

HLA Water System meeting 2 4 23

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HLA Water System Upgrade Meeting

Feb. 4th 2023

Attendees: Mike Davis, Troy Carr, Norm Williamson, Vickie Page, Terry Ulanich, Norm Williamson, Wetzel, Kevin Meeks, JoElla Horrocks, Robert Castellano, Ryan Oviatt, Steve Pollard, Keven Taylor, Betsy Frazer, Clark Hill, Vera Christensen, Jeff Carr, Brian Hamton, Daniel Useche, Enrique, Chris & Sue Erickson

Terry's presentation – let's start with some history and facts.

IPS Report

- Improvement Priority System (IPS)
- HLA aware of this report
- HLA aware we had issue
- Having points was not a big issue in past

Improvement Priority System, handed off from Garl Fink.

UDDW Reorganized 2019

- Utah Department of Drinking Water (UDDW)
- 2019 Director Enacted New Mode of Operation
- Focus and Enforce all Rules
- Enforce with Fines
- HLA IPS Report Points Increased

UDDW 2020 Tactics

- January 2020 Letter
- January 2020 IPS Report 260
 - On EPA radar
 - Significant deficiency
 - 800 gallons/cabin per day
- February 2022 Letter

We had points against us and they wanted to fine us. We could only comply by upgrading.

HLA Communications to UDDW

- We are a Recreational Association
- 800 Gallons/cabin per day not reasonable
- Fire Department will not drive over bridge

Well was done in 1993; learned that the well was not ever formally registered with the State. They told us we needed a water engineering company. At that point, we reached out to four water engineering company. Selected Aqua Engineering because they had

Selected Aqua Engineering

- Experience with UDDW
- Experience with Summit County
- Willingness to work with us
- Least Expensive

Aqua helped us fix the IPS report. Every month we had a water system review, through the state, that was recorded. Between Summit County Health and the State, the records weren't getting updated. With the deficiency of 800 gallons/cabin, there wasn't a way to get around it. Corrective Action came up; CAP

Corrective Action Plan (CAP) Details

- Goal to measure water usage
- Gather 3 years of data which bought us time
- Expires in October 2025

Board Investigated Low Cost Funding

- Application typically done in Fall
- Attempted to do it ourselves
- Application requires a PE stamped plan
- Board contacted Aqua to help
- Aqua had done exact thing for Oakley

Low interest fund research. Board said let's move forward with PER

Preliminary Engineering Report (PER)

- Purpose is/for in support of loan approval
- Can be utilized in final design
- Higher end of realistic cost spectrum
- Final Total Cost \$3.8M

Board Reviewed PER

- First Draft July 2022
- Determined the plan met our requirements
- Determined the plan costs were inline
- Final Version filed in November
- To be reviewed in UDDW January 2023 Meeting

Just to drill a well starts at \$250K.

January 10, 2023 Approval

- UDDW Financial Board Meeting
- Approved for 100% of requested loan amount
- A 40 year, 0% interest rate loan
- Aqua indicated this was unprecedented

We are approved to borrow against the load.

Loan Close is Next Step

- Exact Details of project worked out
- Exact Costs of project defined
- Strick policy and procedures
- 3 Bid process requirement
- Managed by appointed UDDW Loan Manager

Even if we do the work ourselves, we still have to get bids from other companies. Money is marked specifically for this project.

Loan Payback Overview

- Must establish dedicated reserve account
- Yearly draw comes from the reserve account
- Payment amount determined at Loan Close
- Payment payback period starts at Loan Close

If we don't use all the money, we can pay it back at the end to help pay off the loan.

2023 MDDD

- Mike Davis Deep Dive (MDDD)
- UDDW: "HLA Looks Great!"
- This was by design because of Aqua's work
- CAP hides points on IPS Report
- By design we are no longer on UDDW's radar

We are in great shape NOW because of Aqua Engineering.

UDDM Change of Management

- Previous Director was asked to resign
- New Management seems easier to work with
- CAP exists and rules have not changed
- Director discretion plays a role in decisions

CAP is still in place and the rules have not changed; just the Director has changed. This one is more straight forward with common sense.

Water System Shows It's Age

- Increasing leaks and increased maintenance
- Replaced 1000 ft Riverside water main
- Increased bacteria hits in Riverside Spring
- Riverside currently utilizes Mountainside Well

Last spring, we had water maintenance every other week. Also, Riverside has problems with bacteria.

Spring Consideration

- At one time we had 3 Spring Sources
- We have closed 2 of them due to bacteria hits
- Riverside Spring is having increased issues

A PWS require 2 water sources

- We are a Private Water System (PWS)
- Source 1 - Riverside Spring
- Source 2 - Mountainside Well

We only have one source of water right now, Mountainside. If Mountainside goes down, we have no water for anyone.

Legislature and Water Rights

- Utah Legislature very focused on water rights
- Federal Government very focused on water rights
- HLA has 5 water shares using only 1

Loan Availability

- The Loan Close process is expected to take 1 year
- If we don't close we will never get UDDW funding

Unprecedented opportunity. If we don't close this loan, we won't get another chance.

Next Board

- UDDW is aware of our May meeting
- Next Steps will be carried out by the Next Board

Questions -

Kevin Meeks – You're wrong on the water shares; to drill another drill takes 4 shares.

Terry – based on the capabilities now, we have the rights to drill another well. We have the means to drill a well right now.

Steve Pollard - we are allocated our water now as Municipal; we have water rights and it depends what water system we are in. The only thing we have to do is monitor our total consumption annually. We want to use all the water we are allocated.

The ability to work with the Utah department of drinking water, and the engineering firm, will give us the direction. They have rules that must be followed and the rules have not changed.

Clark – we need two sources of water? He's not aware of any other place, even in this canyon, that doesn't have 2 sources of water. And what about being grandfathered in?

Terry – if pipes are in the ground and they break, we can replace them with the same size lines. Aqua has said that some of our lines are adequate; this won't be set until we get into the planning. If we are replacing the same lines, we can put in the same; it's up to the Director's discretion what can and can't be done. If there is a new line, then we have to follow the guidelines for the new pipe.

Clark – if we have an existing water system in place, is that not an existing plan and can't we follow that plan with just additional lines? The plan is in the plan; it's not like we are developing a new subdivision.

Terry – good questions but we need a plan or they may just work with us and what we have. The new Director will work with us.

Mike Davis – Previous director was hard-nosed; the new director is better and will assist and serve the state. UDW is in place to serve communities not to levy fines. R309-510 Utah Code is in place; Safe Drinking Water Act. He thinks that over-all these people are willing to work with us; it's easy to talk to a person. Minimum requirements for our size line is 20 lbs.

We have asked aqua that our minimum be 40 lbs.

Rayn Oviatt – Thank Terry and Mike for all the effort they have done to help us better understand our situation. On peak usage, sounds like we are still investigating; our community is changing with more people up here year-round; only see that increasing, not decreasing. Make sure plan allows for more people and more water usage. Don't want to look back in 5-10 years and regret that we didn't do more.

On CAP report we are now in the good graces with Utah; what promises did we make that we haven't made?

Mike's answer – it's my understanding that we need to do a 3-yr data research before they can determine our water needs. For now we replace pipes and maintain. Securing this interest free loan is not a bad idea right now. But as far as the state is concerned, they really can't tell us what to use and how. Use the 3 years to help determine what our usage will be.

Terry – told them that the meters were put in place; two down by the river have been flooded so we may not get accurate data. The meter by the pump will give us better data. The CAP only states that we must provide data, nothing else.

Reminder – this is to fix the next 60 years; we need to look longer than 5 years.

Troy – to tie into what Ryan said, the 40 yr thing seems scary, but the question is where are we standing with how much land we have to pledge to the state as collateral?

Terry – I'm not aware of any specifics, just the land, our bridge will work.

Troy – worried about getting approval from general membership to make this happen.

Terry – we will need to put this before the general membership.

Ryan Oviatt – do we have a clause in our articles that limit 25% of our land? Wondering how much our lake is.

Terry – yes, our land is extremely valuable. Trevor Milton and the largest \$\$\$ in the state is right behind us. Canyon Rim at the mouth of the canyon has their dues/fees are \$2500. Right now we have some of the lowest fees in the canyon. Troy – agrees that we have very low fees. Everything is going up.

Kevin – The pipes in the ground do not need to be 6" and they're never going to make us dig them up. Clark had the plan. We can also put our tank in ourselves. Our water is good. Why can't we save this money and then pay for it? Can't understand why we want to borrow millions of dollars here!

Clark – until we establish a system where the pump goes on when needed, instead of cycling the way we do now, it's hard to know peak times and things. We need a better way for the pump to turn on when it needs to. There is still a lot of misunderstanding; we haven't established a fee for water yet. The reason why our dues are lower, is that because for ever, we've done it on the backs of the people who live here. We can help lower costs by doing a lot of the work ourselves.

Vickie – how long will Kevin and Clark be willing to do the water themselves?

Ryan – Inflation is on the rise. We don't love debt, but we need to get ahead of things while we can.

Terry – with regards to this loan, we will need to pay for engineering and loan management services from the UDDW. 3% fee will go to Utah Dept. Drinking Water.

JoElla – we have 22 people on this call and we will never agree. The vote will go to the General membership where it will be a majority of those present.

Enrique – how deep are our pipes? Kevin – they are about 4-5 feet deep now. Most freezing happens on the cabin lines, not the main pipes in the ground.

Betsy – when does the CAP expire? 2025. What happens when the Director changes? It may happen.

Mike Davis – As long as we are moving forward to comply, the state will support us. But we are limping by; they just want us to be moving in the right direction. Data driven solutions.

Wetzel – regarding next steps, for the member vote, wondering what that vote will be. There's a lot of issues we can kick around and yell at each other about, etc. Ultimately it will come down to the question on talking the loan out. Understanding what that means is important, we may not have to do all of it and what the amounts will be. Trying to boil it down to some very clear options and getting that information out to the membership, a month prior, along with questions before, will help with the general vote at the meeting. Don't open it up for hours of debate then. The options are: 1) do nothing and the ramifications/limp along; 2) do something and don't take \$\$ from the state; 3) take a loan from the state, try to be judicious in our costs, and what the ramifications/benefits of that.

JoElla – have Wetzel draw out that visual plan and give it to people before the general meeting so people understand and can vote at the meeting instead of debating it there.

Kevin – then we better have a game plan when this is voted down because everyone he talks to is against it.

Troy – are we planning on involving non-water users in the decision/vote?

Terry - Yes. We are involving their property, but they won't have to pay back the water. There are a few members who have two waters; they may possibly want to sell.

Wetzel – let people know before the meeting if there are water rights to purchase. Water rights/shares are connections. Let's talk what the options are and then put it to a vote so we can move forward. Can we find this out in the next month? That's a legal question.

Norm – everything I can find, from back when water shares were originally purchased, there was no limit. 127 at that time who said they would pay for water, and there is no limit on how we use those shares; we can add people to this system. It's not limited to 127 as long as we don't use our water shares, we could put every lot in the association on our water; but we don't have the capacity to do that.

Steve Pollard – thinks we may have some acre feet at a seasonal basis, but it's immaterial now because we have said we are a municipality.

Terry – approaching 2 hrs on this call. Can hold more of these meetings if needed. Will create the options of 1, 2, 3 and will be posted on websites.

Clark – there are some dry lots here; should find out if those lots are even capable of being built on. Many of the dry lots can't be built on.

Wetzel – will start putting together the visual (next 2 weeks).

JoElla – motion to close the meeting; Vickie seconds.

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