annual Drinking Water State Revolving Fund capitalization grant authorized by Congress through the federal Safe Drinking Water Act and funds allocated to the Division of Drinking Water from the state legislature. Program management activities include, but are not limited to, public outreach to water systems and other interested parties, working with water systems and consulting engineers to help them understand the benefits of and how to prepare and implement an acceptable asset management plan and program, and receiving and reviewing asset management plans submitted by water systems.		

B) Local governments:

Enacting this rule could have a fiscal impact for local government entities required to develop, adopt, and implement a capital asset management plan and an asset management program. Cost to develop such a plan could be as much as \$100,000 depending on water system size and complexity. Annual costs could be an additional \$75,000 for water system staff to manage the asset management program and maintain the asset management plan. Annual cost savings to local government entities are expected but will vary depending on system size and complexity as well as how effectively the asset management program is implemented. Cost savings may be realized through better asset maintenance, better planning for asset rehabilitation or replacement, establishing a proactive maintenance schedule based on the importance the asset has to system operation, as well as other operations and maintenance efficiencies gained through implementing the plan.

C) Small businesses ("small business" means a business employing 1-49 persons):

No fiscal impact to small businesses is anticipated.

D) Non-small businesses ("non-small business" means a business employing 50 or more persons):

No fiscal impact to non-small businesses is anticipated.

E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

The proposed rule is not anticipated to have any aggregate costs or savings to persons other than small businesses, non-small businesses, state government, or local governments.

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

No fiscal impact to affected persons, other than those listed in earlier sections is anticipated.

G) Comments by the department head on the fiscal impact this rule may have on businesses (Include the name and title of the department head):

6. A) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)

Regulatory Impact Table			
Fiscal Cost	FY2022	FY2023	FY2024
State Government	\$0	\$150,000	\$155,250
Local Governments	\$0	\$175,000	\$180,250
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0
Fiscal Benefits			
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0

B) Department head approval of regulatory impact analysis:

The Director of the Division of Drinking Water, Tim Davis, has reviewed and approved this fiscal analysis.

Citation Information

7. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Subsection 73-10g-5		

Incorporations by Reference Information

(If this rule incorporates more than two items by reference, please include additional tables.)

8. A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	First Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

	Second Incorporation
Official Title of Materials Incorporated (from title page)	
Publisher	
Date Issued	
Issue, or version	

Public Notice Information

9. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until (mm/dd/yyyy):

B) A public hearing (optional) will be held:

On (mm/dd/yyyy):	At (hh:mm AM/PM):	At (place):

10. This rule change MAY become effective on (mm/dd/yyyy):

NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date. To make this rule effective, the agency must submit a Notice of Effective Date to the Office of Administrative Rules on or before the date designated in Box 10.

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the *Utah State Bulletin* and delaying the first possible effective date.

Agency head or designee, and title:	Date (mm/dd/yyyy):	
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R309. Environmental Quality, Drinking Water.

R309-800. Capacity Development Program.

R309-800-1. Authority.

(1) Under authority granted in Utah Code Subsection 19-4-104(1)(a)(v), the Drinking Water Board adopts this rule implementing the capacity development program for new and existing community, and non-transient non-community systems and governing the allotment of federal funds to public water systems to assist them to comply with the Federal 1996 Reauthorized Safe Drinking Water Act (SDWA).

R309-800-2. Purpose.

(1) The SDWA makes certain federal funds available to states, through the Drinking Water State Revolving fund Financial Assistance Program ~~Loan~~ Program ~~as defined in section 1452(k)(2)(C)~~ to provide assistance to any public water system eligible public water systems as part of a capacity development strategy developed and implemented in accordance with section 1420(c) to ensure all new public water systems will be able to comply with the SDWA, to enhance existing public water systems' capability to comply with the SDWA, and determine which public water systems applying for financial assistance are eligible to use the State Revolving Funds.

(2) The purpose of the Capacity Development Program for new and existing systems is to enhance and ensure the system technical, managerial, and financial capacity of water systems and encourage water systems to develop and implement an asset management program. The Program's goals are:

- (a) to promote long-term compliance with drinking water regulations, and
- (b) to promote the public health protection objectives of the SDWA.

(c) ~~to promote compliance with the requirements of the State of Utah's Groundwater Rule, R309-215-16, in identifying and correcting significant deficiencies in technical, managerial, and/or financial capacity to promote and encourage water systems to implement best practices and other activities associated with an asset management program.~~

R309-800-3. Definitions.

~~(1) Definitions for terms used in this rule are given in R309-110, except as modified below.~~

~~(2) "Asset Management Plan" A written plan developed by a water system to implement asset management or an asset management program within the system. The asset management plan describes the five core asset management components at R309-800-5(3) and provides an outline the water system can use to make appropriate improvements.~~

~~"Asset Management Program" The practice of managing infrastructure assets to maximize the efficiency and life expectancy of operating these assets while delivering the desired service levels.~~

~~"Capacity Development" means the technical, managerial, and financial capabilities of the water system to plan for, achieve, and maintain compliance with applicable drinking water standards.~~

~~"Community Water System" An existing system providing water for human consumption and other domestic uses through pipes or other constructed conveyances, which has at least 15 service connections or serves an average of at least 25 individuals at least 60 days out of the year.~~

~~(3) "Drinking Water Region Planning" means a county wide water plan, administered locally by a coordinator, who facilitates the input of representatives of each public water system in the county with a selected consultant, to determine how each public water system will either collectively or individually comply with source protection, operator certification, monitoring including consumer confidence reports, capacity development including technical, financial and managerial aspects, environmental issues, available funding and related studies.~~

~~(4) "Small Water System" means a water system with less than 3,300 people being served.~~

~~(5) "Public Water System" means a system providing water for human consumption and other domestic uses through pipes or other constructed conveyances, which has at least 15 service connections or serves an average of at least 25 individuals daily at least 60 days out of the year.~~

~~(6) "Non-Community Water System" (NCWS) means a public water system that is not a community water system. There are two types of NCWS's: transient and non transient.~~

~~(7) "New Water System" means a system that will become a community water system or non-transient, non-community water system on or after October 1, 1999.~~

~~"Non-Transient Non-Community Water System" (NTNCWS) means a An existing public water system, that is not a community water system, that regularly serves at least 25 of the same nonresident persons per day for more than six months per year. Examples of such systems are those serving the same individuals (industrial workers, school children, church members) by means of a separate system.~~

~~(8) "New Water System" means a system that will become a community water system or non-transient, non-community water system on or after October 1, 1999.~~

~~(9) "Required Reserve" means funds Funds set aside to meet requirements set forth in a loan covenant/bond indenture. Additional definitions are provided in R309-110.~~

R309-800-4. General.

(1) Capacity development criteria ~~are to be used as a guideline for all water systems. These criteria constitute a standard applied when reviewing new systems applications, reviewing applications for financial assistance and assessing capacity of water systems rated unapproved or in significant non-compliance with SDWA requirements or State drinking water rules by the State or the EPA. In the following situations:~~

- ~~(a) when reviewing new or proposed water system applications,~~
- ~~(b) when reviewing applications for financial assistance~~

(c) when assessing capacity of all water systems that are rated unapproved or are in significant non-compliance with SDWA requirements or State drinking water rules by the State or the Environmental Protection Agency (EPA).

These criteria may be used as a guideline for other water systems.

(2) Water systems shall meet the following criteria Capacity Development Criteria:

(a) Technical Capacity Criteria:

(i) Finished water shall meet all drinking water standards as required by Utah State Rules.

(ii) Personnel shall operate the system in accordance with the operations and maintenance manual.

(iii) A valid water right shall be obtained. Water systems shall provide proof of sufficient water rights or valid water purchase contracts.

(iv) Water system shall meet source, storage, and distribution requirements as per Utah State Rules.

(v) Water system shall not be rated unapproved or in significant noncompliance by the State or the EPA. Existing systems rated unapproved or with a history of significant noncompliance, as determined by the State or the EPA, shall agree to undertake appropriate action to resolve noncompliance or become an approved system.

(b) Managerial Capacity Criteria:

(i) The system owner(s) and any management or ownership changes shall be clearly identified to the Director, Executive Secretary of the Drinking Water Board.

(ii) The system shall meet all of the operator certification requirements as per defined in R309-300 and backflow technician certification requirements as per R309-305.

(iii) A The system shall implement a program or method shall be in place to effectively maintain manage all requisite system records, such as distribution system histories, maps, asset inventory, and compliance information, and

(iv) An The system shall develop and maintain an operating plan shall include that includes, but is not limited to, system operator names and certification levels of the system operator(s), facility operation and maintenance manuals, routine maintenance procedures, water quality monitoring plan and violations response procedures, water quality monitoring plan, training plan, and emergency response plan.

(v) The Director shall be informed of management changes.

(c) Financial Capacity Criteria:

(i) Revenues shall be greater than expenses.

(ii) A financial statement compilation by a Certified Public Accountant must prepare a financial statement or perform, or an audit if otherwise required of the water system, shall be completed at least every three years.

(iii) The water system shall devise and implement a managerial budget and accounting process in accordance with generally accepted principals.

(iv) The operating ratio (operating revenue divided by operating expenses excluding depreciation and required reserves) shall be greater than 1.0.

(v) The coverage ratio (total revenues minus operating expenses excluding depreciation and required reserves divided by annual debt service) shall be greater than 1.0.

(vi) Customers shall be metered; and/or the water system shall take action to install meters.

(vii) An emergency/replacement reserve shall be created and funded.

(d) Asset Management

(i) Existing systems are encouraged to develop and implement an asset management plan that addresses the technical, managerial, and financial aspects of the five core questions of asset management at R309-800-5(3).

(ii) Retail water suppliers seeking financial assistance through Utah's State Revolving Fund must commit to develop and implement an asset management program as referenced in R309-700-5.

(iii) Retail water suppliers seeking financial assistance through the federal State Revolving Fund must commit to develop and implement an asset management program as referenced in R309-705-5.

(3) Public Water Systems that use ground water, except those that combine all of their ground water with surface water or with ground water under the direct influence of surface water prior to treatment, but including consecutive systems receiving finished ground water shall be subject to the sanitary survey requirements of R309-100-7 and the significant deficiency requirements of R309-215-16(3) in order to be in compliance with the Capacity Development Program requirements.

R309-800-5. Implementing an Asset Management Program

(1) Water systems are encouraged to develop and implement an asset management program. An asset management program provides the following benefits to water systems:

(a) Prolong asset life

(b) Reducing overall costs for operations, maintenance, and capital expenditures

(c) Improving decisions about asset maintenance, rehabilitation, repair, and replacement

(d) Meeting customer demands with a focus on system sustainability

(e) Meeting service expectations and regulatory requirements

(f) Improving responses to emergencies

(g) Improving asset safety and security

(h) Budgeting focused on critical activities for sustained performance

(i) Setting rates based on sound operational and financial planning

(2) An effective asset management program includes detailed asset inventories, operation and maintenance tasks and long-range financial planning. These items should be captured in an asset management plan, which can be tailored to fit individual water system size and complexity.

(3) The asset management plan shall address the following five core components:

(a) The current state of the utility's assets

(i) Prepare an asset inventory

(ii) Develop a system map

(iii) Develop a method to assess and prioritize assets based on condition

(iv) Assess the asset's remaining useful life

(v) Determine asset value and replacement cost

(b) The utility's required sustainable level of service

(i) Analyze current customer demand and satisfaction

(ii) Analyze anticipated customer demand and satisfaction

(iii) Understand current regulatory requirements

(iv) Communicate system performance goals with the public

(v) Identify standard levels of services and track system performance

(c) Assets that are critical to sustained performance

(i) Conduct a failure analysis on all assets

(ii) Determine probability of failure

(iii) Analyze risk and consequences of failure

(iv) Prioritize system assets based on importance to system operation

(v) Develop specific response plans based on potential asset failure

(d) Minimum infrastructure life-cycle costs

(i) Implement an appropriate maintenance schedule, including costs for all assets

(ii) Identify life-cycle costs for all assets

(iii) Develop a capital improvement plan and an operations and maintenance strategy

(iv) Identify and compare the cost of rehabilitation versus replacement

(v) Determine the related costs of responding to asset failure

(e) Long term budgeting strategy

(i) Regularly review system budget

(ii) Establish and fund a capital facilities account

(iii) Implement a rate structure to ensure financial sustainability

(iv) Explore asset renewal and replacement financing

(v) Identify financial assistance resources based on asset condition and importance

(4) All water systems subject to this rule shall complete the following:

(a) Prepare and asset management plan as described in R309-800-5(3).

(b) System's governing body shall formally adopt the asset management plan.

(c) Submit proof of adoption to the Division.

(5) In addition to the requirements in R309-800-5(4), water systems applying for financial assistance from either the federal or state Drinking Water State Revolving Fund Financial Assistance Program must also submit their asset management plan to the Division for review or request sufficient funds to create an asset management plan. Asset management plans prepared using financial assistance from the Drinking Water Board shall be submitted to the Division for review.

R309-800-6 Requirements for New Community and New Non-transient, Non-community Water Systems.

(1) Feasibility Review. (See R309-100-6.)

(2) Each proposed, new water system must demonstrate that it has adequate technical, managerial, and financial capacity before it may provide water for human consumption. Proposed These water systems shall submit the following for Capacity Assessment Review:

(3a) Project Notification form, available on the Internet at www.drinkingswater.utah.gov/blank_forms.htm. Division's website.

(4b) A business plan, which includes a facilities plan, management plan, and financial plan.

(a) Facilities plan. The facilities plan shall describe the scope of the water services to be provided and shall include the following:

(iA) A description of the nature and extent of the area to be served; and provisions for extending the water supply system to include additional area. The description shall include population and land use projections and forecasts of water usage.

(iiB) An assessment of current and expected drinking water compliance based on monitoring data from the proposed water source.

(iiiC) A description of the alternatives considered, including interconnections with other existing water systems, and the reasons for selecting the method of providing water service. This description shall include the technical, managerial, financial and operational reasons for the selected method, and.

(ivD) An engineering description of the facilities to be constructed, including the construction phases and future phases, and future plans for expansion. This description shall include an estimate of the full cost of any required construction, operation, and maintenance.

(bii) Management plan. The management plan shall describe what is needed to provide for effective management and operation of the system, and shall include the following:

(4A) Documentation that the applicant water system has the legal right and authority to take the measures necessary for the construction, operation, and maintenance of the system. The documentation shall include evidence of ownership, ~~if the applicant is the owner of the system or, if the applicant is not the owner, legally enforceable management contracts or agreements;~~

(4B) An operating plan that describes the tasks to be performed in managing and operating the system. The operating plan shall consist of administrative and management organization charts, plans for staffing the system with certified operators, and provisions for an operations and maintenance manual; ~~and~~

(4C) Documentation of credentials of management and operations personnel, cooperative agreements or service contracts including demonstration of compliance with R309-300 water system operator certification rule; ~~and~~

(eiii) Financial plan. The financial plan shall describe the water system's expected revenues, cash flow, ~~income~~ and issuance and repayment of debt for meeting the costs of construction, and the estimated costs of operation and maintenance for at least five years from the date the applicant water system expects to begin system operation.

(5c) After the information submitted by the applicant water system is complete, the Division shall conduct a Capacity Assessment Review. The applicant water system shall be notified in writing whether or not the new system has demonstrated adequate capacity. No new community or non-transient, non-community system will be approved if it lacks adequate capacity.

(6d) ~~Those systems Water systems~~ constructed without approval shall be subject to~~s~~ points as specified in R309-400, and~~or~~ administrative ~~and~~/or civil penalties and fines.

R309-800-67. Minimum Capacity Required for Financial Assistance Under Provisions of R309-700 and R309-705.

(1) Applicants for financial assistance shall complete an application form, available on the ~~Internet at~~ www.drinkingwater.utah.gov/blank_forms.htm ~~Division website~~. The application shall include project information and water system financial information, ~~and This information will be used to determine~~ project and water system eligibility, establish project priority ranking, and provide a basis for determining financial assistance parameters.

(2)(a) ~~As described in (3) below, applicants for financial assistance from the Federal Drinking Water State Revolving Loan Program are required to complete and submit Capacity Development worksheets to the Executive Secretary.~~

(b) ~~As described in (4) below, the Executive Secretary may require an applicant for a loan from the State's Revolving Loan Program to complete and submit Capacity Development worksheets for review.~~

(3) Financial assistance under the provisions of R309-705, Financial Assistance: Federal Drinking Water State Revolving Fund Loan Program. Applicants for financial assistance from the Federal Drinking Water State Revolving Loan Program are required to complete and submit Capacity Development worksheets to the Executive Secretary. Financial assistance shall not be available to a water system that lacks the technical, managerial, or financial capability to maintain SDWA compliance, or is in significant non-compliance with any provisions of R309-200 through 225 or 500 through 550, unless:

(a) The use of the financial assistance will ensure compliance with SDWA and Utah rules; or

(b) The owner of the system agrees to undertake feasible and appropriate changes in operation to ensure technical, managerial, and financial capacity to maintain long-term compliance with SDWA.

(4) Financial assistance under the provisions of R309-700 Financial Assistance: State Drinking Water State Revolving Fund Loan Program. ~~A Capacity Development Assessment may be necessary. The Executive Secretary may require an applicant for a loan from Utah's state Revolving Loan Program to complete and submit Capacity Development worksheets for review before the Executive Secretary considers considering~~ whether a project is eligible for financial assistance ~~under the State's Revolving Loan Program~~. The decision will be based on available water system information obtained through sanitary surveys, site visits, monitoring and reporting data, or other valid means. If, after review of available information, the Executive Secretary determines that a Capacity Development Assessment is necessary, he will require that the applicant complete and submit the Capacity Development worksheets to the Division. Otherwise, a Capacity Development Assessment is not required.

KEY: drinking water, funding, regionalization, capacity development

Date of Enactment or Last Substantive Amendment: May 23, 2011January 2023

Notice of Continuation: March 12, 2020

Authorizing, and Implemented or Interpreted Law: 19-4-104

Agenda Item

7(A)(ii)

DRINKING WATER BOARD PACKET
(Request to Adopt Proposed Rule)

R309-230 Lead in School Sampling and Remediation Requirements

Presented to the Drinking Water Board November 1, 2022

PROPOSAL:

R309-230 was out for a 30-day public comment period from September 15, 2022 until October 17, 2022. Upon receiving no comments, the Division of Drinking Water (Division) proposes to adopt the rule for House Bill 21, which establishes what constitutes steps to reduce the lead level below the action level as well as the time period to take steps to reduce the lead level below the action level.

HISTORY/CONTEXT

House Bill 21 School and Child Care Center Water Testing Requirements was passed in the 2022 General Legislative Session. The bill requires all schools, both public and private, to test their consumable taps for lead by no later than December 31, 2023. If a school or child care center finds a lead level for a consumable tap equals or exceeds the action level of 5 parts per billion, the school is required to take steps to stop the use of the consumable tap and to reduce the lead level below the action level.

The bill grants the Drinking Water Board the authority to make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish what constitutes steps to reduce the lead level below the action level as well as the time period to take steps to reduce the lead level below the action level. The Division of Drinking Water is proposing R309-230 to establish these requirements for House Bill 21.

The proposed rule has received input from several stakeholders including the Water Quality Association, the Utah Board of Education, the Utah Department of Health, local health departments, the Utah Private Child Care Association, and the International Association of Plumbing and Mechanical Officials (IAPMO). The rule has also been pre-filed with the Office of Administrative Rules for review.

DIVISION STAFF/DIRECTOR RECOMMENDATION:

The Division recommends that the Drinking Water Board adopt R309-230 Lead in School Sampling and Remediation Requirements.

IMPLEMENTATION SCHEDULE:

Request Drinking Water Board Approval to File the Rule:	08/31/2022
Deadline to file rule with OAR:	09/01/2022
Publication of Rule in State Utah Bulletin:	09/15/2022
End of 30-day Comment Period:	10/17/2022
Request Drinking Water Board Approval to Adopt the Rule:	11/01/2022

COST ESTIMATE:

The Division anticipates that the adoption of this rule will have some costs to the state budget, local governments, small businesses, and non-small businesses.

The proposed rule will have costs to public schools, private schools, and child care centers which have samples which come back with a lead level of 5 parts per billion or higher. These costs will be reimbursable by the State of Utah using federal funding received through both the American Rescue Plan Act (ARPA) and the Water Infrastructure Improvements for the Nation Act (WIIN).

State of Utah
Administrative Rule Analysis
Revised June 2022

NOTICE OF PROPOSED RULE

TYPE OF RULE: New X ; Amendment ; Repeal ; Repeal and Reenact

Title No. - Rule No. - Section No.

Rule or Section Number:	R	Filing ID: Office Use Only
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Agency Information

1. Department:	Environmental Quality	
Agency:	Drinking Water	
Room number:		
Building:	Multi-Agency State Office Building	
Street address:	195 N 1950 W	
City, state and zip:	Salt Lake City, UT 84116	
Mailing address:		
City, state and zip:		
Contact persons:		
Name:	Phone:	Email:
Dylan Martinez	385-278-3807	Dylanmartinez@utah.gov
Please address questions regarding information on this notice to the agency.		

General Information

2. Rule or section catchline:

R309-230. Lead in School Sampling and Remediation Requirements

3. Purpose of the new rule or reason for the change (Why is the agency submitting this filing?):

The division is proposing a rule to establish the time period to take steps to reduce the lead level below the action level as described in Subsection 5 of HB0021

4. Summary of the new rule or change (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):

This rule establishes what constitutes steps to reduce the lead level below the action level and the time period to take steps to reduce the lead level below the action level as described in subsection 5 of House Bill 21

Fiscal Information

5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:

A) State budget:

Enactment of this rule could cost the Department of Environmental Quality (DEQ) \$1,650,000 in one-time previously authorized Federal Funds. The Division estimated that \$825,000 will be used for FY23 and \$825,000 will be used for FY24. This funding will be used to issue reimbursements to schools and child care centers to cover the expenses of testing consumable taps for lead and to provide staff to coordinate sampling and remediation efforts. It will also be used to provide reimbursements for the costs of remediating for taps found above the action level for lead concentration. Total reimbursement estimates are broken down in sections B and C.

B) Local governments:

Enactment of this rule could have a fiscal impact for Local Education Agencies (LEAs) to collect and submit a sample from consumable taps in their facilities to a Certified Laboratory for lead testing. The expense of testing would be paid by the DEQ. It is estimated that there are 45,262 consumable taps subject to testing, and 11% of those taps may require action. The average cost for lead remediation is \$281. To the extent that consumable taps are found to be above the action level of 5 parts-per-billion, LEAs could incur expenses of up to \$1,399,000 for remediation actions. Subject to availability of funding from previously authorized Federal grants, these expenses may be reimbursable through DEQ. This figure could be reduced if taps have been tested for lead since January 1st 2016. The Division estimate that \$699,500 will be reimbursed in FY23 and an additional \$699,500 will be reimbursed in FY24.

C) Small businesses ("small business" means a business employing 1-49 persons):

Enactment of this rule could result in a fiscal impact for private schools (which are required) and childcare centers (which have the option) to collect and submit a sample from each consumable tap in their facilities to a certified laboratory. Under this bill, private schools and childcare centers are not required to pay for lead testing, however private schools will be financially responsible for remediation of taps that test above the action level of 5 parts-per-billions and are required to report remedial actions to the DEQ. It is estimated that there are 8,100 taps in private schools and childcare centers subject to testing, and that 11% of those taps may require remedial actions. The average cost for lead remediation is \$281 (these estimates are formulated based on the State of Indiana's study (https://www.in.gov/ifa/files/Indiana-School-Lead-Sampling-Program_FinalReport_IFA2019.pdf), resulting in a total possible cost to all private schools and child care centers (small and non-small) in the state of \$250,400 (which may be reimbursable through DEQ, subject to the availability of previously authorized Federal grants). This figure could be reduced if consumable taps have been tested for lead since January 1st, 2016. The division estimates that \$125,000 will be allocated for reimbursement in FY23 and \$125,000 will be allocated for reimbursement in FY24.

D) Non-small businesses ("non-small business" means a business employing 50 or more persons):

Due to difficulties to differentiate between small and non-small businesses, the Division has chosen to calculate the costs and benefits to all businesses as one sum.

E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

The proposed rule is anticipated to have no aggregate costs or savings to persons other than small businesses, non-small businesses, state government, or local governments. This rule will only require schools and childcare centers to take actions to test and remediate lead in drinking water, it will not require any actions from individuals. However, it will have huge impact on the health of children throughout Utah

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

Enactment of this rule could have a fiscal impact for schools (who are required) and childcare centers (who have the option) to collect and submit a sample from each consumable tap in their facilities to a Certified Laboratory. It is estimated that each school will have on average 40 consumable taps which will need to be sampled, and 11% of them will require remedial actions. The average cost for lead remediation is \$281, resulting in an estimated average of \$1,235 per school. This may be reimbursable through DEQ, subject to the availability of previously authorized federal grants.

G) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)**Regulatory Impact Table**

Fiscal Cost	FY2023	FY2024	FY2025
State Government	\$825,000	\$825,500	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0

Total Fiscal Cost	\$825,000	\$825,500	\$0
Fiscal Benefits	FY2023	FY2024	FY2025
State Government	\$0	\$0	\$0
Local Governments	\$699,500	\$699,500	\$0
Small Businesses	\$125,500	\$125,000	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$825,000	\$825,000	\$0
Net Fiscal Benefits	\$0	\$0	\$0

H) Department head comments on fiscal impact and approval of regulatory impact analysis:

The Director of the Department of Environmental Quality Kim Shelley has reviewed and approved this fiscal analysis.

Citation Information

6. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Subsection 19-4-115(4)(c)	Ex 2: Subsection 63G-3-403(3)	

Incorporations by Reference Information

7. Incorporations by Reference (if this rule incorporates more than two items by reference, please include additional tables):

A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

Official Title of Materials Incorporated (from title page)	3Ts for Reducing Lead in Drinking Water in Schools and Child Care Facilities
Publisher	EPA
Issue Date	October 2018
Issue or Version	

B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

Official Title of Materials Incorporated (from title page)	
Publisher	
Issue Date	
Issue or Version	

Public Notice Information

8. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until: 10/17/2022

B) A public hearing (optional) will be held:

On (mm/dd/yyyy):	At (hh:mm AM/PM):	At (place):

9. This rule change MAY become effective on: 10/24/2022

NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date.

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the *Utah State Bulletin* and delaying the first possible effective date.

Agency head or designee and title:	Kim Shelley	Date:	10/31/2022
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R309. Environmental Quality, Drinking Water

R309-230. Lead in School Sampling and Remediation Requirements

R309-230-1. Purpose.

The purpose of this rule is to:

(1) Establish the procedure for schools and child care centers applying for a grant under Title 19, Environmental Quality Code, Chapter 4, Safe Drinking Water Act, Section 115, to establish the steps that must be taken and the time period that must be met to reduce the lead level to be below the action level; and

(2) Outline the steps the Division of Drinking Water will take to make the results public.

R309-230-2. Authority.

This rule was authorized by Title 19, Environmental Quality Code, Chapter 4, Safe Drinking Water Act, Section 115.

R309-230-3. Applicability.

This rule applies to each public and private school and child care center that conducts sampling under Section 19-4-115.

R309-230-4. Definitions.

Definitions for certain terms used in this rule are given in Rule R309-110 but may be further clarified in Subsections R309-230-4(1) and (2).

(1) "Certified laboratory," "Child care center," "Consumable tap," "School," and "Action Level" are defined in Section 19-4-115;

(2) "Third-party Certified" means a certifying body that is accredited by the American National Standards Institute (ANSI) National Accreditation Board (ANAB).

R-309-230-5. Sampling Requirements.

(1) Each public and private school shall, and child care center may, take a sample from each consumable tap for lead and have those samples evaluated by a certified laboratory by December 31, 2023. Sampling must comply with EPA's "3Ts for Reducing Lead in Drinking Water in Schools and Child Care Facilities" (October 2018) which is incorporated by reference; and

(2) The results of samples shall be submitted by the certified laboratory to the school or child care center and to the Division of Drinking Water.

R309-230-6. Immediate Response.

If a sample equals or exceeds a lead concentration of five parts per billion:

(1) A school or child care center shall prevent use of the consumable tap that equals or exceeds a lead concentration of fifteen parts per billion within 24 hours after receiving the sample test result;

(2) A school or child care center may develop and implement a flushing plan for a consumable tap with a lead concentration equal to or greater than five and less than fifteen parts per billion until remediation and retesting is completed in accordance with Section R309-230-7; and

(3) A school or child care center may apply for reimbursement for costs associated with the purchase of bottled water with the Division of Drinking Water until a permanent control measure is implemented.

R309-230-7. Permanent Control Measures.

Following receipt of results that show a consumable tap has five or more parts per billion of lead, a school or child care center shall:

(1) Implement one of the following permanent control measures:

(a) Replacement of the consumable tap with a replacement faucet that has been third-party certified to NSF or ANSI standard 372 for lead-free compliance and NSF or ANSI standard 61 for material safety.

(b) Installation of a water treatment device at the tap. The water treatment device must be certified to capture lead according to NSF or ANSI standard 53 or NSF or ANSI standard 58. Schools shall follow the manufacturer's instructions for installation, use, and maintenance. For each water treatment device installed, schools shall create a maintenance schedule that identifies a point of contact to oversee making sure they are properly installed and maintained.

(c) Permanently shut off and remove the consumable tap.

(2) If control measures stated in Subsection (1) (a) or (1) (b) are completed, the school or child care center shall take a follow-up sample of the consumable tap and have those samples evaluated by a certified laboratory to demonstrate that lead is less than five parts per billion before access to the tap is resumed. Each sample taken must comply with requirements in Section R309-230-5;

(3) A school or child care center may apply for reimbursement for costs associated with permanent control measures for consumable taps with the Division of Drinking Water.

R309-230-8. Report to the Division of Drinking Water.

Schools and child care centers shall report to the Division of Drinking Water each permanent control measure taken under Section R309-230-7 no later than 30 days after they are implemented.

R309-230-9. Publication of Data.

The Division shall post each sample result and remediation step on the Division of Drinking Water website 90 days after the Division receives them.

R309-230-10. Time Period to Take Steps to Reduce the Lead Level Below the Action Level and Report to the Division of Drinking Water.

For each consumable tap that equals or exceeds a lead concentration of five parts per billion:

(1) Schools and child care centers shall complete permanent control measures within 90 days of receiving results unless an alternative schedule is approved by the Division of Drinking Water;

(2) Schools and child care centers shall resample within 30 days of completing permanent control measures under Subsection R309-230-7(1);

(3) If a sample taken as required in Subsection R309-230-7(2) has a lead concentration greater than or equal to five parts per billion, the school or child care center shall implement additional permanent control measures as required in Section R309-230-7 until either the consumable tap is permanently removed or post mitigation results are below a lead concentration equal to five parts per billion; and

(4) Schools and child care centers shall report to the Division of Drinking Water resample results as well as permanent control measures taken within 30 days after taking steps under Subsection R309-230-7(1).

KEY: drinking fountain, remediation, Environmental Protection Agency

Date of Last Change: 2022

Authorizing, and Implemented or Interpreted Law: 19-4-115

Agenda Item

8

Rural Water Association Report
Presented to the Drinking Water Board
November 1, 2022

DRINKING WATER BOARD PACKET
Rural Water Association Report

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Rural Water Association - DWB Report

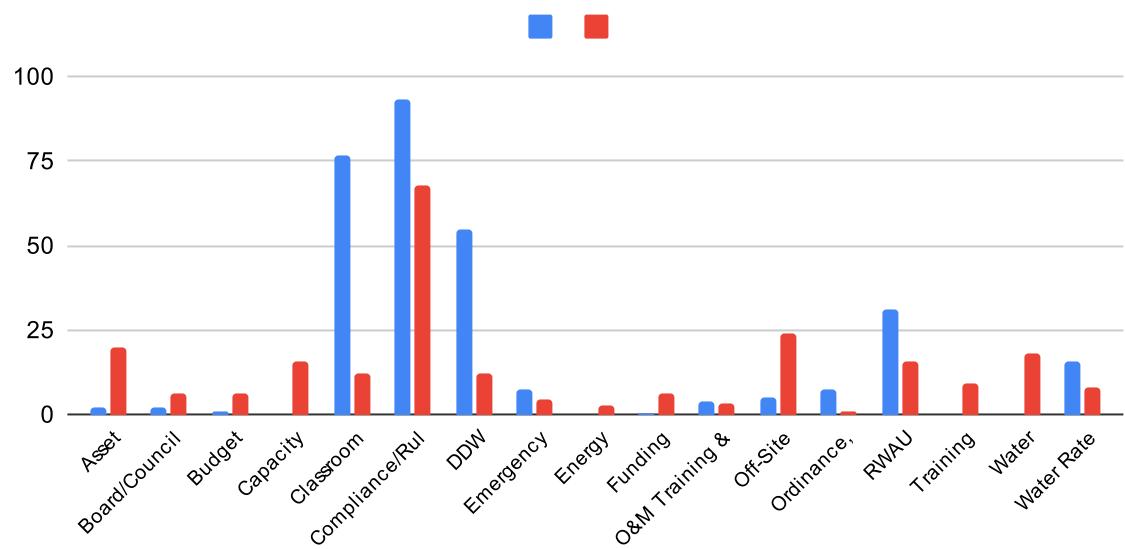
Report Period: September, 2022

Terry Smith - Compliance Specialist

Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Asset Management/Evaluation	2.0	20.0	80.0
Board/Council Training	2.0	6.5	26.0
Budget Planning/Evaluation	1.0	6.5	26.0
Capacity Development/Master Planning	0.0	16.0	64.0
Classroom Instruction/Training	76.5	12.0	48.0
Compliance/Rules Assistance	93.3	68.0	272.0
DDW Interaction/Meetings/Reports	55.0	12.0	48.0
Emergency Response	7.8	4.5	18.0
Energy Efficiency Study	0.0	3.0	12.0
Funding Procurement	0.5	6.0	24.0
O&M Training & Assistance	3.7	3.5	14.0
Off-Site Assistance	5.0	24.0	96.0
Ordinance, Resolutions, By-Laws Development	7.5	1.0	4.0
RWAU Conference	31.3	16.0	64.0
Training Received	0.0	9.0	36.0
Water Loss/Auditing	0.0	18.0	72.0
Water Rate Development/Analysis	15.5	8.0	32.0
Totals:	301	234	936

Program Hours Worked vs Goals to Date

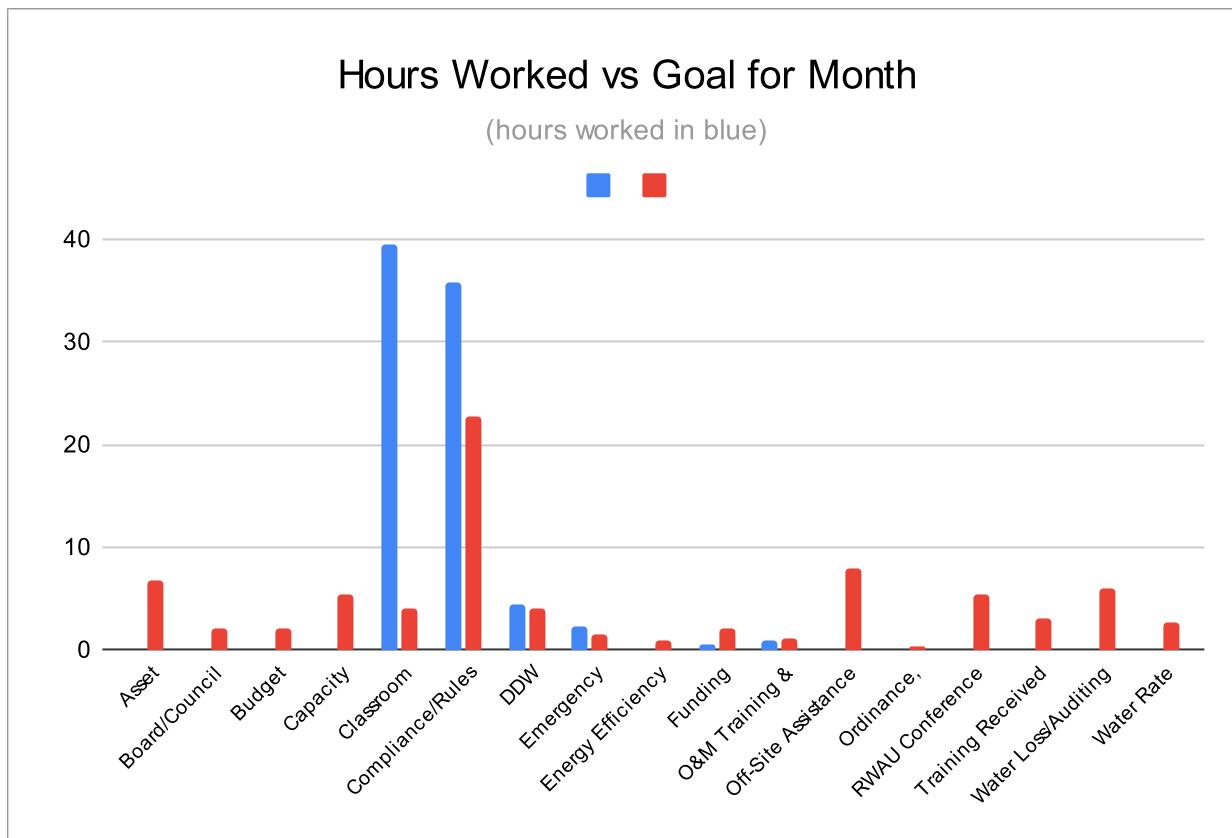
(hours worked in blue)



Report Period: September, 2022

Notable Assistance & Work Performed

System	Description:
ASPEN COVE ASSC. (04051)	Composed email to Dan outlining future requirements and solutions
WASHINGTON CO WCD	Proctor exam - Blake Klunker
MIDVALLEY EST WTR CO	Conversation with Tracy Feltner - certified operator compliance
LILA CANYON MINE (08048)	Email to Jesse outlining system compliance requirements
NEPHI CITY WATER	Helping Justing with source protection update
GENOLA TOWN	Reviewing SP plan and advising Chris via email how to update
MIDVALLEY EST WTR CO	Working with Robert to address deficiencies (operator & CCR)
SUNSET CITY	Jake with Sunset City called me asking for advise on chlorination
PAROWAN CITY	Assisting Kelly with rule pertaining to cross connection
ST GEORGE CITY	Proctoring exam - Zach Ostler
WHISPERING PINES WC (20048)	Advised Sean on piping for well pump replacement
SOUTH WILLARD WTR CO	Advised Natani on lead/copper site selection and site plan
LEEDS DOMESTIC WATER	Advising Mark - line sizing/replace
SOUTH DAVIS WTR DISTRICT	Created a slide explaining how to calculate velocity for Moe
PORTAGE TOWN	Assistance request for help with chlorinator - coordinated response



Rural Water Association of Utah

Water System Assistance Report

Report Month: September

Contract

Employee: Terry Smith

Total Work Hours: 123.25

Hours Assisting Specific Systems: 45.50

System assistance percentage of total working hours: 36.92%

Date:	Description:	Water System:	Task Hours:
9/6/2022	Review & sent email offering assistance - initial order	UNDER CANVAS (09105)	1.00
9/8/2022	Composed email to Dan outlining future requirements and solutions	ASPEN COVE ASSC. (04051)	1.00
9/8/2022	Call from Dirk pertaining to TC rule. Advised on further actions	GLENWOOD TOWN	0.50
9/9/2022	Proctor exam - Blake Klunker	WASHINGTON CO WCD	2.50
9/13/2022	Conversation with Tracy Feltner - certified operator compliance	MIDVALLEY EST WTR CO	1.00
9/14/2022	Justin called about SP update.	NEPHI CITY WATER	0.50
9/14/2022	Discussion w/ Jesse about compliance assistance/certified operator	LILA CANYON MINE (08048)	0.50
9/15/2022	Email to Jesse outlining system compliance requirements	LILA CANYON MINE (08048)	1.00
9/15/2022	Scheduling exam proctoring	VARIOUS WATER SYSTEMS	1.50
9/15/2022	Helping Justing with source protection update	NEPHI CITY WATER	1.00
9/15/2022	Assisting Orderville with arrangements to get their SP update done	ORDERVILLE TOWN	0.50
9/16/2022	Reviewing SP plan and advising Chris via email how to update	GENOLA TOWN	3.00
9/16/2022	Working with Robert to address deficiencies (operator & CCR)	MIDVALLEY EST WTR CO	1.50
9/19/2022	Updated 2017 CCR to 2021 and emailed to them.	MIDVALLEY EST WTR CO	1.00
9/19/2022	Jake with Sunset City called me asking for advise on chlorination	SUNSET CITY	0.25
9/19/2022	Assisting Kelly with rule pertaining to cross connection	PAROWAN CITY	0.50
9/20/2022	Proctoring preparation	ST GEORGE CITY	0.50
9/20/2022	Proctoring exam - Zach Ostler	ST GEORGE CITY	3.00
9/21/2022	Advised Sean on piping for well pump replacement	WHISPERING PINES WC (20048)	0.50
9/21/2022	Advised Natani on lead/copper site selection and site plan	SOUTH WILLARD WTR CO	0.50
9/21/2022	Advising Mark - line sizing/replace	LEEDS DOMESTIC WATER	0.50
9/21/2022	Advising Jared - maintenance chlorination	GLENDALE TOWN CORP	0.25
9/21/2022	Created a slide explaining how to calculate velocity for Moe	SOUTH DAVIS WTR DISTRICT	1.00
9/22/2022	Working with Aldo - funding for new well	BRIAN HEAD TOWN	0.50
9/22/2022	Advised Steve Brown on rules pertaining to lead/copper sampling	FOOTHILL WATER USERS (11099)	0.50
9/22/2022	Teaching Distribution Management & Asset 101 classes	VARIOUS WATER SYSTEMS	3.25
9/23/2022	Working on draft SP update for Christian Life	CHRISTIAN ASSEMBLY	1.00
9/23/2022	Working on draft SP update	ASPEN COVE ASSC. (04051)	1.75
9/23/2022	Working on draft SP update for Christian Life	ASPEN COVE ASSC. (04051)	1.25
9/26/2022	Reaching out to staff and also Ryan - Emer Response needs	THOMPSON SSD	2.00
9/26/2022	Working on SP update draft and assistance	ASPEN COVE ASSC. (04051)	0.75
9/26/2022	Rock called me asking for help with SP update. I sent revised copy.	ESCALANTE VLY HOUSING	2.75
9/26/2022	Reviewing their SP plan and advising on activities to update	NEPHI CITY WATER	1.75
9/27/2022	Review of the initial source protection plan & comments on update	GENOLA TOWN	2.25
9/27/2022	Called and discussed problems with system - Ryan and Lori	THOMPSON SSD	0.25
9/27/2022	Discussion w/ Arlan - CC Admin rule, SP update requirements	ENTERPRISE CITY	0.50
9/28/2022	Discussion with B. Pattee about Turn About Ranch compliance	TURN ABOUT RANCH (09089)	0.50
9/28/2022	Working on review and advising Arlan - SP update requirements	ENTERPRISE CITY	2.00
9/28/2022	Assistance request for help with chlorinator - coordinated response	PORTAGE TOWN	1.00

Rural Water Association - DWB Report

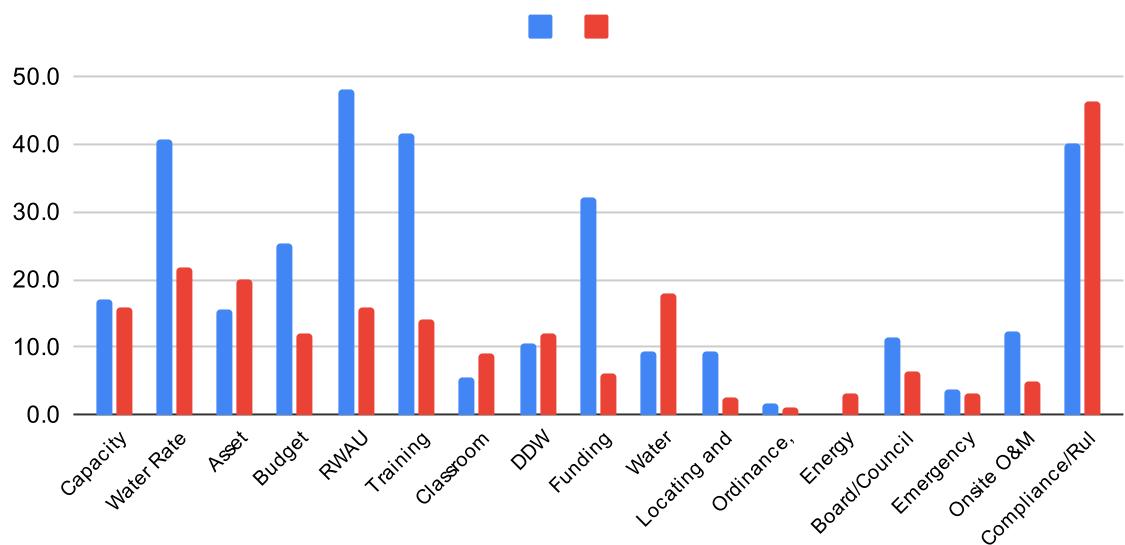
Report Period: September, 2022

Janell Braithwaite - Management Technician

Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Capacity Development/Master Planning	16.0	17.0	64.0
Water Rate Development & Fee Analysis	21.8	40.8	87.0
Asset Management/Evaluation	20.0	15.5	80.0
Budget Planning/Evaluation	12.0	25.3	48.0
RWAU Conference	16.0	48.0	64.0
Training Received	14.0	41.5	56.0
Classroom Instruction/Training	9.0	5.5	36.0
DDW Interaction/Meetings/Reports	12.0	10.5	48.0
Funding Procurement	6.0	32.3	24.0
Water Loss/Auditing	18.0	9.3	72.0
Locating and Securing Engineering	2.5	9.2	10.0
Ordinance, Resolution, By-Law Development	1.0	1.8	4.0
Energy Efficiency Study	3.0	0.0	12.0
Board/Council Training	6.5	11.5	26.0
Emergency Response	3.0	3.8	12.0
Onsite O&M Training	5.0	12.3	20.0
Compliance/Rules Assistance, CCC, Water Monitor	46.3	40.0	185.0
Totals:	212	324	848

Program Hours Worked vs Goals to Date

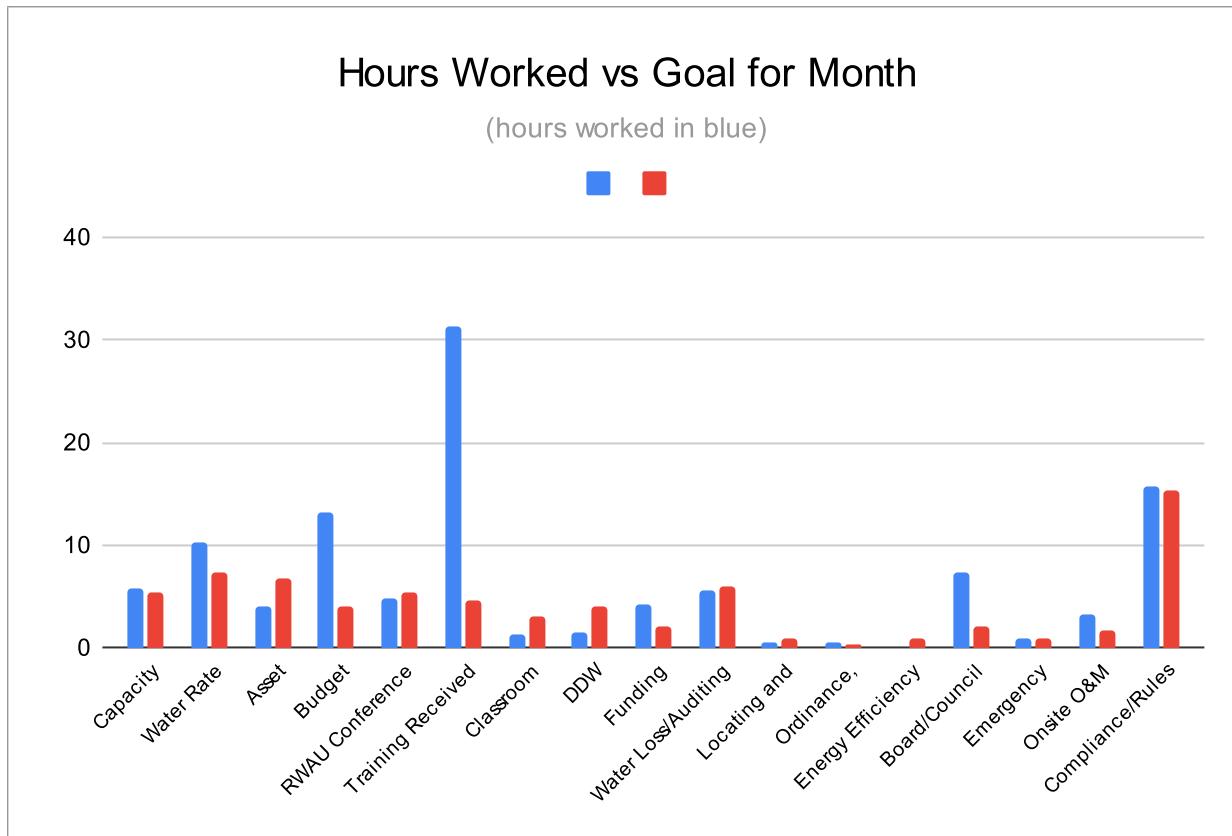
(hours worked in blue)



Report Period: September, 2022

Notable Assistance & Work Performed

System	Description:
PINE CREEK PROP OWNERS	Work on contacting insurances for water system coverage
FOUNTAIN GREEN CITY	Work w/Michele re: rates and revenues to read meters monthly
BIG WATER MUNICIPAL	Work on meeting rules info for new clerk, Katie Joseph
MONROE CITY	Discuss budget and compliance w/Allison, City Recorder
RICHFIELD CITY WATER	Review rate increase, water rights, project to capture water-Tyson
EL SINORE TOWN CORP	Meet w/Town Council to review rate study and budget
STOCKTON TOWN	Contacted by Mayor Meli, discussed project and funding
SOUTH DUCHESNE CUL WTR	Work w/Renee, Norm and Josh re: chlorine reporting
ALLARD RANCH WC (11067)	Work on Allard rate study with additional information
LEVAN TOWN	Discuss new project bond, rates, and budget w/Recorder
KAMAS CITY	Meet w/Kamas town council to discuss rate increase and projects
FOUNTAIN GREEN CITY	Attend council meeting to discuss benefits of monthly meter reads
LEEDS DOMESTIC WATER	Zoom mtg. w/Doris, Kurt, Don & Riley (Jones & DeMille) re: project
SIGURD TOWN WATER	Meet w/new water operator(Joe), Vickie and Gary, call Greg to help
	Present Customer Service and Public Relations class at WaterPro



Rural Water Association of Utah

Water System Assistance Report

Report Month: September
 Contract
 Employee: Janell Braithwaite

Total Working Hours: 132.25
Hours Assisting Specific Systems: 71.25
System assistance percentage of total working hours: 53.88%

Date:	Description:	Water System:	Task Hours:
9/1/2022	Contacted by Dan, needed receipt for CCC Admin exam	VIRGIN TOWN	0.25
9/1/2022	Work on Sigurd rate study, update usage	SIGURD TOWN WATER	1.50
9/1/2022	Work on Hotytsville rate study	HOYTSVILLE PIPE WTR CO	0.50
9/1/2022	Work on Hoytsville info, rates, budget, master planning	HOYTSVILLE PIPE WTR CO	0.75
9/1/2022	Work on contacting insurances for water system coverage	PINE CREEK PROP OWNERS	1.00
9/1/2022	Work on updating Kanarraville rate study w/new usage	KANARRAVILLE TOWN	1.00
9/2/2022	Contacted by Ron re: project and progress	SALINA CITY	0.25
9/2/2022	Contacted by Allison re: training and conference	MONROE CITY	0.25
9/2/2022	Contact Darrell at Olympus and Reynold at Pine Creek re: ins.	PINE CREEK PROP OWNERS	0.50
9/6/2022	Contacted by Monica re: Virgin's rate study and master planning	VIRGIN TOWN	0.25
9/6/2022	Work on rate study/usage, call Curt re: they want franchise fee	ELSINORE TOWN CORP	1.25
9/6/2022	Contact Mayor re: rate study and info needed, asset management	VIRGIN TOWN	0.50
9/6/2022	Work on rate study with additional info received	ELSINORE TOWN CORP	1.50
9/6/2022	Discuss Pine Creek Ranch's need for insurance w/Taylor, Olympus	PINE CREEK PROP OWNERS	0.50
9/6/2022	Work on updating Sigurd's asset management plan	SIGURD TOWN WATER	0.50
9/6/2022	Call from Jake with questions re: CCC admin	MANTI CITY	0.50
9/6/2022	Work w/Michele re: rates and revenues to read meters monthly	FOUNTAIN GREEN CITY	0.25
9/6/2022	Work on asset management plan	ELSINORE TOWN CORP	2.00
9/7/2022	Work on meeting rules info for new clerk, Katie Joseph	BIG WATER MUNICIPAL	1.50
9/7/2022	Work on resolution to increase rates	ELSINORE TOWN CORP	0.50
9/7/2022	Contact Katie w/info received re: rate increase, SSD, public hearing	BIG WATER MUNICIPAL	0.25
9/7/2022	Finish up rate study and research on franchise fees	ELSINORE TOWN CORP	2.25
9/7/2022	Call from Jake re: springs, drought and water loss	ECHO MUTUAL WATER CO	1.25
9/8/2022	Prepare rate and budget study to present to Elsinore	ELSINORE TOWN CORP	1.00
9/8/2022	Call from Mayor Meli re: progress of income survey	STOCKTON TOWN	0.25
9/8/2022	Meet with Jean to review water rates and budget	ELSINORE TOWN CORP	1.25
9/8/2022	Discuss budget and compliance w/Allison, City Recorder	MONROE CITY	0.50
9/8/2022	Review rate increase, water rights, project to capture water-Tyson	RICHFIELD CITY WATER	1.50
9/8/2022	Received multiple income surveys and input data	STOCKTON TOWN	2.00
9/8/2022	Meet w/Town Council to review rate study and budget	ELSINORE TOWN CORP	2.25
9/9/2022	Contacted by Jeane re: council meeting last night, rates, taxes, etc.	ELSINORE TOWN CORP	1.00
9/9/2022	Contacted by Mike D. re: Stockton project and progress	STOCKTON TOWN	0.25
9/9/2022	Prepare for Kamas mtg. next week	KAMAS CITY	1.00
9/9/2022	Contacted by Mayor Meli, discussed project and funding	STOCKTON TOWN	0.75
9/10/2022	Work w/Renee, Norm and Josh re: chlorine reporting	SOUTH DUCHESNE CUL WTR	0.50
9/12/2022	Phone call w/Curt re: funding and income surveys	STOCKTON TOWN	0.50
9/12/2022	Work on Allard rate study with additional information	ALLARD RANCH WC (11067)	2.00
9/13/2022	Work over budget items with Kim for accurate rate study	KAMAS CITY	0.50
9/13/2022	Review Emergency Response Action from DDW	ECHO MUTUAL WATER CO	0.25
9/13/2022	Discuss new project bond, rates, and budget w/Recorder	LEVAN TOWN	0.50
9/13/2022	Meet w/Mayor and City Recorder to go over rate study for council	KAMAS CITY	2.00
9/13/2022	Discuss bond, rates and budget w/Amy, City Recorder	OAKLEY CITY	0.50
9/13/2022	Meet w/Kamas town council to discuss rate increase and projects	KAMAS CITY	2.25
9/14/2022	Work over Ftn Green rate study to prepare for tonight's meeting	FOUNTAIN GREEN CITY	1.00
9/14/2022	Contacted Luke to see if he needs any help-has it all under control	FRANCIS TOWN WATER	0.25
9/14/2022	Work over Ftn Green rate study to prepare for tonight's meeting	FOUNTAIN GREEN CITY	0.25
9/14/2022	Discuss Kamas mtg. w/Curt by phone	KAMAS CITY	0.25
9/14/2022	Work over Ftn Green rate study to prepare for tonight's meeting	FOUNTAIN GREEN CITY	0.25
9/14/2022	Discuss budget and rates w/Dori, City Treasurer	KAMAS CITY	0.75
9/14/2022	Stop in to check on income surveys in box	STOCKTON TOWN	0.25

9/14/2022	Check in with CJ again at the office	STOCKTON TOWN	0.25
9/14/2022	Call from Doris at Leeds re: engineers	LEEDS DOMESTIC WATER	0.50
9/14/2022	Work on Hoytsville rate study, usage	HOYTSVILLE PIPE WTR CO	1.25
9/14/2022	Attend council meeting to discuss benefits of monthly meter reads	FOUNTAIN GREEN CITY	2.75
9/15/2022	Prepare for Zoom mtg. in the morning w/Leeds Water System	LEEDS DOMESTIC WATER	1.25
9/15/2022	Review High Valley budget and rate study in preparation for call	HIGH VALLEY WATER CO	0.50
9/15/2022	Prepare for Zoom mtg. in the morning w/Leeds Water System	LEEDS DOMESTIC WATER	1.50
9/15/2022	Receive updated usage info for High Valley-work on updating study	HIGH VALLEY WATER CO	1.50
9/16/2022	Call from Karen and work on updating rate study	HIGH VALLEY WATER CO	1.25
9/16/2022	Zoom mtg. w/Doris, Kurt, Don & Riley (Jones & DeMille) re: project	LEEDS DOMESTIC WATER	1.50
9/16/2022	Update income survey (picked up surveys at office)	STOCKTON TOWN	0.25
9/16/2022	Call Randy Larsen-ready to schedule exam yet?	MT PLEASANT CITY	0.25
9/16/2022	Review update on Emergency Response Action	PLEASANT GROVE CITY	0.25
9/16/2022	Talk to Renee re: change of HOA board, DDW contact, etc	SOUTH DUCHESNE CUL WTR	0.50
9/16/2022	Work on compliance and funding info for Doris	LEEDS DOMESTIC WATER	0.75
9/16/2022	Discuss So. Dukesne w/Nathan Hall, contact Renee back w/info	SOUTH DUCHESNE CUL WTR	0.50
9/19/2022	Contacted by Tyler re: rate study, budget and project	HOYTSVILLE PIPE WTR CO	0.25
9/19/2022	Contact Kaitlyn back re: water testing and CCC admin	FREMONT WATER WORKS	0.25
9/19/2022	Contact Berta back re: rate study	ALLARD RANCH WC (11067)	0.25
9/19/2022	Update Allard water rate study-prepare for meeting	ALLARD RANCH WC (11067)	1.00
9/19/2022	Work on Hoytsville rate study	HOYTSVILLE PIPE WTR CO	1.50
9/19/2022	Contacted by Karen re: usage info, budget and rates, project	HIGH VALLEY WATER CO	0.50
9/19/2022	Contacted by Donald, water op, re: policies and compliance	GUNNISON CITY	0.50
9/20/2022	Review Redmond info for mtg. today	REDMOND TOWN	0.25
9/20/2022	Contacted by Doris w/budget questions, added info to rate study	LEEDS DOMESTIC WATER	1.00
9/20/2022	Worked on updating High Valley rate study w/new info	HIGH VALLEY WATER CO	1.00
9/20/2022	Contacted by Berta re: rate study and budget, set up mtg.	ALLARD RANCH WC (11067)	0.50
9/20/2022	Meet w/new water operator, Matt, re: compliance, LCRR	REDMOND TOWN	2.00
9/20/2022	Update income surveys received	STOCKTON TOWN	0.50
9/21/2022	Contacted by Vickie re: need help with compliance	SIGURD TOWN WATER	0.50
9/21/2022	Discuss IPS w/new system operator to get cleared up	REDMOND TOWN	0.50
9/21/2022	Contacted by Kelsey re: proctoring, contact water operator, resched.	MT PLEASANT CITY	0.25
9/21/2022	Meet w/new water operator (Joe), Vickie and Gary, call Greg to help	SIGURD TOWN WATER	2.00
9/23/2022	Contacted by Joe, compliance questions, contact info	SIGURD TOWN WATER	0.25
9/23/2022	Call Aldo Biasi re: possible project and funding needed	BRIAN HEAD TOWN	0.25
9/23/2022	Call Tyson re: possible project and funding needed	MT PLEASANT CITY	0.25
9/23/2022	Call back from Aldo re: funding, set up meeting	BRIAN HEAD TOWN	0.25

Rural Water Association - DWB Report

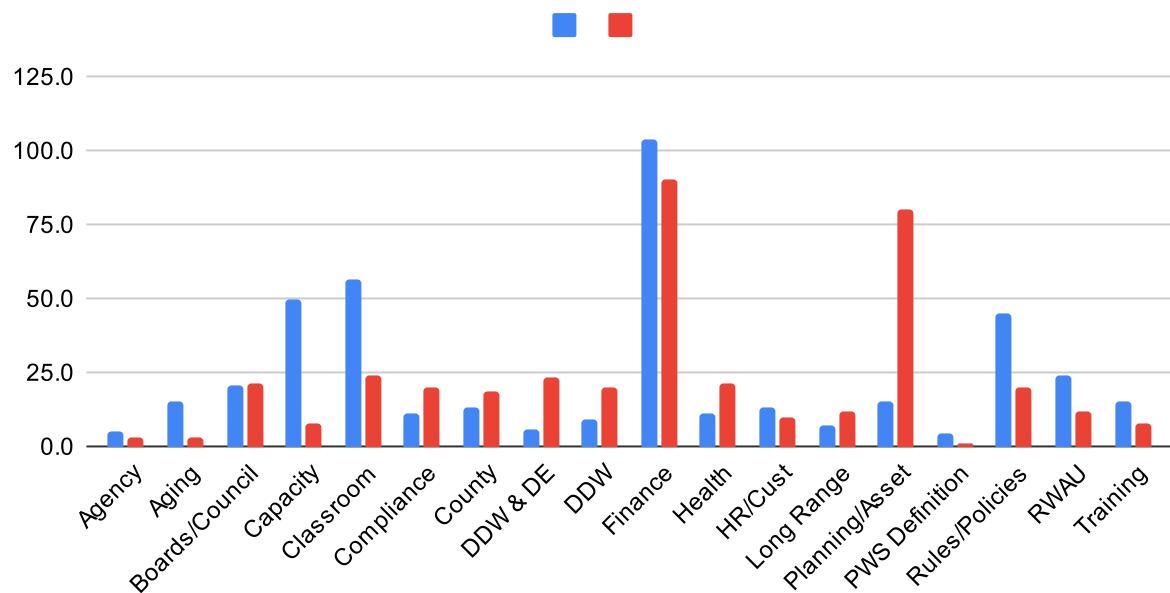
Report Period: September, 2022

Curt Ludvigson - Development Specialist

Contract Goal Titles	YTD Goal Hours Achieved	YTD Goal Hours	Annual Program Goals
Agency Meetings	5	3	10
Aging Infrastructure Planning	15	3	10
Boards/Councils	21	21	64
Capacity Development Planning	50	8	24
Classroom Training	56	24	72
Compliance (Capacity Development)	12	20	60
County Plannners	13	19	56
DDW & DE	6	24	71
DDW Interaction/Meetings	9	20	60
Finance (Capacity Development)	104	91	272
Health Departments	11	21	64
HR/Cust Service (Capacity Development)	14	10	30
Long Range Planning	7	12	36
Planning/Assets (Capacity Development)	15	80	240
PWS Definition Training	5	1	4
Rules/Policies (Capacity Development)	45	20	60
RWAU Conferences	24	12	36
Training Received	15	8	24
Totals:	427	398	1,193

Program Hours Worked vs Goals to Date

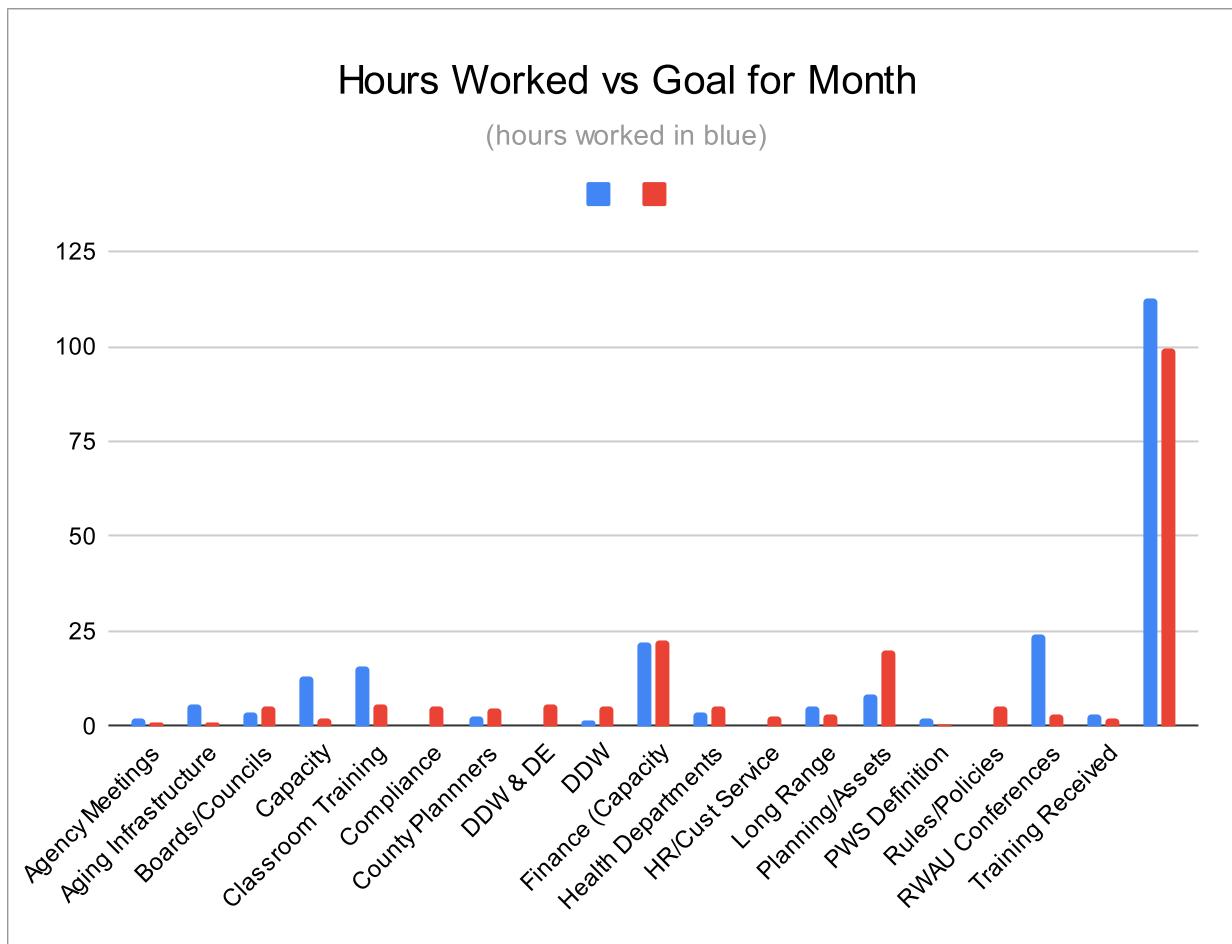
(hours worked in blue)



Report Period: September, 2022

Notable Assistance & Work Performed

System	Description:
CEDAR FORT WATER	I made yet another attempt to get Cedar Fort to get moving toward a pr
Utah County Planning Commission	Attemded the Utah County Planning Commission and discussed with th
SUMMIT CO SERV AREA #3	I met with the Manager of Summit County Service Area #3 and discuss
ECHO MUTUAL WATER CO	I was able to meet with Cory Staples and discussed the lack of water pr
GUNNISON CITY	Working with their new City Manager on teaching him about Rural Wate
AXTELL COM SERVICE DIST	I met with the Board and President and discussed the progress being m
PIUTE-SEVIER/DEER CR WTR	Preparing an RFP for Piute/Sevier Deer Creek
WALLSBURG TOWN	I met with the Mayor and Town Clerk and went over their budget and co
KAMAS CITY	Kamas City Council Meeting presenting water rates
Weber/Morgan Health Dept.	I met with the Health Dept and discussed their Ordinances pertaining to
MORGAN CITY	I met with the Morgan city manager and discussed some projects they a
ERDA ACRES WTR CO	I met with the Operator and discussed various issues they are having w
STERLING TOWN	Working with Sterling Town on trying to locate a leak. Also going over t
WALES TOWN	I did a Long Range Planning session with the Mayor and most of the C
FAYETTE TOWN	Preparing an RFP for Fayette



Rural Water Association of Utah

Water System Assistance Report

Report Month: September

Contract

Employee: **Curt Ludvigson**

			Direct System Assistance Percentage:	39%
9/2/2022	Going over water rates for Kamas	KAMAS CITY	4.00	
9/2/2022	Working on a Funding Application for Fairview	FAIRVIEW CITY	4.00	
9/6/2022	I met with the Davis County Health Dept and discussed upgrades that need to be made on their Ordinances	DAVIS CO ENV HEALTH	1.75	
9/6/2022	I met with Centerville and worked on a Smart Grant from the Bureau of Reclamation	CENTERVILLE CITY	2.00	
9/7/2022	I made yet another attempt to get Cedar Fort to get moving toward a project they need to do. I was able to spend some time with the Town Clerk and get some information that I can use to start on a rate study and budget review.	CEDAR FORT WATER	3.50	
9/7/2022	Attended the Utah County Planning Commission and discussed with them upgrades to their Development Ordinances that they should consider and various issues they are dealing with regarding the ongoing growth that is going on.	Utah County Planning Commission	2.50	
9/8/2022	I met with the Manager of Summit County Service Area #3 and discussed the Ordinances and Resolutions they have and possible upgrades they need. We discussed issues they are having in keeping up with the growth of the area and the idea of expanding their service boundaries.	SUMMIT CO SERV AREA #3	2.00	
9/8/2022	I was able to meet with Cory Staples and discussed the lack of water problems. We toured the system looking for possible leaks and also the springs. There is definately a leak in the area of the railroad tracks that they need to get fixed, and we discussed the problems in dealing with the rail road people. I was able to get some of the information from their secretary that I need in order to begin working on funding applications.	ECHO MUTUAL WATER CO	3.25	
9/9/2022	Preparing an RFP for Summit County Service area # 3	SUMMIT CO SERV AREA #3	4.00	
9/9/2022	Working with their new City Manager on teaching him about Rural Water and the DDW and DEQ Rules, etc.	GUNNISON CITY	2.25	
9/9/2022	I met with the Board and President and discussed the progress being made on getting up to the springs and doing some exploratory excavation and determining the flows that are potentially there.	AXTELL COM SERVICE DIST	1.75	
9/12/2022	Preparing an RFP for Piute/Sevier Deer Creek	PIUTE-SEVIER/DEER CR WTR	3.50	
	I met with the Mayor and Town Clerk and went over their budget and compared the rates proposal we gave to them with the one their engineer had done for them.			
9/13/2022	There is quite a bit of difference. I will talk to their engineer and figure out which one of us is right.	WALLSBURG TOWN	2.25	
	Janell and I met with the staff and engineer of Kamas and discussed their rates, in preparation for the Council Meeting at night. We went through several different proposals and determined which ones we should show the Council	KAMAS CITY	3.00	
9/13/2022	Kamas City Council Meeting presenting water rates	KAMAS CITY	2.00	
	I met with the Health Dept and discussed their Ordinances pertaining to growth and small subdivisions under 8 connections and how to address those and getting them to become Public Water Systems	Weber/Morgan Health Dept.	2.00	

9/14/2022	I met with the Morgan city manager and discussed some projects they are going to need to do. We discussed selecting an engineer and the funding options they have.	MORGAN CITY	2.00
9/14/2022	I met with the Town Clerk and went over their budget and the plans for getting their rates increased in order to meet all their obligations.	UINTAH CITY	1.75
9/15/2022	I met with the Operator and discussed various issues they are having with infrastructure and needed upgrades.	ERDA ACRES WTR CO	2.25
9/15/2022	I met with the Grantsville City Recorder and discussed their budget and rates. She seem convienced that they are doing great.	GRANTSVILLE CITY	1.00
9/16/2022	I met with the USDA RD people and discussed the upcoming MHI Report and also some systems who need some funding in conjunction with DDW funding	USDA RURAL DEVELOPMENT	2.00
9/16/2022	Reviewing Wallsburg's budget and rates	WALLSBURG TOWN	2.00
9/19/2022	Phone calls and emails with Michael Grange discussing funding for various systems	DIV OF DRINKING WATER	1.50
9/20/2022	Working with Sterling Town on trying to locate a leak. Also going over their new GPS mapping system with their engineer.	STERLING TOWN	4.00
9/20/2022	I did a Long Range Planning session with the Mayor and most of the Council and Clerk. The Mayor had requested that I come spend some time teaching them various things they need to be aware of in keeping in compliance and properly serving the citizens.	WALES TOWN	5.00
9/21/2022	Preparing an RFP for Fayette	FAYETTE TOWN	4.50

Agenda Item

9(A)

**Presented to the Drinking Water Board
November 1, 2022**

**FOR CONSIDERATION BY
THE DRINKING WATER BOARD:**

**PROPOSED UPDATED BOARD POLICIES
AUTHORIZING THE EXECUTIVE SECRETARY OR
ASSISTANT EXECUTIVE SECRETARY
TO APPROVE FINANCIAL ASSISTANCE APPLICATIONS FOR
PLANNING OR ENGINEERING DESIGN ACTIVITIES**

STAFF COMMENTS:

The Drinking Water Board adopted policies authorizing the Executive Secretary or Assistant Executive Secretary to approve financial assistance applications for planning or engineering design advances. The authorizations allow the Executive Secretary or the Assistant Executive Secretary to approve up to \$40,000 for water systems to pay for master plans or engineering studies for infrastructure projects and studies specifically related to address emerging contaminants, or up to \$100,000 for planning and conducting lead service line inventories and engineering design activities to replace lead service lines.

In recent years, the cost of these planning and design activities has increased significantly and the previously authorized \$40,000 limit is now insufficient in many, if not most cases to complete the required work and produce meaningful, useful reports that provide adequate benefit to water systems.

To meet these increased costs, while upholding the Board's stated goals of holding efficient and effective meetings, staff has modified the policies to increase the amount the Executive Secretary and Assistant Executive Secretary can authorize from \$40,000 to \$100,000 for all planning and engineering design activities related to drinking water system improvement projects.

STAFF RECOMMENDATION:

Staff recommends that the Drinking Water Board approve the attached, updated Drinking Water Board policies for authorizing financial assistance up to \$100,000 from the Drinking Water State Revolving Fund financial assistance programs for planning and design activities for infrastructure improvement projects, lead service line replacement projects, and projects to address emerging contaminants.



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF DRINKING WATER
Tim Davis
Director

Drinking Water Board
Kristi Bell, Chair
Eric Franson, P.E., Vice-Chair
Dawn Ramsey
Scott Morrison
Jeff Coombs
David O. Pitcher
Blake Tullis, Ph.D.
Kimberly D. Shelley
Tim Davis
Executive Secretary

DATE: November 1, 2022

FROM: Drinking Water Board (DWB, Board)

SUBJECT: DWB Policy for Drinking Water State Revolving Fund Financial Assistance Requests for Planning or Engineering Design Services Related to Infrastructure Improvement Projects

EFFECTIVE DATE: November 1, 2022

ADOPTED DATE: November 1, 2022

Drinking Water Board Policy for Planning Advance Requests from the Drinking Water State Revolving Fund

Utah Code Title 19 Chapter 4, Title 73 Chapter 10c and the Drinking Water State Revolving Fund provision of the Federal Safe Drinking Water Act, authorize the Drinking Water Board to provide financial assistance to drinking water systems for planning or design activities related to drinking water system improvement projects.

The Board determines that the number of financial assistance applications for planning or design advances received by staff extended Board meeting times beyond reasonable expectations.

The Board further determines that costs associated with completing engineering studies, preparing utility master plans, and engineering planning and design for infrastructure improvement projects have increased significantly over the past several years.

In order to meet current financial assistance needs and maintain efficient and effective Board meetings and keep meeting times to a reasonable length, the Board delegates authority to the Drinking Water Board Executive Secretary or the Assistant Executive Secretary to approve planning or engineering design advance requests up to \$100,000.

The Board directs that any planning or design advance requests for more than \$100,000 must come before the Board for authorization.

The Board directs that staff include information regarding planning advances in the DWSRF Status Report presented to the Board at each Board Meeting.

APPROVED: this 1st day of November 2022

Kristi Bell
Chair, Drinking Water Board



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF DRINKING WATER
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Blake Tullis, Ph.D.
Kimberly D. Shelley
Tim Davis
Executive Secretary

DATE: November 1, 2022

FROM: Drinking Water Board (DWB, Board)

SUBJECT: DWB Policy for Drinking Water State Revolving Fund Financial Assistance Requests for Lead Service Lines and Emerging Contaminants

EFFECTIVE DATE: November 1, 2022

ADOPTED DATE: November 1, 2022

Drinking Water Board Policy for Drinking Water State Revolving Fund Financial Assistance Requests for Lead Service Lines and Emerging Contaminants

Utah Code Title 19 Chapter 4, Utah Code Title 73 Chapter 10c, and the Drinking Water State Revolving Fund (DWSRF) provision of the Federal Safe Drinking Water Act, authorize the Drinking Water Board to provide financial assistance to drinking water systems for planning and design activities related to drinking water system improvement projects.

The Infrastructure Investment and Jobs Act (IIJA), also referred to as the Bipartisan Infrastructure Law (BIL), appropriates additional capitalization grant money to the states, through the Drinking Water State Revolving Fund program, specifically for projects related to replacing lead service lines (LSL) and addressing emerging contaminants in drinking water (focusing on the per- and polyfluoroalkyl substances (PFAS), although, other contaminants on the most recent Contaminant Candidate List are also eligible).

The IIJA/BIL establishes that capitalization grant money may also be used to pay for activities directly related to these two stated purposes, as follows:

Lead Service Line Replacement:

- Identifying and inventorying lead service lines
- Planning, designing, and replacing lead service lines as part of replacement projects

Emerging Contaminants:

- Non-routine (non-compliance) monitoring and sampling to establish baseline conditions

DWB Policy for DWSRF Financial Assistance Requests
for Lead Service Lines and Emerging Contaminants
Page 2 of 2

- Planning and designing projects to treat drinking water to remove emerging contaminants

The Board recognizes that the number of financial assistance applications submitted for projects related to lead service line replacement and/or addressing emerging contaminants will likely extend the length of Board meetings beyond reasonably expected times. In order to maintain efficient and effective Board meetings and keep meeting times to a reasonable length, the Board delegates authority to the Executive Secretary or the Assistant Executive Secretary to the DWB to approve LSL replacement requests up to \$100,000 and emerging contaminant requests up to \$100,000. The Board directs that any LSL replacement requests for more than \$100,000 or emerging contaminant requests of more than \$100,000 must come before the Board for authorization.

Additionally, the Board recognizes that the hardship criteria for DWSRF projects may not be adequate to provide the necessary flexibility to ensure that LSL replacement can take place efficiently in all communities across the State, especially in underserved communities and neighborhoods in both rural and urban areas. In order to ensure that LSL replacement can take place efficiently in underserved communities and neighborhoods in both rural and urban areas, the Board adopts the following LSL replacement funding criteria to allow LSL replacement grant funding to be prioritized in these underserved communities:

1. If a water system serves one or more census tracts at or above the 80th percentile for the Demographic Index, then the water system may receive grant funding to plan for and replace lead service lines within those census tracts.
2. If a water system serves schools or childcare centers, then the water system may receive grant funding to plan for and replace lead service lines for schools and childcare centers.

These LSL replacement funding criteria are in addition to the existing hardship criteria previously adopted by the Board and apply only to BIL LSL replacement projects.

The Board directs the Division of Drinking Water staff to include information regarding all authorized LSL replacement and emerging contaminant projects in the DWSRF Status Report presented to the Board at each Board meeting.

APPROVED: this 1st day of November 2022.

Kristi Bell
Chair, Drinking Water Board

Agenda Item

9(B)

DIVISION OF DRINKING WATER

FEDERAL SRF

AS OF September 30, 2022

FIRST ROUND FUND	
1997 thru 2021 SRF Grants	
Net Federal SRF Grants:	\$217,452,581
Total State Matches:	\$45,673,300
Closed Loans:	-\$241,705,961
Total Grant Dollars:	\$21,419,920

FEDERAL SECOND ROUND FUND	
Principal Repayments	Earnings on Invested Cash Balance
Principal (P):	\$52,832,717
Interest (I):	\$22,459,451
Total P & I:	\$75,292,168
	Total: \$1,063,719

Hardship Fund	
	Total: \$1,340,858

SUMMARY		
	Total Federal State Revolving Fund:	\$97,775,807
	Total Federal Hardship Fund:	\$1,340,858
	Subtotal:	\$99,116,665
LESS AUTHORIZED & PARTIALLY DISBURSED	Less: Authorized & Partially Disbursed Closed Loans: Authorized Federal Hardship: Subtotal:	\$155,497,928 \$906,888 \$156,404,816
PROPOSED	Proposed Federal Project(s): Proposed Federal Hardship Project(s): Subtotal:	-\$37,521,000 \$0 -\$37,521,000
AS OF: September 30, 2022	TOTAL REMAINING LOAN FUNDS: TOTAL REMAINING HARDSHIP FUNDS:	-\$20,201,121 \$433,970

Total Balance of ALL Funds after deducting proposed actions: **-\$19,767,151**

Projected Receipts thru October 1, 2023	
2022 Fed SRF Grant (IIJA Supplemental/Base) & State Match	\$19,156,630
Interest on Investments	\$1,314,000
Principal Payments	\$8,582,603
Interest on loans	\$782,409
Hardship & Technical Assistance fees	\$924,342
Fund 5215 principal & int payments	\$111,200
Total:	\$30,871,184

Receive 60% in January

Total Estimated Federal SRF Funds Available through: 10/01/2023 **\$11,104,033**
See "SRF Cash Flow Forecast" table for additional information

Subsidization Requirements - Base Program					
Grant Year	Minimum	Maximum	Closed Subsidy	Authorized/Not Closed Subsidy	Status
2021	\$2,200,200	\$5,390,490	\$809,868	\$12,640,606	INCOMPLETE
2022					COMPLETE
Total:	\$2,200,200	\$5,390,490	\$809,868	\$12,640,606	

DIVISION OF DRINKING WATER FEDERAL STATE REVOLVING FUND									
PROJECTS AUTHORIZED BUT NOT YET CLOSED AS OF September 30, 2022									
PUBLIC WATER SYSTEM	Project			Authorized Date	Closing Date Scheduled or Estimated	Authorized From Loan Funds or 2nd Round)			(1st Hardship Fund
	Total Project	Terms	Loan #			Loan	Forgiveness	Total	
East Carbon City	\$ 1,589,000	50/50 1% 20 yrs	3F1792	Jun-21		\$ 994,000	\$ 595,000	\$ 1,589,000	
Cornish Town	\$ 1,704,922	0%, 30 YRS	3F1812	Nov-21		\$ 754,000	\$ 750,922	\$ 1,504,922	
Weber Meadowview Ranch	\$ 2,158,400	0%, 40 YRS	3F1815	Nov-21		\$ 1,960,000		\$ 1,960,000	
Bristlecone - pws 09077	\$ 93,500	100% PF	3F1822	Jan-22			\$ 93,500	\$ 93,500	
Elk Meadows SSD	\$ 1,666,000	1.97% 15yrs	3F1827	Jan-22		\$ 1,660,000		\$ 1,660,000	
Skyline Mountain SSD	\$ 3,123,000	2.09% HGA Fee 30yrs	3F1831	Jan-22		\$ 3,123,000		\$ 3,123,000	
Bridgerland Village Water Co	\$ 1,350,000	1.7% 30yrs	3F1837	Mar-22		\$ 1,350,000		\$ 1,350,000	
High Valley Water Company	\$ 3,309,000	0% 20 yrs	3F1835	Mar-22		\$ 1,659,000	\$ 1,650,000	\$ 3,309,000	
M&J Trailer Home Community	\$ 1,600,000	0% 20 yrs	3F1848	Jun-22		\$ 180,000	\$ 1,360,000	\$ 1,540,000	
Roosevelt City	\$ 2,951,400	100% PF	3F1854	Jun-22			\$ 2,841,400	\$ 2,841,400	
Panguitch	\$ 1,629,000	50/50 2.0% 20 yrs	3F1855	Jun-22		\$ 804,000	\$ 805,000	\$ 1,609,000	
Henefer Secondary Water	\$ 2,100,000	0% HGA 20yrs	3F1843	Jun-22		\$ 2,100,000		\$ 2,100,000	
Johnson WID	\$ 2,452,000	100% PF	3F1862	Jul-22			\$ 2,352,000	\$ 2,352,000	
Levan	\$ 2,895,000	2% int 30yrs	3F1856	Jul-22		\$ 1,433,000	\$ 1,433,050	\$ 2,866,050	
Beaver City	\$ 2,679,146	40 yrs 0%	3F1874	Jul-22		\$ 1,322,000	\$ 1,330,620	\$ 2,652,620	
Moroni	\$ 5,892,000	30 yrs, 1% HGA fee	3F1878	Jul-22	10/13/2022	\$ 1,178,000	\$ 1,179,000	\$ 2,357,000	
Canyon Meadows Mutual Wtr Co	\$ 387,879	30 yrs 1% HGA Fee	3F1876	Jul-22		\$ 230,000	\$ 57,879	\$ 287,879	
Granger Hunter Improvement District	\$ 13,811,820	.5% hga fee 30 yrs	3F1850	Jul-22		\$ 11,000,000	\$ 2,811,820	\$ 13,811,820	
Provo City	\$ 69,500,000	40 yrs 1% int	3F1873	Jul-22		\$ 36,750,000		\$ 36,750,000	
Holden Town	\$ 8,841,000	40 yr 0% int	3F1847	Jul-22	12/31/2022	\$ 5,191,000	\$ 3,000,000	\$ 8,191,000	
Holden Town	\$ -	planning advance 100% pf	3F1847	Jul-22		\$ 500,000	\$ 500,000	\$ 500,000	
Scipio Town	\$ 3,545,000	30 yrs 2.7% int	3F1851	Jul-22		\$ 2,280,000	\$ 1,112,000	\$ 3,392,000	
Scipio Town	\$ -	planning advance 100% pf	3F1851	Jul-22		\$ 128,000	\$ 128,000	\$ 128,000	
San Juan County - NTUA Westwater #2 - PWS 19C	\$ 4,355,105	100% PF	3F1821P	Jan-22		\$ 457,000	\$ 457,000		
San Juan County La Sal pws 19000	\$ 60,000	100% PF	3F1871P	Jun-22		\$ 60,000	\$ 60,000	\$ 60,000	
Wallsburg Town	\$ 6,933,000	0% int 40 yrs	3F1889	Aug-22		\$ 3,433,000	\$ 3,261,000	\$ 6,694,000	
Wallsburg Town	\$ -	planning advance 100% pf	3F1889	Aug-22		\$ 239,000	\$ 239,000	\$ 239,000	
Leeds Domestic Users Assn	\$ 7,524,500	0% int 40 yrs	3F1892	Aug-22		\$ 4,020,000	\$ 3,069,500	\$ 7,089,500	
Leeds Domestic Users Assn	\$ -	planning advance 100% pf	3F1892	Aug-22		\$ 430,000	\$ 430,000	\$ 430,000	
Pine Valley Mtn Farm WC	\$ 700,000	100% PF	3F1890	Aug-22		\$ 630,015	\$ 630,015		
Hanna Water & Sewer	\$ 3,483,838	0% int 40 yrs	3F1883	Aug-22		\$ 860,000	\$ 2,623,838	\$ 3,483,838	
Ballard Town	\$ 7,287,000	0% int 40 yr	3F1896	Aug-22		\$ 3,600,000	\$ 3,500,000	\$ 7,100,000	
Timber Lakes Water SSD	\$ 3,295,630	30 yrs 0%	3F1877	Aug-22		\$ 3,263,000		\$ 3,263,000	
Wallsburg Town - PWS 26009	\$ 35,000	100% PF	3F1818P	Nov-21					\$ 25,000
South Duchesne Culinary Water - PWS 07067	\$ 1,992,500	2.0% int 30 yrs	3F1879	Jul-22					\$ 482,000
Fremont Waterworks Co - PWS 28002	\$ 40,000	100% PF	3F1884P	Jul-22					\$ 40,000
						TOTAL CONSTRUCTION AUTHORIZED:	\$ 89,144,000	\$ 36,270,544	\$ 125,414,544
									\$ 547,000
COMMITTED ADVANCES / AGREEMENTS or PARTIALLY DISBURSED CLOSED 2ND ROUND AGREEMENTS:									
					Date Closed				
Rural Water Assn of Utah	\$ 676,000	5 yr contract for Development Specialist	Ongoing	Jan-18	6/5/2018		\$ -	\$ -	\$ -
Granger Hunter Improvement District	\$ 20,000,000	1.25% HGA 20 yrs (portfolio)	3F1708	Feb-19	7/16/2019	\$ 9,700,000		\$ 9,700,000	
Kearns Improvement District	\$ 21,000,000	1.25% hgf, 20 yrs (portfolio)	3F1725	Jun-19	12/1/2019	\$ 3,500,000		\$ 3,500,000	
Central Utah WCD-Duchesne Valley WTP	\$ 18,000,000	1.25% HGF, 30 yrs	3F1731	Aug-19	6/19/2020	\$ 8,020,000		\$ 8,020,000	
Hyde Park City	\$ 5,994,000	2.91% HGF 20 yrs	3F1744	Jan-20	4/15/2021	\$ 1,500,000		\$ 1,500,000	
Genola City	\$ 2,849,400	0% int, 30yrs	3F1732	Aug-19	4/26/2022	\$ 1,913,000	\$ 2,271,400	\$ 4,184,400	
Irontown	\$ 909,000	50/50 0% 40 yrs	3F1794	Jun-21	4/26/2022	\$ 356,000	\$ 779,000	\$ 1,135,000	
Blanding City - Westwater #2	\$ 5,683,073	100% PF	3F1820P	Jan-22	7/26/2022		\$ 340,984	\$ 340,984	
Bicknell	\$ 2,178,000	50/50 1% 30 yrs	3F1786	Jun-21	8/18/2022	\$ 1,023,000	\$ 680,000	\$ 1,703,000	
Brooklyn Tapline Co.	\$ 36,000	100% PF	3F1823P	Nov-21	3/21/2022				\$ 18,000
Hanna Water and Sewer ID	\$ 35,000	100% PF	3F1805P	Jul-21	9/7/2021				\$ 35,000
Blanding City - West Water PWS 19001	\$ 40,000	100% PF	3F1816P	Sep-21	3/29/2022				\$ 16,008
Cornish Town	\$ 40,000	100% PF	3F1826P	Nov-21	1/18/2022				\$ 40,000
Timber Lakes SSD	\$ 40,000	100% PF	3F1840P	Feb-22	4/14/2022				\$ 40,000
Pine Valley Mtn Farms	\$ 12,000	100% PF	3F1868P	Jul-22	8/15/2022				\$ 12,000
Helper	\$ 40,000	100% PF	3F1867P	Jul-22	8/15/2022				\$ 40,000
Skyline Mountain SSD	\$ 21,700	100% PF	3F1831P	Aug-22	8/30/2022				\$ 21,700
Wilson Arch Sewer & Water	\$ 36,300	100% PF	3F1842P	Mar-22	9/21/2022				\$ 36,300
						TOTAL PLANNING AUTHORIZED:	\$ 26,012,000	\$ 4,071,384	\$ 30,083,384
									\$ 359,388
						TOTAL CONSTRUCTION & PLANNING:		\$ 155,497,928	\$ 906,888
									\$ (57,722,121)
						AVAILABLE PROJECT FUNDS:			\$ 433,970
PROPOSED PROJECTS FOR NOV 2022:									
Upper Whittemore Water Co	\$ 500,000	2.97% int/hqa 20 yrs	3F1900			\$ 500,000		\$ 500,000	
Wilson Arch Wtr & Swr Co PWS 19069	\$ 1,138,000	1% int/hgf 40 yrs PWS	3F1904			\$ 569,000	\$ 569,000	\$ 1,138,000	
East Carbon City	\$ 3,184,000	1% int/hgf 30 yrs added funding to #3F1792	3F1792			\$ 1,550,000	\$ 1,150,000	\$ 2,700,000	
Scipio Town	\$ (3,545,000)	declined funding	3F1851	Jul-22	deauth	\$ (2,280,000)	\$ (1,240,000)	\$ (3,520,000)	
Provo City	\$ (69,500,000)	declined funding	3F1873	Jul-22		\$ (36,750,000)		\$ (36,750,000)	
East Carbon City	\$ (1,589,000)	deauth 6/6/21 auth to inc \$ (pl advance of \$400k not incl)	3F1792			\$ (994,000)	\$ (595,000)	\$ (1,589,000)	
						TOTAL PROPOSED PROJECTS FOR THIS MEETING:	\$ (37,405,000)	\$ (116,000)	\$ (37,521,000)
									\$ -
*RWUA hardship grant is being disbursed monthly									
						TOTAL FUNDS AFTER PROPOSED PROJECTS ARE FUNDED:	\$ (20,201,121)	\$ 433,970	

DIVISION OF DRINKING WATER
ARPA Grant FUNDS
AS OF August 30, 2022

SUMMARY		
	FY21 ARPA Appropriation:	\$25,000,000
	FY22 ARPA Appropriation:	\$21,500,000
	Subtotal:	\$46,500,000
LESS AUTHORIZED	Less: Authorized Grants & Closed Grants in Construction:	\$45,800,616
	Subtotal:	\$45,800,616
	Total available after Authorized deducted	\$699,384
PROPOSED	Proposed Loan Project(s):	\$0
	Subtotal:	\$0
AS OF:	TOTAL REMAINING ARPA GRANT FUNDS:	
August 30, 2022	\$699,384	

Total Balance of Funds: **\$699,384**

Projected Receipts Next Twelve Months:	
FY2023 Appropriation and Federal Funding	
Total Projections	\$0
Total Estimated ARPA Funds Available through 08-31-2023	\$699,384

DIVISION OF DRINKING WATER
ARPA Grant FUNDS
PROJECTS AUTHORIZED BUT NOT YET CLOSED
AS OF August 30, 2022

Community	Grant #	Date Authorized	Date Closed/Anticipated	Grant	Total
Circleville Town - PWS 16002	3S1825	Jan-22		3,500,000	3,500,000
Tridell Lapoint SSD - PWS 24009	3S1836	Mar-22		3,500,000	3,500,000
Brian Head Town - PWS 11001	3F1861	Jun-22		507,870	507,870
North Emery SSD - pws 08007	3S1863	Jun-22		1,538,000	1,538,000
Myton City - pws 07002	3F1864	Jun-22		650,000	650,000
Ouray Park - PWS 24014	3F1866	Jun-22		2,796,000	2,796,000
Ouray Park - planning advance	3F1866	Jun-22		75,000	75,000
Pinion Forrest SSD - PWS 07073	3F1844	Jun-22		299,000	299,000
Daggett Co - Dutch John - PWS 05001	3F1857	Jun-22		3,365,000	3,365,000
Daggett Co - Dutch John - PWS 05001 planning advance	3F1857	Jun-22		135,000	135,000
Kane Co WCD - New Paria Subdivision -PWS 13037	3F1852	Jun-22		3,359,000	3,359,000
Kane Co WCD - Clark Bench Wtr Co - PWS 13060	3F1853	Jun-22		3,444,000	3,444,000
Austin SSD - PWS 20051	3S1803	Jun-22		2,269,000	2,269,000
Desert Sage HOA - PWS 24051	3F1859	Jun-22		578,460	578,460
South Duchesne Culinary Water - PWS 07067	3F1879	Jul-22		1,500,500	1,500,500
Cedarview Montwell SSD - PWS 07072	3S1869	Jul-22		3,324,000	3,324,000
Helper - PWS 04004	3F1880	Aug-22		3,416,000	3,416,000
Blanding - West Water Community - PWS 19001	3F1897	Aug-22		3,500,000	3,500,000
				0	0
				0	0
Subtotal Loans and Grants Authorized				37,756,830	37,756,830
COMMITTED GRANT AGREEMENTS W/ CONSTRUCTION IN PROCESS					
Church Wells SSD - PWS	3F1824	Jan-22	Apr-22	2,252,000	2,252,000
Cannonville Town - PWS	3F1838	Mar-22	Jul-22	2,360,676	2,360,676
Cedarview Montwell SSD - planning advance PWS 07072	3S1869	Jul-22	Sep-22	176,000	176,000
Axtell Community Service Dist - PWS 20051	3F1845	Jun-22		3,255,110	3,255,110
TOTAL AUTHORIZED Grant/OR CLOSED BUT NOT YET FUNDED				\$45,800,616	\$45,800,616
PROPOSED PROJECTS FOR NOVEMBER 2022					
				0	
				0	
				0	
				0	
				0	
				0	
Total Proposed Projects				0	0

DIVISION OF DRINKING WATER
LEAD ARPA Grant FUNDS
AS OF July 31, 2022

SUMMARY			
	FY22 ARPA Appropriation:	\$3,500,000	
	Subtotal:	\$3,500,000	
LESS AUTHORIZED	Less: Authorized Grants & Closed Grants in Construction:	\$199	(see Page 2 for details)
	Subtotal:	\$199	
	Total available after Authorized deducted	\$3,499,801	
PROPOSED	Proposed Loan Project(s):	\$0	(see Page 2 for details)
	Subtotal:	\$0	
AS OF:			
July 31, 2022	TOTAL REMAINING ARPA GRANT FUNDS:	\$3,499,801	
		Total Balance of Funds:	\$3,499,801
Projected Receipts Next Twelve Months:			
FY2023 Appropriation and Federal Funding			
Total Projections			
Total Estimated ARPA Funds Available through 08-01-2023			
\$3,499,801			

**DIVISION OF DRINKING WATER
LEAD ARPA Grant FUNDS
PROJECTS AUTHORIZED BUT NOT YET CLOSED
AS OF August 30, 2022**

**DIVISION OF DRINKING WATER
STATE LOAN FUNDS
AS OF September 30, 2022**

SUMMARY		
	Total State Fund:	\$25,251,522
	Total State Hardship Fund:	\$2,876,771
	Subtotal:	<u>\$28,128,293</u>
LESS AUTHORIZED	Less: Authorized Loans & Closed loans in construction: Authorized Hardship: Subtotal:	\$17,991,500 \$2,965,926 \$20,957,426
	Total available after Authorized deducted	\$7,170,867
PROPOSED	Proposed Loan Project(s): Proposed Hardship Project(s): Subtotal:	\$180,000 \$70,353 \$250,353
AS OF:		
September 30, 2022	TOTAL REMAINING STATE LOAN FUNDS: TOTAL REMAINING STATE HARDSHIP FUNDS:	\$7,080,022 (\$159,508)

Total Balance of ALL Funds: **\$6,920,514**

Projected Receipts Next Twelve Months:	
and Sales Tax Revenue	
Annual Maximum Sales Tax Projection	\$3,587,500
Less State Match for 2022 Federal Grant	(\$1,401,600)
Less State Match for 2022 BIL Grant	(\$1,799,200)
Less State Match for 2023 Base/BIL Grants	(\$3,079,440)
Less Appropriation to DDW/Board	(\$1,073,400)
SUBTOTAL Sales Tax Revenue including adjustments:	-\$3,766,140
Payment:	
Interest on Investments (Both Loan and Hardship Accounts)	\$600,000
Principal payments	\$2,731,000
Interest payments	\$612,417
Total Projections:	<u>\$177,277</u>

Total Estimated State SRF Funds Available through 10-01-2023 **\$7,097,791**

**DIVISION OF DRINKING WATER
STATE LOAN FUNDS
PROJECTS AUTHORIZED BUT NOT YET CLOSED
AS OF September 30, 2022**

Community	Loan #	Cost Estimate	Date Authorized	Date Closed/Anticipated	Authorized Funding		
					Loan	Grant	Total
Scofield Town (#04008) 1.9% 20yrs	3S1813	2,472,000	Sep-21		2,472,000		2,472,000
Circleville Town 470k loan .5% 30yrs	3S1825	3,500,000	Jan-22		470,000		470,000
Tridell Lapoint SSD 0% 40 yrs PWS #24009	3S1836	4,420,000	Mar-22		890,000		890,000
Bear River WCD-HARPER WARD 1% 20yrs (#2068)	3S1849	6,251,400	Jun-22		2,840,000		2,840,000
North Emery SSD 0% int 30 yrs	3S1863	512,000	Jun-22		512,000		512,000
Austin SSD 1.88% 30yrs	3S1803	436,000	Jun-22		436,000		436,000
Ephraim City 1% 20yrs	3S1828	500,000	Jan-22		500,000		500,000
Enoch City 1% 20yrs	3S1834	645,000	Mar-22		645,000		645,000
Lynnndyl Town	3F1858	0	Jun-22			173,000	173,000
Lynnndyl Town 0% int 30 yrs	3F1858	2,046,000	Jun-22		436,000	1,437,000	1,873,000
Cedarview Montwell SSD 0% int 40 yrs	3S1869	4,715,000	Jul-22		1,165,000		1,165,000
Manila 2.28% int 30 yrs PWS 05003	3S1872	505,000	Jul-22		500,000		500,000
Hoytsville Pipe Wtr Co 2.58% int 30 yrs	3S1881	1,595,000	Jul-22		1,595,000		1,595,000
Uintah Town 2.0% for 20 yrs	3S1841	4,273,831	Aug-22		1,000,000		1,000,000
Fruitland Wtr SSD 2.64% 30 yrs PWS 07058	3S1891	289,869	Aug-22		287,000		287,000
Uintah Town (#29020)	3S1810P	39,500	Aug-21			39,500	39,500
Big Plains Water and Sewer SSD #27069	3S1811P	60,000	Nov-21			60,000	60,000
Angell Springs SSD 100% grant	3S1886	81,000	Jul-22			81,000	81,000
Price Municipal Corp	3S1895P	280,000	Aug-22			100,000	100,000
Stockton Town PWS #23010 100% grant (emerg)	3S1899	640,000	Aug-22			640,000	640,000
						0	0
Subtotal Loans and Grants Authorized					13,748,000	2,530,500	16,278,500
PLANNING LOANS / GRANTS IN PROCESS							
Thompson SSD	3S1747P	29,500	Jan-20	Feb-20		29,500	29,500
Glen Canyon SSD of Big Water	3S1801P	39,000	May-21	Jun-21		39,300	39,300
Green River City(#08005)	3S1790P	56,626	Jun-21	Jun-21		56,626	56,626
Wayne County (#28000)	3S1814P	40,000	Sep-21	Nov-21		40,000	40,000
Hatch Town 100% grant	3S1885P	20,000	Jul-21	Oct-22		20,000	20,000
Subtotal Planning in Process					0	185,426	185,426
CLOSED LOANS (partially disbursed)							
Caineville SSD 0% int 40 yrs	3S1766	1,000,000	Sep-20	Feb-22	245,000	250,000	495,000
Pleasant Grove City 1.6% 20yrs	3S1796	5,400,000	Jun-21	Feb-22	2,300,000		2,300,000
Powder Mountain WSID 2.54% 30yrs	3S1830	1,895,000	Jan-22	Jun-22	947,500		947,500
La Verkin 1.57% 35 yrs	3S1806	1,211,000	Aug-21	Jun-22	751,000		751,000
Subtotal Closed Loans Partially Disbursed					4,243,500	250,000	4,493,500
TOTAL AUTHORIZED/PLANNING/OR CLOSED BUT NOT YET FUNDED							
					\$17,991,500	\$2,965,926	\$20,957,426
PROPOSED PROJECTS FOR NOVEMBER 2022							
Eastland SSD - PWS 19013	3S1901	70,353				70,353	70,353
Oak City - PWS 14010	3S1902	275,000				275,000	275,000
Fillmore 1% int, 30 yrs PWS 14002	3S1903	3,064,200				1,500,000	1,500,000
Hoytsville Pipe Water Co. PWS 22006	3S1881	(1,595,000)	Jul-22	deauth - sys declined	(1,595,000)		(1,595,000)
							0
Total Proposed Projects					180,000	70,353	250,353

DW SRF LOAN FUNDS
CASH FLOW FORECAST REPORT
September 2022

FEDERAL STATE REVOLVING FUND (FSRF - 5210)	State Fiscal Year 2023	State Fiscal Year 2024	State Fiscal Year 2025	State Fiscal Year 2026	State Fiscal Year 2027	State Fiscal Year 2028	State Fiscal Year 2029	State Fiscal Year 2030
Funds Available								
Future Cap Grants (est w/o inc & less set-asides)	-	5,185,920	5,185,920	5,185,920	5,185,920	5,185,920	5,185,920	5,185,920
Future Cap Grant State Match (est @ 20%)	-	1,401,600	1,401,600	1,401,600	1,401,600	1,401,600	1,401,600	1,401,600
2022 Cap & BIL Grant rcd 9/2022	21,419,920	-	-	-	-	-	-	-
2022 State Match for Base & Bil grants combined	3,200,800	-	-	-	-	-	-	-
BIL % est incr from prev yr per Mar 22 memo	-	15.8%	9.1%	8.3%	0.0%	-	-	-
Future BIL SRF-Capitalization Grants (est)*	-	17,767,100	-	-	-	-	-	-
Future BIL State Match (est)	-	2,291,300	-	-	-	-	-	-
SRF - 2nd Round	79,000,000	62,631,770	45,014,240	49,035,037	63,005,184	81,524,640	100,896,530	121,163,034
Interest Earnings at 2% (9 mo in fy 2023)	1,185,000	1,252,635	900,285	980,701	1,260,104	1,630,493	2,017,931	2,423,261
Interest Payments decrease @ 2% (5210)	586,807	782,409	766,761	751,426	736,397	721,669	707,236	693,091
Loan Repayments (est inc @ 5%)	6,436,952	8,582,603	9,011,733	9,462,320	9,935,436	10,432,208	10,953,818	11,501,509
Total Funds Available	111,829,479	99,895,338	62,280,538	66,817,004	81,524,640	100,896,530	121,163,034	142,368,415
PROJECT OBLIGATIONS								
Granger Hunter Improvement District	(4,700,000)	(5,000,000)						
Kearns Improvement District	(3,500,000)							
Central Utah WCD-Duchesne Valley WTP	(4,020,000)	(4,000,000)						
Hyde Park City	(1,500,000)							
Moroni 3F1772	(2,720,000)							
Genola City	(4,184,400)							
Irontown	(1,135,000)							
Blanding City - Westwater #2 - 3F1820P trnsfr to esc 9/	(340,984)							
Bicknell	(1,703,000)							
Mona	(40,000)							
PROJECT AUTHORIZATIONS								
Authorized Projects Under 2 Million	(7,540,601)	(1,630,015)						
Weber Meadowview Ranch	(655,000)	(1,305,000)						
East Carbon 3F1792 (11-22 board prop) CIB \$2M	(1,589,000)							
Skyline Mountain SSD	(2,883,000)	(261,700)						
High Valley Water Company	(1,504,500)	(1,804,500)						
Roosevelt City	(840,000)	(2,001,400)						
Henefer Secondary Water		(2,100,000)						
Johnson WID	(2,352,000)							
Levan	(1,171,050)	(1,695,000)						
Beaver City	(1,173,474)	(1,479,146)						
Moroni 3F1878 after 3F1772 has been spent	(50,000)	(2,307,000)						
Granger Hunter Improvement District		(5,000,000)	(5,000,000)	(3,811,820)				
Holden Town	(3,032,250)	(5,658,750)						
Wallsburg Town	(388,000)	(2,135,000)	(4,410,000)					
Leeds Domestic Users Assn	(1,703,196)	(4,396,494)	(1,419,810)					
Hanna Water & Sewer	(167,254)	(2,695,893)	(620,691)					
TimberLakes SSD 3F1877		(3,263,000)						
Ballard Water ID 3F1896	(305,000)	(5,500,000)	(1,295,000)					
Proposed Projects								
Upper Whittemore Water Co								
Wilson Arch Water & Sewer		(1,138,000)						
East Carbon - Added funding for 3F1792		(1,510,200)						
Est Total Outflow	(49,197,709)	(54,881,098)	(13,245,501)	(3,811,820)	-	-	-	-
Est Fund Balance Available	\$ 62,631,770	\$ 45,014,240	\$ 49,035,037	\$ 63,005,184	\$ 81,524,640	\$ 100,896,530	\$ 121,163,034	\$ 142,368,415

*EPA grant awards are usually delayed until the following state fiscal year: ie gy22 was rcd 9/2022.

DW SRF LOAN FUNDS
CASH FLOW FORECAST REPORT

September 2022

UTAH SRF FUND (STATE SRF FUND 5235)	State Fiscal Year 2023	State Fiscal Year 2024	State Fiscal Year 2025	State Fiscal Year 2026	State Fiscal Year 2027	State Fiscal Year 2028	State Fiscal Year 2029	State Fiscal Year 2030
Funds Available								
WDSF thru 8/30/22 & est	\$ 25,427,872	\$ 16,820,822	\$ 8,864,352	\$ 12,400,252	\$ 16,551,052	\$ 20,822,752	\$ 26,623,952	\$ 32,559,952
Sales Tax Revenue (fy23 less rev rcd thru 8/22)	1,468,500	3,587,500	3,587,500	3,587,500	3,587,500	3,587,500	3,587,500	3,587,500
Loan Repayments	2,007,000	2,812,930	2,954,000	3,102,000	3,257,000	3,420,000	3,591,000	3,771,000
Total Funds Available	28,903,372	23,221,252	15,405,852	19,089,752	23,395,552	27,830,252	33,802,452	39,918,452
General Obligations								
State Match Transfers	(3,200,800)	(3,692,900)	(1,401,600)	(1,401,600)	(1,401,600)	-	-	-
DDW Administrative Expenses est inc of 3%	(803,250)	(1,071,000)	(1,104,000)	(1,137,100)	(1,171,200)	(1,206,300)	(1,242,500)	(1,279,800)
Project Obligations								
Caineville SSD	(245,000)							
Pleasant Grove City	(2,300,000)							
Powder Mtn WSID	(947,500)							
LaVerkin City	(751,000)	-	-	-	-	-	-	-
Loan Authorizations								
Scofield Town (#04008) 1.9% 20yrs	(1,000,000)	(1,472,000)						
Circleville Town 470k loan .5% 30yrs	(50,000)	(420,000)						
Tridell Lapoint SSD 0% 40 yrs	(50,000)	(840,000)						
Bear River WCD-HARPER WARD 1% 20yrs	(1,440,000)	(1,400,000)						
North Emery SSD 0% int 30 yrs	(50,000)	(462,000)						
Austin SSD 1.88% 30yrs	(50,000)	(386,000)						
Ephraim City 1% 20yrs	(500,000)							
Enoch City 1% 20yrs	(645,000)							
Lynndyl Town 0% int 30 yrs		(436,000)						
Cedarview Montwell SSD 0% int 40 yrs		(665,000)	(500,000)					
Manila 2.28% int 30 yrs		(500,000)						
Uintah Town 2.0% for 20 yrs	(50,000)	(950,000)						
Fruitland SSD		(287,000)						
		-	-	-	-	-	-	-
Planned Projects								
Oak City		(275,000)						
Fillmore		(1,500,000)						
Total Obligations	(12,082,550)	(14,356,900)	(3,005,600)	(2,538,700)	(2,572,800)	(1,206,300)	(1,242,500)	(1,279,800)
WDSF Unobligated Funds	\$ 16,820,822	\$ 8,864,352	\$ 12,400,252	\$ 16,551,052	\$ 20,822,752	\$ 26,623,952	\$ 32,559,952	\$ 38,638,652

Agenda Item

9(C)

Project Priority List
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR PROJECT PRIORITY LIST**

There are two new projects being added to the project priority list:

Wilson Arch SSD scored 43.9 priority rating points. Their project is to add a new 30,000-gallon storage tank, replace and add new water lines, water meters, and increase pump capacity.

Upper Whitmore scored 28.1 priority rating points. Their project is to install a chlorinator.

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board approve the updated Project Priority List.

Utah Federal SRF Program

Priority Points	October 14, 2022		Project Priority List							Authorized		
	Total Unmet Needs: \$872,258,502		Total Needs, incl. Recent funding			\$742,229,150		\$527,612,921				
	date	BIL \$	type	%Green	System Name	County	Pop.	Project Title	Project Total	SRF Assistance	BIL funds authorized	Funds Authorized
P	43.9	Wilson Arch	San Juan	27	New water lines, water meters, booster pump, and 30,000-g			\$1,138,000.00	\$1,138,000			
P	28.1	Upper Whittemore	Utah	128	chlorinator			\$500,000	\$500,000			
A	105.6	East Carbon City	Carbon	1,600	1.5 MGD conventional treatment plant			\$3,988,000	\$1,989,000		\$1,989,000	
A	99.3	M&J Trailer Home	Box Elder	27	New well, tank, dist line, arsenic tmnt			\$1,660,000	\$1,540,000		\$1,540,000	
A	65.8	Brian Head Town	Iron	165	Install new transmission line/fire hydrants along Snow Shoe			\$857,986	\$507,870		\$507,870	
A	64.4	Johnson WID	Uintah	1,880	upgrading 24,000 ft undersized waterlines			\$2,452,000	\$2,352,000		\$2,352,000	
A	63.6	Roosevelt City	Duchesne	6,800	pipeline replacement, lining of DI pipe, new pipe to bypass t			\$2,951,400	\$2,841,400		\$2,841,400	
A	62.6	High Valley Water Co.	Summit	850	2 PRV, new mailine, service connections, meters, hydrants			\$3,609,000	\$3,309,000		\$3,309,000	
A	55.9	Ballard Water ID	Uintah	1,367	800,000 gal tank, well; 3.5 miles of 12" trans line			\$7,287,000	\$7,100,000		\$7,100,000	
A	48.6	Escalante	Garfield	800	spring redevelopment, collection box, source protection			\$87,000	\$39,400		\$40,000	
A	48.5	Pinion Forest SSD	Duchesne	640	Water treatement improvements: chlorination and addressing			\$300,000	\$300,000		\$299,000	
A	47.2	Pine Valley Mountain Farms	Washington	144	Tank reburshment, trans line replacement, solar pump, met			\$418,485	\$348,500			
A	45.4	Beaver City	Beaver	3,860	Waterline replacement, well building,			\$2,679,146	\$2,652,620		\$2,652,620	
A	42.6	Levan	Juab	862	lead-joined Iron service line upgrades			\$2,895,000	\$2,866,050		\$2,866,050	
A	36.3	Cornish Town	Cache	270	well house, RO/Chlorine Treatment, Booster, 250K tank			\$1,704,922	\$1,504,922		\$1,504,922	
A	33.3	Granger Hunter	Salt Lake		Reservoir storage, Dist lines, booster station, well tmnt			\$20,000,000	\$20,000,000		\$20,000,000	
A	31.7	Weber Meadow View Ranches	Summit	65	150K tank, waterlines, hydrants, PRV station, well pump up			\$2,158,400	\$2,100,000		\$2,100,000	
A	30.7	Canyon Meadows	Wasatch	100	Additional fundinding: Trans line, Dist line, Tank, treatment			\$287,879	\$287,879			
A	29	Hanna Water and Sewer District	Duchesne	742	200,000 gallon tank, booster pump station, dist line			\$3,483,838	\$3,483,838			
A	28	Leeds Domestic Water	Washington	797	New well, chloirinator, main line and dist line replacement			\$7,524,500	\$7,519,500			
A	27.4	Wallsburg Town	Wasatch	300	500,000 gallon tank, new pipeline, PRV			\$6,933,000	\$6,933,000			
A	26.7	North Emery SSD	Emery	1,500	new 250,000-gallon tank, replace PRV vaults, replace 4000			\$2,550,000	\$2,050,000		\$2,050,000	
A	26.6	Elk Meadows SSD	Beaver	303	New: Line, hydrants, isolation valves, PRV stations			\$1,660,000	\$1,660,000		\$1,660,000	
A	22.6	Lynndyl Town	Millard	110	purchase property, new infrastructure, water rights, etc.			\$1,744,152	\$1,744,152		\$1,744,000	
A	21	Skyline Mountain SSD	Sanpete	225	41K tank and well house, impact fee study, loan refi.			\$3,123,000	\$3,123,000		\$3,123,000	
A	15.1	Provo (De-auth 11/1/2022 DWB)	Utah	126,000	20 MGD Water treatment plant and 2,850-foot transmission			\$36,750,000	\$36,750,000		\$36,750,000	
A	13.5	Desert Sage AVWID	Uintah	55	Watermain replacement, hydrants, meters, service line repl			\$598,460	\$578,460		\$578,000	
A	11.5	Bristlecone	Garfield	180	SCADA, drainage and overflow relocation			\$93,500	\$93,500		\$93,500	
A	10.4	Myton Town	Duchesne	590	New waterline and connections, hydrants.			\$650,000	\$650,000		\$650,000	
A	10.4	Panguitch	Garfield	1,730	9000 lf 10-in mainline, valves, hydrants, connect to existing			\$1,629,000	\$1,609,000		\$1,609,000	
A	11.5	Scipio (De-auth 11/1/2022 DWB)	Millard	334	Spring redevelopment			\$3,545,000	\$3,520,000		\$3,520,000	
A	9.8	Holden Town	Millard	450	New well, tank, dist lines, meters, chlorination upgrades			\$8,841,000	\$8,691,000		\$8,691,000	
A	7.5	Enoch City	Iron	6,500	New 2M Gallon steel tank			\$1,639,440	\$645,000		\$645,000	
A	6.5	Bridgerland Water Co.	Rich	240	Connect to Garden City system, 2 booster stations, SCADA			\$1,128,170	\$1,350,000		\$1,350,000	
A	0	Henefer (Secondary Irrigation)	Summit	1,025	Secondary irrigation			\$2,100,000	\$2,100,000		\$2,100,000	

N = New Application

E= Energy Efficiency

A= Authorized

W= Water Efficiency

P= Potential Project- no application

G= Green Infrastructure

I= Environmentally Innovative

Agenda Item

9(D)(i)(a)

Eastland Special Service District
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST:

Eastland Special Service District (SSD) is requesting financial assistance to upgrade all the meters within their water system to remote read meters.

The total estimated project cost is \$70,000 and they are requesting the full amount from the Drinking Water Board.

STAFF COMMENTS:

The local MAGI for Eastland SSD is \$40,400, which is 87% of the State MAGI. The current average water bill is \$137.53/ERC, which is 4.09% of the local MAGI. The estimated after project water bill at full loan would be \$177.76/ERC or 5.28% of the local MAGI. Based on MAGI and average monthly water bill, Eastland SSD qualifies to be considered for a grant.

Option	Loan / Grant	Grant	Loan	Term	Interest Rate	Water Bill	% Local MAGI
1	0/100	\$70,000	n/a	n/a	n/a	n/a	n/a

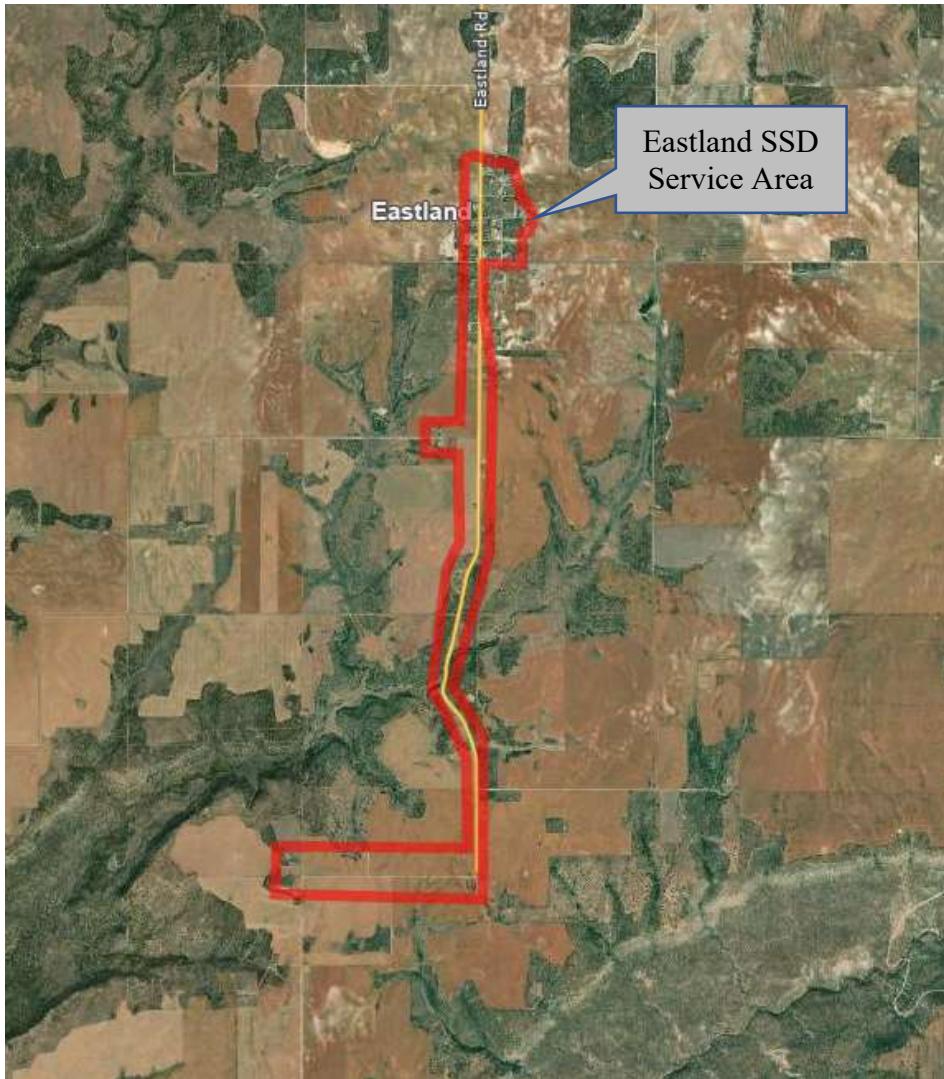
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a construction grant of \$70,000 to Eastland Special Service District.

APPLICANT'S LOCATION:

Eastland SSD is located in San Juan County approximately 68 miles southeast from Moab.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Upgrade all meters in the system to remote read meters. Current meters are unreadable several months of the year due to snow which makes finding leaks and other issues more difficult. Meters in the current system are 15-20 years old and are aging out. This project would increase meter reading accuracy as some meters are several feet deep in a vault in the ground and difficult to see under the best conditions. It would save whoever is reading the meters the time it takes to remove and replace each individual meter housing lid to read the meters.

POPULATION GROWTH:

Year	Population	Connections
2020	150	40
2030	165	44
2040	175	48

COST ESTIMATE:

Construction -	\$70,000
1% Loan Origination Fee	\$0
Total	\$70,000

COST ALLOCATION:

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Grant	\$70,000	100%
Total	\$70,000	100%

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	November 2022
Begin Construction:	April 2023
Complete Construction:	September 2023

CONTACT INFORMATION:

APPLICANT:

Eastland Special Service District
HC 63 Box 60
Monticello UT 84535
435-559-3016
eastlandwater@gmail.com

**PRESIDING OFFICIAL &
CONTACT PERSON:**

Janet Ross – Board Chair
HC 63 Box 79A
Monticello UT 84535
435-587-5083 or 435-459-1115
janetross7777@gmail.com

TREASURER/RECORDER:

Kay Randall
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wilfordkayrandall@hotmail.com

CONSULTING ENGINEER:

Frank Protiva
Shepard/Wesnitzer Engineering Inc.
110 West Dale Avenue
Flagstaff AZ 86001
Telephone: 928-773-0354
Fax: 928-774-8934

BOND ATTORNEY:

Alex Goble
PO Box 850
Monticello UT 84535
435-587-2128
agoble@sanjuancounty.org

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Eastland Special Service District

FUNDING SOURCE: Federal SRF

COUNTY: San Juan

PROJECT DESCRIPTION: Upgrade all water meters

0 % Loan & 100 % P.F.

ESTIMATED POPULATION:	150	NO. OF CONNECTIONS:	27 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$137.53 *			PROJECT TOTAL:	\$70,000
CURRENT % OF AGI:	4.09%	FINANCIAL PTS:	43	LOAN AMOUNT:	\$0
ESTIMATED MEDIAN AGI:	\$40,400			PRINC. FORGIVE.:	\$70,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$70,000
SYSTEM % OF STATE AGI:	87%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.87%		AFTER REPAYMENT PENALTY & POINTS 0.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.87%		0.00%
REQUIRED DEBT SERVICE:	\$0.00	\$0.00		\$0.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$0.00	\$0.00		\$0.00
ANNUAL NEW DEBT PER CONNECTION:	\$0.00	\$0.00		\$0.00
O & M + FUNDED DEPRECIATION:	\$24,439.00	\$24,439.00		\$24,439.00
OTHER DEBT + COVERAGE:	\$28,125.00	\$28,125.00		\$28,125.00
REPLACEMENT RESERVE ACCOUNT:	\$2,346.95	\$2,346.95		\$2,346.95
ANNUAL EXPENSES PER CONNECTION:	\$2,033.74	\$2,033.74		\$2,033.74
TOTAL SYSTEM EXPENSES	\$54,910.95	\$54,910.95		\$54,910.95
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$169.48	\$169.48		\$169.48
% OF ADJUSTED GROSS INCOME:	5.03%	5.03%		5.03%

\$0.00

Agenda Item

9(D)(i)(b)

Fillmore City
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST:

Fillmore City is proposing to install a new 1- million gallon concrete storage tank, transmission and supply lines, and a new booster pump station. The total project cost is estimated to be \$3,064,200 and the City will be contributing \$1,564,200 towards this project. They are requesting the remaining balance of \$1,500,000 from the Drinking Water Board.

STAFF COMMENTS:

The local MAGI for the Fillmore is \$42,300, or 91% of the State MAGI. The current average water bill is \$39.54/ERC, which is 1.12% of the local MAGI. The estimated after-project water bill at a full loan would be \$61.76/ERC or 1.75% of the local MAGI.

Option	Loan / PF	Principal Forgiveness	Loan	Term	Interest	Water Bill	% Local MAGI
BASE	100 / 0	\$0	\$1,500,000	30	2.42%	\$61.76	1.75%
2	100 / 0	\$0	\$1,500,000	30	1%	\$60.82	1.73%
3	0 / 100	\$1,500,000	\$0	-	-	\$54.50	1.55%

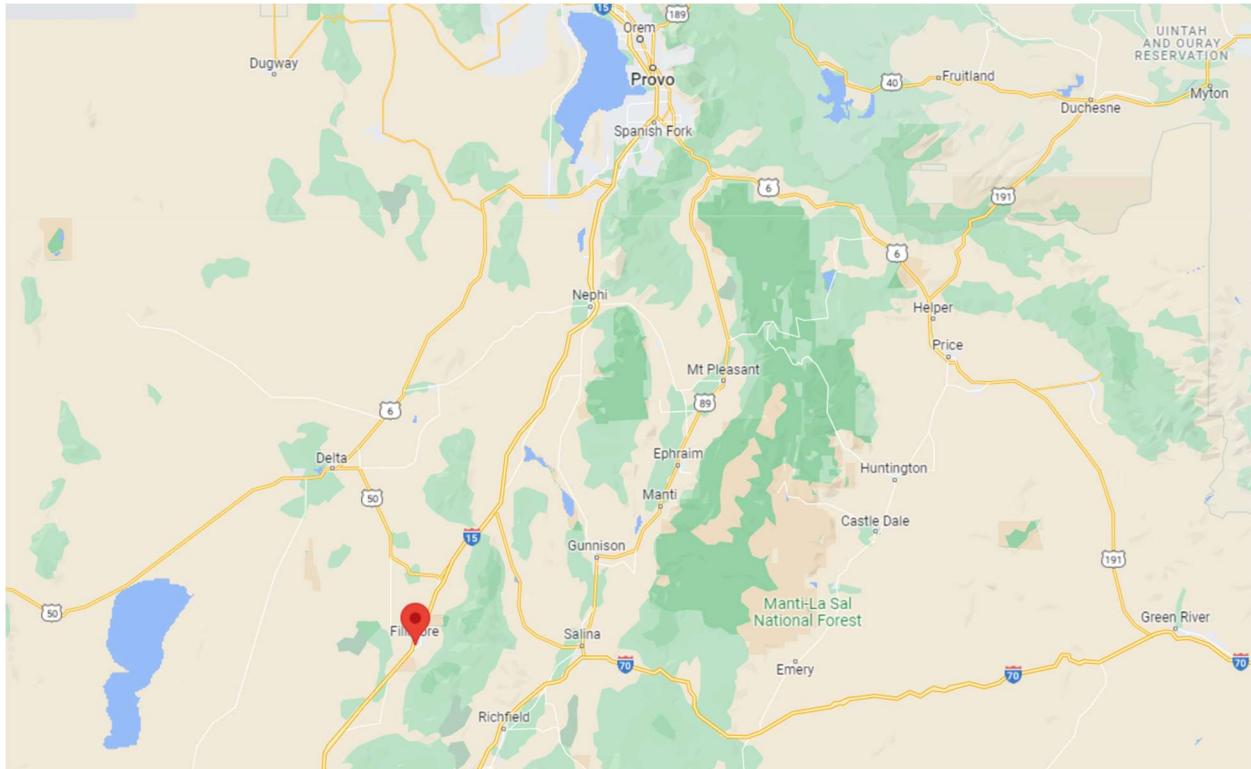
FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a construction loan of \$1,500,000 at 1% interest for 30 years to Fillmore City.

Fillmore City does not have any IPS points.

APPLICANT'S LOCATION:

Fillmore City is located in Millard County approximately 90 miles south from Spanish Fork.



PROJECT DESCRIPTION:

It is recommended that the City replace the existing cemetery tank with a new, one-million-gallon tank along with a new tank fill line immediately. This will increase storage capacity and replace the deteriorating cemetery tank. The project will include constructing a tank fill line from the booster station line which will help fill the new tank more effectively.

The City has already moved forward on their own funding and completed the bidding process. They anticipate starting the major part of construction next spring.

POPULATION GROWTH:

Fillmore City is expecting a 1.5% growth rate for 20 years.

Year	Population	Connections
2022	2,725	1,271
2030	3,194	1,470
2042	3,706	1,712

COST ESTIMATE:

Legal/Bonding/Admin	\$20,000
Engineering - Planning	\$15,000
Engineering - Design	\$160,000
Engineering - CMS	\$115,000
Engineering - Bidding	\$14,000
Engineering - Incidental	\$16,000
Construction - Tank	\$1,281,000
Construction - Transmission	\$786,600
Construction - Pump Station	\$60,000
Construction - Other	\$111,600
Mobilization/TC/ROW	\$117,000
Contingency (~15%)	\$353,000
1% Loan Origination Fee (add to contingency)	\$15,000
Total	\$3,064,200

COST ALLOCATION:

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (1 %, 30yr)	\$1,500,000	50%
Local Contribution	\$1,564,2000	50%
Total	\$3,064,2000	100%

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	Nov 2022
Complete Design	Completed
DDW Plan Approval:	Completed
Advertise for Bids:	Completed
Bid Opening:	Completed
Loan Closing:	January 2023
Begin Construction:	March/April 2023
Complete Construction:	August 2023

CONTACT INFORMATION:

APPLICANT:	Fillmore City 75 West Center Fillmore, UT 84631 435-743-5233 recorder@fillmorecity.org
PRESIDING OFFICIAL & CONTACT PERSON:	Michael Holt, Mayor 75 West Center Fillmore, UT 84631 mayor@fillmorecity.org
TREASURER/RECORDER:	Kevin Orton, Recorder recorder@fillmorecity.org
CONSULTING ENGINEER:	Devan Sheilds Sunrise Engineering 25 East 500 North Fillmore, UT 84631 435-253-1221 dsheilds@sunrise-eng.com
BOND ATTORNEY:	Richard Chamberlain Chamberlain Associates 225 North 100 East Richfield, UT 84701 435-896-4461 rchamberlain13@gmail.com baxterse@hotmail.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Fillmore City

FUNDING SOURCE: State SRF

COUNTY: Millard

PROJECT DESCRIPTION: Tank, Transmission, Booster Pump Station

100 % Loan & 0 % Grant

ESTIMATED POPULATION:	2,275	NO. OF CONNECTIONS:	1261 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$39.54 *			PROJECT TOTAL:	\$3,064,200
CURRENT % OF AGI:	1.12%	FINANCIAL PTS:	52	LOAN AMOUNT:	\$1,500,000
ESTIMATED MEDIAN AGI:	\$42,300			GRANT AMOUNT:	\$0
STATE AGI:	\$46,500			TOTAL REQUEST:	\$1,500,000
SYSTEM % OF STATE AGI:	91%				

	@ ZERO %		@ RBBI		AFTER REPAYMENT PENALTY & POINTS 1.00%
	RATE	MKT RATE	0%	4.01%	
SYSTEM					
ASSUMED LENGTH OF DEBT, YRS:	30	30			30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.01%			1.00%
REQUIRED DEBT SERVICE:	\$50,000.00	\$86,850.50			\$83,122.97
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00			\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$5,000.00	\$8,685.05			\$8,312.30
ANNUAL NEW DEBT PER CONNECTION:	\$43.62	\$75.76			\$72.51
O & M + FUNDED DEPRECIATION:	\$432,571.00	\$432,571.00			\$432,571.00
OTHER DEBT + COVERAGE:	\$356,231.25	\$356,231.25			\$356,231.25
REPLACEMENT RESERVE ACCOUNT:	\$38,377.80	\$40,220.33			\$40,033.95
ANNUAL EXPENSES PER CONNECTION:	\$655.97	\$657.43			\$657.28
TOTAL SYSTEM EXPENSES	\$882,180.05	\$924,558.13			\$920,271.47
TAX REVENUE:	\$0.00	\$0.00			\$0.00
RESIDENCE					
MONTHLY NEEDED WATER BILL:	\$58.30	\$61.10			\$60.82
% OF ADJUSTED GROSS INCOME:	1.65%	1.73%			1.73%

\$0.00

Agenda Item

9(D)(i)(c)

Oak City Water System
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST:

The Oak City Water System is requesting financial assistance to make improvements to their existing well to allow for aquifer storage and recharge, a new meter, 30 feet of 2-inch pipeline, SCADA improvements, and to add an ASR system.

The total estimated project cost is \$274,444. The Oak City Water System will contribute \$30,000 and they will pursue half of the project cost from the Utah Community Impact Board (CIB). Since they have yet to apply to CIB, they are requesting the balance of \$244,444 from the Drinking Water Board.

STAFF COMMENTS:

The local MAGI for the Oak City Water System is \$57,800, which is 124% of the State MAGI. The current average water bill is \$43.82/ERC, which is 0.91% of the local MAGI. The estimated after project water bill at full loan would be \$57.65/ERC or 1.20% of the local MAGI.

Option	Loan / Grant	Grant	Loan	Term	Interest Rate	Water Bill	% Local MAGI
1	100% Loan	\$0	\$245,000	20 yrs	2.62%	\$57.65	1.20%

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a construction loan of up to \$245,000 at 2.62% for 20 years to the Oak City Water System.

APPLICANT'S LOCATION:

The Oak City Water System is located in Millard County approximately 40 miles southwest from Nephi.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Oak City proposes an ASR system as an integral part of their public water supply system. Improvements include retrofitting the existing well to allow for aquifer storage and recharge. Includes new meter, 30 ft of 2-inch water pipe, SCADA improvements to record data for state monitoring requirements.

POPULATION GROWTH:

Year	Population	Connections
2020	638	270
2030	705	298
2040	779	330

COST ESTIMATE:

Legal/Bonding/Admin	\$5,000
Engineering - Design	\$55,000
Engineering - CMS	\$15,000
Construction -	\$197,000
1% Loan Origination Fee	\$2,444
Total	\$274,444

COST ALLOCATION:

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (2.62%, 30-yr)	\$245,000	89%
Local Contribution	\$30,000	11%
Total	\$275,000	100%

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	November 2022
Complete Design	February 2023
DDW Plan Approval:	March 2023
Advertise for Bids:	March 2023
Bid Opening:	April 2023
Loan Closing:	May 2023
Begin Construction:	July 2023
Complete Construction:	September 2023

CONTACT INFORMATION:

APPLICANT:

Oak City Water System
PO Box 217
Oak City UT 84649
435-846-2707 (Town Hall)
435-406-4306 (Ben Nielson Water Master)
OCTownMaintenance@gmail.com

**PRESIDING OFFICIAL &
CONTACT PERSON:**

Shim Callister - Mayor
PO Box 103
Oak City UT 84649
435-406-6208
shimcall15@gmail.com

TREASURER/RECORDER:

DeAnn Steele
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oakcitytc@gmail.com

CONSULTING ENGINEER:

Daniel Hawley
Jones & DeMille Engineering
1675 South Highway 10
Price UT 84501
435-201-2507
Daniel.h@jonesanddemille.com

BOND ATTORNEY:

Richard Chamberlain
Chamberlain & Associates
225 North 100 East
Richfield UT 84701
435-896-4461
435-896-5441

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Oak City Water System

FUNDING SOURCE: Federal SRF

COUNTY: Millard

PROJECT DESCRIPTION: ASR System, Well Upgrades, New Meter & Water Line, SCADA Improvements

100 % Loan & 0 % P.F.

ESTIMATED POPULATION:	650	NO. OF CONNECTIONS:	302 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$43.82 *			PROJECT TOTAL:	\$274,444
CURRENT % OF AGI:	0.91%	FINANCIAL PTS:	40	LOAN AMOUNT:	\$244,444
ESTIMATED MEDIAN AGI:	\$57,800			PRINC. FORGIVE.:	\$0
STATE AGI:	\$46,500			TOTAL REQUEST:	\$244,444
SYSTEM % OF STATE AGI:	124%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.87%		AFTER REPAYMENT PENALTY & POINTS 2.62%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.87%		2.62%
REQUIRED DEBT SERVICE:	\$12,222.20	\$17,780.18		\$15,858.67
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,222.22	\$1,778.02		\$1,585.87
ANNUAL NEW DEBT PER CONNECTION:	\$44.52	\$64.76		\$57.76
O & M + FUNDED DEPRECIATION:	\$87,688.00	\$87,688.00		\$87,688.00
OTHER DEBT + COVERAGE:	\$94,825.00	\$94,825.00		\$94,825.00
REPLACEMENT RESERVE ACCOUNT:	\$8,788.51	\$9,066.41		\$8,970.33
ANNUAL EXPENSES PER CONNECTION:	\$633.45	\$634.37		\$634.05
TOTAL SYSTEM EXPENSES	\$204,745.93	\$211,137.60		\$208,927.87
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$56.50	\$58.26		\$57.65
% OF ADJUSTED GROSS INCOME:	1.17%	1.21%		1.20%

\$0.00

Agenda Item

9(D)(i)(d)

Stockton Town
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST

Stockton Town is requesting additional funding to provide electrical power to their well site. The request from the Drinking Water Board today is **\$640,000**.

STAFF COMMENTS

On August 31, 2022, the Board authorized an emergency grant of \$640,000 to Stockton Town to install a chlorinator and provide permanent power at their existing well site. Due to design changes required by Rocky Mountain Power, powerline costs have increased another \$600,000. The total estimated project cost is now \$1,240,000.

On May 4, 2022, the Assistant Executive Secretary to the Drinking Water Board authorized a planning loan of \$40,000 at 0% interest for 5 years to Stockton Town to fund a capital facilities plan and treatment study. Planning loan recipients have the option to roll a planning loan into a larger construction loan.

The Median Adjusted Gross Income for Stockton, based on a local income survey, is \$50,576, which is 109% of the State MAGI. The current average residential water bill is \$35.49/month, which is 0.84% of the local MAGI. The after-project water bill at a full loan for 30 years would be \$46.72/ERC, which is 1.11% of the local MAGI.

Option	Loan / Grant	Loan	Grant	Term	Interest	Water Bill	% Local MAGI
Base	100 / 0	\$640,000*	\$0	30 yrs	3.85%	\$46.72	1.11%
1	100 / 0	\$640,000*	\$0	30 yrs	2.0%	\$44.03	1.04%
2	100 / 0	\$640,000*	\$0	30 yrs	0%	\$41.51	0.98%

**Includes previous planning loan rolled into construction loan.*

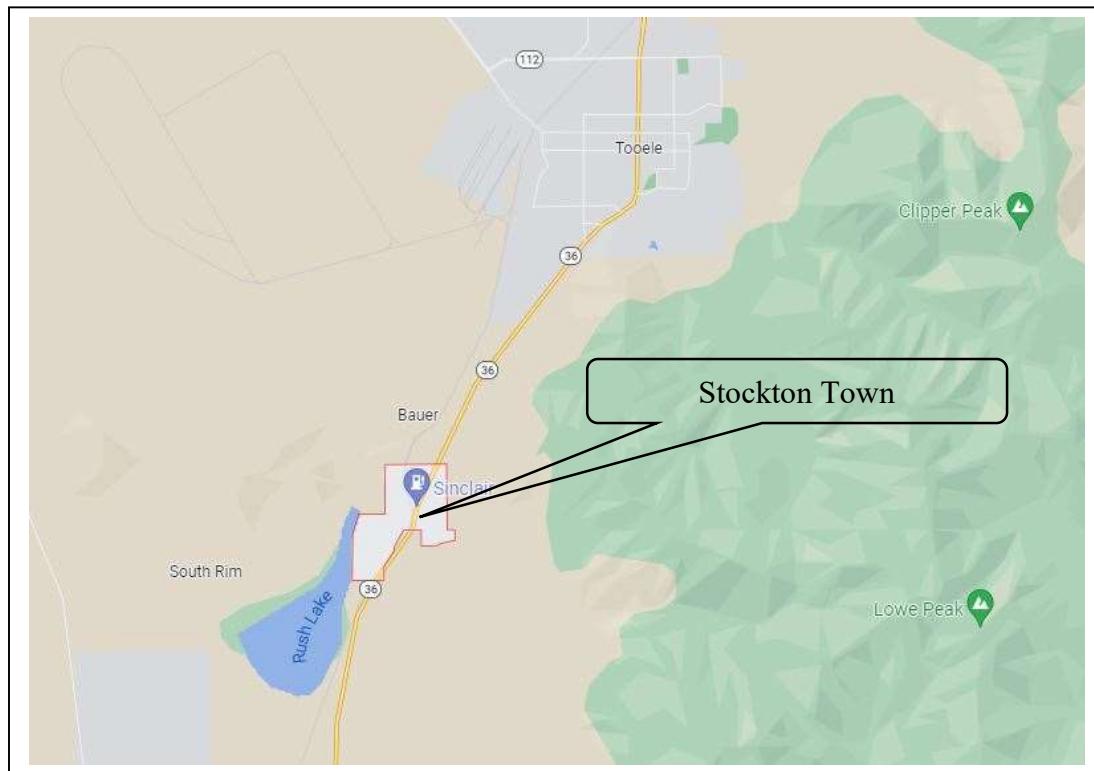
STAFF RECOMMENDATION

The Drinking Water Board authorize a construction loan of \$640,000 at 2.0% interest for 30 years to Stockton Town to provide permanent power to the existing well site.

Conditions include that they resolve all issues on their compliance report.

APPLICANT'S LOCATION

Stockton Town is located in Tooele County approximately 7 miles southwest of Tooele.



PROJECT DESCRIPTION

Stockton Town was severely impacted by a wildfire that started on July 9, 2022. The fire burned over 4,000 acres, including the area where the town's drinking water treatment plant is located. The town's main source of drinking water, a spring located in Soldier Canyon, is currently producing 150 gpm, significantly less than the 210 gpm the town needs. The spring feeds Soldier Creek and the town withdraws water from Soldier Creek to feed the treatment plant approximately a mile below the spring source. To supplement its water supply and provide emergency backup, the town drilled a backup well near the treatment plant in 2008. Until the fire, power for the well was provided by a propane-fueled generator. The propane storage tanks were damaged in the fire and are unusable. The town is currently using a portable generator to pump the well and provide water to its residents. To aid the water system in recovering from wildfire impacts, the town has established the following priorities:

1. Provide permanent power to the well site to replace the propane generator
2. Install a chlorination system at the well site

IMPLEMENTATION SCHEDULE

DWB Funding Authorization:	November 2022
DDW Plan Approval (chlorinator)	November 2022
Bid notice/opening	December 2022
Begin Construction	January 2023
Complete Construction	April 2023

COST ESTIMATE

Legal/Admin	\$ 15,000
Engineering – Design & CMS	\$ 25,000
Construction – Power Corridor	\$ 1,040,000
Construction – Chlorinator & Well	\$ 55,500
Contingency	\$ 104,500
Previously authorized planning loan	\$ 40,000
Total	\$ 1,280,000

COST ALLOCATION

Funding Source	Cost Sharing	Percent of Project
DWB Loan (30 yrs, 2.0%)	\$ 640,000	50%
DWB Grant	\$ 640,000	50%
Total Amount	\$ 1,280,000	100%

IPS SUMMARY

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
M006	CCC Program lacks written record of activities		15	
M007	CCC Program lacks documentation of on-going enforcement		15	
	Total		30	

CONTACT INFORMATION

APPLICANT:

Stockton Town
18 North Johnson Street
PO Box 240
Stockton, Utah 84071

**PRESIDING OFFICIAL &
CONTACT PERSON:**

Nando Meli, Mayor
Telephone: 435-882-3877
Email: nmeli@stocktontown.org

TREASURER/RECORDER:

Diana Degelbeck, Clerk
Telephone: 435-882-3877
Email: townclerk@stocktown.org

CONSULTING ENGINEER:

Ted Mickelson
Jones & DeMille Engineering
Telephone: 801-692-0219
Email: ted.m@jonesanddemille.com

BOND ATTORNEY:

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Stockton Town
 COUNTY: Tooele

FUNDING SOURCE: State SRF

PROJECT DESCRIPTION: Chlorinator and electrical power to well

100 % Loan & 0 % Grant

ESTIMATED POPULATION:	682	NO. OF CONNECTIONS:	276 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$35.49 *			PROJECT TOTAL:	\$1,280,000
CURRENT % OF AGI:	0.84%			LOAN AMOUNT:	\$640,000
ESTIMATED MEDIAN AGI:	\$50,576			GRANT AMOUNT:	\$0
STATE AGI:	\$46,500			TOTAL REQUEST:	\$640,000
SYSTEM % OF STATE AGI:	109%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 4.30%		AFTER REPAYMENT PENALTY & POINTS 2.00%
<u>SYSTEM</u>				
INT	ASSUMED LENGTH OF DEBT, YRS:	30	30	30
	ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.30%	2.00%
	REQUIRED DEBT SERVICE:	\$21,333.33	\$38,371.14	\$28,575.95
	*PARTIAL COVERAGE (15%):	\$0.00	\$0.00	\$0.00
	*ADD. COVERAGE AND RESERVE (10%):	\$2,133.33	\$3,837.11	\$2,857.60
	ANNUAL NEW DEBT PER CONNECTION:	\$85.02	\$152.93	\$113.89
	O & M + FUNDED DEPRECIATION:	\$58,996.00	\$58,996.00	\$58,996.00
	OTHER DEBT + COVERAGE:	\$49,046.25	\$49,046.25	\$49,046.25
	REPLACEMENT RESERVE ACCOUNT:	\$5,978.32	\$6,830.21	\$6,340.45
	ANNUAL EXPENSES PER CONNECTION:	\$413.12	\$416.20	\$414.43
	TOTAL SYSTEM EXPENSES	\$137,487.23	\$157,080.71	\$145,816.24
	TAX REVENUE:	\$0.00	\$0.00	\$0.00
<u>RESIDENCE</u>				
	MONTHLY NEEDED WATER BILL:	\$41.51	\$47.43	\$44.03
	% OF ADJUSTED GROSS INCOME:	0.98%	1.13%	1.04%

Agenda Item

9(D)(ii)(a)

Upper Whittemore Water Company
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST:

Upper Whittemore Water Company is requesting financial assistance to install a chlorinator. This project scored 28.1 points on the Project Priority List.

The total project cost is \$500,000 and they are requesting the full amount from the Board.

STAFF COMMENTS:

The local MAGI for the Upper Whittemore Water Company is \$46,200, which is 99% of the State MAGI. The current average water bill is \$75.00/ERC, which is 1.95% of the local MAGI. The estimated after project water bill at full loan would be \$183.54/ERC or 4.77% of the local MAGI.

Option	Loan / Grant	Principal Forgiveness	Loan	Term	Interest Rate (HGA)	Water Bill	% Local MAGI
1	100% loan	\$0	\$500,000	20 yrs	0%	\$183.54	4.77%
2	50/50	\$250,000	\$250,000	20 yrs	0%	\$159.58	4.15%

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board authorize a construction loan of \$500,000 with \$250,000 in principal forgiveness to Upper Whittemore Water Company, for a repayable loan amount of \$250,000 at 0% for 20 years.

Upper Whittemore does not have IPS points at this time, but they do have 445 points pending which have a temporary exception while they install the chlorination.

APPLICANT'S LOCATION:

Upper Whittemore Water Company is located in Utah County approximately 21 miles east of Provo in Hobble Creek canyon.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

New water chlorinator for Fern Basin Spring and install upgrades to the Crandall Canyon Spring to address pending deficiencies.

Upper Whittemore is a seasonal system with maximum occupancy at 180 days during the calendar year. There is an annual fee, of which they set aside 50% for the water system. This was used to determine the average water bill for the individual connections.

POPULATION GROWTH:

Zero growth anticipated with a maximum number of parcels at 126. Currently have 50 lots with a water supply, some with just a hydrant.

Year	Population	Connections
current	128	50
2030		
2040		

COST ESTIMATE:

Legal/Bonding/Admin	\$25,000
Engineering - Design	\$96,000
Construction -	\$328,550
Contingency (~10%)	\$50,450
Total	\$500,000

COST ALLOCATION:

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0 %, 20-yr)	\$250,000	50%
DWB Grant	\$250,000	50%
Total	\$500,000	100%

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	Month	Year
Complete Design	Mar	2023
DDW Plan Approval:	Mar	2023
Advertise for Bids:	Mar	2023
Bid Opening:	April	2023
Loan Closing:	April	2023
Begin Construction:	April	2023
Complete Construction:	Aug	2023

IPS SUMMARY:

These points are all pending and have not been assessed at this time

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
TD01	CONTINUOUS DISINFECTION IS REQUIRED BUT CHLORINATOR LACKS AUTOMATIC SWITCHOVER	15		
TD08	CHLORINATOR BUILDING NOT HEADED, LIGHTED OR VENTILATED	15		
TD12	LACK SEPARATE SWITCHES FOR FAN AND LIGHTS NEAR CHLORINE ROOM ENTRANCE	15		
S001	UNAPPROVED SOURCE IN SERVICE			200
S001	UNAPPROVED SOURCE IN SERVICE			200
	Total =			

CONTACT INFORMATION:

APPLICANT:

Upper Whittemore Water Company
PO Box 215
Pleasant Grove, Utah 84062

PRESIDING OFFICIAL &
CONTACT PERSON:

Dan Clark, President
4105 North Timpview Dr
Provo, Utah
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Dlclark7971@gmail.com

TREASURER/RECORDER:

Shauna Woods
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seasonswds@aol.com

CONSULTING ENGINEER:

Delmas Johnson
Hansen Allen & Luce
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South Jordan, Utah 84095
Telephone: 801-566-5599
dwjohnson@halengineering.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Upper Whittemore

COUNTY: Utah

PROJECT DESCRIPTION: Chlorinator

FUNDING SOURCE: Federal SRF

50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	128	NO. OF CONNECTIONS:	50 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$75.00 *			PROJECT TOTAL:	\$500,000
CURRENT % OF AGI:	1.95%	FINANCIAL PTS:	31	LOAN AMOUNT:	\$250,000
ESTIMATED MEDIAN AGI:	\$46,200			PRINC. FORGIVE.:	\$250,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$500,000
SYSTEM % OF STATE AGI:	99%				

	@ ZERO %		@ RBBI		AFTER REPAYMENT PENALTY & POINTS 0.00%
	RATE	MKT RATE			
SYSTEM	0%	3.87%			
ASSUMED LENGTH OF DEBT, YRS:	20	20			20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.87%			0.00%
REQUIRED DEBT SERVICE:	\$12,500.00	\$18,184.30			\$12,500.00
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00			\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,250.00	\$1,818.43			\$1,250.00
ANNUAL NEW DEBT PER CONNECTION:	\$275.00	\$400.05			\$275.00
O & M + FUNDED DEPRECIATION:	\$77,500.00	\$77,500.00			\$77,500.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00			\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$4,500.00	\$4,784.22			\$4,500.00
ANNUAL EXPENSES PER CONNECTION:	\$1,640.00	\$1,645.68			\$1,640.00
TOTAL SYSTEM EXPENSES	\$95,750.00	\$102,286.95			\$95,750.00
TAX REVENUE:	\$0.00	\$0.00			\$0.00
RESIDENCE					
MONTHLY NEEDED WATER BILL:	\$159.58	\$170.48			\$159.58
% OF ADJUSTED GROSS INCOME:	4.15%	4.43%			4.15%

\$0.00

Agenda Item

9(D)(ii)(b)

Wilson Arch WSSSD
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST

Wilson Arch Water and Sewer Special Service District is requesting financial assistance to replace and add new water lines, water meters, a booster pump, and new 30,000-gallon storage tank. This project scored 43.9 points on the Project Priority List.

The total amount of estimated funding needed is **\$1,138,000** and the district is requesting the full amount from the Drinking Water Board.

STAFF COMMENTS

The local MAGI for Wilson Arch is \$38,300 which is 82% of the State MAGI and the current average water bill is \$85.00/connection which is 2.66% of the local AGI. Their after-project water bill at a full loan would increase to \$281.94/connection, which is 8.83% of the local MAGI.

Based on both the current and estimated after-project after bill, the system qualifies to be considered for additional subsidy.

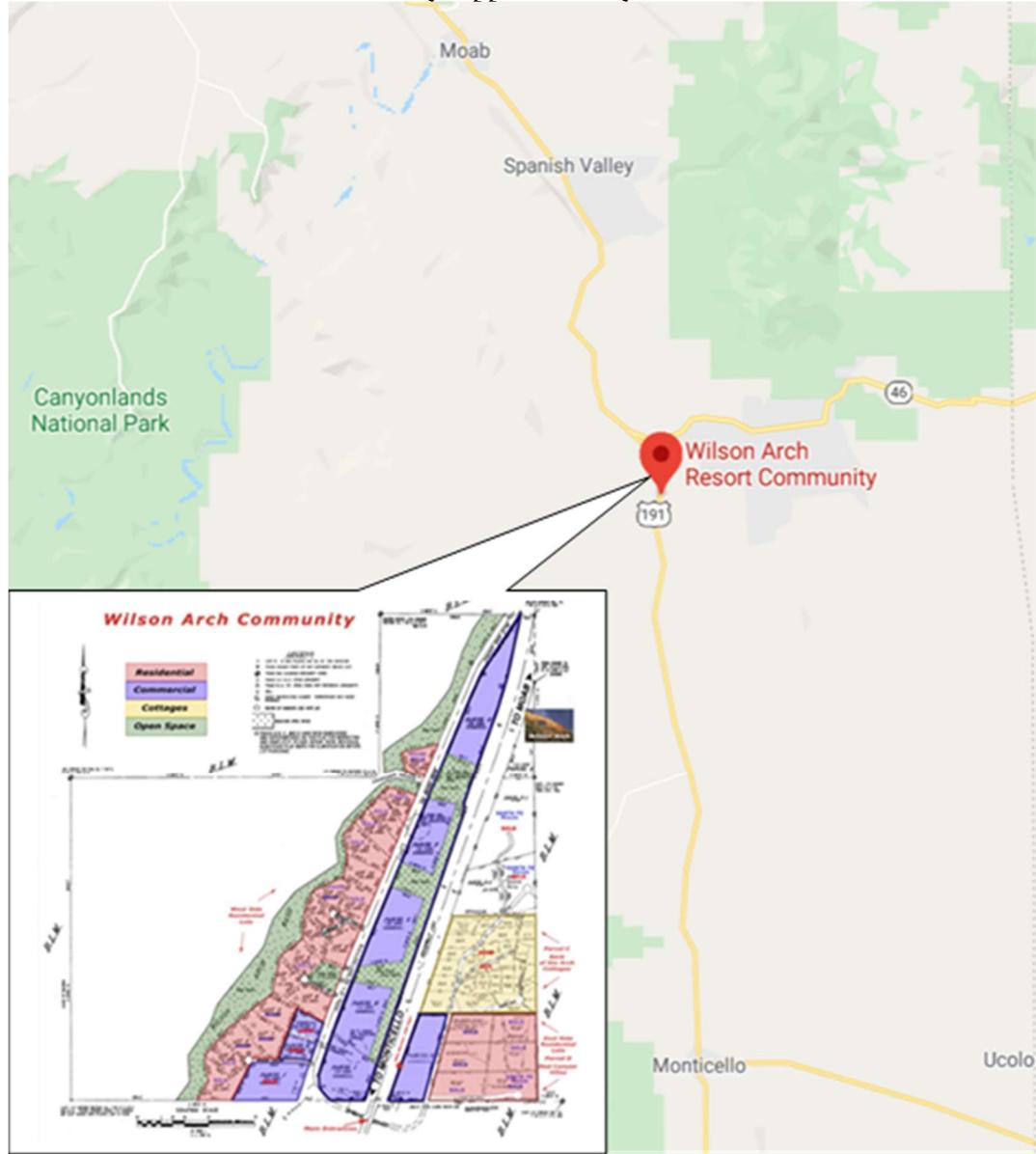
Option	Loan/ PF	Loan	Principal Forgiveness	Term	Interest/ HGA	Water Bill	% Local MAGI
Base	100 / 0	\$1,138,000	\$0	30 yrs	3.02%	\$281.94	8.83%
1	50 / 50	\$569,000	\$569,000	30 yrs	0%	\$161.25	5.05%
2	50 / 50	\$569,000	\$569,000	40 yrs	0%	\$147.79	4.63%

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION

The Drinking Water Board authorize a construction loan of \$1,138,000 with \$569,000 in principal forgiveness to Wilson Arch Water and Sewer Special Service District, for a repayable loan amount of \$569,000 at 0% interest for 30 years for new water lines, water meters, booster pump, and storage tank.

APPLICANT'S LOCATION

Wilson Arch is in San Juan County, approximately 26 miles south of Moab.



PROJECT DESCRIPTION

The district recently had a water master plan and impact fee study completed by Sunrise Engineering. The master plan report recommends that Wilson Arch SSD take immediate action to increase fire flow on the east side of the system to meet requirements set forth by the San Juan County Fire Marshal. To address this deficiency, the following would be added: 1000' of new 8" water distribution line; 600' of new 4" water distribution line; replace 1100' of existing 6" line with 8" distribution line; install a new booster pump. Low booster pump capacity is the most significant factor limiting the system.

The addition of an 8-inch diameter line that connects the west and east sides will have a large impact on fire flow. Connecting the two sides will allow the large pumps on the west side to help the east side. It will also make the water storage on the west side available to the east side, which is important. Other improvements include adding water meters on existing and new connections and installing new fire hydrants. One of the proposed distribution lines will cross State Highway 191. The other lines, and pump will be constructed on easements owned by the SSD.

Additionally, the master plan noted that Wilson Arch SSD will need to add 25,600 gallons (minimum) of culinary water storage by the year 2032 to accommodate projected growth of Phase 1 development. The report recommended that Wilson Arch SSD add an additional 30,000-gallon fiberglass storage tank and connect it to the current 30,000-gallon fiberglass tanks on the west side. Burying the tank will incur added cost but will add a degree of security and will fall best in line with the community's goal to preserve scenery. If Wilson Arch SSD chooses to increase capacity by more than 30,000-gallons, the report recommends a concrete tank.

To meet fire storage requirements on its own, the east side would need a total of 60,000 gallons when it currently only has 20,000 gallons. By connecting the two sides, the 60,000 gallons of storage on the west side will become available to the east. Connecting the two sides will also create greater redundancy, which adds a factor of safety should a pump fail.

The estimated design life of the project components are as follows:

- New storage tank (fiberglass): 30 years
- Waterlines: 100 years
- Water meters: 20 years
- New booster pump: 15 years

POPULATION GROWTH

Projected population and connections for Wilson Arch over the next 20 years is based on a 6.8% annual growth rate estimated in their application.

Year	Population	Connections
2022	27	19
2042	100	98

IMPLEMENTATION SCHEDULE

DWB Authorization	November 2022
Begin Design	November 2022
DDW Plan Approval	March 2023
Advertise for Bids	April 2023
Bid Opening	May 2023
Loan Closing	July 2023
Begin Construction	August 2023
Complete Construction/DDW Permit	February 2024

COST ESTIMATE

Legal/Bonding	\$15,000	
Environmental	\$20,000	
Engineering – Design/Pre-Project	\$91,000	
Engineering – CMS	\$63,000	} 15%
Construction - Mobilization	\$790,800	
Contingency	\$158,200	20%
Total Project Cost	\$1,138,000	

COST ALLOCATION

Funding Source	Cost Sharing	Percent of Project
DWB Loan (30 yrs, 0%)	\$ 569,000	50%
DWB Principal Forgiveness	\$ 569,000	50%
Total Amount	\$ 1,138,000	100%

IPS SUMMARY

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
G001	Unapproved facility (West Side Pump) in service <i>Note: final operating permit currently under review by DEQ</i>	50		
	Total = 50			

CONTACT INFORMATION

APPLICANT:

Wilson Arch Water and Sewer Special
Service District
131 South Joe Wilson Drive
La Sal, UT 84530

**PRESIDING OFFICIAL &
CONTACT PERSON:**

Eric Linscheid
Chair
Telephone: (907) 539-6829
bodwassd@gmail.com

CONSULTING ENGINEER:

Devan Shields
Sunrise Engineering
25 East 500 North
Fillmore, UT 84631
(435) 743-6151
dshields@sunrise-eng.com

TREASURER/RECORDER:

Craig Simpson
Telephone: (601) 297-8288
Csimpson0824@gmail.com

BOND ATTORNEY:

TBD

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Wilson Arch

FUNDING SOURCE: Federal SRF

COUNTY: San Juan

PROJECT DESCRIPTION: New tank, meters, booster pump, waterlines

50 % Loan & 50 % P.F.

ESTIMATED POPULATION:	27	NO. OF CONNECTIONS:	34 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$85.00 *	(ERC-R)		PROJECT TOTAL:	\$1,138,000
CURRENT % OF AGI:	2.66%	FINANCIAL PTS:	35	LOAN AMOUNT:	\$569,000
ESTIMATED MEDIAN AGI:	\$38,300			PRINC. FORGIVE.:	\$569,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$1,138,000
SYSTEM % OF STATE AGI:	82%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.87%		AFTER REPAYMENT PENALTY & POINTS 0.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.87%		0.00%
REQUIRED DEBT SERVICE:	\$18,966.67	\$32,387.92		\$18,966.67
*PARTIAL COVERAGE (15%):	\$0.00	\$4,858.19		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,896.67	\$3,238.79		\$1,896.67
ANNUAL NEW DEBT PER CONNECTION:	\$618.17	\$1,199.55		\$618.17
O & M + FUNDED DEPRECIATION:	\$41,425.00	\$41,425.00		\$41,425.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$3,019.58	\$0.00		\$3,019.58
ANNUAL EXPENSES PER CONNECTION:	\$1,316.88	\$1,227.41		\$1,316.88
TOTAL SYSTEM EXPENSES	\$65,307.92	\$81,909.90		\$65,307.92
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$161.25	\$202.25		\$161.25
% OF ADJUSTED GROSS INCOME:	5.05%	6.34%		5.05%

Agenda Item

9(D)(ii)(c)

Leeds Domestic Water Users Association
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST:

Leeds Domestic Water Users Association was **authorized a construction loan of \$7,519,500 with \$3,499,500 in principal forgiveness to Leeds Domestic Water Users for a repayable loan amount of \$4,020,000 at 0% for 40 years on August 31, 2022.** The project includes drilling a new well as a redundant source and installing a chlorinator. Install an altitude control valve and vault to control overflow. Replace 4,500 feet of aging and failing water main and remove and replace transmission line from the spring to the storage location.

Since authorization, Leeds Domestic Water Users has requested to refinance an old loan that was authorized November 2009 by the Drinking Water Board and roll it into this new funding package. This would be an increased loan amount of \$273,000 bringing the total requested amount to \$7,792,500. They would also like to request a design advance of \$430,000 from the principal forgiveness amount.

Leeds DWUA would also like to request an advance of an additional \$60,000 to test pump the existing well which will assist them in finalizing the location for the new well.

Leeds Domestic WUA is contributing \$5,000 towards the project and are requesting the balance from the Drinking Water Board.

STAFF COMMENTS:

The local MAGI for the Leeds Domestic Water Users Association is \$41,400, which is 89% of the State MAGI. The current average water bill is \$58.88/ERC, which is 1.71% of the local MAGI. The estimated after project water bill at the increased loan amount and the deduction of the annual payment on the old loan at 0% interest for 20 years would be \$143.64/ERC or 4.16% of the local MAGI. Based on MAGI and average monthly water bill, Leeds Domestic Water Users Association qualifies to be considered for additional subsidy.

Option	Loan / Grant	Principal Forgiveness	Loan	Term	Interest Rate (HGA)	Water Bill	% Local MAGI
Base	100% loan	\$0	\$7,792,500	20 yrs	0%	\$143.64	4.16%
1	55/45	\$3,499,500	\$4,293,000	20 yrs	0%	\$100.96	2.93%
2	55/45	\$3,499,500	\$4,293,000	40 yrs	0%	\$75.11	2.18%

FINANCIAL ASSISTANCE COMMITTEE RECOMMENDATION:

The Drinking Water Board deauthorize a construction loan of \$7,519,500 with \$3,499,500 in principal forgiveness to Leeds Domestic Water Users for a repayable loan amount of \$4,020,000 at 0% for 40 years.

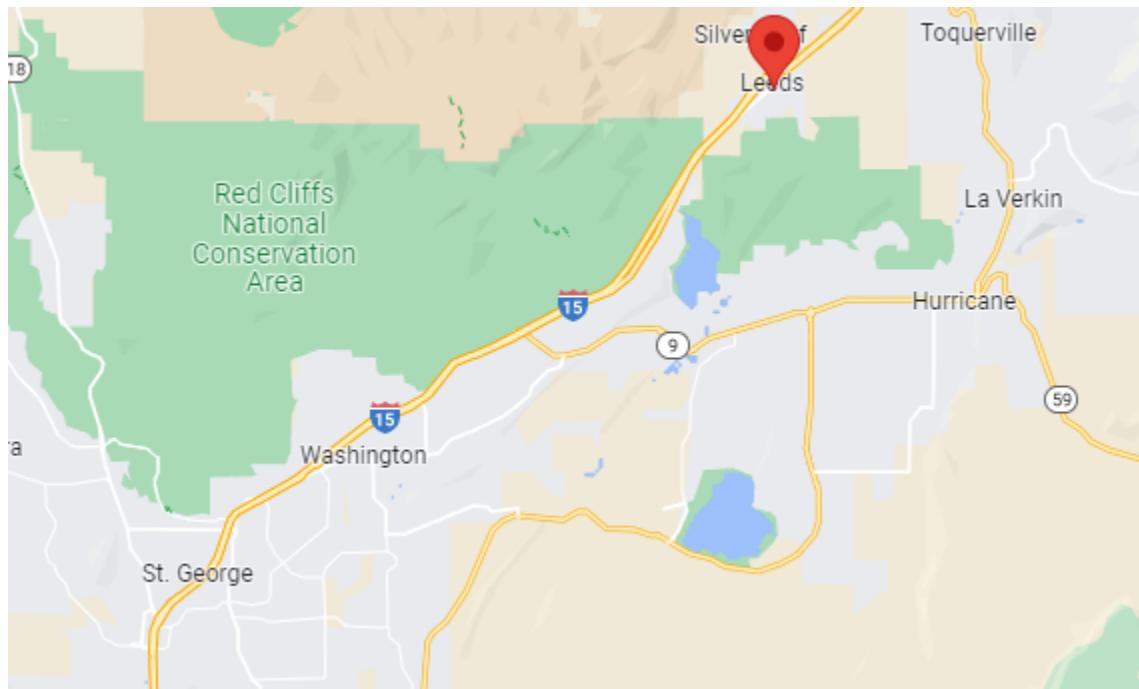
The Drinking Water Board authorize a construction loan of \$7,792,500 with \$3,499,500 in principal forgiveness to Leeds Domestic Water Users for a repayable loan amount of \$4,293,000 at 0% for 40 years and a design advance of \$430,000 (\$490,000 with the additional request) from the principal forgiveness amount.

Conditions include that they resolve all points on their IPS report.

APPLICANT'S LOCATION:

Leeds Domestic Water Users Association is located in Washington County approximately 24 miles North of St George.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Construction of a new well to serve as a redundant source of water to the system. Install an altitude control valve and vault to control overflow water from the system being run to waste; but rather, divert the overflow water into the irrigation system head structure, Replace 4500' of aged and failing 6" C-900 and sch. 40 main with 8" C-900, Remove and replace 25,800 LF of 4" steel pipe with 8" C-900 pipe from the spring source to the storage location.

POPULATION GROWTH:

Growth projections are based on the master plan

Year	Population	Connections
Current	797	354
2030	934	418
2040	1138	510

COST ESTIMATE:

Legal/Bonding/Admin	\$37,000
Engineering - Design	\$430,000
Engineering - CMS	\$450,000
Construction -	\$5,259,000
Other (Env.)	\$29,500
Contingency (~10%)	\$1,319,000
Refinance old loan	\$273,000
Total	\$7,797,500

COST ALLOCATION:

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0%, 40-yr)	\$4,293,000	53%
DWB Grant	\$3,499,500	47%
Local Contribution	\$5,000	<u>>1%</u>
Total	\$7,797,500	100%

IMPLEMENTATION SCHEDULE:

DWB Funding Authorization:	Jan 2023
Complete Design	Nov 2022
DDW Plan Approval:	Dec 2022
Advertise for Bids:	Dec 2022
Bid Opening:	Feb 2023
Loan Closing:	Mar 2023
Begin Construction:	Mar 2023
Complete Construction:	Aug 2023

IPS SUMMARY:

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiency Violations
M006	CCC-LACKS WRITTEN RECORDS OF CCC ACTIVITIES	15		
M007	CCC-LACKS ON-GOING ENFORCEMENT IMPLEMENTATION	15		
SP04	ACTIVE SOURCE LACKS APPROVED UPDATES TO DWSP PLAN (WS001)	5		
SP04	ACTIVE SOURCE LACKS APPROVED UPDATES TO DWSP PLAN (WS002)	5		
	Total =	40		

CONTACT INFORMATION:

APPLICANT:

Leeds Domestic Water Users Association
545 Main Street STE #7
PO Box 460627
Telephone: 435-669-1111
LDWACORP@INFOWEST.COM

PRESIDING OFFICIAL &
CONTACT PERSON:

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PO Box 460627
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LDWA-KURT@ONFOWEST.COM

TREASURER/RECORDER:

Doris McNally
732-429-4950
LDWA-DORIS@INFOWEST.COM

CONSULTING ENGINEER:

Riley Vane
Jones and Demille Engineering
1664 South Dixie Drive G102
St George, Utah 84770
Telephone: 435-986-3622
Riley.v@jonesanddemille.com

BOND ATTORNEY:

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Smith Hartvigsen
257 East 200 South STE 500
SLC, Utah 84111
Telephone: 801-413-1600
Nbracken@shutah.law

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Leeds DWUA

FUNDING SOURCE: Federal SRF

COUNTY: Washington

PROJECT DESCRIPTION: New well, control valve and vault, pipeline replacement

55 % Loan & 45 % P.F.

ESTIMATED POPULATION:	797	NO. OF CONNECTIONS:	427 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$58.88 *			PROJECT TOTAL:	\$7,797,500
CURRENT % OF AGI:	1.71%	FINANCIAL PTS:	41	LOAN AMOUNT:	\$4,293,000
ESTIMATED MEDIAN AGI:	\$41,400			PRINC. FORGIVE.:	\$3,499,500
STATE AGI:	\$46,500			TOTAL REQUEST:	\$7,792,500
SYSTEM % OF STATE AGI:	89%				

	@ ZERO %		@ RBBI		AFTER REPAYMENT PENALTY & POINTS 0.00%
	RATE	MKT RATE	0%	3.82%	
SYSTEM					
ASSUMED LENGTH OF DEBT, YRS:	40	40			40
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.82%			0.00%
REQUIRED DEBT SERVICE:	\$107,325.00	\$211,122.08			\$107,325.00
*PARTIAL COVERAGE (15%):	\$0.00	\$31,668.31			\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$10,732.50	\$21,112.21			\$10,732.50
ANNUAL NEW DEBT PER CONNECTION:	\$276.48	\$618.04			\$276.48
O & M + FUNDED DEPRECIATION:	\$248,999.00	\$248,999.00			\$248,999.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00			\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$17,816.20	\$0.00			\$17,816.20
ANNUAL EXPENSES PER CONNECTION:	\$624.86	\$583.14			\$624.86
TOTAL SYSTEM EXPENSES	\$384,872.70	\$512,901.60			\$384,872.70
TAX REVENUE:	\$0.00	\$0.00			\$0.00
RESIDENCE					
MONTHLY NEEDED WATER BILL:	\$75.11	\$100.10			\$75.11
% OF ADJUSTED GROSS INCOME:	2.18%	2.90%			2.18%

\$0.00

Agenda Item

9(D)(ii)(d)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION ASSISTANCE**

APPLICANT'S REQUEST

East Carbon City is requesting additional funding to construct a new 1.5 MGD conventional water treatment plant and to fix the treatment plant intake structure. This project scored 105.6 points on the Project Priority List. The total estimated project cost has increased to **\$5,099,000**.

The city is contributing land valued at **\$10,000** towards this project and the Community Impact Board has authorized **\$1,989,000** in combined loan and grant funding. A design advance of **\$400,000** authorized by the Drinking Water Board in 2021 has already been spent. The total new request from the Drinking Water Board today is **\$2,700,000**.

STAFF COMMENTS

On June 7, 2021, the Board authorized a loan of \$1,989,000 with \$995,000 in principal forgiveness to East Carbon City for a repayable loan amount of \$994,000 at 1% interest for 20 years. On August 31, 2021, the Board authorized a release of up to \$400,000 from principal forgiveness for package water treatment plant design and materials prior to bond closing.

The project was advertised for bids in August and September 2022. The system needs an additional \$1,037,000 to cover the apparent low bid and maintain contingency. Additionally, the city recently requested \$84,000 in emergency funding to enclose all four of the trash racks on the sides of the intake structure with metal.

The combined Median Adjusted Gross Income for East Carbon and Sunnyside is \$27,642, which is 59% of the State MAGI. The current average residential water bill is estimated at \$52.50/month, which is 2.28% of the local MAGI. The after-project water bill at a full loan for 20 years would be \$68.41/ERC, which is 2.97% of the local MAGI.

Based on local MAGI and the average water bill, the city qualifies to be considered for additional subsidy. Option 1 is based on the same loan terms approved by the Board in June 2021. Option 2 extends the loan terms to 30 years.

Option	Overall Loan / PF	Loan	Principal Forgiveness	Term	Interest	Water Bill	% Local MAGI
Base	100 / 0	\$2,700,000	\$0	20 yrs	2.16%	\$68.41	2.97%
1	50 / 50	\$1,550,000	\$1,150,000	20 yrs	1.0%	\$59.21	2.57%
2	50 / 50	\$1,550,000	\$1,150,000	30 yrs	1.0%	\$56.30	2.44%

STAFF RECOMMENDATION

The Drinking Water Board deauthorize a loan of \$1,589,000 with \$595,000 in principal forgiveness for a repayable loan amount of \$994,000 at 1% interest for 20 years. The deauthorization does not change the \$400,000 principal forgiveness agreement (Contract # 220749) provided to and spent by East Carbon City.

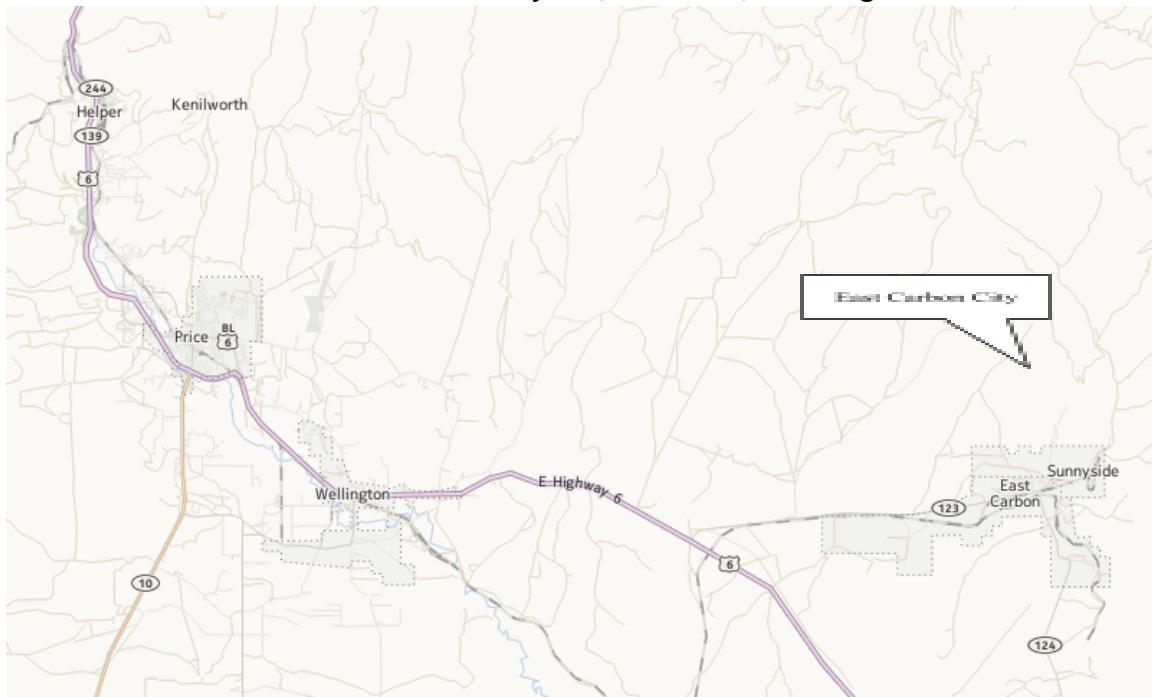
The Drinking Water Board authorize a loan of \$2,700,000 with \$1,150,000 in principal forgiveness to East Carbon City for a repayable loan amount of \$1,550,000 at 1% interest for 30 years for a new water treatment plant.

Additionally, the Drinking Water Board authorize an advance of up to \$84,000 from principal forgiveness to address emergency issues with the treatment plant intake structure.

Conditions include that they resolve all issues on their compliance report.

APPLICANT'S LOCATION

East Carbon City is approximately 20 miles east of Price in Carbon County. The city includes the former communities of Sunnyside, Columbia, and Dragerton.



PROJECT DESCRIPTION

East Carbon City proposes to construct a new surface water treatment plant (WTP) to replace the existing plant, which provides all the community's drinking water. The city relies strictly on surface water supply (Grassy Trail Reservoir) and treatment for drinking water, and they do not have any other sources such as springs or wells. The existing plant was constructed in two phases. The first phase was built in 1984 and is now 36 years old. The second phase was placed into operation in 2000 and is now 20 years old. Each phase has a 1.0 MGD capacity, bringing the total existing plant capacity to 2.0 MGD.

The existing plants were constructed using a package plant design and are housed in steel painted tanks. The steel tanks are in poor condition, with rust and pitting occurring. The structural integrity of these tanks is a key element in determining the need for replacement. The pumps, meters, valve actuators, and chemical feed system are all nearing the end of their useful life. Replacement parts for the electrical switch gear and programmable controller can no longer be purchased. The level controllers and turbidimeters are outdated and parts can no longer be purchased for them.

In 2009, a major breakdown (blowup of the filters) occurred on the existing plant. Two of the four filters were destroyed and had to be replaced. Replacement was funded by an emergency grant from CIB and the city's reserve fund. The breakdown occurred after 9 years of operation, and it has operated another 10 years since being repaired. There is a

high likelihood that a major breakdown could occur again, as all the operating parameters (i.e., raw water quality and chemical additives) have not changed.

Johansen & Tuttle Engineering prepared a preliminary engineering report to evaluate the existing WTP and make recommendations. In addition to determining if the existing plant could be economically upgraded, a new conventional treatment, direct filtration, micro-membrane filtration, and ultra-filtration systems were also evaluated. The report recommends abandoning the existing WTP and constructing a new conventional treatment type plant at the same site. A new package treatment plant unit will have a 1.5 MGD capacity. State regulations recognize this type of treatment as a proven and acceptable method, crediting it with a 2.5 log reduction for giardia and 2.0 log reduction for viruses. The new plant will utilize on-site sodium hypochlorite generation for disinfection. Energy conservation measures will be included to lower operational costs by using geothermal heat for the building and solar panels for generating electrical power.

The city estimates the current population is 1,745 with 751 residential, 15 commercial, and 5 industrial connections. The preliminary engineering report notes that industrial water usage was 8.8% of the total water plant production in 2010 and 15.7% in 2019. This is a significant amount of water use and produces a significant source of revenue to the city. The Sunnyside Cogeneration Power Plant is one of the industrial connections. PacifiCorp's contract to purchase electricity from Sunnyside expires in 2023 and there is a high level of uncertainty about whether the plant will continue operations or close.

POPULATION GROWTH

Projected population and connections for East Carbon over the next 20 years is based on a modest growth rate estimated by the Governor's Office of Planning and Budget. If the Sunnyside Power Plant closes in 2023, the city expects population to decline.

Year	Population	Connections
2020	1,694	771
2030	1,731	786
2040	1,793	815

IMPLEMENTATION SCHEDULE

DWB Authorization	November 2022
Complete Design	<i>Completed</i>
DDW Plan Approval	<i>Completed</i>
Advertise for Bids	<i>Completed</i>
Loan Closing	December 2022
Begin Construction	February 2023
Complete Construction	October 2023
DDW Operating Permit	November 2023

COST ESTIMATE

	Updated	<i>Original</i>
Legal/Admin	\$ 40,000	\$ 25,000
Design Engineering	\$ 185,000	\$ 210,000
Construction Engineering	\$ 175,000	\$ 140,000
Construction Contract	\$ 2,153,546	\$ 3,398,000
Direct Purchase Equipment	\$ 2,133,307	-
Utilities and Misc Costs	\$ 112,500	-
Intake Structure Trash Racks	\$84,000	-
Contingency	\$215,647	\$ 215,000
Total Project Cost	\$ 5,099,000	\$ 3,988,000

COST ALLOCATION

Funding Source	Cost Sharing	Percent of Project
Local Contribution (land)	\$ 10,000	
DWB Loan (30 yrs, 1.0%)	\$ 1,550,000	30%
DWB Principal Forgiveness	\$ 1,150,000	22%
DWB Design Advance (PF)	\$ 400,000	8%
CIB Loan (30 yrs, 0.5%)	\$ 547,000	11%
CIB Grant	\$ 1,442,000	29%
Total Amount	\$ 5,099,000	100%

IPS SUMMARY

Code	Description	Physical Facilities	Quality & Monitoring	Significant Deficiencies
M007	Lacks on-going enforcement implementation of Cross Connection Control	15		
M006	Lacks written records of Cross Connection Control activities	15		
Total		30		

CONTACT INFORMATION

APPLICANT:	East Carbon City PO Box 70 East Carbon, UT 84520 435-888-6613
PRESIDING OFFICIAL or CONTACT PERSON:	David Avery Mayor PO Box 70 East Carbon, UT 84520 435-888-6613 djavery1971@gmail.com
TREASURER/RECORDER:	Liz Holt 435-888-6613 liz@eastcarboncity.com
CONSULTING ENGINEER:	Merrial Johansen Johansen & Tuttle Engineering PO Box 487 Castle Dale, UT 84513 435-381-2523 jt@etv.net
BOND ATTORNEY:	Eric Johnson Johnson, Patterson & Yellowhorse PO Box 831 Pleasant Grove, UT 84062 801-895-4364 eric@publicprivatelaw.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: East Carbon

FUNDING SOURCE: Federal SRF

COUNTY: Carbon

PROJECT DESCRIPTION: Water Tx Plant

57 % Loan & 43 % P.F.

ESTIMATED POPULATION:	1,745	NO. OF CONNECTIONS:	852 *	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$52.50 *	(ERC-R)		PROJECT TOTAL:	\$5,099,000
CURRENT % OF AGI:	2.28%	FINANCIAL PTS:	48	LOAN AMOUNT:	\$1,550,000
ESTIMATED MEDIAN AGI:	\$27,642			PRINC. FORGIVE.:	\$1,150,000
STATE AGI:	\$46,500			TOTAL REQUEST:	\$2,700,000
SYSTEM % OF STATE AGI:	59%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 3.87%		AFTER REPAYMENT PENALTY & POINTS 1.00%
SYSTEM				
ASSUMED LENGTH OF DEBT, YRS:	30	30		30
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	3.87%		1.00%
REQUIRED DEBT SERVICE:	\$51,666.67	\$88,227.20		\$60,059.58
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$5,166.67	\$8,822.72		\$6,005.96
ANNUAL NEW DEBT PER CONNECTION:	\$66.74	\$113.98		\$77.59
O & M + FUNDED DEPRECIATION:	\$206,328.00	\$206,328.00		\$206,328.00
OTHER DEBT + COVERAGE:	\$278,422.50	\$278,422.50		\$278,422.50
REPLACEMENT RESERVE ACCOUNT:	\$24,036.63	\$25,864.66		\$24,456.28
ANNUAL EXPENSES PER CONNECTION:	\$597.52	\$599.66		\$598.01
TOTAL SYSTEM EXPENSES	\$565,620.47	\$607,665.08		\$575,272.31
TAX REVENUE:	\$0.00	\$0.00		\$0.00
RESIDENCE				
MONTHLY NEEDED WATER BILL:	\$55.36	\$59.47		\$56.30
% OF ADJUSTED GROSS INCOME:	2.40%	2.58%		2.44%

Agenda Item

9(D)(iii)(a)

Hoytsville Pipe Water Company
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR DEAUTHORIZATION**

APPLICANT'S REQUEST:

On July 21, 2022, Hoytsville Pipe Water Company was authorized a construction loan of \$1,595,000 at 2.58% for 30 years for a 400k- gallon tank and transmission line.

STAFF COMMENTS:

Staff received an email from Hoytsville board member, Tyler Larsen on September 15, 2022 indicating that their Board declined this funding.

STAFF RECOMMENDATION:

The Drinking Water Board deauthorize a loan of \$1,595,000 at 2.58% for 30 years to Hoytsville Pipe Water Company.



Elisa Brawley <ebrawley@utah.gov>

Hoytsville Pipe Water Company

Thu, Sep 15, 2022 at 9:42 PM

Tyler Larsen <tyler.james.larsen@gmail.com>

To: Linda Ross <lross@utah.gov>

Cc: "bill@billprater.com" <bill@billprater.com>, "cartsenmortensen10@gmail.com" <cartsenmortensen10@gmail.com>, "steve@halengineers.com" <steve@halengineers.com>, Elisa Brawley <ebrawley@utah.gov>

Hi Linda,

Thanks for the offer, but we discussed this loan as a Board and will not be pursuing this project at this time.

Thanks,

Tyler

Tyler James Larsen
Attorney at Law
P.O. Box 728
Coalville, UT 84017
[\(801\) 540-3667](tel:(801)540-3667)

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From: Linda Ross <lross@utah.gov>

Sent: Thursday, September 15, 2022 2:49:07 PM

To: Tyler.James.Larsen@gmail.com <Tyler.James.Larsen@gmail.com>

Cc: bill@billprater.com <bill@billprater.com>; cartsenmortensen10@gmail.com <cartsenmortensen10@gmail.com>; steve@halengineers.com <steve@halengineers.com>; Elisa Brawley <ebrawley@utah.gov>

Subject: Hoytsville Pipe Water Company

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Agenda Item

9(D)(iii)(b)

Provo City
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR DEAUTHORIZATION**

APPLICANT'S REQUEST

On July 21, 2022, the Drinking Water Board authorized a loan of up to \$36,750,000 for 40 years at 1.0% interest to Provo City for construction of a 20 MGD water treatment plant and transmission line.

On October 4, 2022, staff received an email from Shane Jones of Provo Public Works indicating the city received a BRIC Grant of \$50M and does not anticipate the need for additional funding from the Drinking Water Board.

STAFF RECOMMENDATION

The Drinking Water Board deauthorize the \$36,750,000 construction loan to Provo City.



Skye Sieber <sasieber@utah.gov>

Provo City 3F1873

Shane Jones <shanej@provo.utah.gov>

Tue, Oct 4, 2022 at 11:33 AM

To: Skye Sieber <sasieber@utah.gov>, Heather Pattee <hpattee@utah.gov>

Cc: Dave Decker <ddecker@provo.utah.gov>, Heidi Allman <hallman@provo.org>, Mike Chambers

<mchambers@halengineers.com>, Jimmy McKnight <JMCKnight@provo.org>, Gary Calder <GCalder@provo.org>

Skye,

With the award of a BRIC grant to Provo in the amount of \$50 Million, it is currently anticipated that Provo will not need to close on the \$38 Million Loan from the Drinking Water Board. Recognizing that this money might be needed to fund other projects in the state, Provo acknowledges your de-authorization of this funding. That being said, as final funding arrangements are not complete, there is still a chance that Provo may need to reapply for a loan and hope that there will be the opportunity to do so.

We do appreciate the support of the Drinking Water Board and staff for Provo's Aquifer Storage Project as we feel certain that the success of this project will play an important role in the long term management of water within the state and region.

Sincerely, Shane



SHANE C. JONES, P.E.

Provo Public Works

Division of Water Resources Principal Engineer

Office: (801) 852-6773

Mobile: (801) 376-6368

sjones@provo.org

From: Skye Sieber <sasieber@utah.gov>

Sent: Monday, October 03, 2022 9:38 AM

To: Heather Pattee <hpattee@utah.gov>

Cc: Dave Decker <ddecker@provo.utah.gov>; Shane Jones <shanej@provo.utah.gov>; Heidi Allman <hallman@provo.org>; Mike Chambers <mchambers@halengineers.com>

Subject: Re: Provo City 3F1873

CAUTION: This email originated from outside of Provo's email system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

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Agenda Item

9(D)(iii)(c)

Scipio Town
Presented to the Drinking Water Board
November 1, 2022

**DRINKING WATER BOARD
BOARD PACKET FOR DEAUTHORIZATION**

APPLICANT'S REQUEST

On July 21, 2022, the Drinking Water Board authorized a loan of \$3,520,000, with \$1,240,000 in principal forgiveness, for a net repayable amount of \$2,280,000 for 30 years at 2.7% interest to Scipio Town to redevelop their springs.

On September 19, 2022, staff received an email from the Mayor of Scipio indicating the Town Council decided not to go forward with the water project.

STAFF RECOMMENDATION

The Drinking Water Board deauthorize the \$2,280,000 construction loan and \$1,240,000 principal forgiveness to Scipio Town.



Skye Sieber <sasieber@utah.gov>

Scipio 3F1851

Carolyn Memmott <c_memmott75@hotmail.com>
To: "sasieber@utah.gov" <sasieber@utah.gov>

Mon, Sep 19, 2022 at 11:19 AM

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: Carolyn Memmott <c_memmott75@hotmail.com>
Date: 9/19/22 9:05 AM (GMT-07:00)
To: Heather Pattee <hpattee@utah.gov>
Subject: RE: Scipio 3F1851

We had a public meeting on this water project . As a town council and the community we have decided not to go forward with this water project

We appreciate the DDW on there willingness in helping Scipio Town. Thanks for your support .Mayor Memmott and Town Council

Sent from my Verizon, Samsung Galaxy smartphone

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