



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
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Walter L. Baker
Executive Secretary

Utah Water Quality Board Meeting
DEQ Building Board Room #1015
195 North 1950 West
Salt Lake City, Utah 84116
January 28, 2015

Board Meeting Begins @ 9:00 a.m.
AGENDA

- A. Water Quality Board Meeting – Roll Call
B. (Tab 1) Minutes:
Approval of Minutes for December 16, 2014 WQ Board Meeting.....Myron Bateman
C. Executive Secretary’s Report Walt Baker
D. (Tab 2) Clean Water SRF Program Reports:
1. SRF Annual Report FY2014Emily Cantón
2. FY15 Intended Use Plan and Project Priority: Request to go to Public Comment
..... Emily Cantón
E. (Tab 3) SRF Funding Requests:
1. Financial Report Emily Cantón
2. Salem City Planning Advance Lisa Nelson
F. (Tab 4) Rulemaking:
1. Request to Initiate Rulemaking for Section R317-10-8: Utah Wastewater Operator
Certification CouncilJudy Etherington
G. (Tab 5) Other Business:
1. Appointment of Two New Members to the Wastewater Operator Certification
Council.....Judy Etherington
2. New Vision for Clean Water Act Section 303d ProgramCarl Adams
3. Summary of Willard Bay Mitigation ProjectsMichael Allred
H. (Tab 6) News Articles:

Next Meeting February 25, 2015
DEQ Building Board Room 1015
195 North 1950 West
Salt Lake City, Utah 84116

Revised 01/20/15

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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MEMORANDUM

TO: Utah Water Quality Board

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

FROM: Emily Cantón,
Contract/Grant Analyst

DATE: January 14, 2015

SUBJECT: FY14 State Revolving Fund (SRF) Annual Report

In partial fulfillment of requirements for the Clean Water State Revolving Fund (SRF) capitalization grant agreement, an Annual Report, including financial statements, must be submitted to EPA Region 8. The attached report summarizes the program history, its long- and short term goals, and its accomplishments in Fiscal Year 2014, as well as reporting on the programmatic and financial status of the SRF funds.

This report is provided to the Water Quality Board as an informational item and will be submitted to EPA in order to meet conditions of the Operating Agreement.

STATE OF UTAH
WATER QUALITY STATE REVOLVING FUND
ANNUAL REPORT & FINANCIAL STATEMENTS
State Fiscal Year 2014



(Echo Sewer SSD – An SRF project currently under construction)

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Executive Summary

The Utah Water Quality Board (the Board) administers financial assistance programs through the Division of Water Quality including the Clean Water State Revolving Fund, the Utah Wastewater Loan Fund, and the Hardship Grant Funds. The Board is comprised of nine members who are appointed by the Governor. The Board's primary responsibilities in administering financial assistance funds include developing administrative rules for program implementation, authorizing loan and hardship grant/principal forgiveness amounts, and determining interest rates and loan terms.

The Division of Water Quality (DWQ) serves as staff for the Board and manages the day-to-day operations of the financial assistance programs. Those responsibilities include administering loans, providing construction assistance, and managing fund transactions. DWQ coordinates their efforts with the Department of Environmental Quality - Office of Support Services, the Utah Division of Finance, the Utah Attorney General's Office, and the State Treasurer's Office in order to meet all federal and state requirements.

Both direct and indirect costs are incurred by DWQ for the administration of the financial assistance programs. Those costs are funded with program revenues, which include Clean Water State Revolving Fund (SRF) administrative dollars and loan origination fees. Department of Environmental Quality employees charge time for eligible administrative work on the SRF program. Those employees are covered by the State of Utah personnel benefits plan. Indirect costs for general state expenses are also charged through a cost allocation plan.

Key program results at the end of Fiscal Year 2014 were:

- One hundred and twelve (112) loans have been closed since August 1988; one hundred and six (106) of those projects having completed construction.
- As of June 30, 2014, the total receivable amount on existing loans was \$176,138,504.
- During FY14, a total of \$2,991,280 was drawn from the federal line of credit (LOC) for projects under construction.
- SRF activity in FY14 included total loan disbursements of \$3,438,000; principal loan repayments of \$15,614,244; and, loan interest payments of \$662,505.
- The Federal Hardship fund activity included planning and design advance disbursements of \$1,923,500; hardship grant disbursements of \$3,529,880; advance and grant repayments of \$1,148,670; and, hardship assessment fee payments of \$2,002,864.
- Construction was completed on the new Santiquin City advanced wastewater treatment plant (\$17.7M) and construction was started on five SRF loan projects at Helper City (Phases 2 and 3), Midvalley Improvement District, Murray City, Coalville City, and Echo Special Services District.

Program History

Utah's Clean Water SRF was established pursuant to Title VI of the Federal Clean Water Act of 1987. The SRF provides low interest rate loans for the funding of water quality and wastewater infrastructure projects in Utah. The State of Utah – Department of Environmental Quality receives Capitalization Grants from the EPA and provides 20% in state matching funds for obligated grants. The SRF receives revenue from principal loan repayments, interest payments, and interest earned on the investment fund. Expenses for projects under construction are then disbursed from the SRF.

DWQ also operates a state loan program, which provides an alternative source of funding for certain water quality projects, providing additional flexibility for project development without some of the funding conditions or restrictions that accompany the SRF funds. State matching funds for the SRF are generated from this state loan program.

With approval from the Environmental Protection Agency (EPA), the State of Utah established a Federal Hardship Grant Program in 1993. This grant program is funded through hardship assessment fees charged in lieu of interest on SRF loans. The hardship grant assessment fees are deposited into a Federal Hardship Grant Fund, which is separate from the SRF. These monies are used to provide grants to communities that are otherwise financially unable to implement clean water projects with support from the loan programs.

Mission Statement

The mission of the Division of Water Quality is to protect, maintain, and enhance the quality of Utah's surface and underground waters for appropriate beneficial uses; and protect the public health through eliminating and preventing water related health hazards which can occur as a result of improper disposal of human, animal or industrial wastes while giving reasonable consideration to the economic impact.

Program Goals

Projects in the state that preserve and protect water quality will be considered for financial assistance. Funded projects may include construction of wastewater treatment plants, collection systems, on-site wastewater disposal, and non-point source improvements including storm water projects.

Long-Term Program Goals

1. Provide a sustainable funding source that enables communities to supplement or leverage local resources and/or other funding sources for development and implementation of valuable water quality projects.
 - All projects receiving loans through the SRF are required to make (at least) an annual repayment of principal. Since its inception, the fund balance has steadily increased. Cash flow projections indicate that the fund will continue to generate a repayment stream for the funding of future projects.

2. Distribute SRF funds to projects with the greatest need and water quality benefit based on a standardized system for evaluating, prioritizing, and subsequently funding proposed projects.
 - All projects receiving funding through the SRF meet a critical need as defined by the Utah State Project Priority System.
3. Provide sufficient and affordable project funding consistent with EPA's Sustainability Policy for water quality construction projects. Balance economic and water quality needs of a community with the perpetuity of the SRF.
 - All projects receiving funding through the SRF are evaluated for their ability to solve critical public health and water quality needs while recognizing community economic conditions. Projects are funded in a manner that will be protective of the environment, affordable to the community, and consistent with EPA's Sustainability Policy.
 - The DWQ conducts financial feasibility reviews of all proposed project that are based on engineering studies and facility plans conducted by SRF applicants prior to requesting Water Quality Board authorization to obligate SRF funds. This review includes an analysis of the value and priority of each project and of the construction loan amount and rate of interest that should be applied. The result of these reviews is to ensure that all funded projects will use loan funds effectively and that the applicants can reasonably afford to repay their loans while properly maintaining constructed systems and meeting their water quality objectives. Loans will not be authorized unless applicants are capable of repaying them.
 - The Hardship Grant Program was created specifically to provide (supplemental) funding for important water quality projects where the applicants are not able to secure sufficient loan funds due to financial hardship and other constraints.
4. Assist communities with life-cycle infrastructure planning and sustainable financing.
 - The Water Quality Board assists communities to address the need for adequate wastewater infrastructure. The Board recognizes that wastewater facilities must meet community and water quality needs throughout their design life and that these facilities must be flexible to accommodate growth and changing requirements within that period. Therefore, when helping communities provide wastewater infrastructure for existing and future users, the Board supports and requires strong community planning efforts to establish financial sustainability, coordinated growth, and cost effective development and provision of wastewater services.

Short-Term Program Goals

1. Authorize funding for projects listed in the Intended Use Plan by assisting communities to develop good projects during facility planning, the application process.

- Engineering Section staff works closely with communities to ensure facility planning satisfies water quality needs and program requirements. Staff supports applicants during application preparation to simplify this process, reduce paperwork and minimize delays and red tape.
2. Secure funding for through the federal EPA Capitalization Grant.
 - Engineering Section staff prepares the Intended Use Plan, Project Priority List, and Capitalization Grant application on an annual basis.
 3. Partner with other agencies to support large projects, improve project affordability, and support fund sustainability.
 - Engineering Section staff assists each community from the beginning stages of application, planning, and design and coordinates funding partnerships, particularly for large projects, with other public and private funding entities.

Financial Assistance Program Accomplishments

During FY14, the Board authorized funding for four (4) projects, namely Logan City, Coalville City, Santaquin City and Eagle Mountain City.

- Logan City was authorized an SRF loan for \$70,000,000 with an interest rate of three-quarters of a percent (0.75%) and repayable over twenty years. The funding will be used for the construction of a new mechanical wastewater treatment plant that will reduce phosphorus and nitrogen loading into the water quality impaired Cutler reservoir.
- Coalville City was identified as a disadvantaged community and the Board authorized a combination of loan and hardship grant funding for the construction of a new wastewater treatment facility. Although total project cost was estimated at \$13 million, the Water Quality Board was able to partner with the U.S. Department of Agriculture Rural Development. Therefore, the Board provided a UWLF loan for \$1,144,000 at a zero percent (0%) interest rate repayable over twenty years. An additional \$4,121,000 was authorized in the form of a Hardship Construction Grant. The project will reduce nutrient loading to meet TMDL allocations and support protection of the upper Weber River and impaired Echo Reservoir.
- Santaquin City received authorization for a \$76,000 Hardship Grant to complete the construction of its new wastewater treatment plant. This advanced (membrane bioreactor) wastewater treatment plant will enable to the City to incorporate Type 1 reuse (for unrestricted human contact) into its existing community pressurized irrigation system.
- Eagle Mountain City was authorized a combination of loan and hardship grant funding to upgrade an existing collection system and to construct a low pressure sewer and pump station for the White Hills subdivision. The \$490,000 loan is repayable over twenty years and will be charged an interest rate of one percent (1%). The Hardship Construction Grant was authorized for \$598,000.

Utah SRF funds are not fully obligated until loans are closed and funds for construction are therefore unavailable to communities until they are obligated. During Fiscal Year 2014, the Board closed three loans: Echo Sewer SSD, Coalville City, and Midvalley Improvement District. Echo Sewer SSD received a loan in the amount of \$469,000 from the SRF to construct a large underground wastewater disposal system project. All funds committed through the SRF are categorized by the EPA “Needs Category.” Figure 1 shows the total amount of SRF dollars committed by Needs Category.



Figure 1

Both Coalville City and Midvalley Improvement District received loan funding through the state loan program. Coalville City received a \$1,144,000 loan for its new wastewater treatment facility, while Midvalley Improvement District received a \$1,645,000 loan for its pipeline replacement project.

Loan and hardship grant monies are disbursed from financial assistance program accounts for eligible costs incurred during the construction phase of projects. A total of \$12,427,000 was disbursed during Fiscal Year 2014.

- *SRF Disbursements* - A total of \$3,438,000 was disbursed for SRF projects under construction during FY14. Figure 2 shows the annual dollar amount of disbursements made from the SRF. Since 1989, total disbursements were \$397,108,000.

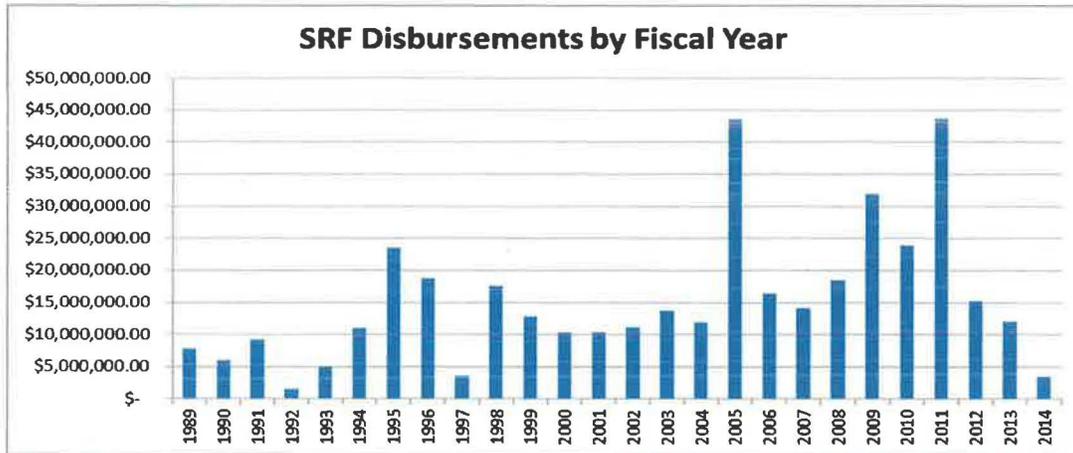


Figure 2

- *UWLF Disbursements* - A total of \$3,205,000 was disbursed including \$297,000 in state matching funds, \$1,564,000 for projects under construction, and \$1,344,000 for Division administrative costs.
- *Hardship Grant Funds Disbursements* - The Board awards advances to communities for planning and design work. The Board also uses monies from hardship grant funds to make awards for planning grants, construction grants, and non-point source grants. In FY14, \$5,453,000 was disbursed from the Federal Hardship Grant Fund and \$331,000 was disbursed from the State Hardship Grant Fund. Figure 3 demonstrates the combined total dollar amount and percentage of disbursements made by project type.

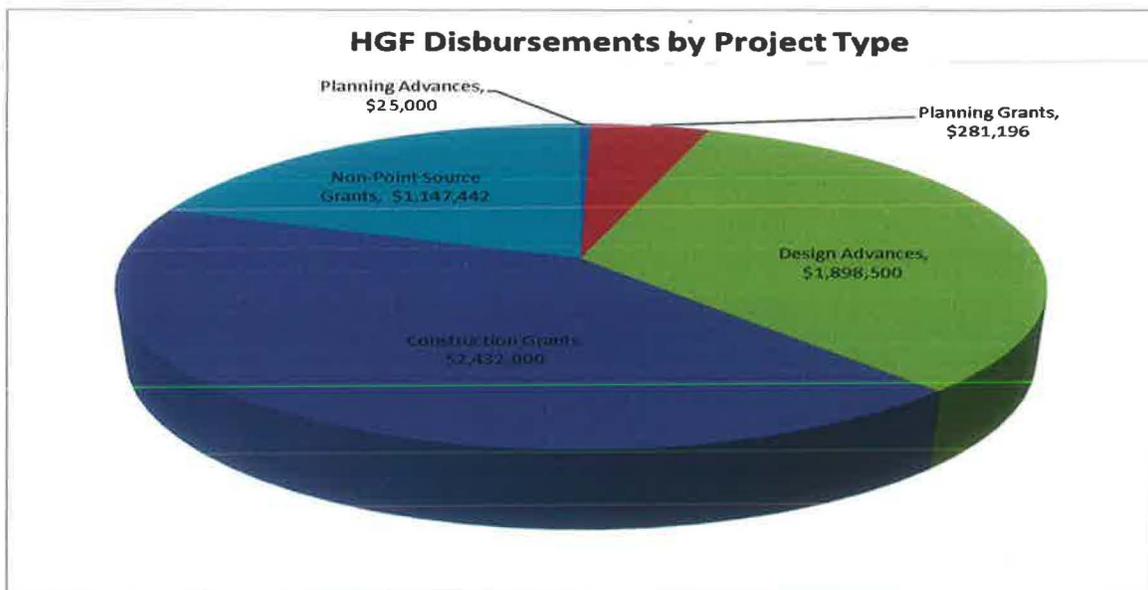


Figure 3

One construction project was completed during the year ended June 30, 2014. Santaquin City was an SRF project that received funding for the construction of a new membrane bioreactor (MBR) wastewater treatment facility to replace lagoons. The City chose



the MBR plant because of the small footprint and the high effluent quality. Since the City had recently constructed a pressurized irrigation system, it opted to reuse the effluent. Construction began in March 2012 and was completed in March 2014. Total project costs of \$18,326,000 were made possible through a successful partnership of the Utah SRF, Santaquin City, EPA's State and Tribal Assistance Grant fund (STAG), Central Utah Water Conservancy District, and U.S. Department of Agriculture Rural Development agency.

For the year ended June 30, 2014, there were a total of 112 SRF loans with 106 of those projects having completed construction. For further details of SRF loans, please see Table 1.

Operating Agreement Conditions

The State of Utah has twenty-four conditions in the SRF Operating Agreement with the EPA that set forth program, management, and financial policies and procedures to be implemented. The first twelve conditions have been met and require no further description:

1. Agreement to Accept Payments
2. State Laws and Procedures
3. State Accounting and Auditing Procedures
4. Recipient Accounting and Auditing Procedures
5. Use of the federal Letter of Credit (LOC)
6. Repayments
7. Annual Audit
8. Annual Report
9. Annual Review
10. Anti-lobbying
11. Drug Free Workplace
12. Rural Area Business Enterprise Development Plan

The remaining twelve conditions in the Operating Agreement have also been met and are described below:

13. Provide State Match - State match funds are derived from sales tax dollars that are deposited into the Utah Wastewater Loan Fund. As prescribed in the Intended Use Plan, the Division of Water Quality uses the total amount of state match required toward eligible project costs before making draws from the EPA Capitalization Grant.
14. Repayment Begins within One Year of Construction End – Principal and interest repayments of loans made through the SRF begin within one year of construction completion. This time allows revenue accumulation for one annual loan repayment.
15. Extended Term Financing – Utah ensures that the long-term revolving nature of the fund is protected. Based on Clean Water NIMS data, the three-year rolling average of annual loan commitments for 2012, 2013, and 2014 is \$7,903,800, which is below the established baseline of \$10,770,155. This low average is the result of projects experiencing delays during planning, design, or National Environmental Policy Act (NEPA) processes.
16. Expeditious and Timely Expenditure - Utah has disbursed all cash draws in a timely and expeditious manner. Construction has begun on all SRF projects within a short period after loans are closed. For details on federal cash draw details, please see Table 2 on page 23.
17. First Use for Enforceable Requirements - Prior to receiving the Capitalization Grant, Utah had met the requirements of Section 1382(b) (5) of the Clean Water Act. This section requires that all Capitalization Grant funds be used in a manner that assures maintenance of progress toward compliance with enforceable deadlines, goals, and requirements of the Clean Water Act.
18. Eligible Activities of the Fund - All projects that have received SRF loans have expended loan proceeds for eligible costs.
19. Compliance with Title II Requirements - In accordance with Section 1382 (b) (6) of the Clean Water Act, the SRF is required to meet sixteen specific Title II “equivalency” requirements for wastewater treatment projects under Section 212 which have been constructed, in whole or part, before October 1, 1994, with funds “directly made available by the Capitalization Grant.” The State has met equivalency requirements up to October 1, 1994 and documented that compliance in previous annual reports. Since there was no requirement under this statute beyond the October 1, 1994 date, there has been no additional reporting for equivalency in this report.
20. DBE Requirements - The State negotiated fair share utilization goals with Region VIII for participation on activities financed by the SRF. During the state fiscal year, the SRF program has met or exceeded the minimum Disadvantaged Business Enterprise (DBE)

utilization program requirements. Construction projects have either implemented fair share utilization goals for DBE participation or have demonstrated that a good faith effort was made to provide opportunity for qualified DBE involvement.

21. Other Federal Authorities - The State and all recipients of SRF funds, which were made available directly by the Capitalization Grant, have complied with applicable federal authorities. Recipients of SRF assistance agreed to this as a condition of the bond agreement between the loan recipient and the State.
22. State Environmental Review Process - During the fiscal year, the State was actively involved in assisting potential SRF projects with planning. Environmental impacts are being carefully considered with each plan. No loans are closed with a community until a Categorical Exclusion, Finding of No Significant Impact, or Environmental Impact Statement is issued.
23. Cash Draw Procedures - Table 2 of this report includes the amount of funds drawn from the federal Letter of Credit (LOC) and from the state match for loan projects and administration during the fiscal year.
24. Outlay Projections - The FY14 Intended Use Plan (IUP) projected draws for loans from the federal LOC equal to \$6,767,000. During SFY 2014 a total of \$3,218,000 was actually drawn, which is approximately 48% of the projected amount. This was primarily due projects unable to proceed to loan closing because of planning, design, and environmental work delays.

Additional Subsidization

Not less than 20% but not more than 30% of the funds made available through the 2013 and 2014 Clean Water SRF capitalization grants must be used to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants. However, this requirement only applies to the portion of the federal appropriation that exceeds \$1 Billion. The minimum and maximum amounts that may be used toward the additional subsidization requirement are:

	<u>Minimum Amount</u>	<u>Maximum Amount</u>
FY 2013 Capitalization Grant	\$330,013	\$495,019
FY 2014 Capitalization Grant	\$400,623	\$600,934

Utah has applied a total of \$251,000 in additional subsidy to the FY13 requirement by providing principal forgiveness to Echo Sewer SSD. In order to meet the minimum requirement, an additional \$79,013 must be awarded to a future project. Utah has not yet applied additional subsidy funds to the FY14 requirement and is working diligently to fund a needed project in the upcoming year. Staff expects to meet this requirement when Eureka City and Francis City loans are closed.

Green Project Reserve

To the extent that there are sufficient eligible projects, not less than 10% of the funds made available through the 2013 and 2014 Clean Water SRF capitalization grants shall be used for

projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The minimum amounts to be used toward the green project reserve requirement are:

	<u>Amount</u>
FY 2013 Capitalization Grant	\$700,600
FY 2014 Capitalization Grant	\$736,200

The State of Utah is in the process of meeting the FY13 green project reserve requirement as it has awarded a total of \$469,000 to Echo Sewer SSD. The remaining \$ 231,600 will be awarded to a needed project during State Fiscal Year 2015 (Francis City land application). Utah has not yet applied any project funding toward the FY14 green project reserve requirement.

Current Program Status

Since its inception, the State Revolving Fund has been steadily increasing and has grown into a permanent source of financial assistance for the construction of water quality projects throughout the State of Utah.

Each year, there are water quality projects in Utah that do not receive funding directly from the SRF. Utah encourages community self-reliance through prudent planning and cooperative efforts to utilize other sources of available financial assistance.

Many of the larger wastewater treatment facilities located in high population areas of the State are able to afford construction financing without utilization of the State Revolving Fund. Medium-sized communities rely heavily on the SRF to provide additional assistance, making wastewater treatment affordable to their citizens. To achieve efficient and affordable public health and water quality solutions, communities with small populations use the USDA Rural Development and Utah Wastewater Project Assistance Program financing for loans and grants for their wastewater projects. The Utah Community Impact Board funding is used by communities located within impacted (mineral extracting) counties.

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF NET ASSETS
June 30, 2014**

ASSETS

CURRENT ASSETS

Cash & Cash Equivalents	\$ 78,732,412
Receivables:	
Amount due from EPA	6,070
Amount due from State	1,003
Loan interest	656,643
Hardship assessments	550,736
Loans Receivable	10,077,180
Total current assets	<u>90,024,044</u>

NONCURRENT ASSETS

Loans receivable	<u>166,061,324</u>
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TOTAL ASSETS

256,085,368

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Deposits	-
Due to State	17,455
Due to Other Funds	10,821
Accounts Payable	<u>139,106</u>

TOTAL LIABILITIES

167,382

NET ASSETS

Unrestricted	<u>255,917,986</u>
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TOTAL NET ASSETS

\$255,917,986

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS**

June 30, 2014

	Total
OPERATING REVENUES	
Loan interest	\$ 650,219
Hardship assessments	1,970,734
Late Fees	1,751
EPA Program Administration Fees	226,441
Loan Origination Fees	2,180
Total Operating Revenues	2,851,325
 OPERATING EXPENSES	
Hardship grants	3,516,744
Principal Forgiveness	-
EPA Program Administration	317,401
Total Operating Expenses	3,834,145
 OPERATING INCOME (LOSS)	 (982,820)
 NONOPERATING REVENUES (EXPENSES)	
Investment income	451,877
EPA capitalization grants - Loans	2,991,280
EPA capitalization grants - Principal Forgiveness	-
State match	296,720
Transfers in	90,960
Transfers out	(3,716,960)
Total nonoperating revenues(expenses)	113,877
 CHANGE IN NET ASSETS	 (868,943)
 NET ASSETS, BEGINNING OF YEAR	 256,786,929
 NET ASSETS, END OF YEAR	 \$255,917,986

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED STATEMENT OF CASH FLOWS**

June 30, 2014

	Total
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from loan interest and penalties	\$ 662,505
Cash received from hardship assessments	2,002,864
Loan origination fees received	2,180
Loans disbursed	(5,361,500)
Hardship grants disbursed	(3,529,880)
Principal received on loans receivable	16,762,914
Principal forgiveness disbursed	-
Grant awards	220,371
Program administration	(303,432)
Charges for services	-
Project administration	-
Net cash (required) by operating activities	10,456,022
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Funds received from EPA capitalization grants - Loans	2,991,280
Funds received from EPA capitalization grants - Principal Forgiveness	-
Transfers in	90,960
Transfers out	(90,960)
Funds received from State of Utah	(3,329,280)
Net cash provided by noncapital financing activities	(338,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investment income received	451,877
Net cash provided by investing activities	451,877
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,569,899
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	68,162,513
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 78,732,412
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (982,820)
Changes in assets and liabilities related to operations:	
(Increase)/Decrease in loan interest receivable	10,534
(Increase)/Decrease in hardship assessments receivable	32,131
(Increase)/Decrease in amount due from EPA	(6,070)
(Decrease)/Increase in amount due from State	(1,000)
(Decrease)/Increase accounts payable	62,652
(Decrease)/Increase in amount deposits	(27,367)
(Decrease)/Increase in amount due to State	16,818
(Decrease)/Increase in amount due to Other Funds	(50,270)
(Increase)/Decrease accounts receivable	-
(Increase)/Decrease loans receivable	11,401,414
Net cash (required) by operating activities	\$ 10,456,022

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

NOTE 1 – DEFINITION OF REPORTING ENTITY

The Utah Department of Environmental Quality, Division of Water Quality - State Revolving Fund (SRF or Fund) program was established pursuant to federal action in order to provide low interest rate loans to public wastewater systems for preservation and protection projects that meet eligibility requirements. The United States Environmental Protection Agency (EPA) allows up to four percent (4%) of the Capitalization Grant award to be used for administrative costs incurred by the program. Funding from the 4% administrative portion of the capitalization grant and from the collection of loan origination fees allows for the supervision of the SRF program as well as for oversight of individual projects.

The Water Quality Board (the Board) is comprised of nine members appointed by the Governor. The Board develops policies and procedures for program implementation and authorizes loans under the SRF program. The Utah Department of Environmental Quality (DEQ) and the Board jointly manage the SRF program. DEQ - Division of Water Quality reviews loan applications for eligibility, prioritizes eligible projects, monitors loan disbursements and repayments, and conducts project inspections. Through the Utah Code, the legislature has given the Board rule making authority that meets federal law requirements. The Board reviews each loan applicant to determine its ability to repay the loan, its readiness to proceed with the project, and its ability to complete the project.

The SRF program receives assistance and support from the Department of Environmental Quality - Office of Support Services, the Department of Administrative Services - Division of Finance, the Utah Attorney General's Office, and the State Treasurer's Office. Salaries and benefits of employees, as well as indirect costs based on direct salary costs, are accumulated in the state's general fund and charged to the SRF based on actual time spent on SRF activities. Employees who charge time to the SRF are covered by the State of Utah personnel benefits plan. The SRF program is funded by a series of capitalization grant awards from EPA. Grant conditions require States to provide twenty percent (20%) matching funds to the federal Capitalization Grant.

The Fund follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The SRF program and activities are included in the Utah Comprehensive Annual Financial Report (CAFR) as part of the Proprietary Funds (Water Loan Programs). The SRF assets, liabilities, and net assets are combined with other state programs and are not separately identifiable.

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

June 30, 2014

Unaudited

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fund conform to generally accepted accounting principles as applicable to a governmental unit accounted for as a proprietary enterprise fund. The enterprise fund is used since the Fund's powers are related to those operated in a manner similar to a for profit business where an increase in net assets is an appropriate determination of accountability.

Basis of Accounting

The SRF financial statements are presented as an enterprise fund. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. All assets and liabilities associated with the operation of the SRF are included in the statement of net assets. The SRF has elected to follow the accounting pronouncements of the Governmental Accounting Standards Board (GASB), as well as statements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

In accordance with the Money Management Act, Section 51-7 of the Utah Code, the State Treasurer administers cash and manages investments in the State. The Money Management Act specifies the investments that may be made, which are only high-grade securities. Investments include variable rate corporate notes and obligations of U.S. government agencies that base their rates on standard quoted money market indexes that have a direct correlation to the federal funds rate. Therefore, there is very little market risk because the investments follow the normal swings of interest rates. Cash equivalents are generally considered short-term highly liquid investments with maturity of three months or less from the purchase date.

All funds deposited with the Treasurer are considered to be cash or cash equivalents regardless of the actual maturities of the underlying investments in the statement of cash flows. Investments in debt and equity securities are reported at fair value in the statement of net assets, and all investment income, including changes in the fair value, are reported in the statement of revenue, expenses, and changes in fund net assets.

Operating Revenues and Expenses

The SRF distinguishes between operating revenues and expenses and non-operating items in the statements of revenues, expenses and changes in net assets. Operating revenues and expenses generally result from carrying out the purpose of the SRF, which is to provide low interest loans to communities and provide assistance for prevention programs and administration. Operating revenues consist of loan interest repayments from borrowers. Operating expenses include allocated direct salary costs and benefits, allocated indirect costs and allowance for bad debt. All

revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

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The EPA capitalization grant and the associated State match are recorded as capital contributions, except for principal forgiveness which is reported as non-operating revenue, and the 4% administrative match which is reflected as operating revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When both restricted and unrestricted resources are available for use, it is the Fund's policy to follow the State of Utah's policy as defined in the State of Utah Comprehensive Annual Financial Report.

Hardship Assessments

The Board has the option to charge a hardship assessment in lieu of interest on loans made from the repayment stream (2nd Round). Hardship assessments are calculated and paid in the same manner as interest. The restriction for the use of hardship assessments differs from the restriction for the use of interest. Hardship assessments can be used for purposes other than loans, including grants to disadvantaged communities. As of June 30, 2014, accumulated unspent hardship assessments total \$8,515,981.

Loan Origination Fee

The Water Quality Board may charge a Loan Origination Fee up to 1% of the principal loan amount. This fee may be used for any allocable activities under the Act and administration of the loan program. As of June 30, 2014, accumulated unspent loan origination fees total \$434,950.

Budgets

The SRF, as an enterprise fund of the State, does not require appropriation, and therefore, the SRF is not included in Utah's annual appropriation.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes during the reporting period. Actual results could differ from those estimates.

Loans Receivable

Loans are funded by capitalization grants from the EPA, State matching funds, loan repayments and interest earnings. Interest is calculated from the date that funds are advanced. After the final disbursement has been made, the loan agreement is adjusted for the actual amounts disbursed. Loans are amortized for up to 30 years. Loan repayments must begin within one year of construction completion and are made on an annual basis.

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For projects receiving principal forgiveness grants, monies are advanced and forgiven as each disbursement occurs. Loan agreements require repayment of the forgiven loan if all program requirements are not met.

Allowance for Bad Debts

The allowance for bad debts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings. Loans receivable are charged against the allowance for bad debts when management believes that the uncollectibility of the principal is probable. The allowance for bad debts was \$0 at June 30, 2014.

NOTE 3 – CASH AND INVESTMENTS

All monies of the SRF are deposited with the Utah State Treasurer and are considered cash and cash equivalents. All cash deposited with the State Treasurer is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short term securities and other investments.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF) investment pool. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF. Details of the investments of the PTIF can be obtained from the State Treasurer.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities which minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

Income, gains and losses, and net of administration fees of the PTIF are allocated to participants on the ratio of the participants' share of the total funds in the PTIF based on the participant's average daily balance. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, the investments are valued at fair value. The SRF has adjusted the PTIF funds to fair value as of June 30, 2014.

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

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Investments in PTIF are not categorized because they are not evidenced by securities that exist in physical or book entry form. Cash and cash equivalents are presented below:

Pooled cash held by State Treasurer	\$ 255,185
Public Treasurer's Investment Fund	<u>78,477,227</u>
Total cash and cash equivalents	\$78,732,412

NOTE 4 – LOANS RECEIVABLE

Loans are made to qualifying entities for projects that meet eligibility criteria. The SRF loan awards are comprised of the following funding sources: (1) the federal EPA Capitalization Grants; (2) State match funds; (3) loan repayments; (4) interest payments; and (5) SRF interest earnings. Projects are funded through the purchase of incremental disbursement bonds and proceeds are deposited into an escrow account based on a quarterly schedule of anticipated costs. Loan interest begins accruing when funds are deposited in the escrow account. Principal repayment must begin no later than one year after the completion of the project. Effective interest rates and hardship assessments on loans vary between 0.0 and 5.0 percent and are generally repaid over 20-30 years. The interest rates on the loans are generally lower than market rates and, in some cases, are non-interest bearing. Loans mature at various intervals and recipients make annual payments.

Loans mature at various intervals through June 30, 2043 and the scheduled principal repayments on loans follows:

LOANS RECEIVABLE	
Year Ending June 30,	Amount
2015	\$10,077,180
2016	11,025,118
2017	11,172,029
2018	10,927,596
2019	11,163,669
2020 – 2024	54,458,015
2025 – 2029	42,479,220
2030 – 2034	18,856,677
2035 – 2039	4,650,000
2040 – 2043	1,329,000
	\$176,138,504

NOTES TO STATE REVOLVING FUND FINANCIAL STATEMENTS

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Loans to Major Local Agencies

The Fund has made loans to the following major local agencies. The aggregate outstanding loan balances for each of these agencies exceed 5 percent of total loans receivable. The combined outstanding loan balances at June 30, 2014 of these major local agencies represent approximately 44 percent of the total loans receivable and are as follows:

LOANS TO MAJOR LOCAL AGENCIES		
Borrower	Authorized Loan Amount	Outstanding Loan Balance
Central Valley Water Reclamation	\$ 35,000,000	\$ 9,077,000
Central Weber Sewer Improvement	11,055,000	9,697,623
Hooper City	12,665,000	10,955,000
North Davis County Sewer	21,650,000	18,379,000
Orem City	15,389,000	10,938,757
South Valley Water Reclamation	22,110,000	19,245,000
Total	\$ 117,869,000	\$ 78,292,380

NOTE 5 – DUE TO STATE OF UTAH

Due to State of Utah balances are an aggregation of amounts due to employees for salaries and benefits and/or vendors and miscellaneous suppliers paid by the state.

NOTE 6 – CAPITAL CONTRIBUTIONS

The following table summarized the activity of the State’s Clean Water Revolving Loan Fund by award year:

CAPITAL CONTRIBUTIONS					
Year	Grant Award	Funds Drawn as of June 30, 2013	Funds Drawn During Year Ended June 30, 2014	Total Funds Drawn as of June 30, 2014	Available Funds as of June 30, 2014
1988 – 2005	\$135,393,094	\$135,393,094	\$ -	\$135,393,094	\$ -
2006	4,560,700	4,560,700	-	4,560,700	-
2007	5,596,300	5,596,300	-	5,596,300	-
2008	3,521,700	3,521,700	-	3,521,700	-
2009	3,521,600	3,521,600	-	3,521,600	-
2009 ARRA	20,649,900	20,649,900	-	20,649,900	-
2010	10,736,000	10,736,000	-	10,736,000	-
2011	7,759,000	7,759,000	-	7,759,000	-
2012	7,422,000	7,197,681	224,319	7,422,000	-
2013	7,006,000	-	2,993,401	2,993,401	4,012,599
2014	7,362,000	-	-	-	7,362,000
Totals	\$213,528,294	\$198,935,975	\$3,217,720	\$202,153,695	\$11,374,599

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The following table summarizes the amount of state contributions made to meet match requirements of the EPA grant:

State match paid as of June 30, 2013	\$37,818,524
State match paid during the year ended June 30, 2014	<u>296,720</u>
State match paid as of June 30, 2014	\$38,115,244

NOTE 7 – RISK MANAGEMENT

The SRF is included in Utah’s Risk Management Fund, which provides insurance in case of loss or claims against the SRF. The State has elected, with a few exceptions, to be self-insured against loss or liability. There have been no significant reductions in insurance coverage from the prior year. In addition, settled claims have not exceeded insurance coverage in the last three fiscal years. Refer to the State’s Risk Management disclosure in the June 30, 2014 Comprehensive Annual Financial Reports.

NOTE 8 – CONTINGENCIES AND SUBSEQUENT EVENTS

As of June 30, 2014, the total remaining draws for SRF projects with closed loans was \$2,472,000. Draws will be completed during future fiscal years in order to complete wastewater projects in these communities. As of June 30, 2014, the Board had authorized an additional \$79,303,000 in loan funding for five communities. However, loan closing had not been completed for these projects.

NOTE 9 – NET ASSETS

Governmental Accounting Standards Board Statement No. 34 provides for three components of net assets: invested in capital assets, net of related debt, restricted and unrestricted. As of June 30, 2014, the Fund had no restricted net assets or net assets invested in capital assets, net of related debt. Unrestricted net assets consists of net assets that do not meet the definition of invested in capital assets, net of related debt or restricted. Although the Fund reports unrestricted net assets on the face of the statements of net assets, unrestricted net assets are to be used by the Fund for the payment of obligations incurred by the Fund in carrying out its statutory powers and duties and are to remain in the Fund.

SUPPLEMENTARY INFORMATION

**TABLE 1
UTAH STATE REVOLVING FUND
FINANCIAL ASSISTANCE PROVIDED THROUGH JUNE 30, 2014**

Recipient Name	Project Number	Equivalency	Type L = Loan PF = Principal Forgiveness	Interest Rate	Hardship Assessment Rate	Term	SRF Needs Category	Assistance Amount	Binding Commitment	Construction Start	Construction Completion
1 Smithfield City	101	x	L	0.00%		20 yrs	IVa&b	3,630,300	Aug-88	Aug-88	Aug-90
2 South Davis SID - North	102	x	L	3.00%		20 yrs	I	4,498,000	Jan-89	Sep-88	Oct-91
3 Central Davis SID - Ph 4	103a	x	L	3.00%		20 yrs	I	1,250,000	Feb-89	Feb-89	Aug-91
4 Providence City	104	x	L	0.00%		18 yrs	IVa & b	3,500,000	Sep-89	Nov-90	Jan-91
5 Solitude ID Phase I	105	x	L	0.00%		20 yrs	IVb	2,993,000	Mar-90	Apr-90	Jan-92
6 Central Davis SID - Ph 5&6	103b	x	L	3.00%		20 yrs	I	1,150,000	Apr-90	Feb-89	Aug-91
7 Central Davis SID - Ph 5&6	108	x	L	5.00%		20 yrs	I	850,000	Apr-90	Jan-90	Jun-91
8 South Davis SID - North	107	x	L	5.00%		20 yrs	I	4,205,000	Aug-90	Feb-89	Nov-92
9 Solitude ID (phase II & III)	112	x	L	0.00%		20 yrs	IVb&IVa	2,376,716	May-91	Apr-90	May-91
10 Hyde Park City	106	x	L	0.00%		18 yrs	IV b	800,000	Dec-91	Jan-92	Mar-95
11 South Weber City	114	x	L	0.00%		20 yrs	IVb&IVa	3,056,000	May-92	Jul-92	Oct-95
12 South Davis SID - South	115	x	L	4.00%		20 yrs	I	4,475,000	Sep-92	Oct-92	Oct-95
13 Aurora City	119	x	L	0.00%		20 yrs	IVb,IVa&I	965,000	Apr-93	Nov-93	Sep-94
14 Timpanogos SD (sludge)	125	x	L	3.50%		10 yrs	II	1,300,000	Jun-93	Jun-93	Dec-93
15 St George City	123	x	L	3.50%		20 yrs	I	4,000,000	Dec-93	Nov-94	Oct-98
16 Santaquin City	109	x	L	0.00%		20 yrs	IVb,IVa&I	1,307,000	Feb-94	Apr-94	Dec-93
17 Orem City	128	x	L		3.50%	20 yrs	I	3,500,000	Apr-94	Aug-94	Jun-97
18 North Davis Co. SID	126	x	L		3.50%	20 yrs	II	4,000,000	Jun-94	Aug-94	Apr-96
19 Snyderville Basin SID	122	x	L	0.00%		20 yrs	I	2,500,000	Jun-94	Aug-94	Jun-97
20 Magna ID	132	x	L		3.50%	20 yrs	IVb, I	2,320,000	Jun-94	Jul-94	Jul-95
21 Timpanogos SD	135	x	L		4.00%	20 yrs	II	2,900,000	Jul-94	Jul-94	Apr-96
22 Cedar City	117	x	L		2.75%	20 yrs	I,II & IVb	12,010,000	Aug-94	Sep-94	Jun-97
23 Provo City	131		L		3.50%	7 yrs	II	1,185,000	Apr-95	Apr-95	Oct-96
24 Jordanelle SAD	130	x	L		3.00%	10 yrs	IVb	2,736,000	May-95	May-95	Dec-01
25 Midway Sanitation District	113	x	L		3.00%	10 yrs	IVb	151,000	May-95	May-95	Dec-01
26 Mapleton City	116	x	L	0.00%		20 yrs	IVa & IVb	6,330,000	Jun-95	Jul-95	Dec-96
27 Snyderville Basin SID	134	x	L	5.00%		15 yrs	II	1,500,000	Jul-95	Aug-95	Apr-97
28 Grantsville City	124	x	L	0.00%		20 yrs	I	3,278,000	Aug-95	Sep-95	Oct-96
29 Moab City	129	x	L		4.50%	10 yrs	I	1,821,000	Sep-96	Oct-96	Mar-98
30 Highland City	144	x	L		4.00%	20 yrs	IVa & b	2,176,000	May-97	Apr-97	Apr-99
31 Central Davis Co. SD	140		L		4.50%	20 yrs	I	5,100,000	Jul-97	Aug-97	Oct-99
32 Nibley City	142	x	L	0.00%		30 yrs	IVa & b	6,104,000	Jul-01	Aug-01	May-04
33 St. George City	138	x	L		1.00%	20 yrs	I & II	12,000,000	Sep-97	Oct-97	Aug-02
34 Mapleton City	143		L	0.00%		20 yrs	IVa&b	3,070,000	Dec-97	Jul-95	Dec-96
35 Tooele City	111	x	L		3.50%	20 yrs	I & II	7,570,000	Dec-97	Jan-98	Apr-01
36 Washington City	213		L		2.00%	20 yrs	Iv&IIia	3,356,000	May-99	Jun-99	Jul-03
37 Ephraim City	212	x	L		3.60%	20yrs	I	2,100,000	Sep-99	Oct-99	Jul-00
38 Minersville City	209		L		1.00%	20 yrs	I	525,000	Sep-99	Oct-99	Mar-00
39 Escalante City	214		L		2.00%	20yrs	I	563,000	Oct-99	Oct-99	Mar-00
40 Richfield City	204		L		4.00%	20yrs	IIIb	4,000,000	Nov-99	Jan-99	Aug-02
41 Price River WID	145	x	L	4.00%		20yrs	I	1,000,000	May-00	Jun-00	Mar-01
42 Green River City	110	x	L	0.00%		20yrs	IIIb	870,000	Jun-00	Jul-00	May-02
43 Salina City	211	x	L	1.00%		20yrs	IIIb & IVb	2,725,000	Aug-00	Sep-00	Nov-03
44 Salina City (increase)	218	x	L	1.00%		20yrs	IIIb & IVb	400,000	Aug-00	Sep-00	Nov-03
45 Snyderville Basin (PR)	146	x	L	2.00%		10yrs	I	4,190,000	Dec-00	Feb-01	Aug-03
46 Sunnyside City	154	x	L	0.00%		20yrs	IIIb	635,000	Apr-01	May-01	Oct-02
47 West Haven SD	152	x	L	0.00%		20yrs	Iv&b	6,536,000	Apr-01	May-01	Nov-03
48 Hiidale City	118	x	L	0.00%		20 yrs	I & IVb	1,585,000	Aug-01	Sep-01	Nov-02
49 Payson City	148	x	L	4.00%		20yrs	I	7,479,000	Aug-01	Sep-01	Oct-04
50 Bear Lake SSD	220	x	L	0.00%		25yrs	I	2,230,000	Jul-03	Aug-03	Jul-07
51 Beaver City	217		L		4.00%	20yrs	I & IVb	2,050,000	Dec-01	Feb-02	Jul-03
52 Oakley City	221	x	L	0.00%		20yrs	I	400,000	Jul-02	Aug-02	Jun-03
53 South Salt Lake City	202	x	L	0.00%		20yrs	I	1,230,000	Aug-02	Non-02	Dec-99
54 Mapleton City	160		L		2.00%	20yrs	I	1,100,000	Feb-04	Jul-04	Jun-04
55 Nibley City (Increase)	142	x	L	0.00%		30yrs	IIIa & IVb	1,360,000	Feb-03	Mar-03	May-04
56 Nibley City (increase)	142	x	L	0.00%		30yrs	IIIa & IVb	275,000	Jan-04	Mar-03	May-04
57 Hyrum City	209		L		1.30%	20yrs	I	4,220,000	Dec-03	Aug-03	Feb-06

TABLE 1 (continued)
UTAH STATE REVOLVING FUND
FINANCIAL ASSISTANCE PROVIDED THROUGH JUNE 30, 2014

58	Fairview City	120	x	L	0.00%		30yrs	IVa, IVb, I	2,400,000	Jan-04	Feb-04	Jul-05
59	Gubler	NPS002		L	0.00%		12yrs	NPS	43,838	Feb-04	Jul-03	Jan-04
60	North Davis Sewer District	157		L		2.74%	20yrs	I, II	20,000,000	Jun-04	Jul-04	Feb-06
61	North Davis Sewer District (Increase)	157		L		2.32%	20yrs	I, II	900,000	Mar-05	Jul-04	Jul-09
62	North Davis Sewer District (Increase)	157		L		2.32%	20yrs	I, II	750,000	Mar-05	Jul-04	Jul-09
63	Central Davis County SD	156	x	L	1.90%		20yrs	IVa & b, I	2,700,000	May-03	Jun-03	Jun-03
64	Central Davis County SD (Increase)	156	x	L	0.50%		20yrs	IVa & b, I	405,000	Apr-05	Jun-03	Nov-08
65	Central Valley WRF	158		L		3.00%	20yrs	IIIb	35,000,000	Apr-05	Apr-05	Mar-10
66	Moroni City	150	x	L	0.50%		20yrs	II	3,700,000	Jun-05	Jun-05	Jul-07
67	Parowan City	151	x	L	2.75%		20yrs	IVb	3,772,000	Aug-05	Aug-05	Dec-06
68	Hooper City	136	x	L	0.00%		30yrs	IVa	12,000,000	Jun-06	Jun-06	Apr-08
69	Gardner	NPS003		L	0.00%		20yrs	NPS	83,200	May-07	May-07	May-07
70	Waldron	NPS001		L	0.00%		20yrs	NPS	94,640	Jul-06	Jul-06	Jul-06
71	Jensen	NPS004		L	0.00%		20yrs	NPS	41,600	Mar-07	Mar-07	Mar-07
72	North Fork SSD	227	x	L	3.00%		20yrs	I & II	3,810,000	Nov-06	Nov-06	Oct-08
73	Ward	NPS005		L	0.00%		20yrs	NPS	31,200	Jun-07	Jun-07	Jun-07
74	Ward	NPS006		L	0.00%		20yrs	NPS	23,920	Jun-07	Jun-07	Jun-07
75	Wolf Creek	837		L		3.00%	20yrs	I	5,300,000	Jun-07	Jun-07	Jun-07
76	Magna Water Co.	838	x	L	3.00%		20	II	5,000,000	Aug-07	Aug-07	Dec-09
77	Beckstead	NPS007		L	0.00%		20yrs	NPS	47,320	Dec-07	Dec-07	Dec-07
78	Anhder	NPS008		L	0.00%		20yrs	NPS	20,800	Jan-08	Jan-08	Jan-08
79	South Valley WRF	162		L		2.30%	20yrs	II	20,100,000	Apr-08	Apr-08	Jan-11
80	South Valley WRF	NPS162		L		2.30%	20yrs	NPS	2,010,000	Apr-08	Apr-08	
81	Richmond City	241	x	L	0.00%		20yrs	I & II	3,316,000	Apr-08	Apr-08	Mar-10
82	Central Weber SID	242		L		2.30%	20yrs	II	10,050,000	Apr-08	Dec-08	Mar-10
83	Central Weber SID	NPS242		L		2.30%	20yrs	II	1,005,000	Apr-08	Dec-08	Dec-11
84	Wayment	NPS010		L	0.00%		20yrs	NPS	114,026	Sep-08	Sep-08	Sep-08
85	Eagle Mountain City	234	x	L	1.00%		20yrs	II	6,665,000	Jul-08	Jul-08	Jan-10
86	Hooper City (Increase)	136	x	L	0.00%		30yrs	IVa	1,000,000	Dec-08	Dec-08	Apr-08
87	Perry City	244		L		3.00%	20yrs	II & IVb	5,675,000	Dec-08	Dec-08	Aug-10
88	Stockton Town	171	x	L	0.00%		30yrs	I & IVa	7,400,000	Sep-09	Sep-09	Oct-11
89	Riverdale City	178		L		3.00%	20yrs	IIIb	1,502,000	Oct-09	Oct-09	Nov-11
90	Salt Lake City Corporation	173	x	L	0.00%		20yrs	I	6,450,000	Nov-09	Nov-09	
91	Kearns Improvement District	174	x	L	0.00%		20yrs	IIIb	5,025,000	Dec-09	Dec-09	Dec-11
92	Price City	177	x	L	0.00%		20yrs	IIIb	850,000	Dec-09	Dec-09	Jan-11
93	Roosevelt City	175	x	L	0.00%		20yrs	I & IIIb	2,882,000	Dec-09	Dec-09	Nov-12
94	Salt Lake County	183	x	PF	0.00%		n/a	VII-K	484,200	Aug-09	Aug-09	Nov-10
95	Orem City	172	x	L	0.00%		20yrs	I	11,889,000	Feb-10	Feb-10	Dec-12
96	Parowan City	176	x	L	0.00%		20yrs	I	512,000	Feb-10	Feb-10	Aug-10
97	Utah State University Research Foundation	180	x	PF	0.00%		n/a	II	500,000	Aug-09	Aug-09	May-10
98	Snyderville Basin WRD	181	x	PF	0.00%		n/a	VII-K	300,000	Aug-09	Aug-09	Aug-12
99	Ogden City	184	x	PF	0.00%		n/a	VII-K	1,150,000	Sep-09	Sep-09	Dec-12
100	Salt Lake City Corporation - Green	182	x	PF	0.00%		n/a	VII-K	577,500	Aug-09	Aug-09	Nov-10
101	Utah Division of Wildlife Resources	179	x	PF	0.00%		n/a	VII-K	540,788	Aug-09	Aug-09	Nov-11
102	Mona City	166	x	L & PF	0.00%		30yrs	I	11,668,000	Oct-10	Oct-10	May-12
103	Mona City	C042	x	PF	0.00%		n/a	I & IVa	610,000	Sep-11	Oct-10	May-12
104	Washington Terrace	187		L	2.50%		20yrs	IIIb	835,000	Dec-10	Apr-11	
105	Stansbury Park	186		L	2.50%		20yrs	I	3,000,000	Dec-10	Aug-11	Mar-12
106	Ogden City	184-B	x	PF	0.00%		n/a	VII-K	1,000,000	Dec-10	Dec-10	Dec-12
107	Lindon City	188		L	2.50%		20yrs	IIIb	3,000,000	Apr-11	Apr-11	Apr-13
108	Elwood Town	168	x	L & PF	0.00%		30yrs	I & IVa/b	2,941,399	Oct-11	Nov-11	Nov-12
109	Kearns Improvement District	192		L		3.00%	20yrs	IIIb	6,555,000	Dec-11	Jan-12	
110	Granger-Hunter Improvement District	193		L	2.50%		20yrs	IIIb	6,202,000	Jan-12	Feb-12	
111	Santaquin City	169	x	L	1.00%		20yrs	II	6,934,000	Feb-12	Mar-12	Mar-14
112	Echo SSD	196	x	L & PF	0.00%		20yrs	VII-L	469,000	Dec-13	Dec-13	
								TOTAL LOANS	398,771,447			
								TOTAL ADMIN COSTS THROUGH FY14	8,052,215			
									406,823,662			

TABLE 2
UTAH STATE REVOLVING FUND
CASH DRAW SCHEDULE FOR STATE FISCAL YEAR 2014

Recipient Name	Project Number	Source of Draws		Total Funding Amount	Previously Disbursed	SFY 2014	SFY 2014	SFY 2014	SFY 2014	SFY 2014	*Balance of Funding
		Cap Grant ❖	Second Round ●			July - Sept 1st Qtr	Oct - Dec 2nd Qtr	Jan - Mar 3rd Qtr	Apr - June 4th Qtr	Total	
Echo SSD		❖		469,000	0	0	218,000	0	0	218,000	251,000
Keams Improvement District	192	❖		7,615,000	2,930,000	1,000,000	0	1,170,000	900,000	3,070,000	1,615,000
South Valley WRF	162		●	22,110,000	21,805,000	0	150,000	0	0	150,000	155,000
DWQ Administrative Costs						69,338	70,343	62,046	24,814	226,541	
TOTAL				30,194,000	24,735,000	1,069,338	438,343	1,232,046	924,814	3,664,541	2,021,000
Federal LOC						772,618	288,343	1,232,046	924,814	3,217,821	
State Match						296,720	0	0	0	296,720	
SRF Repayment Fund						0	150,000	0	0	150,000	

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF NET ASSETS
June 30, 2014**

	SRF Fund	Loan Origination Fee Fund	Hardship Fund	Total
ASSETS				
CURRENT ASSETS				
Cash & Cash Equivalents	\$ 69,781,481	\$ 434,950	\$ 8,515,981	\$ 78,732,412
Receivables:				
Amount due from EPA	6,070	-	-	6,070
Amount due from State	3	-	1,000	1,003
Loan interest	656,643	-	-	656,643
Hardship assessments	-	-	550,736	550,736
Loans Receivable	10,041,503	-	35,677	10,077,180
Total current assets	80,485,700	434,950	9,103,394	90,024,044
NONCURRENT ASSETS				
Loans receivable	163,586,188	-	2,475,136	166,061,324
TOTAL ASSETS	244,071,888	434,950	11,578,530	256,085,368
LIABILITIES AND NET ASSETS				
LIABILITIES				
CURRENT LIABILITIES				
Deposits	-	-	-	-
Due to State	17,455	-	-	17,455
Due to Other Funds	-	-	10,821	10,821
Accounts Payable	-	-	139,106	139,106
TOTAL LIABILITIES	17,455	-	149,927	167,382
NET ASSETS				
Unrestricted	244,054,433	434,950	11,428,603	255,917,986
TOTAL NET ASSETS	\$244,054,433	\$ 434,950	\$ 11,428,603	\$255,917,986

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS**

June 30, 2014

	SRF Loan Fund	Loan Origination Fee Fund	Hardship Fund	Total
OPERATING REVENUES				
Loan interest	\$ 650,219	\$ -	\$ -	\$ 650,219
Hardship assessments	-	-	1,970,734	1,970,734
Late Fees	1,751	-	-	1,751
EPA Program Administration Fees	226,441	-	-	226,441
Loan Origination Fees	-	2,180	-	2,180
Total Operating Revenues	878,411	2,180	1,970,734	2,851,325
OPERATING EXPENSES				
Hardship grants	-	-	3,516,744	3,516,744
Principal Forgiveness	-	-	-	-
EPA Program Administration	317,401	-	-	317,401
Total Operating Expenses	317,401	-	3,516,744	3,834,145
OPERATING INCOME (LOSS)	561,010	2,180	(1,546,010)	(982,820)
NONOPERATING REVENUES (EXPENSES)				
Investment income	408,450	-	43,427	451,877
EPA capitalization grants - Loans	2,991,280	-	-	2,991,280
EPA capitalization grants - Principal Forgiveness	-	-	-	-
State match	296,720	-	-	296,720
Transfers in	90,960	-	-	90,960
Transfers out	(3,626,000)	(90,960)	-	(3,716,960)
Total nonoperating revenues(expenses)	161,410	(90,960)	43,427	113,877
CHANGE IN NET ASSETS	722,420	(88,780)	(1,502,583)	(868,943)
NET ASSETS, BEGINNING OF YEAR	243,332,013	523,730	12,931,186	256,786,929
NET ASSETS, END OF YEAR	\$244,054,433	\$434,950	\$11,428,603	\$255,917,986

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY - STATE REVOLVING FUND
UNAUDITED COMBINING STATEMENT OF CASH FLOWS
June 30, 2014**

	SRF Loan Fund	Loan Origination Fee Fund	Hardship Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from loan interest and penalties	\$ 662,505	\$ -	\$ -	\$ 662,505
Cash received from hardship assessments	-	-	2,002,864	2,002,864
Loan origination fees received	-	2,180	-	2,180
Loans disbursed	(3,438,000)	-	(1,923,500)	(5,361,500)
Hardship grants disbursed	-	-	(3,529,880)	(3,529,880)
Principal received on loans receivable	15,614,244	-	1,148,670	16,762,914
Principal forgiveness disbursed	-	-	-	-
Grant awards	220,371	-	-	220,371
Program administration	(303,432)	-	-	(303,432)
Charges for services	-	-	-	-
Project administration	-	-	-	-
Net cash (required) by operating activities	<u>12,755,688</u>	<u>2,180</u>	<u>(2,301,846)</u>	<u>10,456,022</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Funds received from EPA capitalization grants - Loans	2,991,280	-	-	2,991,280
Funds received from EPA capitalization grants - Principal Forgiveness	-	-	-	-
Transfers in	90,960	-	-	90,960
Transfers out	-	(90,960)	-	(90,960)
Net funds received from State of Utah	(3,329,280)	-	-	(3,329,280)
Net cash provided by noncapital financing activities	<u>(247,040)</u>	<u>(90,960)</u>	<u>-</u>	<u>(338,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Net investment income received	408,450	-	43,427	451,877
Net cash provided by investing activities	<u>408,450</u>	<u>-</u>	<u>43,427</u>	<u>451,877</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,917,098	(88,780)	(2,258,419)	10,569,899
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>56,864,383</u>	<u>523,730</u>	<u>10,774,400</u>	<u>68,162,513</u>
	<u>\$ 69,781,481</u>	<u>\$ 434,950</u>	<u>\$ 8,515,981</u>	<u>\$ 78,732,412</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 561,010	\$ 2,180	\$ (1,546,010)	\$ (982,820)
Changes in assets and liabilities related to operations:				
(Increase)/Decrease in loan interest receivable	10,534	-	-	10,534
(Increase)/Decrease in hardship assessments receivable	-	-	32,131	32,131
(Increase)/Decrease in amount due from EPA	(6,070)	-	-	(6,070)
(Decrease)/Increase in amount due from State	-	-	(1,000)	(1,000)
(Decrease)/Increase accounts payable	(2,849)	-	65,501	62,652
(Decrease)/Increase in deposits	-	-	(27,367)	(27,367)
(Decrease)/Increase in amount due to State	16,818	-	-	16,818
(Decrease)/Increase in amount due to Other Funds	-	-	(50,270)	(50,270)
(Increase)/Decrease accounts receivable	-	-	-	-
(Increase)/Decrease loans receivable	12,176,245	-	(774,831)	11,401,414
Net cash (required) by operating activities	<u>\$ 12,755,688</u>	<u>\$ 2,180</u>	<u>\$ (2,301,846)</u>	<u>\$ 10,456,022</u>

CWSRF Benefits Reporting

Loan: UT58	<input checked="" type="checkbox"/> Entry Complete	Tracking #: 196	Other #:
Borrower: Echo SSD	Loan Execution Date: 12/19/2013	Incremental Funding: N	Phase #: 0
Assistance Type: Loan and Grant	Loan Interest Rate: 0.00%	Original Tracking #: Linked to Tracking#:	
Loan Amount \$: \$469,000	Repayment Period: 20	Same Environmental Results: <input type="checkbox"/>	
<input type="checkbox"/> Final Amount	% Funded by CWSRF: 76%	ARRA Funding: <input type="checkbox"/>	
Total from all Projects \$: 469,000		Multiple nonpoint source projects with similar Environmental Results: <input type="checkbox"/>	Total NPS Projects: 0

Project: 1 of CW Needs Survey Number : # of NPS Projects: 0

Project Description: Replacement of large underground wastewater disposal system.

Facility Name:

Population Served (Current) :
 by the Project: 56
 by the Facility: 56

Wastewater Volume (Design Flow) :
 by the Project: 0.0640mgd Volume Eliminated/Conserved: 0.0000mgd
 by the Facility: 0.0640mgd

Needs Categories:
 VII-L Individual/Decentralized Systems \$469,000 100%

Discharge Information:

- Ocean Outfall
 - Estuary/Coastal Bay
 - Wetland
 - Surface Water
 - Groundwater
 - Land Application
 - Other/Reuse
 - Eliminates Discharge
 - No Change / No Discharge
 - NEP Study
 - Seasonal Discharge
- NPDES Permit Number: No NPDES Permit
 Other Permit Type: State Permit Other Permit Number: N/A

Affected Waterbodies:

<u>Waterbody Name</u>	<u>Waterbody ID</u>	<u>State Waterbody ID</u>	<u>Receiving Waterbody</u>
Primary Impacted :			<input type="checkbox"/>
Other Impacted :			<input type="checkbox"/>

Project Improvement/Maintenance of Water Quality:

- a. Contributes to water quality Maintenance.
- b. Allows the system to Achieve Compliance.
- c. Affected waterbody is Not Assessed.
- d. Allows the system to address..... Existing TMDL Projected TMDL Watershed Management Plan

Other Uses and Outcomes (Selected):

Groundwater Protection **Protection:** Primary **Restoration:** Primary
 Other Public Health/Pathogen Reduction

Comments: \$150,000 from CDBG.



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
Shane Emerson Pace, Vice-Chair
Clyde L. Bunker
Merritt K. Frey
Jennifer M. Grant
Hugh E. Rodier
Gregg Alan Galecki
Leland J. Myers
Amanda Smith
Walter L. Baker
Executive Secretary

MEMORANDUM

TO: Utah Water Quality Board

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

FROM: Emily Cantón
Contract/Grant Analyst

DATE: January 15, 2015

SUBJECT: Request for Public Comment on the FY 2015 Intended Use Plan & Project Priority List

The Division of Water Quality is requesting approval from the Utah Water Quality Board to go to public comment for feedback regarding the FY 2015 Intended Use Plan (IUP) and Project Priority List (PPL).

As a condition of CWSRF funding, the U.S. Environmental Protection Agency requires that the State of Utah provide an annual IUP and PPL. The IUP identifies both long- and short-term goals and addresses specific program requirements such as additional subsidy and proportionality of state match. The PPL shows current projects ranked using criteria like project need, potential improvement, and population affected. However, due to the dynamic nature of wastewater projects, the documents will be updated on an ongoing basis throughout the fiscal year. The Water Quality Board will be apprised of these updates by way of the Financial Status Report, the Project Priority List, and feasibility reports.

The Division of Water Quality will publish a notification in the newspaper to advertise the IUP and PPL and will also send notifications to interested parties via the Division Listserv system. Staff will post both documents on the Division of Water Quality's website for public review and comment.

**STATE OF UTAH
CLEAN WATER STATE REVOLVING FUND
INTENDED USE PLAN FOR FISCAL YEAR 2015**



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ATTACHMENT: Cash Flow Projections

INTRODUCTION

As required under Sections 606(c) and 610(b) of the Clean Water Act, the State of Utah has prepared an Intended Use Plan (IUP) for the Clean Water State Revolving Fund (CWSRF) program. The purpose of the IUP is to facilitate the negotiation process for the Fiscal Year 2015 CWSRF Capitalization Grant agreement. This IUP outlines the short-term and long-term goals of the program and proposes a schedule of payment between the Department of Environmental Quality – Division of Water Quality and the Environmental Protection Agency – Region 8. This document also describes the intended uses for: the State Revolving Fund (SRF), the Utah Wastewater Loan Fund (UWLF) and the Hardship Grant Funds (HGFs). All data provided in the 2015 IUP are projections of funding for the listed projects. Ultimately, the Utah Water Quality Board will determine loan amounts and financing terms as projects are presented for authorization.

The CWSRF is a financial assistance program that provides low-cost financing for treatment works, sewerage systems, stormwater projects, decentralized systems, and nonpoint source projects. The operation of Utah's CWSRF program is coordinated between the Utah Water Quality Board (the Board) and the Department of Environmental Quality – Division of Water Quality. Projects financed through the State Revolving Fund may receive funding from the following sources: (a) SRF Capitalization Grants; (b) SRF loan repayments; and (c) State matching funds. Occasionally, an SRF-eligible project will be financed through the Utah Wastewater Loan Program or Hardship Grant Funds. If this occurs, the project may be removed from the SRF Project Priority List. Similarly, if an SRF-eligible project does not proceed, it may be removed from this list. The Intended Use Plan includes any project listed on the FY 2015 Project Priority List as well as any unanticipated projects that may be added during the year. Projects are listed on the Project Priority List prior to being presented to the Water Quality Board for authorization. Projects will be considered for funding according to their priority and readiness to proceed.

PROGRAM OPERATIONS

Since its inception in 1989, Utah's CWSRF program has received appropriations from the federal government through capitalization grants. For FY15, Utah estimates its capitalization grant award will be approximately \$8,000,000.

In addition to federal dollars, The Department of Environmental Quality – Division of Water Quality is required to provide a twenty percent (20%) state match. Utah has met the state match requirement by using money from the Utah Wastewater Loan Fund (UWLF). Revenues into the UWLF are comprised of principal repayments from state loans and from state sales taxes. For FY15, Utah anticipates receiving its full measure of sales tax dollars, which is \$3,587,500. The entire 20% state matching amount will be used toward eligible project costs before draws are made from the capitalization grant. Once the requirement is met, draws will be made from the federal letter of credit (LOC) as a 100% federal share.

The Department of Environmental Quality – Division of Water Quality will use SRF administrative funds of up to \$400,000 for costs associated with administering the program. In addition, loan

origination fees, equal to 1% of the principal loan amount, are charged to loan recipients. That revenue may also be used for program administration expenses. The Division of Water Quality estimates that \$81,500 will be collected from loan origination fees by the end of Fiscal Year 2015.

EXTENDED FINANCING TERMS

As of July 1, 2014, the Utah Water Quality Board has provided extended financing agreements to seven SRF recipients: Bear Lake SSD, Nibley City, Fairview City, Hooper City, Stockton Town, Mona City, and Elwood Town. The Division of Water Quality estimates that the long term impact of extended financing on the SRF program is less than a 1% revolving level reduction over 60 years. This estimate does not include an adjustment for inflation.

In cases of extreme hardship, the maximum affordable loan amount may not provide sufficient capital to cover project costs. In these cases, the Board would be requested to provide a hardship grant funds to make these projects feasible. Extended-term financing can increase the loan amount that a community qualifies for under the 1.4% median adjusted gross household income (MAGI) affordability guideline. The extended terms also benefit the SRF program by replacing an award of grant dollars with additional loan repayments, albeit in years 21-30.

ADDITIONAL SUBSIDIZATION

The FY15 capitalization grant allows states to provide additional subsidization in the form of principal forgiveness and negative interest loans. Although there is no minimum requirement, total additional subsidization provided cannot exceed 30% of the capitalization grant. The Water Quality Board uses principal forgiveness agreements as its mechanism for awarding additional subsidization.

Additional subsidy may be provided to disadvantaged communities, communities addressing water-efficiency or energy-efficiency goals, communities mitigating stormwater runoff, or to encourage sustainability. For the Water Quality Board to qualify a community as disadvantaged, the estimated annual cost of sewer service must exceed 1.4% of the MAGI. Currently, two projects have been identified as disadvantaged: Eureka City and Francis City. However, the Water Quality Board may authorize principal forgiveness to additional projects presented for authorization during the year.

GREEN PROJECT RESERVE

The FY15 capitalization grant allocation requires that, to the extent there are sufficient eligible projects applications, not less than 10% of the SRF funds shall be used for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. The State of Utah will meet this objective by identifying projects that meet green infrastructure requirements and providing funding, in whole or in part, as they proceed to construction.

PROGRAM ASSURANCES

The State of Utah must comply with its Operation Agreement with EPA and Utah Administrative Code, R-317-102, Utah Wastewater State Revolving Fund (SRF). Assurances include:

- Section 602(a)-Environmental Reviews

- Section 602(b)(3)-Certify binding commitments within one year
- Section 602(b)(4)-Certify expeditious and timely expenditures
- Section 602(b)(5)-First use for enforceable requirements

The Division of Water Quality will complete the one-page worksheet through the Clean Benefits Reporting database for all binding commitments in the quarter that they are made.

FY15 CWSRF PROJECT FUNDING

Eligible projects to be funded by the SRF include loans closed with remaining draws, authorized loans, and anticipated loans. Loans closed with remaining draws are projects that are currently under construction. Authorized loans are projects that have been authorized by the Utah Water Quality Board and are in the design phase. Anticipated loans are projects that are in the beginning stages of planning.

Funding through the SRF can include federal dollars from the capitalization grant awards, principal repayments, interest payments, and investment fund interest earnings. Figure 1 shows the proposed projects that are expected to be funded from the Clean Water SRF. Projects must meet specific programmatic requirements including federal cross cutters and “super cross-cutters,” Davis-Bacon wages, American Iron and Steel (AIS), NEPA-like environmental review, Single Audit Act, Disadvantaged Business Enterprise (DBE), and Architectural and Engineering Services procurement.

As determined by the Utah Water Quality Board, SRF loan recipients may be charged a hardship grant assessment in lieu of interest. Upon collection, the hardship grant assessment will be placed into the Federal Hardship Grant Fund. If a hardship grant assessment is derived from a loan funded directly by EPA Capitalization Grant loans (1st Round), the assessment shall be used for purposes identified in 40 CFR Part 31.25. If a hardship grant assessment is derived from a loan funded by SRF loan repayments (2nd Round), the assessment may be used to provide grants to communities for projects that are economically unfeasible without grant assistance.

LONG-TERM GOALS

1. Provide a permanent funding source for water quality construction projects that supplements a community’s own resources and/or other funding sources.
2. Distribute SRF funds to projects with the highest water quality and infrastructure needs by evaluating and prioritizing proposed projects throughout the state.
3. Support EPA’s Sustainability Policy by balancing a community’s economic and water quality needs with the perpetuity of the SRF program.
4. Assist communities with all phases of a project, including sufficient planning, project design, environmental work, and construction.

SHORT-TERM GOALS

1. Present eligible projects to the Water Quality Board for authorization by increasing the profile of the SRF program as a potential funding source and by assisting communities through the application

and award process.

2. Collaborate with other agencies (i.e. Utah Permanent Community Impact Board, U.S. Department of Agriculture Rural Development, and U.S. Army Corps of Engineers) in order to sufficiently fund projects.

3. Solicit and fund eligible nonpoint source and stormwater projects.

4. Provide funding, equal to at least ten percent (10%) of the capitalization award, for recycled water and water reuse projects.

Figure 1: FY15 List of SRF Projects

Loan Recipient	Permit Number	Needs Category *	Assistance Amount	Interest Rate	Term (Yrs)	Additional Subsidy Amount	FY13/FY14 Green Project Reserve Amount	Binding Commitment
Loans Closed with Remaining Draws								
Ephraim City	n/a	I – Secondary Wastewater Treatment	\$2,553,000	2%	20	\$0	\$1,669,254	Sept 2014
Granger-Hunter Improvement District	n/a	III(b) – Infiltration/Inflow Correction	\$6,202,000	2.5%	20	\$0	\$0	Jan 2012
Kearns Improvement District	n/a	IV(a) – New Collector Sewers	\$7,615,000	3%	20	\$0	\$0	Dec 2011
South Valley Water Reclamation Facility	UT0024384	VII – Nonpoint Source (NPS)	\$2,010,000	2.3%	20	\$0	\$0	Apr 2008
Authorized Loans								
Eureka City	UT0024601	IV(a) – New Collector Sewers	\$1,300,000	0%	20	\$600,934	\$0	Feb 2015
Francis Town	n/a	I – Secondary Wastewater Treatment	\$4,300,000	0%	20	\$244,019	\$2,000,000	Mar 2015
Logan City	UT0021920	II – Advanced Wastewater Treatment	\$70,000,000	1%	20	\$0	\$0	Jan 2016
Snyderville Basin WRD	UT0024414	II – Advanced Wastewater Treatment	\$22,150,000	2.5%	20	\$0	\$0	Jan 2016

Loan Recipient	Permit Number	Needs Category	Assistance Amount	Interest Rate	Term (Yrs)	Additional Subsidy Amount	Green Project Reserve Amount	Binding Commitment
Anticipated Loans								
Bear Lake SSD	n/a	IV(a) – New Collector Sewers	\$2,000,000				UNKNOWN	
Duchesne County – Hancock Cove	n/a	IV(a) – New Collector Sewers	\$7,000,000				UNKNOWN	
Moab City	UT0020419	II – Advanced Wastewater Treatment	\$10,000,000				UNKNOWN	
Payson City	UT0020427	II – Advanced Wastewater Treatment	\$6,900,000				UNKNOWN	
Salem City	UT0020249	I – Secondary Wastewater Treatment	\$13,000,000				UNKNOWN	
Wellington City	n/a	III(b) – Sewer Replacement & Rehabilitation	\$950,000				UNKNOWN	

FY15 UTAH WASTEWATER LOAN PROGRAM

The Utah Wastewater Loan program is a state-funded loan program similar to the SRF. Revenue for the Utah Wastewater Loan program is derived from sales tax dollars and principal repayments. Monies may be authorized in the form of loans or interest-rate buy downs.

Projects eligible for funding through the Utah Wastewater Loan program have been divided into three categories: closed loans with remaining draws, authorized loans, and anticipated loans. Closed loans with remaining draws are projects that have held loan closing and are currently under construction. Authorized loans are those projects which have received authorization from the Utah Water Quality Board, but have not yet held loan closing and are still in the planning or design phase. Anticipated loans are those projects that may be presented to the Utah Quality Board for authorization in the next fiscal year.

Please refer to Figure 2 for a list of proposed projects to be funded from the Utah Wastewater Loan Fund.

Figure 2: FY15 List of UWLF Projects

Loan Recipient	Assistance Amount	Interest Rate	Term (Yrs)	Binding Commitment
Loan Closed w/ Remaining Draws				
Long Valley Sewer Improvement District	\$1,150,000	0%	30	Oct 2014
Midvalley Improvement District	\$1,645,000	2.8%	20	Aug 2013
Murray City	\$2,626,000	2.5%	20	June 2012
Authorized Loans				
Eagle Mountain City	\$490,000	1%	20	Unknown
Price River Water ID	\$600,000	1%	20	Unknown

FY15 HARDSHIP GRANT FUNDING

The Hardship Grant Funds receive revenue from hardship grant assessment fees charged in lieu of an interest rate on certain SRF loans, interest payments charged on UWLF loans, and investment fund interest earnings.

The State of Utah provides hardship grants for several types of projects. First, hardship grant funds may be authorized as planning advances or grants and design advances. Advances are repaid once construction funding has been secured through a loan closing. Second, funds may be awarded as hardship construction grants to entities that may not otherwise be able to afford to complete an eligible project. The Water Quality Board may consider authorizing a hardship grant when the estimated annual cost of sewer service exceeds 1.4% of the local MAGI. Third, hardship grants may be awarded to entities for non-point source projects that improve water quality, including water

quality studies and educational outreach efforts. Projects eligible for Hardship Grant Funds are added to the list once authorization has been received from the Board.

Please refer to Figure 3 for a list of proposed projects to be funded from the Hardship Grant Funds.

Figure 3: FY15 List of Hardship Grant Projects

Recipient	Assistance Amount	Type
Hardship Grants		
Blanding City	\$ 39,900	Planning Advance
Coalville City	4,121,000	Construction Grant
Eagle Mountain City	580,000	Construction Grant
Echo Sewer SSD	251,000	Construction Grant
Eureka City	1,146,000	Construction Grant
Francis City	808,000	Construction Grant
Kamas City	100,000	Planning Advance
Long Valley Sewer Improvement District	1,150,000	Construction Grant
Payson City	88,000	Planning Advance
Salem City	112,300	Planning Advance
Summit County – Interceptor Project	50,000	Planning Advance
Virgin Town	100,000	Planning Advance
Wellington City	32,000	Planning Advance
Wolf Creek Sewer Improvement District	200,000	Planning Advance
Non-Point Source Grants		
DEQ – Economic Study of Nutrient Removal	23,730	NPS Grant
DEQ – Nutrient Reduction Benefit Study	5,053	NPS Grant
DEQ – Willard Spur Study	285,778	NPS Grant
Great Salt Lake Advisory Council	400,000	NPS Grant
Gunnison Irrigation Company	48,587	NPS Grant
UACD	79,695	NPS Grant
Utah Department of Agriculture	960,231	NPS Grant
Utah Farm Bureau	13,200	NPS Grant
FY09 – FY15 Remaining Payments	1,989,396	Various NPS Grants

PAYMENT SCHEDULE

Utah's Clean Water SRF has met "first use" requirements of Section 602(b)(5). SRF funds will be distributed using the method, criteria, and eligible activities that are outlined in Section R-317-101 and 102 of the Utah Administrative Code. The methods and criteria provide affordable assistance as well as maximum benefit to the long-term viability of the fund.

If the dollar amount of projects in the FY 2015 Intended Use Plan exceeds the actual amount of funds available during the planning period, one of the following may occur:

1. Projects listed may not be funded.
2. Projects may be funded using available credit enhancement techniques.
3. Projects may need to be delayed until funds are available.

Please see the attached Cash Flow Projections for the detail of revenue and expenses for the State Revolving Fund, Utah Wastewater Loan Fund, and Hardship Grant Funds.

LOAN FUNDS FINANCIAL PROJECTIONS

**Cash Flow Projections -
STATE REVOLVING FUND (SRF)**

	CURRENT FUND STATUS	1st Qtr FY 2015	2nd Qtr FY 2015	3rd Qtr FY 2015	4th Qtr FY 2015	1st Qtr FY 2016	2nd Qtr FY 2016	3rd Qtr FY 2016	4th Qtr FY 2016
		July - Sept 2014	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	July - Sept 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016
SRF Capitalization Grant Funds Available		\$ 10,596,400	\$ 10,596,400	\$ 10,596,400	\$ 16,056,400	\$ 5,506,400	\$ 5,406,400	\$ 5,306,400	\$ (24,693,600)
FY13 Award - Remaining Balance	\$ 2,056,480	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY14 Award - Remaining Balance	\$ 7,067,520	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY15 Award (estimate)	\$ -	\$ -	\$ 0	\$ 7,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
20% State Match Requirement from UWLF	\$ 1,472,400	\$ -	\$ 0	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capitalization Grant Funds Available	\$ 10,596,400	\$ 10,596,400	\$ 10,596,400	\$ 19,596,400	\$ 16,056,400	\$ 5,506,400	\$ 5,406,400	\$ 5,306,400	\$ (24,693,600)
General Obligations									
DWQ Administrative Costs	\$ -	\$ -	\$ -	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)	\$ (100,000)
Loans Closed w/ Remaining Draws									
Ephraim City	\$ -	\$ -	\$ -	\$ (625,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Kearns ID	\$ -	\$ -	\$ -	\$ (665,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Authorized Loans									
Eureka City	\$ -	\$ -	\$ -	\$ -	\$ (1,300,000)	\$ -	\$ -	\$ -	\$ -
Francis City	\$ -	\$ -	\$ -	\$ (2,150,000)	\$ (2,150,000)	\$ -	\$ -	\$ -	\$ -
Anticipated Loans									
Duchesne County - Hancock Cove	\$ -	\$ -	\$ -	\$ -	\$ (7,000,000)	\$ -	\$ -	\$ -	\$ -
Moab City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,000,000)	\$ -
Payson City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,900,000)	\$ -
Salem City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,000,000)	\$ -
Total "First Round" Funds Obligated	\$ -	\$ -	\$ -	\$ (3,540,000)	\$ (10,550,000)	\$ (100,000)	\$ (100,000)	\$ (30,000,000)	\$ (100,000)
SRF "Second Round" Funds Available									
Beginning Balance	\$ 75,103,550	\$ 75,103,550	\$ 75,103,550	\$ 75,103,550	\$ 79,624,224	\$ 81,936,301	\$ 81,984,219	\$ 83,710,772	\$ (4,538,876)
Interest Earnings (0.6%)	\$ -	\$ -	\$ -	\$ 112,655	\$ 119,436	\$ 122,904	\$ 122,976	\$ 125,566	\$ -
Loan Repayments	\$ -	\$ -	\$ -	\$ 5,110,019	\$ 2,192,640	\$ 1,925,014	\$ 1,603,576	\$ 4,724,786	\$ 3,571,513
Total "Second Round" Funds Available	\$ 75,103,550	\$ 75,103,550	\$ 75,103,550	\$ 80,326,224	\$ 81,936,301	\$ 83,984,219	\$ 83,710,772	\$ 88,561,124	\$ (967,363)
Loans Closed w/ Remaining Draws									
Granger-Hunter ID	\$ -	\$ -	\$ -	\$ (702,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Authorized Loans									
Logan City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (70,000,000)	\$ -
Snyderville Basin WRD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,150,000)	\$ -
Anticipated Loans									
Bear Lake SSD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,000,000)	\$ -	\$ -	\$ -
Wellington City	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (950,000)	\$ -
Total "Second Round" Funds Obligated	\$ -	\$ -	\$ -	\$ (702,000)	\$ -	\$ (2,000,000)	\$ -	\$ (93,100,000)	\$ -
Unobligated SRF "Second Round" Funds	\$ 75,103,550	\$ 75,103,550	\$ 75,103,550	\$ 79,624,224	\$ 81,936,301	\$ 81,984,219	\$ 83,710,772	\$ (4,538,876)	\$ (967,363)
Total Unobligated SRF Amount	\$ 85,699,950	\$ 85,699,950	\$ 85,699,950	\$ 95,680,624	\$ 87,442,701	\$ 87,390,619	\$ 89,017,172	\$ (29,232,476)	\$ (25,760,963)

LOAN FUNDS FINANCIAL PROJECTIONS

Utah Wastewater Loan Fund (UWLF)

	CURRENT FUND STATUS	1st Qtr FY 2015	2nd Qtr FY 2015	3rd Qtr FY 2015	4th Qtr FY 2015	1st Qtr FY 2016	2nd Qtr FY 2016	3rd Qtr FY 2016	4th Qtr FY 2016
		July - Sept 2014	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	July - Sept 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016
Funds Available									
UWLF Beginning Balance	\$ 14,332,771	\$ 12,860,371	\$ 12,860,371	\$ 12,860,371	\$ 12,139,970	\$ 10,783,205	\$ 11,809,755	\$ 12,788,105	\$ 14,134,840
Sales Tax Revenue	\$ -	\$ -	\$ -	\$ 337,044	\$ -	\$ 896,875	\$ 896,875	\$ 896,875	\$ 896,875
Loan Repayments	\$ -	\$ -	\$ -	\$ 782,080	\$ 1,182,760	\$ 469,200	\$ 421,000	\$ 789,385	\$ 1,221,012
<i>Total Funds Available</i>	\$ 14,332,771	\$ 12,860,371	\$ 12,860,371	\$ 13,979,495	\$ 13,322,730	\$ 12,149,280	\$ 13,127,630	\$ 14,474,365	\$ 16,252,728
General Obligations									
20% State Match Transfer to SRF	\$ (1,472,400)	\$ -	\$ -	\$ (1,500,000)	\$ -	\$ -	\$ -	\$ -	\$ -
DWQ Administrative Expenses (TMDL, etc.)	\$ -	\$ -	\$ -	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)
Loans Closed w/ Remaining Draws									
Murray City	\$ -	\$ -	\$ -	\$ -	\$ (1,110,000)	\$ -	\$ -	\$ -	\$ -
Authorized Loans									
Eagle Mountain City	\$ -	\$ -	\$ -	\$ -	\$ (490,000)	\$ -	\$ -	\$ -	\$ -
Price River Water Improvement District	\$ -	\$ -	\$ -	\$ -	\$ (600,000)	\$ -	\$ -	\$ -	\$ -
Anticipated Loans									
None at this time	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Total Funds Obligated</i>	\$ (1,472,400)	\$ -	\$ -	\$ (1,839,525)	\$ (2,539,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)	\$ (339,525)
Total Unobligated UWLF Amount	\$ 12,860,371	\$ 12,860,371	\$ 12,860,371	\$ 12,139,970	\$ 10,783,205	\$ 11,809,755	\$ 12,788,105	\$ 14,134,840	\$ 15,913,203

LOAN FUNDS FINANCIAL PROJECTIONS

**CASH FLOW PROJECTIONS -
Hardship Grant Funds**

	CURRENT FUND STATUS	1st Qtr FY 2015	2nd Qtr FY 2015	3rd Qtr FY 2015	4th Qtr FY 2015	1st Qtr FY 2016	2nd Qtr FY 2016	3rd Qtr FY 2016	4th Qtr FY 2016
		July - Sept 2014	Oct - Dec 2014	Jan - Mar 2015	Apr - Jun 2015	July - Sept 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - Jun 2016
Beginning Balance		\$ 6,199,912	\$ 6,223,869	\$ 6,234,971	\$ 4,075,327	\$ 3,415,446	\$ 2,870,818	\$ 2,777,723	\$ 2,940,890
Federal HGF Beginning Balance	\$ 5,930,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5250 Interest Earnings (0.6%)	\$ -	\$ 8,896	\$ 8,896	\$ 8,896	\$ 8,896	\$ 8,896	\$ 8,896	\$ 8,896	\$ 8,896
Hardship Grant Assessment Fees	\$ -	\$ -	\$ -	\$ 126,838	\$ 972,065	\$ 424,442	\$ -	\$ 104,451	\$ 930,197
State HGF Beginning Balance	\$ 269,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5265 Interest Earnings (0.6%)	\$ -	\$ 404	\$ 404	\$ 404	\$ 404	\$ 404	\$ 404	\$ 404	\$ 404
5265 Receipts - UWLF Interest Earnings (0.6%)	\$ -	\$ 14,658	\$ 1,802	\$ 1,614	\$ 3,698	\$ 5,169	\$ 4,340	\$ 6,360	\$ 8,444
UWLF Interest Payments	\$ -	\$ -	\$ -	\$ 62,634	\$ 234,881	\$ 58,000	\$ 113,010	\$ 53,057	\$ 216,420
Hardship Advance Repayments	\$ -	\$ -	\$ -	\$ -	\$ 2,041,500	\$ -	\$ -	\$ -	\$ -
Total Hardship Grant/PF Funds Available	\$ 6,199,912	\$ 6,223,869	\$ 6,234,971	\$ 6,435,357	\$ 7,336,771	\$ 3,912,357	\$ 2,997,468	\$ 2,950,890	\$ 4,105,252
Project Obligations/Authorizations									
Blanding City - Planning Advance	\$ -	\$ -	\$ -	\$ (39,900)	\$ -	\$ -	\$ -	\$ -	\$ -
Echo Sewer SSD	\$ -	\$ -	\$ -	\$ (251,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Eureka City	\$ -	\$ -	\$ -	\$ -	\$ (1,146,000)	\$ -	\$ -	\$ -	\$ -
Francis City	\$ -	\$ -	\$ -	\$ (808,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Eagle Mountain - White Hills	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (580,000)	\$ -	\$ -	\$ -
Kamas City - Planning Advance	\$ -	\$ -	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Long Valley SID	\$ -	\$ -	\$ -	\$ -	\$ (1,150,000)	\$ -	\$ -	\$ -	\$ -
Payson City - Planning Advance	\$ -	\$ -	\$ -	\$ -	\$ (88,000)	\$ -	\$ -	\$ -	\$ -
Salem City - Planning Advance	\$ -	\$ -	\$ -	\$ (112,300)	\$ -	\$ -	\$ -	\$ -	\$ -
Summit County - Planning Advance	\$ -	\$ -	\$ -	\$ (50,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Virgin City- Planning Advance	\$ -	\$ -	\$ -	\$ (100,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Wellington City - Planning Advance	\$ -	\$ -	\$ -	\$ -	\$ (32,000)	\$ -	\$ -	\$ -	\$ -
Wolf Creek SID - Planning Advance	\$ -	\$ -	\$ -	\$ (200,000)	\$ -	\$ -	\$ -	\$ -	\$ -
NPS Project Obligations/Authorizations									
DEQ - economic nutrient benefit study	\$ -	\$ -	\$ -	\$ (23,730)	\$ -	\$ -	\$ -	\$ -	\$ -
DEQ - nutrient reduction benefit study	\$ -	\$ -	\$ -	\$ (5,053)	\$ -	\$ -	\$ -	\$ -	\$ -
DEQ - Willard Spur nutrient study	\$ -	\$ -	\$ -	\$ -	\$ (285,778)	\$ -	\$ -	\$ -	\$ -
Great Salt Lake Advisory Council	\$ -	\$ -	\$ -	\$ -	\$ (400,000)	\$ -	\$ -	\$ -	\$ -
Gunnison Irrigation Company	\$ -	\$ -	\$ -	\$ -	\$ (48,587)	\$ -	\$ -	\$ -	\$ -
UACD	\$ -	\$ -	\$ -	\$ (79,695)	\$ -	\$ -	\$ -	\$ -	\$ -
Utah Department of Agriculture	\$ -	\$ -	\$ -	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (910,231)
Utah Farm Bureau	\$ -	\$ -	\$ -	\$ (13,200)	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2009 - Remaining Payments	\$ -	\$ -	\$ -	\$ (35,000)	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2010 - Remaining Payments	\$ -	\$ -	\$ -	\$ (43,283)	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2011 - Remaining Payments	\$ -	\$ -	\$ -	\$ (37,331)	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2012 - Remaining Payments	\$ -	\$ -	\$ -	\$ -	\$ (59,831)	\$ -	\$ -	\$ -	\$ -
FY 2013 - Remaining Payments	\$ -	\$ -	\$ -	\$ -	\$ (249,591)	\$ -	\$ -	\$ -	\$ -
FY 2014 - Remaining Payments	\$ -	\$ -	\$ -	\$ (241,796)	\$ (241,796)	\$ (241,797)	\$ -	\$ -	\$ -
FY 2015 - Remaining Payments	\$ -	\$ -	\$ -	\$ (209,742)	\$ (209,742)	\$ (209,742)	\$ (209,745)	\$ -	\$ -
Total Hardship Grant Funds Obligated	\$ -	\$ -	\$ -	\$ (2,360,029)	\$ (3,921,325)	\$ (1,041,539)	\$ (219,745)	\$ (10,000)	\$ (910,231)
Total Unobligated HGF Amount	\$ 6,199,912	\$ 6,223,869	\$ 6,234,971	\$ 4,075,327	\$ 3,415,446	\$ 2,870,818	\$ 2,777,723	\$ 2,940,890	\$ 3,195,021

**State of Utah
Wastewater Project Assistance Program
Project Priority List**

FY14 Rank	Project Name	Funding Authorized	Total Points	Point Categories				Description of Project Status
				Project Need	Potential Improvement	Population Affected	Special Consideration	
1	Logan City	x	159	50	39	10	60	Project in planning phase
2	Price River Water Improvement District	x	145	70	48	7	20	Project in design phase
3	Coalville City	x	142	40	40	2	60	Project under construction
4	Eureka City	x	118	50	0	8	60	Project in design phase
5	Echo City	x	112	70	41	1	0	Project under construction
6	Snyderville Basin WRD	x	107	10	29	8	60	Project in design phase
7	White Hills - Eagle Mountain	x	106	40	5	1	60	Project in design phase
8 (Tie)	Kearns Improvement District	x	105	40	16	9	40	Project under construction
	Granger-Hunter Improvement District	x	105	35	0	10	60	Project under construction
10	Ephraim	x	102	40	16	6	40	Project under construction
11	Salem City		94	50	18	6	20	Project in planning phase
12	Santaquin City	x	86	40	0	6	40	Project under construction
13	Long Valley Sewer Improvement District	x	79	10	7	2	60	Project under construction
14 (Tie)	Murray City	x	78	10	0	8	60	Project under construction
	Wellington City	x	78	35	1	2	40	Project in planning phase
16	Francis City	x	72	10	0	2	60	Project in design phase
17	Payson City	x	70	10	13	7	40	Project in planning phase
18	Midvalley Improvement District	x	68	40	0	8	20	Project in design/construction phase

**LOAN FUNDS
FINANCIAL PROJECTIONS**

STATE REVOLVING FUND (SRF)	3rd Qtr FY2015 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	1st Qtr FY 2018 July - Sept 2017	2nd Qtr FY 2018 Oct - Dec 2017
Funds Available												
SRF - 1st Round (LOC) 2013 Cap Grant	\$ 2,056,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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) 2014 Cap Grant	7,067,520	-	-	-	-	-	-	-	-	-	-	-
State Match	1,472,400	-	-	-	-	-	-	-	-	-	-	-
SRF - 2nd Round	75,103,550	92,752,191	91,610,772	93,650,299	95,370,938	(21,835,062)	(18,263,549)	(18,306,473)	(16,727,071)	(12,991,215)	(9,262,994)	(7,283,040)
Interest Earnings at 0.6%	112,655	115,940	114,513	117,063	119,214	-	-	-	-	-	-	-
Loan Repayments	5,110,019	2,192,640	1,925,014	1,603,576	4,724,786	3,571,513	1,957,076	1,579,402	4,685,856	3,728,221	1,979,954	1,152,332
Total Funds Available	96,894,191	95,060,772	93,650,299	95,370,938	100,214,938	(18,263,549)	(16,306,473)	(16,727,071)	(12,041,215)	(9,262,994)	(7,283,040)	(6,130,708)
Project Obligations												
Ephraim City	(625,000)	-	-	-	-	-	-	-	-	-	-	-
Granger-Hunter Improvement District	(702,000)	-	-	-	-	-	-	-	-	-	-	-
Kearns Improvement District (2011)	(665,000)	-	-	-	-	-	-	-	-	-	-	-
Loan Authorizations												
Eureka City	-	(1,300,000)	-	-	-	-	-	-	-	-	-	-
Francis City	(2,150,000)	(2,150,000)	-	-	-	-	-	-	-	-	-	-
Logan City	-	-	-	-	(70,000,000)	-	-	-	-	-	-	-
Snyderville Basin WRD	-	-	-	-	(22,150,000)	-	-	-	-	-	-	-
Anticipated Projects												
Ammonia Projects	-	-	-	-	-	-	-	-	-	-	-	(13,647,000)
Phosphorus Projects	-	-	-	-	-	-	-	-	-	-	-	(23,377,500)
Bear Lake SSD	-	-	-	-	-	-	(2,000,000)	-	-	-	-	-
Moab City	-	-	-	-	(10,000,000)	-	-	-	-	-	-	-
Payson City	-	-	-	-	(6,900,000)	-	-	-	-	-	-	-
Salem City	-	-	-	-	(13,000,000)	-	-	-	-	-	-	-
Wellington City	-	-	-	-	-	-	-	-	(950,000)	-	-	-
Total Obligations	(4,142,000)	(3,450,000)	-	-	(122,050,000)	-	(2,000,000)	-	(950,000)	-	-	(37,024,500)
SRF Unobligated Funds	\$ 92,752,191	\$ 91,610,772	\$ 93,650,299	\$ 95,370,938	\$ (21,835,062)	\$ (18,263,549)	\$ (18,306,473)	\$ (16,727,071)	\$ (12,991,215)	\$ (9,262,994)	\$ (7,283,040)	\$ (43,155,208)

UTAH WASTEWATER LOAN FUND (UWLF)	3rd Qtr FY2015 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	1st Qtr FY 2018 July - Sept 2017	2nd Qtr FY 2018 Oct - Dec 2017
Funds Available												
UWLF	\$ 14,332,771	\$ 12,529,970	\$ 12,883,205	\$ 13,909,755	\$ 14,888,105	\$ 16,234,840	\$ 18,013,203	\$ 19,039,886	\$ 20,023,236	\$ 21,316,666	\$ 23,249,420	\$ 24,279,203
Sales Tax Revenue	337,044	-	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875	896,875
Loan Repayments	782,080	1,182,760	469,200	421,000	789,385	1,221,012	469,333	426,000	736,080	1,375,404	472,433	430,000
Total Funds Available	15,451,895	13,712,730	14,249,280	15,227,630	16,574,365	18,352,728	19,379,411	20,362,761	21,656,191	23,588,945	24,618,728	25,606,078
General Obligations												
State Match Transfer	(1,472,400)	-	-	-	-	-	-	-	-	-	-	-
DWQ Administrative Expenses	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)
Project Obligations												
Murray City	(1,110,000)	-	-	-	-	-	-	-	-	-	-	-
Loan Authorizations												
Eagle Mountain City - White Hills	-	(490,000)	-	-	-	-	-	-	-	-	-	-
Price River Water Improvement District	-	-	-	-	-	-	-	-	-	-	-	-
Planned Projects												
None at this time	-	-	-	-	-	-	-	-	-	-	-	-
Total Obligations	(2,921,925)	(829,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)	(339,525)
UWLF Unobligated Funds	\$ 12,529,970	\$ 12,883,205	\$ 13,909,755	\$ 14,888,105	\$ 16,234,840	\$ 18,013,203	\$ 19,039,886	\$ 20,023,236	\$ 21,316,666	\$ 23,249,420	\$ 24,279,203	\$ 25,266,553

**HARDSHIP GRANT FUNDS
FINANCIAL PROJECTIONS**

	3rd Qtr FY 2015	4th Qtr FY 2015	1st Qtr FY 2016	2nd Qtr FY 2016	3rd Qtr FY 2016	4th Qtr FY 2016	1st Qtr FY 2017	2nd Qtr FY 2017	3rd Qtr FY 2017	4th Qtr FY 2017	1st Qtr FY 2018	2nd Qtr FY 2018
HARDSHIP GRANT FUNDS (HGF)	Jan - Mar 2015	Apr - June 2015	July - Sept 2015	Oct - Dec 2015	Jan - Mar 2016	Apr - June 2016	July - Sept 2016	Oct - Dec 2016	Jan - Mar 2017	Apr - June 2017	July - Sept 2017	Oct - Dec 2017
Funds Available												
Beginning Balance	\$ -	\$ 5,287,519	\$ 4,805,499	\$ 3,268,513	\$ 3,183,251	\$ 3,353,348	\$ 3,614,220	\$ 3,096,790	\$ 3,232,780	\$ 3,506,804	\$ 4,595,852	\$ 4,058,779
Federal HGF Beginning Balance	5,930,475	-	-	-	-	-	-	-	-	-	-	-
State HGF Beginning Balance	269,437	-	-	-	-	-	-	-	-	-	-	-
2013 Principal Forgiveness Amount	495,019	-	-	-	-	-	-	-	-	-	-	-
2014 Principal Forgiveness Amount	600,934	-	-	-	-	-	-	-	-	-	-	-
Interest Earnings at 0.6%	9,300	6,609	6,007	4,086	3,979	4,192	4,518	3,871	4,041	4,384	5,745	5,073
UWLF Interest Earnings at 0.6%	21,499	15,662	16,104	17,387	18,610	20,294	22,517	23,800	25,029	26,646	29,062	30,349
Hardship Grant Assessments	126,838	972,065	424,442	-	104,451	930,197	402,201	-	201,698	860,685	379,454	-
Interest Payments	62,634	234,881	58,000	113,010	53,057	216,420	53,335	108,319	43,257	197,334	48,667	103,497
Advance Repayments	-	2,041,500	-	-	-	-	-	-	-	-	-	-
Total Funds Available	7,516,136	8,558,237	5,910,052	3,402,996	3,363,348	4,524,451	4,096,790	3,232,780	3,506,804	4,595,852	5,058,779	4,197,699
Project Obligations												
Blanding City - Planning Advance	(39,900)	-	-	-	-	-	-	-	-	-	-	-
Eagle Mountain City - White Hills - Construction Grant	-	-	(580,000)	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-	-	-
Payson City - Planning Advance	(88,000)	-	-	-	-	-	-	-	-	-	-	-
Wellington - Planning Advance	(32,000)	-	-	-	-	-	-	-	-	-	-	-
Planned Projects												
*Salem City - Planning Advance	(112,300)	-	-	-	-	-	-	-	-	-	-	-
Non-Point Source Project Obligations												
(FY10) DEQ - Nutrient Reduction Benefit Study	(5,053)	-	-	-	-	-	-	-	-	-	-	-
(FY11) DEQ - Economic Study of Nutrient Removal	(23,730)	-	-	-	-	-	-	-	-	-	-	-
(FY11) Gunnison Irrigation Company	(48,587)	-	-	-	-	-	-	-	-	-	-	-
(FY11) DEQ - Willard Spur Study	-	(285,778)	-	-	-	-	-	-	-	-	-	-
(FY12) UDAF	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(910,231)	-	-	-	-	-	-
(FY13) DEQ - Great Salt Lake Advisory Council	-	(400,000)	-	-	-	-	-	-	-	-	-	-
(FY14) Utah Farm Bureau	(13,200)	-	-	-	-	-	-	-	-	-	-	-
(FY14) UACD	(79,695)	-	-	-	-	-	-	-	-	-	-	-
(FY15) DEQ - Nitrogen Transformation Study	(150,000)	-	-	-	-	-	-	-	-	-	-	-
FY 2009 - Remaining Payments	(35,000)	-	-	-	-	-	-	-	-	-	-	-
FY 2010 - Remaining Payments	(43,283)	-	-	-	-	-	-	-	-	-	-	-
FY 2011 - Remaining Payments	(37,331)	-	-	-	-	-	-	-	-	-	-	-
FY 2012 - Remaining Payments	-	(59,831)	-	-	-	-	-	-	-	-	-	-
FY 2013 - Remaining Payments	-	(249,591)	-	-	-	-	-	-	-	-	-	-
FY 2014 - Remaining Payments	(241,796)	(241,796)	(241,797)	-	-	-	-	-	-	-	-	-
FY 2015 - Remaining Payments	(209,742)	(209,742)	(209,742)	(209,745)	-	-	-	-	-	-	-	-
FY 2016 Allocation	-	-	(1,000,000)	-	-	-	-	-	-	-	-	-
FY 2017 Allocation	-	-	-	-	-	-	(1,000,000)	-	-	-	-	-
FY 2018 Allocation	-	-	-	-	-	-	-	-	-	-	(1,000,000)	-
Non-Point Source Projects in Planning												
None at this time	-	-	-	-	-	-	-	-	-	-	-	-
Total Obligations	(2,228,616)	(3,752,738)	(2,041,539)	(219,745)	(10,000)	(910,231)	(1,000,000)	-	-	-	(1,000,000)	-
HGF Unobligated Funds	\$ 5,287,519	\$ 4,805,499	\$ 3,268,513	\$ 3,183,251	\$ 3,353,348	\$ 3,614,220	\$ 3,096,790	\$ 3,232,780	\$ 3,506,804	\$ 4,595,852	\$ 4,058,779	\$ 4,197,699

Project Number: 
Date Received: January 9, 2015
Date to be presented to the WQB: January 28, 2015

**WATER QUALITY BOARD
REQUEST FOR HARDSHIP PLANNING ADVANCE TO
PREPARE WASTEWATER COLLECTION/TREATMENT FEASIBILITY STUDY
AUTHORIZATION**

APPLICANT: Salem City
30 West 100 South, PO Box 901
Salem, Utah 84653
Telephone: 801-423-2770
EIN#: 87-6000-277

PRESIDING OFFICIAL: Mayor Randy Brailsford

CONTACT PERSON: Rebecca Andrus, City Engineer

TREASURER: Jeffrey Nielson, Finance Director/Recorder

CONSULTING ENGINEER: Jason Broome, Senior Project Manager
Forsgren Associates, Inc.
370 East 500 South, Suite 200
Salt Lake City, Utah 84111
801-364-4785

CITY ATTORNEY: S. Junior Baker, Salem City

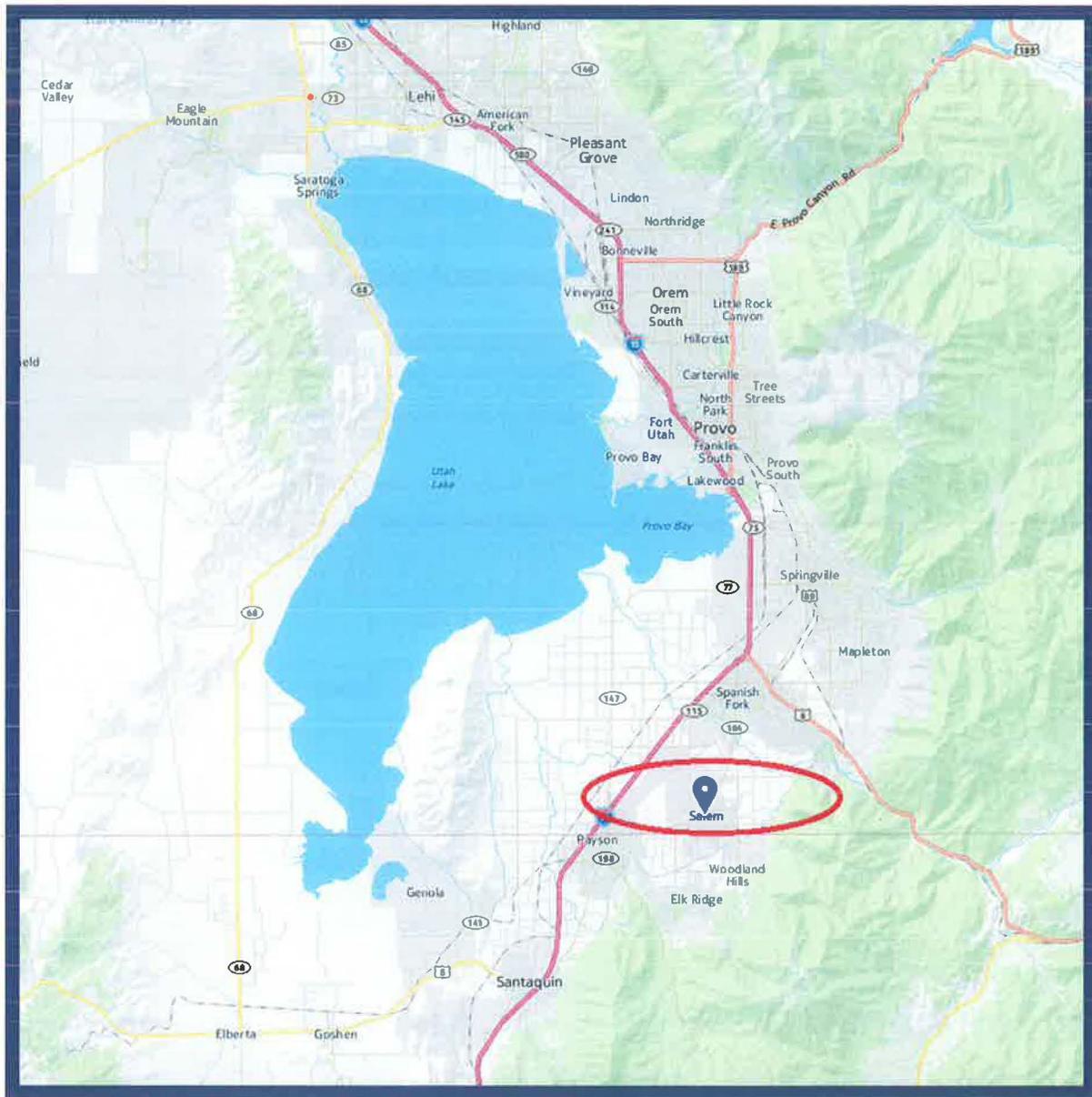
BOND COUNSEL: Randall Larsen
Ballard Spahr
201 S. Main Street
One Utah Center, Suite 800
Salt Lake City, Utah 84111
801-531-3000

APPLICANT'S REQUEST:

Salem City requests a **hardship planning advance in the amount of \$112,300** to complete a wastewater treatment and collection system facility plan to evaluate alternatives to their existing lagoon system which is unable to meet the existing water quality standards for ammonia.

APPLICANT'S LOCATION

Salem City is a city of approximately 7,000 people and is located in Utah County south of Provo.



BACKGROUND

Salem City owns and operates a three cell discharging facultative lagoon wastewater treatment system that was constructed in 1988 and designed to treat an average daily wastewater flow of 1.25 million gallons per day (mgd) and a peak daily flow of 2 mgd. The facility discharges treated effluent to Bear Creek, which flows to Utah Lake. Utah Lake is listed on Utah's 303(d) list for total phosphorus (TP) and total dissolved solids (TDS) concentrations that exceed state water quality criteria; a TMDL investigation is currently underway. In addition, recent changes to Utah's water quality standards for ammonia have resulted in effluent limits that Salem City cannot meet with its existing wastewater treatment technology.

PROJECT NEED:

Recent changes in ammonia standards for Bear Creek have resulted in stringent effluent ammonia limits for Salem City's wastewater discharge that the existing lagoon system is not designed to meet. Additional treatment technology will be required for compliance. Salem City must also begin monitoring and planning for compliance with technology-based phosphorus effluent limits that were recently adopted by the Water Quality Board and that will become effective in 2020. Furthermore, a TMDL for Utah Lake could impose additional nutrient discharge limitations of Salem City's discharge.

PROJECT DESCRIPTION:

The proposed wastewater Facilities Plan will provide a comprehensive analysis of the entire wastewater collection and treatment systems, including a thorough evaluation of the project need, alternatives, life-cycle costs, financing and implementation requirements. The project planning area will be the Salem City Annexation Declaration Area and the planning period will be for a minimum of a 20 years. In addition to the Facility Plan, Salem City plans to conduct 6-12 months of upstream and downstream sampling for phosphorus to support design and permitting decisions.

The study will include the following major tasks:

- Develop a comprehensive master plan and hydraulic model of the existing collection system, as well as piping layout and modeling for the entire Annexation Declaration Area and planning period.
- Conduct a complete alternatives analysis including the no action alternative and regionalization. Option 1 is for further study should regionalization appear feasible.
- Prepare a comprehensive evaluation of the treatment system considering all feasible alternatives to meet future conditions (flows, loadings, discharge limits).
- Conduct an analysis of the City's current user charge system with recommendations for modification based on the new facilities plan. Provide the necessary services to implement the proposed rate structure.
- Revise the current Impact Fee Analysis and recommend a new impact fee based on the new facilities plan, as well as provide the necessary services to implement the new
- Additional planning and analysis if it appears that regionalization will be the preferred alternative (referred to as Option 1)
- Compile study findings into a comprehensive wastewater Facility Plan that meets Salem City's planning requirements and satisfies the Utah Water Quality Board's State Revolving Fund program conditions.

IMPLEMENTATION SCHEDULE:

The facility plan is planned to be completed by August 1, 2016.

PROJECT PRIORITY LIST

This project is ranked 11th of 18 projects.

COST ESTIMATE:

The base planning effort will cost \$87,300, with an optional task to analyze regionalization should that appear to be feasible.

A Consulting Engineer	\$ 75,300
E Additional Wastewater Sampling	\$ 10,000
F Sampling Assistance (Engineering)	\$ 2,000
Project Total	\$ 87,300
G Regionalization (Option 1)	\$ 25,000
Total	\$ 112,300

STAFF COMMENTS AND RECOMMENDATION:

This project is being presented as a request for authorization of a hardship planning advance to the Water Quality Board. Staff recommends the Board authorize a hardship planning advance for the entire amount requested, including funding for the optional task, to assist Salem City develop a community-wide plan for wastewater infrastructure to meet its current and future water quality requirements. The Optional Task and associated funding will only be used if the option to pursue regionalization is exercised by the City and approved in advance by the Division.

SPECIAL CONDITIONS:

1. The Division of Water Quality must approve the engineering agreement and plan of study before the advance will be executed.
2. Salem City must agree to participate annually in the Municipal Wastewater Planning Program (MWPP).
3. As a part of the facility planning, Salem City must complete a Water Conservation and Management Plan.
4. This Planning Advance is anticipated to lead to a request for construction funding that allows timely repayment of the Planning Advance. The GRANTEE agrees that if at any time it determines not to proceed with this project it will repay the advance in full ***no later than September 30, 2018.*** To ensure that this condition is legally enforceable, the City Council must adopt a resolution by which the GRANTEE (1) agrees that its obligation to repay the Planning Advance by the deadline is payable only from sewer revenues generated from the GRANTEE’s sewer system (or loan proceeds if the GRANTEE secures funding from the Water Quality Board); (2) certifies that the sewer system revenues are adequate to cover all operation and maintenance expenses of the system and to cover all debt service requirements on all outstanding sewer revenue bonds of the GRANTEE; (3) certifies that the obligation of the GRANTEE to repay the Planning Advance from its sewer revenue is on a parity basis with all outstanding sewer revenue bonds of the GRANTEE; and (4) covenants that the GRANTEE will not issue any other sewer revenue bonds without the prior written approval of the Water Quality Board until the Planning Advance has been fully repaid. This acceptance of the GRANTEE’s request shall not be effective until a copy of that resolution, in form acceptable to the Water Quality Board, has been supplied to the BOARD, at which time the BOARD’s representative will execute this form.



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MEMORANDUM

TO: Utah Water Quality Board

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

FROM: Judy Etherington
Wastewater Certification Program Coordinator

DATE: January 13, 2015

SUBJECT: Recommendations for Appointments to the 2015 Wastewater Operator Certification Council

As of January 31, 2015, the terms of service for two members of the Wastewater Operator Certification Council will expire. Those individuals who have served for the past three years are Clifton Specht, representing wastewater collection operators; and Terral Dunn, representing wastewater treatment operators (shown as "vacant" on the following table.) However, with the change in the certification rule approved by the Board last year, the balance of representation on the Council can be adjusted in filling these vacancies.

By current administrative rule the make-up of the *seven-member* Council is as follows:

Representation	Member
Wastewater treatment operator (1)	Dan James
Wastewater treatment operator (2)	<i>Now Vacant</i> , to be filled by Richard Jex (for the balance of his 3-year term)
Wastewater collection operator (3)	<i>Vacant</i>
Wastewater collection operator (4) (new)	<i>Vacant</i>
Municipal wastewater management	Kerry Eppich
At large: Education / Vocational Training / Private Sector (1)	Dr. Michael McFarland
At large: Education / Vocational Training / Private Sector (2)	Dr. James Callison

Recommendations to fill these vacancies were directly solicited from the Utah League of Cities and Towns; four universities in Utah; the Association of Special Districts; the Water Environment

Association of Utah (WEAU); and the Rural Water Association of Utah (RWAU). A request for recommendations was also included in a recent Water Quality Actions listserv mailing. Council members may be reappointed.

Upon consideration of the recommendations submitted by those entities and other individuals, we recommend that *Lawrence Burton* and *Tom Pendley* be appointed to fill the vacancies “representing wastewater collection operators.” We also recommend that *Richard Jex* continue serving his current three-year term on the Council as a representative of wastewater treatment operators. The terms would begin February 1, 2014 and continue through January 31, 2017.

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FILE: CERTIFICATION COUNCIL APPOINTMENTS 2015



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MEMORANDUM

TO: Utah Water Quality Board

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

FROM: Judy Etherington
Wastewater Certification Program Coordinator

DATE: January 13, 2015

SUBJECT: Request to Initiate Rulemaking on Rule R317-10-8, Utah Wastewater Operator Certification Council

Following the adoption of the recent changes to *Rule R317-10, Certification of Wastewater Works Operators*, it was discovered that some corrections were needed to clarify the recommended composition of the Utah Wastewater Operator Certification Council (the Council) as found in Section R317-10-8. Both staff and the former workgroup members considered the final language and it is being recommended by the Council that these revisions be made to better reflect the intent of the previously approved changes.

It is recommended that the Water Quality Board approve initiation of rulemaking for the proposed amendment to *Section R317-10-8, Utah Wastewater Operator Certification Council*, as detailed in the attached marked text.

Attachments: Summary of Proposed Revisions to R317-10 &
Text of Revisions to *Rule R317-10, "Certification of Wastewater Works Operators"*

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File: Administrative Rules /Wastewater Operator Certification/Revisions 2015

SUMMARY OF PROPOSED REVISIONS TO SECTION R317-10-8

The following changes are reflected in the recommended revised rule language:

- Revise the suggested composition of Council representation to match the number of voting members.
- Allow for flexibility in representation by having two members who may provide representation from any combination of educational institutions, vocational training, or certified operators in the private sector.
- Reorganize the verbiage to better indicate that the Division of Water Quality staff who are in attendance at meetings are not voting members of the Council.

R317. Environmental Quality, Water Quality.

R317-10. Certification of Wastewater Works Operators.

R317-10-8. Utah Wastewater Operator Certification Council.

A. Membership.

1. Members of the council shall be appointed by the board.

a. Recommendations for appointments may be made by interested individuals or organizations, including the Department of Environmental Quality, Utah League of Cities and Towns, Water Environment Association of Utah, the Rural Water Association of Utah, and the Civil and Environmental Engineering Departments of universities in Utah.

b. The council shall serve at the discretion of the board to oversee the certification program in an advisory capacity to the director as provided in this rule.

2. The council shall consist of seven voting members and should include representation from interest groups as follows:

a. four members who are operators holding valid certificates, with at least two members being wastewater collection system operators and two members being wastewater treatment system operators;

b. one member with at least three years of management experience in either wastewater treatment, collection, or both, who represents municipal wastewater management;

c. ~~[one]~~two members who ~~[is]~~are at large and may represent:

~~(1)~~ (1) an educational institution in Utah;

~~[d.]~~ (2) ~~[one member from]~~ those who are currently certified as wastewater operators in the private sector ~~[who is currently certified as a wastewater operator]~~; or

~~[e.]~~ (3) ~~[one member representing]~~ vocational training. ~~[; and]~~

~~[f.]~~ 3. ~~[a]~~At least two non-voting division staff ~~[members]~~ should be in attendance at any council meeting.

~~[3]~~ 4. Voting council members shall serve as follows:

a. terms of office shall be for three years with two members retiring each year, except for the third year when three shall retire;

b. any member who does not attend at least 50 percent of the meetings during a year of service may be replaced at the discretion of the board;

c. appointments to succeed a council member who is unable to serve his full term shall be for the remainder of the unexpired term; and

d. council members may be reappointed, but they do not automatically succeed themselves.

~~[4]~~ 5. A majority of voting members shall constitute a quorum for the purpose of transacting council business.

~~[5]~~ 6. Each year the Council shall elect from its membership a Chair and Vice Chair.

B. Duties of the council shall include:

1. evaluating examinations to ensure compatibility with operator responsibilities, accuracy of content, and composition of individual exam databank items;

2. evaluating certification applications, as requested by the director, and making recommendations for approval or disapproval;

3. assisting in administering examinations at various locations;

4. providing a forum for ongoing evaluation of the certification

program and recommending changes to the director;

5. providing advice and recommendations for CEU approval; and
6. preparing an annual report of certification program activities for distribution to the board and other interested parties.

KEY: water pollution, operator certification, wastewater treatment, renewals

Date of Enactment or Last Substantive Amendment: [~~August 27, 2014~~] 2015

Notice of Continuation: July 11, 2012

Authorizing, and Implemented or Interpreted Law: 19-5



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MEMORANDUM

TO: Utah Water Quality Board

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

FROM: Carl Adams
Watershed Protection Manager

DATE: January 20, 2015

SUBJECT: New Vision for Clean Water Act Section 303(d) Program

The Clean Water Act, Section 303(d), requires that states submit a list of waterbodies that fail to meet state water quality standards to the EPA every 2 years as part of the state's Integrated Report. This list is the "303(d) list," and waterbodies identified on the list are often referred to as "impaired waters." The CWA requires a TMDL study be completed for each pollutant responsible for causing impairment to a designated use(s). A TMDL study determines the amount of an identified pollutant (i.e., the load) that a waterbody can receive while preserving its designated uses and state water quality standards. Once the pollutant loads have been identified, controls are implemented to reduce those loads until the waterbody is brought back into compliance with water quality standards. Upon completion of the TMDL study, it is submitted to the Utah Water Quality Board and U.S. Environmental Protection Agency (EPA) for approval.

In the past 2 decades, many states, though Utah is not among them, have been under court order to complete TMDLs on a specified schedule. This has resulted in a nation-wide focus on completing TMDLs at specified pace, typically 8 to 13 years after being placed on the 303(d) list. However, in many cases the developed TMDLs have not resulted in meaningful water quality improvements.

In 2014, EPA, in collaboration with states, set a vision for the future of the Clean Water Act's 303(d) program including the assessment, reporting, and restoration of impaired waters that provides states with more flexibility in addressing the 303(d) list by shifting the focus from TMDL pace to water quality restoration priorities specified by states. The long range goal of the vision is to demonstrate the 303(d) program's success in restoring impaired waters by 2022 which is also the 50th anniversary of the Clean Water Act. This brief presentation will introduce the vision's elements and outline future steps for applying it in Utah.

The new vision is informed by the experience gained over the past two decades in implementing the 303(d) program. It enhances efficiency and encourages focus on priority waters, providing States flexibility in using alternative tools to attain water quality restoration and protection.

Key elements of the vision include:

Prioritization - Review, prioritize, and report priority watersheds or waters for restoration and protection in the integrated report to facilitate strategic planning for achieving water quality goals. The following simplified table gives a draft prioritization schema for impaired waters in Utah. DWQ proposes to prioritize impairments associated with human health and on waters that are highly valued (drinking water, recreation, or socio-economic). Other factors that DWQ staff recommends incorporating are recovery potential of the water body and the magnitude and persistence of the impairment. There are certainly additional metrics that should be evaluated in determining the priority of impaired waters which will be the focus of an upcoming stakeholder survey. Details of this schema, including additional factors, and a weighting scheme would be filled in following public involvement and WQB input.

Table 1. Example of a 303(d) prioritization schema for Utah

	Pollutant	Uses	Waterbody	Sources	Recovery Potential	Impairment Magnitude and Persistence
Very High	Toxics Bacteria	1C	Drinking Water Source, Fed/State Parks Unique ecology	Point Source only	Very high	
High	DO Nutrients Metals	2A, 3A, 3D	Blue Ribbon Fishery High Rec. Use Important Bird Areas Economic harm to industry / agriculture	Point and Nonpoint Sources	High	multiple listing cycles and multiple pollutants
Medium			Local leadership /active stakeholders	Nonpoint sources only	Medium	multiple listing cycles OR multiple pollutants
Low			Source addressed by another regulatory program (CERCLA, Salinity, etc.)	Natural, Ephemeral, Hydrologic Modification	Low	

Assessment - Identify the extent of healthy and 303(d) impaired waters in priority watersheds or waters through site-specific assessments.

Protection - Identify protection planning priorities and approaches along with schedules to help prevent impairments in healthy waters. This will include how existing protection programs such as 401 certification, anti-degradation review, source water protection zones and wild and scenic river designations play an important role in protecting water quality.

Alternatives - Use alternative approaches that incorporate adaptive management, in addition to TMDLs, to implement actions that achieve water quality goals. This includes straight to implementation approaches such as comprehensive watershed plans and project implementation plans.

Engagement - Actively engage the public and other stakeholders to improve and protect water quality, requesting and sharing feedback on proposed approaches and promoting enhanced understanding of program objectives. This will be accomplished through a broad stakeholder survey and presentations at conferences, interagency coordination meetings, and other venues. Staff proposes to conduct a stakeholder survey on water quality priorities in February 2015.

Integration - Identify and coordinate implementation of key point source and nonpoint source control actions that foster effective integration across CWA programs, other statutory programs, and the water quality efforts of other Federal agencies to achieve water quality goals.

Following the receipt of feedback from stakeholders through the survey, an analysis of ranking factors and draft report on Utah's prioritization approach will be prepared in March. A final report will be sent to EPA for review in June following sufficient time for internal review, including review by the Water Quality Board, followed by public comment.

Milestones

- Present Vision to Workgroups (ongoing)
- Present Vision to WQ Board (January 2015)
- Conduct Stakeholder Survey (February 2015)
- Internal ranking (February 2015)
- Draft Vision Report (March 2015)
- Internal review – Public Draft (April 2015)
- Public Comment (May 2015)
- Submit Final Report to EPA (June 2015)



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MEMORANDUM

TO: Utah Water Quality Board

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

FROM: Michael Allred
Environment Scientist III

DATE: January 20, 2015

SUBJECT: Willard Bay Mitigation Project

On May 28, 2014 the Division of Water Quality (DWQ) announced that it had chosen 15 projects for funding under Chevron's \$3.1 million Settlement Agreement for the Willard Bay diesel spill.

A three-member team from DWQ reviewed over 80 proposals totaling almost \$31 million. Each proposal was scored and ranked on the basis of the criteria outlined in the January 2014 Requests for Proposals (RFP). Project criteria included the enhancement of wildlife, habitat, native vegetation, or water quality and improved recreational opportunities, environmental benefits, and educational opportunities for Utah residents.

Successful projects submitted a detailed work plan and budget to DWQ for final approval. As outlined in the Settlement Agreement, all project work must be completed by January 28, 2018.

A complete listing of the proposals received, including those selected for full or partial funding, is available on DEQ's Willard Bay Mitigation Fund web page. www.deq.utah.gov/locations/G/greatsaltlake/willardbay/mitigationsfunds.htm

Thirteen of the successful applicants have submitted all of the agreement documents. Two are nearing completion.

Applicant Name	Agency/ Organization	Project Title	Funds Requested	Funds Awarded
Willard Bay State Park	Utah Division of Wildlife Resources	Permanent Decontamination Station to Prevent Quagga Mussels Infestation at Willard Bay	\$260,400.00	\$223,000.00
Lance Houser	Logan City	Logan River Comprehensive Plan and Phase 1 River Restoration	\$975,000.00	\$600,000.00
Mary McKinley	Ogden Nature Center - Mary McKinley/Jenny Frame & Emily Martin	Ogden Nature Center Wetland Restoration and Education Project	\$91,545.00	\$80,000.00
Jake Powell, Upper Weber Watershed Coordinator	East Canyon Watershed Committee/Uinta Headwaters RC&D Council	East Canyon Watershed Water Quality Improvement Project	\$283,750.00	\$183,750.00
Eric McCulley	Laura Hanson - Jordan River Commission Leslie Kelen – Center for Documentary Expression and Arts	Lower Jordan River Education Outreach, Riparian Habitat Enhancement, and River Cleanup Project	\$238,000.00	\$138,000.00
Ben Watkins	Box Elder High School	Bank Erosion Prevention along Channel Segments and Resulting Water Quality	\$6,037.49	\$6,037.49

Jake Powell, Upper Weber Watershed Coordinator	The Weber River Partnership	The Weber River Partnership Capacity and Symposium	\$63,000.00	\$21,000.00
Paul Burnett	Trout Unlimited	South Fork Chalk Creek Watershed Restoration	\$268,000.00	\$168,000.00
Wes Thompson PG, Principal Hydrogeologist, BLOWEST, Inc.	BIO-WEST, Inc.	Willard Bay Noxious and Invasive Weed Treatment	\$295,381.00	\$225,000.00
Dave Livermore	The Nature Conservancy	Wings & Water Wetlands Education Initiative	\$376,000.00	\$240,000.00
Kenneth Braegger, Mayor	Willard City Corporation	Willard Creek Nature Park & Debris Basin Rehabilitation Project	\$1,590,882.40	\$903,132.39
Kent Sorenson	Utah Division of Wildlife Resources / Utah Division of Parks and Recreation	North Marina Handicapped Fishing Pier	\$60,000.00	\$60,000.00
Willard Bay State Park	Division of Parks and Recreation	Boat Launch ramp Extension, North Marina	\$13,825.12	\$13,825.12
Merritt Frey	River Network	Lower Jordan Flow Project	\$264,255.00	\$164,255.00
Paul Thompson/Chris Penne	Utah Division of Wildlife Resources	Stocking Evaluation of Wiper & Walleye at Willard Bay Reservoir	\$83,698.00	\$80,000.00

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Members of the 4-H Oasis Club monitor water quality at Sand Hollow Reservoir, Hurricane, Utah | Photo by Carin Miller, St. George News

Hurricane teens keep water quality in check at Sand Hollow

Written by [Carin Miller](#) on December 19, 2014 in [News](#) - [No comments](#)

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HURRICANE – On a sunny December morning, members of the Washington County 4-H Oasis Club gathered on the dock at the Sand Hollow State Park boat ramp to investigate and report on the health of the water.

The group of Hurricane High School students meets once a month to monitor water quality, as part of their 4-H group that focuses on citizen science, said Utah State University's Washington Extension Youth Programs Leader Paul Hill. They are part of the Utah Water Watch, a volunteer program that engages the public in helping to monitor water quality and report the information back to watershed managers at the Utah Division of Water Quality.

With Hill that day were two of the five members of the 4-H Oasis Club: Hurricane High School junior Cameron Wolsleger, club president; and Hurricane High School sophomore Kayla Stewart, club vice president.

Wolsleger added a drop or two of a solution, shook the tube and watched it turn a bright blue

Taking a tiny test tube and filling it with lake water, Wolsleger added a drop or two of a solution, shook the tube and watched it turn a bright blue color. While he compared the results to a tray of similar tubes of various shades of blue, Hill said, Wolsleger was

measuring the amount of dissolved oxygen in the water.

"It's the oxygen that makes aquatic life possible," Hill said. "It's not like bubbles, like if you see bubbles in the water that are bubbling up, that's not what they're measuring. Water is made of H2O and so they're measuring how much of 'O' is in the water."

The oxygen concentration of healthy lakes and streams in Utah should fall between six and 12 oxygen molecules per 1 million water molecules, Hill said. If the oxygen content drops too low, it will start to kill fish and other aquatic species.

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While Hill and the students couldn't agree on whether their sample indicated an oxygen content of nine or 10, they both agreed that the oxygen in Sand Hollow Reservoir was within the target range.

"That's very, very healthy," Hill said. "That means you're going to see a lot of fish in here."

"That means you're going to see a lot of fish in here."

As part of the monitoring process, the group members also make field observations about water surface, clarity, color, odor, algae cover, and the presence or absence of dead fish, Hill said. In addition, they chart current weather, past weather, and recent rainfall totals.

Information collected by club members is entered into a statewide database run by Utah Water Watch, a Utah State University Water Quality Extension program that provides volunteers with the equipment and training needed to monitor any body of water in the state of Utah, Hill said.

Because the state has limited resources, it is impossible for them to monitor all of Utah's lakes and streams, Water Watch Program Coordinator Brian Greene said. The information collected by volunteers allows watershed managers to easily access data that will help them make better decisions about where to allocate resources, he said.

"We have 89,000 miles of streams, and we have over 2,000 lakes in Utah," Greene said, explaining why public support is crucial to keeping Utah water healthy. "So how do they know where to monitor when there are probably 20 people in that office, and then all of those thousands of miles and all of those thousands of lakes?"

With volunteers helping to keep track of water quality by visiting places they would enjoy visiting anyway, it helps water quality experts know where their attention needs to be focused, Greene said. Currently there are only 120 volunteers statewide tracking water quality for Utah Water Watch. Anyone who thinks they might be interested in helping can contact Greene to find out more. Contact information is listed below.

They can see the changes and fluctuations no matter how subtle

Though they are only required to go seven months out of the year, Hill said, his group goes to Sand Hollow every month of the year to check on the water. With access to the database, he said, the 4-H Oasis Club members can track the work that they do over a long period of time so they can see the changes and fluctuations no matter how subtle.

Wolsleger said he learned a lot about pH and oxygen in the water. Before taking part in this project, he said, he had no idea how important these things were to healthy water, but now he looks forward to coming out every month, because it is so much fun for him.

"At first look you would think 'Oh I have to go check the water, that doesn't sound like very much fun,'" he said, "but then when you come and do it, it's more fun because you get to learn more and it's a hands-on kind of activity."

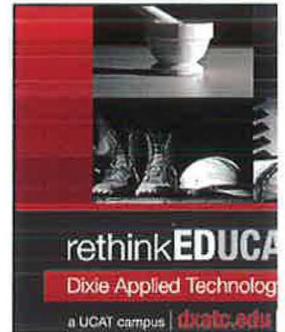
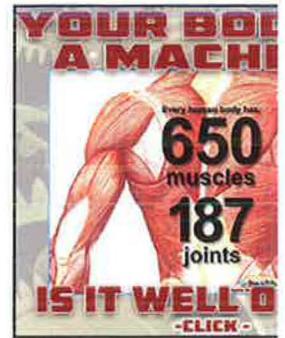
Hill said that he and Wolsleger decided to monitor water at Sand Hollow as their citizen science project, because it was so close to home. He hopes the data collected will make a significant impact on the state's understanding of the water at Sand Hollow.

Wolsleger and Stewart both said they feel a sense of ownership of the project, because they are being stewards to land that they use for recreation.

They are being stewards to land that they use for recreation

"I like to come here with my family," Wolsleger said. "We go over to the beach area and hang out on a boat, come out and go wake boarding, or tubing, and sometimes during the winter we go up into the dunes (and) dirt bike and four wheel and stuff like that."

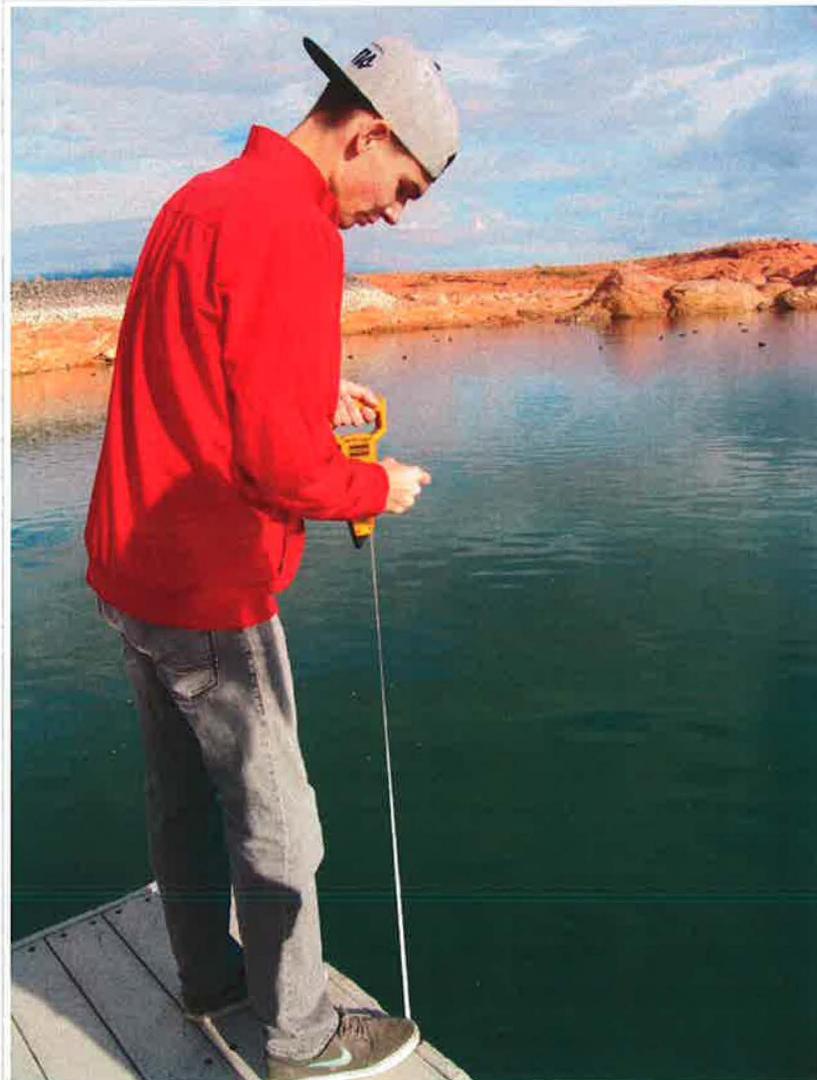
Stewart said that her family spends a lot of time on the beach with the younger



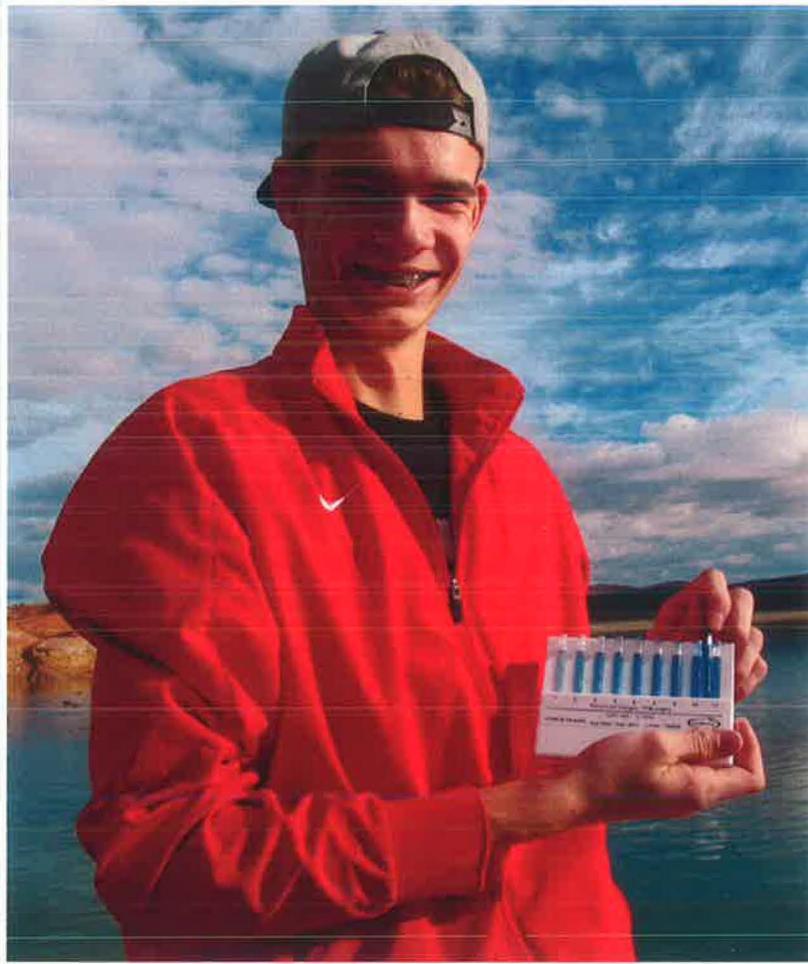
children, and the older kids go out on the lake and ride in boats. However, since she has been helping with 4-H monitoring project, she has gained a whole new appreciation for the playground in her back yard.

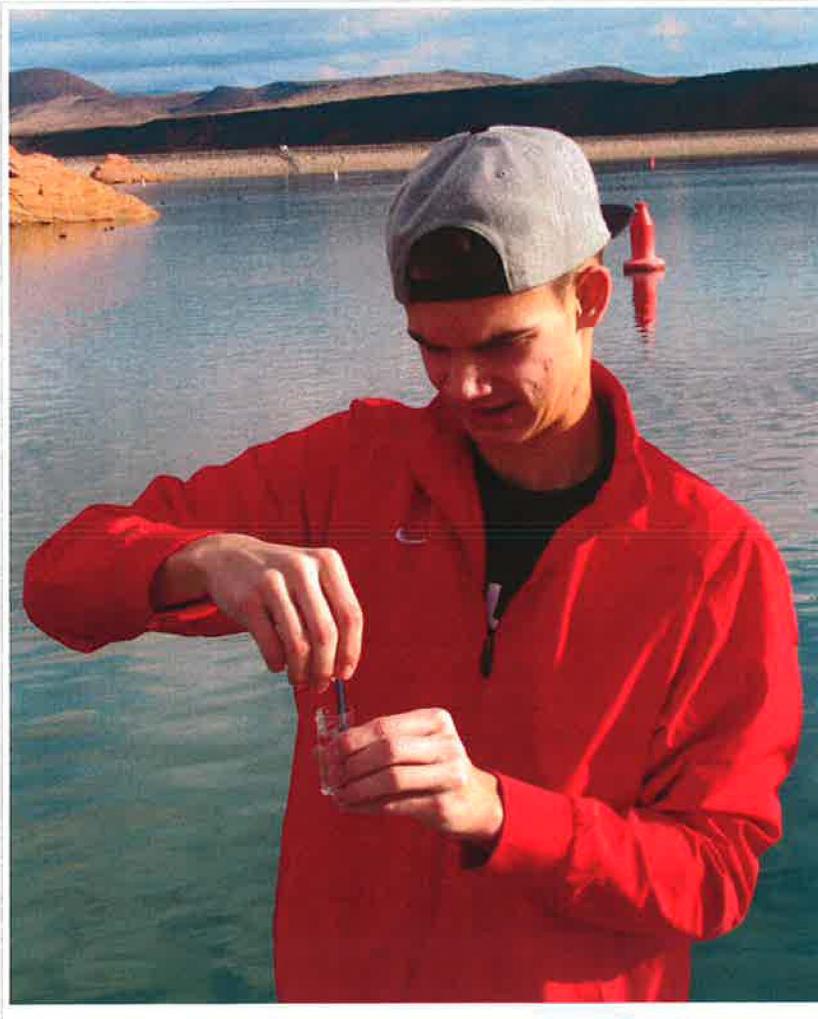
"We want this beautiful lake to stay nice and as beautiful as it is," she said. "If we want to keep playing on it, we should probably take care of it."

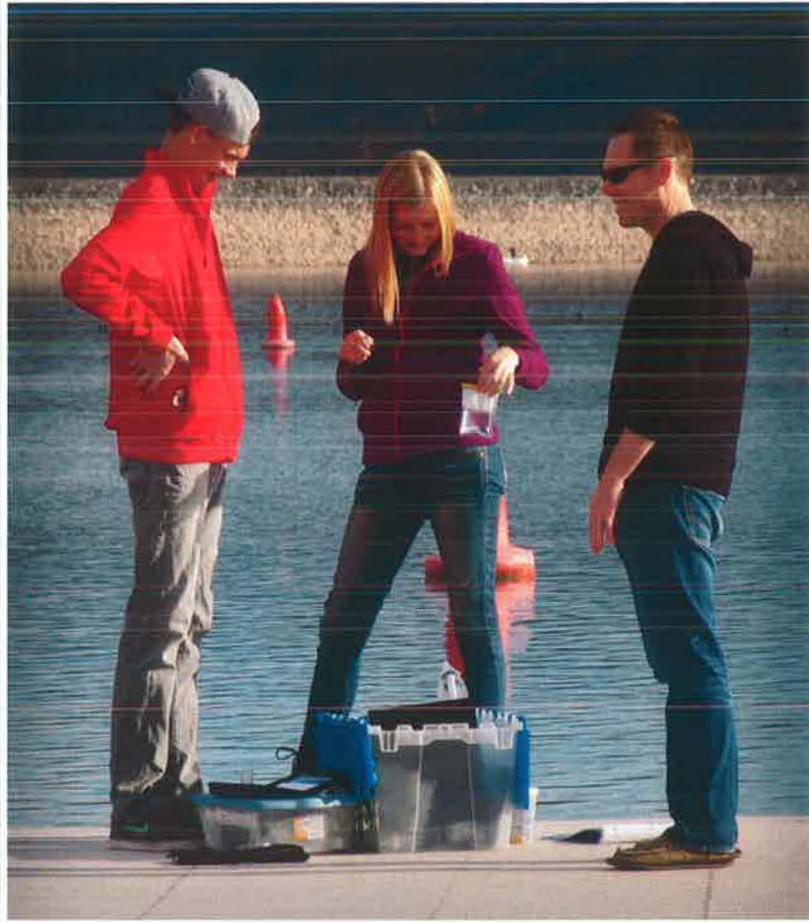
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Members of the 4-H Oasis Club monitor water quality at Sand Hollow Reservoir, Hurricane, Utah | Photo by Carin Miller, St. George News







Resources

- Visit the Utah Water Watch volunteer [website](#)
- Email Volunteer Coordinator [Brian Greene](#)

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About the Author



Born and raised in South Jersey, Carin Miller moved to Cedar City 20 years ago or so and found her home. A 2012 graduate of Southern Utah University, she earned her bachelor's degree in communication with a minor in fine art photography – after dropping out of high school at the age of 16. Carin proved that with a little determination and hard work anything was possible. Her love of history and family has compelled her to dig up "Legacies Lost to Time" and share them with the world when she is not busy with either work or her four children. Having worked for the Iron County Today, Alive Utah South and KCSG Television before landing with St. George News, Carin has covered a wide range of issues, events and happenings throughout the Southern Utah region.
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Duchesne County subdivisions awash in failing septic systems

By BRIAN MAFFLY (/staff/71D=76) | The Salt Lake Tribune [CONNECT \(/staff/71D=76\)](#)

First Published Dec 23 2014 03:59PM • Last Updated Dec 31 2014 04:58 pm

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http://www.sltrib.com/news/1937571-155/duchesne-county-subdivisions-awash-in-failing-septic-systems

(Brian Maffly | The Salt Lake Tribune) Andy Adams' home is only a few years old but its basement floor is already riven with cracks thanks to a high water table in the Stonegate subdivision west of Panguitch. Residents who bought into this new subdivision on former agricultural lands should not have been apprised of the area's drainage problems that are now rendering septic systems useless. Duchesne County coast enforces a moratorium on residential construction in its unincorporated Hancock Cove until the subdivided agricultural area can be sewered.

ARTICLE PHOTO GALLERY (11)



Effluent » Officials impose building moratorium until area west of Roosevelt is piped for a sewer.

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Roosevelt • The Stonegate subdivision seems like a great place to settle down and raise kids. But a dark secret lurks under its sprawling lawns. Just 2 miles west of Roosevelt's downtown, the neighborhood is insulated from the industrial traffic and oil field service companies that clog an energy boomtown in the heart of the Uinta Basin. Large adobe, log and stone homes dot the landscape — 4,000 square feet of the American dream nestled on 1-acre lots carved out along rows of cut-de-sacs, alfalfa fields and wetlands spread in three directions. To the north, panoramic vistas of the High Uintas rise up unbroken.

But there's one big hitch. When you flush the toilet here, the effluent is liable to end up in your basement. Or in Dan Robinson's yard, which he has torn up in an expensive but failed bid to salvage his septic system in the face of a rising water table. Now, Robinson's 5-year-old home is surrounded with what he calls "an open sewer," a mud bog saturated with his neighbors' sewage. "We have invested a lot in our homes and now, because state law wasn't followed, we don't have homes that can be lived in," said Robinson, a dentist. "Everyone is affected. No one can sell [his] home and move." The Robinson family has abandoned their home. Other homeowners run sump pumps all day to keep the rising water table out of their crumbling basements. And local officials are scrambling for a solution, which will require establishing a special sewer district and an expensive bailout, possibly from the state. Robinson and other homeowners believe all of it could have been avoided if local government leaders had reviewed the history and geology of the land and been able to tell a developer "no."

Soggy foundations of a crisis • This boggy field outside Roosevelt lay undeveloped for generations. With a water table so high tractors sank in the muck, even local farmers didn't attempt to tame it. Eventually, even Roosevelt had to grow, spurred by oil and gas development workers looking for homes and retirees intent on buying big homes near the grandkids. In 2002, developer Bob West started consolidating property in the area, buying 320 acres from longtime owner Earl Christensen. Eventually, West's firm, RS West Enterprises, won permission to subdivide 80 acres, carving up one-acre lots in three phases at Hancock Cove (named for the area's first European settler, Elmer Hancock) and selling them for \$40,000 each. In all, Hancock Cove subdivisions are planned for 700 lots, 300 of them have homes on them. West's development seems to have accelerated a troubling geologic phenomenon: As development has spread onto agricultural lands, the water table has risen, pushing wastewater out of septic systems, saturating yards, cracking foundations and contaminating surface water with E. coli bacteria. The situation has become so severe that Duchesne County and the local health department last week imposed a building moratorium until the area can be piped for a sewer. Irrigation from farms and yards, stormwater from last fall's rains and an increasing number of septic systems in what is still a rural neighborhood have combined to create a noxious, subsurface soup. Underneath it all, a layer of confining bedrock blocks drainage. "It's a bathtub-type situation. Once the bathtub fills, it seeps out very slowly," said Scott Hacking, a district engineer with the Utah Department of Environmental Quality. "It has all reached critical mass and the Robinson property is ground zero — the shallowest place where the problems are manifesting." Robinson and other neighbors contend Duchesne County should not have authorized West's project without first draining the land.

Recent storms good news for water watchers

DECEMBER 31, 2014 3:45 PM • GENELLE PUGMIRE DAILY HERALD

PROVO -- Storms that blanketed local mountains with snow over Christmas were filled with water that has helped put precipitation at 117 percent of normal for the snow year.

That doesn't mean Utah doesn't need much more to maintain normal levels, but according to Peter Wilensky, meteorologist with the National Weather Service in Salt Lake City, it's a good start.

"A normal precipitation pattern will keep us where we're at," Wilensky said. "Periodic storms are needed. The January through March outlook shows temperatures above normal with precipitation near normal."

According to Greg Beckstrom, public services director for Provo, the 117 percent is based on the median precipitation.

"If you go by the average we are still at about 80 percent," he said.

Beckstrom said looking out over a 10-year period, the state is still below average. It will take a good number of these types of storms and an extremely above-average water year to get back to the long-term normals.

"We are about 40 percent through the water year and we're a little bit above the median, but below the average," Beckstrom said. "It's way too early to draw conclusions."

While Utah is still in a drought situation and there are many variables at play, Beckstrom said the state is getting better with its water conservation.

Reports as of Dec. 31 from the Natural Resources Consumer Services show the Hobbie Creek snowpack holding about 5.5 inches of water. The charts show a substantial spike in the water content and snowpack since Dec. 21. The Timpanogos Divide is slightly below the median snow/water equivalent.

According to the Department of the Interior, Deer Creek Reservoir is 82 percent full. A strong winter could bring the reservoir -- which has been feeling the hit from the recent drought -- back up to normal levels.

"We'd need to see several years of precipitation to be free of the long-term drought," Wilensky said. "If we maintain near normal patterns then we'll be in good shape."

Wilensky did say that snowfall should be at and above the 6,000-foot level to maintain normal patterns. If the state gets rain at those levels it's not a good sign.

Current forecasts indicate northern Utah will be dry with mostly sunny skies for the next several days. A high-pressure system will come in by Friday with temperatures gradually warming. A weak front this weekend could slow the warming pattern, with a chance of a H-9

snow showers in the northern mountains.

Another system is expected to move into the area next Monday or Tuesday that will possibly bring showers to northern Utah. The biggest benefit of the system will most likely be cleaning out any developing inversions in the valleys.

Poor Richard's Almanac is predicting winter temperatures will be above normal, with below-normal snowfall. Precipitation should be above normal in the north, and below normal in the south.

The almanac predicts the coldest periods in the northern part of the state will be at the beginning of the year and in the later half of February.

(//Www.Standard.Net)

Cutler Reservoir being refilled after maintenance

WEDNESDAY , DECEMBER 31, 2014 - 2:51 PM



"Cutler Reservoir was drawn down for maintenance in the fall and was being refilled in the several..."

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BRIGHAM CITY — The Bear River has been lowered this week as PacifiCorp diverted the flow to fill Cutler Reservoir, the U.S. Fish and Wildlife Service said.

The complete diversion was scheduled to continue through New Year's Eve, with subsequent flows from Cutler to decrease to about 50 cubic feet per second for 5-7 days.

The dam was drawn down in the fall for maintenance.

Realtime water levels can be viewed at the following website: http://waterdata.usgs.gov/usa/nwis/uv?site_no=10126000 (http://waterdata.usgs.gov/usa/nwis/uv?site_no=10126000)

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As water demand slows, utilities seek new solutions

Will new pricing models be the answer to both revenue problems and water waste?

Sarah Tory | Dec. 30, 2014 | *Web Exclusive*

As a fifteenth year of drought persists in several Western states, cities like Las Vegas and Denver are contemplating costly new dams and pipelines to meet water demand. Those projects come from a brand of old solutions, ones that shaped the Western U.S., allowing cities to spread across dry plains and sandy deserts. But they may no longer be the go-to answer to the complex set of challenges facing water utilities today.



An irrigation system in south Las Vegas violates Las Vegas Water Authority lawn irrigation rules because it sprays into the street.

Andrew Cullen

The old way of dealing with water needs is based on the assumption that demand will continuously rise as populations grow. But data shows a different story. Implausible as it may seem in a region defined by growth and expansion, municipal water use in Western states has been falling (<http://http://pacinst.org/publication/municipal-deliveries-of-colorado-river-basin-water-new-report-examines-100-cities-and-agencies/>) over the last two decades. This trend is evidence that water deliveries do not simply track population, says Sharlene Leurig, a water-financing expert at Ceres, a Boston-based nonprofit that advocates for business leadership on climate change.

While individuals using less water is great for the planet, the trend threatens financial stability for utilities that depend on selling water to consumers. The less water people use, the more money utilities lose.

Nowhere is that trend more striking than in the Southwest, home to some of our fastest growing and driest cities. Albuquerque, Fort Collins and Salt Lake City all reduced their per capita water use by over 30 percent from 1990 to 2010, in spite of expanding populations.

A move toward smaller houses, more water-efficient household appliances, municipal conservation programs and the national economic recession that crippled Western housing markets have all contributed to the slowing demand.

The solution to falling revenues, according to a recent [Ceres report](http://www.ceres.org/resources/reports/water-ripples-expanding-risks-for-u.s.-water-providers/view) (<http://www.ceres.org/resources/reports/water-ripples-expanding-risks-for-u.s.-water-providers/view>), is changing the way utilities price water. And in drought-stressed regions from Utah to Colorado, many already are changing their pricing models, which allows them to implement conservation programs while preserving their revenues.

“We’re looking at a revolution in how water rates are structured,” says Bart Miller, water program director at environmental nonprofit Western Resource Advocates. Under the traditional model, utilities get their revenues two ways: Each water user pays an upfront fee to connect to the system, as well as monthly fees. The trouble is, those monthly fees are based on a flat rate, no matter how much water the household or business is using.

Leurig describes this traditional model as “saying people who build the wrong way are going to get subsidized by people who build the right way because everyone pays the same amount (per gallon).” In other words, it’s a lost opportunity for utilities to make much-needed profits off higher water users. Many utilities are starting to adopt what’s called a block rate system, which means the price per gallon of water increases exponentially the more water you use.

The city of Aurora, Colorado, is one place where Miller’s “revolution” is already happening. In 2002, the Denver suburb was hammered by the worst drought it had ever experienced — worse even than the dry spell of 1952. Municipal water

reservoirs were down to 26 percent capacity, a nine-month supply. The situation brought on an “extreme panic,” says Greg Baker, who manages water conservation programs at the Aurora Water Utility.



A xeriscaped yard in Aurora, Colo. The city encourages low water landscaping like this to improve water efficiency.

Courtesy Aurora Water.

In response to the dire situation, the utility implemented a series of efficiency and conservation programs, including a \$638 million municipal reuse project and a “cash for grass” program that pays people one dollar per square foot of grass they tear out and replace with low-water xeriscaping. A big part of why the overhaul succeeded, however, was that Aurora revamped its pricing model. In 2008, the utility switched from a traditional structure to a block rate system (<https://www.auroragov.org/cs/groups/public/documents/document/017621.pdf>). So an average-sized home now pays \$5.27 per thousand gallons if it uses up to 20,000 gallons, \$6 per thousand gallons for up to 40,000 gallons, and \$7.50 thereafter. In 2013, the city also changed its connection fees so they’re based on

each water user's overall impact. Thus, the owner of a smaller house with xeriscaping now pays a lower upfront fee than the residents with a mansion and huge lawn.

Aurora reached peak water use — 58,260 acre feet — in 2000, and the city didn't break the 50,000 mark again until 2012, which Baker attributes to a population increase of 70,000. "Essentially we're getting more use out of less water," he says.

Aurora may be proof of how utilities are using new revenue models to make up for the fact that people are consuming less water, but a block pricing system and conservation programs alone won't solve water scarcity. "At some point you run into a wall," Baker says. "We'll have to purchase about 1,000 acre-feet a year for the foreseeable future." (Still, that's substantially less than they would have had to buy without the new conservation-oriented pricing model.) Plus, once a critical mass of customers begin to use less water to avoid the higher fees, utilities may yet again find themselves in a financial bind.

But at least for now, the revolution seems to be working. According to Baker, the big question for the Aurora utility is no longer financial, but hydrological. The suburb is still growing. "Where," he wonders, "is the additional water going to come from?"

Sarah Tory is an editorial intern at High Country News.

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Water woes: Duchesne County ready to assert its rights

By Amy Joi O'Donoghue, Deseret News

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Published: Monday, Jan. 12 2015 8:17 a.m. MST
Updated: Monday, Jan. 12 2015 8:17 a.m. MST



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The Strawberry River is seen, Jan. 6, 2015. Fifty-one years ago, Duchesne County became the last of multiple counties to sign on the groundbreaking water development project that would take Uinta Basin water and divert it to the Wasatch Front so it could grow.

Jeffrey D. Allred, Deseret News

Summary

In 1963, leaders recognized the Wasatch Front needed water to continue to grow. The Uinta Basin had the water and a complex agreement set up the Central Utah Water Project. Now, Duchesne County says promises made more than 50 years ago were broken.

SALT LAKE CITY — In 1963, Duchesne County became the last county to sign on to a complex agreement so Utah could tap its share of the upper Colorado River and grow the Wasatch Front.

The formation of the Central Utah Water Conservancy District paved the way for hundreds of thousands of acre-feet of water to be diverted from the Uinta Basin in one of the biggest water diversion projects in the West.

Now, after 51 years and what it says are a host of broken promises, Duchesne County leaders say it is well past time the county be made "whole" for the nearly half million acre-feet of water it gave away for the Central Utah Water project, and they have hired a Denver law firm to help make it happen.

"I do not think you do an agreement and fail to deliver," said state Sen. Kevin Van Tassell, R-Vernal. "I think the locals have felt the promises were never quite fulfilled."

Van Tassell is one of several lawmakers and other state leaders in discussions with Duchesne County officials and the head of the water district, Scott Wilson, over the emerging water dispute with the Central Utah water district.

It was Wilson, with the approval of the Duchesne County Commission and county attorney, who fired the warning shot in December when he circulated a press

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release and referenced several newspaper articles from 1963 that detailed a nine-point agreement necessary for the Central Utah Water project to move forward.

"Our role in the partnership was to not oppose the half million acre-foot of water filing that was part of the Bonneville Unit of the project," he said. "They fully applied for all of the surface waters in the Duchesne River drainage, and our part was to not oppose that."

The Bonneville Unit of the Central Utah Project intercepts the water in the Duchesne River drainage, puts it in what is known as the Strawberry aqueduct and moves it over to Strawberry Reservoir for delivery to the Wasatch Front.

"The founders knew very well that the life blood of any community is water," Wilson said. "They knew they were bargaining away through contract negotiations with six other counties, that they were exchanging in contract the promise of Duchesne County's economic future."

In exchange, Wilson said the nine-point agreement spelled out projects that would be completed over the years for the benefit of Duchesne County, including additional storage on the Lake Fork River and enhanced water rights on the Duchesne River.

The Duchesne River was also to be adjudicated, or surveyed by the State Engineer's Office, to more firmly determine the amount of water available for development.

That has yet to happen.

Water for growth

At the time, 1963 newspaper articles from the Deseret News described the contentious and controversial process that played out involving the seven organizing counties that had to sign off on the formation of the Central Utah water district, including giving it the power to levy taxes so Utah's biggest water transfer could unfold.

"Economic growth on the Wasatch Front was limited without the Bonneville Unit of the Central Utah Project and to allow the Wasatch Front to develop past 1964 levels, this needed to happen," Wilson said. "You can begin to see the the kind of pressure that was rained down on Duchesne County."

Chris Finlinson, governmental affairs director for Central Utah Water Conservancy District, said the agreement from 51 years ago has been fulfilled as much as it possibly can, and there is nothing to make "whole" with Duchesne County.

"We feel like we have done everything we possibly can for Duchesne County," she said. "We have acted in good faith with Duchesne County and will continue to work with them."

Wilson and other Duchesne County officials disagree.

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The Salt Lake Tribune

State water report: Snowpack levels statewide in good shape

BY BRETT PRETTYMAN

THE SALT LAKE TRIBUNE

PUBLISHED: JANUARY 12, 2015 07:40PM

UPDATED: JANUARY 12, 2015 07:21PM

Holiday storms helped boost snowpack across the state — up to 109 percent of normal — on the first day of 2015.

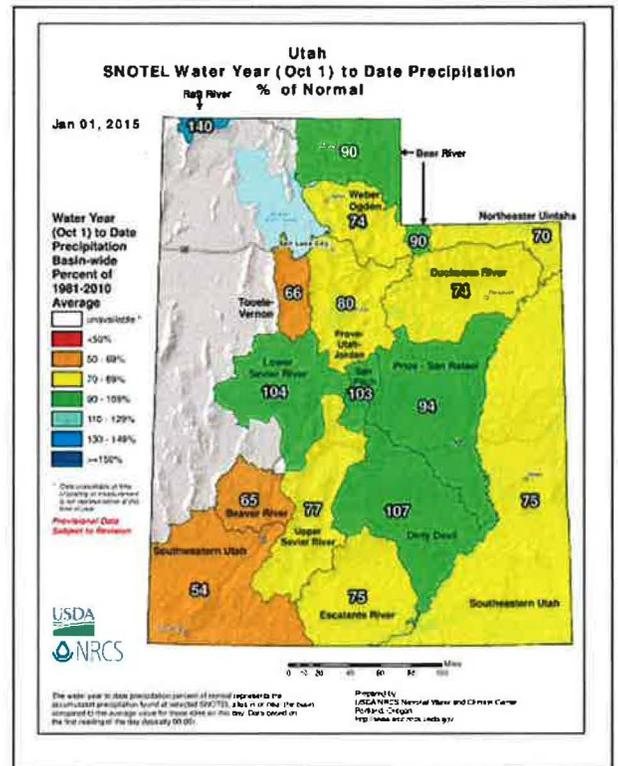
Rain and snowstorms in early January will undoubtedly help Utah stay close to or above the normal average snowpack.

December was a relatively warm month, but storms late in the month helped lift snowpack percentages — one of the most important factors when it comes to Utah's annual water supply.

Precipitation in December, according to the monthly Utah Water Supply Outlook Report from the Natural Resources Conservation Service, was above average at 115 percent of normal. That puts the seasonal accumulation since the water year started on Oct. 1 at 80 percent of average. Snowpack a year ago was 84 percent of normal.

Soil moisture so far for this water year is similar to last year's levels at 56 percent of normal. Reservoir storage in 46 key irrigation reservoirs is at 60 percent of capacity, compared to 58 percent in 2014.

“Reservoir levels would have been much lower if not for the above average summer/fall precipitation, which decreased irrigation demand and somewhat increased river inflows,” the report stated. “Overall, water supply conditions are near normal, with the exception of southern Utah, where they are below normal.”



Precipitation since Oct. 1 ranges from 140 percent of normal on the Raft River Mountains in northwestern Utah to 54 percent of normal in southwestern Utah. The Lower Sevier River, San Pitch and Dirty Devil areas were all above 100 percent of normal on Jan. 1.

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Cache County Council considering water conservancy district

Jennie Christensen | Posted: Thursday, January 15, 2015 5:15 am

It has been tried in the past but efforts to create a water conservancy district in Cache County have failed. Cache County Council members agree that the rules in forming a district have changed for the better and now seems like a good time to seriously consider the project.

At Tuesday's meeting, councilmember Gordon Zilles said there are actually two ways to do it now.

"One is to have the county pass it and then have every other city pass it in such ways that can be done that way," explained Zilles. "The other way is by petition, which is to bring it before the vote of the people.

"I think that is something we need to have a lot of work done on this year and possibly get it all the way through."

Council members plan to meet soon with the county's water manager Bob Fatheringham to start the discussions on a water conservancy district.



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No Colorado River water for a year? Study details impacts to Utah, other basin states

By Amy Joi O'Donoghue, Deseret News

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Published: Thursday, Jan. 15 2015 10:40 p.m. MST
Updated: Thursday, Jan. 15 2015 10:40 p.m. MST

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Toroweap, Grand Canyon, Arizona, seen on Oct. 10, 2007.

Ravell Call, Deseret News
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Summary

A new study commissioned by Protect the Flows looks at what life would be like for a year without water from the Colorado River in the seven basin states. Impacts are dissected for Utah and by consequences to individual sectors, such as real estate.

SALT LAKE CITY — A new study touted as the first of its kind explores the financial perils to the region — and to each state in the Colorado River system — if the water ran dry for a full year.

Commissioned by Protect the Flows, a business coalition advocating on behalf of the river, the study by Arizona State University detailed impacts to gross state product, employment and labor income in each of the seven states that rely on Colorado River water, including Utah.

The study released Thursday found that the Colorado River generates \$1.4 trillion in economic benefits annually, and \$871 billion in annual labor income is in jeopardy should Colorado River water

become unavailable to industry, businesses and agriculture.

Taking out the river means taking out an estimated 64.4 percent of the combined value of each basin state's output of goods and services.

"We've long suspected the impact of the Colorado River to be quite large, but the results of this study help to quantify it," said university economics professor Timothy James, lead author of the study. "The detailed analysis reveals how deeply intertwined the economy of

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Utah and the Colorado River

- Jobs in Utah dependent on the river annually: **688,738**
- Gross state product in Utah dependent on the river: **\$89.8 billion** (50% of UT's GSP)
- Utah Labor Income dependent on the river each year: **\$43.3 billion**

SOURCE: Protect the Flows, DESERET NEWS GRAPH

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Utah's impacts are far overshadowed by states such as Arizona and California — with river-dependent gross state products of \$185 billion and \$657 billion respectively — but the impacts are nevertheless telling.

For the Beehive State, nearly half of the value of the gross state product — \$34.6 billion — would be lost in the absence of Colorado River water for just one full year.

The study shows that direct losses to Utah's economy stand at 483,000 jobs and nearly \$22.2 billion in labor income. Utah gets an estimated 22 percent of its agricultural water from the Colorado River, and 34 percent of its municipal and industrial water supplies come from what's been called the "Nile" of the West.

"We have many studies on the value of water to single economic sectors, such as agriculture or outdoor recreation, but the time has passed to take such a narrow view of the importance of water," said Jody Williams, a Protect the Flows board member and a Salt Lake City-based attorney who heads up the water division for the law firm of Holland & Hart. "This is a comprehensive study of the total economic output and value of the Colorado River. It recognizes that our economy is sophisticated and interrelated. Water sustains us and drives our economy in every sector."

Using the dramatic scenario of the river drying up for a year, the study of the 1,450-mile river that serves 40 million people attempts to quantify its economic value to the combined basin region and to individual states.

The backdrop for the study is found in the vast challenges to the river that have been brought on by persistent drought and over allocation of its resources that experts warn is unsustainable.

In 2012, the U.S. Bureau of Reclamation released a groundbreaking study that looked at imbalances between supply and demand on the Colorado River, going out 50 years. It concluded there would be significant shortfalls and used the study's findings as a call to action for states and users along the system.

This latest analysis commissioned by Protect the Flows grew out two Business of Water Corporate Leader summits in 2013 and 2014, when hundreds of businesses and water leaders met to identify and share best practices and private-sector solutions to water conservation and supply issues.

"It's clear from this report that the Colorado River generates significant value for every state in the Southwest," said Ann Tartre, director of corporate partnerships for Protect the Flows. "All the states, along with water users in every sector, need to work together to keep this vital resource flowing for future generations."

Among the private sectors in Utah taking the biggest hits under a no-water scenario were real estate and rental businesses, the finance and insurance industry, and health care and social services.

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By far the biggest job losses in Utah if the Colorado River dried up for a full year would come from the government sector, which is estimated to lose nearly \$9.4 billion in direct, indirect and induced losses.

One observation noted by the study authors is the lack of current and consistent information on Colorado River flows.

Both the U.S. Geological Survey and Bureau of Reclamation approach measurement of the resource in different ways — one examining withdrawals and the other looking at consumptive uses.

The report noted that given the concerns over the availability of water in the region, it is reasonable to expect a more frequent, reliable and consistent set of information about the river.

Much like the U.S. Energy Information Administration publishes an annual outlook with projections that serve as a starting point for potential policy changes, the report noted that inconsistent data collection prevents that for the Colorado River system and its users.

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Kralon HUNTINGTON BEACH, CA

"Utah's impacts are far overshadowed by states such as Arizona and California — with river-dependent gross state products of \$185 million and \$657 million respectively — but the impacts are nevertheless telling.

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9:49 p.m. Jan. 15, 2015 | ★ Top comment

My2Cents Taylorsville, UT

I don't think its even relevant issue if the Colorado dried up for some hypothetical reason. If the Colorado dried up there are bigger forces to be more concerned about because the west would become a desert equal to the Sahara in Africa. Utah [More..](#)

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Cleetorn Fuaamotu, Tonga

Kralon, read the article again. I think you'll find "million" is not referenced in your quotation but "billion" in all cases.

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Amy Joi O'Donoghue

Amy Joi O'Donoghue is the environmental reporter for the Deseret News, specializing in coverage of issues that affect land, air, water and energy development. She has worked here since 1998 and has been an assistant city [more](#)

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Connect:

Cache County Council looks to tackle road funding, water conservancy in 2015

By Lis Stewart | Posted: Sunday, January 18, 2015 7:19 am

The Cache County Council is ready to tackle a few weighty topics this year, from discussing the formation of a water conservancy district to road funding.

In outlining goals for 2015 on Tuesday, most members of the council expressed a desire to continue the county's quest to form a water conservancy district, which would, according to proponents, help the county provide enough water for the growing population.

"First of all I'd like to see the water conservancy. I'd like to see us get that going," Councilman Jon White said. "I don't think we can get it done, but get it so we're ready to vote on it."

A water conservancy district has been debated for years in Cache County. Bob Fotheringham, the county water manager, explained that most counties have a district to manage water resources. The district would basically be a board that could set policies and levy taxes. The state gives these districts more options when it comes to water management than counties, in some situations.

Fotheringham thinks a conservancy district would give the county leverage and an ability to contract for water in response to a state plan to study potential reservoir sites for the Bear River Development Project.

Opponents have complained that a conservancy district would add to local tax burdens and that they wouldn't be represented fairly.

Council members will be meeting with Fotheringham to discuss the issues related to a conservancy district and how to proceed this year with public input.

Another issue mentioned was road funding. Councilman Greg Merrill read a letter from Val Potter, who was out of town on business. Potter wrote that he would like the county to consider a local option sales tax for roads.

"We're not sure what the state is going to do this year, but Val feels strongly that the county needs to take the initiative on that one quarter of a 1 percent sales tax, and to go through the process, in particular because of the county roads," Merrill said. "We talked a lot about the county roads last year; we know our shortcomings and we know we aren't taking care of them, and it's just over time they get worse and worse."

Even though the county combined departments and eliminated positions to reduce expenses, there still won't be enough funding to maintain roads unless an additional resource is tapped, Potter wrote. One option is the local sales tax. If the county proceeds with the matter, it would go to a countywide

vote.

The Legislature will also be discussing road funding in the upcoming session, which starts Jan. 26. An additional local option sales tax has been floated as one possible funding idea.

Regardless of whether the state approves a new local option tax, the county still has the ability to levy a sales tax for transportation if voters approve. The Cache Valley Transit District attempted to get local communities to approve the same tax increase, to benefit the bus system instead of roads, in 2014. The proposal was pulled before all communities voted about putting it on the ballot because of the negative response.

While discussing goals for the year, council members also mentioned a desire to get more involved with the county departments in preparation for the budgeting process, which happens in the fall.

“Having gone through the budget process last year, being my first time, a lot of the information I know I received was information that I was either not aware of or didn’t do adequate research, or was presented, and I just took the word that that’s right,” Merrill remarked.

David Erickson, who was recently elected to replace Craig Buttars on the County Council as Buttars took the office of County Executive, said he would like to improve communication with the county department heads.

“I want to understand why they make the decisions they do, and them to understand why I make the decisions I do,” he said.

It was decided that in addition to committee assignments, each council member would have a department assignment and communicate with that department throughout the year. Those assignments will be made at the council’s next meeting, Jan. 27.

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Low Water Prompts New Concern for Great Salt Lake

By [JUDY FAHYS \(/PEOPLE/JUDY-FAHYS\)](#) • JAN 19, 2015

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American white pelicans on the shores of the Great Salt Lake. Their nests are at risk because a land bridge created by low water gives predators access to their nests on Gunnison Island.

DAVID LEWIS COURTESY: UTAH DIVISION OF WILDLIFE RESOURCES



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Water levels in the Great Salt Lake have dropped close to record low, prompting the Great Salt Lake Advisory Council to talk about how that low water affects everyone and everything that depends on the lake.

The Great Salt Lake is one of the world's most important wetlands and water bird areas. Plus, brine shrimping, mineral extraction and recreation pump more than \$1 billion into the economy each year and support more than 7,700 jobs.

So, it's no surprise that low water is triggering concern.

"It's a human-environmental issue," says Wayne Martinson of the National Audubon Society in Utah. "It's an economic issue. It's a wildlife issue. I think that's a beginning of a discussion of what the problems are."

Low water affects pollution, irrigation and the brine shrimp harvest. And mineral companies need more lake water for salt, potash and magnesium extraction.

Birds also feel the impact. Martinson says thousands of American pelicans are at risk because predators on the shore can now cross a land bridge to pelican nests on Gunnison Island.

"To me," he says, "the lake is in trouble."

Martinson will be reporting preliminary findings on Wednesday to the Great Salt Lake Advisory Council. The panel helps guide state policy on the iconic water body that some call "America's Dead Sea."

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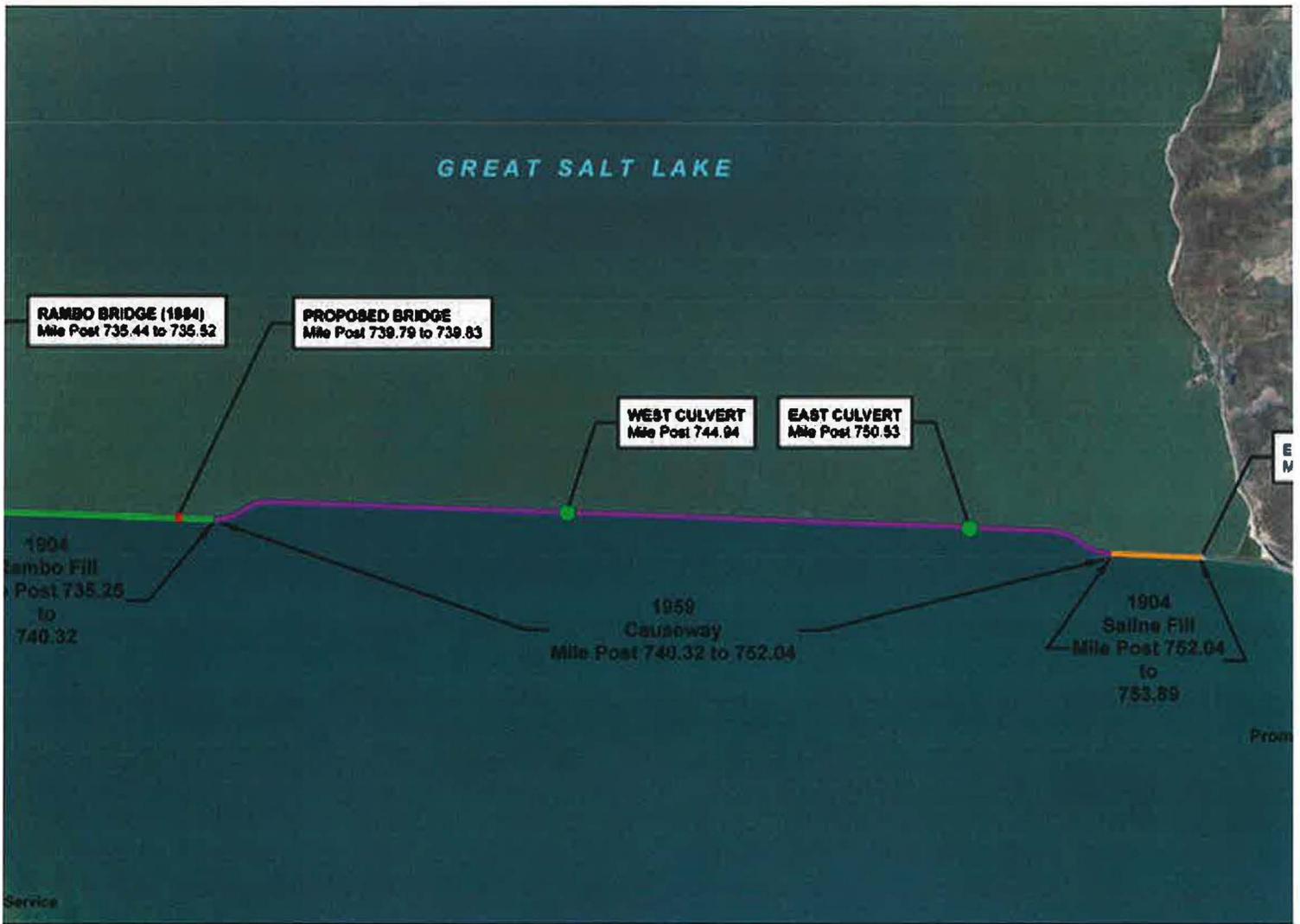
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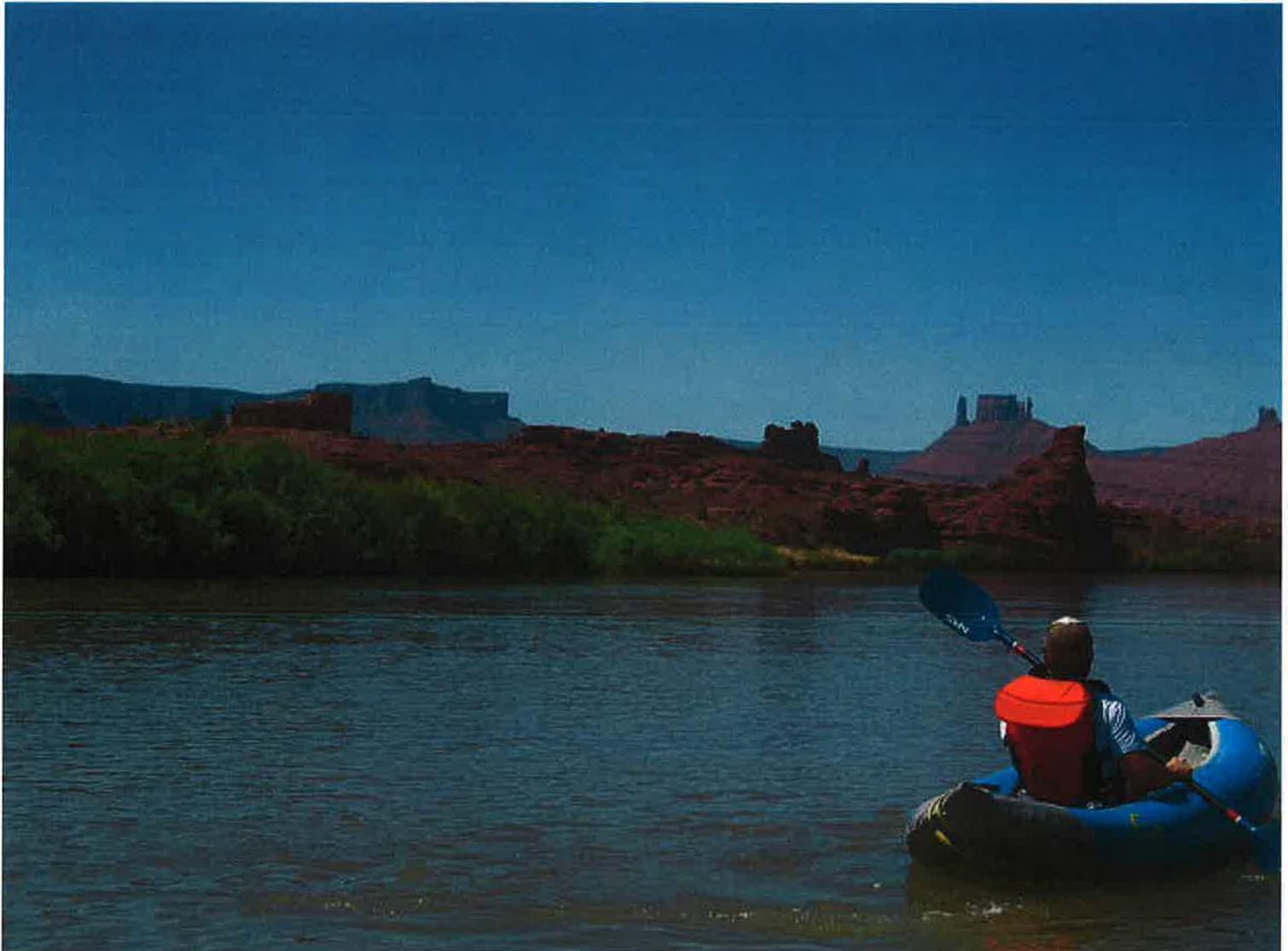
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Study: Colorado River's Economic Value Is Huge

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The Colorado River has many direct and indirect economic values, a new study says. Real estate is one of area of Utah's economy that would be affected by water shortages.

KEN LUND FLICKR CREATIVE COMMONS



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The Colorado River is often called the lifeblood of the West, and now a new study (http://protectflows.com/wp-content/uploads/2015/01/PTF_ASUExecSummarySheet_WEB_final.pdf) shows just how economically vital the river is to the seven states that rely on it.

The research finds the Colorado River supports 16 million jobs. It puts the river's economic value at \$1.4 trillion.

Arizona State University economist Tim James (<https://sustainability.asu.edu/people/persbio.php?pid=7710>) tallied the river's worth and learned water's not only crucial to agriculture, but indirectly to finance, retail and other industries, too.

"You have to look at the thing in the round and all the effects," he says, "rather than just concentrating on particular areas either geographically or in terms of production activities."

The study says about half of Utah's gross state product is tied to the river. That's nearly \$70 billion and 969,735 jobs. The nonprofit business group, Protect the Flows, commissioned the analysis as Western leaders continue a yearlong focus on drought and minimizing its impacts.

"The thing that we're finding through this series of discussions is the importance of collaboration and communication," says Carlee Brown, a policy analyst for the Western Governors Association (<http://westgov.org/drought-forum>).

Brown says managing water wisely in the Colorado River Basin -- and throughout the West -- is crucial to protecting the economy and quality of life.

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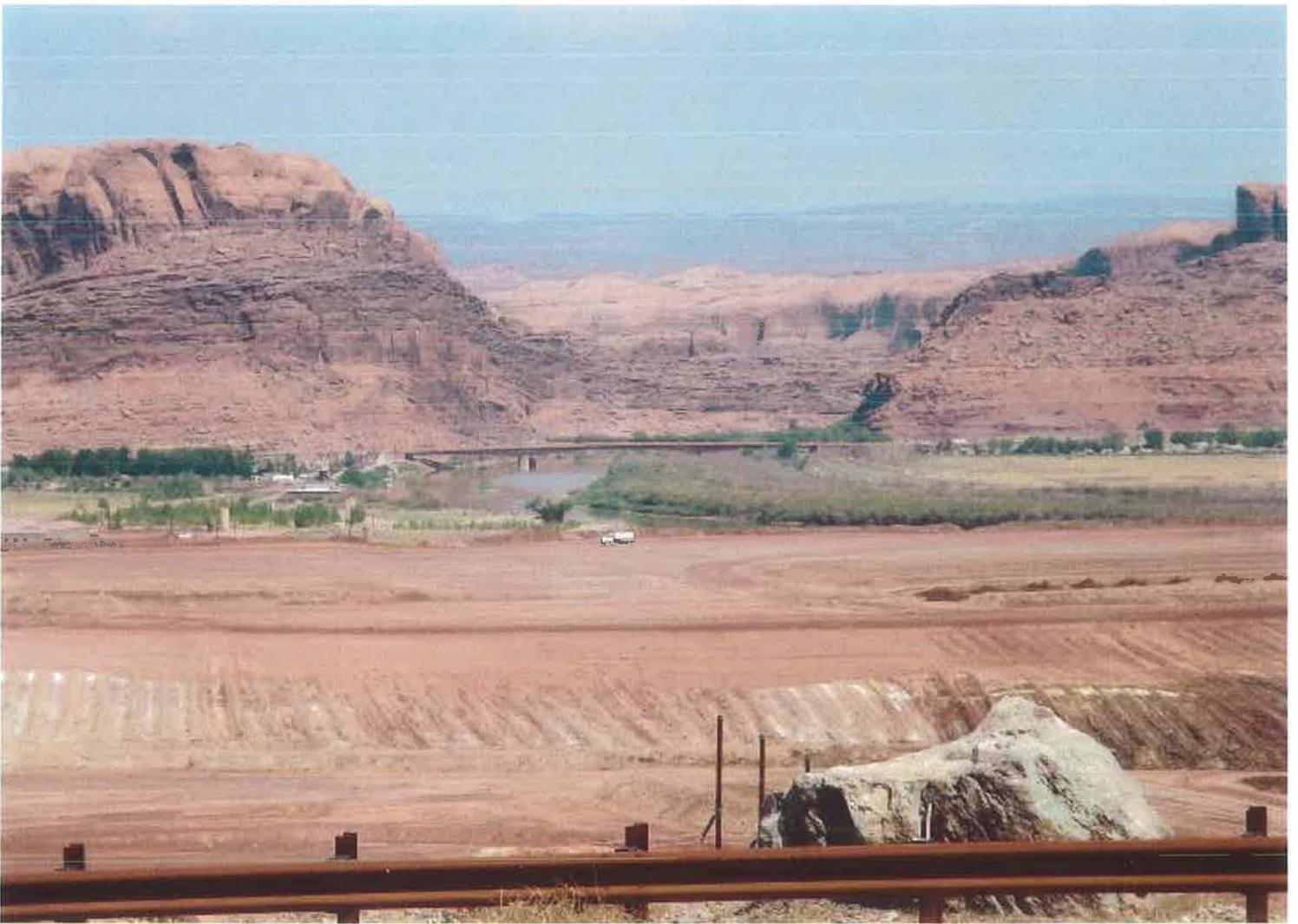
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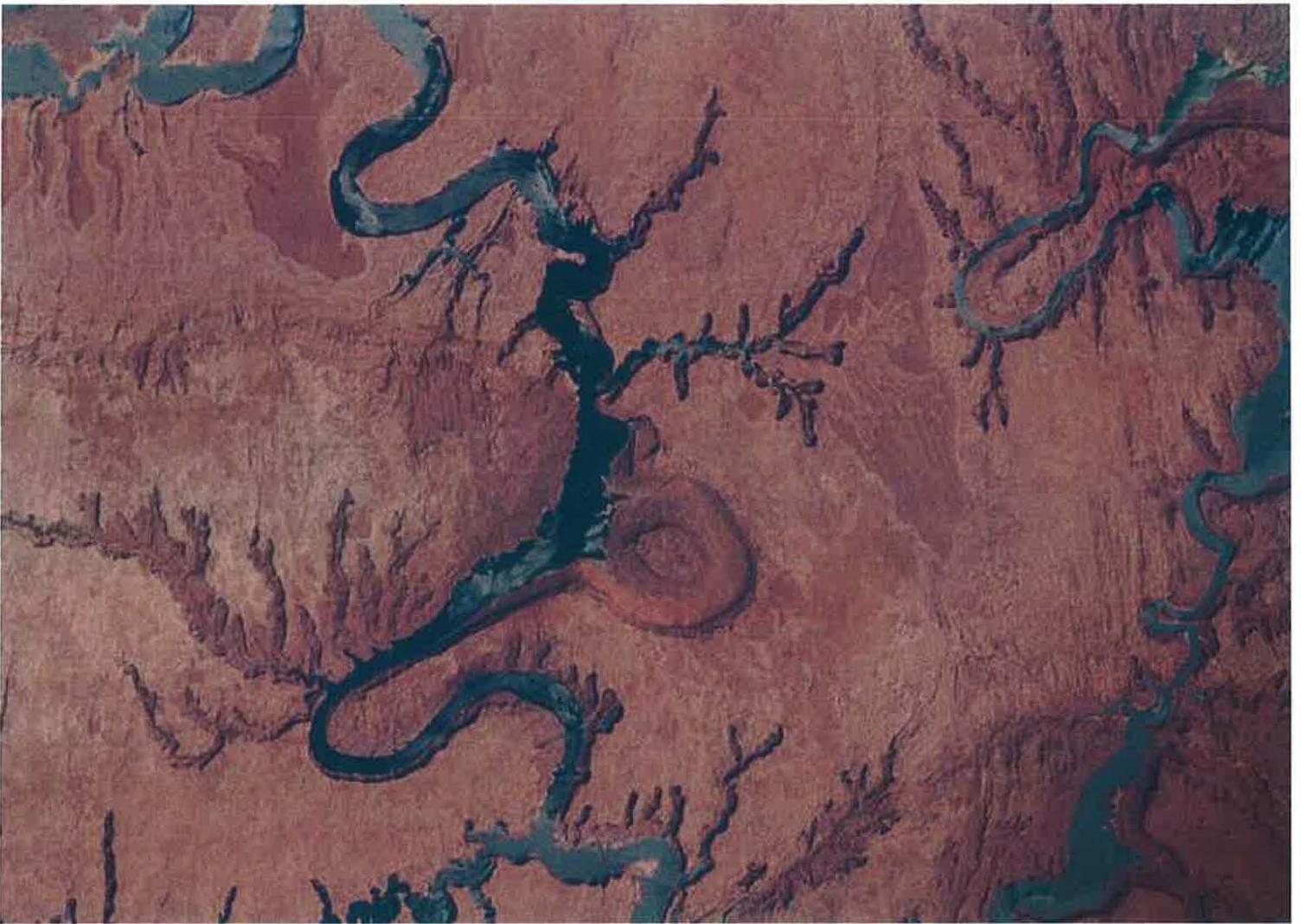
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