



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

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

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

DRINKING WATER BOARD MEETING

February 27, 2014 -2:00 p.m.

Dixie Convention Center, Garden Room
1835 Convention Center Drive
St. George, Utah 84790

FINAL MINUTES

1. Call to Order – Chairman Hansen

Paul Hansen called the meeting to order at 2:00 pm.

2. Roll Call – Ken Bousfield

Board Members present: Paul Hansen, Betty Naylor, and David Stevens.

Board Members attending telephonically: Tage Flint and Brad Johnson. Tage Flint disconnected from the meeting at approximately 2:36, after all items needing a motion were addressed.

Board Members excused: Brett Chynoweth, Heather Jackson, Natasha Madsen and Mark Stevens.

Executive Secretary: Kenneth Bousfield

3. Introductions – Chairman Hansen

Due to time constraints this item was skipped over.

4. Elections of Chairman and Vice Chairman

- Betty Naylor nominated Paul Hansen to remain as Chairman. David Stevens seconded that nomination.
- Betty Naylor moved to close nominations after no others were made. David Stevens seconded The motion was carried unanimously by the Board.
- David Stevens nominated Betty Naylor to remain as Vice Chair. Paul Hansen seconded that nomination.
- Paul Hansen moved to close nomination after no others were made. David Stevens seconded. The motion was carried unanimously by the Board.

5. Approval of the Minutes

a. January 17, 2014

b. January 30, 2014

- Betty Naylor moved to approve both sets of minutes, with a few clerical only corrections needing to be made. David Stevens seconded. The motion was carried unanimously by the Board.

6. Financial Assistance Committee Report

1. Status Report – Michael Grange

Michael Grange, Engineering Manager with the Division of Drinking Water (DDW; the Division), reported that since January of 2014 the staff, due to the Buy American provision that Congress passed, closed the Woods Cross City State Revolving Fund (SRF) loan and then split the project into two different parts. The pipeline portion of the project will be funded \$1.25 million through the Federal program and the treatment plant portion will be funded \$3.225 million through the State program. On Tuesday, February 18th, he attended the groundbreaking on behalf of the Division and the Board. It is expected to be completed by September or October of this year. Michael also stated that the staff has authorized planning advances to Willow Creek Water Company; Hildale City, Rockville Pipeline Company and the Lizard Bench Water Association.

Michael informed the Board on behalf of Sandy Pett that, after reading through the rules and policies staff has determined there is no required Board action for the Intended Use Plan (IUP). The 2014 IUP is currently being developed. There is still going to be a public comment period within the next week however, and it will be available on the Division's internet page. Michael also reminded the board of the 2011 EPA Needs survey that the Division participated in. He went on to explain that it is this survey that determines allocations or appropriations of the cap grant and due to the Division's participation Utah's allocation changed from 1.00% to a 1.04%, which resulted in an additional \$384,000 for the coming fiscal year. He then informed the Board that the cap grant for the State program is currently \$9,229,000. The Division is requesting \$922,000 in set asides and will need to have \$1.845 million in State matching funds, which means that the Division will have a bit over \$8.6 million to allocate to water systems in Utah in the coming fiscal year.

Referring the Board to the handouts in their packet, he pointed out that the State Loan Funds are currently just over \$700,000, which takes into account the roughly \$3.5 million that was recently re-allocated from the Federal fund for the Woods Cross project. He stated that in the coming year the Division is expecting to receive an additional \$6 million, for a total of \$6.7 million in the State fund for projects. Moving on to the Federal SRF Loan Funds, he noted that they are currently at around \$40 million in the bank, with 8 projects authorized, but not yet closed accounting for \$18.2 million of that. The Division is expecting another \$16 million in the coming year, bringing the total to around \$37.8 million in the Federal fund.

The Board inquired as to whether the Division had received any update on the Buy American Provision with regards to the Federal funds. Michael let them know that the Division has not yet been given any guidance from the EPA on how to implement it. He stated that there are rumored to be some movement toward a national waiver to relax some of the requirements, with regards to when the project was authorized and when the specifications were approved, but nothing official yet.

2. Project Priority List – Michael Grange

Michael Grange, Engineering Manager with DDW, informed the Board that one project, the Forest Glen A Homeowners Association (HOA), is being added to the priority list with 20.5 deficiency points, and that the project consists of screening development, a new tank, a transmission line and

water line replacement. Division staff recommends that the Board approve the updated project priority list.

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

3. SRF Applications

FEDERAL:

a. Forest Glen A (Rich Peterson)

Rich Peterson, Environmental Engineer with DDW, updated the Board on the Forest Glen A Homeowners Association (HOA) that was added to the project priority list. He stated that they have a significant deficiency in their storage capacity and their plan is to redo their whole system, including the transmission line, redevelopment of their spring, and replacing water lines.

There was an updated handout passed out at the meeting with the costs for the project reflecting the Buy American Provision. Rich stated that there is currently an exception letter for the fire flow requirements being drafted, which would make it possible to go with a 40,000 gallon tank instead of 145,000 gallon tank, in turn bringing down some of the cost associated with the project. The total cost of the project is currently \$1,291,280,000, of which self-contribution would be \$41,280.00. In order to keep the consistent 30% principle forgiveness, the loan would be \$881,000.00, 0% interest for 30 years, and the grant portion would be \$369,000.00. Rich also let the Board know that the Homeowners Association had approved an increase per connection to assist with covering costs on their end. Division staff recommends a combined loan of \$1,250,000 with the same interest rate as convention.

Steve Macintosh, water operator with the HOA, spoke on their behalf and thanked the Board for their help in the past and on this current project. When questioned by the Board as to whether they had considered the option of joining onto a bigger water system, he replied that right now the HOA has water agreements with Salt Lake City, but in the past when they have brought up regionalization of canyon water systems they were told “there will be no combining the systems”. Steve went on to state that he has tried again recently, even contacting city council members, but has been unable to get any response and therefore he believes that they are still not interested in allowing joining of systems. He also noted that they are not willing to modify their water agreement contracts to allow him to tie the fire station water supply in. When asked about the supply going away, Steve responded that he has often wondered that. He explained that the contracts are expungeable with a 30 day notice by either party, that approximately 2 years ago; they were told that all the water had been allocated for the contracts. He also stated that to his knowledge Salt Lake City is now buying water from Central Utah, which leads him to believe that they’re not going to take that water back.

The Board was concerned about residents existing water bill going up from \$33 to \$100 and wanted to know what kind of public feedback was received at their hearings. Steve let the board know that last year a water committee was designated to pursue options as they were aware of issues. The committee and the Board of Directors presented a master plan at an HOA meeting and had around 66% voting for the increase to improve the water system.

- Paul Hansen moved to authorize a loan of \$1.25 million at an interest rate of 0% for 30 years, with \$369,000 in principle forgiveness, and the given amount being \$881,000, with the condition that all issues be resolved. David Stevens seconded. The motion was carried unanimously by the Board.

4. OTHER:

a. Hanna Water and Sewer – Michael Grange

Michael Grange, Engineering Manager with DDW, informed the Board that the Hanna Water and Sewer Special Service District (Hanna) is requesting approval for a change in the scope of work from the May 2010 authorization. The change would allow the system to use \$180,000 remaining funds towards construction of a new 750,000 gallon drinking water storage tank. The total cost to build this tank is estimated at \$810,000; Hanna is requesting \$630,000 from the Community Impact Board. The new tank will resolve storage and pressure issues in their systems upper pressure zone. Division staff recommends the Board approve a change in scope of work authorized in May 2010 allowing Hanna Water and Sewer Special Service District to use the remaining \$180,000 in funds to build a new 700,000 gallon storage tank.

The Board commented that it is always nice to see a community use their funds wisely and commended Hanna, their project team and their staff for doing so. It was also noted that this tank was part of the original application, but was pulled back, due to fears that the cost would be more than the funds.

- Paul Hansen moved to approve a change in scope of work that would allow Hanna to utilize remaining funds toward the storage tank. Betty Naylor seconded. The motion was carried unanimously by the Board.

b. Historical use of grant/principle forgiveness in Utah’s SRF program

Michael Grange, Engineering Manager with DDW, updated the Board on the historical use of grant/principle forgiveness in the SRF program as was requested. He referred them to the print out in their packets and let them know that the information contained in them was from data taken from all construction projects authorized, not including any planning monies, the money for the large water conservancy districts, or the Wasatch Mountain Club Foundation as it was all grant monies, from January 2005 to January 2014. He reported that for the Federal program with grant/principle forgiveness, the Division authorized 40 projects totaling just over \$20.1 million, the maximum being about \$18,000 per connection, the minimum being \$6.91 per connection, with an average grant/principle forgiveness amount of \$4,200 per connection. He then went on to state that for total funding for the Federal program, the Division had authorized 94 projects totaling \$145.6 million, the maximum being just over \$42,000 per connection, the minimum being \$8.40 per connection.

Michael summed it up by saying that from a cost effective standpoint, there was no trend, no real significance to any of these statistics and that by looking at this it shows that the Board is deliberate in taking to account the needs of the projects rather than the cost effectiveness of the projects. The Board agreed and stated that it also shows there is no arbitrariness, that each community is unique, and it is all based on consideration for each system.

7. R309-545 Drinking Water Storage Tanks & R309-550 Transmission and Distribution Pipelines - Rule Revision Status & Solicitation of Informal Comments – Tammy North

Tammy North, Environmental Engineer with DDW, brought before the Board, as an informational item, upcoming updates to rules R309-545 & R309-550. She let the Board know that the Division has gone through and made updates they felt were necessary and has plans to send those out to engineers and water systems for informal review and comment, and that it will also be posted on the Division’s website for the public. The goal is to come back before the Board in May, with the updated rule revisions and ask for approval to start the rulemaking process formally.

The Board asked if this update would include the new EPA guidelines for lead-free components and if there would be public meetings for the changes. Tammy informed the Board that this would indeed include the updates from EPA. As for public meetings, she stated it is not a requirement and she doesn't foresee a need for one, however there is the option.

8. Chairman's Report

Paul Hansen, Board Chairman, took a moment to thank the Board and Division staff for the opportunity he has had to work with them and to commend them on their professionalism, courtesy, and willingness to assist the community. The Board also made note that at the Rural Water Users Association banquet held Wednesday, February 26th, Ken Bousfield was given the Friend of Rural Water Award for 38 years of service.

Dale Pearson, Executive Director of the Rural Water Association of Utah (RWAU), reported that he feels it's important to recognize the close ties that the Division, the Board, and RWAU have, and how much RWAU is appreciative of that. He also informed the Board that about 1773 people were in attendance at the RWAU Annual conference and he believes that there was a lot of good training that went on, as well as fun. He expressed appreciation to the Board and the Division, for being a part of the conference.

9. Director's Report

Ken Bousfield, Director of DDW, took a moment to recognize Heather Bobb who filled in for Linda Matulich, and did a terrific job of organizing the current Board meeting; and Marianne Booth who will be replacing Linda as the Administrative Secretary.

a. Legislative Update

Ken Bousfield, Director of DDW, informed the Board that the Divisions budget request has passed the appropriation subcommittee and the executive appropriations, and now needs to be approved by the House and Senate. Ken expressed his opinion that the legislature will have no problem doing so. This means that the Division won't be assessing fees to water systems as discussed at prior Board meetings.

b. DDW's Involvement at the RWAU Conference

Ken reported that from the Division's standpoint, the RWAU conference has been very successful and reported the following statistics:

- Staff made presentations at 15 different sessions, with Kim Dyches, Environmental Program Manager with DDW setting a record. He presented topics for Operators seeking Certification for a total of 4 hours on Monday, February 24th and 7 hours on Tuesday, February, 26th.
- 89 individuals signing up to take an Operator Certification test.
- There were three detailed discussions regarding Financial Assistance applications for State or Federal funding.
- 11 CD's were handed out, outlining the loan process and technical assistance for engineers assisting communities.
- 34 discussions relative to water systems and issues on their inventory and monitoring schedules.
- 78 consultations on disinfection by-products.
- 25 separate consultations relative to monitoring waivers and entry point sampling issues.

- 11 consultations on source protection.
- 158 water systems picked up their monitoring schedule and IPS report
- 20 consultations on significant compliance issues.
- 3 compliance meetings.
- Staff assisted 117 water systems prepare their Consumer Confidence Reports

10 Next Board Meeting:

Date: May 9, 2014
 Time: 1:00 p.m.
 Location: Bear River Water Conservancy District Offices
 102 W Forest Street
 Brigham City, Utah 84302

11. Other

a. Axtell Community Special Service District

Michael Grange, Engineering Manager with DDW, notified the Board that Axtell Community Special Service District (Axtell) was authorized \$153,000 loan at 2.71% interest for 20 years with \$30,700 forgiveness on September 6, 2012 for the purpose of stabilizing their transmission line and to install fire hydrants. Axtell has now decided they are not able to assume this initial debt and do not wish to pursue the project further, as documented in the email from their engineer. Division staff recommends the Drinking Water Board de-authorize the \$153,000 construction loan for Axtell.

After some discussion with the Board, it was decided that Michael would follow up with Axtell to ensure that any compliance issues would be mitigated.

David Stevens recommended that staff de-authorize Axtell SSD's financing of \$153,000 construction loan at 2.71% interest for 20 years with \$30,700 in forgiveness. Betty Naylor, Paul Hansen and Brad Johnson concurred

b. Discussion on going to Jordan Valley in May or July.

Betty Naylor reminded Board and Staff that the Board previously recommended that Board meeting be held in different areas of the State. The purpose of this recommendation was to enable the Board to see where and how their funding was assisting communities. Ken Bousfield, Director of DDW, mentioned that the meeting date and location in the Boards packet materials was only a place holder and that Staff would arrange water system tours in connection with Board meetings scheduled during the late spring, summer and early fall.

12. Adjourn

- Betty Naylor recommended that the Drinking Water Board Meeting be adjourned. The remaining Board members agreed.

Meeting adjourned at 2:51 p.m.

In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Brooke Baker, Office of Human Resources, at: (801) 536-4412, TDD (801) 536-4424, at least five working days prior to the scheduled meeting.