



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

FINAL MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON JANUARY
17, 2014 HELD IN SALT LAKE CITY, UTAH AT 1:30 P.M.

BOARD MEMBERS PRESENT

Paul Hansen, Chair
Betty Naylor, Vice Chair
Brett Chynoweth
Heather Jackson
Brad Johnson
Natasha Madsen
David Stevens
Mark Stevens

BOARD MEMBERS EXCUSED

Tage Flint

STAFF

Ken Bousfield
Michael Grange
Kate Johnson

GUESTS

Dave Prevedel, Sheep Creek Cove Homeowners
Fred Hellstrom, Pleasant View City
Matt Hartvigsen, Pleasant View City
Valerie Clawson, Pleasant View City
Melinda Brimhall Greenwood, Pleasant View City
Alan Westernskow, Zions Bank/Pleasant View City
Jodi Davis, Liberty Pipeline Company
Doug Nielson, Sunrise Engineering
Alane Boyd, AWWA Intermountain Section
Curtis Ludvigson, Rural Water Association
Terry Smith, Rural Water

STAFF CONTINUED

Jesse Johnson
Bob Hart
Linda Matulich
Heather Bobb

ITEM NO. 1 – CALL TO ORDER

The Drinking Water Board convened at 1:00 p.m. in Salt Lake City, Utah with Chairman Paul Hansen presiding.

ITEM NO. 2 – ROLL CALL

Chairman Hansen asked Ken Bousfield to call roll of the Drinking Water Board members. The roll call showed there were 7 members present. Tage Flint was excused. Mark Stevens joined after the roll call.

ITEM NO. 3 – INTRODUCTIONS

Chairman Hansen asked the guests to introduce themselves.

ITEM NO. 4 – APPROVAL OF THE MINUTES

Chairman Hansen stated a motion was in order to approve the Drinking Water Board minutes of November 8, 2013.

David Stevens moved to approve the November 8, 2013 Drinking Water Board minutes.

Natasha Madsen seconded.

**CARRIED
(Unanimous)**

ITEM NO. 5 – FINANCIAL ASSISTANCE COMMITTEE REPORT

1. Status Report

Michael Grange reported on the projects that staff has been involved in and the progress that staff has made on them since the November 8, 2013 Drinking Water Board meeting. Since November, we have closed three loans on authorized projects. We have closed three loans for Eagle Mountain City, Cedarview Montwell Special Service District, and for Mendon City. Total value for those loans is about \$6,100,000. In addition to that, construction for the following projects has been completed and their project files are ready to be archived: Brigham City, Copperton City, East Grouse Creek Pipeline, Bear River Water Conservancy District, Beaver Dam, and Canyon Meadows Mutual Water Company. With that action we still have 7 projects outstanding that have been authorized but not yet closed.

Brian Friel, the EPA Region 8 contact for our SRF program sent us an e-mail on January 8, 2014, letting us know that he will be coming in February to audit our program. He will review project files and federal draw records. With the e-mail he sent us a summary of our program metrics. The SRF program is well within established parameters. We are currently using the fiscal year 2013 Capitalization Grant. That means we are spending our money quickly. That is something EPA and Congress like to see. The last 18 months or so there the emphasis has been on unliquidated obligations. EPA has commended Utah as one of the top states with a low level of unliquidated obligations.

The Appropriations and the Drinking Water program conference bill passed through the House on Tuesday January 14, 2014. We are waiting for confirmation from the Senate on passing this bill. The SRF Program is in great shape. Congress is directing EPA to prepare a report on the way EPA and the States have used the additional subsidization authority. Information requested will include the number and amounts of loans awarded with additional subsidization, the communities that received those loans, and a description of the projects. The Buy American Provision isn't as stringent as it was under the Recovery Act of 2009.

The state loan fund, on page 1, currently we are doing very well in the state loan fund. We have no actions for the state program for this meeting. We currently have about \$2.3 million in the state fund. Over the course of the next 12 months between now and January 1, 2015, we are expecting to have about \$8,500,000 for the drinking water systems to use the state fund. The State fund is reserved only for political subdivisions of the State, which is for cities and towns, etc. The \$8.5 million includes the reduction for State match for the 2014 Capitalization Grant.

Page 2 is a detail of those projects that are currently authorized, but not yet closed as well as planning loans, other projects that are currently in the process of being constructed and the money spent. There is approximately \$3,500,000 that is authorized for those projects. Overall the State program is in good shape.

The federal fund is healthy right now. We currently have about \$19,200,000, which includes the \$20,000,000 in the seven projects authorized but not yet closed. It also includes about \$22,000,000 in authorized planning advances and partially disbursed loan money on projects currently under construction. Over the course of the next 12 months with our Capitalization Grant and our repayment stream by January 1, 2015 we are expecting about \$35,500,000 in our federal SRF program with which we can provide funding to our water systems in Utah.

The top of page 2 details those 7 projects that I talked about for a total of \$20,284,000. We have committed planning agreements and partially disbursed loans totaling about \$21,500,000 and Hardship Grant projects totaling about \$670,000.

Page 3 is a further breakdown of those funds and whether the money is classified as first round, second round or Hardship Grant fund.

2. Project Priority List

Michael Grange reported two new projects have been added to the Project Priority List; Sheep Creek Home Owners Association and Woodland Hills.

Sheep Creek Home Owners Association has 6 points. Their project consists of an additional point of diversion including treatment.

Pleasant View has 3.4 points. Their project consists of a new well and reservoir.

Heather Jackson moved the Drinking Water Board approve the updated Project Priority List.

Brett Chynoweth seconded.

**CARRIED
(Unanimous)**

3. SRF Applications

FEDERAL:

a. Sheep Creek Cove HOA

Jesse Johnson reported Sheep Creek Cove HOA is requesting \$90,000,000 in financial assistance to construct a new point of diversion for their water source. The project includes a shallow well, filtration, chlorination, and a backup generator. Sheep Creek Cove HOA score 6 points on the priority system.

Sheep Creek Cove HOA is classified as a transient, non-community system. They are a cabin-home subdivision, with no primary residents. The current source of water, the Wilson (Gibbs) Spring does not provide adequate flow throughout the year. The water system has received an approval for a change of diversion on their water source. They plan to install a 20-foot deep well in a stream bed as the new diversion point. Since this will be classified as surface water, the project also includes filtration, disinfection and monitoring equipment. Additionally, the water system plans to install a backup generator.

Since this is a secondary home subdivision, the Sheep Creek Cove HOA does not qualify for additional subsidization. As in previous projects authorized by the Drinking Water Board, the interest/fee will be 90% of the market rate of 5.35%, resulting in a 4.82% interest or fee rate.

Dave Prevedel, Sheep Creek Cove HOA, addressed the Drinking Water Board.

Discussion followed.

Paul Hansen moved the Drinking Water Board authorize a \$90,000 construction loan to Sheep Creek Cove HOA annual interest or fee for 20 years. at 4.82%

Heather Jackson seconded.

CARRIED

Unanimous)

b. Pleasant View City

Michael Grange reported Pleasant View City is planning to drill a new culinary well and construct a 500,000 gallon storage tank. The cost of the project is estimated to be \$2,327,000. The applicant is planning to contribute \$350,000 in order to bring down their interest rate.

The local MAGI for Pleasant View is \$65,452 (174% of the state MAGI). Their after project water bill is well under 1.75%. Pleasant View City does not qualify for a principal forgiveness. The city has opted for a 20 year loan. It changes their interest rate. It makes an adjustment from the 15 year loan. The City is requesting financial assistance in the amount of \$1,977,000.

Fred Hellstrom, Matt Hartvigsen, Valerie Clawson, Melinda Brimhall Greenwood, and Alan Westernskow, Pleasant View City representatives, were available to answer any questions from the Drinking Water Board.

Discussion followed.

Brett Chynoweth moved the Drinking Water Board authorize \$1,977,000 loan to Pleasant View City with an interest rate of 3.65% for 15 years. Conditions include that they resolve all issues on their compliance report.

David Stevens seconded.

CARRIED

(Unanimous)

4. OTHER

No other business.

ITEM NO. 6 – FINAL ADOPTION OF RULE REVISIONS

a. (R309-511) – Hydraulic Modeling Requirements:

Tammy North reported the Division staff initiated the rulemaking process to review the engineering rule in R309-511. These rule revisions make two major clarifications: 1) The full hydraulic modeling report is not required for the drinking water projects that meet the criteria in R309-511-4(1)(a)(i) through (iv), and 2) Professional Engineer's certification of hydraulic modeling results is required for any public drinking water project, except the projects listed in R309-511-4(1)(a)(i).

The rule revisions were substantive and were filed with the Division of Administrative Rules for publication in the October 1, 2013 Utah Bulletin. The 30-day formal comment period ended on October 31, 2013. One comment was received. But after review, the comment is not considered significant.

b. R309-515 – SOURCE DEVELOPMENT

Tammy North reported the Division staff initiated the rulemaking process to revise the engineering rules in R309-515. These rule amendments include the following clarifications and revisions:

- Clarify evidence of a legal right to divert water for drinking water sources.
- Clarify standby power requirements for community water systems' well sources.
- Add well seal depth requirement for drinking water wells equipped with pitless adapter.
- Modify well gravel pack requirement to account for what is currently commercially available.
- Require well capping and abandonment be done in accordance with the Division of Water Right's Rules.
- Define the safe yield of a well.
- Restrict the well pump size to the pumping rate used for the constant-rate aquifer drawdown test.
- Clarify the required order of well head discharge components.
- Specify design requirement for the well pump-to-waste line.
- Outline the procedure for determining the safe yield of a spring.
- Correct numerous outdated and incorrect references.

These rules were substantive and were filed with the Division of Administrative Rules for publication in the October 1, 2013 Utah Bulletin. The 30-day formal comment period ended on October 31, 2013. One comment was received. Clarification in the guidance paragraph was made to address the comment.

The staff recommends the Board adopt the rule revisions to R309-511 and R309-515, and authorize staff to make this rule change effective on January 21, 2014

Discussion on both rules.

Betty Naylor moved the Drinking Water Board adopt the rule revisions to R309-511 and R309-515 and authorize staff to make this rule change effective on January 21, 2014.

Mark Stevens seconded.

**CARRIED
(Unanimous)**

ITEM NO. 7 - RURAL WATER ASSOCIATION'S UPDATE

Terry Smith, Rural Water Association of Utah representative, went over changes to RWAU's staff assignments, and invited Board member to Rural Water Association's Annual Conference in St. George, Utah the last week of February 2014.

ITEM NO. 8 – CHAIRMAN'S REPORT

Chairman Hansen mentioned this would be Mayor Heather Jackson and Mayor Natasha Madsen's last meeting on the Drinking Water Board. Chairman Hansen presented a clock plaque to Heather Jackson and Natasha Madsen for their contribution to the Drinking Water Board.

Chairman Hansen mentioned the Drinking Water Board will be holding elections at the February 27, 2014 Drinking Water Board meeting for the Chairman and Vice Chairman's positions on the Board.

Chairman Hansen mentioned that the Drinking Water Board will need to consider who should serve on the Financial Assistance Committee for the coming year.

ITEM NO. 9 – LINDA MATULICH’S RETIREMENT

Kate Johnson mentioned that Linda Matulich will be retiring on January 31, 2014. Kate Johnson highlighted some of the work that Linda has done over the last 27 years with the Division of Drinking Water.

Kate Johnson presented a clock plaque to Linda Matulich on her retirement.

The Drinking Water Board thanked Linda for her work.

ITEM NO. 10 – DIRECTOR’S REPORT

Ken Bousfield thanked Natasha Madsen and Heather Jackson for their service on the Board and thanked them for the service they provided to water systems in the State.

a. 2014 Legislative Session

Ken Bousfield mentioned that the Legislative Session begins on January 27, 2014. He commented that the fee proposal discussed during 2013 would not be presented to the legislature. In its place the Governor has proposed that the needed \$800,000 for the Division should come from the State funded SRF program.

b. Drinking Water Board’s 2014 Meeting Schedule - Final

Ken Bousfield reported that a copy of the 2014 Drinking Water Board schedule is listed in the packet. Ken mentioned that the locations for the summer meetings would likely change as staff looks at scheduling them in locations of interest to the Board and/or where the Board has funded projects.

c. Rural Water Association of Utah’s 2014 Annual Conference

Ken Bousfield reported that the Rural Water Conference program is in the packet. Ken mentioned that the Division would pay for registration and travel expenses for the Board to attend the entire conference where the Board meeting will be held. He asked that Board members work with Heather Bobb on their travel plans.

d. Energy Efficiency In-Depth Training

Ken Bousfield mentioned that on Tuesday February 25th an in-depth training session will be held at the RWAU Conference addressing energy efficiency. He explained that he had sent a letter to consulting engineers encouraging them to attend this session, as he explained that the Division would be developing guidelines addressing energy efficiency for State funded projects. Ken mentioned that he would present the guideline to the Board for their approval before implementing the guidelines as a condition for funding.

ITEM NO. 11 – NEXT BOARD MEETING

Chairman Hansen stated the next Drinking Water Board meeting will be held on February 27, 2014 at 2:00 p.m. in the Garden Room at the Dixie Convention Center, 1835 Convention Center Drive, St. George, Utah 84790, Phone: (435) 628-7003.

ITEM NO. 12 – OTHER

No other business.

ITEM NO. 13 – ADJOURN

Paul Hansen stated a motion was in order to adjourn the Drinking Water Board meeting.

Betty Naylor moved the Drinking Water Board authorize to adjourn the Drinking Water Board meeting.

Natasha Madsen seconded.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary