



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

### FINAL MINUTES

#### 1. Call to Order

Kristi Bell, Chair, called the Drinking Water Board (DWB) meeting to order at 1:01 PM.

#### 2. Roll Call – Michael Grange

Board Members present at roll call: Kristi Bell, David Pitcher, Eric Franson, Jeff Coombs, Robert (Bob) Rolfs, Justin Maughan. Kim Shelley, Blake Tullis, and Mayor Dawn Ramsey arrived after the roll call.

Division of Drinking Water (DDW, Division) staff present: Michael Grange, Allyson Spevak, Skye Sieber, Heather Pattee, Elisa Brawley, Linda Ross, Kjori Shelley, Dylan Martinez, Bridgette Charlebois, David Kruse.

#### 3. 2023 Drinking Water Board Meeting Schedule (Board Action Needed)

- Jeff Coombs moved to approve the 2023 Drinking Water Board Meeting Schedule. David Pitcher seconded. The motion was carried unanimously by the Board.

#### 4. Approval of Meeting Minutes

A. August 31, 2022 Minutes

- Eric Franson moved to approve the August 31, 2022 Drinking Water Board meeting minutes. David Pitcher seconded. The motion was carried unanimously by the Board.

#### 5. Disclosure for Conflict of Interest

Eric indicated that his engineering firm is working on a project with Fillmore City, independent from their SRF project on today's agenda.

No Board members objected to Eric fully participating in Fillmore's agenda item.

#### 6. Director's Report – Nathan Lunstad

Due to technical difficulties, Nathan was unable to attend the Board meeting, so Michael Grange conducted the Director's Report.

##### A. Enforcement Report (Board Packet Item Only)

Michael informed the Board that the Enforcement Report could be found in the packet.

##### B. New Employees; Bridgette Charlebois, David Kruse

Bridgette Charlebois is the new Lead & Copper Rule Manager for the Rules Section.

David Kruse is the new Source Monitoring Rules Manager for the Rules Section.

Michelle Deras, formerly the Assessment Response Section Manager, was recently named Assistant Director. Michelle takes Mimi Ujiie's place, who has stepped into a part-time consultant role with DDW.

##### 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

The Division of Drinking Water 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 House Bill 269 Capital Assets Related to Water. Mainly to establish rules requiring water utilities to develop and implement asset management programs.

Division Rule 309-700 was last updated in 2011. The 2022 update removes outdated references, implements current Board policies, and includes new language required by HB269 to implement asset management plans and programs at Utah's drinking water systems. HB269 was passed during 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.

- b. R309-705 Financial Assistance: Federal Drinking Water SRF Program

The 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 America's Water Infrastructure Act (AWIA) of 2018 as well as directives in HB269. Mainly to establish rules requiring water utilities to develop and implement asset management programs.

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 HB269 and AWIA to implement asset management plans and programs at Utah's drinking water systems. HB269 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. AWIA requires states to "encourage development by public water systems of asset management plans that include best practices for asset management".

c. R309-800 Capacity Development Program

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 AWIA as well as directives in HB269. Mainly to establish rules requiring water utilities to develop and implement asset management programs.

Division Rule 309-800 was last updated in 2011. The 2022 update removes outdated references, implements current Board policies, and includes new language required by HB269 and AWIA to implement asset management plans and programs at Utah's drinking water systems. HB269 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. AWIA 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 rules R309-700, R309-705, and R309-800 to meet these requirements as well as for other purposes stated earlier.

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

The Division recommends that the Drinking Water Board authorize staff to file rules R309-700, R309-705, and R309-800 with the Office of Administrative Rules (OAR) to begin the rulemaking process.

The implementation schedule for all three rules is as follows:

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

- Jeff Coombs moved that the Drinking Water Board allow publication of R309-700, R309-705, and R309-800. Robert Rolfs seconded. The motion was carried unanimously by the Board.

Michael explained that HB269 wants the Division and the Drinking Water Board to establish rules requiring those who come before the Board requesting State financial assistance to implement an asset management plan. Such a plan is critical for a water system to know what is going on in its system and to allow the system to take better care of its infrastructure before it falls into disrepair. AWIA encourages water systems to implement asset management plans in order to request Federal financial assistance.

- ii. Adopt Rule 309-230 Lead in School Sampling and Remediation Requirements  
– Dylan Martinez

Rule 309-230 Lead in School Sampling and Remediation Requirements 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.

HB21 School and Child Care Center Water Testing Requirements was 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. 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.

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

- David Pitcher moved that the Drinking Water Board adopt R309-230 Lead in School Sampling and Remediation Requirements. Robert Rolfs seconded. The motion was carried unanimously by the Board.

8. Rural Water Association Report – Dale Pierson

Dale was unable to attend the meeting so Curt Ludvigson gave the report in Dale's place.

The recent technical assistance activities of the three contracted employees, Curt, Janelle Braithwaite, and Terry Smith are included in the report.

9. Financial Assistance Committee Report

A. Increase in Funding Authorization for Planning, Emergency Requests, & Emerging Contaminants – Michael Grange

Michael informed the Board that previously, 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 addressing 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.

Division 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.

- Eric Franson moved that the Drinking Water Board approve the attached, updated Drinking Water Board policies for authorizing financial assistance up to \$100,000 that would include planning and design activities for infrastructure improvement projects, lead service line replacement projects, and projects to address emerging contaminants. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

B. Status Report – Michael Grange

Federal SRF Program (pages 1 & 2 of the report)

Michael reported that the snapshot of the Federal SRF Program, as of September 30, 2022, shows there is almost a \$20 million deficit. Over the course of the coming year, an additional \$30.8 million will be added to the program. By October 1, 2023, there will be approximately \$11 million in the program.

Currently, the Division is working to meet the additional subsidy requirements that Congress has established with the base program and the Bipartisan Infrastructure Law (BIL) funding; approximately \$12 million in subsidy still needs to be closed. As listed on page 2 of the report, the Division is working with a number of water systems to close loans authorized by the Drinking Water Board. The principal forgiveness amount for those loans is well above the remaining \$12 million subsidy amount. The principal forgiveness for FY2022 and most of FY2023 will be approximately \$36 million that the Board has authorized.

#### American Rescue Plan Act (ARPA) Grant (pages 3 & 4)

The ARPA Grant report shows the remaining ARPA grant balance of \$699,000, to be used for emergency grants. Of this balance, one emergency project has been granted \$40,000 and will be reported on the Status Report for the January 10, 2023 meeting.

The Division is working with a number of water systems to close their ARPA grants soon so that the money can be obligated and spent by Congress' deadline.

#### Lead ARPA Grant (pages 4 & 5)

The Board previously authorized \$3.5 million for lead sampling and remediation in schools. So far there are two projects listed in the report; Salt Lake School District and the Diocese of SLC – Davis County totaling \$199. The Division expects these grants to pick up considerably over the course of the next few years as lead is identified and remediated in schools.

#### State SRF Program (pages 7 & 8)

As of September 30, 2022, there is \$6.9 million in the State SRF program. Over the course of the coming year, a little over \$170,000 will be added to the program for a total available amount of \$7 million by October 1, 2023.

Page 8 of the report lists the projects for which staff is working to close loans.

#### New! Cash Flow Forecast Report (pages 9 & 10)

The Board recently said that they'd like to see a cashflow representation, rather than just a snapshot, to give them a better indication of where the funds actually are with regards to meeting the obligations that the Board is authorizing.

Page 9 is the cash flow forecast for the Federal SRF Program. The report lists the revenue that is expected or that we already have which is approximately \$21 million (both the 2022 capitalization grant and the 2022 BIL supplemental funding). Also listed is the State Match required for BIL funding at approximately \$2.3 million. In the 2<sup>nd</sup> round bank account are \$79 million in repayment

streams, \$1.7 million in interest earnings (an average of 2% for all the outstanding loans), and approximately \$6.5 million in loan payments over the course of the coming year for total funds available of \$111.8 million.

The Project Obligations section of the report lists the projects that are currently in process/construction.

The Project Authorizations section of the report is the funding that the Board has authorized over the last year.

The total estimated outflow for the coming year is just over \$49 million and the total estimated fund balance through FY2023 is \$62.6 million.

Page 10 is the cash flow forecast for the State SRF Program which is set up the same way as the Federal report. There are approximately \$16.8 million in unobligated funds in the State Program.

Moving forward, this Cash Flow Forecast Report will be included in each DWB Meeting Packet.

Michael explained to the new Board members that staff has been instructed to prioritize projects by taking into consideration a number of different factors including health effects, compliance with the Safe Drinking Water Act, and the water system's financial condition all of which make up a project's priority rating score. Moving forward the Division will likely rely on the Project Priority List (PPL) to a much greater extent to ensure that the highest priority projects are funded and also so the funds aren't being over-obligated. If we do actually run out of available funds, those projects that score lower on the PPL will not be brought to the Board. Historically, staff hasn't needed to worry about the PPL per se, because there's been enough money to fund nearly all of the requests that come before the Board.

#### C. Project Priority List – Michael Grange

Michael reported that two (2) new projects are recommended to be added to the Project Priority List:

1. Wilson Arch SSD (43.9 priority rating points) - their project is to add a new 30,000-gallon storage tank, replace and add new water lines, and water meters, and increase pump capacity.
2. Upper Whitmore (28.1 points) - their project is to install a chlorinator.

The Financial Assistance Committee (FAC) recommends that the Drinking Water Board approve the updated Project Priority List as presented, with the addition of these two (2) projects.

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

#### D. SRF Applications

##### i. STATE

- a. Eastland Special Service District – Kjori Shelley

Representing Eastland Special Service District (SSD) was Board Chair Janet Ross.

Kjori informed the Board that Eastland Special Service District 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.

The local median adjusted gross income (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 the average monthly water bill, Eastland SSD qualifies to be considered for a grant.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a construction grant of \$70,000 to Eastland Special Service District.

- Eric Franson moved that the Drinking Water Board authorize a construction grant of \$70,000 to Eastland Special Service District. Jeff Coombs seconded. The motion was carried unanimously by the Board.

b. Fillmore City – Elisa Brawley

Representing Fillmore City was Councilmember Dennis Alldredge, Recorder Kevin Orton, and Consulting Engineer Devan Shields with Sunrise Engineering.

Elisa informed the Board that Fillmore City is proposing to install a new one-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. The City does not have any IPS points.

The local MAGI for 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.

The Financial Assistance Committee recommends that the Drinking Water Board authorize a construction loan of \$1,500,000 at 1% interest for 30 years to Fillmore City.

- Jeff Coombs moved that the Drinking Water Board authorize a construction loan of \$1,500,000 at 1% interest for 30 years to Fillmore City. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

c. Oak City – Kjori Shelley

Representing the Oak City Water System were Mayor Shim Callister and Consulting Engineer James Saunders with Jones & Demille Engineering.

Kjori informed the Board that Oak City 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. Oak City 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.

The local MAGI for Oak City 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.

The Financial Assistance Committee recommends that 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.

- Eric Franson moved that 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. Robert Rolfs seconded. The motion was carried unanimously by the Board.

d. Stockton Town – Skye Sieber

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

Skye informed the Board that 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.

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 which the Town has opted to do with this funding request.

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.

Division staff recommends that 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.

Mayor Meli explained that the Town's water supply has decreased 70% over the last 20 years. Their backup water source, a well, will now become their main source, hence the need for permanent power to the well site.

Ted Mickelson assured Eric that they're requesting enough money to cover the project's various costs including contingency. Mayor Meli added that they're planning to raise water rates to help cover the costs of the project.

- Jeff Coombs moved that 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. David Pitcher seconded. The motion was carried unanimously by the Board.

ii. FEDERAL

- a. Upper Whittemore Water Company – Heather Pattee

Representing Upper Whittemore Water Company were Water Company President Justin Hambleton, Upper Whittemore Property Owners Association President Dan Clark, and Consulting Engineer Delmas Johnson with Hansen Allen & Luce.

Heather informed the Board that Upper Whittemore Water Company is requesting financial assistance to install a chlorinator. The total project cost is \$500,000 and they are requesting the full amount from the Board.

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.

Upper Whittemore does not have any IPS points at this time, but they do have 445 points pending for which they have a temporary exception while they install the chlorinator. The chlorinator installation will resolve the pending points.

The Financial Assistance Committee recommends that 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.

- Eric Franson moved that 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. David Pitcher seconded. The motion was carried unanimously by the Board.

b. Wilson Arch Special Service District – Skye Sieber

Representing Wilson Arch Special Service District (SSD) were Chair Eric Linscheid, Treasurer/Recorder Craig Simpson, and Consulting Engineer Devan Shields with Sunrise Engineering.

Skye informed the Board that Wilson Arch SSD is requesting financial assistance to replace and add new water lines, water meters, a booster pump, and a new 30,000-gallon storage tank. The total amount of estimated funding needed is \$1,138,000 and the District is requesting the full amount from the Drinking Water Board.

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 MAGI. 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 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 \$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.

Jeff Coombs expressed concern for the large funding request for such a small population. He wondered if the system looked into alternative solutions such as connecting to another system.

Craig Simpson replied that once they brought the west side up to fire code they found that it was impossible to bring the east up to fire code so they determined the best option was to connect the west and east systems and add another tank. Connecting the two sides brought the entire Wilson Arch community up to the same fire protection standard. Furthermore, Eric Linscheid said that the system has room to grow with 18 current connections out of a potential 101 connections.

Devan further replied that the question of connecting to another system is valid but the next closest system is several miles away and the cost to connect to that system would likely exceed the cost of improving the existing system. By connecting the east and west systems they're stretching further the existing infrastructure and plans for improvements will support current and future needs. The system will be able to recoup some of the project costs through impact fees.

- David Pitcher moved that 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. Eric Franson seconded. The motion was carried unanimously by the Board.

c. Leeds Domestic Water Users Association – Heather Pattee

Representing Leeds Domestic Water Users Association (Leeds) were Vice President Kurt Allen, and consulting engineers Parker Vercimak and Riley Vane with Jones and Demille Engineering.

Heather informed the Board that on August 31, 2022, Leeds was authorized a construction loan of \$7,519,500 with \$3,499,500 in principal forgiveness for a repayable loan amount of \$4,020,000 at 0% for 40 years. The project includes drilling a new well as a redundant source, installing a chlorinator, 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.

Since that authorization, Leeds has requested to refinance an old loan that was authorized in 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 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 is contributing \$5,000 towards the project and is requesting the balance from the Drinking Water Board.

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 the average monthly water bill, Leeds qualifies to be considered for additional subsidy.

The Financial Assistance Committee recommends that 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.

Riley commented that being able to reduce the monthly water bill by almost \$12 has helped to ensure that this project has shareholder support. Heather further explained that by combining the old and new loans together they were able to extend the term, thus lowering the monthly water bill.

- David Pitcher moved that 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. Eric Franson seconded. The motion was carried unanimously by the Board.

d. East Carbon City – Skye Sieber

Representing East Carbon City were Mayor David Avery and Consulting Engineer Merrial Johansen with Johansen & Tuttle Engineering.

Skye informed the Board that East Carbon City is requesting additional funding to construct a new 1.5-million-gallon-per-day conventional water treatment plant and to fix the treatment plant intake structure. The total estimated project cost has increased to \$5,099,000. The City is contributing land valued at \$10,000 towards the project and the CIB 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.

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 with metal all four of the trash racks on the sides of the intake structure.

The combined MAGI 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 of 50 percent loan and 50 percent principal forgiveness is based on the same loan terms approved by the Board in June 2021. Option 2 is the same 50/50 split, but extends the loan terms to 30 years.

Division staff recommends that 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.

- Jeff Coombs moved that 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. Jeff Coombs moved that 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. Dawn Ramsey seconded. The motion was carried unanimously by the Board.

iii. DEAUTHORIZATIONS

a. Hoytsville Pipe Water Company – Elisa Brawley

Elisa informed the Board that 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 400,000-gallon tank and transmission line.

On September 15, 2022, Division staff received an email from Hoytsville Board Member Tyler Larsen indicating that their Board has declined the funding and will no longer pursue this project.

Division staff recommends that the Drinking Water Board deauthorize a loan of \$1,595,000 at 2.58% for 30 years to Hoytsville Pipe Water Company.

- Eric Franson moved that the Drinking Water Board deauthorize a loan of \$1,595,000 at 2.58% for 30 years to Hoytsville Pipe Water Company. Robert Rolfs seconded. The motion was carried unanimously by the Board.

b. Provo City – Skye Sieber

Skye informed the Board that 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 the construction of a 20-million-gallon per day water treatment plant and transmission line.

On October 4, 2022, staff received an email from Shane Jones of Provo Public Works indicating that the City received a FEMA Building Resilient Infrastructure and Communities (BRIC) grant of \$50 million and does not anticipate the need for additional funding from the Drinking Water Board.

Division Staff recommends that the Drinking Water Board deauthorize the \$36,750,000 construction loan to Provo City.

- David Pitcher moved that the Drinking Water Board deauthorize the \$36,750,000 construction loan to Provo City. Robert Rolfs seconded. The motion was carried unanimously by the Board.

c. Scipio Town – Skye Sieber

Skye informed the Board that on July 21, 2022, the Drinking Water Board authorized a loan of \$3,520,000, with \$1,240,000 in principal forgiveness, for a 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 project.

Division staff recommends that the Drinking Water Board deauthorize the \$2,280,000 construction loan and \$1,240,000 principal forgiveness to Scipio Town.

- David Pitcher moved that the Drinking Water Board deauthorize the \$2,280,000 construction loan and \$1,240,000 principal forgiveness to Scipio Town. Jeff Coombs seconded. The motion was carried unanimously by the Board.

E. Financial Assistance Committee New Member – Michael Grange

Justin Maughan volunteered to be the fourth member of the Financial Assistance Committee; he will attend his first FAC meeting on December 14, 2022.

10. Public Comment Period

No public comments were made.

11. Open Board Discussion

There was no Open Board Discussion.

12. Other

David suggested that Tim give a legislative update at the January 10, 2023 meeting.

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

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

**The meeting adjourned at 2:57 PM.**