



State of Utah

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Department of Environmental Quality

Alan Matheson
Acting Executive Director

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

Drinking Water Board
Paul Hansen, P.E., *Chair*
Betty Naylor, *Vice-Chair*
Brett Chynoweth
Tage Flint
Roger G. Fridal
Brad Johnson
David L. Sakrison
David Stevens, Ph.D.
Mark Stevens, M.D.
Kenneth H. Bousfield, P.E.
Executive Secretary

DRINKING WATER BOARD MEETING

May 8, 2015 - 1:30 pm
Woods Cross City Hall
1555 South 800 West
Woods Cross, Utah 84087

FINAL MINUTES

- ❖ **A tour of the Woods Cross City Water Treatment Facility was conducted at 9:00 am, prior to the Board meeting. Neither discussion of any agenda item nor any Board actions were conducted during the tour.**

Board Members present: Paul Hansen, Betty Naylor, Roger Fridal, and Brad Johnson

Division Staff present: Ken Bousfield, Michael Grange, Nathan Hall, Rich Peterson and Marianne Booth

Others present: Dale Pierson and Terry Smith representing the Rural Water Association of Utah (RWAU)

- ❖ **A Board Member Work Session was held at 11:00 am, prior to the Drinking Water Board Meeting. Table 2 language relative to Energy Efficiency incentives as well as cost increases due to Federal "American Iron and Steel" requirements were discussed. No Board actions were conducted during this time.**

Board Members present: Paul Hansen, Betty Naylor, David Sakrison, Roger Fridal, and Brad Johnson

Division Staff present: Ken Bousfield, Michael Grange, Nathan Hall, Rich Peterson, and Marianne Booth

Others present:

- Dale Pierson, Terry Smith, and Curtis Ludvigson representing RWAU.
- 4 Woods Cross City representatives joined the meeting at approximately 12:00 pm.

1. **Call to Order – Chairman Hansen**

Paul Hansen, Board Chairman, called the meeting to order at 1:30 pm and expressed appreciation to Woods Cross City for hosting the Drinking Water Board tour of the Woods Cross City water treatment facility, Work Session, and Board Meeting.

2. **Roll Call – Ken Bousfield**

Board Members present: Paul Hansen, Betty Naylor, Brad Johnson, David Sakrison, and Roger Fridal.

Board Members excused: Brett Chynoweth, Tage Flint, Mark Stevens, and David Stevens.

Division Staff present: Ken Bousfield, Michael Grange, Heather Bobb, Marianne Booth, Gary Kobzeff, Nathan Hall, Rich Peterson, Bernie Clark, Ying-Ying Macauley, Julie Cobleigh

3. **Approval of the Minutes:**

A. February 26, 2015

- Roger Fridal moved to approve the minutes. Betty Naylor seconded. The motion was carried unanimously by the Board.

B. April 17, 2015

- David Sakrison moved to approve the minutes. Roger Fridal seconded. The motion was carried unanimously by the Board.

4. **Election of Board Chairman and Vice-Chairman**

- Betty Naylor moved to reappoint Paul Hansen as Board Chairman. There were no other nominations made. David Sakrison seconded. The motion was carried unanimously by the Board.
- David Sakrison moved to reappoint Betty Naylor as Board Vice-Chairman. There were no other nominations made. Roger Fridal seconded. The motion was carried unanimously by the Board.

5. **Financial Assistance Committee Report**

A. Status Report – Michael Grange

Michael Grange, the Construction Assistance Section Manager with the Division of Drinking Water (DDW, the Division), reported that there is currently \$2.9 million in the State SRF fund and over the course of the next year the Division is expecting an additional \$5.5 million to come into the fund, for a total of approximately \$8.5 million to be available for funding of projects.

Michael also reported that there is currently \$31.9 million in the Federal SRF fund and over the course of the next year the Division is expecting an additional \$16.4 million to come into the fund, for a total of approximately \$48 million to be available for financial assistance of water system projects.

In response to questions from the Board, Michael informed them that most of the planning projects that are on the State and Federal program are underway just not complete yet. He also noted that he would email the detailed information on the outstanding planning loans to the Board members.

B. Project Priority List – Michael Grange

Michael Grange proposed that 2 new projects be added to the project priority list. The first being Eureka Town, with 50.9 points, and a project consisting of installing water line meters and two generators. The second being Liberty Pipeline, with 4.8 points, and a project consisting of a new well. The Financial Assistance Committee (FAC) recommends that the Board approve the updated project priority list.

- Paul Hansen moved to approve the updated project priority list. David Sakrison seconded. The motion was carried unanimously by the Board.

C. SRF Applications

i. STATE:

a) Cedarview Montwell: Planning – Julie Cobleigh

Representing Cedarview Montwell was Lars Powell, Chairman of the Board, and Aaron Averett of Sunrise Engineering.

Julie Cobleigh, Environmental Engineer with the Division, informed the Board that Cedarview Montwell is requesting \$65,000 in assistance to create a Regional Water Master Plan. The proposed master plan will gather needed information from the surrounding water systems, identify potentially mutually beneficial improvements, and look into projected costs and feasibility of these improvements. Cedarview Montwell has a local MAGI of \$54,694 or 126% of State MAGI. Based on an estimated 90 connections by May of 2015, the expected water bill is \$100 or 2.19% of the local MAGI. The proposed financial assistance would increase their water bill to \$101 or 2.21% of their local MAGI. The FAC recommends a \$65,000 planning grant to Cedarview Montwell.

There was discussion between the Board, Division Staff, and those representing Cedarview Montwell, and it was indicated that the study would be looking at the connection points between Cedarview Montwell, Neola, Ballard, Roosevelt and Johnson water systems to determine what would be mutually beneficial to all.

- Paul Hansen moved to authorize a \$65,000 planning grant to Cedarview Montwell Special Service District. David Sakrison seconded. The motion was carried unanimously by the Board.

b) Corinne City – Julie Cobleigh

Julie Cobleigh informed the Board that Corinne City (Corinne) is requesting \$70,000 in assistance to upgrade their water meters to automated read meters to assist with the Division's statewide water use study. Corinne has a local MAGI of \$39,861 or 98% of State MAGI. Their current water bill is approximately \$47 or 1.43% of local MAGI. The proposed financial assistance would increase their water bill to \$56 or 1.74% of the local MAGI. The FAC recommends that in recognition of their willingness to participate in the Division's statewide water use study; the Board authorize a \$70,000 grant to Corinne City.

- David Sakrison moved to authorize a \$70,000 grant to Corinne City to upgrade their water meters. Paul Hansen seconded. The motion was carried unanimously by the Board.

c) Oak City – Nathan Hall

Nathan Hall, Environmental Engineer with the Division, informed the Board that Oak City was requesting \$400,000 in assistance from the Board as well as \$400,000 in assistance from the Community Impact Board (CIB) to do several upgrades; however on May 7, 2015 he was informed that Oak City had pulled their application from CIB for assistance and are planning on doing a more formal engineering study before they move forward with any improvements.

There was discussion between the Board and Division Staff it was determined that tabling this item would be appropriate.

- David Sakrison moved to table this item to be brought back before the Board at a later date. Roger Fridal seconded. The motion was carried unanimously by the Board.

d) Plymouth Town – Gary Kobzeff

Representing Plymouth Town was Wes Udy, Water Operator and Council Member, and Devon Jones of Sunrise Engineering.

Gary Kobzeff, Environmental Engineer with the Division, informed the Board that Plymouth Town is requesting \$880,000 in financial assistance to construct a new 500,000 gallon storage tank to assist with their current tanks, which during the summer months have historically been drained. Gary reminded the Board that at the February 26, 2015 meeting, they agreed to consider authorizing the funds at a lower interest rate and at a longer term, in order to decrease the burden on Plymouth Town. The FAC recommends the Board authorize an \$880,000 construction loan to Plymouth Town with a 3.49% interest/fee per annum for 30 years.

There was discussion between the Board, Division Staff, and those representing Plymouth Town regarding the amount of connections on their system, whether the increase to the water bill would be impractical, the benefit of additional fire protection, and what their impact fees are. There was also discussion between the Board regarding what options they had based on the scope of their guidelines.

- David Sakrison moved to authorize an \$880,000 construction loan to Plymouth Town at 3.49% interest/fee per annum for 30 years. Roger Fridal seconded. The motion was carried unanimously by the Board.

ii. FEDERAL:

a) Pine Meadow Mutual Water Co – Gary Kobzeff

Gary Kobzeff informed the Board that Pine Meadow Mutual Water Company (Pine Meadow) is requesting a change in scope of work as they have \$240,000 in remaining funds which they would like to use to replace an existing pump station; that currently provides 45 gallons of water per minute; with a new pump station; that would be capable of pumping 250 gallons per minute, and can also be upgraded to pump 500,000 gallons per minute if needed in the future. The FAC recommends that the Board authorize the change in scope of work for Pine Meadow's remaining funds to replace an existing pump station.

- Roger Fridal moved to authorize the change in scope of work for Pine Meadow's remaining funds to replace an existing pump station. Paul Hansen seconded. The motion was carried unanimously by the Board.

b) Liberty Pipeline – Gary Kobzeff

Representing Liberty Pipeline was Pen Hollist, one of the Directors, and Fred Philpot of Lewis, Young, Robertson & Burningham, Inc.

Gary Kobzeff informed the Board that Liberty Pipeline (Liberty) is requesting \$699,000 in financial assistance to construct a new 8-inch well and well house. Liberty has a local MAGI of \$56,611 or 140% of the State MAGI. Their current average water bill is \$29.64 or 0.63% of the local MAGI. The proposed financial assistance would increase their average water bill to \$37.47 or 79% of the local MAGI. The FAC recommends that the Board authorize a \$699,000 to Liberty Pipeline with 2.83% interest/fee per annum for 20 years with the condition they resolve all issues on their compliance and that a 1.0% loan origination fee of \$6,990 be assessed, which can be either absorbed by the authorized loan amount or paid by Liberty Pipeline out of system funds at closing.

There was discussion between the Board, Division Staff, and those representing Liberty Pipeline regarding the need for this project, the systems IPS point reductions over the last year to bring them into compliance, the water source and water rights, what the systems impact fees are, and whether they had taken into account the Federal requirements that would be associated with this loan.

- Roger Fridal moved to authorize a \$699,000 construction loan to Liberty Pipeline at 2.83% interest/fee per annum for 20 years. David Sakrison seconded. The motion was carried unanimously by the Board.

c) Eureka – Julie Cobliegh

Representing Eureka was Nick Castleton, Mayor of Eureka, Brian Underwood, City Councilman for Eureka, and Jesse Ralphs of Sunrise Engineering.

Julie Cobleigh informed the Board that Eureka is requesting \$694,095 to cover an increase in costs on their current project which includes 27,000 feet of waterline replacement, 80 gate valves, adding 36 fire hydrants, adding 10,000 feet of new water line, a new water metering system, a new well and well building, upgrading a booster station, and adding a new booster station. This project has been co-funded by the Community Impact Board, USDA Rural Development, The army Corp of Engineers, and the Drinking Water Board. Eureka's has a local MAGI of \$38,512 or 95% of the State MAGI. The base rate for their water bill is \$56 or 1.74% of the local MAGI and they have a tiered water rate structure for overages. With the proposed financial assistance of 50% loan and 50% grant, their water bill would increase to \$75 or 2.34% of the local MAGI. The FAC recommends that the Board authorize a loan of \$694,095 with \$694,095 in principle forgiveness.

There was discussion between the representatives for Eureka and the Board regarding the Federal loan requirements.

- Paul Hansen moved to authorize a \$694,095 loan with \$694,095 in principal forgiveness to Eureka. David Sakrison seconded. The motion was carried unanimously by the Board.

d) Greendale Water Co – Gary Kobzeff

Representing Greendale Water Company was Craig Collett, Manager of Greendale Water Co., DeArman Batty, Greendale Water Board, and Scott Archibald of Sunrise Engineering.

Gary Kobzeff informed the Board that Greendale Water Company (Greendale) is requesting an additional \$245,000 on their current loan of \$1,145,000 in order to cover an increase in costs on their current project to construct a new 50,000 gallon raw storage tank with a membrane treatment system sized for 100 gallons per minute. With the proposed funding increase their water bill would be \$48.04 or 1.21 of their local MAGI. The FAC recommended that Division staff prepare funding evaluations for 20, 25, and 30 year funding terms for discussion at the Board meeting.

Greendale representatives requested the 30 year term. There was discussion between the Board, Division Staff, and those representing Greendale as to the longevity of a water membrane treatment system.

- Roger Fridal moved to authorize a \$245,000 increase in loan for a total loan of \$1,390,000 to Greendale Water Company at 3.92% interest for 30 years. Paul Hansen seconded. The motion was carried unanimously by the Board.

6. Authorization to Initiate:

A. Changes to proposed amendments to R309-500 Facility Design and Operation: Plan Review, Operation and Maintenance Requirements – Bernie Clark

Bernie Clark, Environmental Program Coordinator with DDW, informed the Board that the proposed changes are in response to comments received during the recent public comment period of February 1, 2015 to March 3, 2015. Bernie then went over an outline of each proposed change and noted that upon approval another 30 day public comment period will commence. Division staff believes that the changes to are needed and requests authorization to initiate the change in proposed rule R309-500 with the Division of Administrative Rules prior to publication in the Utah State Bulletin.

- Betty Naylor moved to authorize Division staff to initiate the change in proposed rule R309-500 with the Division of Administrative Rules prior to publication in the Utah State Bulletin. David Sakrison seconded. The motion was carried unanimously by the Board

B. Revision of R309-510 Facility Design and Operation: Minimum Sizing Requirements – Ying-Ying Macauley

Ying-Ying Macauley, Environmental Engineering Manager with DDW, informed the Board that the proposed rule changes before them today is a result of a Legislative Audit of R309-510 as well as comments from an informal comment period based on a rough draft of R309-510. Ying-Ying then went over some of the main changes Division staff is proposing and informed noted that upon approval a 30 day public comment period will commence. Division staff believes that the proposed changes R309-510 are substantive and requests authorization to start the rulemaking process and file the proposed rule amendments for publication in the Utah State Bulletin.

There was discussion between Ying-Ying and the Board regarding “recreational home development” in Table 510-1 and whether the proposed definition will be sufficient. Ying-Ying noted that the term “developments with limited-water use” was added to provide clarification, noting that Division staff checked the current plumbing code as well to determine the limit of plumbing fixture units for typical homes in “developments with limited water use”.

- David Sakrison moved to authorize Division staff to start the rulemaking process and file the proposed rule amendments for publication in the Utah State Bulletin. Roger Fridal seconded. The motion was carried unanimously by the Board

C. Change to R309-700 Financial Assistance: State Drinking Water State Revolving Fund (SRF) Loan Program to include energy efficiency incentives in calculating financial assistance – Michael Grange

D. Change to R309-705 Financial Assistance: Federal Drinking Water Project Revolving Loan Program to include energy efficiency incentives in calculating financial assistance – Michael Grange

Agenda items 6(C) and 6(D) were presented together and one motion was made for both items.

Michael Grange began by informing the Board that, as has been discussed in past Board Working Sessions and Board Meetings, the Division has identified language to modify Rule

R309-700 and R309-705 in order to incorporate energy efficiency incentives into calculating financial assistance. Michael stated that Division staff has added definitions for “energy audit” and “energy efficiency incentive”, as well as adding a sentence to Table 2 making is so that energy efficiency criteria can be applied to financial assistance determinations, with up to a 0.5% interest rate reduction based on specified implementation. Division staff recommends that the Board authorize them to start the rulemaking process with the proposed changes for both R309-700 and R309-705.

- Betty Naylor moved to authorize Division staff to start the rulemaking process with the proposed changes for R309-700 and R309-705. David Sakrison seconded. The motion was carried unanimously by the Board

7. Rural Water Association Report – Dale Pierson

Dale Pierson, Executive Director of RWAU, thanked the Board for the mutually beneficial relationship between RWAU, the Board, and Division staff. He then congratulated Paul Hansen and Betty Naylor on their re-election to Board Chair and Vice-Chair.

Terry Smith, Management Technician with RWAU, informed the Board that he has been working on a rate studies for Levan, Johnson Water, Willard City, and Minersville Town. He also stated that he is going to be doing disinfection training at the Boards and Council meeting as well as a presentation at the Utah Local Government Trust meeting in the next few weeks.

Brian Pattee, Compliance Circuit Writer with RWAU, reported that over the last year Snow Basin, Pine Valley Irrigation, Summit Culinary Water, Thompson Springs, and other systems, have come into compliance with his assistance. He also reported that he had been contacted by a small system asking for assistance to ensure that when they grow into a public water system they have everything already in compliance, and by a water system having cross connection issues with a trailer park that they were able to resolve.

Curt Ludvigson, Development Specialist for RWAU, reported on the newly added Commissioners, Planners, Zoning Administrators, planning Commissions, and Health Departments session at the 2015 RWAU Annual Conference that was held in St. George. He stated that they received great response from the session and RWAU is planning on holding a similar session at their 2015 Fall Conference in Layton. Curt also reported that he and John Chartier, P.E., District Engineer with DEQ, are continuing their work on what they call the “non-public drinking water system rule” in Sanpete, Sevier, Piute, Wayne, Millard, and Juab counties; and once in place in those counties, plan to start working with other counties around the state.

8. Chairman’s Report

In the interest of time this item was skipped.

9. Directors Report

A. Emerging Contaminants in Drinking Water

Ken Bousfield, Division Director of DDW, reported to the Board that there are new developments related to algae blooms on surface water sources and the EPA is going to be proposing standards and limits for cyanobacteria. He also reported the DDW will be having meetings with key stakeholders, particularly hospital associations, regarding legionella.

B. Recent press releases regarding State source water needs and capacities

Ken Bousfield started out by mentioning the recent news coverage of a legislative audit done on Water Resources and how they establish source capacity needs. He then informed the Board that he, Brad Johnson, Deputy Director of the Department of Environmental Quality and Ying-Ying Macauley, Division Engineering Manager, will be meeting with Eric Millis, Director of the Division of Water Resources, Kent Jones, Director of the Division of Water Rights, and Mike Styler, Director of the Department of Natural Resources, on Tuesday May 26, 2015. The purpose of the meeting is to collaborate on issues related to the Division of Drinking Water's Legislative Audit on its Source Capacity Rule and the Division of Water Resources Legislative Audit on its Projections of Utah's Water Needs to ensure that a unified plan will be presented to our joint Legislative Appropriations Committee in January 2016.

C. Other

Ken also reported that there is going to be a Legislative Tax Review Commission Meeting on Thursday, May 28, 2015 to discuss DDW's use of the portion of the .25% of the 1% sales tax that goes towards funding the State SRF Program.

10. Next Board Meeting:

Date: July 10, 2015
Time: 1:00 pm
Place: Multi Agency State Office Building
Room 1015
195 North 1950 West
Salt Lake City, Utah 84116

11. Other

12. Adjourn

Paul Hansen adjourned the meeting @ 3:25 pm.

In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Dana Powers, Office of Human Resources, at: (801) 499-2117, TDD (801) 536-4414, at least five working days prior to the scheduled meeting.