State of Utah
GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

Water Quality Board
Myron E. Bateman, *Chair*
Clyde L. Bunker, *Vice Chair*
Merritt K. Frey
Gregg A. Galecki
Jennifer M. Grant
Leland J. Myers
Shane E. Pace
Hugo E. Rodier
Amanda Smith
Walter L. Baker
Executive Secretary

Utah Water Quality Board Meeting

DEQ Building Board Room #1015
195 North 1950 West
Salt Lake City, Utah 84116
June 25, 2014

Work Meeting Begins @ 8:30 a.m.

EPA's Waters of the US Proposed Rule - Teleconference..... Joan Card & Julia McCarthy

Board Meeting Begins @ 9:30 a.m.

AGENDA

A. **Water Quality Board Meeting – Roll Call**

B. **Election of WQB Chair and Vice Chair**..... Walt Baker

C. (Tab 1) **Minutes:**
Approval of Minutes for May 28, 2014 Water Quality Board Meeting..... Myron Bateman

D. **Executive Secretary's Report**..... Walt Baker

E. (Tab 2) **Funding Requests:**
1. Financial Status Report..... Emily Canton
2. White Hills/Eagle Mountain Request for Authorization ..... Lisa Nelson

F. (Tab 3) **Rulemaking**:
1. Request to adopt R317-1-7.62 *Echo Reservoir and R317-1-7.63 Rockport Reservoir* ..... Kari Lundeen
2. Request to Initiate Rulemaking for R317-12, *Sales Tax Rule* ..... John Cook

G. (Tab 4) **Other Business**:
1. Logan City Funding Update ..... Lisa Nelson

H. (Tab 5) **News Articles:**

Next Meeting August 27, 2014
DEQ Building Board Room 1015
195 North 1950 West
Salt Lake City, Utah 84116

Revised 06/17/2014

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) 536-4412, TDD (801) 536-4414, at least five working days prior to the scheduled meeting

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MINUTES
UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
UTAH WATER QUALITY BOARD

DEQ Building Board Room 1015
195 North 1950 West
Salt Lake City, Utah 84116
May 28, 2014

UTAH WATER QUALITY BOARD MEMBERS PRESENT

Myron Bateman	Jennifer Grant	Shane Pace
Leland Myers	Gregg Galecki	Amanda Smith
Hugo Rodier	Clyde Bunker	

Excused: Merritt Frey

DIVISION OF WATER QUALITY STAFF MEMBERS PRESENT

Walt Baker, Leah Ann Lamb, Faye Bell, Jeff Studenka, John Cook, Paul Krauth, Mark Stanger, Kari Lundeen, Ben Holcomb, Lonnie Shull, Jenny Nicholas, Emily Canton, Beth Wondimu, John Mackey, Judy Etherington, Mike Allred, John Whitehead, Lisa Nelson,

OTHERS PRESENT

Name	Organization Representing
Trevor Lindley	J-U-B Engineering
Jim Olsen	Water Works Engineers
Phil Engleman	Green River City
Jeff Beckman	Bowen Collins
Kraig Johnson	WCS Inc.
Doug Nielsen	Sunrise Engineering
Rick Black	Environ Corp
Bryan Meadows	Green River City
Pat Brady	Mayor of Green River City
Jack Barnett	Public
Jim Barnett	Public
Ilene Barnett	Public
Don Barnett	Public
Shelly Barnett	Public
Julie Barnett	Public
Kris Barnett	Public
Cal Sudweeks	Public
Brandon Brady	Johansen & Tuttle Engineering
Clint Rogers	Carollo Engineers

Michael Boyle	Snyderville Basin
Mike Luers	Snyderville Basin
Craig Ashcroft	Snyderville Basin
Mark Quitter	Utah Dept. of Agriculture & Food
Robert Honguard	Utah Dept. of Agriculture & Food
Steven Jackson	Jackson Engineering
Dave Norman	Eagle Mountain City

Myron Bateman called the Board meeting to order at 9:10 a.m. and invited the members of the audience to introduce themselves.

APPROVAL OF MINUTES OF THE APRIL 30, 2014 MEETING

Motion: **It was moved by Mr. Pace and seconded by Mr. Galecki to approve the minutes of the April 30th Water Quality Board meeting as written. The motion was unanimously approved.**

Executive Secretary's Report: Mr. Baker reported that on May 21st there was an oil release in Grand County, near Green River, Utah. The release was production water from a petroleum well head which was comprised of 2 parts water and 2 parts oil. The release was estimated to be 100 barrels per hour or 70 gallons per minute, and was initially contained approximately one mile from the Green River on BLM land. Due to rain after the spill, the containment dam was breached allowing the production water to flow into the Green River. The Division of Water Quality staff were able to do some monitoring and should have the results soon.

Logan City was originally scheduled to present its findings to the Board at today's meeting. Logan City asked for a postponement until the June Board meeting while it works with the six neighboring communities to consider forming a council that would share the responsibility of setting user fees. This is a positive step that could resolve some of the concerns expressed previously by those communities. In the interim, the three communities in the north are still interested in a conversation about constructing a new wastewater facility to treat the wastewater from Hyde Park, North Logan, and Smithfield. The three communities in the south, which include, Nibley, River Heights and Providence, are requesting proposals to evaluate the feasibility of constructing interceptor sewers to convey their wastewater to Hyrum City. Hyrum City said it would be willing to provide treatment service to those three communities.

The public comment period for the Echo/Rockport TMDL ended May 15th. The price tag on this TMDL will be $48 million dollars. Snyderville Basin will be presenting its component of this TMDL at today's meeting. There has been high legislative interest in this TMDL, making this the first TMDL that will go before our interim committee for discussion. Walt met with Senator Jenkins, who is our committee chair, and he said he plans to devote an hour to the discussion of this TMDL at the committee meeting the third week of June. The Division anticipates bringing this TMDL back to the Board at the June Water Quality Board meeting for approval prior to submission to EPA.

RECOGNITION AWARDS

Recognition of the 2014 Calvin K. Sudweeks Award: Mr. Bateman introduced Cal Sudweeks, former Director of the Division of Water Quality and Executive Secretary to the Board for whom the award was named. Mr. Sudweeks invited Jack Barnett to come before the audience to recognize him for his many years of service by showing leadership and achievement in the field of water pollution control and/or water quality improvement in the State of Utah. Mr. Barnett was previously the Executive Director of the Colorado River Basin Salinity Control Forum. Mr. Barnett helped the program grow from a planning effort

to a viable multi-million dollar effort annually here in Utah. Mr. Barnett has also been engaged in the Bear River Commission in on-going water quality efforts.

Recognition of Dr. Ramesh Goel for Service on the Wastewater Operator Certification Council: Mr. Bateman acknowledged Dr. Ramesh Goel for his years of service and accomplishments on the Wastewater Operator Certification Council.

FUNDING REQUESTS

Financial Status Report: Ms. Canton updated the Board on the "Summary of Assistance Program Funds" as shown on page 2.1 of the Board package.

White Hills Introduction: Ms. Nelson introduced Dave Morgan with Eagle Mountain City and Steve Jackson with Jackson Engineering. Eagle Mountain is requesting financial assistance in the amount of $598,000 grant and a $490,000 loan at 0% interest for 20 years for the repair of an existing collection system and the construction of a new sewer pipeline and pump station. This pipeline will transport the sewage from the recently annexed White Hills Subdivision and allow the existing and failing lagoon to be decommissioned and closed. White Hills is a small subdivision that was constructed in the late 1970's and 1980's northwest of Eagle Mountain. Currently there are 115 active connections for the 135 residential lots. The sanitary sewer service for White Hills was provided by the White Hills Special Service District (WHSSD) lagoons. WHSSD lagoons are in complete disrepair and unable to function properly. The project will be for the construction of a new sewer interceptor pipeline to convey sewage from the White Hills subdivision to the Eagle Mountain wastewater treatment facility. The existing lagoon will be decommissioned and closed. Final staff funding recommendations will be provided at a future Board meeting.

Green River Introduction: Mr. Cook introduced Mayor Pro Temp Pat Brady, and Bryan Meadows from Green River City and Phil Engleman with Johansen & Tuttle Engineering. It has recently been determined that an effective way of reducing the salt concentration in the lagoon Cells 2 and 3 is by removing them from service and dividing Cell 1 into three parts. Cell 1 has an existing Biolac aeration system that is in disrepair. When the current primary cell size is decreased, the need for an effective aeration will become more important. Funding is included in the proposed project to repair the Biolac aeration system. The repaired aeration system will help ensure that the lagoon can continue to meet secondary limits and not have odor problems because of the reduced lagoon system size. The City of Green River is requesting financial assistance in the amount of a $277,000 Hardship Grant for the construction of its 2014 Wastewater Treatment Plant Improvement Project. This project is being presented as an introduction to the Water Quality Board. Staff will present funding recommendations at a future Board meeting.

Snyderville Basin WRF Introduction: Ms. Wondimu introduced Mike Luers, Mike Boyle, and Craig Ashcroft with Snyderville Basin. Snyderville Basin Water Reclamation District (SBWRD) is requesting financial assistance for a project estimated to cost $40,600,000 for the expansion and upgrade of its Silver Creek Water Reclamation Facility to insure compliance with new TMDL based limits and to accommodate expected growth over the next 20 years. The District will contribute $10,000,000 towards the design and construction of the SCWRF expansion and upgrade project. This project will address two major concerns: 1) water quality concerns identified in the TMDL; and 2) plant expansion to accommodate expected growth. This project is being presented as an introduction to the Water Quality Board. Staff will present funding recommendations at a future Board meeting.

RULEMAKING

Request to adopt changes on R317-550, *Rules for Liquid Waste Operations:* Mr. Mackey explained the purpose of this action is to request adoption of the attached draft rule R317-550, Liquid Waste Operations, which incorporates revisions to the current rule as reviewed by the CLEHA Onsite Wastewater Partnership (COWP) group and several stakeholders. The draft amendment to the rule was posted for public comment from April 15, 2014 through May 15, 2014. No comments were received during this period. The Division recommends that the Board adopt the proposed changes to *Utah Administrative Code, R317-550* and it be made effective immediately.

Motion: **It was moved by Mr. Myers and seconded by Mr. Bunker to approve staff's recommendation to approve a Change in Proposed Rule for R317-550. The motion was unanimously approved.**

OTHER BUSINESS

Utah Lake Presentation: Mr. Rick Black from Envirocorp gave a presentation to the Water Quality Board on the quality of water in Utah Lake.

Willard Bay Diesel Spill Mitigation Projects: Mr. Whitehead and Mr. Allred gave the Board an update concerning the Willard Bay Diesel Spill settlement agreement between the Division of Water Quality and Chevron Pipe Line, Inc., and approved by the Water Quality Board in January 2014. The settlement provided $3.1 million dollars for mitigation projects. The Division received over 80 proposals with a requested total in excess of $30 million dollars. A three member review panel of DWQ staff carefully evaluated each proposal and scored them utilizing the criteria included in the Request for Proposals (RFP) issued by DWQ in January 2014.

Next Meeting – June 25, 2014 @ 9:30 a.m.
DEQ Building Board Room #1015
195 North 1950 West
Salt Lake City, Utah 84116

Myron Bateman, Chair
Utah Water Quality Board

LOAN FUNDS
FINANCIAL PROJECTIONS

STATE REVOLVING FUND (SRF)	4th Qtr FY2014 Apr - June 2014	1st Qtr FY 2015 July - Sept 2014	2nd Qtr FY 2015 Oct - Dec 2014	3rd Qtr FY 2015 Jan - Mar 2015	4th Qtr FY 2015 Apr - June 2015	1st Qtr FY 2016 July - Sept 2015	2nd Qtr FY 2016 Oct - Dec 2015	3rd Qtr FY 2016 Jan - Mar 2016	4th Qtr FY 2016 Apr - June 2016	1st Qtr FY 2017 July - Sept 2016	2nd Qtr FY 2017 Oct - Dec 2016	3rd Qtr FY 2017 Jan - Mar 2017	4th Qtr FY 2017 Apr - June 2017
Funds Available													
SRF - 1st Round (LOC) 2013 Cap Grant	$ 3,734,480	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: 2013 Principal Forgiveness Amount	(495,019)	-	-	-	-	-	-	-	-	-	-	-	-
SRF - 1st Round (LOC) 2014 Cap Grant	7,067,520	-	-	-	-	-	-	-	-	-	-	-	-
Less: 2014 Principal Forgiveness Amount	(600,934)	-	-	-	-	-	-	-	-	-	-	-	-
SRF - 1st Round (LOC) 2015 Cap Grant	-	-	-	-	7,067,520	-	-	-	-	-	-	-	-
Less: 2015 Principal Forgiveness Amount	-	-	-	-	(600,934)	-	-	-	-	-	-	-	-
State Match	-	1,472,400	-	-	1,472,400	-	-	-	-	-	-	-	-
SRF - 2nd Round	67,845,727	75,164,581	74,942,671	72,257,160	77,704,170	87,932,926	89,967,866	91,635,842	7,381,709	(2,037,552)	(80,475)	1,450,867	(7,241,666)
Interest Earnings at 0.5%	84,807	93,956	93,678	90,321	97,130	109,916	112,460	114,545	9,227	-	-	1,814	-
Loan Repayments	-	2,064,734	1,520,811	5,356,688	2,192,640	1,925,024	1,555,516	4,981,322	3,571,513	1,957,076	1,531,342	4,952,653	3,728,221
Total Funds Available	77,636,581	78,795,671	76,557,160	77,704,170	87,932,926	89,967,866	91,635,842	96,731,709	10,962,448	(80,475)	1,450,867	6,405,334	(3,513,446)
Project Obligations													
Granger-Hunter Improvement District	(702,000)	-	-	-	-	-	-	-	-	-	-	-	-
Kearns Improvement District (2011)	(1,615,000)	-	-	-	-	-	-	-	-	-	-	-	-
South Valley WRF - NonPoint Source	(155,000)	-	-	-	-	-	-	-	-	-	-	-	-
Loan Authorizations													
Ephraim City	-	(2,553,000)											
Eureka City	-	(1,300,000)	-	-	-	-	-	-	-	-	-	-	-
Francis City	-	-	(4,300,000)	-	-	-	-	-	-	-	-	-	-
Logan City	-	-	-	-	-	-	-	(70,000,000)	-	-	-	-	-
Planned Projects													
Ammonia Projects	-	-	-	-	-	-	-	-	-	-	-	(13,647,000)	-
Phosphorus Projects	-	-	-	-	-	-	-	-	-	-	-	-	(23,377,500)
Salem	-	-	-	-	-	-	-	-	(13,000,000)	-	-	-	-
Snyderville Basin WRD	-	-	-	-	-	-	-	(19,350,000)	-	-	-	-	-
Total Obligations	(2,472,000)	(3,853,000)	(4,300,000)	-	-	-	-	(89,350,000)	(13,000,000)	-	-	(13,647,000)	(23,377,500)
SRF Unobligated Funds	$ 75,164,581	$ 74,942,671	$ 72,257,160	$ 77,704,170	$ 87,932,926	$ 89,967,866	$ 91,635,842	$ 7,381,709	$ (2,037,552)	$ (80,475)	$ 1,450,867	$ (7,241,666)	$ (26,890,946)

UTAH WASTEWATER LOAN FUND (UWLF)	4th Qtr FY2014 Apr - June 2014	1st Qtr FY 2015 July - Sept 2014	2nd Qtr FY 2015 Oct - Dec 2014	3rd Qtr FY 2015 Jan - Mar 2015	4th Qtr FY 2015 Apr - June 2015	1st Qtr FY 2016 July - Sept 2015	2nd Qtr FY 2016 Oct - Dec 2015	3rd Qtr FY 2016 Jan - Mar 2016	4th Qtr FY 2016 Apr - June 2016	1st Qtr FY 2017 July - Sept 2016	2nd Qtr FY 2017 Oct - Dec 2016	3rd Qtr FY 2017 Jan - Mar 2017	4th Qtr FY 2017 Apr - June 2017
Funds Available													
UWLF	$ 14,194,824	$ 10,244,274	$ 10,075,099	$ 10,994,824	$ 2,743,629	$ 3,018,714	$ 4,067,639	$ 5,053,364	$ 6,407,474	$ 8,193,211	$ 9,243,269	$ 10,233,994	$ 11,534,799
Sales Tax Revenue	-	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875
Loan Repayments	-	416,100	355,000	782,080	1,182,760	484,200	421,000	789,385	1,221,012	485,333	426,000	736,080	1,375,404
Total Funds Available	14,194,824	11,557,249	11,326,974	12,673,779	4,823,264	4,399,789	5,385,514	6,739,624	8,525,361	9,575,419	10,566,144	11,866,949	13,807,079
General Obligations													
State Match Transfer	(1,472,400)	-	-	-	(1,472,400)	-	-	-	-	-	-	-	-
DWQ Administrative Expenses	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)
Project Obligations													
Midvalley Improvement District	(550,000)	-											
Murray City	(1,596,000)	-	-	-	-	-	-	-	-	-	-	-	-
Loan Authorizations													
Long Valley SID	-	(1,150,000)	-	-	-	-	-	-	-	-	-	-	-
Planned Projects													
Provo	-	-	-	(9,000,000)	-	-	-	-	-	-	-	-	-
*Eagle Mountain City - White Hills	-	-	-	(598,000)	-	-	-	-	-	-	-	-	-
Total Obligations	(3,950,550)	(1,482,150)	(332,150)	(9,930,150)	(1,804,550)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)	(332,150)
UWLF Unobligated Funds	$ 10,244,274	$ 10,075,099	$ 10,994,824	$ 2,743,629	$ 3,018,714	$ 4,067,639	$ 5,053,364	$ 6,407,474	$ 8,193,211	$ 9,243,269	$ 10,233,994	$ 11,534,799	$ 13,474,929

*Projects being presented to the WQB
Date Printed: 6/12/2014

HARDSHIP GRANT FUNDS
FINANCIAL PROJECTIONS

HARDSHIP GRANT FUNDS (HGF)	4th Qtr FY2014 Apr - June 2014	1st Qtr FY 2015 July - Sept 2014	2nd Qtr FY 2015 Oct - Dec 2014	3rd Qtr FY 2015 Jan - Mar 2015	4th Qtr FY 2015 Apr - June 2015	1st Qtr FY 2016 July - Sept 2015	2nd Qtr FY 2016 Oct - Dec 2015	3rd Qtr FY 2016 Jan - Mar 2016	4th Qtr FY 2016 Apr - June 2016	1st Qtr FY 2017 July - Sept 2016	2nd Qtr FY 2017 Oct - Dec 2016	3rd Qtr FY 2017 Jan - Mar 2017	4th Qtr FY 2017 Apr - June 2017
Funds Available													
Beginning Balance	$ -	$ 3,207,920	$ 1,682,515	$ 1,809,067	$ 1,312,990	$ 3,125,941	$ 2,621,656	$ 2,739,028	$ 2,961,855	$ 4,120,184	$ 3,596,104	$ 3,716,473	$ 4,024,183
Federal HGF Beginning Balance	8,734,600	-	-	-	-	-	-	-	-	-	-	-	-
State HGF Beginning Balance	58,961	-	-	-	-	-	-	-	-	-	-	-	-
2013 Principal Forgiveness Amount	495,019	-	-	-	-	-	-	-	-	-	-	-	-
2014 Principal Forgiveness Amount	600,934	-	-	-	-	-	-	-	-	-	-	-	-
2015 Principal Forgiveness Amount	-	-	-	-	600,934	-	-	-	-	-	-	-	-
Interest Earnings at 0.5%	10,992	4,010	2,103	2,261	1,641	3,907	3,277	3,424	3,702	5,150	4,495	4,646	5,030
UWLF Interest Earnings at 0.5%	17,744	12,805	12,594	13,744	3,430	3,773	5,085	6,317	8,009	10,242	11,554	12,792	14,418
Hardship Grant Assessments	-	451,765	-	192,284	972,065	424,442	-	160,030	930,197	402,201	-	247,015	860,685
Interest Payments	-	68,515	111,855	62,634	234,881	63,592	109,010	53,057	216,420	58,327	104,319	43,257	197,334
Advance Repayments	-	2,041,500	-	-	-	-	-	-	-	-	-	-	-
Total Funds Available	9,918,250	5,786,515	1,809,067	2,079,990	3,125,941	3,621,656	2,739,028	2,961,855	4,120,184	4,596,104	3,716,473	4,024,183	5,101,650
Project Obligations													
Blanding City - Planning Advance	(39,900)	-	-	-	-	-	-	-	-	-	-	-	-
Coalville - Construction Grant	(1,765,000)	-	-	-	-	-	-	-	-	-	-	-	-
Echo Sewer SSD - Construction Grant	(251,000)	-	-	-	-	-	-	-	-	-	-	-	-
Eureka City - Construction Grant	-	(1,146,000)	-	-	-	-	-	-	-	-	-	-	-
Francis City - Construction Grant	-	(808,000)	-	-	-	-	-	-	-	-	-	-	-
Long Valley SID - Construction Grant	-	(1,150,000)	-	-	-	-	-	-	-	-	-	-	-
Planned Projects													
*Eagle Mountain City - White Hills - Construction Grant	-	-	-	(490,000)	-	-	-	-	-	-	-	-	-
Green River - Construction Grant	-	-	-	(277,000)	-	-	-	-	-	-	-	-	-
Non-Point Source Project Obligations													
DEQ - Economic Study of Nutrient Removal	(23,730)	-	-	-	-	-	-	-	-	-	-	-	-
DEQ - Nutrient Reduction Benefit Study	(5,053)	-	-	-	-	-	-	-	-	-	-	-	-
DEQ - Willard Spur Study	(567,117)	-	-	-	-	-	-	-	-	-	-	-	-
Great Salt Lake Advisory Council	(400,000)	-	-	-	-	-	-	-	-	-	-	-	-
North Summit Pressurized Irrigation Co.	(500,000)	-	-	-	-	-	-	-	-	-	-	-	-
Twelve Mile Canyon	(79,810)	-	-	-	-	-	-	-	-	-	-	-	-
UACD	(6,000)	-	-	-	-	-	-	-	-	-	-	-	-
UACD - FY 2014	(108,721)	-	-	-	-	-	-	-	-	-	-	-	-
UDAF	(977,282)	-	-	-	-	-	-	-	-	-	-	-	-
Utah Farm Bureau - FY 2014	(34,270)	-	-	-	-	-	-	-	-	-	-	-	-
FY 2009 - Remaining Payments	(35,000)	-	-	-	-	-	-	-	-	-	-	-	-
FY 2010 - Remaining Payments	(79,012)	-	-	-	-	-	-	-	-	-	-	-	-
FY 2011 - Remaining Payments	(83,582)	-	-	-	-	-	-	-	-	-	-	-	-
FY 2012 - Remaining Payments	(200,085)	-	-	-	-	-	-	-	-	-	-	-	-
FY 2013 - Remaining Payments	(627,588)	-	-	-	-	-	-	-	-	-	-	-	-
FY 2014 - Remaining Payments	(927,179)	-	-	-	-	-	-	-	-	-	-	-	-
FY 2015 Allocation	-	(1,000,000)	-	-	-	-	-	-	-	-	-	-	-
FY 2016 Allocation	-	-	-	-	-	(1,000,000)	-	-	-	-	-	-	-
FY 2017 Allocation	-	-	-	-	-	-	-	-	-	(1,000,000)	-	-	-
Non-Point Source Projects in Planning													
None at this time	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Obligations	(6,710,330)	(4,104,000)	-	(767,000)	-	(1,000,000)	-	-	-	(1,000,000)	-	-	-
HGF Unobligated Funds	$ 3,207,920	$ 1,682,515	$ 1,809,067	$ 1,312,990	$ 3,125,941	$ 2,621,656	$ 2,739,028	$ 2,961,855	$ 4,120,184	$ 3,596,104	$ 3,716,473	$ 4,024,183	$ 5,101,650

*Projects being presented to the WQB
Date Printed: 6/12/2014

State of Utah
Wastewater Project Assistance Program
FY 2014 Project Priority List

FY14 Rank	Project Name	Funding Authorized	Total Points	Description of Project Status
1	Logan City	x	159	Project in planning phase
2	Coalville City	x	142	Project in design phase
3	Eureka City	x	118	Project in planning phase
4	Echo City	x	112	Project in design phase
5	Snyderville Basin WRD		107	Project in design phase
6	White Hills - Eagle Mountain		106	Project in planning phase
7 (Tie)	Kearns Improvement District	x	105	Project under construction
	Granger-Hunter Improvement District	x	105	Project under construction
9	Ephraim	x	102	Project in planning phase
10	Green River		98	Project in planning phase
11	Santaquin City	x	86	Project under construction
12	Long Valley Sewer Improvement District	x	79	Project in planning phase
13	Murray City	x	78	Project under construction
14	Francis City	x	72	Project in planning phase
15	MidValley Improvement District	x	68	Project in design/construction phase

6/12/20143:06 PM

Application Number:
Date Received: April 1, 2014
Date to be presented to the WQB: June 25, 2014

WATER QUALITY BOARD
FEASIBILITY REPORT FOR WASTEWATER TREATMENT PROJECT
AUTHORIZATION

APPLICANT:	Eagle Mountain1650 East Stage Coach Run Eagle Mountain, UT 84043 Telephone: (801) 789-6600
PRESIDING OFFICIAL:	Chris Trusty, Public Works Director
CONTACT PERSON:	Dave Norman, Public Works Director
TREASURER/RECORDER:	Fionnuala Cofoed, City Recorder
CONSULTING ENGINEER:	Steve Jackson Jackson Engineering 3376 Stonehill Lane Cottonwood Heights, Utah 84121 Telephone: (801) 558-5293
BOND COUNSEL:	Parsons, Kinghorn, Harris 111 East Broadway, 11th Floor Salt Lake City, Utah 84111 Telephone: (801) 449-1006
FINANCIAL ADVISOR:	Ballard Sparh, LLP 201 South Main Street, 8th Floor Salt Lake City, Utah 84111 Telephone: (801) 531-3088

APPLICANT'S REQUEST:

Eagle Mountain is requesting financial assistance in the amount of $490,000 grant and a $598,000 loan at 0% for 20 years for the repair of an existing collection system and the construction of a new sewer pipeline and pump station. Eagle Mountain is also requesting a design advance of $54,000. The pipeline will transport the sewage from the recently annexed White Hills Subdivision and allow the existing failing lagoon to be decommissioned.

UPDATE:

As part of the Transmission agreement between Eagle Mountain City and White Hills, the lagoon property and all remaining cash will be transferred to Eagle Mountain as compensation to connect to their system. Eagle Mountain has expressed interest in selling the land to develop the property into a park.

APPLICANT'S LOCATION:

Eagle Mountain is located 12 miles southwest of Lehi, in Utah County. White Hills and White Hills Country Estates Subdivision are located approximately 4 miles northwest of the existing Eagle Mountain wastewater treatment facility.

MAP OF APPLICANT'S LOCATION

PROJECT BACKGROUND:

White Hills is a small subdivision that was constructed in the late 1970's and 1980's just to the northwest of Eagle Mountain. There are currently 115 active connections of the 135 residential lots. The sanitary sewer service for White Hills was provided by the White Hills Special Service District (WHSSD), which was formed to manage and operate the three cell facultative lagoon system that serves just this community. In 2010, the subdivision was annexed into Eagle Mountain City. The annexation agreement was approved provided that any costs to address sewer and treatment system deficiencies would be borne solely by the WHSSD customers.

PROJECT NEED:

The WHSSD lagoons are in complete disrepair and are unable to function properly. The clay liner has been badly compromised and there is heavy brush growth in all three cells, which allows untreated sewage to infiltrate directly into the ground.

The condition of the collection system (which consists of 8-inch and 12-inch gravity PVC and concrete pipelines) is also in poor condition. Video inspection of the lines was completed in May 2013 and the areas in need of repair were identified. Common repair needs include cracks in concrete pipe with root penetration and migration, cracks in PVC pipe, root penetration at joints, buried manhole access and bellies in pipes causing restriction of flow and settlement of solids.

The primary project need is to address the failed lagoon system and prevent any adverse public health or contamination issues.

PROJECT DESCRIPTION:

This project will construct a new sewer interceptor pipeline to convey sewage from the White Hills subdivision to the Eagle Mountain wastewater treatment facility. This project will include approximately 24,800 feet of 6-inch HDPE force main, a sewer lift station, and collection system repairs. The collection system within the White Hills subdivision will be repaired by doing spot repairs of the identified problem areas, installing repair lining, and excavation and replacement when required. The existing lagoon will be decommissioned and closed but those costs are not included in this project.

ALTERNATIVES EVALUATED:

The consulting engineer evaluated the following treatment system alternatives:

1. No action.
2. Repair and rehabilitation of the existing lagoons.
3. Installation of a new mechanical treatment facility.
4. Construction of a new interceptor to convey sewage to the Eagle Mountain wastewater treatment facility.

POSITION ON PROJECT PRIORITY LIST:

This project is currently ranked 6th on the Project Priority List.

POPULATION GROWTH:

Growth is capped at 135 units as there are only 20 more lots available.

	Year	Population	ERUs
Current:	2013	403	115
Design:	2033	473	135

PUBLIC PARTICIPATION AND DEMONSTRATION OF PUBLIC SUPPORT:

Numerous public meetings were held as part of the annexation process and several of the residents have remained actively involved. There will be additional public notification as this project progresses.

EFFORTS TO SECURE FINANCING FROM OTHER SOURCES:

Funding from CDBG was attempted with no success.

PROJECT IMPLEMENTATION SCHEDULE:

Apply to WQB for Funding:	*May 1, 2014*
WQB Funding Authorization:	June 25, 2014
Final Public Hearings:	July, 2014
Advertise EA (FONSI):	July, 2014
Facility Plan Approval:	August, 2014
Commence Design:	July, 2014
Issue Construction Permit:	September, 2014
Advertise for Bids:	October, 2014
Bid Opening:	October, 2014
Loan Closing:	November, 2014
Commence Construction:	December, 2014
Complete Construction:	February, 2015

APPLICANT'S CURRENT USER CHARGE:

Eagle Mountain currently charges $27.75 per connection for treatment. Based on the 1.4% MAGI affordability guideline, White Hills can afford a total sewer cost of $55.74. This leaves a maximum of $27.99 that can be used toward collection (collection O&M and collection debt service).

PROJECT COST ESTIMATE:

Engineering Planning:	$	6,000
Engineering Design:	$	54,000
Engineering CMS:	$	20,000
Legal/Bonding/Finance	$	40,000
DWQ Loan Origination:	$	5,000
Construction:	$	713,000
Construction (spot repair of collection)	$	74,000
Construction Contingency (~20%)	$	158,000
Repayment of planning advance	$	18,000
Total Amount:	$	1,088,000

ESTIMATED ANNUAL COST FOR SEWER SERVICE:

WQB Debt Service (0%; 20 yrs)	$	24,500
WQB Required Reserves (1½ pmt/6 yrs)	$	6,125
Monthly Cost/ERU Treatment Cost Alone	$	27.75
Monthly Cost/ERU Collection Cost Alone	$	27.99
Total Monthly Cost / ERU at 1.4% MAGI	$	55.74
White Hills/Cedar Fort MAGI (2011)	$	47,386

STAFF COMMENTS AND RECOMMENDATION:

Staff recommends that the Board authorize a loan in the amount of $598,000 at 0% interest, a grant in the amount of $490,000, and a $54,000 design advance (which will be repaid after loan closing).

SPECIAL CONDITIONS:

1. Eagle Mountain City must continue to participate annually in the Municipal Wastewater Planning Program (MWPP).

2. As a part of the facility planning, Eagle Mountain City must complete a Water Conservation and Management Plan.

3. Eagle Mountain is obligated to make additional mandatory annual repayments equal to $266.28 times the number of ERUs served by the system in excess of the 115 original connections. The additional mandatory annual repayments shall begin on the first payment date following the first connection over and above the original 115 connections and shall continue until the grant amount is repaid or the construction loan term ends.

Eagle Mountain - White Hills
Collection System Improvement/Replacement Project

Project Costs		Sewer Project
Engineering-Planning	$	6,000
Engineering - Design	$	54,000
Engineering - CMS	$	20,000
DWQ Loan Fees	$	5,000
Legal/Bonding	$	40,000
Construction - pump station and force main	$	713,000
Construction - repair of collection	$	74,000
Repay Planning Advance	$	18,000
Contingency	$	158,000
Total Project Cost:	$	1,088,000

Project Funding		
WQB Loan Amount	$	490,000
WQB Grant Amount	$	598,000
Total Project Funding:	$	1,088,000

Current Expenses		
Total O&M expenses Collection only	$	8,000
Existing Debt Service	$	-
Wastewater Treatment Annual Expense*	$	38,295

Funding Conditions	
Loan Repayment Term (years)	20
Reserve Funding Period	6

Current Customer Base & User Charges		
Residential Customers (ERU)		115
Commercial Customers (ERU)		-
Commercial Customers (ERU)[1]		115
Monthly User Fee (ERU) Treatment Fee	$	27.75
Monthly User Fee (ERU) Debt Service	$	27.99
Total Monthly User (ERU)	$	55.74
Average MAGI for 2011 (Cedar Fort)	$	47,386

[1] Growth is capped at 135 as there are only 20 lots available

ESTIMATED COST OF SEWER SERVICE

WQB Loan Amount		Grant Amount	WQB Interest Rate	WQB Loan Debt Service	WQB Loan Reserve	Total Annual Collection O&M Cost	Total Annual Sewer Collection Cost	Total Monthly Sewer Collection Equivalent Cost/ERU	Total Monthly Eagle Mountain Treatment Cost	Total Monthly Equivalent Cost/ERU	Sewer Cost as a % of MAGI
$490,000	**$**	**598,000**	0.00%	**$24,500**	**$6,125**	**$8,000**	**$38,625**	**$27.99**	**$27.75**	**$55.74**	**1.41%**
$600,000	$	488,000	0.00%	**$30,000**	$7,500	**$8,000**	$45,500	**$32.97**	$27.75	$60.72	1.54%
$650,000	$	438,000	0.00%	**$32,500**	$8,125	**$8,000**	$48,625	**$35.24**	$27.75	$62.99	1.60%
$700,000	$	388,000	0.00%	**$35,000**	$8,750	**$8,000**	$51,750	**$37.50**	$27.75	$65.25	1.65%
$750,000	$	338,000	0.00%	**$37,500**	$9,375	**$8,000**	$54,875	**$39.76**	$27.75	$67.51	1.71%
$800,000	$	288,000	0.00%	**$40,000**	$10,000	**$8,000**	$58,000	**$42.03**	$27.75	$69.78	1.77%
$850,000	$	238,000	0.00%	**$42,500**	$10,625	**$8,000**	$61,125	**$44.29**	$27.75	$72.04	1.82%
$900,000	$	188,000	0.00%	**$45,000**	$11,250	**$8,000**	$64,250	**$46.56**	$27.75	$74.31	1.88%
$950,000	$	138,000	0.00%	**$47,500**	$11,875	**$8,000**	$67,375	**$48.82**	$27.75	$76.57	1.94%
$1,088,000	$	-	0.00%	**$54,400**	$13,600	**$8,000**	$76,000	**$55.07**	$27.75	$82.82	2.10%

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Department of
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Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

MEMORANDUM

TO: Water Quality Board Members

THROUGH: Walter L. Baker, Director

FROM: Carl Adams, Watershed Protection Section Manager

DATE: June 11, 2014

SUBJECT: Request to adopt TMDL by reference into Rule (R317-1-7)

The Water Quality Board has previously authorized initiation of rulemaking to adopt the Total Maximum Daily Load Study (TMDL) for Echo and Rockport Reservoirs for dissolved oxygen. The proposed rule was published in the Utah State Bulletin April 15, 2014 and the comment period closed May 15, 2014. No comments have been received on the proposed rule change. Staff is recommending that we incorporate by reference the TMDL Study for Echo and Rockport Reservoirs into Rule (R317-1-7.61).

Attached is an executive summary of the TMDL proposed for adoption and a proposed version of R317-1-7 that includes the new TMDL.

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Executive Summary of Echo Reservoir and Rockport Reservoir TMDL

Echo and Rockport Reservoirs do not attain the 3A cold-water fishery criteria for Dissolved Oxygen (DO) during the critical summer season (April-September). The TMDL study has determined that this is due to excessive loading of Total Phosphorus (TP) and Total Nitrogen (TN).

Modeling Approach:

The BATHTUB water quality model was used to determine the nutrient load reductions needed to meet water quality standards for DO. Dry, average, and wet conditions were evaluated under multiple scenarios of future nutrient loads and changes in reservoir operation within each reservoir.

The Soil Water Assessment Tool (SWAT) is a data-driven model that estimates watershed nutrient loading. Sources evaluated include: grazing, fertilizer application, agricultural land management, road corridors, Three Mile Canyon Landfill, and septic systems. SWAT was also used to identify priority areas for load reductions as described in the implementation plan that accompanies the TMDL.

TMDL Recommendations:

The TMDL target during the critical season when the reservoirs are stratified is a layer (approximately 2 meters in depth) throughout the reservoirs in which DO is maintained above 4 mg/L and temperature is below 20° C. Attainment of this target will require a 35% overall reduction in TP and TN for both reservoirs.

Point Sources

Point source dischargers were assigned a waste load allocation based on their current capacity flows and a separate waste load allocation to accommodate future growth (as necessary).

> ***Echo Reservoir Watershed:*** Coalville WWTP, Silver Creek WRF, Blue Sky Resort WWTP, Park City Tunnels (Spiro and Judge).
>
> ***Rockport Reservoir:*** Kamas WWTP, Oakley WWTP, UDWR Kamas Fish Hatchery, Francis WWTP.

Non-point Sources

Required non-point source reductions to achieve water quality goals are significant but achievable as documented in the watershed implementation plan that accompanies the TMDL:

> ***Echo Reservoir Watershed:*** 70% TP, 87% TN
>
> ***Rockport Reservoir Watershed:*** 72% TP, 68% TN

Time frame of steps to full approval from EPA:

TMDL Process Action	Date	Completed?
30-Day Public Comment Period on Draft TMDL	November 12, 2013 to December 20, 2013	✔
TMDL Modified As Appropriate Based on Public Input	February, 2014	✔
Water Quality Board Approval of TMDL / Petition to Initiate Rulemaking to Adopt TMDL into UAC R317-1-7.TMDLs.	March 26, 2014	✔
30 Day DAR Public Notice Period	April 15, 2014 to May 15, 2014	✔
If Implementation Costs Exceed Legislative Thresholds, Submit TMDL for Committee or Full Legislative Action	TMDL Submitted to Committee June 18, 2014	✔
Petition Water Quality Board for Formal Adoption of TMDL into Rule	June 25, 2014	
Submit TMDL to EPA for Formal Approval	July 1, 2014	
EPA approval	August 2014	

R317-1-7. TMDLs.

The following TMDLs are approved by the Board and hereby incorporated by reference into these rules:

7.1 Middle Bear River - February 23, 2010

7.2 Chalk Creek -- December 23, 1997

7.3 Otter Creek -- December 23, 1997

7.4 Little Bear River -- May 23, 2000

7.5 Mantua Reservoir -- May 23, 2000

7.6 East Canyon Creek -- September 14, 2010

7.7 East Canyon Reservoir -- September 14, 2010

7.8 Kents Lake -- September 1, 2000

7.9 LaBaron Reservoir -- September 1, 2000

7.10 Minersville Reservoir -- September 1, 2000

7.11 Puffer Lake -- September 1, 2000

7.12 Scofield Reservoir -- September 1, 2000

7.13 Onion Creek (near Moab) -- July 25, 2002

7.14 Cottonwood Wash -- September 9, 2002

7.15 Deer Creek Reservoir -- September 9, 2002

7.16 Hyrum Reservoir -- September 9, 2002

7.17 Little Cottonwood Creek -- September 9, 2002

7.18 Lower Bear River -- September 9, 2002

7.19 Malad River -- September 9, 2002

7.20 Mill Creek (near Moab) -- September 9, 2002

7.21 Spring Creek -- September 9, 2002

7.22 Forsyth Reservoir -- September 27, 2002

7.23 Johnson Valley Reservoir -- September 27, 2002

7.24 Lower Fremont River -- September 27, 2002

7.25 Mill Meadow Reservoir -- September 27, 2002

7.26 UM Creek -- September 27, 2002

7.27 Upper Fremont River -- September 27, 2002

7.28 Deep Creek -- October 9, 2002

7.29 Uinta River -- October 9, 2002

7.30 Pineview Reservoir -- December 9, 2002

7.31 Browne Lake -- February 19, 2003

7.32 San Pitch River -- November 18, 2003

7.33 Newton Creek -- June 24, 2004

7.34 Panguitch Lake -- June 24, 2004

7.35 West Colorado -- August 4, 2004

7.36 Silver Creek -- August 4, 2004

7.37 Upper Sevier River -- August 4, 2004

7.38 Lower and Middle Sevier River -- August 17,2004

7.39 Lower Colorado River -- September 20, 2004

7.40 Upper Bear River -- August 4, 2006

7.41 Echo Creek -- August 4, 2006

7.42 Soldier Creek -- August 4, 2006

7.43 East Fork Sevier River -- August 4, 2006

7.44 Koosharem Reservoir -- August 4, 2006

7.45 Lower Box Creek Reservoir -- August 4, 2006

7.46 Otter Creek Reservoir -- August 4, 2006

7.47 Thistle Creek -- July 9, 2007

7.48 Strawberry Reservoir -- July 9, 2007

7.49 Matt Warner Reservoir -- July 9, 2007

7.50 Calder Reservoir -- July 9, 2007

7.51 Lower Duchesne River -- July 9, 2007

7.52 Lake Fork River -- July 9, 2007

7.53 Brough Reservoir -- August 22, 2008

7.54 Steinaker Reservoir -- August 22, 2008

7.55 Red Fleet Reservoir -- August 22, 2008

7.56 Newcastle Reservoir -- August 22, 2008

7.57 Cutler Reservoir -- February 23, 2010

7.58 Pariette Draw - September 28, 2010

7.59 Upper Emigration Creek - October 26, 2011

7.60 Jordan River -- June 27, 2012

7.61 Colorado River - March 26, 2014

7.62 Echo Reservoir - June 25, 2014

7.63 Rockport Reservoir - June 25, 2014

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Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

MEMORANDUM

TO: Utah Water Quality Board

THROUGH: Walter L. Baker, P.E.
Director

FROM: Johnathan P. Cook, PE

DATE: June 16, 2014

SUBJECT: Request to Initiate Rulemaking on Rule R317-12, General Requirements: Tax Exemption for Water Pollution Control Equipment

As a result of HB 31, which clarified the eligibility of items for certification as Pollution Control Facilities and enacted a new class of eligible Freestanding Pollution Control Equipment, Rule R317-12 is in need of revision. The changes to the statutes that govern the certification of pollution control equipment for sales tax exemption were made at the request of industry because of a dispute between the Division of Air Quality and an applicant. The dispute centered on when the replacement of a component of a pollution control facility changed from being an operations and maintenance item to being an improvement eligible for new certification. The change to the statutes was supported by both industry and staff.

It is recommended that the Water Quality Board approve initiation of rulemaking to repeal and to reenact 317-12 as amended in the attachments herewith.

Attachments: 1. Summary of the proposed repeal and reenactment of R317-12
2. Text of the repeal of R317-12 *"General Requirements: Tax Exemption for Water Pollution Control Equipment"*
3 Reenactment of R317-12,"*Certification of Water Pollution Control Facilities or Freestanding Pollution Control Properties"*

File:Administrative Rule \ Sales Tax Exemption
F:U:\ENG_WQ\JPCOOK\PROJECTS\TAX EXEMPTION\2014 RULE MAKING\2014-06-16 REQUEST TO INITIATE RULE MAKING R317-12.DOCX

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ATTACHMENT 1

SUMMARY OF THE PROPOSED REPEAL AND REENACTMENT OF R317-12

The following changes are made:

- Creation of an Authority, Purpose, and Scope section to be consistent with other rules within R317.
- Creation of a Definitions section to be consistent with other rules within R317.
- Inclusion of Freestanding Pollution Control Properties as being eligible for certification.
- Clarification that the Division's roll is to provide certification of pollution control properties and freestanding pollution control properties, not the providing of a sales tax exemption.
- Simplification and improving the readability of the rule.

ATTACMENT 2

Text of the repeal of R317-12 *"General Requirements: Tax Exemption for Water Pollution Control Equipment"*

R317. Environmental Quality, Water Quality.

[R317-12. General Requirements: Tax Exemption for Water Pollution Control Equipment.

R317-12-1. Application.

Application for certification shall be made on forms provided by the State Department of Environmental Quality, and shall include all information requested thereon and such additional reasonably necessary information as is requested by the executive secretary of the Water Quality Board.

R317-12-2. Eligibility for Certification.

Certification shall be made only for taxpayers who are owners, operators (under a lease) or contract purchasers of a trade or business that utilizes Utah property with a pollution control facility to prevent or minimize pollution.

R317-12-3. Review Period.

Date of filing shall be date of receipt of the final item of information requested and this filing date shall initiate the 120-day review period.

R317-12-4. Conditions for Eligibility.

(1) All materials, equipment and structures (or part thereof) purchased, leased or otherwise procured and services utilized for construction or installation in a water pollution control facility shall be eligible for certification, provided:

(a) such materials, equipment, structures (or part thereof), and services installed, constructed, or acquired result in a demonstrated reduction of pollutant discharges, and

(b) the primary purpose of such materials, equipment, structures (or part thereof), and services is preventing, controlling, reducing, or disposing of water pollution.

(2) The above includes expenditures which reduce the amount of pollutants produced as well as expenditures which result in removal of pollutants from waste streams. The materials, equipment, structures (or part thereof), and services that are necessary for the proper functioning of water pollution control facilities meeting the requirements of (1)(a) and (b) above, including equipment required for compliance monitoring, shall be eligible for certification.

R317-12-5. Limitations on Certification.

Applications for certification shall be certified by the executive secretary of the Water Quality Board after consultation with the State Tax Commission and only if:

(1) plans for the water pollution control facility in question require review and approval by the Director and have been so approved, or

(2) the water pollution control facility is specifically required by the Water Quality Board, including facilities constructed

~~for pretreatment of wastes prior to discharge to a public sewerage system in accordance with R317-8-8.1, but excluding facilities which are permitted by rule under R317-6-6.2 (Ground Water Discharge Permit by Rule) unless required to obtain an individual permit by the Director, or~~

~~(3) the water pollution control facility is required and permitted by another Division within the Department of Environmental Quality, or~~

~~(4) the water pollution control facility eliminates or reduces the discharge of pollutants which would be regulated by the Division, if such pollutants were discharged.~~

~~R317-12-6. Exemptions from Certification.~~

~~The following items are specifically not eligible for certification:~~

~~(1) materials and supplies used in the normal operation or maintenance of the water pollution control facilities;~~

~~(2) materials, equipment, and services used to monitor water, unless required for a permit or approval from a Division within the Department of Environmental Quality;~~

~~(3) materials, equipment, and services for collection, treatment, and disposal of human wastes, unless the primary purpose of such materials, equipment and services is the treatment of industrial wastes;~~

~~(4) materials, equipment and services used in removal, treatment, or disposal of pollutants from contaminated ground water, if the applicant caused the ground water contamination by failing to comply with applicable permits, approvals, rules, or standards existing at the time the contamination occurred.~~

~~R317-12-7. Duty to Issue Certification.~~

~~Upon determination that facilities described in any application under R317-12-1 satisfy the requirements of these rules and Sections 19-2-123 through 19-2-127 the executive secretary of the Water Quality Board shall issue a certification of pollution control facility to the applicant.~~

~~R317-12-8. Appeal and Revocation.~~

~~(1) A decision of the executive secretary of the Water Quality Board may be reviewed by filing a Request for Agency Action as provided in R305-7.~~

~~(2) Revocation of prior certification shall be made for any of the circumstances prescribed in Section 19-2-126, after consultation with the State Tax Commission.]~~

ATTACHMENT 3

Reenactment of R317-12,"*Certification of Water Pollution Control Facilities or Freestanding Pollution Control Properties*"

R317-12. Certification of Water Pollution Control Facility or Freestanding Pollution Control Property.

R317-12-1. Authority, Purpose and Scope

1.1 Authorization. These rules are administered by the division authorized by Title 19 Chapter 12.

1.2 Purpose. The purpose of this rule is to protect public health and the environment by encouraging industries to install Pollution Control Facilities and Freestanding Pollution Control Properties through sales and use tax incentives.

1.3 Scope. This rule shall apply to purchases described in Section 19-12-201.

R317-12-2. Definitions

"Director" means the director as defined in Section R317-1-1.

"Freestanding Pollution Control Property" means freestanding pollution control property as defined in Subsection 19-12-102(6).

"Treatment Works" means treatment works as defined in Section R317-1-1.

"Waste" means waste as defined in Section R317-1-1.

"Water Pollution" means pollution as defined in Section R317-1-1.

R317-12-3. Application for Certification

3.1 An application for certification shall be made on forms provided by the Director.

3.2 The application shall include all information requested thereon and such additional information as is requested by the Director. At a minimum, the application shall contain:

A. a description of the Pollution Control Facility or Freestanding Property;

B. a description of the property, product or service for a purchase or lease of property, a part, or a service for which a person seeks to claim a sales and use tax exemption under Section 19-12-201;

C. the existing or proposed operational procedure for the Pollution Control Facility or Freestanding Pollution Control Property; and

D. a statement of the purpose served or to be served by the Pollution Control Facility or Freestanding Pollution Control Property.

3.3 The Director may require an application to contain additional information that the Director finds necessary to determine whether to grant certification under Section 19-12-303.

R317-12-4. Issuance of Certification

4.1 The date the application is filed shall be the date of receipt by the Director of the final item of information requested, and this filing date shall initiate the 120-day review period under Section 19-12-303.

4.2 The Director shall issue a certification of a Pollution Control Facility or a Freestanding Pollution Control Property to the

applicant if the Director determines that:

A. the application meets the requirements of the Pollution Control Act in Section 19-12-101;

B. the facility or property that is the subject of the application is a Pollution Control Facility or a Freestanding Pollution Control Property as defined in Section 19-12-102;

C. the person who files the application is a person described in Section 19-12-301; and

D. the purchases or leases for which the person seeks to claim a sales and use tax exemption are exempt under Section 19-12-201.

4.3 If the Director denies certification under this Section to a person who files an application, the Director shall provide a written statement of the reason for the denial to the person no later than 120 days after the date described in Subsection R317-12-4.1.

4.4 The Director may issue one certification for one or more Pollution Control Facilities or Freestanding Pollution Control Properties that constitute an operational unit.

4.5 If the Director does not issue or deny a certification within 120 days of the date described in Subsection R317-12-4.1, the Director shall issue a certification to the person at the person's request.

R317-12-5. Revocation of Certification and Appeal

5.1 Revocation of prior certification shall be made for any of the circumstances prescribed in Section 19-12-304.

5.2 An appeal of a denial of certification or a revocation of certification by the Director may be contested by filing a Request for Agency Action as provided in Rule R305-7.

KEY: water pollution, tax exemptions, equipment
Date of Enactment or Last Substantive Amendment: [~~September 24, 2013~~]2014
Notice of Continuation: [~~January 25, 2012~~]2014
Authorizing, and Implemented or Interpreted Law: [~~19-2-123; 19-2-124; 19-2-125; 19-2-126; 19-2-127~~]19-12-101, 19-12-102, 19-12-201 through 19-12-203, 19-12-301 through 19-12-305

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DIVISION OF WATER QUALITY
Walter L. Baker, P.E.
Director

MEMORANDUM

TO: Utah Water Quality Board

THROUGH: Walter L. Baker, P.E.
Executive Secretary

FROM: Lisa Nelson, Project Manager

DATE: June 25, 2014

SUBJECT: Logan Funding Update

On January 22, 2014, the Utah Water Quality Board (WQB) authorized a loan of $70 million at 0.75% to Logan City to replace their discharging lagoons and construct a new $111 million wastewater treatment plant. The new wastewater treatment plant is needed to address new water quality requirements for ammonia and phosphorus. At the time funding was authorized by the WQB, sources and conditions of the remaining funding were estimated but had yet to be finalized. Logan City has since been authorized funding from the Community Impact Board ($10 million) and has elected to fund the remainder of the project with a market loan and cash on hand. This results in no substantive changes to the cost model (Attachment 1) on which the Board made its funding decision.

On February 14, 2014, six communities that contract with Logan City for wastewater disposal services sent a letter to the WQB expressing concerns regarding their relationship as wastewater customers to Logan City (Attachment 2) These communities are Hyde Park, Nibley, North Logan, Providence, River Heights, and Smithfield. In their letter, the mayors of these communities indicate that they were denied a voice in determining the overall financial plans for the sewer treatment system and requested that the WQB either delay final approval for the funding of Logan City's new plant or tie such funding to the formation of a district that represents all users. Logan City is opposed to forming a district. As an alternative, Logan City has been working with these communities to develop an oversight framework to address the concerns of its city customers using interlocal agreements. Logan City's current proposal to share treatment plant oversight authority provides for two committees, one technical and one "rate setting," with proportionate representation from all cities.

On February 28, 2014 Walt Baker and staff met with Logan City and several of the community mayors to discuss concerns about the new treatment plant, its cost, need, and the perceived disenfranchisement of the cities. The six communities requested that DWQ assist their understanding of the new plant by preparing a technical paper that describes the regulatory history of Logan City's permit and the process that led to the need to build a new treatment plant. The cities also wanted to understand that the selected treatment alternative is technically appropriate for Logan's needs. Staff prepared a report and timeline addressing these questions and delivered it to the cities at a review meeting in Logan City on June 6, 2014 (Attachment 3).

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The communities also requested that DWQ fund and conduct an independent review of Logan City's wastewater enterprise fund to determine assess the fairness of Logan City rates and associated fees, in particular with regard to transfer and administrative fees. Mr. Baker agreed that staff would pursue this assessment by developing a draft request for proposal (RFP) for an independent contractor review and, with concurrence on the scope of services and work product, solicit competitive bids and request support and funding from the Board to conduct this study. A draft RFP for "performance audit" services has been prepared and issued to the cities for review and comment (Attachment 4).

Two groups of cities, northern and southern, are considering alternatives for disengaging from the Logan treatment plant and constructing new treatment plants. Staff understands that the northern cities study has been completed in draft phase and the southern cities study, which also includes Hyrum City, is in the engineering contractor selection process.

Staff recommends that the Board to take no action on the cities' request to delay funding or tie funding to formation of a district. Current negotiations to create an oversight framework using interlocal agreements are productive and positive and efforts to force Logan to transfer ownership of its treatment works to a newly-created district will likely not be successful. Staff recommends the Board encourage Logan and the cities to work in harmony to the benefit of all communities and to the betterment of water quality. Further delay of this important project could subject Cutler Reservoir to continued impairment and degradation.

Attachments:
1. Original Feasibility Report with Cost Model
2. Letters from Cache Valley communities (2)
3. DWQ Technical Paper
4. Draft RFP for Performance Audit

ATTACHMENT 1

Date Received: _____
Date to be presented to the WQB: January 22, 2014

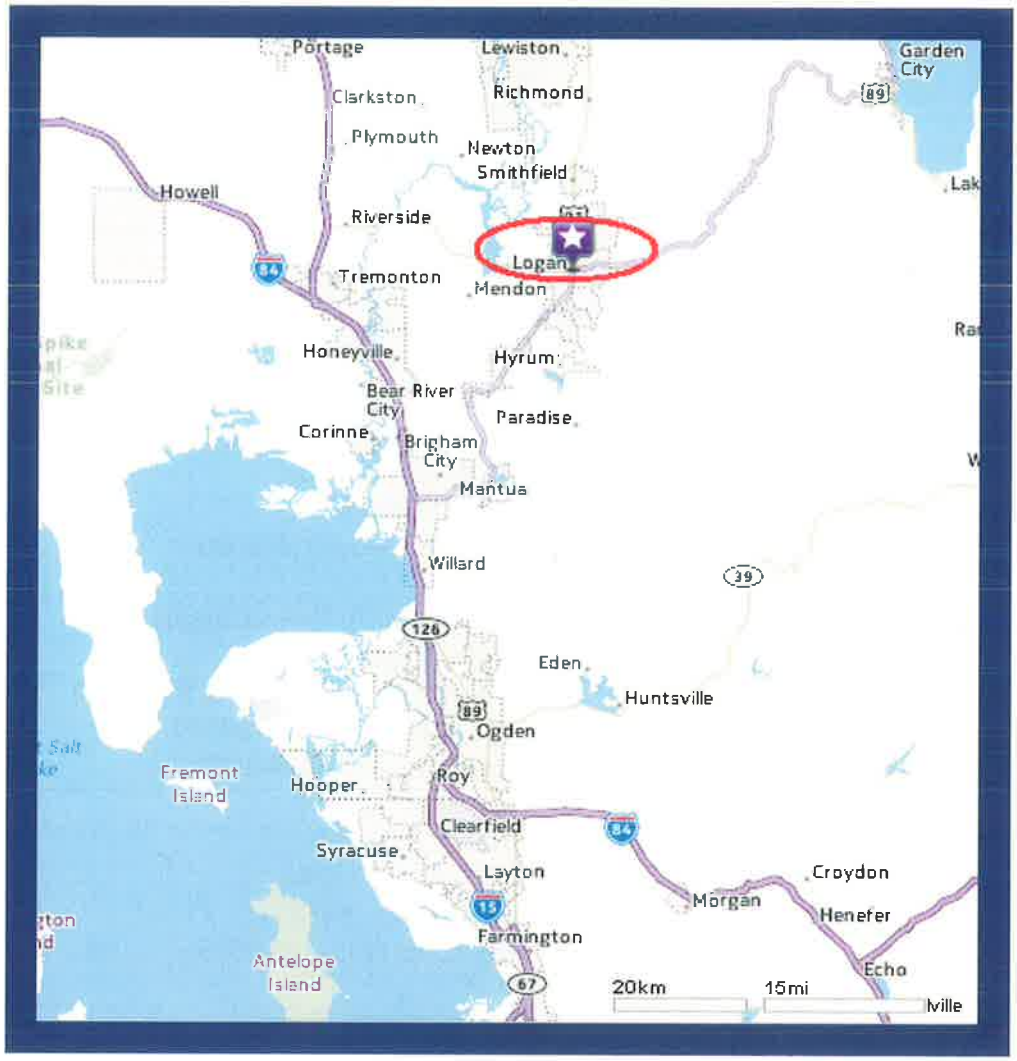
WATER QUALITY BOARD
REQUEST FOR FINANCIAL ASSISTANCE
AUTHORIZATION

APPLICANT:	Logan City 290 North 100 West Logan, Utah 84323 Telephone: 435-716-9000
PRESIDING OFFICIAL/CONTACT:	Mayor Randy Watts 290 North 100 West Logan, Utah 84323 Telephone: 435-716-9000
TREASURER:	Richard Anderson, Financial Director 290 North 100 West Logan, Utah 84323 Telephone: 435-716-9000
CONSULTING ENGINEER:	Craig Ashcroft, Project Engineer Carollo Engineers, Inc. 1265 East Ft. Union Blvd, Suite 200 Salt Lake City, Utah 84047 Telephone: 801-233-2500
CITY ATTORNEY:	Kymber Houseley 290 North 100 West Logan, Utah 84323 Telephone: 435-716-9000
BOND COUNSEL:	Randall Larson, Partner Ballard Spahr 201 South Main Street, Suite 800 Salt Lake City, UT 84111 Telephone: 801-531-3079
FINANCIAL ADVISOR:	Matt Dugdale, MSF, First Vice President George K. Baum & Company 15 West South Temple, Suite 1090 Salt Lake City, UT 84101 Telephone: 801-538-0351

APPLICANT'S REQUEST

Logan City is requesting a $70,000,000 loan at an interest rate of 0.0% repayable over 20 years to construct a new mechanical wastewater treatment facility capable of meeting stringent effluent limits for ammonia and phosphorous to replace its existing lagoon system.

APPLICANT'S LOCATION



INTRODUCTION

Logan City currently operates a seven cell discharging lagoon system that is one of the largest municipal wastewater treatment lagoons in the United States. The lagoons were first constructed in 1965, and served the community extraordinarily well for nearly 50 years. The seven existing cells comprise over 460 acres and serve not only Logan City but also the nearby communities of Hyde Park, Nibley, North Logan, Providence, River Heights and Smithfield.

In 1988 the City made extensive upgrades to the lagoon system and added pontoon-mounted surface aerators, a mechanical headworks and a chlorine contact basin. In 2002, the City added a series of wetlands to improve ammonia removal.

Effluent is discharged to Cutler Reservoir via Swift Slough during the winter season. During the growing season, effluent is used to irrigate fields to the west of the facility, with excess effluent conveyed to a wetland polishing cell prior to discharge to Cutler Reservoir via Swift Slough.

PROJECT NEED

In 2004, the Division of Water Quality identified Cutler Reservoir as being impaired for dissolved oxygen due to excess phosphorus. The Division subsequently performed a Total Maximum Daily Load (TMDL) study for Cutler Reservoir (approved in February 2010) that resulted in new phosphorous limits, both for point and non-point sources, in order to protect the beneficial uses of the water body.

As a result, in February 2011 the City received a modified Utah Pollutant Discharge Elimination System (UPDES) permit with a new limit on total effluent phosphorus that must be met by 2017. The Division negotiated a compliance schedule with the City to meet the new phosphorous limit. However, stricter chronic ammonia limits were not incorporated into the City's discharge permit at that time, pending permit renewal.

In May of 2012, the City completed a master plan (per the compliance schedule) to evaluate various treatment alternatives to meet the new phosphorus limit. At that time, the City evaluated various options including a multi-phase approach that would blend lagoon effluent with mechanical treatment effluent to help mitigate the significant capital cost outlay.

In January of 2013, in anticipation of renewing the City's discharge permit, the Division notified the City that in addition to meeting the TMDL phosphorus limit, the City would also be required to meet more stringent chronic ammonia standards, which had not been considered in the initial master plan evaluation. The City determined that the new chronic ammonia limits could not be achieved with blended effluent based on using a phased approach, so the City re-evaluated alternatives to meet the phosphorous and chronic ammonia limits and determined that it would need to construct a new 18 million gallon-per-day (mgd) mechanical wastewater treatment facility and abandon its existing lagoon system.

ALTERNATIVES EVALUATED

The City evaluated these alternatives to meet the new discharge limits:

- No Action
- BioDomes with Tertiary Treatment
- BioDome/Mechanical Treatment Hybrid
- Algae Treatment
- Deeper Lagoons with Diffused Air
- Sequencing Batch Reactors
- Conventional Activated Sludge
- Membrane Bioreactor
- **3-Stage Bardenpho Bioreactor – the selected alternative**

PROJECT DESCRIPTION

Logan City selected the 3-Stage Bardenpho Bioreactor to meet the new phosphorous and chronic ammonia limits. This type of treatment was selected after comparing project lifecycle costs, effluent quality, process reliability, constructability, energy use and compatibility with the existing lagoons as the determining criteria. Preliminary concept design is to construct six 4-mgd (for peak flow of 24-mgd) bioreactors with dual equalization components.

The project is expected to be completed in 2019, in part due to unusual site conditions that require preloading the site for up to 18 months, although much of the design can be performed concurrent with preloading to minimize the extended schedule.

TMDL

A Total Maximum Daily Load Analysis study for Cutler Reservoir was completed in February 2010 to address its impaired status for low dissolved oxygen due to excess phosphorus loading. The development of the TMDL included extensive data collection and analysis followed by several iterations of professional, stakeholder and public review. The TMDL identifies the allowable load of phosphorus entering the reservoir from significant point and nonpoint sources to limit algal growth and subsequent bacterial decomposition and ultimately improve dissolved oxygen concentrations and meet water standards associated with its warm water fishery beneficial use designation. Logan City Lagoons were identified as a significant source of phosphorus loading to the reservoir, both in direct discharges via Swift Slough, and use of its effluent for irrigation during the summer growing season.

The TMDL identified a 60% irrigation season reduction and a 45% non-irrigation season reduction in total phosphorus loading from Logan City's wastewater facility as well as from the pasture lands irrigated with its effluent. This project will significantly decrease the excess phosphorus load entering Cutler Reservoir, both from its direct effluent as well as from return flows from the irrigated pastures and will improve water quality conditions in the reservoir.

Logan is planning to adjust its discharge location to 001 [See Diagram on next page] and will be in a position to treat all of its effluent before it is diverted for irrigation. This will address the non-point source (NPS) allocation of the Cutler Reservoir Phosphorous TMDL, particularly the irrigation flow return from Logan waste water treatment plant. Moving Logan's discharge point to 001 will remove an additional 26,000 lbs/year of NPS phosphorus that is currently attributable to irrigation return flows.

POSITION ON PROJECT PRIORITY LIST

Logan is currently ranked #1 on the Project Priority List (PPL). All eleven other projects on the PPL have already had funding authorized by the Water Quality Board, so funding this project will not affect the other eleven projects.

POPULATION

Logan's wastewater treatment facility is currently serving 37,987 ERUs.

	Population	Flow
Current	80,241	13 mgd
2040	117,017	18 mgd

CURRENT USER CHARGE

Logan City currently charges these sewer rates (charges for the six member cities are tabled in a later section of this report):

Residential	$27.31 per month
Commercial:	$27.42 plus $2.78/1000 gal
Residential (Treatment):	$14.44 per month
Residential (Collection):	$12.87 per month
Impact Fee (Treatment):	None
Impact Fee (Collection):	$884 maximum

IMPLEMENTATION SCHEDULE

Introduction to WQB for Funding:	October 23, 2013
WQB Funding Authorization:	December 5, 2013
Final Public Hearings:	February 2014
Advertise EA (FONSI):	February 2014
Facility Plan Approval:	January 2014
Commence Facility Design	January 2014 – June 2015
Site Pre-load	July 2014 – June 2016
Issue Construction Permit:	October 2015
Advertise for Bids:	November 2015
Bid Opening:	December 2015
Loan Closing:	January 2016
Commence Construction:	March 2016
Complete Construction:	October 2019
Startup and Optimization	**October 2020**

COST ESTIMATE

Legal and Bonding	$	1,214,000
DWQ Loan Origination Fee (1%)	$	700,000
Engineering - CMS	$	6,000,000
Escalation to Construction Midpoint	$	5,535,000
Construction	$	70,539,000
Contingency	$	17,635,000
City Estimated Upfront Costs:		
Property Purchase	$	1,000,000
Site Preload	$	4,000,000
Engineering Design	$	5,000,000
Total	**$**	**111,623,000**

COST SHARING

City Estimated Upfront Expenses	$	10,000,000	9%
City Cash at Closing	$	6,623,000	6%
Water Quality Board (0.5%)	$	70,000,000	63%
USDA-RD (4.5%)	$	20,000,000	18%
CIB (1.5%)	$	5,000,000	4%
Total	**$**	**111,623,000**	100%

ESTIMATED ANNUAL COST FOR SEWER SERVICE

Operation & Maintenance - Annual	$ 4,323,000
WQB Debt Service (0.5%, 20 years)	$ 3,687,000
RD Debt Service (4.5 %, 40 years)	$ 1,097,000
CIB Debt Service (1.5% 20 years)	$ 291,000
Existing Sewer Debt Service	$ 700,000
WQB Required Reserves (1½ pmt/6 yrs)	$ 969,768
Weighted MAGI (2011)	$ 33,788
Weighted Monthly Cost/ERU at 1.4% MAGI	$39.42
Proposed Weighted Monthly Sewer Cost	$39.32
Proposed Treatment Impact Fee	$ 1,942

Staff has calculated that the proposed facilities will cost $1,942 per ERU capacity. Therefore, staff used a calculated Impact Fee of this amount in the cost model. If the City elects not to assess an Impact Fee, it could be compensated in the cost model by charging approximately $1/ERU/month additional.

Project affordability was determined using a flow-weighted average for Logan and the six other communities served by the proposed wastewater treatment facility.

Weighting of All Communities (at 0.50%)

City	2012 Connections (actual)	2012 ERUs (calculated)	Current Monthly Sewer Fee	"Affordable" Monthly Sewer Fee	Proposed Monthly Sewer Fee	% of MAGI
Logan	16,500	25,612	$ 27.31	$ 31.47	$ 37.32	1.66
Hyde Park	1,209	1,131	$ 35.00	$ 59.94	$ 45.01	1.05
Nibley	1,545	1,773	$ 42.00	$ 59.24	$ 52.01	1.23
North Logan	2,095	4,559	$ 37.78	$ 55.58	$ 47.79	1.20
Providence	1,946	2,461	$ 29.15	$ 56.92	$ 39.16	0.96
River Heights	551	594	$ 19.05	$ 63.40	$ 29.06	0.64
Smithfield	2,999	1,857	$ 24.00	$ 47.19	$ 34.01	1.01
Total/Weighted Average		**37,987**	**$ 29.31**	**$ 39.42**	**$ 39.32**	**1.40**

Range of Interest Rates and Effect on Percent of MAGI

DWQ Interest Rate	Annual Debt Payment DWQ	Total Minimum Sewer Rate/ERU (year 2020)	Total Interest Paid (in 2013 dollars)	Percent of MAGI Logan City (year 2020)	Percent of MAGI weighted (year 2020)
0.00%	$ 3,500,000	$36.75	$0.00	1.63%	1.38%
0.25%	$ 3,592,601	$37.04	$1,852,000.00	1.65%	1.39%
0.50%	$ 3,686,652	$37.32	$3,733,000.00	1.66%	1.40%
0.75%	$ 3,782,144	$37.54	$5,643,000.00	1.67%	1.40%
1.00%	$ 3,879,072	$37.79	$7,581,000.00	1.68%	1.41%
1.50%	$ 4,077,202	$38.25	$11,544,000.00	1.70%	1.43%
2.00%	$ 4,280,970	$38.90	$15,619,000.00	1.73%	1.45%
2.50%	$ 4,490,299	$39.45	$19,806,000.00	1.76%	1.47%
3.00%	$ 4,705,100	$40.00	$24,102,000.00	1.78%	1.49%

STAFF COMMENTS AND DRAFT RECOMMENDATION

Staff recommends that the Board authorize a $70,000,000 loan at 0.75% interest with the following special conditions.

1. Logan City must continue to aggressively pursue funding through USDA Rural Development and the Community Impact Board (CIB).

2. Logan City must agree to participate annually in the Municipal Wastewater Planning Program (MWPP).

3. As a part of facility planning, Logan City must maintain an updated Water Conservation and Management Plan.

4. The Board reserves the right to reconsider its authorization terms should there be any material changes in Logan's overall financial package regarding funding of this project.

File: SRF-Logan, Admin, Section 1

Logan City Cost Model (2013 dollars) - Attachment 1

Project Costs	
Legal, Financial & Bonding	$ 1,214,000
DWQ Loan Origination Fee	$ 700,000
Engineering - CMS	$ 6,000,000
Construction	$ 70,539,000
Contingency (25%)	$ 17,635,000
Escalation to Construction Mid-Point	$ 5,535,000
City Funded Upfront Costs	$ 10,000,000
Total Project Cost:	**$111,623,000**

City	Connections (2012 actual)	2012 ERU (calculated)	Treatment Fee ($/Kgal)	Monthly Cost Treatment (7800 gal/ERU)	Treatment Payment (2012 actual)	Current Monthly Sewer Fee*	"Affordable" Monthly Sewer Fee*	Proposed Monthly Sewer Fee*	%MAGI
Logan	16,500	25,612	(see fee table)	$ 14.44	$ 4,188,617	$ 27.31	$ 31.47	$ 37.54	1.67
Hyde Park	1,209	1,131	$ 1.85	$ 14.43	$ 195,784	$ 39.00	$ 59.94	$ 45.23	1.06
Nibley	1,545	1,773	$ 1.85	$ 14.43	$ 306,930	$ 42.00	$ 59.24	$ 52.23	1.23
North Logan	2,095	4,559	$ 1.85	$ 14.43	$ 789,363	$ 37.78	$ 55.58	$ 48.01	1.21
Providence	1,946	2,461	$ 1.85	$ 14.43	$ 426,230	$ 29.15	$ 56.92	$ 39.38	0.97
River Heights	551	594	$ 0.92	$ 7.18	$ 51,144	$ 19.05	$ 63.40	$ 29.28	0.65
Smithfield	2,999	1,857	$ 1.85	$ 14.43	$ 321,569	$ 24.00	$ 47.29	$ 34.23	1.02
Total/Weighted Average		37,585			$ 6,279,636	$ 29.31	$ 39.42	$ 39.54	1.40

Sewer Revenue Sources (Projected)	
2013 Customers (ERU):	37,987
Projected Growth Rate:	0.590%
Weighted "Affordable" Monthly User Charge (1.4% MAGI)	$ 39.42
Weighted MAGI for service area	$ 33,788
Average MAGI forLogan (2011)	$ 26,974
Current Monthly User Charge (Collection):	$ 12.87
Current Monthly User Charge (Treatment Only):	$ 14.44
Current Month User Charge (Treatment & Collection)	27.31
Logan City Franchise Fee	$ 1.78
Proposed Monthly User Charge (Treatment):	$ 22.89
Proposed Monthly User Charge (Treatment & Collection):	$ 37.54
50% City-Projected Growth Rate of 1.5%:	0.75%
Proposed Treatment Impact Fee:	$ 1,942

Project Funding	Amount	Rate	Term
Local Contribution (cash):	$ 5,000,000		
Local Contribution (upfront costs)	$ 11,623,000		
CIB Loan Amount:	$ 10,000,000	1.50%	20 years
USDA Loan Amount:	$ 15,000,000	4.50%	39 years
Market Loan Amount:	$ -	4.34%	30 years
WQB Loan Amount:	$ 70,000,000	0.75%	20 years
Total Project Funding:	**$111,623,000**		

Annual Sewer Expenses (Est.)	
Current Annual Operating Expense:	$ 1,748,381
Projected Increase in Operating Expense:	$ 2,573,000
Projected Annual Operating Expense:	$ 4,321,381
Existing Debt Service (thru 2/1/2020):	$ 700,000

Logan Treatment Fees	Monthly Fee	2012 ERU (calculated)	2012 Actual Revenues	Cost ERU
Residential (ERU)	$ 14.44	15,183.10	$ 2,630,928	$ 14.44
Utah State ($/Kgal)	$ 1.02	3,206.49	$ 306,130	$ 7.96
Commercial Base	$ 14.18	-	na	
Commercial Usage ($/Kgal)	$ 1.55	7,222.76	$ 1,251,560	$ 14.44

Sewer Revenue Projections

Year	Projected Growth (%)	Annual Growth (ERU)	Total Users (ERU)	User Charge Revenue	Impact Fee Revenue	Total Revenue	WQB Loan Repayment	WQB Loan Reserves	WQB Loan Principal	WQB Principal Payment	WQB Interest Payment	CIB Loan Payment	USDA Loan Payment	Market Loan Payment	Existing Sewer Debt Service	O&M Expenses	Total Expenses	Beginning Cash	Ending Cash Flow	Net Revenue	Debt Service Ratio
2013	0.75%	285	37,987	$ 10,434,269	$ 553,399	$ 10,987,668									$ 693,138	$ 1,748,381	$ 2,441,519	$ -	$ 8,546,149	$ 8,546,149	
2014	0.75%	285	38,272	$ 10,512,553	$ 553,399	$ 11,065,952	-								$ 666,452	$ 1,805,750	$ 2,472,202	$ 8,546,149	$ 17,139,899	$ 8,593,750	
2015	0.75%	287	38,559	$ 10,591,386	$ 557,282	$ 11,148,668	-								$ 649,488	$ 2,165,413	$ 2,814,901	$ 17,139,899	$ 25,473,666	$ 8,333,767	
2016	0.75%	289	38,848	$ 10,670,769	$ 561,166	$ 11,231,934			$ 70,000,000						$ 621,852	$ 2,181,643	$ 2,803,495	$ 25,473,666	$ 33,902,105	$ 8,428,439	
2017	0.75%	291	39,139	$ 10,750,701	$ 565,049	$ 11,315,750	$ 3,782,144	$ 945,536	$ 66,742,856	$ 3,257,144	$ 525,000	$ 582,457	$ 822,835	$ -	$ 602,594	$ 2,197,985	$ 8,933,551	$ 33,902,105	$ 36,284,304	$ 2,382,199	1.57
2018	0.75%	294	39,433	$ 10,831,456	$ 570,875	$ 11,402,331	$ 3,782,144	$ 945,536	$ 63,461,283	$ 3,281,573	$ 500,571	$ 582,457	$ 822,835	$ -	$ 583,337	$ 2,214,496	$ 8,930,805	$ 36,284,304	$ 38,755,830	$ 2,471,526	1.59
2019	0.75%	296	39,729	$ 10,912,762	$ 574,758	$ 11,487,520	$ 3,782,144	$ 945,536	$ 60,155,099	$ 3,306,184	$ 475,960	$ 582,457	$ 822,835	$ -	$ 559,080	$ 4,321,381	$ 11,013,433	$ 38,755,830	$ 39,229,917	$ 474,087	1.25
2020	0.75%	298	40,027	$ 10,994,616	$ 578,642	$ 11,573,258	$ 3,782,144	$ 945,536	$ 56,824,118	$ 3,330,981	$ 451,163	$ 582,457	$ 822,835	$ -	$ 530,020	$ 4,353,795	$ 11,016,787	$ 39,229,917	$ 39,786,388	$ 556,471	1.26
2021	0.75%	300	40,327	$ 11,077,020	$ 582,525	$ 11,659,545	$ 3,782,144	$ 945,536	$ 53,468,155	$ 3,355,963	$ 426,181	$ 582,457	$ 822,835	$ -	$ 961,352	$ 4,386,426	$ 11,480,750	$ 39,786,388	$ 39,965,183	$ 178,795	1.18
2022	0.75%	302	40,629	$ 11,159,974	$ 586,409	$ 11,746,382	$ 3,782,144	$ 945,536	$ 50,087,022	$ 3,381,133	$ 401,011	$ 582,457	$ 822,835	$ -	$ -	$ 4,419,275	$ 10,552,247	$ 39,965,183	$ 41,159,318	$ 1,194,135	1.41
2023	0.75%	305	40,934	$ 11,243,751	$ 592,234	$ 11,835,985	$ 3,782,144		$ 46,680,531	$ 3,406,491	$ 375,653	$ 582,457	$ 822,835	$ -	$ -	$ 4,452,450	$ 9,639,886	$ 41,159,318	$ 43,355,417	$ 2,196,099	1.42
2024	0.75%	307	41,241	$ 11,328,078	$ 596,117	$ 11,924,195	$ 3,782,144		$ 43,248,491	$ 3,432,040	$ 350,104	$ 582,457	$ 822,835	$ -	$ -	$ 4,485,843	$ 9,673,279	$ 43,355,417	$ 45,606,333	$ 2,250,916	1.43
2025	0.75%	309	41,550	$ 11,412,954	$ 600,001	$ 12,012,955	$ 3,782,144		$ 39,790,711	$ 3,457,780	$ 324,364	$ 582,457	$ 822,835	$ -	$ -	$ 4,519,453	$ 9,706,889	$ 45,606,333	$ 47,912,399	$ 2,306,066	1.44
2026	0.75%	312	41,862	$ 11,498,654	$ 605,826	$ 12,104,480	$ 3,782,144		$ 36,306,997	$ 3,483,714	$ 298,430	$ 582,457	$ 822,835	$ -	$ -	$ 4,553,390	$ 9,740,826	$ 47,912,399	$ 50,276,053	$ 2,363,654	1.46
2027	0.75%	314	42,176	$ 11,584,904	$ 609,710	$ 12,194,613	$ 3,782,144		$ 32,797,155	$ 3,509,842	$ 272,302	$ 582,457	$ 822,835	$ -	$ -	$ 4,587,544	$ 9,774,980	$ 50,276,053	$ 52,695,686	$ 2,419,633	1.47
2028	0.75%	316	42,492	$ 11,671,703	$ 613,593	$ 12,285,296	$ 3,782,144		$ 29,260,990	$ 3,536,165	$ 245,979	$ 582,457	$ 822,835	$ -	$ -	$ 4,621,916	$ 9,809,352	$ 52,695,686	$ 55,171,630	$ 2,475,944	1.48
2029	0.75%	319	42,811	$ 11,759,325	$ 619,418	$ 12,378,744	$ 3,782,144		$ 25,698,303	$ 3,562,687	$ 219,457	$ 582,457	$ 822,835	$ -	$ -	$ 4,656,614	$ 9,844,050	$ 55,171,630	$ 57,706,324	$ 2,534,694	1.49
2030	0.75%	321	43,132	$ 11,847,498	$ 623,302	$ 12,470,800	$ 3,782,144		$ 22,108,896	$ 3,589,407	$ 192,737	$ 582,457	$ 822,835	$ -	$ -	$ 4,691,530	$ 9,876,966	$ 57,706,324	$ 60,298,157	$ 2,591,834	1.50
2031	0.75%	323	43,455	$ 11,936,219	$ 627,185	$ 12,563,405	$ 3,782,144		$ 18,492,569	$ 3,616,327	$ 165,817	$ 582,457	$ 822,835	$ -	$ -	$ 4,726,663	$ 9,914,099	$ 60,298,157	$ 62,947,463	$ 2,649,306	1.51
2032	0.75%	326	43,781	$ 12,025,765	$ 633,011	$ 12,658,776	$ 3,782,144		$ 14,849,119	$ 3,643,450	$ 138,694	$ 582,457	$ 822,835	$ -	$ -	$ 4,762,122	$ 9,949,558	$ 62,947,463	$ 65,656,680	$ 2,709,218	1.52
2033	0.75%	328	44,109	$ 12,115,860	$ 636,894	$ 12,752,754	$ 3,782,144		$ 11,178,343	$ 3,670,776	$ 111,368	$ 582,457	$ 822,835	$ -	$ -	$ 4,797,799	$ 9,985,235	$ 65,656,680	$ 68,424,199	$ 2,767,519	1.53
2034	0.75%	331	44,440	$ 12,206,779	$ 642,719	$ 12,849,498	$ 3,782,144		$ 7,480,037	$ 3,698,306	$ 83,838	$ 582,457	$ 822,835	$ -	$ -	$ 4,833,802	$ 10,021,238	$ 68,424,199	$ 71,252,460	$ 2,828,260	1.55
2035	0.75%	333	44,773	$ 12,298,248	$ 646,603	$ 12,944,850	$ 3,782,144		$ 3,753,993	$ 3,726,044	$ 56,100	$ 582,457	$ 822,835	$ -	$ -	$ 4,870,023	$ 10,057,459	$ 71,252,460	$ 74,139,851	$ 2,887,391	1.56
2036	0.75%	336	45,109	$ 12,390,540	$ 652,428	$ 13,042,968	$ 3,782,144		$ (86,675)	$ 3,840,668	$ 28,155	$ 582,457	$ 822,835	$ -	$ -	$ 4,906,570	$ 10,094,006	$ 74,139,851	$ 77,088,813	$ 2,948,962	1.57
										$ 70,086,675	$ 5,642,884										

ATTACHMENT 2

February 14, 2014

Walt Baker, Director
Department of Environmental Quality
Division of Water Quality
P.O. Box 144870
Salt Lake City, Utah 84114-4870

Dear Mr. Baker:

In Cache County, 75% of all residents have their sewage treated at the Logan lagoons. These residents are represented in seven cities located in the heart of Cache County including Nibley, Providence, River Heights, Logan, North Logan, Hyde Park, and Smithfield. Of these seven cities, six currently contract with Logan for this service and they represent 43.4% of all residents who rely on the lagoons for their sewage treatment

With the new discharge standards for nitrogen, phosphorous, and ammonia being established by the EPA, it appears likely that the lagoon system will no longer be able to meet the standards thereby requiring the abandonment of the current lagoon system resulting in the need for an alternative method of treatment. It has consistently been the opinion of the six contracting cities that a regional plant is a far better option than having multiple treatment plants scattered throughout the valley serving individual or smaller groups of cities. The benefits to the Division of Water Quality with respect to their role as overseers of a single or regional plant in contrast to multiple plants, has also been well established. In addition, sewer districts with their associated regional plants that have been constructed up and down the Wasatch Front such as South Davis, South Valley, Central Davis have validated the efficiency and effectiveness of sewer districts and regional plants in meeting the treatment needs of cities.

In 2012 when it became apparent the lagoons may fall short of meeting the new discharge standards, commitments were made by Logan City representatives to involve the contracting cities in charting a future path for sewage treatment for the area currently being served by the lagoons. Yet we were kept in the dark, only learning of the completed facility plan study through newspaper articles. Despite a commitment by Logan City officials and staff to consider the formation of a sewer district should Logan City have to abandon their lagoon system in favor of a new mechanical plant, Logan City has recently refused to consider that as a possibility. Despite concerns relative to rates and overhead fees and how those funds are being used, the contracting cities have been denied a voice in determining the overall financial plans for the sewer treatment system.

We recognize as contracting cities under the current system that we are subject to the terms and conditions established by Logan City. It has been their lagoon system and even

though our rates have helped pay for many of the improvements over the years, they have been the service provider and the facility owner. As cities, we have acknowledged and accepted this fact. However, with the inevitable abandonment of the Logan lagoon system, we as a united community of mayors representing the contract cities have encouraged the pursuit of a sewer district only to be rebuffed by officials and staff of Logan City.

Failure to consider a sewer district as a means to govern and manage sewage treatment, leaves the six contracting cities with only a "take it or leave it" option. If the Water Quality Board were to fund the new treatment facility on behalf of only Logan City, 45% of the users would be forced to either contract with Logan City without meaningful representation or seek funding to build and operate their own facilities. A meeting recently scheduled between the contracting cities and Logan City to simply discuss the feasibility of a sewer district and to better understand the process that would be required to establish a sewer district was promptly cancelled by Logan City staff upon hearing three of the contracting cities (North Logan, Smithfield, and Hyde Park) were exploring the *possibility* of a separate sewage treatment facility should such a facility become necessary.

Of the six contracting cities, three are located south of Logan and three are located to the north. As a result, each city has invested heavily in the construction of outfall lines, pump stations, and metering stations to transport their sewage to the centrally located sewage lagoons and the proposed site of the new Logan treatment plant. Building individual treatment plants, although an option worth consideration, would result in the abandonment of all or a portion of this infrastructure. In addition, due to the fact Logan geographically separates the six cities into two groups, one north and one south, at least two additional regional plants would need to be funded and built.

As mayors representing six of the seven cities currently using the Logan sewer lagoons, we find ourselves at a crossroads. No one city, including Logan, has a treatment facility capable of meeting the new discharge standards. As a result, we must all start anew. To provide seventy-million dollars ($70,000,000) to one city thereby allowing that one city to build the treatment facility and then dictate ongoing terms to the other six cities would be an injustice. Growth patterns in Cache Valley indicate that soon the population of the six cities will exceed that of Logan City due to the limited amount of land available for growth within Logan City compared to that of the contracting cities. As a result, inevitable future expansion of the new mechanical plant will be required because of non-Logan growth. There is now an opportunity at hand whereby every resident and business may have equal representation and a voice while achieving the goal of constructing one regional sewage treatment facility for all. It speaks to the need for efficiency, reliability, oversight, and economic responsibility.

As representatives of nearly half of all users of the current lagoon system we are united in the belief that a single regional facility has merit and would provide the most beneficial option for sewage treatment for all cities, including Logan City. It remains our desire to pursue the advantages of a sewer district because to do otherwise would be to deny proper representation of all residential and commercial users. We therefore respectfully request the Water Quality Board delay final approval of the funding for a new sewage treatment facility for Logan City, or tie such funding to the formation of a sewer district that will represent all users.

Sincerely,

Lloyd Berentzen
Mayor, North Logan City

Bryan Cox
Mayor, Hyde Park City

Darrell G. Simmons
Mayor, Smithfield

James Brackner
Mayor, River Heights City

Don W. Calderwood
Mayor, Providence City

Shaun Dustin
Mayor, Nibley City

12 March 2014

Walt Baker
Department of Environmental Quality
Division of Water Quality
Via Email

Dear Mr. Baker,

Thank you for the assistance you have recently provided to our cities in relation to our questions about sewer treatment options. We appreciate your feedback and we also appreciate your offer to provide additional technical and financial assistance in obtaining more information to help us decide the ideal outcome for our communities.

Our cities are interested in studying the region's needs in relation to sewer treatment. We believe that hiring an independent consultant to study this issue would provide information that would be valuable to us in determining our future path. The following are some of the topics we believe should be studied in such a review, however we would be pleased to work with you in establishing a scope for such a review:

- What is the best solution for wastewater treatment in Cache County?
- What is the ideal organizational structure – i.e. continuing the current arrangement versus forming interlocal entities, or establishing hybrids based on interlocal agreements?
- Would it be feasible for northern and/or southern cities to treat sewage regionally?
- What is the best technology to be used? Is Logan's proposed facilities plan the best option?
- What is the financial feasibility of various options, including infrastructure costs, treatment rates, administrative costs etc.?

We believe that having the Division of Water Quality fund and oversee such a study would be of great value to our cities and we respectfully request your assistance in accomplishing such. We also believe time in of the essence.

Sincerely,

Darrell Simmons
Mayor, Smithfield

Lloyd Berentzen
Mayor, North Logan

Don Calderwood
Mayor, Providence

Mike Johnson
Mayor, Millville

Shaun Dustin
Mayor, Nibley

James Brackner
Mayor, River Heights

Bryan Cox
Mayor, Hyde Park

Stephanie Miller
Mayor, Hyrum

ATTACHMENT 3

INTRODUCTION

In January, 2014, Logan City requested funding from the Utah Water Quality Board (WQB) for the construction of an 18-mgd wastewater treatment plant to replace their existing lagoon system. The purpose of this document is to put into context the timeline and history of events that led to the City's ultimate decision to initiate this $112 million project.

Logan City originally constructed its lagoon-type wastewater treatment facility in 1965. Today, this system is a 7-cell aerated lagoon system that covers more than 460 acres and has a design capacity of 19.1 million gallons per day (mgd). While this lagoon system has served its purpose well for many years, it was never designed for ammonia or phosphorus removal and is not capable of producing the quality of effluent that is now required to protect the area's water quality.

REGULATORY HISTORY & TIMELINE OF EVENTS

The decision by Logan City to construct a new mechanical treatment plant has been complex, lengthy and, at times, challenging. Over the last fifteen years, in a continuing effort to improve water quality, federal and state regulations have steadily become more stringent and Logan's existing plant is unable to meet these standards.

Since 1965 the population in and around Cache Valley has grown and during this period, many of the neighboring communities elected to tie into Logan's lagoon system to accommodate their growth. In the 1970's River Heights and North Logan were connected to Logan's facility. Providence connected in 1988 followed by Smithfield in 1989 and then Hyde Park in 1991. Nibley was the last community to connect in 2000. Logan City now constitutes approximately 65% of the population served and about 80% of the flow.

Ammonia and phosphorus are the two pollutants of concern that are driving the City to build a new mechanical treatment plant. As previously stated, ammonia limits have steadily become more stringent. Ammonia discharges are typically regulated by both the short-term and long-term toxic effects of ammonia on sensitive aquatic organisms. These toxic effects are referred to, respectively, as *acute* and *chronic* effects.

In 1985, EPA first published "*Ambient Water Quality Criteria for Ammonia – 1984,*" which set new ammonia criteria concentrations for the protection of freshwater aquatic life. Unlike prior standards, the new ammonia criteria varied with pH and the quality of fishery involved. In 1998, EPA updated the original "*Ambient Water Quality Criteria for Ammonia*" rules and that update was quickly superseded by the "*1999 Update of Ambient Water Quality Criteria for Ammonia,*" which incorporated changes based on public comment and additional data. These new standards for acute and chronic ammonia toxicity took into consideration the effects of pH, type of fishery, and temperature. The 1999 EPA change resulted in lower standards for both acute and chronic ammonia toxicity.

In 2002, as part of Logan City's UPDES permit renewal process, the ammonia limits were reduced, based on an updated Waste Load Analysis (WLA). Waste load analyses are modelling studies used to estimate and predict the cumulative(?) effect of pollutants on a waterbody and its designated beneficial uses. Rather than construct a new mechanical treatment plant to meet the new ammonia limits, the City elected to implement 240 acres of constructed wetlands to remove ammonia (as well as metals) from the lagoon effluent.

In 2004, the Utah Water Quality Board adopted the 1998 federal standards for *acute* ammonia toxicity into rule but did not adopt the *chronic* ammonia standards that applied to class 3C/3D waters. Class 3C/3D waters refer to the beneficial use classification of a waterbody as determined by the state of Utah. The designated beneficial uses of the Middle Bear River and Cutler Reservoir (which Logan discharges to via Swift Slough) are classified as 2B (infrequent primary contact recreation), 3B (warm water fishery), 3D (waterfowl), and 4 (agriculture).

In 2009, the Utah Water Quality Board adopted the federal *chronic* ammonia standards for Class 3C/3D waters. This change significantly reduced the chronic ammonia permit limit for Logan City and that is the basis for the current ammonia limit that the City.

EPA proposed a draft update to the "Ambient Water Quality Criteria for Ammonia" in 2009, which would have reduced the acute and chronic ammonia criteria even further. This draft was never finalized or implemented but was instead replaced by the 2013 Update. The 2013 update reduced the ammonia criteria but not by quite as much as the 2009 proposed limits.
Discuss Table

Criterion Duration	1999 Criteria (mg TAN^2/L) at pH 7 and 20°C	2009 Draft Criteria (mg TAN^2/L) at pH 7 and 20°C	2013 Final Updated Criteria (mg TAN^2/L) at pH 7 and 20°C
Acute (1-hr average)	24	19	17
Chronic (30-day rolling average)	4.5[1]	0.91[1]	1.9[1]

[1] *Not to exceed 2.5 times the criterion continuous concentration as a 4-day average within a 30-day period.*
[2] *TAN – Total Ammonia Nitrogen*
Criteria frequency: Not to be exceeded more than once in three years on average.

While the ammonia standards were progressively becoming more stringent, the Division of Water Quality determined that the Cutler Reservoir was impaired for its class 3B uses due to low dissolved oxygen and in 2004, the Division began a Total Maximum Daily Load (TMDL) study to determine the source of this impairment. When pollutants impair the use of a waterbody, a study is required to determine how to mitigate the impairment and restore water quality. The TMDL establishes the maximum amount of a pollutant allowed in the water to protect its designated beneficial uses. On February 23, 2010, the EPA approved the TMDL for the Cutler Reservoir, which determined that it was impaired for dissolved oxygen due to excess phosphorus.

One important outcome of the Culter Reservoir TMDL was that Logan was required to limit its discharge of phosphorus to 11,487 kilograms from May through October and 12,901 kilograms

from November to April, which corresponds to discharge concentrations of about 0.85 and 0.90 mg/L, respectively, when the constructed wetlands are abandoned. Based on the Cutler Reservoir TMDL findings and waste load allocation strategy, DWQ issued a new UPDES discharge permit to Logan City that included its load allocations for the first time. Because Logan's lagoon system cannot treat and remove phosphorus to these limits, DWQ and Logan City entered a compliance agreement and schedule wherein the City must meet the load limits by 2017. The compliance schedule specifies key project milestones and establishes a timeline for completion of a Master Facility Plan, as well as milestone dates for design, facility construction, and a startup period

SELECTION OF THE RECOMMENDED WASTEWATER TREATMENT ALTERNATIVE

In 2011, Logan City contracted with Carollo Engineers, Inc. to develop a Master Plan and evaluate effective wastewater treatment alternatives that would enable Logan to meet the new phosphorus limits. The impact of the chronic ammonia standards that Utah adopted in 2010 on Class 3C/3D waters was not recognized by DWQ or Logan at this time and was therefore not considered in the initial alternatives analysis of the Master Plan.

In 2012, the Master Plan was submitted to DWQ with the recommended alternative being to construct a 12-mgd mechanical–lagoon blended system in three 10 year phases. This blended-phased system would have allowed for the continued use of the existing lagoon system for a portion of the flow and a mechanical treatment plant constructed to treat the balance of the flow for phosphorus. The intent was for the lagoon effluent to be combined with effluent from the mechanical treatment plant, then filtered together, such that the resulting blended effluent would be able to meet the phosphorus limit. This option would have reduced the initial capital costs of constructing Logan's treatment plant.

During the concurrent UPDES permit renewal and DWQ's review of the draft Master Plan submitted May 2012, DWQ staff realized that Logan City was, in fact, going to be affected by the *chronic* ammonia toxicity standards adopted by Utah in 2009. In July 2012, DWQ notified Logan City of the effect the 2009 change in Utah water quality standards would have on the *chronic* ammonia toxicity limits, and discussed their implications for the proposed treatment works and the recommended "blended-phased" approach.

The new ammonia toxicity limits are not achievable with any sort of blended or phased approach so the City had no choice but to revise the Master Plan and consider additional alternatives. Some of the alternatives evaluated were: algae treatment, sequencing batch reactors, deeper lagoons with diffused air, conventional activated sludge, membrane bioreactor and the 3-stage Bardenpho. After fully investigating the feasible alternatives, Carollo Engineers recommended that Logan implement a 3-Stage Bardenpho bioreactor alternative designed treat the full-plant flow of 18 mgd.

Basic wastewater treatment can be accomplished by many different processes and the standard process methods for removing ammonia are well known and reliable. Activated sludge systems (and their variations – including the 3-Stage Bardenpho) are the most widely applied treatment processes used to achieve stringent effluent limits for ammonia and phosphorus removal. The recommended alternative is referred to as combined biologic nutrient removal. The following

is a table of standard activated sludge processes in order of relative treatment effectiveness and capital cost.

Process Type Names	Nitrogen Removal	Phosphorus Removal	Issues
Sequence Batch Reactor	Good	Inconsistence	Need Flow Equalization Basins
Modified Ludzack Ettinger	Good	None	Moderate Sized Basins
4-Stage Bardenpho	Excellent	None	Large Sized Basins
3-Stage Bardenpho)	Good	Good	Moderate Sized Basins
5-Stage Bardenpho	Excellent	Good	Large Sized Basins
Oxidation Ditch	Excellent	Good	Largest Basins

Table taken from a Water Environment Research Foundation white paper on activated sludge process for nutrient removal

Other alternative treatment processes would be considered experimental and require extensive testing and data before DWQ could consider them approvable. That process would delay the project and conflict with the existing compliance schedule.

In January 2014, the Water Quality Board authorized funding for this project in the amount of a $70 million loan at 0.75% interest. In funding determinations the Water Quality Board considers affordability as well as the project's overall effect on water quality improvement. As a guideline, in calculating a project's affordability, the Board uses 1.4% of the weighted average of the Median Adjusted Gross Household Income (MAGI). The Community Impact Board also authorized a loan of $10 million at 1.5% interest to help fund the project. These loans combined with an open-market bond and $15 million in local contribution will fully fund this $112 million project.

It is the opinion of DWQ staff that the 3-Stage Bardenpho is a technically and economically feasible alternative for providing combined nutrient (and ammonia) removal; it is a good alternative for Logan City that will enable the City to consistently meet its current and future discharge limits and well as meeting the challenges and growth capacity needs of the City and surrounding communities without being "more plant than the community needs".

February 14, 2014

Walt Baker, Director
Department of Environmental Quality
Division of Water Quality
P.O. Box 144870
Salt Lake City, Utah 84114-4870

Dear Mr. Baker:

In Cache County, 75% of all residents have their sewage treated at the Logan lagoons. These residents are represented in seven cities located in the heart of Cache County including Nibley, Providence, River Heights, Logan, North Logan, Hyde Park, and Smithfield. Of these seven cities, six currently contract with Logan for this service and they represent 43.4% of all residents who rely on the lagoons for their sewage treatment

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Document Date 2/18/2014
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DWQ-2014-003034

though our rates have helped pay for many of the improvements over the years, they have been the service provider and the facility owner. As cities, we have acknowledged and accepted this fact. However, with the inevitable abandonment of the Logan lagoon system, we as a united community of mayors representing the contract cities have encouraged the pursuit of a sewer district only to be rebuffed by officials and staff of Logan City.

Failure to consider a sewer district as a means to govern and manage sewage treatment, leaves the six contracting cities with only a "take it or leave it" option. If the Water Quality Board were to fund the new treatment facility on behalf of only Logan City, 45% of the users would be forced to either contract with Logan City without meaningful representation or seek funding to build and operate their own facilities. A meeting recently scheduled between the contracting cities and Logan City to simply discuss the feasibility of a sewer district and to better understand the process that would be required to establish a sewer district was promptly cancelled by Logan City staff upon hearing three of the contracting cities (North Logan, Smithfield, and Hyde Park) were exploring the *possibility* of a separate sewage treatment facility should such a facility become necessary.

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Sincerely,

Lloyd Berentzen
Mayor, North Logan City

Bryan Cox
Mayor, Hyde Park City

Darrell G. Simmons
Mayor, Smithfield

James Brackner
Mayor, River Heights City

Don W. Calderwood
Mayor, Providence City

Shaun Dustin
Mayor, Nibley City

ATTACHMENT 4

Dear CPA:

Attached is a request for proposal for audit services for the Utah Division of Water Quality for a one-time performance audit of sewer services and user rates established for the City of Logan, Utah and six surrounding communities that are connected to Logan City's sewer system.

Three hard copies and one electronic copy of your proposal must be submitted to Lisa Nelson, Project Manager, Division of Water Quality, Multi-Agency State Office Building, P.O. Box 144870, Salt Lake City, Utah, 84114-4870, no later than 5:00 pm on _____. Selection of the successful CPA firm will be made by _____.

To be considered in the bidding process, the proposing CPA firm must meet the following minimum criteria:

1. The firm must meet the *Government Auditing Standards'* continuing professional education, independence, peer review, and licensing requirements.

2. The firm must have had significant experience in government performance auditing with emphasis in public utility systems and user rate analysis. The experience must have been on an entity-, and district-wide bases, and opinions must have been issued.

3. The firm must be able to meet the reporting deadlines described in the Request for Proposal.

We look forward to working with you as we continue our commitment to quality audits in a timely and professional manner by utilizing the excellent services the CPA profession has to offer.

Sincerely,

Walter L. Baker, P.E.,
Director

Cc: 7 Mayors
WQB

Utah State Capitol Complex, East Office Building, Suite E310 • P.O. Box 142310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • Fax: (801) 538-1383

REQUEST FOR PROPOSAL
CACHE VALLEY SEWER SERVICES PERFORMANCE AUDIT

PURPOSE OF REQUEST FOR PROPOSAL (RFP)

The purpose of this request for proposal is to enter into a contract with a qualified firm to provide performance audit services. It is anticipated that this RFP may result in a contract award to a single contractor.

This RFP is designed to provide interested offerors with sufficient basic information to submit proposals meeting minimum requirements, but is not intended to limit a proposal's content or exclude any relevant or essential data. Offerors are at liberty and are encouraged to expand upon the specifications to evidence service capability under any agreement.

BACKGROUND

The Division of Water Quality ("Division") has agreed to contract for a performance audit of the Logan City sewer enterprise fund at the request of Logan City and six other Cache Valley cities to which Logan City provides wastewater treatment and disposal services.

Logan City anticipates constructing new wastewater treatment facilities in response to new regulatory requirements that its current wastewater treatment system is incapable of meeting. Funding the new facility will necessitate a significant increase in sewer use rates and/or fees for Logan City's residents and businesses as well as Logan City's six city sewer customers: Smithfield, North Logan, Hyde Park, Providence, Nibley, and River Heights.

In response to the anticipated rate increases, the cities want to establish that new rates charged will be equitable and that revenues collected are appropriately applied to wastewater treatment.

SUBMITTING YOUR PROPOSAL

NOTICE: By submitting a proposal in response to this RFP, the offeror is acknowledging that the requirements, scope of work, and the evaluation process outlined in the RFP are fair, equitable, not unduly restrictive, understood and agreed to. Any exceptions to the content of the RFP must be protested to the Division prior to the closing date and time for submission of the proposal.

Proposals must be received by the posted due date and time. Proposals received after the deadline will be late and ineligible for consideration.

Three hard copies and one electronic copy of your proposal must be submitted no later than 5:00 pm, on _____ to:

Lisa Nelson, Project Manager
Division of Water Quality
Multi-Agency State Office Building
P.O. Box 144870, Salt Lake City, Utah, 84114-4870
lcnelson@utah.gov

Selection of the CPA firm will be made by _____

LENGTH OF CONTRACT

The performance audit contract will be a one-time evaluation of Logan City's financial reports, wastewater treatment rates structure, operating costs, and interlocal agreements / contracts, culminating in a report and presentation of findings to Logan City and the six customer cities. The financial and operational records analyzed will be for the period July 1, 2010 through June 30, 2013 ("audit period").

The Division reserves the right to review the contract on a regular basis regarding performance and cost analysis and may negotiate price and service elements during the term of the contract.

STANDARD CONTRACT TERMS AND CONDITIONS

Any contract resulting from this RFP will include the Standard Terms and Conditions (see Attachment A). Exceptions and or additions to the Standard Terms and Conditions are strongly discouraged.

Exceptions and additions to the Standard Terms and Conditions must be submitted with the proposal response. Exceptions, additions, service level agreements, etc. submitted after the date and time for receipt of proposals will not be considered. Website URLs, or information on website URLs must not be requested in the RFP document and must not be submitted with a proposal. URLs provided with a proposal may result in that proposal being rejected as non-responsive. URLs are also prohibited from any language included in the final contract document.

The Division retains the right to refuse to negotiate on exceptions should the exceptions be excessive, not in the best interest of the Division, negotiations could result in excessive costs to the Division, or could adversely impact existing time constraints.

Wherever the term bid, bidder, bidding or quote appears in this solicitation or reference is made to a bid, bidder, or quote, it shall be interpreted to mean offeror, as defined in 63G-6a-103(30), RFP, or Request for Proposals, as defined in 63G-6a-103(38) and the procurement shall be conducted subject to the provisions of 63G-6a-701-711.

DISCUSSIONS WITH OFFERORS (ORAL PRESENTATION)

An oral presentation by an offeror to clarify a proposal may be required at the sole discretion of the Division. However, the Division may award a contract based on the initial proposals received without discussion with the offeror. If oral presentations are required, they will be scheduled after the submission of proposals. Oral presentations will be made at the offerors' expense.

PROTECTED INFORMATION

The Government Records Access and Management Act (GRAMA), *Utah Code*, Subsection 63G-2-305, provides in part that:

> *the following records are protected if properly classified by a government entity:*
>
> *(1) trade secrets as defined in Section 13-24-2 if the person submitting the trade secret has provided the governmental entity with the information specified in Section 63G-2-309 (Business Confidentiality Claims);*

(2) commercial information or non-individual financial information obtained from a person if:

(a) disclosure of the information could reasonably be expected to result in unfair competitive injury to the person submitting the information or would impair the ability of the governmental entity to obtain necessary information in the future;

(b) the person submitting the information has a greater interest in prohibiting access than the public in obtaining access; and

(c) the person submitting the information has provided the governmental entity with the information specified in Section 63G-2-309;

* * * * *

(6) records, the disclosure of which would impair governmental procurement proceedings or give an unfair advantage to any person proposing to enter into a contract or agreement with a governmental entity, except . . . that this Subsection (6) does not restrict the right of a person to have access to, after the contract or grant has been awarded and signed by all parties, a bid, proposal, or other information submitted to or by a governmental entity. . . ;

GRAMA provides that trade secrets, commercial information or non-individual financial information may be protected by submitting a Claim of Business Confidentiality.

To protect information under a Claim of Business Confidentiality, the offeror must:

1. Provide a written Claim of Business Confidentiality *at the time the information (proposal) is provided to the Division*,

2. Include a concise statement of reasons supporting the Claim of Business Confidentiality (Subsection 63G-2-309(1)), and

3. Submit an electronic "redacted" (excluding protected information) copy of your proposal response. Copy must clearly be marked "Redacted Version."

A Claim of Business Confidentiality may be appropriate for information such as client lists and non-public financial statements. **Pricing and service elements may not be protected.** The Claim of Business Confidentiality must be submitted with your proposal on the form which may be accessed at:

http://www.purchasing.utah.gov/contract/documents/confidentialityclaimform.doc

An entire proposal cannot be identified as "PROTECTED", "CONFIDENTIAL" or "PROPRIETARY" and may be considered non-responsive if marked as such.

All materials submitted become the property of the Division. Materials may be evaluated by anyone designated by the Division as part of the proposal evaluation committee. Materials submitted may be returned only at the Division's option.

SCOPE OF REQUIRED SERVICES

A. BASIS OF PERFORMANCE AUDIT

The auditor shall perform a financial evaluation to establish the suitability of wastewater treatment rates, separate from sewer rates, to define clearly for the Division the basis of Logan City's rates, their sufficiency and suitability for management of the wastewater treatment operations, and their equitability to all users including Logan's city customers. In particular, the auditor shall opine on the basis, suitability, and equitability of the following:

- Administrative and transfer fees charged the cities by Logan City;
- The relativity of population-based revenue versus flow-based revenue;
- The relative affordability of rates among the different communities;
- Community impact fees for sewage treatment capacity;
- Allocation of treatment costs for Inflow and Infiltration water;
- Commercial/Industrial Rates;
- Interlocal agreements, current and proposed.

B. REPORT REQUIREMENTS

1. Performance Audit Report – The auditor shall prepare a comprehensive report that describes the records reviewed, technical resources consulted, analyses conducted, deficiencies identified, opinions derived, and recommendations for equitable organizational and rate structures. The report shall be delivered in draft version and, following its review by the Division, shall be issued in final version incorporating appropriate comments received from the Division.

2. Performance Audit Report Presentation – The auditor shall present the findings of the report in one public meeting.

3. Report / Presentation Deadline – The draft audit report must be delivered by _____ and the final report no later than _____. The presentation must be completed within 60 days following final report issuance and no later than _____.

PROPOSAL REQUIREMENTS AND CPA FIRM QUALIFICATIONS

Interested certified public accounting firms should include the following information in their proposal to perform the audits for each of the fiscal years of the audit period.

A. Profile of the Independent Auditor

The profile of the offerer should provide general background information. This should include:

1. The organization and size of the offerer, whether it is local, regional, national or international in operations.

2. The location of the office from which the work is to be done and the number of professional staff, by staff level, employed at that office.

3. A positive statement that the following mandatory criteria are satisfied:

   (a) An affirmation that the offerer is properly licensed for practice as a certified public accountant in the State of Utah.

   (b) An affirmation that the offerer meets the independence requirements of the AICPA and the *Government Auditing Standards*.

   (c) An affirmation that the CPA firm meets the continuing professional education requirements contained in the *Government Auditing Standards*.

4. A copy of the CPA firms' most recent peer review report.

5. A certification that there is no conflict of interest as a result of the offerer's past or current services to Logan City or any of the customer cities.

B. Offerer's Qualifications

1. Identify the audit partners, audit managers, field supervisors and other staff who will work on the audit, including staff from other than the local office. Resumes including relevant experience and continuing professional education for the staff auditors up to the individual with final responsibility for the engagement should be included.

2. Describe the recent local office auditing experience similar to the type of audit requested.

3. If other professionals are to participate in the performance audit, those professionals are required to provide similar information that is included in the offerer's proposal.

C. Offerer's Approach to the Engagement

Submit a work plan to accomplish the scope defined in these guidelines. The work plan should demonstrate the offerer's understanding of the performance audit requirements and the resources and procedures to be applied in completing the plan. The plan should detail the expected number of professional and support services hours for the complete performance audit scope of services. The proposal should also identify the breakdown of total hours between staff, in-charge, and higher levels. The planned use of specialists, if any, should also be specified.

D. Time Requirements

Detail how the deliverable deadline requirements will be met.

E. Comprehensive Not-To-Exceed Fee

Supply the billing rates, estimated number of billable hours, other billable expenses and a comprehensive "not-to-exceed" fee for the performance, inclusive of travel, per diem and all other out-of-pocket expenses. The not-to-exceed fee information requested above should be provided for the complete scope of services.

CONTRACTUAL ARRANGEMENTS

A. Significant Contract Provisions

As part of the contract to be awarded, the CPA firm will be required to:

1. Deliver ten hard copies and an electronic copy of all reports to the Division.

2. Make available all working papers and time control records associated with the performance audit during performance of the contract.

3. Retain all working papers and reports for a minimum of five years from the final performance audit report issuance date.

4. Immediately inform the Division regarding any indication of errors, irregularities or illegal acts that may come to their attention in connection with the audit.

5. Notify the Division of all communications between the Logan City, its customer cities, and the CPA firm. Only the Division may direct the work of the CPA firm.

6. Notify the Division, in writing, prior to entering into a contract for auditing or non-auditing engagements with the Logan City or any of its customer cities.

7. Notify the Division, in writing, prior to changes of partner, manager, supervisor senior personnel or consultant obligated in the bid proposal.

8. Confirm that the CPA firm is independent of the audit entity as defined in the AICPA's Rule 101 and in *Government Auditing Standards*.

B. Compensation for Services

1. Separate progress billings are allowed for time and expense incurred during the audit with the stipulation that progress billings cannot exceed 75% of the fees stated above. A statement of the current and cumulative hours incurred shall be submitted with each billing.

2. Final payment shall be made upon completion of the audit; receipt of the required reports and presentation, and any other information requested by the Division; and receipt of a statement of actual hours incurred and final billings.

3. Payments by the Division are expressly subject to Water Quality Board authorization therefore, and in the absence thereof, the agreement may be terminated.

EVALUATION OF PROPOSALS

The criteria listed below will be considered when making an evaluation of the proposals. Mandatory requirements will include appropriateness of licensing, independence, CPE, peer review, and ability to meet audit deadlines.

A. Technical Experience of the Firm (20% of scoring weight) – Considering governmental audit experience, as well as size and structure of CPA firm.

B. Qualifications of Staff (40% of scoring weight)

C. Responsiveness of the proposal in clearly stating an understanding of the services to be performed (15% of scoring weight):

(1) Appropriateness and adequacy of proposed procedures.

(2) Reasonableness of time estimates and total audit hours.

(3) Appropriateness of assigned staff levels.

D. Cost of the Services (25% of scoring weight)

Right to Reject – The Division reserves the right to reject any and all proposals submitted and to request additional information from all proposing firms. Any contract awarded will be made to the independent CPA firm who, based on evaluation of all responses (applying all criteria and oral interviews if necessary), is determined to be the best to perform the audit.

ADDITIONAL INFORMATION

The following individuals can be contacted for information.

Division of Water Quality:

Lisa Nelson, Project Manager (801-536-4348)

Cities Contacts(?):

Prior year reports for the Logan City can be found on the City's website at: http://www.loganutah.org/Finance/Info/

Cache County considers stormwater regulations

By Shannon Nielsen | Posted: Thursday, May 29, 2014 10:06 pm

Facing new and stricter regulations for stormwater, Cache County has to come up with a stormwater plan and the County Council discussed how they are going to make that happen on Tuesday evening.

The Department of Environmental Quality (DEQ) looks at stormwater — runoff from irrigation, sprinklers or other sources — and regulates it on issues like contamination and storage.

Cities were already dealing with stormwater regulations, but unincorporated areas were not regulated until 2003.

Josh Runhaar, the director for development services for Cache County, explained that in 2003 the county was granted a 10-year waiver on stormwater regulation.

In August 2013, he said another letter was sent to the county from the Department of Environmental Quality (DEQ) saying they would be required to do permitting. The county was given 180 days to develop a stormwater management plan or to apply for another waiver.

A waiver was applied for in December of 2013, he said, and the DEQ came to the county in March to discuss what was happening in the county in terms of stormwater.

On April 30, the county received a letter rejecting the waiver request stating the county had 90 days to complete the notice of intent and stormwater management plan. The county is attempting to get at least another 90 days, Runhaar said, because even if everything was funded and ready to go, that July 29 deadline would be impossible.

"This is going to be very extensive and very hard," he said. "I am beyond capacity in multiple fashions. I cannot take this project on. This needs a full-time person — no ifs, ands or buts."

Initially, the most important step is getting someone who can take this project on as their only job, Runhaar explained. After everything comes together, he said, there will also be the issue of continuing funding.

The county is looking at roughly $60,000 to put the plan together.

"I think what the council has to answer, first of all, is how you are going to fund it," County Executive Lynn Lemon said. "Before we start spending money, we've got to figure out how we're going to generate that money."

The council discussed a $4 fee or implementing a tax on the residents of unincorporated areas, however nothing was decided at the meeting.

"This is not going to be an inexpensive requirement to meet," Runhaar said. "Logan city spent millions

in their stormwater."

Most other cities throughout the county have tried to spend as little as possible, he said, but it has still ended up being in the tens to hundreds of thousands of dollars.

He said he's going down to Weber County to look at their process for a stormwater plan and plans on visiting other counties as well.

"The one thing we do not want to do is thumb our noses and ignore it," he said. "The fines are up to $32,500 a day for violations if the EPA comes in."

There has been only one situation like that in the past, he said, and he doesn't want to be the second one.

Council Chair Val Potter said the most important thing they can do right now is get something in place to help meet those requirements along with coming up with a solution for funding.

"Stormwater requirements are for real," he said. "Obviously we're not going to get out of it."

Councilman Gordon Zilles said the best thing to do right now is to dip into the reserve fund to hire someone full time and take on this extensive project.

"We can talk about this for a long, long time, but we don't have any money budgeted for this," he said.

Councilman Craig Buttars said this is exactly what the reserve fund is for — unforeseen expenses.

Runhaar said there are so many requirements from the EPA, it will be a long task. As long as the county has a plan for things they can accomplish this year, next year, in the next five or 10 years, he said it should be enough to get the ball rolling and prevent any fines from happening.

The most important factor for the EPA is evidence that the county is in the process of getting everything done, he said.

"There are a number of issues here that need to be figured out," he said. "We're stuck in a situation where we do need money to get this thing moving."

A public hearing is set for the next council meeting, June 10, to discuss dipping into the reserve fund to start this process.

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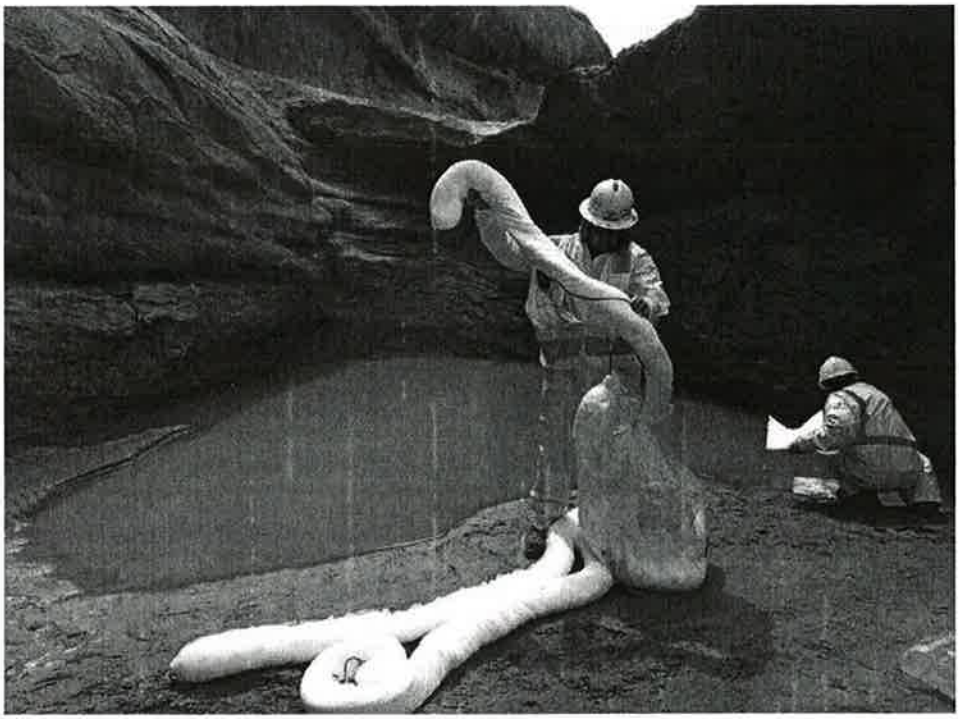

(Courtesy photo) | Bureau of Land Management Crews work to clean up damage from a leaking oil well in Salt Wash, about 12 miles southeast of Green River.

Remediation of Utah oil spill continues in Grand County

Spill » Only a small amount got into the river; crews need another week to finish cleanup.

By Kristen Moulton | The Salt Lake Tribune
First Published May 28 2014 07:16 pm • Last Updated May 29 2014 02:03 pm

It likely will take crews another week to finish scraping oil-contaminated dirt and rocks from Salt Wash, a dry streambed on public land 12 miles south of Green River that was filled with thousands of barrels of an oil-water mix when an oil well failed last week.

Heavy rainfall Friday night breached the emergency dams erected to contain the oil, and a small amount flowed into the Green River, said an on-scene coordinator for the Environmental Protection Agency.

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Curtis Kimbel, from the EPA's Region 8 office in Denver, said he arrived Saturday after crews had stopped the flow into the river.

He was told by those working to contain the spill that only a small amount — a matter of gallons, rather than barrels — reached the river, which is running high with the spring

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runoff, he said.

"The important thing is once it was discovered, modifications were put into place to make sure no more got into the river," Kimbel said Wednesday. "We're confident the material is now contained in the wash."

Beth Ransel, Moab field manager for the Bureau of Land Management, said BLM technicians are inspecting the river banks, and the National Park Service plans to float the river to inspect it for any residue in the water or along the banks.

While it's unknown how much oil made it into the river, she said, those on site believe it was small because there were only small pools of oil and oil-coated rocks left when the severe rains hit.

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Blowout was firm's second spill from old well near Green River
Published May 24, 2014

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The conclusion that only a small amount reached the river is being challenged by at least one area resident, Jim Collar, a software developer based in Moab who was camping on the rim above the Green River Friday night.

Collar shot photos of what he and his friends believe was oil film from the rim of Labyrinth Canyon at the Bow Knot, a famous bend on the Green River.

"On Saturday morning when I got up, I took my camera to the canyon rim to take some pictures. I was startled to find this oil sheen on the river," which was about 1,000 feet below, he said. "It was very visible. It was river wide, wall to wall. It was there when we left the next day."

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The spot is 15 to 20 river miles downstream from where Salt Wash enters the Green.

John Weisheit, conservation director of Living Rivers and the Colorado Riverkeeper, said, "This pollution is unacceptable," and called it a sign that oil companies and their regulators are not doing their jobs.

The Green River joins the Colorado River downstream from the spill, flows into Lake Powell, through the Grand Canyon, into Lake Mead and onto the farms of California's Imperial Valley and into the taps of millions of people in Phoenix, Los Angeles and San Diego, he said.

"Is this a drinking water system or not? It is. Start acting like it," he said. "Protect our watersheds. The people downstream need to know that."

Kimbel said it's not clear how much oil and water escaped after the rupture, which was discovered May 21. The 45-year-old well belongs to SW Energy of Salt Lake City. The company did not immediately return a phone call left at its office on Wednesday.

According to the BLM, an estimated 80 to 100 barrels of the oil-water mixture streamed, each hour, into the Salt Wash about four miles from where it reaches the Green River. The flow continued for 30 hours before crews were able to dump in several truckloads of a high-density mud to seal the well Thursday afternoon.

Based on those estimates, the spill could have been 2,560 to 3,000 barrels, or up to 126,000 gallons of

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the oil-water mixture. Ransel at the BLM, however, cautioned against such a conclusion. "There are a lot of unknowns about the amount coming out of the well," she said.

The well operator had used vacuum trucks to suck up much of the spilled oil-water mixture by Thursday, and built berms and placed absorbent materials in the wash to prevent the oil from reaching the Green River.

Heavy rain Friday night, however, breached the dams closest to the river. Rainwater rushed over the oil-coated rocks and picked up small pools of oil that were in the wash about a mile or so from the river, according to Ransel and the BLM's updates about the spill on its website. The BLM oversees the oil lease and the surrounding land.

New dams stopped the flow Saturday, and those did not fail during rainstorms that night, Kimbel said.

Kimbel said he and representatives from SW Energy, the BLM and the Utah Division of Oil, Gas and Mining "walked the entire area several times" and came up with a strategy to remove all contaminated material from the wash.

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by Taboola

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when the slick gets to Lake Powell no one will notice it because of the slick already there from boat motors.

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Broom_Lady

How many of these oil spills have happened that we haven't heard about?

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RiffDog2

Read the article's title again. A Utah oil spill in Grand County. Anything happening in Grand County will always be in Utah. Even editors who work for the Salt Lake Tribune should know that.

2 weeks ago 1 likes

UT-rabble-rouser

One, too many. Really sad what Utah and the Feds are doing to our public lands. Probably, another slap on the hand for the oil barons.

2 weeks ago 2 likes

5.5

darkknight11

You have to expect this kind of stuff will happen in this industry, and other economic sectors. Why, even the recreation sector in Moab experiences catastrophies, even fatalities.

The damage was contained here. In a relatively short time. No lives were lost. No damage done was irreparable.

2 weeks ago 1 likes

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