



State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Alan Matheson
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
Alan Matheson
David L. Sakrison
David Stevens, Ph.D.
Mark Stevens, M.D.
Kenneth H. Bousfield, P.E.
Executive Secretary

DRINKING WATER BOARD MEETING
May 13, 2016 – 1:00 pm
Multi Agency State Office Building – Room 1015
195 North 1950 West
Salt Lake City, Utah 84116

FINAL MINUTES

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

Paul Hansen, Board Chairman, called the meeting to order at 1:00 pm.

2. **Roll Call – Ken Bousfield**

Board Members present: Paul Hansen, Betty Naylor, Brett Chynoweth, Tage Flint, Roger Fridal, Brad Johnson, David Sakrison, David Stevens, and Mark Stevens.

Division Staff present: Ken Bousfield, Michael Grange, Julie Cobleigh, Bernie Clark, Heather Bobb, and Marianne Booth.

3. **Approval of the Minutes:**

A. **March 3, 2016**

B. **April 25, 2016**

- Tage Flint moved to approve both sets of minutes. David Stevens seconded. The motion was carried unanimously by the Board.

4. **Financial Assistance Committee Report**

A. **Status Report – Michael Grange**

Michael Grange, Construction Assistance Section Manager with the Division of Drinking Water (DDW, the Division) began by reporting that currently in the State SRF program there is approximately \$3.9 million, and over the course of the next year the Division is

expecting another \$4.8 million to come into the fund; for a total of \$8.7 million to be available by May 2, 2017 for the funding of projects. It was noted that Trenton Town, who was coming before the Board today for additional funding, would need to be accounted for.

Michael then moved onto the Federal SRF program, reporting that currently there is approximately \$12 million and over the course of the next year the Division is expecting an additional \$16 million to come into the fund; for a total of \$28.2 million to be available by May 2017 for the funding of projects.

Michael then updated the Board on the following:

- Taylor West Weber: loan authorized January 2016, closed on March 10, 2016.
- White Hills Water Company: loan authorized May 2015, closed April 20, 2016.
- Plymouth Town: loan authorized May 2015, closed April 21, 2016.
- Hanksville: planning loan authorized July 2014, project completed.
- Huntsville: planning loan authorized almost 2 years ago, requested update from Gary Kobzeff.
- Cove Special Service District: loan authorized November 2014, new agreement as of 2 weeks ago.
- Kane County Water Conservancy District: loan authorized March 2011, currently under construction and nearing completion.

B. Project Priority List – Michael Grange

Michael Grange proposed that four new projects be added to the project priority list:

- Springdale with 72.3 points and a project consisting of a new treatment plant.
- Wellington City with 43.5 points and a project consisting of a new tank.
- Corinne City with 20.6 points and a project consisting of radium filtration for their well, spring rehabilitation, and new transmission line.
- Echo Mutual Water Company with 7.9 points and a project consisting of spring redevelopment.

There was discussion between Michael and the Board regarding the adding of Sterling to the project priority list. It was determined that as that was a last minute add on to the agenda, the points had not yet been calculated, but the Board could consider it along with the other four projects for approval.

- Paul Hansen moved to approve the updated project priority list with the addition of Sterling. Roger Fridal seconded. The motion was carried unanimously by the Board.

C. SRF Applications

i. STATE:

a) Trenton Town – Julie Cobleigh

Representing Trenton Town (Trenton) was Clair Christiansen of Newton Town, Ed Cottle of Trenton, Brian Goodsell of Clarkston Town, and Scott Archibald of Sunrise Engineering.

Julie Cobleigh, Environmental Engineer with the Division, reminded the Board that last November they authorized a loan of \$632,000 at 1% for 30 years with a grant of \$631,000 to Trenton in order to redevelop their North Fork and Big Birch Springs which are shared by Trenton, Clarkston, and Newton; however, the bids for the project have come in higher and they are now requesting \$200,000 in additional funding with the same loan/grant ratio as the prior authorization which would increase their water bill from \$63 to \$64 per connection. Julie reminded the Board that as part of the authorization there were inter-local agreements established between the three towns to repay their portions to Trenton, who would hold the loan. Division staff recommends that the Board authorize an increase in financial assistance to Trenton to a \$732,000 construction loan at 1% interest for 30 years and a grant of \$731,000.

There was discussion between the Board, Division Staff, and those representing Trenton, regarding the inter-local agreements and they have already been drafted and signed by all parties and that the increases in the bids were, in part, due to the spring collection area being larger than anticipated.

- Brett Chynoweth moved to authorize an increase in financial assistance to Trenton Town to a \$732,000 construction loan at 1% interest for 30 years and a grant of \$731,000. David Sakrison seconded. The motion was carried unanimously by the Board.

b) Sterling Town – Michael Grange

Representing Sterling Town (Sterling) was Randall Cox, Mayor, and Lynn Wall of Wall Engineering.

Michael Grange informed the Board that Sterling was requesting \$258,000 in financial assistance to redevelop three of their springs. He then informed the Board that the total project cost is estimated at \$300,000 but Sterling has qualified for \$42,000 in Community Development Block Grant (CDBG) funding contingent upon the remaining funding being secured this month. The local MAGI for Sterling is \$40,435 which is 95% of the State MAGI. Their current average water bill is approximately \$38, or 1.12 % of their local MAGI. The water bill after funding would be \$58, or 1.72% of their local MAGI, therefore Sterling does not qualify for additional subsidization. Division Staff recommends the Board authorize a \$258,000 construction loan at 2.52% per annum for 20 years to Sterling Town for spring redevelopment.

There was discussion between the Board, Division Staff, and those representing Sterling regarding the scope of the project. There was also discussion regarding how loan periods are determined; they are based on the applicants qualifying for additional subsidization but can change based on the Board's discretion; as well as discussion on how any remaining funds after project completion are handled; the town can be authorized to use it toward another project by the Board, or the money is returned and taken off the back end of the loan thus shortening the term.

- Tage Flint moved to authorize \$258,000 construction loan at 2.52% interest for 20 years to Sterling Town. Mark Stevens seconded. The motion was carried unanimously by the Board.

ii. FEDERAL:

a) Echo Mutual – Julie Cobleigh

Representing Echo Mutual Water Company (Echo) was Kory Staples, President of Echo, and Scott Kettle of Horrocks Engineers.

Julie Cobleigh informed the Board that Echo is currently under a Corrective Action Plan with the Division and is requesting \$35,857 to address the deficiency issues with spring boxes, overflow, drain discharges, and some deep rooted vegetation in the spring collection areas of five of their springs. The local MAGI for Echo is \$49,195 which is 122% of the State MAGI. The average water bill after project completion with a loan would be \$19, or 47% of local MAGI, this is lower than the current water bill and due to their annual O&M costs being less than typical and also because they collect revenue through their water bill to anticipate future needs. Due to the small size of the project, the health risks associated with the springs being compromised, the high cost of bonding, and the length of time needed for loan closing, the Financial Assistance Committee (FAC) recommends that the Board authorize a hardship grant of \$35,857 to Echo Mutual Company.

- David Stevens moved to authorize \$35,857 hardship grant to Echo Mutual Water Company. David Sakrison seconded. The motion was carried unanimously by the Board.

b) Corinne City – Michael Grange

Representing Corinne City (Corinne) was Brett Merkley, Mayor, Jess Nicholas, and Chris Wight of Hansens and Associates.

Michael Grange informed the Board that Corinne is requesting \$555,500 in financial assistance to install a radium filter in order to rehabilitate a spring and install a transmission line. The local MAGI for Corinne is \$41,329 which is 99% of the State MAGI. The average water bill after project completion would be \$61.36, or 1.79% of local MAGI which does qualify them for additional subsidization. The FAC recommends that the Board authorize \$555,500 at 2.85% interest for 20 years with \$113,500 in principal forgiveness to Corinne City.

There was discussion between the Board, Division Staff, and those representing Corinne regarding the period of the loan, that radium is naturally occurring, the complexity of the radium system they are installing and how it can be added to for future growth as needed.

- David Sakrison moved to authorize \$555,500 in financial assistance at 2.85% interest for 20 years with \$113,500 in principal forgiveness to Corinne City. Roger Fridal seconded. The motion was carried unanimously by the Board.

c) Springdale Town – Julie Cobleigh

Representing Springdale (Springdale) Town was Stan Smith, Mayor, Rick Wixsom, Town Manager, and Dustyn Shaffer of Sunrise Engineering.

Julie Cobleigh informed the Board that Springdale is requesting \$5,508,350 in financial assistance to construct a new surface water treatment plant and refinance an outstanding Division of Water Resources loan; and that Springdale will contribute an additional \$145,650 towards the project. The local MAGI for Springdale is \$30,483 which is 75% of the State MAGI. Their average water bill after project completion, including irrigation, would be \$89, or 3.49% of local MAGI, which does qualify them to be considered for additional subsidization. The FAC recommended the Board authorize \$5,508,350 at 1.5% for 30 years with \$1,652,350 in principal forgiveness, however since that time Springdale has committed to collaborating with Rockville Pipeline Company, which would make them eligible for an additional interest rate reduction to 1.25% for regionalization.

There was discussion between the Board, Division Staff, and those representing Springdale regarding the regionalization, that this project would ensure redundancy in their water system which they currently lack, and the impacts they have from tourism as they are the gateway to Zion's National Park.

- Brett Chynoweth moved to authorize \$3,856,000 in financial assistance at 1.25% interest or fee per annum for 30 years with \$1,652,350 in principal forgiveness to the Town of Springdale contingent upon regionalization with Rockville. Paul Hansen seconded. The motion was carried unanimously by the Board.

iii. Other:

5. Information about future rulemaking related to design and construction standards – Bernie Clark

- A. R309-540, *Pump Stations***
- B. R309-505, *Minimum Treatment Requirements***
- C. R309-525, *Conventional Surface Water Treatment***
- D. R309-530, *Alternative Surface Water Treatment Methods***
- E. R309-535, *Miscellaneous Treatment Methods***

Bernie Clark, Environmental Scientist with the Division, reported to the Board on the next set of rules the Engineering Section will be updating. Bernie explained that for R309-540 *Pump Stations*, last amended in February 2009, Engineering Staff have completed a draft and after internal and external review will bring it before the Board in July for authorization to begin

the rulemaking process. He then explained that the remaining four rules all dealt with drinking water treatment and Engineering Staff intend to work on those as a group and therefore they don't anticipate those coming back before the Board until 2017. Bernie also informed the Board that the rule revisions are intended to make the rules more useful to both water systems and the engineers.

6. **Rural Water Association Report – Dale Pierson**

Dale Pierson, Executive Director of the Rural Water Association of Utah (RWAU), passed out an organization chart for and reported on the following sections of RWAU.

- Field Staff: visit water systems and provides hands on assistance.
- Office Staff: provide support to employees, materials, marketing, etc.
- DDW Crew: provide administrative assistance directly within the Division.
- Training Staff: provide Operator and Cross Connection Certification training and testing.

Terry Smith, Management Technician with RWAU, went over, in more detail what each of the Field Staff employees duties are.

- Circuit Writer I, II & Wastewater: offer hands on assistance with fire hydrants, control valves and other hardware, onsite trainings and regulations, and visual inspections.
- Source water: assists with source water protection and planning.
- On-Site training regarding EPA's regulations.

Dale Pierson also iterated how important he feels the working relationship between RWAU and DDW are, that it is unique to the State of Utah, and benefits the State's water systems.

7. **Directors Report**

A. SDWA Retrospective

Ken Bousfield, Division Director of DDW, informed the Board that he included this article from the American Water Works Association (AWWA) as it gives a historical look at the Safe Drinking Water Act (SDWA), the costs and benefits of it, and future challenges that the author believes are a result of 9/11.

Paul Hansen noted that this article addresses the cost of compliance and expressed his appreciation to Division Staff for looking at rules and also taking that into consideration when revising them.

B. The Division's Planning Retreat, May 19, 2016

Ken then informed and invited the Board members to attend the Division's Planning Retreat on May 19, 2016 in room 1019B of the Multi Agency State Office Building (MASOB).

Division of Natural Resources, Agriculture, and Environment Interim Committee

Ken next informed the Board that he will be taking part in the Division of Natural Resources (DNR), Agriculture, and Environment Interim Committee that will take place on May 18,

2016. He will be talking on two topics, Collection and Use of Accurate Water Use Data and the Division's Minimum Source Sizing Requirements as a result of Legislative audits.

Tage Flint noted his support of the improved Water Use Data reporting.

Legislative Audit Report

Lastly Ken gave an update on the Legislative audit that related to the Division's Minimum Source Sizing requirements. He informed the Board that the Division has been directed to use \$1 million of the Federal SRF funds and \$.5 million from the State SRF funds in order to build the infrastructure necessary to do a statewide water use study.

8. Other

Betty Naylor, Board Vice Chairman, informed the Board that she will be retiring from the City of West Jordan after 38 years. Betty is not sure if this will affect her position on the Board and will research that and let Ken Bousfield know before the July 8, 2016 meeting.

9. Next Board Meeting:

Date: Friday, July 8, 2016
Time: To be Determined
Place: To be Determined

Optional locations for the Board to consider:

Greendale Water Company
Gunnison Town
Taylor West Weber

Michael Grange informed the Board that the options for the next meeting were locations that had completed projects that were funded through the SRF programs. Greendale Water Company was a new treatment plant, Gunnison Town was a treatment plant and arsenic removal system, and Taylor West Weber was wells, tanks, and pipeline.

After discussion the Board determined that it would like to tour the Greendale Water Company. Michael Grange stated that he would work on the arrangements for the tour and Board meeting.

10. Adjourn

- Paul Hansen moved to adjourn the meeting. The motion was carried unanimously by the Board.

The meeting adjourned at 2:45 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) 903-3978, at least five working days prior to the scheduled meeting.