



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF WATER QUALITY
Erica Brown Gaddis, PhD
Director

Water Quality Board
Jennifer Grant, Chair
Gregg A. Galecki, Vice Chair
Steven K. Earley
Brandon Gordon
Michael D. Luers
Emily Niehaus
Kimberly D. Shelley
Dr. James VanDerslice
James Webb
Dr. Erica Brown Gaddis
Executive Secretary

Utah Water Quality Board Meeting
Via Zoom

https://us02web.zoom.us/j/89598592257

March 24, 2021

Board Meeting Begins at 8:30 am

AGENDA

Water Quality Board Meeting – Roll Call

A. Electronic Meeting Notice.....Jennifer Grant

B. Minutes:

Approval of Minutes for February 19, 2021 Finance Committee Meeting Jennifer Grant
Approval of Minutes for February 24, 2021 Water Quality Board Meeting Jennifer Grant

C. Executive Secretary’s Report Erica Gaddis

D. Funding Requests:

- 1. Financial Report Krystol Carfaro
2. Mountain Green Sewer Improvement District Project Authorization Skyler Davies
3. Payson City Wastewater Treatment Project Authorization Beth Wondimu & Andrew Pompeo

E. Rule Making

- 1. Request to Adopt Rule R317-8-3, R317-8-4, and R317-8-11, Storm Water Discharges Lisa Stevens

F. Other

- 1. Request to Approve NOV Settlement with South Davis Sewer District Leanna Littler-Wolf

F. Public Comment Period

G. Meeting Adjournment

Next Meeting April 28, 2021
8:30 am

Via Zoom

https://us02web.zoom.us/j/89598592257

DWQ-2021-004125
Revised 3/11/2021

In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Larene Wyss, Office of Human resources, at (801) 536-4281, TDD (801) 536-4284, or by email at lwyss@utah.gov at least five working days prior to the scheduled meeting.



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State of Utah

I, **Jennifer Grant**, Chair of the **Water Quality Board**, have determined that the **March 24th, 2021** meeting of the Water Quality Board will be held electronically without an anchor location.

This determination is based on the following facts:

1. Utah is currently dealing with Covid 19, which has been determined to be a pandemic. Covid 19 is extremely contagious and can be deadly to those who contract it, especially those of advanced age and underlying health conditions.
2. The Agency offices are in Salt Lake County, which is currently in the State's moderate risk category. This limits the size of public gatherings to fewer than 25 people and requires the wearing of masks and social distancing. People are encouraged to stay in their homes.
3. A vast majority of Agency staff and the members of the Water Quality Board are teleworking to avoid unnecessary contact with others.
4. The Board room is insufficient to allow social distancing and reasonably safe accommodation of the Water Quality Board and the public.
5. The Water Quality Board uses an electronic platform which allows interested parties to view the meeting, hear discussions and provide written comment.

Dated this 16th day of March, 2021.


Jennifer Grant (Mar 16, 2021 15:53 MDT)

Jennifer Grant, Chair
Water Quality Board

DWQ-2021-004328



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MINUTES

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
UTAH WATER QUALITY BOARD
Via Adobe Connect**

February 19, 2021
1:00 pm Finance Committee Meeting

UTAH WATER QUALITY BOARD MEMBERS PRESENT

Steven Earley James VanDerslice
Jennifer Grant James Webb
Mike Luers

Excused: Gregg Galecki
 Brandon Gordon
 Emily Niehaus
 Kim Shelley

DIVISION OF WATER QUALITY STAFF MEMBERS PRESENT

Emily Cantón Brenda Johnson
Krystol Carfaro John Mackey
Skyler Davies Andrew Pompeo
Erica Gaddis Beth Wondimu
Ken Hoffman

OTHERS PRESENT

Justin Atkinson Sunrise Engineering

Dr. Gaddis called the Finance Committee Meeting to order at 1:00 pm.

FINANCE COMMITTEE DISCUSSION

On January 27, 2021, funding requests from Price City, Mountain Green SID, and Payson City totaling \$35,329,000 were presented to the Water Quality Board (Board). The low 5-year combined State

Minutes

Revolving Fund (SRF) and Utah Wastewater Loan Fund (UWLF) unobligated fund balance is projected to occur in FY2023 at \$20,948,048. However, a projected combined balance in FY26 is \$98,588,145. This means fully funding these projects is not possible and priorities must be set. As part of this analysis staff considered project draw schedules over which funding is needed and considered partial funding options that could maximize Board support of these projects.

The Water Quality Board members present asked that the following alternatives be presented at the next board meeting.

ALTERNATIVE 1B: Fund the projects as requested with a \$13,429,000 loan to MGSID and a \$23,000,000 loan to Payson. However, for Alternative 1B to be viable the Board would need to specify the fiscal year and amounts when fund draws may occur. This would likely require the communities to take out short-term construction loans to complete their projects on schedule. This is a viable alternative but outside of how the Board has typically funded projects.

ALTERNATIVE 2B: Fund the projects at 50% of requested with a \$7,000,000 loan to MGSID and a \$11,500,000 loan to Payson. As was the case for Alternative 1B, for the Alternative to be viable the Board would need to specify the fiscal year and amounts when funds can be drawn. This would require the applicants to acquire the funding difference from a funding partner or the private market. Using staff's best effort of projecting fund allocations, this is a viable alternative. Note this would obligate the available loan funds but \$10,000,000 would be held in reserve with \$5,000,000 available to projects in FY22 and \$5,000,000 available for project obligation in FY23. Last, it is worth noting the Division is not seeing applicants bringing in shovel ready projects so the more important balance could be FY24 at \$7,500,000 with \$15,000,000 in reserve.

REBUILD HARDSHIP GRANT: Fund projects that have financial capability for interest and/or hardship grant assessment rates to be charged on principal loan amounts.

To listen to the full recording of the Board meeting go to: <http://www.utah.gov/pmn/index.html>.

Next Meeting – February 24, 2021 at 8:30 am

Via Adobe Connect

<https://utdeq.adobeconnect.com/wqb/>

Jennifer Grant, Chair
Utah Water Quality Board



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MINUTES

UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY UTAH WATER QUALITY BOARD

Via Adobe Connect

February 24, 2021
8:30 am Work Meeting
9:30 am Board Meeting

UTAH WATER QUALITY BOARD MEMBERS PRESENT

Steven Earley	Emily Niehaus
Gregg Galecki	Kim Shelley
Jennifer Grant	James VanDerslice
Mike Luers	James Webb

Excused Brandon Gordon

DIVISION OF WATER QUALITY STAFF MEMBERS PRESENT

Jennifer Berjikian	Ken Hoffman
Harry Campbell	Brenda Johnson
Emily Cantón	Jeff Kolmel
Krystol Carfaro	John Mackey
Eric Castrejon	Winnie Pan
Skyler Davies	Andrew Pompeo
Judy Etherington	Jen Robinson
Erica Gaddis	Lonnie Shull
Dan Griffith	Jeff Studenka
Angela Gunderson	Sarah Ward
Don Hall	Beth Wondimu
Samantha Heusser	Kelsee York

OTHERS PRESENT

Justin Atkinson	Sunrise Engineering
Tom Beesley	Riverton City
Carly Ferro	Sierra Club
Renn Lambert	Limno Tech
Melissa Reynolds	Holland & Hart LLP
Marian Rice	Salt Lake City Dept of Public Utilities
Kent Wilkerson	Mountain Green

Ms. Grant called the Board Work Meeting to order at 8:30 AM.

Hardship Criteria: Analysis of Board Financial Assistance Determination

Ms. Grant called the Board Meeting to order at 9:30 AM and took roll call for the members of the Board and audience.

Ms. Grant read the Electronic Meeting Notice with regards to the Water Quality Board meeting being held electronically, February 24, 2021 without an anchor location.

APPROVAL OF MINUTES OF JANUARY 27, 2021 BOARD MEETING

Motion: Mr. Galecki moved to approve the minutes of the January 27, 2021 Board meeting.

Dr. VanDerslice seconded the motion. The motion passed unanimously with the correction of Kim Shelley incorrectly listed as attending the January 27th meeting. Ms. Grant recused herself as she was not present at the prior meeting.

EXECUTIVE SECRETARY REPORT

Dr. Gaddis updated the Water Quality Board regarding the following items.

Division Updates

- Staff Introductions
 - Jennifer Berjikian, Compliance and Enforcement Section
 - Eric Castrejon, Compliance and Enforcement Section
 - Kelsee York, transferred from Monitoring and Reporting Section to the General Permitting Section
- Tim Davis, new Director for Division of Drinking Water

National and Regional

- A new Regional Administrator has not yet been appointed to Region 8. Deb Thomas is serving as the interim RA.
- “Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis” Executive order issued by President Biden on January 20, 2021. This executive order states the administration’s commitment to the following:
 - Public health and environment
 - Environmental justice
 - Climate
 - Importance of using best science
- Agency actions related to water
 - Clean Water Act Section 401 Certification Rule
 - Waters of the United States Rule
 - Lead and Copper Rule Revisions
 - Electronic Reporting Rule for NPDES permits

Legislative Items

- House Bill
 - HB346 – Natural Resources Entity Amendment

- HB354 – Rural Municipal Economic Development Loan Program
- HB151 – State Infrastructure Bank Amendments
- HB364 – Utah Lake Authority
- HB98 – Local Government Building Regulation Amendments
- HB296 – Soil Health Amendments
- SCR006– Concurrent Resolution Supporting the Removal of Uranium Mill Tailings Near the Colorado River in Moab
- HCR10 – Concurrent Resolution Regarding and Interlocal Agreement Creating the Jordan River Commission
- Three Building Block Requests
 - Drinking Water
 - \$4.5 million one-time request to fund additional staff and technical capacity
 - Water Quality
 - \$200,000 Harmful Algal Bloom program
 - Attorney General
 - Fund vacant attorney position

Division Items

- 2021 Integrated Report submitted to EPA

Water Quality Board Upcoming

- AFO/CAFO Rule Making – February
- Stormwater Rule Making – March or April
- Mountain Green and Payson Financing – March
- South Davis Sewer District Settlement Regarding Ammonia Violations – March

FUNDING REQUESTS

Financial Report: Ms. Carfaro updated the Water Quality Board on the Loan Funds and Hardship Grant Funds as indicated in the packet.

RULE MAKING

Request to Initiate Changes to Proposed Rule Amendments to the Utah Pollutant Discharge Elimination System (UPDES) Concentrated Animal Feeding Operation (CAFO) Rule, Utah Administrative Code, R317-8-10. Mr. Hall requested approval from the Board to public notice for 30 days the following proposed rule changes to R317-8-10.2 Definitions.

1. Certified Nutrient Management Planner Definition
The proposed change will state that the certification of planners can come through training programs provided by NRCS or “an alternate training program approved by the Director.”
2. Small CAFO Definition
The new definition will state that the Director will consult with the Chair of the Utah Conservation Commission when an AFO is under consideration to be designated as a CAFO. CAFO designation means an AFO must obtain a CAFO permit resulting from illegal discharges to water of the state.

Motion: Mr. Earley moved to approve the Request to Initiate Changes to Proposed Rule Amendments to the Utah Pollutant Discharge Elimination System (UPDES) Concentrated Animal Feeding Operation (CAFO) Rule, Utah Administrative Code, R317-8-10 for a 30-day public notice without public comment for a Rule Change effective date of April 15, 2021.

Dr. VanDerslice seconded the motion. The motion passed unanimously.

PUBLIC COMMENTS

No public comments.

MEETING ADJOURNMENT

Motion: Dr. VanDerslice moved to adjourn the meeting.

Mr. Galecki seconded the motion. The motion passed unanimously.

To listen to the full recording of the Water Quality Board meeting.
<https://deq.utah.gov/boards/utah-water-quality-board-meetings>

Next Meeting – March 24, 2021 at 8:30 am

Via Adobe Connect

<https://utdeq.adobeconnect.com/wqb/>

Jennifer Grant, Chair
Utah Water Quality Board

LOAN FUNDS FINANCIAL STATUS REPORT MARCH 2021

	State Fiscal Year 2021	State Fiscal Year 2022	State Fiscal Year 2023	State Fiscal Year 2024	State Fiscal Year 2025	State Fiscal Year 2026
STATE REVOLVING FUND (SRF)						
Funds Available						
Capitalization Grants Awards (FFY18 - 20)	24,589,401	-	-	-	-	-
State Match (FFY18 - 20)	3,343,000	-	-	-	-	-
Future Capitalization Grants (estimated)	8,358,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Future State Match (estimated)	1,671,600	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
SRF - 2nd Round	51,939,078	55,471,397	18,986,168	4,751,334	10,926,687	36,535,170
Interest Earnings at 0.5534%	95,810	306,979	105,069	26,294	60,468	202,186
Loan Repayments (5255)	3,275,803	17,243,792	16,240,097	16,349,059	15,948,015	15,904,662
Total Funds Available	93,272,692	82,622,168	44,931,334	30,726,687	36,535,170	62,242,018
Project Obligations						
Central Valley Water Reclamation Facility	(18,324,000)	(24,976,000)	(6,800,000)	-	-	-
Duchesne City	(27,295)	-	-	-	-	-
Moab City	(80,000)	-	-	-	-	-
Provo City	(17,230,000)	(28,000,000)	(20,000,000)	(8,800,000)	-	-
South Salt Lake City (A)	(630,000)	(2,160,000)	(234,000)	-	-	-
Loan Authorizations						
Millville City	(1,150,000)	-	-	-	-	-
San Juan Spanish Valley SSD	(360,000)	-	-	-	-	-
South Davis Sewer District (with NPS)	-	(7,000,000)	(7,146,000)	-	-	-
Planned Projects						
*Mountain Green	-	(1,500,000)	(4,000,000)	(1,500,000)	-	-
*Payson City	-	-	(2,000,000)	(9,500,000)	-	-
Total Obligations	(37,801,295)	(63,636,000)	(40,180,000)	(19,800,000)	-	-
SRF Unobligated Funds	\$ 55,471,397	\$ 18,986,168	\$ 4,751,334	\$ 10,926,687	\$ 36,535,170	\$ 62,242,018

	State Fiscal Year 2021	State Fiscal Year 2022	State Fiscal Year 2023	State Fiscal Year 2024	State Fiscal Year 2025	State Fiscal Year 2026
UTAH WASTEWATER LOAN FUND (UWLF)						
Funds Available						
UWLF	20,920,514	14,111,186	15,289,292	11,977,080	14,927,171	18,217,706
Sales Tax Revenue	-	3,587,500	3,587,500	3,587,500	3,587,500	3,587,500
Loan Repayments (5260)	882,972	3,031,806	2,615,488	2,598,791	2,939,235	2,792,353
Total Funds Available	21,803,486	20,730,492	21,492,280	18,163,371	21,453,906	24,597,559
General Obligations						
State Match Transfers	(5,014,600)	(1,600,000)	(1,600,000)	(1,600,000)	(1,600,000)	(1,600,000)
DWQ Administrative Expenses	(820,700)	(1,636,200)	(1,636,200)	(1,636,200)	(1,636,200)	(1,636,200)
Project Obligations						
Kane Co Water Conservancy Dist (Duck Creek)	(400,000)	-	-	-	-	-
South Salt Lake City (B)	(1,457,000)	(2,205,000)	(1,779,000)	-	-	-
Loan Authorizations						
Spanish Fork	-	-	(4,500,000)	-	-	-
Planned Projects						
None at this time	-	-	-	-	-	-

LOAN FUNDS FINANCIAL STATUS REPORT March 2021

Total Obligations	(7,692,300)	(5,441,200)	(9,515,200)	(3,236,200)	(3,236,200)	(3,236,200)
UWLF Unobligated Funds	\$ 14,111,186	\$ 15,289,292	\$ 11,977,080	\$ 14,927,171	\$ 18,217,706	\$ 21,361,359
Total Loan Fund Balance	69,582,583	34,275,460	16,728,414	25,853,858	54,752,876	83,603,377
Project Reserve	-	(5,000,000)	(10,000,000)	(15,000,000)	(20,000,000)	(25,000,000)
Total Available Loan Funds	69,582,583	29,275,460	6,728,414	10,853,858	34,752,876	58,603,377

HARDSHIP GRANT FUNDS FINANCIAL STATUS REPORT MARCH 2021

HARDSHIP GRANT FUNDS (HGF)	State Fiscal Year 2021	State Fiscal Year 2022	State Fiscal Year 2023	State Fiscal Year 2024	State Fiscal Year 2025	State Fiscal Year 2026
Funds Available						
Beginning Balance		847,576	792,606	618,765	566,032	419,031
Federal HGF Beginning Balance (5250)	6,120,157	-	-	-	-	-
State HGF Beginning Balance (5265)	2,183,129	-	-	-	-	-
Interest Earnings at 0.5534%	15,317	4,690	4,386	3,424	3,132	2,319
UWLF Interest Earnings at 0.5534%	38,591	78,091	84,611	66,281	82,607	100,817
Hardship Grant Assessments (5255)	412,912	739,214	641,688	560,370	477,839	396,397
Interest Payments - 5260	136,009	373,034	345,473	317,191	289,421	261,668
Advance Repayments	-	-	-	-	-	-
Total Funds Available	8,906,114	2,042,606	1,868,765	1,566,032	1,419,031	1,180,232
Financial Assistance Project Obligations						
Eagle Mountain City - Construction Grant	(510,000)	-	-	-	-	-
Emigration Sewer Imp Dist - Planning Grant	(26,158)	-	-	-	-	-
Kane Co Water Conservancy Dist (Duck Creek) - Hardship Grant	(3,034,500)	-	-	-	-	-
Lewiston City - Design and Construction	(274,000)	-	-	-	-	-
Millville City - Design and Construction	(1,500,000)	-	-	-	-	-
Salina City - Planning Grant/Advance	-	-	-	-	-	-
Spanish Fork - Hardship Grant	-	(250,000)	(250,000)	-	-	-
Non-Point Source/Hardship Grant Obligations						
Fitzgerald ARDL interest-rate buy down	(51,056)	-	-	-	-	-
McKees ARDL interest-rate buy down	(55,261)	-	-	-	-	-
Munk Dairy ARDL interest-rate buy down	(16,017)	-	-	-	-	-
(FY12) Utah Department of Agriculture	(288,442)	-	-	-	-	-
(FY15) DEQ - Ammonia Criteria Study	(27,242)	-	-	-	-	-
(FY15) DEQ - Nitrogen Transformation Study	(14,500)	-	-	-	-	-
(FY17) DEQ - Utah Lake Water Quality Study	(348,301)	-	-	-	-	-
(FY20) Wasatch Co Health Dept Ground WQ Study	(18,387)	-	-	-	-	-
BYU - Bioassays to Investigate Nutrient Limitation	(8,603)	-	-	-	-	-
USU - Historic Trophic State/Nutrient Concentrations Paleo	(123,500)	-	-	-	-	-
FY 2018 - Remaining Payments	(64,739)	-	-	-	-	-
FY 2019 - Remaining Payments	(454,089)	-	-	-	-	-
FY 2020 - Remaining Payments	(473,270)	-	-	-	-	-
FY 2021 - Remaining Payments	(770,474)	-	-	-	-	-
Future NPS Annual Allocations		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Planned Projects						
None at this time						
Total Obligations	(8,058,538)	(1,250,000)	(1,250,000)	(1,000,000)	(1,000,000)	(1,000,000)
HGF Unobligated Funds	\$ 847,576	\$ 792,606	\$ 618,765	\$ 566,032	\$ 419,031	\$ 180,232

State of Utah
Wastewater Project Assistance Program
Project Priority List

As of February 12, 2021

Rank	Project Name	Funding Authorized	Total Points	Point Categories			
				Project Need	Potential Improvement	Population Affected	Special Consideration
1	South Davis Sewer District	x	138	50	18	10	60
2	Payson		120	35	17	8	60
3	Spanish Fork Water Reclamation Facility	x	117	50	19	8	40
4	Millville City	x	114	45	46	3	20
5	Mountain Green		108	50	14	4	40
6	Fairview City		107	50	15	2	40
7	San Juan Spanish Valley SSD	x	86	25	0	1	60
8	Wellington City	x	74	10	21	3	40
9	Lewiston City	x	67	10	16	1	40



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Executive Secretary

Date Received: December 1, 2020
Date to be presented to the WQB: March 24, 2021

**WATER QUALITY BOARD
FEASIBILITY REPORT FOR WASTEWATER TREATMENT PROJECT**

AUTHORIZATION

APPLICANT: Mountain Green Sewer Improvement District (MGSID)
5455 West Old Hwy Road
Mountain Green, UT 84050

PRESIDING OFFICIAL: Larry Nance – Board Chairman

CONTACT PERSON: Kent Wilkerson, P.E. -District Manager

TREASURER/RECORDER: James Bouderoo -Office Administrator

CONSULTING ENGINEER: Michael McFadden, P.E.
Sunrise Engineers, Inc.
5875 South 900 East
Midvale, UT 84047
Telephone: (801) 547-0393

BOND COUNSEL: TBD

FINANCIAL ADVISOR: TBD

APPLICANT'S REQUEST:

Mountain Green Sewer Improvement District (MGSID) requested funding assistance in the amount of \$13,429,000 with a 30 year term, with MGSID supplying the other \$500,000 necessary to complete the project. After the discussions that took place during the Water Quality Board (Board) Finance Committee meeting, it was determined based on availability of funds the Board would be more comfortable with funding approximately half of the project or **\$7,000,000**. MGSID would prefer receiving the entire funding from the Board they appreciate any assistance through a low interest loan that they can receive from the Board to help fund the project, and are amenable to the funding of half of the project.

APPLICANT’S LOCATION:

Mountain Green is located in Morgan County, approximately 40 miles North of Salt Lake City.

FIGURE 1-MAP OF APPLICANT’S LOCATION



BACKGROUND:

Mountain Green is an unincorporated community located in northern Morgan County, Utah. It encompasses an area of 5.4 square miles, and is estimated to have about 3,730 residents.

In 1976, Morgan County created the Mountain Green Sewer Improvement District (MGSID) to establish sanitary regulations because individual septic systems began failing due to less than ideal soils. Many residents were resistant to construction of a sewer system because their own systems were perceived to be working just fine, and it wasn't until 1989 that construction was able to begin. The wastewater treatment facility for MGSID is a conventional lagoon system. In 2007, the lagoon system was expanded to double its capacity to 0.61 million gallons per day (mgd).

PROJECT NEED:

MGSID expects continued growth and seeks to expand the sewer system further for additional regionalization. On August 13, 2018, as required by the Technology-Based Phosphorus Effluent Limitation (TBPEL), the Division of Water Quality (DWQ) Director set a phosphorus loading limit (cap) of 4,463 lbs/yr for the MGSID lagoon discharge. Based on available data, MGSID likely exceeded the loading cap in 2020. Once the cap has been exceeded, MGSID will have five years to construct treatment processes or implement treatment alternatives to prevent the total

phosphorus loading cap from being exceeded or comply with a TBPEL of 1.0 mg/L. As MGSID anticipated to exceed their cap in 2020 or 2021, MGSID was being proactive in beginning the design and construction of a treatment facility that will be capable of meeting the TBPEL.

APPLICANT’S ALTERNATIVES EVALUATE:

MGSID retained Sunrise Engineering, Inc. to prepare an Impact Fee Facilities Plan to determine appropriate impact fees and to determine the most feasible treatment plant upgrades. A retrofit option and several other mechanical options were evaluated. The alternatives considered were:

- Mechanical Biological Nutrient Removal (BNR) System-Earthen Basin Based
- Membrane Bio-Reactor (MBR)
- Sequencing Batch Reactor (SBR)
- Extended Aeration System

PROJECT DESCRIPTION:

Based on their alternatives analysis, Sunrise Engineering, Inc. recommended upgrading the existing lagoon treatment plant facility with BNR technology. This alternative will allow them to achieve phosphorus reductions in the effluent for the lowest initial cost and the lowest ongoing maintenance cost of the alternatives evaluated.

POSITION ON PROJECT PRIORITY LIST:

This project is ranked 5th of 9 projects on the Wastewater Treatment Project Priority List.

POPULATION GROWTH:

MGSID has experienced continued growth, growing from 2,309 in 2010 to 3,732 in 2020. They anticipate growing at 4.55%, reaching a population of 9,085 by 2041.

PUBLIC PARTICIPATION AND DEMONSTRATION OF PUBLIC SUPPORT:

This project has been discussed at two public MGSID meetings in August and September of 2020. Additionally, MGSID has engaged with 15 stakeholders individually, including public and private entities in and around MGSID. No significant opposition was demonstrated at the public meetings.

IMPLEMENTATION SCHEDULE:

Apply to WQB for Funding:	December 2020
WQB Introduction	January 2021
WQB Funding Authorization:	March 2021
Begin Construction	2022
Complete Construction	2024

APPLICANT’S CURRENT USER CHARGE:

MGSID currently charges \$50 per month per ERU. According to the Utah Water Quality Board’s criteria of 1.4% of MAGI (\$112,800 for MGSID), a rate of \$131.60 per month for wastewater service should be exceeded for grant consideration as part of a funding package. This project would not place MGSID into a grant consideration even if the entire project were financed at current market rates. A static cost model is included as Attachment 1. Attachment 2 provides a static cost model with potential impact fee revenue included.

COST ESTIMATE:

The total cost of this project is estimated to be \$13,929,000 of which MGSID is requesting \$13,429,000 in loan from the Board. A breakdown of these costs follows:

Item	Project Costs
Admin/Legal/Bonding	\$ 75,000
Engineering - Planning and Special	\$ 215,000
Engineering - Design	\$ 856,000
Engineering - CMS	\$ 936,000
Construction	\$ 9,647,000
Contingency (approx. 20% const. cost)	\$ 1,915,710
Interim Financing & Permitting	\$ 150,000
Loan Origination Fee	\$ 134,290
Total Project Cost:	\$ 13,929,000

COST SHARING:

MGSID is proposing the following cost sharing for the identified project. MGSID intends to fund the portion not funded by the Board utilizing Market Loans, Other Funding Agencies, and local contribution.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
Local Contribution	\$500,000	3.6%
WQB Loan	\$ 13,429,000	96.4%
Total	\$13,929,000	100%

Cost sharing based on WQB Committee meeting discussion.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
Local Contribution	\$500,000	3.6%
WQB Loan	\$ 7,000,000	50.2%
Other Funding Sources	\$6,429,000	46.2%
Total	\$13,929,000	100%

ESTIMATED ANNUAL COST FOR SEWER SERVICE

Different funding options result in different annual sewer costs. The cost model is shown in Attachment 1 analyzes possible funding options. The resulting total annual sewer cost is shown for each funding Alternative.

STAFF COMMENTS

As stated in the applicant’s request, based on available funds WQ staff recommends that the Board loan \$7 million to Mountain Green Sewer Improvement District. Staff anticipates funding draws to occur as follows: \$1.5 million in FY 2022, \$4.0 million in FY 2023, and \$1.5 million in FY 2024.

Staff supports the MGSID WWTP construction project, as it will increase the quality of the effluent coming from the facility. The facility upgrades will allow MGSID to meet the TBPEL, reduce nutrient loading to the Weber River, and increase capacity for further growth in a fast growing area of Utah.

Staff recognizes the MGSID has done a good job of maintaining their current sewerage and treatment system assets and has avoided debt with fiscally sustainable management. This project is being driven by the need to meet the TBPEL and not by a lack of planning or maintenance of the existing facilities.

Staff recommends the Board consider a loan interest rate based on the following factors. The 30 year market loan rate is 2.23% based on the March 1, 2021 Daily Treasury Yield Curve.

Market Rate (30 year basis*)	2.23%	
Discount Factors:	Maximum Discount	Recommended Discount
Economic Hardship	2.23%	0%
SRF Programmatic Costs	1.0%	0.5%
Fiscal Sustainability Credit	0.5%	0.25%
Green Project Reserve	0.5%	--
Regionalization	0.25%	0.15%
Recommended Interest Rate	1.33%	

*0.12% higher than 20 year basis as of March 1, 2021

Although MGSID is requesting \$13,429,000 in financial assistance from the Board, staff has determined that, to continue to support other important water quality projects in the state and maintain positive fund balances through the critical construction period, the Board is not able to fully fund this project. In discussions with the Board, MGSID, and other applicants, the maximum funding available to support the project on MGSID’s schedule is \$7,000,000. MGSID has agreed (in concept) to fund the remaining portion of the project through other sources.

MGSID will need to bond for the additional funds either through other funding agencies or on the public market. It is unknown what rate the Permanent Community Impact Bound (CIB) might offer, if they are willing to fund a portion of the project. Therefore, a rate of 2.5% interest has been

used in the cost model as that has been a past standard for CIB funds and seems to be a rate that may also be available from the bonding market.

This project will allow MGSID to maintain compliance with DWQ discharge requirements, specifically it will make it possible for the plant to reduce the phosphorus that is discharged from the treatment facility and bring them into compliance with the Technology Based Phosphorus Effluent Limit (TBPEL).

STAFF RECOMENDATION:

Staff recommends that the Board authorize a loan to Mountain Green Sewer Improvement District (MGSID) of \$7,000,000 at an interest rate of 1.3% repayable over 30 years. The loan will be subject to the following conditions:

1. MGSID must agree to participate annually in the Municipal Wastewater Planning Program (MWPP).
2. MGSID must pursue and retain remaining funding necessary to fully implement the project.
3. MGSID must develop and implement an asset management program that is consistent with EPA's Fiscal Sustainability Plan guidance.

Attachment 1
 March 24, 2021
 Water Quality Board
 Mountain Green Sewer Improvement District Authorization

ATTACHMENT 1 - STATIC COST MODEL
Mountain Green Sewer Improvement District (MGSID)
Wastewater Treatment - Nutrient Upgrade Project

Project Costs				Current Customer Base & User Charges								
Admin/Legal/Bonding		\$	75,000	Initial Total Customer (ERU's)								1,233
Engineering - Planning and Special		\$	215,000	MAGI for MGSID (2018):								\$112,800
Engineering - Design		\$	856,000	Affordable Monthly Rate at 1.4%								\$131.60
Engineering - CMS		\$	936,000	Current Impact Fee (per ERU):								\$5,685.20
Construction		\$	9,647,000	Current Monthly Fee (per ERU)								\$50.00
Contingency (approx. 20% const. cost)		\$	1,980,000	Loan Repayment Term:								20
Interim Financing & Permitting		\$	150,000	Reserve Funding Period:								6
Loan Origination Fee		\$	70,000	New Annual O&M expensive								\$580,000
Total Project Cost:			\$13,929,000	Existing Debt								\$0
Project Funding												
Local Contribution		\$	500,000									
Loan		\$	13,429,000									
Total Project Cost:			\$13,929,000									
ESTIMATED COST OF SEWER SERVICE - 20 Year												
WQB Loan Amount	WQB Loan Interest Rate	New WQB Debt Service	WQB Loan Reserve	Market Loan Amount	Market/CIB Loan Interest Rate	New Market Debt Service	1.25 DSCR Set Asside	Annual Sewer O&M Cost	Total Annual Sewer Cost	Monthly Sewer Cost/ERU	Sewer Cost as a % of MAGI	
7,000,000	2.11%	432,655	108,164	6,429,000	2.50%	412,402	103,100	580,000	1,636,321	110.59	1.18%	
7,000,000	2.00%	428,097	107,024	6,429,000	2.50%	412,402	103,100	580,000	1,630,624	110.21	1.17%	
7,000,000	1.90%	423,977	105,994	6,429,000	2.50%	412,402	103,100	580,000	1,625,473	109.86	1.17%	
7,000,000	1.75%	417,839	104,460	6,429,000	2.50%	412,402	103,100	580,000	1,617,801	109.34	1.16%	
7,000,000	1.50%	407,720	101,930	6,429,000	2.50%	412,402	103,100	580,000	1,605,153	108.49	1.15%	
7,000,000	1.21%	396,159	99,040	6,429,000	2.50%	412,402	103,100	580,000	1,590,702	107.51	1.14%	
7,000,000	1.00%	387,907	96,977	6,429,000	2.50%	412,402	103,100	580,000	1,580,386	106.81	1.14%	
7,000,000	0.50%	368,665	92,166	6,429,000	2.50%	412,402	103,100	580,000	1,556,334	105.19	1.12%	
7,000,000	0.00%	350,000	87,500	6,429,000	2.50%	412,402	103,100	580,000	1,533,002	103.61	1.10%	
ESTIMATED COST OF SEWER SERVICE - 30 Year												
WQB Loan Amount	WQB Loan Interest Rate	New WQB Debt Service	WQB Loan Reserve	Market Loan Amount	Market/CIB Loan Interest Rate	New Market Debt Service	1.25 DSCR Set Asside	Annual Sewer O&M Cost	Total Annual Sewer Cost	Monthly Sewer Cost/ERU	Sewer Cost as a % of MAGI	
7,000,000	2.23%	322,520	80,630	6,429,000	2.50%	307,162	76,791	580,000	1,367,103	92.40	0.98%	
7,000,000	2.00%	312,549	78,137	6,429,000	2.50%	307,162	76,791	580,000	1,354,640	91.55	0.97%	
7,000,000	1.90%	308,268	77,067	6,429,000	2.50%	307,162	76,791	580,000	1,349,288	91.19	0.97%	
7,000,000	1.75%	301,908	75,477	6,429,000	2.50%	307,162	76,791	580,000	1,341,338	90.66	0.96%	
7,000,000	1.50%	291,474	72,869	6,429,000	2.50%	307,162	76,791	580,000	1,328,296	89.77	0.96%	
7,000,000	1.33%	284,499	71,125	6,429,000	2.50%	307,162	76,791	580,000	1,319,576	89.18	0.95%	
7,000,000	1.00%	271,237	67,809	6,429,000	2.50%	307,162	76,791	580,000	1,302,999	88.06	0.94%	
7,000,000	0.50%	251,852	62,963	6,429,000	2.50%	307,162	76,791	580,000	1,278,769	86.43	0.92%	
7,000,000	0.00%	233,333	58,333	6,429,000	2.50%	307,162	76,791	580,000	1,255,620	84.86	0.90%	

Attachment 2
 March 24, 2021
 Water Quality Board
 Mountain Green Sewer Improvement District Authorization

*Bolded Row is the reduced interest rate based on programmatic costs and other deduction to the Treasury TBILL rate as of March 3, 2021

ATTACHMENT 2 - STATIC COST MODEL WITH IMPACT FEE POTENTIAL REVENUE
Mountain Green Sewer Improvement District (MGSID)
Wastewater Treatment - Nutrient Upgrade Project

Project Costs			Current Customer Base & User Charges	
Admin/Legal/Bonding	\$ 75,000		Initial Total Customer (ERU's)	1,233
Engineering - Planning and Special	\$ 215,000		MAGI for MGSID (2018):	\$112,800
Engineering - Design	\$ 856,000		Affordable Monthly Rate at 1.4%	\$131.60
Engineering - CMS	\$ 936,000		Current Impact Fee (per ERU):	\$5,685.20
Construction	\$ 9,647,000		Current Monthly Fee (per ERU)	\$50.00
Contingency (approx. 20% const. cost)	\$ 1,980,000			
Interim Financing & Permitting	\$ 150,000			
Loan Origination Fee	\$ 70,000			
Total Project Cost:	\$13,929,000			
Project Funding			Loan Repayment Term:	20
Local Contribution	\$ 500,000		Reserve Funding Period:	6
Loan	\$ 13,429,000		New Annual O&M expensive	\$580,000
Total Project Cost:	\$13,929,000		Existing Debt	\$0

POTENTIAL COST OF SEWER SERVICE W/IMPACT FEE - 20 Year													
WQB Loan Amount	WQB Loan Interest Rate	New WQB Debt Service	WQB Loan Reserve	Market Loan Amount	Market/CIB Loan Interest Rate	New Market Debt Service	1.25 DSCR Set Aside	Annual Sewer O&M Cost	Potential Revenue from Impact Fees	Sewer Cost Funded by Rates	Monthly Sewer Cost/ERU	Sewer Cost as a % of MAGI	
7,000,000	2.11%	432,655	108,164	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,296,171	87.60	0.93%	
7,000,000	2.00%	428,097	107,024	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,290,474	87.22	0.93%	
7,000,000	1.90%	423,977	105,994	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,285,324	86.87	0.92%	
7,000,000	1.75%	417,839	104,460	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,277,651	86.35	0.92%	
7,000,000	1.50%	407,720	101,930	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,265,003	85.50	0.91%	
7,000,000	1.21%	396,159	99,040	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,250,552	84.52	0.90%	
7,000,000	1.00%	387,907	96,977	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,240,236	83.82	0.89%	
7,000,000	0.50%	368,665	92,166	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,216,184	82.20	0.87%	
7,000,000	0.00%	350,000	87,500	6,429,000	2.50%	412,402	103,100	580,000	340,150	1,192,852	80.62	0.86%	

POTENTIAL COST OF SEWER SERVICE W/L.F. - 30 Year													
WQB Loan Amount	WQB Loan Interest Rate	New WQB Debt Service	WQB Loan Reserve	Market Loan Amount	Market/CIB Loan Interest Rate	New Market Debt Service	1.25 DSCR Set Aside	Annual Sewer O&M Cost	Potential Revenue from Impact Fees	Sewer Cost Funded by Rates	Monthly Sewer Cost/ERU	Sewer Cost as a % of MAGI	
7,000,000	2.23%	322,520	80,630	6,429,000	2.50%	307,162	76,791	580,000	340,150	1,026,954	69.41	0.74%	
7,000,000	2.00%	312,549	78,137	6,429,000	2.50%	307,162	76,791	580,000	340,150	1,014,490	68.57	0.73%	
7,000,000	1.90%	308,268	77,067	6,429,000	2.50%	307,162	76,791	580,000	340,150	1,009,139	68.20	0.73%	
7,000,000	1.75%	301,908	75,477	6,429,000	2.50%	307,162	76,791	580,000	340,150	1,001,189	67.67	0.72%	
7,000,000	1.33%	284,499	71,125	6,429,000	2.50%	307,162	76,791	580,000	340,150	979,427	66.20	0.70%	
7,000,000	1.21%	279,633	69,908	6,429,000	2.50%	307,162	76,791	580,000	340,150	973,345	65.78	0.70%	
7,000,000	1.00%	271,237	67,809	6,429,000	2.50%	307,162	76,791	580,000	340,150	962,849	65.07	0.69%	
7,000,000	0.50%	251,852	62,963	6,429,000	2.50%	307,162	76,791	580,000	340,150	938,619	63.44	0.67%	
7,000,000	0.00%	233,333	58,333	6,429,000	2.50%	307,162	76,791	580,000	340,150	915,470	61.87	0.66%	

*Bolded Row is the reduced interest rate based on programmatic costs and other deduction to the Treasury TBILL rate as of March 3, 2021



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF WATER QUALITY
Erica Brown Gaddis, PhD
Director

Water Quality Board
Jennifer Grant, Chair
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Brandon Gordon
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Emily Niehaus
Kimberly D. Shelley
Dr. James VanDerslice
James Webb
Dr. Erica Brown Gaddis
Executive Secretary

Date Received: December 1, 2020

Date to be presented to the WQB: March 24, 2021

WATER QUALITY BOARD
FEASIBILITY REPORT FOR WASTEWATER TREATMENT PROJECT
AUTHORIZATION

APPLICANT:

Payson City
439 West Utah Ave
Payson, Utah 84651
Telephone: 801-465-5200

PRESIDING OFFICIAL

Mayor Bill Wright
439 West Utah Ave
Payson, Utah 84651
Telephone: 801-465-5200

CONTACT:

Dave Tuckett, City Manager
439 West Utah Ave
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TREASURER:

Kim Holindrake

CONSULTING ENGINEER:

Jason Broome, Senior Project Manager
Forsgren Engineering
370 East 500 South, Ste. 200
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801-364-4785

BOND COUNSEL:

Gilmore & Bell
15 West South Temple, #1450
Salt Lake, Utah 84101
801-258-2722

FINANCIAL ADVISOR

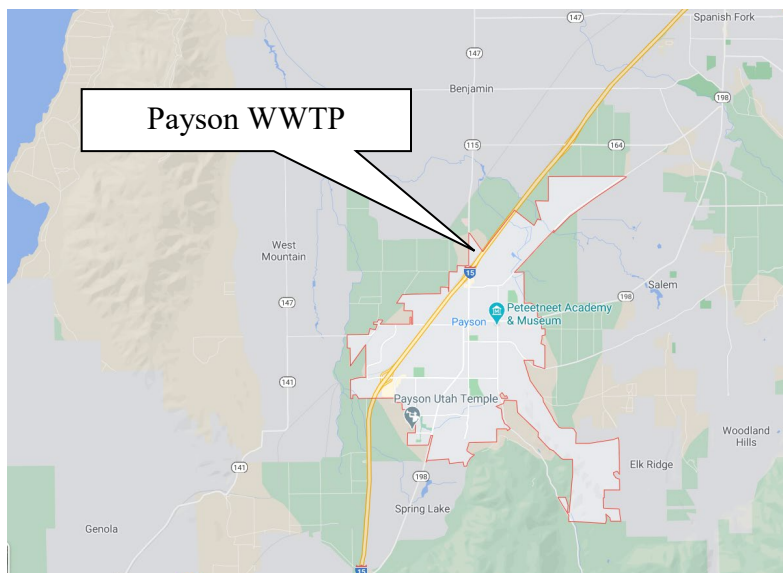
Brain Baker, Financial Advisor
Zion Bank Public Finance, Suite 309
Provo, Utah 84601
801-369-4093

APPLICANT'S REQUEST

Payson City is requesting funding assistance from the Water Quality Board (Board) in the amount of **\$23,000,000**. After the discussions that took place during the Board Finance Committee meeting, it was determined that based on availability of funds the Board would be more comfortable with funding approximately half of the project or **\$11,500,000**. Payson would prefer receiving the entire funding from the Board but they appreciate any assistance through a low interest loan that they can receive from the Board to help fund the project, and are amenable to the funding of half of the project. Payson City is open to a draw schedule in which \$2 million is withdrawn by Payson in FY 2023, and the remaining \$9.5 million in FY 2024. This loan will finance the significant upgrade of their water reclamation facility to bring it into compliance with the Technology Based Phosphorus Effluent Limitation (TBPEL) that was placed into rule and went into effect in 2020. They are currently operating under a due diligence variance that was authorized to give them time to complete the necessary upgrades.

APPLICANT'S LOCATION

Payson City is located in Utah County, approximately 60 miles south of Salt Lake City.



PROJECT BACKGROUND

The City of Payson first installed their water reclamation facility in the 1930's. There have been several upgrades to the facility. The most recent completed expansion included headworks, aeration tanks and aeration basins, a primary digester rehabilitation, a final clarifier, and solids handling building. The facility's design capacity has an average daily flow of 3.0 million gallons per day (mgd), with a peak hydraulic capacity of 5.75 mgd. Currently, the effluent from the wastewater facility is discharging to an irrigation ditch through a 24 inch pipe. It flows into Beer Creek, which flows into Benjamin Slough, then enters Utah Lake.

PROJECT NEED

The existing wastewater treatment plant will not meet the TBPEL 1 mg/L total phosphorus requirement without the proposed upgrades. A variance granted to Payson City by the Division of Water Quality (DWQ) allows the WWTP additional time for construction. During this time, Payson City will upgrade its WWTP to meet the TBPEL. In addition, Payson is trying to plan with the upgrade for potential future Utah Lake regulatory requirements for nutrients. The proposed nutrient removal upgrade project will modify the existing facility for biological phosphorus removal and expand the daily average flow design capacity to 5 mgd. With the expanded 5 mgd capacity, the WWTP will reach capacity in 2058.

ALTERNATIVES EVALUATED

The 2019 Facilities Plan evaluated the following alternatives:

- Alternative 5.1: No Action
- Alternative 5.2: 5 mgd expansion with redundancy - chemical nutrient removal
- Alternative 5.3: 5 mgd expansion with advanced biological nutrient removal (ABNR)
- Alternative 5.4: 5 mgd expansion with ABNR, aerobic stabilization
- Alternative 5.5: 5 mgd expansion with aerobic stabilization
- Alternative 5.6: 3 mgd expansion with redundancy
- Alternative 5.7: 3 mgd expansion with ABNR system
- Alternative 5.8: 3 mgd expansion with ABNR, aerobic stabilization
- Alternative 5.9: 3 mgd expansion with aerobic stabilization (preferred alternative).
- Alternative 5.10: Additional BOD treatment for Payson fruit growers
- Alternative 5.11: 5 mgd expansion with oxidation ditch and biological nutrient removal

The proposed alternative is Alternative 5.11 which is to construct a 5 mgd expansion with a new oxidation ditch with biological nutrient removal (BNR).

PROJECT DESCRIPTION

Payson City proposes to construct a 5 mgd oxidation ditch as a treatment facility upgrade. The proposed project includes: site work, plant repairs, headworks improvements and expansion, new primary lift station, new anaerobic tank, new oxidation ditch tank, new final clarifier, solids handling facilities improvements, new chemical storage and feed building, convert chlorine contact tank to UV disinfection facility, remodel reuse pump station, upgrade filter building (convert to cloth media), convert anaerobic digesters to aerobic solids holding tanks, and modify/expand/upgrade electrical and instrumentation systems.

POSITION ON PROJECT PRIORITY LIST

This project is currently ranked No. 2 of 9 on the Project Priority List.

POPULATION GROWTH

Based on the 2010 US Census data, the 2015 population was estimated at 23,257 including 20,140 for Payson and 3,117 for Elk Ridge by the Governor’s Office of Planning and Budget Demographic and Economic Analysis Section. According to the State’s projections, the City of Payson has a growth rate of 2.2 % and Elk Ridge has a growth rate of 4.6 % until 2020, and then drops to 1.7 % and 1.9%, respectively, from 2020 to 2040. The combined build out population is estimated to be 44,301 people.

Year	Payson	Elk Ridge	Total
2020	22,832	3,898	26,730
2040	31,798	5,635	37,433
2050	37,526	6,776	44,301

PUBLIC PARTICIPATION AND DEMONSTRATION OF PUBLIC SUPPORT

Payson has held two public hearings regarding the proposed alternatives for the facility upgrades, and the allocation of \$2 million of the municipal budget toward the engineering design of the facility upgrades. The first public hearing was on June 6th, 2019 to explain the various upgrade alternatives and accepted questions from the City Council and the public. The second public hearing was held on August 5th, 2020 to receive public input regarding the allocation of \$2 million towards the engineering design.

EFFORTS TO SECURE FINANCING FROM OTHER SOURCES

Payson is seeking other sources of funding for their treatment system upgrade project at the best possible rate and term to minimize the financial burden on its citizens. Payson researched financing options from several market rate organizations including: market revenue bonds from Zions Public Finance, USDA Rural Development, the Permanent Community Impact Board, and local financial institutions.

Payson is seeking a total loan of \$23,000,000, half of which the Board has indicated possible support. Payson is working with Zion’s Bank to secure a loan on the private market for the remaining \$11.5 million dollars. Payson hopes to secure a low interest rate, although MBIS interest rates have risen recently. Current market rates index as of March 1, 2021 are:

US 20-year Treasury Bond	2.11%
Bond Buyer Municipal Revenue Bond Index (RevDex)	1.755%

Staff analyzed various financial scenarios to try to quantify the risk associated with various loan terms for when the project is considered.

IMPLEMENTATION SCHEDULE

Payson expects to complete the project in 2025. Payson anticipates the approximate schedule:

Apply to WQB for Funding:	January 2021
WQB Funding Authorization:	March 2021
Submit Information for Facility Plan including Environmental Assessment:	June 2021
Submit Information for Engineering Report Approval:	June 2021
Commence Design:	September 2021
Advertise for Bids:	November 2021
Loan Closing:	January 2022
Commence Construction:	February 2022
Complete Construction:	January 2025

APPLICANT'S CURRENT USER CHARGE

Currently, Payson charges approximately \$35.58 per month per ERC. According to the Utah Water Quality Board's criteria of 1.4% of MAGI (\$46,000 for Payson), a rate of \$53.67 per month for wastewater service should be exceeded for grant consideration as part of a funding package. The impact fee is \$1,823 and the hookup fee is \$170.

COST ESTIMATE

The total cost of the project is estimated to be \$24,000,000. A breakdown of these costs follows.

Land/Right-of-way	\$60,000
Legal/Bonding	\$140,000
DWQ Loan Origination Fee	\$230,000
Engineering - Design	\$900,000
Engineering - CMS	\$900,000
Construction	\$18,000,000
Contingency (18%)	\$3,770,000
Total Project Cost:	\$24,000,000

COST SHARING

The total cost of the project is \$24,000,000.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
Local Contribution	\$1,000,000	4.2%
Other Funding Sources	\$11,500,000	47.9%
WQB Funding	\$11,500,000	47.9%
Total Amount:	\$24,000,000	100%

ESTIMATED ANNUAL COST FOR SEWER SERVICE

Different funding options result in different annual sewer costs. The cost model shown in Attachment 1 analyzes possible funding options. The resulting total annual sewer cost is shown for each funding Alternative. Staff did not include impact fees toward loan repayment in the cost model.

STAFF COMMENTS

Although Payson City is requesting \$23,000,000 in financial assistance from the Board, staff has determined that to continue to support other important water quality projects in the State and maintain positive fund balances through the critical FY23 construction period, the board is not able to fully fund this project. A Finance Committee Meeting was held on February 19, 2021 to discuss a feasible deal for Payson, as well as other funding requests. During that meeting, the Board indicated that staff should consider funding 50% of Payson’s original request. Staff anticipates draws to the fund to occur as follows: \$2 million in FY 2023 and \$9.5 million in FY 2024. In a following meeting with DWQ Staff, Payson City officials said they were supportive and appreciative of the Board’s position. Staff recommends the Board consider a loan interest rate based on the following factors. The 20 year market loan rate is 2.11% based on the US Treasury Daily Yield Curve and 1.755% based on the MBIS. In this case the US Treasury rate was used for recommendation of an interest rate.

Market Rate (20 year basis)	2.11%	
Discount Factors:	Maximum Discount	Recommended Discount
Economic Hardship	2.11%	0%
SRF Programmatic Costs	1.0%	0.60%
Fiscal Sustainability Credit	0.5%	0.25%
Green Project Reserve	0.5%	--
Regionalization	0.25%	0.15
Recommended Interest Rate	1.11%	

This project will allow Payson to maintain compliance with the TBPEL requirements, and decrease the nutrient loading to Utah Lake. Specifically, the upgrades will make it possible for the plant to reduce the phosphorus that is discharged from the treatment facility and bring them into compliance with the TBPEL of 1.0 mg/l.

STAFF RECOMMENDATION

Staff recommends that the Board authorize: a loan to Payson City of \$11,500,000 at an interest rate of 1.11 % repayable over 20 years. The loan will be subject to the following conditions:

1. Payson must agree to participate annually in the Municipal Wastewater Planning Program (MWPP).
2. Payson must pursue and retain remaining funding necessary to fully implement the project.
3. Payson must develop and implement an asset management program that is consistent with EPA’s Fiscal Sustainability Plan guidance.

**Attachment 1
 Payson City - Water Quality Board
 20 Year Loan Static Cost Model**

Project Costs

Land/Right-of-way	\$ 60,000	
Legal/Bonding	\$ 140,000	
DWQ Loan Origination Fee	\$ 230,000	1% of DWQ only
Engineering - Design	\$ 900,000	
Engineering - CMS	\$ 900,000	
Construction	\$ 18,000,000	
Contingency	\$ 3,770,000	
Total Project Cost:	\$ 24,000,000	

Current Customer Base & User Charges

Initial Total Customer (ERU)	7,500
MAGI for Payson City (20	\$46,000
Affordable Monthly Rate a	\$53.67
Impact Fee (per ERU):	\$1,823
Current Monthly Fee (per I	\$35.00
Existing Sewer Debt Servic	\$580,000
Annual O&M expensive	\$1,629,000

Project Funding

Local Contribution	\$ 1,000,000	No CIB funding
Loan	\$ 23,000,000	
WQB Grant	\$ -	
Total Project Cost:	\$ 24,000,000	

Funding Conditions

Loan Repayment Term:	20
Reserve Funding Period:	6

ESTIMATED COST OF SEWER SERVICE- 20 Year

WQB Loan	WQB Loan Interest Rate	New WQB Debt Service	WQB Loan Reserve	Market Loan Interest	Market Loan Amount	New Market Loan Debt Service	1.25 DSCR Set Aside	Annual Sewer O&M Cost	Existing Debt Service	Total Annual Sewer Cost	Monthly Sewer Cost/ ERU	Sewer Cost as % of MAGI
11,500,000	2.11%	177,698	710,790	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,955,968	43.96	1.15%
11,500,000	1.86%	173,459	693,836	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,934,775	43.72	1.14%
11,500,000	1.61%	169,278	677,112	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,913,869	43.49	1.13%
11,500,000	1.36%	165,155	660,618	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,893,252	43.26	1.13%
11,500,000	1.11%	161,089	644,357	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,872,926	43.03	1.12%
11,500,000	0.86%	157,082	628,330	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,852,892	42.81	1.12%
11,500,000	0.50%	151,416	605,664	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,824,560	42.50	1.11%
11,500,000	0.25%	147,553	590,213	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,805,246	42.28	1.10%
11,500,000	0.00%	143,750	575,000	1.76%	11,500,000	686,784	171,696	1,629,000	580,000	3,786,230	42.07	1.10%



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF WATER QUALITY
Erica Brown Gaddis, PhD
Director

Water Quality Board
Jennifer Grant, Chair
Gregg A. Galecki, Vice Chair
Steven K. Earley
Brandon Gordon
Michael D. Luers
Emily Niehaus
Kimberly D. Shelley
Dr. James VanDerslice
James Webb
Dr. Erica Brown Gaddis
Executive Secretary

MEMORANDUM

TO: Utah Water Quality Board

THROUGH: Erica Brown Gaddis, PhD, Executive Secretary
John Mackey, Assistant Director, DWQ
Jeanne Riley, General Permitting Section Manager, DWQ

FROM: Lisa Stevens, Storm Water Specialist, General Permitting Section

DATE: March 24, 2021

SUBJECT: Adoption of Amendments to R317-8-1, R317-8-3, R317-8-4, and R317-8-11, Utah Pollutant Discharge Elimination System (UPDES) Storm Water Discharge Rules

The Division of Water Quality (Division) seeks approval from the Water Quality Board (Board) to adopt the amendments to the storm water discharge rules that were proposed in the December 2, 2020 Board meeting with an effective date of April 15, 2021.

The Board approved the Division's request to commence rulemaking for these amendments on December 2, 2020. Rulemaking was initiated with publication in the January 1, 2021 Utah State Bulletin, the Public Notice website, and The Deseret News. The 60-day public comment period ended on March 1, 2021. No comments were received.

It is recommended that the Board adopt these amendments with an effective date of April 15, 2021. This would be the same effective date as the AFO/CAFO rule amendments approved by the Board in the February 24, 2021 Board meeting. Both amendments involve R317-8-1 and having them become effective on the same day avoids complications.

The amendments improve the overall organization of the rules and remove inaccuracies or outdated references. They have no financial implications. Below is a summary of changes as originally proposed in the December 2, 2021 Board Packet.

Summary of changes

R317-8-1.6 Definitions Applicable to Storm-Water Discharges

References to information in R317-8-3.9 were updated to reference the sections that were moved to R317-8-11. Added a definition for Maximum Extent Practicable (MEP).

R317-8-1.10 Incorporation of Federal Regulations by Reference

References to information in R317-8-3.9 were updated to reference the sections that were moved to R317-8-11.

R317-8-3.1 Application for a UPDES Permit

References to information in R317-8-3.9 were updated to reference the sections that were moved to R317-8-11.

R317-8-3.2 Application Requirements for New Sources and New Discharges

References to information in R317-8-3.9 were updated to reference the sections that were moved to R317-8-11.

R317-8-3.4 Signatories to Permit Applications and Reports

References to information in R317-8-3.9 were updated to reference the sections that were moved to R317-8-11.

R317-8-3.5 Application Requirements for Existing Manufacturing, Commercial, Mining, and Silvicultural Discharges

References to information in R317-8-3.9 were updated to reference the sections that were moved to R317-8-11.

R317-8-3.9 Storm Water Discharges

Moved text to R317-8-11.3. To avoid renumbering subsequent sections the section title was left and the text was replaced with “Refer to Section R317-8-11”.

R317-8-4.1(15)(c) Municipal Separate Storm Sewer Systems

Moved text to R317-8-11.3.(9).

R317-8-4.2(18) Qualifying State or Local Programs

Moved text to R317-8-11.4.

R317-8-11 Municipal, Industrial, and Construction Storm Water Discharges

This is a new section that was created for rules related to storm water discharges. Most of the text has been moved from other sections. In addition, the following modifications were made to the text:

- Added Section 11.1 which describes rule applicability.
- Added Section 11.2 which references the storm water definitions in R317-8-1.6.
- Created section 11.3:
 - Moved text from Section 3.9 and Subsection 4.1(15)(c) .
 - Reordered Sections in 11.3 to increase readability.
 - Separated the requirements for large construction activities that are greater than 5 acres from industrial activities.
 - Combined small and large construction activities. Requirements were combined where possible because they are permitted the same.

Page 3

March 24, 2021

Water Quality Board

Adoption of Amendments to R317-8-1, R317-8-3, R317-8-4, and R317-8-11

- Combined large, medium, and small municipal separate storm sewer system (MS4) requirements where possible since they are permitted in the same fashion.
- Updated “Executive Secretary” to “Director”.
- Removed outdated text that did not accurately reflect current practices.
- Updated all references for moved content.
- Corrected references that were incorrect. Modified text to meet DAR requirements (removal of superfluous phrases such as “the provisions of” before a citation, removal of the term and/or, etc.).
- Added retention requirements that are currently in municipal storm water permits.
- Moved text from Subsection R317-8-4.2(18) to create Section 11.4.

DWQ-2021-003966



State of Utah

SPENCER J. COX
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DEIDRE HENDERSON
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Department of
Environmental Quality

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DIVISION OF WATER QUALITY
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Dr. James VanDerslice
James Webb
Dr. Erica Brown Gaddis
Executive Secretary

MEMORANDUM

TO: Water Quality Board

THROUGH: Erica Brown Gaddis, PhD, Director

FROM: Leanna Littler-Woolf, Environmental Scientist III

DATE: March 24, 2021

SUBJECT: Request for Approval of Settlement Agreement and Order on Consent for South Davis Sewer District- South Plant

The Utah Water Quality Act, Utah Code Section 19-5-104 (3)(h)(i) and (ii), requires any settlement negotiated by the Director with a civil penalty in excess of \$25,000 must be reviewed and approved or disapproved by the Water Quality Board.

South Davis Sewer District (SDSD) operates the SDSD South Plant located along the Jordan River in North Salt Lake, Davis County, Utah. The SDSD South Plant treats wastewater from North Salt Lake, Woods Cross, and a portion of Bountiful and is covered by UPDES permit number UT0021628. Wasatch Resource Recovery Project (WRR) is an energy-to-waste project that receives and digests organic waste to produce biogas (methane), which is sold as fuel, and dewatered solids, which are used for fertilizer. Liquid from the solid dewatering process is discharged to the South Plant for additional treatment. The stream from WRR contains significant amounts of Ammonia [as N], which subsequently resulted in effluent exceedances at the South Plant.

SDSD South Plant violated their Maximum Monthly Average Ammonia [as N] effluent limitation every month between July 2019 and September 2020, except for July 2020. Eight (8) of those months the exceedance of their Max. Monthly Average Ammonia [as N] was by greater than 100%. SDSD South Plant had Daily Max. Ammonia [as N] effluent exceedances every month between July 2019 and June 2020, except September 2019. In May 2020 and June 2020 SDSD South plant exceeded their Max. Monthly Average Total Suspended Solids (TSS) effluent limit and in May 2020 exceeded their Biochemical oxygen Demand (BOD5) effluent limit. In addition to effluent exceedances, SDSD had Pretreatment violations for failing to enforce pretreatment standards and requirements and allowing a non-domestic discharge to introduce a pollutant into the waste stream

that caused pass through at the Publicly-Owned Treatment Works (POTW). SDSO South plant was additionally unable to meet the 1 mg/L annual average Phosphorus limit in 2020. SDSO South Plant has since been working with the Director and the Division of Water Quality to upgrade their facility and negotiate the proposed Settlement Agreement and Order on Consent for past violations which is the subject of this memorandum.

The negotiated penalty is \$232,831.00. Attached for your reference is the proposed Settlement Agreement and Order on Consent, UTM-19-06 and UTM-20-01.

The terms of the financial settlement in the UTM-19-06 and UTM-20-01:

Penalty Held in Abeyance	\$155,221
Penalty to a Mitigation Project	\$38,805
Penalty Paid to the State of Utah	\$38,805
	<hr/>
Total Civil Penalty	\$232,831
Administrative Cost Reimbursement to DWQ	\$15,345
	<hr/>
Total Settlement	\$248,176

The severity of the penalty was due to the number of events, length of time the facility was out of compliance, and the potential for significant environmental impacts created by the violations. However, to achieve a shared goal of avoiding future water quality issues, the proposed Settlement Agreement and Order on Consent agrees to hold \$155,221 of the civil penalty amount in abeyance provided SDSO South Plant completes an enforcement action taken against WRR, provides the Division with a proposed compliance schedule to adopt new ammonia criteria, and avoids future violations. For the remainder of the civil penalty SDSO South Plant agreed to pay \$38,805 to a mitigation project and \$54,150 to the State of Utah within 30 days of the effective date of the agreement.

The public comment period for the proposed Settlement Agreement and Order on Consent ran from February 12, 2021 to March 12, 2021 (<https://deq.utah.gov/public-notices-archive/water-quality-public-notices>). No Comments were received.

The proposed Settlement Agreement and Order on Consent represents a fair and reasonable settlement. It is the staff's recommendation that this settlement be approved.

Attachments:

1. Settlement Agreement and Order on Consent (DWQ-2021-001795)
2. Public Notice (DWQ-2021-001797)

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY**

<p>IN THE MATTER OF:</p> <p>South Davis Sewer District C/O Dal Wayment, General Manager 1380 West Center Street North Salt Lake City, UT UPDES Permit No. UT0021628</p>	<p>ADMINISTRATIVE SETTLEMENT AGREEMENT AND ORDER ON CONSENT</p> <p>Docket No. UTM-19-06 and UTM-20-01</p>
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This Administrative Settlement Agreement and Order on Consent (“Agreement” or “Order”) is entered into voluntarily by and between the Director of the Utah Division of Water Quality (“Director”), under the Director’s legal authorities described below and South Davis Sewer District (SDSD) in its capacity as the “Operator” who is legally responsible for the operation of the South Davis Sewer District- South Plant (“Facility”), jointly referred to hereafter as “the Parties.” By entering into this Agreement, the parties wish, without further administrative or judicial proceedings, to resolve the issues arising out of alleged violations of the Utah Water Quality Act, Utah Code Section 19-5-101 *et seq.* (the “Act”), and corresponding regulations in the Utah Administrative Code R305-7 *et seq.*

STATUTORY AND REGULATORY AUTHORITY

1. The Director has authority to administer the Act pursuant to Utah Code Section 19-1-105(1)(e), and to enforce the Utah Water Quality Rules, Utah Administrative Code R317 through the issuance of orders, as specified in Utah Code Sections 19-5-106(2)(d) and Section 19-5-111. The Director also has authority to settle any civil action initiated to compel compliance with the Act and implementing regulations pursuant to Utah Code Section 19-5-106(2)(k).
2. The Director has been delegated authority by the U.S. Environmental Protection Agency (EPA) to administer the National Pollutant Discharge Elimination System (NPDES) permit program under the Federal Clean Water Act, 33 U.S.C. § 1251 *et seq.* (CWA).

FACTS AND FINDINGS

The Director issued two (2) Notice of Violation and Orders, Docket Numbers UTM-19-06 and UTM-20-01 (“NOV/COs”) to South Davis Sewer District- South Plant on December 19, 2019 and March 17, 2020, respectively. The Parties intend to resolve SDSD South Plant’s violations through December 2020, without issuing an additional NOV/CO for the additional violations that have occurred at the facility since the March 17, 2020 NOV/CO was issued. The Director relies upon the following Facts and Findings for purposes of this Agreement:

1. SDSD operates the South Davis Sewer District South Plant located along the Jordan River in North Salt Lake, Davis County, Utah. The SDSD South Plant treats wastewater from North Salt Lake, Woods Cross, and a portion of Bountiful.
2. The Wasatch Resource Recovery Project (WRR) is an energy-to-waste project that receives and digests organic waste to produce biogas (methane), which is sold as a fuel, and dewatered solids, which are used for fertilizer. Liquid from the solid dewatering process is discharged to the South Plant for additional treatment. The SDSD is a 50 percent owner of WRR and the facility is located on SDSD property.
3. The Director issued the SDSD South Plant UPDES permit # UT0021628 on March 1, 2017, which was modified in 2018 and 2020. SDSD's most recent modified permit became effective on January 3, 2020 and expires on November 30, 2021 (the Permit). The Permit authorizes discharges from the South Plant to the Jordan River with permit limitations and conditions.
4. On December 18, 2019, the Division issued a NOV/CO Docket No. UTM 19-06 for nitrogen, ammonia [as N] exceedances at the South Plant from July 2019 to October 2019. NOV/CO Docket No. UTM 19-06 required a response within thirty (30) days.
5. On January 14, 2020, SDSD requested a fourteen (14) day extension on their NOV/CO response, on the basis that the holidays hindered their ability to respond. On January 16, 2020, the Division granted the extension request.
6. On January 31, 2020, SDSD submitted their response to Docket No. UTM 19-06 NOV/CO, meeting the established extension date. However, the response was insufficient to meet the NOV/CO requirement that the Facility immediately come into compliance with the Act and cease unpermitted discharges because the Facility had ongoing nitrogen, ammonia [as N] effluent violations and the earliest date of proposed compliance provided in the response was January 18, 2021.
7. On March 17, 2020, the Division issued a NOV/CO Docket No. UTM 20-01 for nitrogen, ammonia [as N] exceedances at the South Plant from November 2019 to January 2020. That NOV/CO was distributed via email to SDSD on March 31, 2020.
8. On or around April 6, 2020, SDSD began daily grab sampling of total nitrogen and nitrogen, ammonia [as N] in both the South Plant effluent and WRR supernatant as required by the Compliance Order section of the NOV Docket Number UTM- 20-01 items number 9 and 10.
9. On or around April 9, 2020, SDSD began weekly acute static renewal toxicity tests on composite samples of effluent at the S. Plant as required by the Compliance Order section of NOV Docket Number UTM-20-01 item number 11.
10. On April 15, 2020, the Division received a report from the SDSD evaluating interim options to achieve compliance with the South Plant's nitrogen, ammonia [as N] effluent limits.
11. On April 30, 2020, the Division received a request for a thirty (30) day extension from SDSD for the 30-day deadline provided by Utah Administrative Code R305-7-303 and R305-7- 104(5) for contesting the NOV/CO issued to South Davis Sewer District (SDSD). On May 5, 2020, the Division issued a letter granting the extension request.

12. On April 30, 2020, the Division received a report from SDSD detailing how the facility will achieve consistent and ongoing compliance with the South Plant's nitrogen, ammonia [as N] effluent limits. This report was required by item number 4 in the Compliance Order section of the Notice of Violation and Compliance Order Docket No. UTM-20-01 (NOV/CO). This report was received by the thirty (30)-day deadline outlined in that NOV/CO.
13. On May 13, 2020, SDSD submitted to the Division an application for a construction permit to undertake the rehabilitation of the South Plant and installation of conventional activated sludge-based nutrient removal.
14. On June 11, 2020, the Division emailed SDSD a letter titled "Response to proposed interim compliance report and compliance plan for Notice of Violation and Compliance Order", addressing the reports submitted to the Division by SDSD to address interim and consistent compliance at the South Plant with nitrogen, ammonia [as N] effluent limits and requiring SDSD to notify the Division within five (5) days if options to haul WRR effluent to another disposal or treatment site will be utilized.
15. On June 18, 2020, the Division received a request for an extension from SDSD for the 5-day deadline to notify the Division if SDSD will conduct hauling as required in the letter emailed out on June 11, 2020. SDSD requested an extension to July 10, 2020.
16. On June 23, 2020, the Division received an extension request for the 90-day requirement for SDSD to control any industrial users which could violate a pretreatment standard and take enforcement against any user which contributed to the UPDES violations. The 90-day requirement can be found in the Compliance Order section of NOV (Docket No. UTM-20- 01) items 7 and 8. SDSD requested an extension to July 10, 2020.
17. On June 30, 2020, the Division approved the construction permit for SDSD to undertake the rehabilitation of the South Plant and installation of conventional activated sludge-based nutrient removal.
18. On July 1, 2020, the Division sent out a letter granting the extension requests received on June 18, 2020 and June 23, 2020.
19. On July 10, 2020, the Division received a response from SDSD addressing the remainder of any outstanding items requested in the June 11, 2020 letter and issued NOV's Docket Numbers UTM-19-06 and UTM-20-01.
20. In December 2020, SDSD notified the Division that the South Plant will exceed its 1 mg/L annual average Phosphorous Limit for 2020.

ORDER

Based upon the foregoing Facts and Findings, the Agreement of (South Davis Sewer District), and good cause appearing, IT IS HEREBY ORDERED as follows:

1. The Division calculated a total penalty of **\$232,831.00**. **South Davis Sewer District** shall

pay a penalty in the amount of \$38,805.00 and associated investigative costs in the amount of \$15,345.00 for a total of \$54,150.00, which was calculated and adjusted for circumstances in conformance with the penalty policy outlined in Utah Administrative Code R317-1-8.

Payment is to be made within thirty (30) days of the effective date of this Agreement by online payment, or check made payable to the State of Utah, referencing this matter, delivered or mailed to:

Utah Department of Environmental Quality
Division of Water Quality
PO Box 144870
Salt Lake City, Utah 84114-4870

2. SDSD shall apply an additional \$38,805.00 to fund a mitigation project(s) according to the following parameters:
 - a. The mitigation project(s) must be submitted to the Division within six (6) months and must be reviewed and approved by the Division.
 - b. The mitigation project(s) must meet and adhere to the requirements of R317-1-8.4 as stated below:
 - i. The project must be in addition to all regulatory compliance obligations;
 - ii. The project preferably should closely address the environmental effects of the violation;
 - iii. The actual cost to the violator, after consideration of tax benefits, must reflect a deterrent effect;
 - iv. The project must primarily benefit the environment rather than benefit the violator; and
 - v. The project must not generate positive public perception for violations of the law.
3. The Director agrees to hold in abeyance \$155,221.00, so long as SDSD completes the following terms within the timeframes outlined below.
 - a. Meets all the payment terms outlined above in item 1 of this Order.
 - b. Submits a proposed mitigation project to the Division within six (6) months of the effective date of this Agreement that meets all terms outlined in item 2 of this Order. Failure to do so will result in \$10,000 for each month past the deadline to no longer be held in abeyance.
 - c. Does not violate the Act, rules, or UPDES Permit No. UT0021628 at the South Plant for a period of 12 months from the effective date of this agreement and

at least 6 months after all facility upgrades are fully implemented, as confirmed by the Division. Once the facility upgrades have been fully implemented, SDSD will submit written notice to the Division for review and written confirmation. If new violations occur within the timeframes set forth in this paragraph, the penalty amounts listed below will no longer be held in abeyance, and the following amounts will become due and payable to the State of Utah within 30 days after receipt of written demand by the Division, and shall be in addition to any penalties imposed for the new violations. In no event will the total amount due under this subsection exceed the penalties held in abeyance:

- i. \$10,000 per violation per day for discharge violations, including but not limited to UPDES Permit limit exceedances, spills, or overflows. For the purposes of this Agreement, an exceedance of a monthly average effluent limit will be considered one (1) day.
 - ii. \$500 per occurrence for recordkeeping violations or other violations determined by the Director to be minor.
 - iii. \$10,000 per violation per day for violations of the pretreatment program implemented by SDSD. This includes failure to enforce all applicable pretreatment standards and requirements.
 - a. Within six (6) months of the effective date of this Agreement, complete the enforcement taken against Wasatch Resource Recovery (WRR) with a settlement and penalty which has been reviewed and agreed upon by the Division. Failure to do so will result in \$10,000 for each month past the deadline to no longer be held in abeyance.
 - b. Within thirty (30 days) of the effective date of this Agreement, provide the Division with a proposed compliance schedule to adopt new ammonia criteria. Once the Director approves the compliance schedule, the permit will be modified to incorporate the compliance schedule. Failure to do so will result in \$10,000 to no longer be held in abeyance.
4. The Division agrees to modify the existing permit to contain Mass (lbs/day) based limits for nitrogen, ammonia [as N], which may provide some relaxation in comparison to concentration (mg/L) based limits. The limits will be re-evaluated during the next permit renewal or whenever new limits are adopted based on newly adopted criteria, whichever is first. The limits will be implemented via a compliance schedule.
5. The Director agrees to reduce the additional sampling required by the Division in the NOV/CO (UTM 20-01) according to the tiered reduction outlined by the table below. To reduce sampling frequency, SDSD must request a reduction from the Division and must be granted approval by the Director.
- a. Reduction in daily nitrogen, ammonia [as N] grabs sampling. If SDSD exceeds the max monthly average for nitrogen, ammonia [as N] in any two (2) consecutive months after they are granted approval for sampling reduction, they will be required to return to more frequent sampling as determined by the Director.

Milestone	New Frequency
Three (3) consecutive months with no ammonia daily max and monthly average exceedances.	Sampling 5 X Week (Mon- Fri)
Six (6) consecutive months with no ammonia daily max and monthly average exceedances.	Sampling 4 X Week (Mon-Wed, Fri)
Nine (9) consecutive months with no ammonia daily max and monthly average exceedances.	Return to Permit Frequency (3 X Week)

- b. Reduction in weekly acute static renewal toxicity tests on composite samples of the final effluent at 001. If SDSA fails any two (2) consecutive tests after they are granted approval for sampling reduction, they will be required to return to more frequent sampling as determined by the Director. The tests must follow the requirements outlined in Item 11 in Section E of the NOV/CO (UTM 20-01).

Milestone	New Frequency
Four (4) consecutive tests where no acute toxicity has occurred in 100% effluent.	Bi-Weekly Sampling, Alternating Species
Six (6) consecutive tests where no acute toxicity has occurred in 100% effluent.	Monthly Sampling, Alternating Species
Eight (8) consecutive tests, where no acute toxicity has occurred in 100% effluent.	Quarterly Sampling, Alternating Species
Ten (10) consecutive tests, where no acute toxicity has occurred in 100% effluent.	Request to Stop Additional Sampling.

GENERAL PROVISIONS

1. The Parties recognize that this Agreement has been negotiated in good faith and nothing herein constitutes an admission of any liability. South Davis Sewer District does not admit

and retains the right to controvert in any subsequent proceedings other than proceedings to implement or enforce this Order; the validity of the facts and violations alleged in the NOV/CO. Operator further agrees it will not contest the basis or validity of this Order or its terms.

2. SDDS agrees to the terms, conditions and requirements of this Order. By signing this Order, SDDS understands, acknowledges and agrees that it waives: (1) the opportunity for an administrative hearing pursuant to Utah Code Section 19-1-301; (2) the right to contest the finding(s) in the NOV/CO; and (3) the opportunity for judicial review.
3. Compliance will be conditioned upon SDDS's adherence to the requirements of this Order, the Act, and the applicable Water Quality Rules.
4. This Order includes a civil penalty in excess of \$25,000 and therefore must be presented to, reviewed by, and approved or disapproved by the Board. (Utah Code § 19-5- 104(3)(h)). Final approval by the Director of this Order shall not occur until it is approved by the Board. The Effective Date shall be the date this Order is signed by the Director after it is formally approved by the Board. The Order will not be presented to the Board for final action until after the Division has provided public notice of the proposed Order and has solicited and reviewed any public comments received. All public comments, and the Director's responses, shall be provided to the Board in connection with the Director's request for final action.
5. The Date of Issuance shall be the date this Order is executed by the Director ("Effective Date"). The Director will not sign this Order until after the Division has provided public notice of the proposed Order and has solicited and reviewed any public comments received.
6. The dates set forth in this Order may be extended in writing by the Director, in the Director's sole discretion, based on the Operator's showing of good cause. Good cause for an extension generally means events outside of the reasonable control of the Operator, such as force majeure, inclement weather, contractor or supplier delays, and similar circumstances. However, the Director expects the Operator to employ reasonable means to limit foreseeable causes of delay. The timeliness of the Operator's request for an extension shall constitute an important factor in the Director's evaluation.
7. Nothing in this Order shall preclude the Director from taking actions to include additional penalties against the Operator for future violations of State or Federal law.
8. The Parties acknowledge that neither the Director nor the Board has jurisdiction regarding natural resource damage claims, causes of action, or demands. Therefore, such matters are outside the scope of this Order.
9. The person signing this Order on behalf of the Operator represents to the Director that he or she has the full legal authorization to do so and agrees that the Director may rely on that representation.
10. This Order may be amended in writing if signed by both Parties.

COMPLIANCE AND PENALTY NOTICE

As of the date of Issuance, this Order shall constitute a final administrative order. Compliance with the provisions of the Consent Order is mandatory. All violations of the Utah Water Quality Act, the Water Quality Rules, and this Consent Order will be strictly enforced during the time that this Consent Order remains in effect. The Utah Water Quality Act, Utah Code Section 19-5- 115, provides that any person who violates a rule or order made or issued pursuant to the Act may be subject, in a civil proceeding, to a state district judge imposing a civil penalty per day of violation.

[SIGNATURE PAGE FOLLOWS]

IT IS SO AGREED AND ORDERED:

FOR THE UTAH DIVISION OF WATER QUALITY

By: _____
Erica B. Gaddis, PhD Director

Date: _____ (Effective Date)

FOR (OPERATOR) SOUTH DAVIS SEWER DISTRICT

By: _____
Dal D. Wayment, P.E., General Manager

Title: _____

Date: 02/01/2021 _____

Operator Name *Dal D Wayment*

DWQ-2021-000644



State of Utah

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Department of
Environmental Quality

Kimberly D. Shelley
Executive Director

DIVISION OF WATER QUALITY
Erica Brown Gaddis, PhD
Director

February 12, 2021

UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY
DIVISION OF WATER QUALITY
PUBLIC NOTICE OF SETTLEMENT AGREEMENT AND ORDER ON CONSENT
SOUTH DAVIS SEWER DISTRICT SOUTH PLANT, DOCKET NOS. UTM-19-06 AND UTM-20-01

PURPOSE OF PUBLIC NOTICE

This notice is to declare that the State of Utah has reached a settlement agreement with South Davis Sewer District South Plant. This Public Notice is issued pursuant to Utah Administrative Code R317-8-1.9, to provide opportunity for public comment on the proposed Settlement Agreement and Order on Consent. The proposed order is for the purpose of resolving alleged violations of Utah Code Annotated 19-5 (Water Quality Act), and is a resolution of potential enforcement proceedings brought against South Davis Sewer District South Plant.

PUBLIC COMMENTS

Public comments are invited any time prior to close of business **March 12, 2021**. Comments may be directed to the Department of Environmental Quality, Division of Water Quality, 195 North 1950 West, PO Box 144870, Salt Lake City, Utah 84114-4870.

FURTHER INFORMATION

The Settlement Agreement and Order on Consent is available for public review under "Public Notices" at <https://deq.utah.gov/public-notices-archive/water-quality-public-notices>. If internet access is not available, a copy may be obtained by calling Leanna Littler-Woolf at 801-536-4397. Written public comments can be submitted to: Leanna Littler-Woolf, PO Box 144870, Salt Lake City, Utah 84114-4870 or by email at: llittler@utah.gov. After considering and responding to public comment the Director of the Division of Water Quality will present the settlement agreement for approval to the Utah Water Quality Board.

DWQ-2021-001797