DRINKING WATER BOARD
BOARD PACKET
DEVELOPMENT SPECIALIST CONTRACT

SUMMARY

What I would like to do over the course of the next 20 minutes or so is give a brief history of the Development Specialist contract. I'll then turn some time over to Curt Ludvigson from the Rural Water Association of Utah to give a brief description of the work RWAU has done to fulfill the contract requirements over the past four-plus years. Then I'd like to turn the time to the Board for any questions or comments you may have.

The Development Specialist Contract with Rural Water Association of Utah will expire in 2018. Information will be provided on the Development Specialist position, the impetus for implementing the position, funding the position, and work products and expected results. The Drinking Water Board must determine whether to continue providing funding for the contract.

Staff requests that the Drinking Water Board provide guidance with respect to this program and the direction the Board would like this program to take. Especially with respect to the following:

- Does the current approach meet the Board's expectations?
- Is there a different approach the Board wishes Staff to explore?
- Does the Board wish to continue funding the program/position?
- Is the current funding level sufficient?

BACKGROUND INFORMATION

For many years the Drinking Water Board (the Board) recognized that a significant number of drinking water systems were applying for financial assistance to repair or replace failing system infrastructure directly related to inadequate and/or non-compliant construction practices. The Board identified that construction standards for water systems that did not meet state regulatory thresholds were inadequate or nonexistent. The Board further identified that as population in these areas increased these formerly non-regulated systems invariably grew to become systems regulated by Division of Drinking Water (the Division) rules and that infrastructure failure became more likely as water use and demand increased.

The Board determined that County Commissions and County Planning and Zoning Commissions could benefit from education with respect to the potential negative impacts that come from the lack of water system construction standards, even for those systems that are not at inception, but someday most likely will become, a state-regulated entity. In the Board's opinion, at that time,

this education program would likely be more acceptable to the counties and local health departments if it was presented by a third party assistance provider rather than by Division Staff.

Initially the contract for this program was sole-sourced to the Rural Water Association of Utah (RWAU). However, during a renewal period the sole-source option was challenged and the Division was required to prepare a Request for Proposal (RFP) and open the contract to all qualified providers. Two potential providers responded to the RFP. A Selection Committee, comprised of the Division Director, Division managers, and the Board Chair, reviewed the responses and determined that RWAU was the most qualified entity to perform the work required by the RFP.

The Division of Purchasing, on behalf of the Department of Environmental Quality and the Division of Drinking Water, entered into a five-year contract with RWAU to provide drinking water system construction standards and land development ordinances training and education services to counties, local health departments, and drinking water systems. The current contract expires in February 2018.

Funding for this RWAU contract comes from the Federal Hardship Grant Fund. The total contract amount for the 5-year period from February 2013 through February 2018 is $628,444.00. Through February 2017 contract expenditures equaled $512,868.16, or just over $128,000 per year on average.

As a comparison, staff reviewed project financial assistance requests for drinking water systems that fit the “inadequate or non-existent” construction standards criteria. Staff calculates that the total amount of SRF financial assistance for these systems since approximately 2005 is $15,033,495; including $3,037,495 in grant/principal forgiveness. Total project costs over this time frame to bring these systems into regulatory compliance is over $38.5 million. This does not include DDW staff time and other technical assistance providers to monitor, regulate, notify, and provided technical assistance to these entities.

A rough calculation indicates that that the total cost of the 7 years of development specialist contract is approximately 6% of just the SRF investment in bringing these systems into compliance. From staff’s perspective this program, or a program similar to it, is well justified to help local officials understand the need for construction standards and regulations.

In addition, similar situations are now brewing in a number of areas around the state. Staff has not yet seen financial assistance requests from these systems, but given the history that we know of, we can expect to see such requests in approximately 5-to-10 years or so.

(see attached documentation)

Project Name	Loan No.	Project cost	Loan	Grant	$ from DWB	Compliance issue
Kane Co- Zion View	3F185	$11,000,000	$2,900,000		$2,900,000	New water system
Cannonville	3F103	$393,000	$60,000	$333,333	$393,000	New waterline to prevent backfeeding into distribution system
Lincoln	3F083	$550,920	$360,000	$90,000	$450,000	New tank to meet DW pressure rules
Peoa	3F132P	$30,000	$30,000		$30,000	Review of infrastructure
White Hills	3F143	$900,000	$622,000	$273,000	$895,000	Trans line to primary tank and repair of deteriorating secondary tank
Austin	3F111	$1,073,000		$454,000	$454,000	Replace asbestos pipelines, drill back-up well, additional storage facility
Beaver	3F133	$2,850,000	$1,900,000	$950,000	$2,850,000	New tank , redevelop 8 springs
CICWCD Phase III	3F092	$4,008,903	$174,000	$520,705	$694,705	2 new tanks, rehab Park West subdivision, replace Old Meadows Ranchos system
Daniel	3F108	$950,000	$170,000	$170,000	$340,000	Inadequate and failing system updates and replacement
Dixie Deer	3F120	$2,951,090	$862,000	$1,006,190	$1,868,190	New well and under sized pipeline replacement
Ticaboo	3F110	$571,100		$571,100	$5,711,000	Develop back up source, connect dead end line to create loop
Mt Regional	3F076	$3,026,000	$3,026,000		$3,026,000	Replace distribution system
Enoch	3F081	$2,400,000	$1,910,000		$1,910,000	Upgrade transmission lines
Kane Co - Long Valley	3F101	$4,571,000	$1,025,000		$1,025,000	On 25 worst systems list: New well, tank, distribution line, retrofit Bryce Summit Estates system
CICWCD Phase II	3F063	$7,793,250	$3,500,000		$3,500,000	New well, refurbish old well, transmission line, distribution system
Logan	3F052	$9,200,000	$3,000,000		$3,000,000	Dewiit Spring waterline rehab
Price River	3F027	$904,000	$723,000	$181,000	$904,000	Repairs for 5 water systems
CICWCD	3F045	$6,345,000	$2,685,000	$660,000	$3,345,000	Fifetown upgrades and regionalization
Kanosh	3F023	$460,000	$272,000	$68,000	$340,000	Waterline, tank and valves
Interlaken	3F026	$1,560,000	$1,248,000		$1,248,000	Tank and pipeline
Levan	3S067	$218,000	$208,000		$208,000	Well head protection project
Meadow	3S087	$922,500	$492,000	$430,500	$922,500	New well, new tank, upgrade distribution
Vernon	3S090	$1,124,000	$686,000	$391,000	$1,077,000	New well, new tank, upgrade waterlines
Panguitch	3S093	$278,000	$138,000	$35,000	$173,000	Spring redevlopment
Gunlock	3S094	$760,000	$263,000	$86,000	$349,000	New tank, replace undersized lines and dilapidated connections
Bear River	3S096	$2,880,000	$1,800,000	$600,000	$2,400,000	Regionalization project to assist 3 other systems
Escalante	3S104	$4,344,791	$1,560,000	$600,896	$2,160,896	Replace leaking waterlines, repair tanks and distribution system
Parowan	3S111	$2,137,000	$1,923,000		$1,923,000	Redevelop spring, upgrade waterlines and drill second well
Loa	3S121	$38,000	$37,000		$37,000	Replace line with significant leakage and contamination potential
Price	3S140		$1,906,000		$1,906,000	Replace cast iron lead pipe

Project Name	Loan No.	Authorized	Closed	Project cost	Loan	Grant	$ from DWB	Compliance issue
Kane Co- Zion View	3F185	Mar-12	Jul-12	$11,000,000	$2,900,000		$2,900,000	New water system - "dry" recreational subdivision that grew
CICWCD Phase III	3F092	Jun-09	Dec-09	$4,008,903	$174,000	$520,705	$694,705	2 new tanks, rehab Park West subdivision, replace Old Meadows Ranchos system
Dixie Deer	3F120	Apr-09	Sep-09	$2,951,090	$862,000	$1,006,190	$1,868,190	New well and under sized pipeline replacement
Kane Co - Long Valley	3F101	Feb-08	Mar-09	$4,571,000	$1,025,000		$1,025,000	On 25 worst systems list: New well, tank, distribution line, retrofit Bryce Summit Estates system
CICWCD Phase II	3F063	Nov-06	Feb-08	$7,793,250	$3,500,000		$3,500,000	New well, refurbish old well, transmission line, distribution system
CICWCD	3F045	Mar-05	Nov-05	$6,345,000	$2,685,000	$660,000	$3,345,000	Fifetown upgrades and regionalization
West Erda Improvement District	3F233	Oct-14	Aug-17	$1,923,600	$850,000	$850,600	$1,700,600	
				$38,592,843	$11,996,000	$3,037,495	$15,033,495	

DS Contract				$ 128,000	7		$ 896,000	

6% cost of DS contract as a percentage of SRF $$ spent to bring systems into compliance

5-year contract starting February 2013
2 annual contracts prior to 5-yr contract
7 years total
assume an average of $128,000 per year

West Erda Improvement District Info:

Water System established in 1973

Served 43 connections

Pipe sizes ranged from 6” diameter to 1” diameter

- Class 200 PVC pipe
- No UL Listing

No storage capacity

Booster pump to maintain system pressure

Poor service and low pressure led to several users disconnecting from the system and drilling their own shallow wells

1995 appraisal

- System valued at ~$95,000
- System replacement cost ~$242,000

2015 estimated cost to come into compliance

- ~$1.62 million

2017 Actual Cost:

- ~$1.9 million

Bear Hollow

19 lots along the banks of the Bear River in Box Elder County, with its own private man-made lake

Developer subdivided the lots into three “non-public” water systems

Infrastructure:

One tank

- divided into three sections, one for each “system”
- only one access hatch

One well

- drilled in 2009
- drilled on the river bank
- only 40’ deep
- grouted to only 30’

Juab County

49 lot subdivision with no available connection to a municipal water system

Developer subdivided the subdivision into 7, 7-lot “water systems”

Each system served by its own shallow well, septic tanks near the wells, no source protection

Streets too narrow for fire department access

Fire hydrants are presents, but no fire-fighting capability?

Same developer proposing a 63 subdivision, again no municipal water system available

Subdividing into 9, 7-lot “water systems”

Shallow wells, septic tanks near wells, no source protection

No fire hydrants

John Chartier supports the overall program, his suggestion is that we work directly with counties, rather than approach Local health Departments