State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Tim Davis
Commissioner

DIVISION OF WATER QUALITY
Candice A. Hasenyager, P.E.
Director

Water Quality Board
James Webb, Chair
Trevor Heaton, Vice Chair
Jeannie Simmonds
Robert Fehr
Michela Harris
Joseph Havasi
Jill Jones
Brian Martinez
Tim Davis
Candice A. Hasenyager, P.E.
Executive Secretary

Utah Water Quality Board Meeting
MASOB (Board Room) 1st Floor
195 North 1950 West
Salt Lake City, Utah 84116
And
Board Meeting Link

October 28, 2026
Board Meeting Begins at 8:30 AM

AGENDA

Water Quality Board Meeting Call to Order & Roll Call — **James Webb**

Minutes:

Approval of Minutes for September 23, 2026
Water Quality Board Meeting

Approval of Minutes for September 23, 2026
Finance Committee Meeting — **James Webb**

Executive Secretary Report — **Candice A. Hasenyager**

Board Member Training — **Court Roper**

Funding:

1. Financial Status Report — **Adriana Hernandez**
2. Authorization to Proceed with Public Notice of the FY26 Intended Use Plan — **Adriana Hernandez**

3. FY 2027 Funding Requests

    - Introduction — **Skyler Davies**
    - Mount Pleasant City — **Henry Willmes**
    - Fillmore City — **Skyler Davies for Beth Wondimu**
    - Bear Lake Special Services District — **George Meados**

4. Request to Fund Nonpoint Source Projects with the Hardship Grant Fund — **Paul Burnett**

Public Comment Period

Meeting Adjournment — **James Webb**

Next Meeting
December 9, 2026, at 8:30 am MASOB & Via Google Meet 195 North 1950 West Salt Lake City, Utah 84116

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MINUTES

UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
UTAH WATER QUALITY BOARD
MASOB
and
Via Google Meet
September 23, 2026
8:30 am Board Meeting

PENDING

UTAH WATER QUALITY BOARD MEMBERS PRESENT

Jill Jones
Michela Harris
Tim Davis
Trevor Heaton
Joe Havasi
Jeannie Simmonds
Rob Fehr

DIVISION OF WATER QUALITY STAFF MEMBERS' PRESENT

Candice Hasenyager
Harry Campbell
George Meados
Skyler Davies
Henry Willmes
Cambria Linville
Adriana Hernandez
Christa Hutchinson
Clanci Hawks
Emily Canton
Leanna Littler-Woolf

OTHERS PRESENT

Haley Sousa
Mayor Alan J. Miller
Justin Telfer

Mr. Heaton called the meeting to order at 8:30 AM.

ROLL CALL
Mr. Heaton took roll call for the members of the Board.

APPROVAL OF MINUTES – August 26, 2026 Meeting

Motion: Ms. Simmonds moved to approve the meeting minutes.
Ms. Harris seconded the motion.
The motion passed unanimously.

EXECUTIVE SECRETARY REPORT:
Director Hasenyager addressed the Board with the following updates:

Federal & Intergovernmental Affairs (EPA Region 8):

- EPA Region 8 & State Directors Briefing: DWQ hosted Region 8 Environmental Protection Agency officials and state directors. Discussions focused on key regulatory areas including wetland permitting, narrative standards, nutrient implementation, cybersecurity funding, and State Revolving Funds (SRF).
- Regional Water Quality Focus: DWQ hosted EPA Region 8 states for targeted sessions on water quality standards, nonpoint source, and tribal consultation meetings.
- Waters of the United States (WOTUS) Rule**:** DWQ evaluated the EPA's supplemental information regarding the WOTUS rule. The deadline for public comments was noted as October 9, 2026.
- Water Quality Portal Modernization: A joint investment by the EPA and the U.S. Geological Survey (USGS) is aimed at modernizing the Water Quality Portal, with project timelines extending through 2028.
- EPA Office of Water Policy Shift: A memorandum from the EPA Office of Water rescinds specific guidance documents. These impact regulations surrounding PFAS discharges, pollutants of emerging concern, and compliance frameworks tied to the Supreme Court's Maui decision.

State & Local Partnerships:

- Annual Partnership Meeting: DEQ convened the annual alignment meeting with local health departments. The agenda centered on advancing the "One Team" approach, highlighting governance successes, addressing emerging health issues, and reviewing enforcement expenses.

Legislative Updates & Regulatory Compliance:

- Interim Week Sewer Breakfast: Hosted by stakeholders during the legislative interim week to present critical infrastructure updates.
- Wastewater Treatment Security Amendments: Proposed security amendments mandate facilities handling over 1 million gallons per day (MGD) to report security incidents within a 2-hour window.

PENDING

Infrastructure Funding & Data Center Water Demands:

- Salt Lake City Public Utilities Debt: A recent legislative audit of the Salt Lake City Department of Public Utilities identified a $600 million financial shortfall/debt which stems from major capital infrastructure spending.
- Legislative Focus on High-Energy Industries: The Utah Legislature is focusing on resource constraints. Deliberations center on the heavy water and energy demands of data centers and other high-energy-consuming industries.
- Water-Positive Operations (RSDZ Framework): Representative Cutler has a proposal to address large-flow data center impacts through the Regional Strategic Development Zone (RSDZ) process. The objective is to establish mechanisms that ensure data facilities achieve water-positive operations.
- Local Ordinance Mitigation: Municipal and local communities are currently managing the associated noise, light, and general nuisance issues of server facilities via local zoning ordinances.
- Vulnerability of Rural Counties: Small and rural counties are disproportionately vulnerable to large-scale industrial developments. This vulnerability is primarily driven by their limited local administrative and technical resources.

Compliance and Enforcement:

Request for Approval of Settlement Docket No. M25-02 for Spanish Fork City:

Ms. Littler-Woolf requested the Board to approve a civil penalty of $29,331.25 that was negotiated and signed by Spanish Fork on July 20, 2026. The facility achieved full compliance with ammonia and dissolved oxygen limits by January 2026, with no further exceedances reported. No public comments were received during the notice period.

Motion: Ms. Simmonds moved to approve the Settlement in the amount of $29,331.25.
Ms. Harris seconded the motion.
The motion passed unanimously.

Funding:

Mr. Meados requested the Board to authorize a revised funding structure, due to lower project bids, for Hinckley Town:

Motion: Ms. Harris moved to approve the amended funding package for Hinckley as recommended by staff that includes a $705,000 loan at a 1.33% interest rate for a term of up to 30 years from the Clean Water State Revolving Loan Fund; $750,000 in principal forgiveness for lagoon upgrade construction; $160,000 in Hardship Grant for engineering construction management services; and conversion of the $267,000 hardship design advance to a hardship grant.
Mr. Havasi seconded the motion.
The motion passed unanimously.

Rulemaking:

Mr. Harris requested approval from the Board to initiate informal Rulemaking, Amendments to R317-16, Great Salt Lake Mineral Extraction Facility Operator Certification Approval.

PENDING

Motion: Mr. Havasi moved to approve the initiation of informal rulemaking for R317-16, Great Salt Lake Mineral Extraction Facility Operator Certification, to update and clarify feasibility assessments, agency efficiencies, and monitoring and reporting requirements.
Ms. Jones seconded the motion.
The motion passed unanimously.

Other:

Municipal Wastewater Planning Program 2025 Data:

Mr. Campbell presented the MWPP survey results covering 2025 financial and operational data.

- The survey achieved a 69% response rate out of 218 eligible facilities.
- 98% of respondents use user fees, 77% use impact fees, and 18% use taxes for revenue.
- The average user fee is $39, average impact fee is $3,500, and average tax revenue is $2.4 million.
- Salt Lake City reported a maximum average connection user fee of $149.
- Sinking fund establishment for repair and replacement shows a steady downward trend among respondents**.**

Mr. Campbells full presentation can be viewed here **Board Meeting Recording**

PUBLIC COMMENTS:

None

MEETING ADJOURNMENT

Motion: Ms. Jones moved to adjourn the meeting.
Mr. Havasi seconded the motion.
The motion passed unanimously.

The full recording of September 23, 2026, Water Quality Board Meeting may be viewed here September Board Meeting Recording

Next Meeting – October 28, 2026
Meeting begins at 8:30 am

In-Person
MASOB
195 North 1950 West
Board Room 1015
Salt Lake City, Utah 84116

Trevor Heaton, Vice Chair
Utah Water Quality Board

PENDING

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FINANCE COMMITTEE MINUTES

UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
UTAH WATER QUALITY BOARD
MASOB
and
Via Google Meet
September 23, 2026
10:00 AM

UTAH WATER QUALITY BOARD MEMBERS PRESENT

Jill Jones
Joe Havasi
Trevor Heaton
Jeannie Simmonds
Rob Fehr
Michela Harris

DIVISION OF WATER QUALITY STAFF MEMBERS' PRESENT

Candice Hasenyager
Emily Canton
Adriana Hernandez
Christa Hutchinson
Clanci Hawks
Allie Rockhill
Beth Wondimu
George Meados
Andrew Pompeo
Henry Willmes
Skyler Davies

OTHERS PRESENT

Haley Sousa

Mr. Heaton, Vice Chair, called the meeting to order at 10:00 AM.

PENDING

PROJECT FUNDING DESCRIPTIONS:

Mount Pleasant City Introduction: Requesting $2.116 million for aeration upgrades to their existing wastewater lagoon system to accommodate growth and improve odor control.

Fillmore City Introduction: Requesting $4.773 million for lagoon treatment system improvements, including a new primary lagoon and headworks.

Bear Lake Special Services Introduction: Requesting $3 million for extending sewer lines on the east side of Bear Lake to protect the lake from septic system impacts.

FINANCE COMMITTEE DISCUSSION:
Mr. Davies addressed the Board noting that the current funding cycle represents a significant departure from previous years. Unlike past cycles, which required a first-come, first-served approach due to funding constraints, current balances accommodate all current project applications. Staff will present specific project parameters, including proposed loan terms, for formal consideration during the October 23, 2026 Board Meeting. Mr. Davies clarified that the proposal reflects a single funding scenario and directed the Board's attention to the analytical table provided in the agenda packet. The floor was then opened for Board discussion.

PUBLIC COMMENTS: None

The full recording of September 23, 2026, Water Quality Board Finance Committee may be viewed here Finance Committee Meeting

Next Meeting – October 28, 2026
Meeting begins at 8:30 am

In-Person
MASOB
195 North 1950 West
Board Room 1015
Salt Lake City, Utah 84116

Trevor Heaton, Vice Chair
Utah Water Quality Board

PENDING

LOAN FUNDS FINANCIAL STATUS REPORT OCTOBER 2026

STATE REVOLVING FUND (SRF)	State Fiscal Year 2027	State Fiscal Year 2028	State Fiscal Year 2029	State Fiscal Year 2030	State Fiscal Year 2031
CAP Grant Base Program					
Capitalization Grant Awards (FY23-FY25)	$ 12,662,000	$ -	$ -	$ -	$ -
Future Capitalization Grant	$ -	$ -	$ -	$ -	$ -
State Cap Grant Match	$ -	$ -	$ -	$ -	$ -
Future State Cap Grant Match	$ -	$ -	$ -	$ -	$ -
CAP Grant General Supplemental					
General Supplemental Grant (FY23-FY25)	$ 32,633,120	$ -	$ -	$ -	$ -
Future General Supplemental Grant	$ -				
State General Supplemental Grant Match	$ -	$ -	$ -	$ -	$ -
Future State Gen. Sup Grants Match	$ -	$ -	$ -	$ -	$ -
SRF - 2nd Round					
Account Balance	$ 52,549,206	$ 18,721,202	$ 39,384,127	$ 61,069,987	$ 82,961,441
Interest Earnings at 4.0300%	$ 1,588,300	$ -	$ -	$ -	$ -
Loan Repayments (5255)	$ 7,705,221	$ 21,062,925	$ 22,085,860	$ 22,291,454	$ 22,139,825
Total Funds Available	$ 107,137,847	$ 39,784,127	$ 61,469,987	$ 83,361,441	$ 105,101,266
CWSRF Program Obligations					
Admin Expenses for all CAP Grant Awards	$ (1,811,805)	$ (400,000)	$ (400,000)	$ (400,000)	$ (400,000)
Cap Grant Principal Forgiveness (PF)	$ (6,706,300)				
Future Cap Grant (PF)	$ -	$ -	$ -	$ -	$ -
General Supplemental Grants (PF)	$ (13,275,540)	$ -	$ -	$ -	$ -
Future General Supplemental Grants (PF)	$ -	$ -	$ -	$ -	$ -
Project Obligations					
Corinne City	$ (450,000)	$ -	$ -	$ -	$ -
Grantsville City	$ (15,727,000)	$ -	$ -	$ -	$ -
Moab City	$ (80,000)	$ -	$ -	$ -	$ -
Mt. Pleasant City	$ (1,132,000)	$ -	$ -	$ -	$ -
Payson City	$ (13,425,000)	$ -	$ -	$ -	$ -
Wolf Creek	$ (792,000)	$ -	$ -	$ -	$ -
Loan Authorizations					
North Logan	$ (3,500,000)	$ -	$ -	$ -	$ -
Ash Creek SSD - Virgin	$ (6,876,000)	$ -	$ -	$ -	$ -
Wolf Creek	$ (1,404,000)	$ -			
Enoch	$ (5,846,000)	$ -	$ -	$ -	$ -
Hinckley Town	$ (705,000)	$ -	$ -	$ -	$ -
Lewiston City	$ (960,000)		$ -	$ -	$ -
Richmond City	$ (6,526,000)		$ -	$ -	$ -
Planned Projects					

*WQB Agenda Items

Mt. Pleasant City*	$ (2,116,000)				
Fillmore City*	$ (4,159,000)				
Bear Lake SSD*	$ (2,925,000)				
CWSRF Obligations	$ (88,416,645)	$ (400,000)	$ (400,000)	$ (400,000)	$ (400,000)
CWSRF Remaining Loan Balance	$ 18,721,202	$ 39,384,127	$ 61,069,987	$ 82,961,441	$ 104,701,266
Addt'l Subsidy - Principal Forgiveness					
PF Balances (FY20-25)	$ 6,706,300	$ 9,319,340	$ 9,319,340	$ 9,319,340	$ 9,319,340
Future Cap Grant PF Balances	$ -	$ -	$ -	$ -	$ -
General Supplemental PF Balances (FY23-25)	$ 13,275,540	$ -			
Future General Supplemental Grants PF Balances	$ -	$ -	$ -	$ -	$ -
Project Obligations					
Corinne City	$ (4,000,000)	$ -	$ -	$ -	$ -
Payson City	$ (1,000,000)	$ -	$ -	$ -	$ -
Hinckley Town	$ (750,000)				
South Salt Lake City (A)	$ (1,512,500)		$ -	$ -	$ -
Addt'l Subsidy Authorizations					
Lewiston City	$ (1,700,000)		$ -	$ -	$ -
Richmond City	$ (1,700,000)				
Planned Projects					
Principal Forgiveness Obligations	$ (10,662,500)	$ -	$ -	$ -	$ -
Principal Forgiveness Remaining Balance	$ 9,319,340	$ 9,319,340	$ 9,319,340	$ 9,319,340	$ 9,319,340

UTAH WASTEWATER LOAN FUND (UWLF)	State Fiscal Year 2027	State Fiscal Year 2028	State Fiscal Year 2029	State Fiscal Year 2030	State Fiscal Year 2031
Funds Available					
UWLF	$ 31,483,469	$ 11,664,456	$ 15,347,935	$ 19,182,547	$ 23,053,326
Sales Tax Revenue	$ 2,690,625	$ 3,587,500	$ 3,587,500	$ 3,587,500	$ 3,587,500
Loan Repayments (5260)	$ 1,937,012	$ 2,514,179	$ 2,665,312	$ 2,701,479	$ 2,740,612
Total Funds Available	$ 36,111,106	$ 17,766,135	$ 21,600,747	$ 25,471,526	$ 29,381,438
General Obligations					
State Match Transfers Base Cap Grant	$ -	$ -	$ -	$ -	$ -
State Match Transfers Gen. Supplemental Grant	$ -	$ -	$ -	$ -	$ -
State Future Match Transfers Gen. Supplemental Grant	$ -	$ -	$ -		
DWQ Administrative Expenses	$ (1,813,650)	$ (2,418,200)	$ (2,418,200)	$ (2,418,200)	$ (2,418,200)
Project Obligations					

*WQB Agenda Items

North Fork SSD	$ (3,480,000)	$ -	$ -	$ -	$ -
South Salt Lake City (B)	$ (4,891,000)	$ -	$ -	$ -	$ -
South Salt Lake City (C)	$ (982,000)	$ -	$ -	$ -	$ -
Loan Authorizations		$ -			
Long Valley	$ (1,470,000)	$ -	$ -	$ -	$ -
Monticello	$ (1,214,000)	$ -	$ -	$ -	$ -
Daggett County (Dutch John)	$ (240,000)	$ -	$ -	$ -	$ -
Enoch	$ (856,000)				
Millville City	$ (110,000)				
Salem City	$ (9,000,000)				
Planned Projects					
Fillmore City*	$ (390,000)				
UWLF Obligations	$ (24,446,650)	$ (2,418,200)	$ (2,418,200)	$ (2,418,200)	$ (2,418,200)
UWLF Remaining Loan Balance	$ 11,664,456	$ 15,347,935	$ 19,182,547	$ 23,053,326	$ 26,963,238
TOTAL LOAN FUND BALANCE	$ 39,704,998	$ 64,051,402	$ 89,571,874	$ 115,334,106	$ 140,983,843
PROJECT RESERVE	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)
TOTAL AVAILABLE LOAN FUNDS	$ 34,704,998	$ 59,051,402	$ 84,571,874	$ 110,334,106	$ 135,983,843

*WQB Agenda Items

HARDSHIP GRANT FUNDS FINANCIAL STATUS REPORT OCTOBER 2026

HARDSHIP GRANT FUNDS (HGF)	State Fiscal Year 2027	State Fiscal Year 2028	State Fiscal Year 2029	State Fiscal Year 2030	State Fiscal Year 2031
Funds Available					
Beginning Balance	$ -	$ 6,856,120	$ 7,032,538	$ 7,154,249	$ 7,211,792
Federal HGF Beginning Balance (5250)	$ 1,465,736	$ -	$ -	$ -	$ -
State HGF Beginning Balance (5265)	$ 10,861,324	$ -	$ -	$ -	$ -
Hardship Grant Assessments (5255)	$ 573,286	$ 783,530	$ 746,055	$ 704,225	$ 660,440
Interest Payments - (5260)	$ 286,815	$ 392,888	$ 375,655	$ 353,318	$ 330,464
Reimbursement for Payments to Federal Subrecipients (ARPA)		$ -	$ -	$ -	$ -
Total Funds Available	$ 13,187,161	$ 8,032,538	$ 8,154,249	$ 8,211,792	$ 8,202,696
St George Appropriation					
Beginning Balance	$ 13,066,000				
Authorizations					
St. George Graveyard Wash Res	$ (13,066,000)				
Total Funds Available	**$ -**	$ -	$ -	$ -	$ -
Financial Assistance Project Obligations					
Ash Creek SSD Virgin - Design Grant	$ (230,400)	$ -	$ -	$ -	$ -
Bear Lake - Planning Grant	$ (63,000)				
Daggett County Dutch John - STL	$ (9,115)	$ -	$ -	$ -	$ -
Eagle Mountain City - Construction Grant	$ (510,000)	$ -	$ -	$ -	$ -
Fairfield Town - Planning Grant	$ (9,784)	$ -	$ -	$ -	$ -
Kanab City Planning Advance	$ (29,800)	$ -	$ -	$ -	$ -
Kane County - Hardship Grant	$ (133,523)	$ -	$ -	$ -	$ -
Millville City - Hardship Grant	$ (650,611)	$ -	$ -	$ -	$ -
Rockville Town - Hardship Grant	$ (18,832)	$ -	$ -	$ -	$ -
Town of Henefer - Planning Grant	$ (60,000)	$ -	$ -	$ -	$ -
Virgin Town - Short Term Loan	$ (28,351)	$ -	$ -	$ -	$ -
Non-Point Source/Hardship Grant Obligations					
Munk Dairy ARDL interest-rate buy down	$ (16,017)	$ -	$ -	$ -	$ -
(FY17) DEQ - Utah Lake Water Quality Study	$ (19,348)	$ -	$ -	$ -	$ -
FY 2019 - Remaining Payments	$ (13,312)	$ -	$ -	$ -	$ -
FY 2020 - Remaining Payments	$ (31,223)	$ -	$ -	$ -	$ -
FY 2023 - Remaining Payments	$ (79,726)	$ -	$ -	$ -	$ -
FY 2024 - Remaining Payments	$ (279,083)	$ -	$ -	$ -	$ -
FY 2025 - Remaining Payments	$ (360,011)	$ -	$ -	$ -	$ -
FY 2026 - Remaining Payments	$ (674,773)	$ -	$ -	$ -	$ -
FY 2027 - Remaining Payments	$ (892,132)				
NPS FY27 One-Time Allocation	$ (500,000)				
Future NPS Annual Allocations		$ (1,000,000)	$ (1,000,000)	$ (1,000,000)	$ (1,000,000)
Authorizations					
Elwood - Planning Grant	$ (18,200)	$ -	$ -	$ -	$ -
Enoch - Planning Advance (PER/Environment)	$ (100,800)	$ -	$ -	$ -	$ -

Enoch - Design Advance	$ (430,000)	$ -	$ -	$ -	$ -
Fountain Green - Design Advance	$ (115,000)				
Hyrum - Short Term Loan	$ (74,900)	$ -	$ -	$ -	$ -
Long Valley - Design Advance	$ (84,300)	$ -	$ -	$ -	$ -
Mt. Pleasant - Hardship Grant	$ (135,000)	$ -	$ -	$ -	$ -
Richmond - Short Term Loan	$ (99,800)	$ -	$ -	$ -	$ -
Weber County - Upper Ogden Valley Planning Grant	$ (265,000)	$ -	$ -	$ -	$ -
Daggett County (Dutch John) - Hardship Grant	$ (239,000)	$ -	$ -	$ -	$ -
Hinckley Town - Hardship Grant	$ (160,000)	$ -	$ -	$ -	$ -
Planned Projects					
Bear Lake SSD - Planning Advance*	$ (75,000)				
Fillmore City - Planning Advance*	$ (85,000)				
Total Obligations	$ (6,331,041)	$ (1,000,000)	$ (1,000,000)	$ (1,000,000)	$ (1,000,000)
HGF Unobligated Funds	$ 6,856,120	$ 7,032,538	$ 7,154,249	$ 7,211,792	$ 7,202,696

*WQB Agenda Items

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MEMORANDUM

TO: Utah Water Quality Board

THROUGH: Candice A. Hasenyager, P.E., Director

FROM: Adriana Hernandez, Contract/Grant Analyst

DATE: October 28, 2026

SUBJECT: Authorization to Proceed with Public Notice of the FY26 Intended Use Plan

The Division of Water Quality (Division) is requesting approval from the Utah Water Quality Board to proceed with public notice of the FY 2026 Intended Use Plan for public comment and feedback.

As a condition of the Clean Water Stater Revolving Fund (CWSRF) capitalization grant, the U.S. Environmental Protection Agency (EPA) requires that the State of Utah provide an annual Intended Use Plan (IUP). The IUP identifies current and projected projects that may be awarded funding from federal grant awards. It also addresses specific program requirements such as state match, additional subsidy, and green project reserve. The Project Priority List is included in the IUP and shows current projects ranked using criteria such as project need, potential improvement, and population affected.

Additionally, the CWSRF Capitalization Grant application includes the Bipartisan Infrastructure Law (BIL) allocations for General Supplemental and Emerging Contaminants funding.

Due to the dynamic nature of wastewater projects, the documents are updated on an ongoing basis throughout the fiscal year. The Division will inform the Water Quality Board of these updates by way of the Financial Status Report, feasibility reports, and the Project Priority List.

The Division of Water Quality will publish a notification on the public notice website. Staff will post the document on the Division of Water Quality's website for public review and comment. Following the public comment period, the IUP will be submitted to EPA as part of the 2026 CWSRF Capitalization Grant applications.

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Executive Secretary

M E M O R A N D U M

TO: Utah Water Quality Board

THROUGH: Candice Hasenyager, P.E.

FROM: Engineering Section

DATE: October 28, 2026

SUBJECT: Water Quality Board Meeting – FY 2027 Funding Requests & Staff Recommendations

BACKGROUND (Skyler Davies P.E.)

Due to limited funding, the Water Quality Board (WQB) reviews projects in batches rather than first-come, first-served. Applications over the past few years have exceeded available fund balances, creating the need for a WQB Finance Committee to meet and discuss funding options with staff. On September 23, 2026, staff met with the WQB Finance Committee to discuss available funding balances. This year there is sufficient funds to fund all projects as requested. Additionally, it is anticipated that a second round of funding will occur early next year.

Over the past two years congressionally directed spending has utilized a portion of the base capitalization grant and directed it to projects outside of the State Revolving Fund (SRF) program. Due to uncertainty that this causes, staff will no longer project future funds until we receive notification on the actual allocation amount.

PROJECTS FOR WATER QUALITY BOARD CONSIDERATION

In June 2026, the WQB received applications with funding requests of approximately $9.9 million. There are sufficient funds to fund each project as requested.

Staff prepared a summary of each project that is provided in Enclosure 1 as well as a cost model for each project. Cost models are provided in Attachments 1 through 3.

Table 1 shows a summary of the funding requests. Historically, when the WQB funds planning, engineering, or construction management services it is done from the Utah Wastewater Loan Fund or Hardship Grant Fund due to federal architectural and engineering procurement requirements.

Table 1: Summary of Project Requests

Entity	Planning, Engineering, & CMS	Construction & Other Costs	Total Project Cost	Total Requested Funding
Mount Pleasant	$244,000	$1,872,000	$2,116,000	$2,116,000
Fillmore	$685,000	$4,158,400	$4,833,400	$4,549,000
Bear Lake SSD	$2,083,000	$12,917,000	$15,000,000	$3,000,000

INTEREST RATE STARTING POINT

Table 2 provides an example of how interest rates can be determined for each project. Recommended discounts are given on similar tables by individual projects below. Consideration begins with the 20-year market rate of 5.60% based on the September 28, 2026, Daily Treasury Par Yield Curve.

Table 2-Interest Rate Factors

Market Rate (20-year basis)	5.60%	
Discount Factors:	Maximum Discount	Recommended Discount
SRF Non-Equivalency Requirements	0.50%	calculated
SRF Equivalency Requirements	1.00%	calculated
*Rural/Disadvantaged Community	1.00%	calculated
Fiscal Sustainability Credit	0.25%	calculated
Existing Asset Management Plan	0.25%	calculated
Green Project Reserve	0.50%	calculated
Regionalization	0.25%	calculated
Economic Hardship	5.60%	calculated
Recommended Interest Rate		calculated

*Only Applies to projects that are primarily serving first homes and not for development

No Board direction has been given for rate reduction for economic hardship based on the Financial Burden Indicator, therefore Staff generally will use a rate reduction of 0%-50% for Low burden, 25%-75% for Medium burden, and 50%-100% for High burden.

ENCLOSURE 1- PROJECT SUMMARY AND STAFF COMMENTS

MOUNT PLEASANT CITY

Background

Mount Pleasant City (the City) is requesting **$2,116,000** for construction of further upgrades to their existing wastewater lagoon system. This project will include installation of a fine-bubble diffuser aeration system, floating lateral air distribution system, blowers, controls, and all other necessary items to achieve aeration. These upgrades were recommended in the City's 2022 Master Plan and will provide the facility greater mixing and odor control. Mount Pleasant City is nearing the maximum organic loading capacity for their primary lagoon cell (~33 lbs/acre/day) based on influent sampling conducted in June 2025, making these upgrades crucial. The requested funding for this project shall be entirely CWSRF.

Current Rates and Impact Fees

Mount Pleasant City's current monthly sewer fee is $20.00 / ERU for the first 3,000 gallons used, plus an additional $1.75 / ERU for each additional thousand gallons. Based on Mount Pleasant's most current financial data, the city can charge up to $58.33 per month per ERU while remaining affordable (below 1.4% MAGI) for the community. The suggested interest rate (4.35%) and funding scheme yields a monthly sewer cost of $40.36 / ERU (0.97% MAGI). Even at the market interest rate of 5.60%, the monthly sewer cost is $41.68 / ERU (1.00% MAGI). In both scenarios the Financial Burden is Low.

Staff Comments
Staff are supportive of funding this project entirely with SRF monies.

Funding alternatives that include varying interest rates are provided in Attachment 1. Based on the Financial Burden Evaluation Policy for the Utah Wastewater Project Assistance Program, the community has a Financial Burden of: **Low**.

The SRF Non-Equivalency Programmatic Costs discount was applied as they are going through the SRF Program to receive the loan, and it is not anticipated that this will be an equivalency project. A partial Rural/Disadvantaged community discount was applied as they are a relatively small community experiencing significant growth. The Fiscal Sustainability Credit was applied as the city has been taking steps to raise their user rates in anticipation of this project. The suggested interest rate is calculated in the table below:

Market Rate (20-year basis)	5.60%	
Discount Factors:	Maximum Discount	Recommended Discount
SRF Non-Equivalency Requirements	0.50%	0.50%
SRF Equivalency Requirements	1.00%	0.00%
Rural/Disadvantaged Community	1.00%	0.50%
Fiscal Sustainability Credit	0.25%	0.25%
Existing Asset Management Plan	0.25%	0.00%
Green Project Reserve	0.50%	0.00%
Regionalization	0.25%	0.00%
Economic Hardship (Low)	5.60%	0.00%
Recommended Interest Rate		**4.35%**

FILLMORE CITY

Background

Fillmore City is requesting **$4,548,400** for lagoon treatment system improvements.

Fillmore's lagoon treatment system consists of two primary treatment lagoons, five secondary treatment lagoons, and one winter storage lagoon. Cells 1- 5 are consistently full. Cell 6 -7 occasionally contains water based on the time of the year. Cell 8 is the winter storage cell. The existing lagoon system is at 78% of its biological capacity and will exceed the current capacity by 2038. The Plan recommends that Fillmore addresses the projected biological treatment deficit prior to that time. The proposed project is construction of new 14-acre primary lagoon cell and installation of screen and flow meter and Headworks Building

This project is anticipated to be the SRF Equivalency project that comes with all the Federal requirements including BABA requirements. The project cost may need to be adjusted slightly to account for the environmental review necessary for equivalency projects.

Current Rates and Impact Fees

Currently, Fillmore charges $12 per ERU. Fillmore's 2023 MAGI is $52,000 and the Board's affordable monthly rate is $60.67 per month/ ERU or 1.4% of MAGI. The current impact fee is $9,584.

Staff Comments

Staff are supportive of this project as a loan funding. Funding alternatives that include various loan rates are provided in Attachment 2. Based on the Financial Burden Evaluation Policy for the Utah Wastewater Project Assistance Program, the community has a Financial Burden of **Medium**. The medium financial hardship was applied at 25% of the market rate.

This project is an SRF Equivalency project that comes with all the Federal requirements including Build America Buy America Act requirements. This funding will demonstrate support and allow design, and construction works to be expedited and to be completed on time.

The SRF Equivalent requirement was applied. The Rural/Disadvantaged community was applied due to the size of the community. And a partial credit for economic hardship is given, as they would experience some economic hardship without board funding. Currently, there is an Asset Management Plan. This community does not qualify for the other discount rates. The suggested interest rate is calculated in the table below:

Market Rate (20-year basis)	5.60%	
Discount Factors:	Maximum Discount	Recommended Discount
SRF Non-Equivalency Requirements	0.50%	0.00%
SRF Equivalency Requirements	1.00%	1.00%
Rural/Disadvantaged Community	1.00%	0.50%
Fiscal Sustainability Credit	0.25%	0.00% ?
Existing Asset Management Plan	0.25%	0.0%
Green Project Reserve	0.50%	0.00%
Regionalization	0.25%	0.00%
Economic Hardship (Medium)	5.60%	1.16%
Recommended Interest Rate		**2.94%**

BEAR LAKE SPECIAL SERVICE DISTRICT

Background

Bear Lake Special Service District (SSD) is requesting **$3,000,000** to extend centralized wastewater collection and treatment along the east shore of Bear Lake in Rich County. This includes a request for a $75,000 planning advance.

This project would require new gravity sewer mains, grinder pump connections, multiple lift stations with high density polyethylene (HDPE) force mains, and new treatment lagoons. The placement of the current lagoons does not make it feasible to connect to the new east side collection system. Currently, 250 people have onsite septic systems in this area.

This area is expecting growth, and this project would reduce the need for new onsite septic systems while removing current onsite septic systems.

Bear Lake SSD is working with Congress to secure up to $12,000,000 and believes there is a path to secure $1,500,000 this fiscal year.

Current Rates and Impact Fees
Bear Lake SSD has an impact fee of $6,000 and charges a base rate of $32.00 per month per ERU. Bear Lake SSD recently implemented a 3.5% increase to their sewer rate and is working with Rural Water and Sunrise Engineering to review their sewer rates. Based on Bear Lake SSD's most current financial data, the district can charge up to $70 per month per ERU while remaining affordable (below 1.4% MAGI). The suggested interest rate (3.90%) and funding scheme yields a monthly sewer cost of $29.69 / ERU (0.59% MAGI). Even at the market interest rate of 5.60%, the monthly sewer cost is $30.43 / ERU (0.61% MAGI). In both scenarios the Financial Burden is Low.

Staff Comments
Staff believe that regionalization on the east side of Bear Lake will be beneficial to reduce the number of individual septic systems which will improve water quality in the area. This will help reduce the number of future septic systems dependent on growth as this will allow for growth to tie into this new treatment and collection system.

Updated funding alternatives that include various mixtures of loan rates are provided in Attachment 3. Based on the Financial Burden Evaluation Policy for the Utah Wastewater Project Assistance Program, the community has a Financial Burden of **Low**.

The SRF Equivalency Programmatic Costs discount was applied as they are going through the SRF Program to receive the loan, and it is anticipated that this will be an equivalency project. Half of the Rural/Disadvantaged community discount of 1.0% was applied as the District is a rural community. Regionalization credit was given since this will remove septic systems, but the full credit was not as they will create a new treatment system. The board has discretion to increase this discount. It should be noted that this project will sewer an unsewered community which is not accounted for in this formula. The board may take that into account when setting this interest rate. The suggested interest rate is calculated in the following table:

Market Rate (20-year basis)	5.60%	
Discount Factors:	Maximum Discount	Recommended Discount
SRF Non-Equivalency Requirements	0.50%	0.00%
SRF Equivalency Requirements	1.00%	1.00%
Rural/Disadvantaged Community	1.00%	0.50%
Fiscal Sustainability Credit	0.25%	0.00%
Existing Asset Management Plan	0.25%	0.00%
Green Project Reserve	0.50%	0.00%
Regionalization	0.25%	0.20%
Economic Hardship (Low)	1.85%	0.00%
Recommended Interest Rate		**3.90%**

STAFF RECOMMENDED FUNDING AMOUNTS FOR PROJECTS (Skyler Davies)

Staff recommendations for funding these projects are outlined in the table below. These recommendations have a total commitment of $9,750,000. The table below notes the funding sources including: Clean Water State Revolving Funds (CWSRF), Utah Wastewater Loan Fund (UWLF), Principal Forgiveness (PF), and Hardship Grant Fund (HGF) are all listed below.

Summary of Funding Amount Recommendations

Entity	CWSRF	PF	UWLF	HGF (Advance)
Mount Pleasant City	$2,116,000	$0	$0	$0
Fillmore City*	$4,159,000	$0	$390,000	$85,000[1]
Bear Lake SSD*	$2,925,000	$0	$0	$75,000[2]

* - Project will be funded as an Equivalency Project to meet EPA Grant Requirements.

1-This will be rolled into the $390,000 Loan at Closing

2-this is recommended to be forgiven if special conditions are met.

Mount Pleasant City

Staff recommend the WQB **authorize $2,116,000 as a Loan from the Clean Water State Revolving Fund at an interest rate of 4.35% repayable over the course of 20 years** to Mount Pleasant City subject to the following special conditions:

1. Mount Pleasant must pursue and retain the remaining funding necessary to implement the project.
2. Mount Pleasant must agree to participate annually in the Municipal Wastewater Planning Program.
3. Mount Pleasant must confirm that their Water Conservation Plan is up to date.
4. Mount Pleasant must develop and implement an asset management plan that is consistent with Utah Administrative Code R317-101-3(I).
5. Mount Pleasant must develop an Operation and Maintenance Manual in draft and final form at 50% and 90% construction completion, respectively, as per Utah Administrative Code R317-101-3(S).
6. Mount Pleasant City must submit a useful life certification for the project. This certification will determine the length of the loan.

Fillmore City

Staff recommend the WQB **authorize $4,159,000 Loan at 2.94% for a term of up to 30 years from** the State Revolve Funding (SRF) as an equivalency project and **$390,000 Loan at 2.94% for a term of up to 30 years from the Utah Wastewater Loan Fund for the Engineering Costs including an $85,000 planning advance to** Fillmore City, subject to the following special conditions.

1. Fillmore City must agree to participate annually in the Municipal Wastewater Planning Program (MWPP).
2. As part of the facility planning, Fillmore City must complete a Water Conservation and Management Plan.
3. Fillmore City must develop and implement an asset management plan that is consistent with Utah Administrative Code R317-101-3(I).
4. Fillmore City must submit a useful life certification for the project. This certification will determine the length of the loan

Bear Lake Special Service District

Staff recommend the WQB **authorize a planning advance in the amount of $75,000** with the following special conditions:

1. If ordinances are adopted and implemented based on the recommendations listed in the groundwater quality and septic-tank density study then the planning advance may be forgiven.
2. If ordinances are not adopted and implemented based on the recommendations in the groundwater and septic-tank density study the Planning Advance must be expeditiously repaid to the Board once long-term project financing has been secured, or within 5 years, if financing is not received or is received from a source that cannot be used to repay the Advance.
3. Bear Lake SSD must agree to participate annually in the Municipal Wastewater Planning Program (MWPP).
4. As part of the facility planning, Bear Lake SSD must complete a Water Conservation and Management Plan.
5. Bear Lake SSD must develop and implement an asset management plan that is consistent with Utah Administrative Code R317-101-3(I).

Staff recommend the WQB **authorize $2,925,000 Loan at 3.90% for a term of up to 30 years from the Clean Water State Revolving Loan Fund** to Bear Lake Special Service District subject to the following special conditions:

1. Bear Lake SSD must agree to participate annually in the Municipal Wastewater Planning Program (MWPP).
2. As part of the facility planning, Bear Lake SSD must complete a Water Conservation and Management Plan.
3. Bear Lake SSD must develop and implement an asset management plan that is consistent with Utah Administrative Code R317-101-3(I).
4. Bear Lake SSD must submit a useful life certification for the project. This certification will determine the length of the loan.

NEXT FUNDING APPLICATION PROCESS

Staff anticipate the WQB will not authorize all available balances for FY27 during the October 2026 Board meeting. Currently, staff are scheduled to accept applications until December 31, 2026. Applications will continue to be accepted at any time for emergency construction projects, existing project authorizations, planning advances, and design advances.

ATTACHMENT 1 Mount Pleasant City Cost Model

ATTACHMENT 1 - 20 YEAR STATIC COST MODEL

Mt. Pleasant Lagoon Aeration Upgrades - Water Quality Board

Project Costs	
Engineering Design	$150,000
Engineering Construction Service	$94,000
Construction	$1,440,000
Contingency (approx. 15% const.	$432,000
Total Project Cost:	**$2,116,000**

Current Customer Base & User Charges	
Initial Total Customer (ERU's)	1,422
MAGI for Enoch City (2023):	$50,000
Affordable Monthly Rate at 1.4%	$58.33
Impact Fee (per ERU):	$1,557
Current Monthly Fee (per ERU)	$22.50
Existing Sewer Debt Service	$163,000

Project Funding	
Local Sewer Fund	$ -
Requested Funding by WQB	$2,116,000
Total Project Cost:	**$2,116,000**

Loan Repayment Term:	20
Reserve Funding Period:	6
Existing & New Annual O&M expensive	$325,000

ESTIMATED COST OF SEWER SERVICE

WQB Grant Amount	WQB Loan Amount	WQB Loan Interest Rate	WQB Loan Debt Service	WQB Loan Reserve	Annual Sewer O&M Cost	Existing Debt Service	Total Annual Sewer Cost	Monthly Sewer Cost/ERU	Sewer Cost as a % of MAGI	Financial Burden
$ -	$2,116,000	0.00%	$105,800	$26,450	$325,000	$163,000	$620,250	$36.35	0.87%	LOW
$ -	$2,116,000	1.00%	$117,259	$29,315	$325,000	$163,000	$634,574	$37.19	0.89%	LOW
$ -	$2,116,000	2.00%	$129,408	$32,352	$325,000	$163,000	$649,760	$38.08	0.91%	LOW
$ -	$2,116,000	3.00%	$142,228	$35,557	$325,000	$163,000	$665,786	$39.02	0.94%	LOW
$ -	$2,116,000	3.85%	$153,638	$38,409	$325,000	$163,000	$680,047	$39.85	0.96%	LOW
$ -	$2,116,000	4.10%	$157,081	$39,270	$325,000	$163,000	$684,351	$40.10	0.96%	LOW
$ -	**$2,116,000**	**4.35%**	**$160,562**	**$40,141**	**$325,000**	**$163,000**	**$688,703**	**$40.36**	**0.97%**	**LOW**
$ -	$2,116,000	4.60%	$164,083	$41,021	$325,000	$163,000	$693,103	$40.62	0.97%	LOW
$ -	$2,116,000	5.10%	$171,236	$42,809	$325,000	$163,000	$702,045	$41.14	0.99%	LOW
$ -	$2,116,000	5.60%	$178,537	$44,634	$325,000	$163,000	$711,172	$41.68	1.00%	LOW

Mt. Pleasant City Financial Need Indicator					
Indicators	Local Value	State Value	Score	Weighting Factor	Weighted Score
nemployment rat	5.10%	3.40%	2.85	4	11.4
Poverty Rate	15.20%	8.60%	2.32	2.5	5.8
Threshold LQI	$34,194.00	$43,645.00	1.87	2.5	4.68
ulation Growth R	23.30%	18.40%	1	1	1
Financial Need Indicator (Sum of weighted Scores/10)					**2.29**

	Modified MAGI				
FNI	Below 1.4%	1.4% to 1.75%	1.75% to 2.1%	2.1% to 2.45%	Above 2.45%
Below 1.5	Low	Low	Medium	Medium	High
1.5 to 2.5	Low	Medium	Medium	High	High
Above 2.5	Medium	High	High	High	High

ATTACHMENT 2 -Fillmore City Cost Model

ATTACHMENT 1 - STATIC COST MODEL

Fillmore City Wasterwater Treatment Improvement - Water Quality Board

Project Costs	
DWQ Loan Origination Fee	$47,300
Enginnering - planning	$85,000
Enginnering - design (self contriu	$295,000
Enginnering - CMS	$305,000
Other Specific - bidding	$16,000
Construction - new 14 acre primai	$1,300,800
Construction - Headworks	$2,111,400
Contingency	$657,900
Legal - bonding	$15,000
Total Project Cost:	**$4,833,400**

Project Funding	
Local Sewer Fund - Engieering de	$295,000
Requested Funding by WQB	4,538,400
Total Project Cost:	**$4,833,400**

Current Customer Base & User Charges	
Initial Total Customer (ERU's)	1499
MAGI for Fillmore City (2024)	$52,000
Affordable Monthly Rate at 1.4%	$60.67
Impact Fee (per ERU):	$9,584
Current Monthly Fee (per ERU)	$12.00
Existing Sewer Debt Service	$0

Loan Repayment Term:	20
Reserve Funding Period:	6
Existing & New Annual O&M expensive	$307,000

ESTIMATED COST OF SEWER SERVICE

WQB Loan Amount	WQB Loan Interest Rate	WQB Loan Debt Service	WQB Loan Reserve	Annual Sewer O&M Cost	Existing Debt Service	Total Annual Sewer Cost	Monthly Sewer Cost/ERU	Sewer Cost as a % of MAGI	Financial Burden
4,538,400	0.00%	226,920	56,730	307,000	$0	590,650	32.84	0.76%	MEDIUM
4,538,400	0.50%	239,021	59,755	307,000	$0	605,777	33.68	0.78%	MEDIUM
4,538,400	1.00%	251,497	62,874	307,000	$0	621,371	34.54	0.80%	MEDIUM
4,538,400	1.50%	264,342	66,086	307,000	$0	637,428	35.44	0.82%	MEDIUM
4,538,400	2.00%	277,554	69,388	307,000	$0	653,942	36.35	0.84%	MEDIUM
4,538,400	2.50%	291,125	72,781	307,000	$0	670,907	37.3	0.86%	MEDIUM
4,538,400	3.00%	305,052	76,263	307,000	$0	688,315	38.27	0.88%	MEDIUM
4,538,400	3.50%	319,327	79,832	307,000	$0	706,158	39.26	0.91%	MEDIUM
4,538,400	4.00%	333,943	83,486	307,000	$0	724,429	40.27	0.93%	MEDIUM
4,538,400	5.00%	364,173	91,043	307,000	$0	762,216	42.37	0.98%	MEDIUM

Local Value Financial Need Indicator					
Indicators	Local Value	State Value	Score	Weighting Facto	Weighted Score
unemployment r	9.70%	3.60%	3	4	12
Poverty Rate	10.50%	8.50%	1.4	2.5	3.5
Threshold LQI	$29,692.00	$33,773.00	1.48	2.5	3.7
Population Grow	-5.60%	19.10%	3	1	3
Financial Need Indicator (Sum of weighted Scores/10)					**2.22**

** https://data.census.gov/cedsci/

2024 for 5 year ACS Table

Table 1 Financial Burden Matrix					
	Modified MAGI				
FNI	Below 1.4%	1.4% to 1.75%	1.75% to 2.1%	2.1% to 2.45%	Above 2.45%
Below 1.5	Low	Low	Low	Low	High
1.5 to 2.5	Medium	Medium	medium	medium	High
Above 2.5	High	High	High	High	High

ATTACHMENT 3 - Bear Lake SSD Cost Model

Project Costs	
Legal/Bonding	$106,000
Loan Origination Fee	$25,000
Engineering - Planning	$271,000
Engineering - Design	$806,000
Engineering - CMS	$875,000
Wastewater Treatment Plant	$10,807,000
Contingency (20%)	$2,110,000
Total Project Cost:	**$15,000,000**

Project Funding	
Local Contribution	
Amount to be Funded	**$3,000,000**
WQB Grant	**$ -**
Total Project Cost:	**$3,000,000**

Current Customer Base & User Charges		
Initial Total Customer (ERU's)	4,874	
MAGI for Garden City (2023):	$60,000	
Affordable Monthly Rate at 1.4%	$70.00	
Impact Fee (per ERU):	$6,000	
Current Monthly Fee (per ERU)	$31.26	Average between two communities
Debt Service	$89,200	
Annual O&M expense	$1,374,000	

Funding Conditions	
Loan Repayment Term:	20
Reserve Funding Period:	6

ESTIMATED COST OF SEWER SERVICE

WQB Loan	vate Loan Amou	B Loan Interest	te Loan Interest	B Loan Debt Ser	QB Loan Reserv	te Loan Debt Se	Annual Sewer	isting Debt Serv	Annual Sewer	thly Sewer Cost	r Cost as % of M	Financial Burden
0	3,000,000	0.00%	4.50%	0	0	230,628	1,374,000	89200	1,693,828	28.96	0.58%	**LOW**
3,000,000	0	0.50%	3.50%	157,999	39,500	0	1,374,000	89200	1,660,699	28.39	0.57%	**LOW**
3,000,000	0	1.00%	3.50%	166,246	41,561	0	1,374,000	89200	1,671,007	28.57	0.57%	**LOW**
3,000,000	0	1.75%	3.50%	179,074	44,768	0	1,374,000	89200	1,687,042	28.84	0.58%	**LOW**
3,000,000	0	2.25%	3.50%	187,926	46,982	0	1,374,000	89200	1,698,108	29.03	0.58%	**LOW**
3,000,000	0	2.75%	3.50%	197,015	49,254	0	1,374,000	89200	1,709,469	29.23	0.58%	**LOW**
3,000,000	0	3.30%	3.50%	207,281	51,820	0	1,374,000	89200	1,722,302	29.45	0.59%	**LOW**
3,000,000	0	3.85%	3.50%	217,823	54,456	0	1,374,000	89200	1,735,479	29.67	0.59%	**LOW**
3,000,000	0	4.40%	3.50%	228,634	57,159	0	1,374,000	89200	1,748,993	29.9	0.60%	**LOW**
3,000,000	0	4.80%	3.50%	236,662	59,166	0	1,374,000	89200	1,759,028	30.08	0.60%	**LOW**

State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Tim Davis
Commissioner

DIVISION OF WATER QUALITY
Candice A. Hasenyager, P.E.
Director

Water Quality Board
James, Webb,Chair
Trevor Heaton, Vice Chair
Jeannie Simmonds
Robert Fehr
Michela Harris
Joseph Havasi
Jill Jones
Tim Davis
Candice A, Hasenyager, P.E.
Executive Secretary

TO: Water Quality Board

THROUGH: Candice Hasenyager, P.E., Director

THROUGH: Jake VanderLaan, Deputy Director

THROUGH: Jodi Gardberg, Watershed Protection Section Manager

FROM: Paul Burnett, Watershed Protection Section

SUBJECT: Request to Fund Nonpoint Source Projects with the Hardship Grant Fund

Recommended Board Action

Approve a funding request of $468,941 from the hardship grant fund to 18 nonpoint source projects.

Background

Nonpoint source pollution

Nonpoint source pollution is diffuse pollution carried with water that runs off the landscape, primarily caused by land management activities, such as livestock grazing, irrigation runoff, stream bank erosion, and stream channel manipulations. Diffuse runoff carries fine sediment, excess nutrients (nitrogen and phosphorus), pathogens such as *E. coli*, and heavy metals into surface waters, fueling harmful algal blooms, aquatic life impairments, and elevated drinking water treatment costs. Over 75% of impaired stream miles in Utah are degraded by nonpoint source pollution. Because nonpoint source pollution is non-regulatory under the Clean Water Act and Utah Code 19-5-104(3), achieving state water quality goals relies entirely on voluntary, incentive-based grant programs.

Nonpoint Source Program: Projects and Partners

The Division of Water Quality's Nonpoint Source Program administers grant funding to assist landowners, local conservation districts, municipal entities, and non-profit partners in implementing on-the-ground best management practices (BMPs) to reduce nonpoint source pollution. The Nonpoint Source Program relies on a wide range of partners at the local watershed scale to implement BMPs intended to reduce pollution. In agricultural areas of the state, DWQ partners with

UDAF, Conservation Districts, and nonprofit organizations to implement BMPs such as rangeland water systems, riparian buffers, and on-farm improvements. In urban areas, DWQ works with city and county agencies and other partners to reduce inputs of garbage and stormwater pollution to surface waters. Finally, DWQ works closely with local partners to implement instream restoration projects, perform outreach, and hold educational events. The nonpoint source program typically awards 40-45 grants annually and oversees approximately 100 projects at any point in time. See Attachment 1 for examples of successfully implemented projects.

Funding Challenges

Over recent fiscal years, flat state and federal funding combined with high inflation have restricted the buying power of Nonpoint Source Program grant dollars by an effective 25 percent. Demand significantly outpaces available resources: in the most recent competitive cycle, 62 applications requested over $4.4 million against approximately $2 million in available annual funding. Consequently, the program fully funded only 18 projects, partially funded 24, and left 20 completely unfunded. Fulfilling this supplemental allocation request of $468,941 will allow the program to fund the highest-value remaining applications from this cycle. Additional funding details and financial challenges are outlined in Attachment 2.

Authority

Under Utah Administrative Code R317-101-4(C), the Executive Secretary of the Water Quality Board allocates $1,000,000 each fiscal year to nonpoint source (NPS) projects from Hardship Grant Funds. The Executive Secretary's allocation is limited by rule to $1,000,000, but the Board may direct additional funding.

R317-101-4(C):
"The Executive Secretary may not execute financial assistance for NPS projects totaling more than $1,000,000 per fiscal year unless directed by the Board."

Funding Request

The Nonpoint Source Program has compiled a targeted supplemental funding request of 18 projects that received either partial or no funding during the most recent grant application cycle. These projects have all been vetted by a multi-agency application review team and will deliver more comprehensive results to address impairments and address approved Total Maximum Daily Load (TMDL) endpoints. The Nonpoint Source Program is requesting $468,941 in Hardship Grant Funds to allocate to these projects. This request is for funding for projects beyond the $1,000,000 already allocated by the Executive Secretary under R317-101-4(C). A summary of these projects by project type is provided below, and individual project descriptions and recommended allocations are detailed in Attachment 3.

Project Type	Amount Requested	Amount Awarded	Hardship Grant Fund Request
Agricultural Nonpoint Source	$183,082	$83,000	$100,082
Information and Education	$84,619	$50,319	$34,300
Stream Restoration	$412,217	$147,659	$264,559
Streambank Stabilization	$180,000	$0	$40,000
Technical Assistance	$145,000	$115,000	$30,000
Grand Total	**$1,004,918**	**$395,978**	**$468,941**

Attachment 1: High-Impact Project Highlights

To demonstrate the environmental impacts of this funding request, six representative projects from the supplemental funding list are highlighted below. These projects demonstrate high technical merit, significant local matching funds, direct alignment with the nonpoint source program, and immediate readiness for execution upon Board approval.

910 Ranch East Canyon Creek Tributary Restoration (Application #997)

- Sponsor: Trout Unlimited and Summit County
- Location: East Canyon Creek Watershed, Weber River Basin (Summit County)
- Financial Information:
    - Original Request: $149,930
    - Initial Award: $35,159
    - Supplemental Request: $114,771
- Water Quality Nexus: East Canyon Creek is listed under Section 303(d) of the Clean Water Act as impaired for maximum water temperature, with an approved TMDL for total phosphorus and dissolved oxygen. Historical open-range grazing and unmaintained road networks have caused severe bank erosion, loss of shading, and degraded cold-water fish habitat.
- Proposed Deliverables:
    - Installation of engineered low-water crossings on Big Bear Hollow to eliminate road-surface erosion and restore aquatic organism passage.
    - Protection and conveyance improvements across six natural cold-water springs to prevent water warming and evaporative loss before entering East Canyon Creek.
    - Removal of three dilapidated instream culverts that act as fish migration barriers and cause upstream channel incision.
    - Bioengineered bank stabilization and native riparian plantings across 1.5 miles of protected stream corridor.

Price River Meadows Stream Restoration (Application #982)

- Sponsor: Trout Unlimited and Price River Watershed Conservation District
- Location: Price River Watershed, Southeast Colorado Basin (Utah County)
- Financial Information:
    - Original Request: $73,370
    - Initial Award: $25,000
    - Supplemental Request: $48,370
- Water Quality Nexus: The Price River is impaired for low dissolved oxygen and elevated total dissolved solids (TDS). Severe streambank erosion delivers over one foot of lateral bank loss annually, choking stream cobbles with fine sediment and destroying interstitial pore space needed for oxygenation.
- Proposed Deliverables:
    - Excavation of stabilized bankfull cobblestone benches along 800 linear feet of severely eroding cut banks.
    - Installation of toe-wood structures, bank sloping (3:1 gradient), erosion control fabric, and live willow staking.

- Establishment of a 40-acre riparian pasture fencing system enabling strict rotational grazing and seasonal rest.

Main Creek Riparian Restoration (Application #1010)

- Sponsor: Wasatch Conservation District and UDAF
- Location: Main Creek Watershed, Provo River Basin (Wasatch County)
- Financial Information:
  - Original Request: $49,350
  - Initial Award: $10,000
  - Supplemental Request: $39,350
- Water Quality Nexus: Main Creek is listed on the 303(d) list for E. coli, low dissolved oxygen, and temperature. According to the Deer Creek Reservoir TMDL, Main Creek is the single largest tributary source of total phosphorus to Deer Creek Reservoir, contributing 17 percent of the reservoir's total nutrient load and driving severe harmful algal blooms.
- Proposed Deliverables:
  - Installation of root wads and large tree revetments to reduce actively eroding streambanks adjacent to cropland.
  - Regrading and bioengineering of the opposite bank to reconnect Main Creek to its natural floodplain, dissipating flood energy and restoring riparian vegetation.
  - Leveraging Natural Resources Conservation Service (NRCS) National Water Quality Initiative cost-share funds to complete third-party engineering designs.

Attachment 2: Staff Analysis of Nonpoint Source Funding

Nonpoint Source Funding Structure

Section 319(h) of the Clean Water Act allocates approximately $1.5M of federal funding to the State of Utah annually. Utah Administrative Code R317-101-4(C) authorizes the Division of Water Quality to administer financial assistance for nonpoint source projects, capping annual executive allocations from state hardship funds at $1M per state fiscal year unless specifically directed by the Water Quality Board.

Utah Nonpoint Source Program Grant Structure

- Annual Federal EPA CWA Section 319(h) Grants ~$1,500,000
- Annual Water Quality Board State Hardship Funds: $1,000,000
- Total Annual Operating and Grant Portfolio: ~$2,500,000
- DWQ Staff and Local Watershed Coordinator Support: ~$1,100,000
- Direct On-the-Ground Project Grant Availability: ~$1,400,000 to $1,900,000

Inflationary Impact on Grant Funding

The core driver of the current funding deficit is the cumulative impact of inflation against flat baseline budget allocations. Since state fiscal year 2016, baseline program funding levels have remained largely static while labor and project costs have escalated dramatically, even with pivoting towards lower-cost higher-impact BMPs.

In an analysis of the impact of inflation on the Nonpoint Source Grant program, $1,000,000 in grant funding today delivers only $774,000 in real purchasing power relative to 2016. This functional 25 percent loss in buying power limits the impact of the Nonpoint Source Program, forcing applicants to scale back their projects, or leaving important projects unfunded.

Metric	2016 Benchmark	Current Fiscal Year	Effective Change
Purchasing Power (2016 Dollars)	$1,000,000	$774,000	22.6% Real Reduction
Average Project Grant Request	$35,000	$48,000 - $55,000	37% - 57% Cost Increase

Demand Increase Over Recent Grant Cycles

The growing gap between project demand and financial resources was clearly demonstrated during the recent state fiscal year grant evaluation process:

- Total Grant Funding Requested: 62 project applications submitted requesting $4,400,000 in grant support.
- Total Grant Funding Available: Approximately $2,000,000 in combined federal Section 319(h) and state hardship funds.
- Fully Funded Applications: 18 projects received 100 percent of their requested funding.

- Partially Funded Applications: 24 high-priority projects received partial awards, requiring sponsors to scale back scope.
- Unfunded Applications: 20 projects received zero funding partially due to exhaustion of available funds.

Attachment 3: Supplemental Funding Requests

The table below outlines the 18 projects comprising the $468,941 supplemental funding allocation request, including initial awards and remaining funding gaps as recorded in Division records.

App ID	Project Title	Watershed	Original Request	Initial Award	Supplemental Request
962	Mill Creek Culvert Infrastructure and Streambank Improvement	Weber River	$180,000	$0	$40,000
977	Impaired Watershed Capacity Funding FY27	Price / Duchesne / Bear	$110,000	$95,000	$15,000
980	Nuck Woodward Creek Stream Restoration	Southeast Colorado	$37,675	$20,000	$17,675
982	Price River Meadows Stream Restoration	Price River	$73,370	$25,000	$48,370
984	Minnie Maud Virtual Fence Grazing Management	Green River	$33,495	$28,000	$5,495
986	Salt Lake County Watershed Restoration Nursery	Jordan River	$35,000	$20,000	$15,000
992	Grass Creek Stock Tanks	Weber River	$4,387	$0	$4,387
993	Red Hole Riparian Fence	Weber River	$43,292	$27,500	$15,793
995	2026 Small Farm Water Quality Improvement Project	Statewide	$90,200	$55,000	$35,200
997	910 Ranch East Canyon Creek Tributary NPS FY27	Weber River	$149,930	$35,159	$114,771
1007	Provo River Watershed Council Information and Education	Provo River	$10,000	$7,500	$2,500

App ID	Project Title	Watershed	Original Request	Initial Award	Supplemental Request
1009	Duchesne River Watershed Conservation Roundtables	Duchesne River	$19,800	$8,000	$11,800
1010	Main Creek Riparian Restoration	Provo River	$49,350	$10,000	$39,350
1011	Thistle Creek Restoration Phase II	Spanish Fork River	$8,000	$5,000	$3,000
1012	Little Weber Wetland Restoration	Weber River	$55,000	$0	$55,000
1013	Willow Creek LTPBR Restoration Phase II	Green River	$50,600	$25,000	$25,600
1016	Jordan River Watershed Day of Service Education	Jordan River	$25,000	$10,000	$15,000
1018	Weber Basin Floodplain Restoration Workshops FY27	Weber River	$29,819	$24,819	$5,000
TOTAL			**$1,004,918**	**$395,978**	**$468,941**