



State of Utah

GARY R. HERBERT  
Governor

GREG BELL  
Lieutenant Governor

Department of  
Environmental Quality

Amanda Smith  
Executive Director

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

**Water Quality Board**  
Jay I. Olsen, *Chair*  
Paula Doughty, *Vice-Chair*  
Lou Ann Christensen  
David F. Echols  
Merritt K. Frey  
Darrell H. Mensel  
Leland J. Myers  
Amanda Smith  
Gregory L. Rowley  
Steven P. Simpson  
Daniel C. Snarr  
Phil Wright  
Walter L. Baker  
*Executive Secretary*

**MINUTES**

**UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY**

**UTAH WATER QUALITY BOARD**

168 North 1950 West, Room 101  
Salt Lake City, Utah 84116  
Wednesday October 28, 2009

**UTAH WATER QUALITY BOARD MEMBERS PRESENT**

Lou Ann Christensen	Paula Doughty	Jay Olsen
Leland Myers	Steve Simpson	Dan Snarr
Darrel Mensel	Greg Rowley	Phil Wright
Merritt Frey	Amanda Smith	

**ABSENT:** Dave Echols

**DIVISION OF WATER QUALITY STAFF MEMBERS PRESENT**

Walt Baker, Faye Bell, Leah Ann Lamb, Ed Macauley, Shelly Andrews, Emily Canton, Kari Lundeen, Carl Adams, Lisa Nelson, Svetlana Kopytkovskiy, John Mackey, John Cook, Jalynn Knudsen.

**OTHERS PRESENT**

<u>Name</u>	<u>Organization Representing</u>
Kevin Brown	Sunrise Engineering
Curtis Christensen	Weber County
Chad Meyerhoffer	Weber County
Alan Taylor	JUB Engineers
Dana Q. Shuler	JUB Engineers
Gary Vance	JUB Engineers
Rex Harris	Huntsville Town
Lizel Spencer	URS
Jenni Oman	Salt Lake County
Larry McBride	Wolf Creek Sewer District
Dustin Matsumori	Kearns Improvement District
Karen Nichols	Stantec Consulting
Emily Storheim	SLC Open Space
Lowell Peterson	Wolf Creek Sewer District
Michael Forester	South Valley Sewer District

Craig White  
Craig Miller

South Valley Sewer District  
Utah Water Resources

Chair Olsen called the Board meeting to order at 9:08 a.m. He welcomed those in attendance and invited the members of the audience to introduce themselves.

### **APPROVAL OF MINUTES OF THE AUGUST 24, 2009 MEETING**

**Motion:** It was moved by Ms. Doughty and seconded by Mr. Simpson to approve the minutes of the August 24, 2009 meeting. The motion was unanimously approved.

**Introduction of new DWQ Staff:** Walt introduced Jalynn Knudsen to the Board. Jalynn works as an accounting tech with Stacy Carroll and helps to manage the Division finances.

#### **Executive Secretary's Report:**

Brad Johnson was recently selected as the new Deputy Director to replace Bill Sinclair who is retiring next month. Brad previously was the Director for Division of Environmental Response and Remediation.

Recently there was a presentation/initiative to discuss nutrients and what is the cost to remove them at Wastewater treatment plants. A study has been instituted to determine the cost. We expect to report back to the Board sometime in March 2010.

The Water Quality Standards workgroup will be meeting on Thursday October 29<sup>th</sup> to review the standards to the changes requested by EPA. A workgroup is also meeting to discuss Sanitary Sewer overflows and to develop administrative rules to govern the program.

An article recently appeared in the *New York Times*. The article indicated that there are 120 permitted discharging facilities in Utah and 54% of those are out of compliance. Utah was near the middle of all the states. In reality, Utah has 116 facilities and the level of compliance is over 99%. Mr. Baker gave a more accurate picture of what the numbers really mean.

### **LOAN ITEMS**

**Financial Assistance Status Report** – Ms. Canton updated the Board on the “Summary of Assistance Program Funds,” as outlined on page 2.1.

**American Recovery and Reinvestment Act (ARRA) Update** – Mr. Macauley updated the Board on the status of the ARRA Funds and the Financial Projections as outlined on page 2.3.

**Introduction of new DWQ Staff:** Ms. Lamb introduced Chris Bittner to the Board. Chris has recently accepted to fill the vacancy left by Theron Miller in the Water Quality Management Section. He comes to us from the Division of Solid and Hazardous Waste.

**Kearns Improvement District request for principal forgiveness** – Ms. Nelson introduced Carl Erickson and Dustin Matsumori with Kearns Improvement District. On April 1, 2009 the Board authorized a \$5,025,000 loan to Kearns Improvement District (KID) at an interest rate of 0% repayable over 20 years for the replacement of backyard sewer pipes. Funding was based on

KID's project meeting all AARA requirements. KID's project has now met all the ARRA eligibility requirements and KID is ready to close a loan to secure project financing. However, at staff's request KID has delayed its loan closing. One currently unmet condition of the Utah Clean Water State Revolving Fund (CWSRF) ARRA award is that at least 50% of the funding must be provided to eligible recipients in the form of grant or principal forgiveness. KID's backyard sewer project qualifies for principal forgiveness, and staff is recommending that the Board authorize KID principal forgiveness on a portion of its loan in an amount sufficient to meet ARRA grant requirements. Staff is recommending that the Board authorize KID principal forgiveness on a portion of its previously authorized \$5,025,000 loan in an amount sufficient for the Utah CWSRF to meet 2009 ARRA grant requirements as determined by staff by mid-January 2010, but in no case less than \$100,000. Mr. Myers felt the amount should be raised to \$250,000.

**Motion:** It was moved by Mr. Myers, and seconded by Mayor Snarr, to approve staff's request to authorize Kearns Improvement District principal forgiveness on a portion of its previously authorized \$5,025,000 loan in an amount sufficient for the Utah CWSRF to meet 2009 ARRA grant requirements, but in no case less than \$250,000. The motion was unanimously approved.

**Salt Lake County's Request for additional loan with 100 percent principle forgiveness:** Ms. Andrews introduced Jenni Oman from Salt Lake County Flood Control and Emily Storheim with Salt Lake County Open Space. On June 24, 2009 the Board authorized a \$484,200 loan with 100 percent principal forgiveness to Salt Lake County for stream restoration along the Jordan River. Funding was based on SLCo meeting all ARRA requirements prior to initiating construction. The Jordan River restoration projects are in the process of meeting all ARRA requirements along the river corridor.

One currently unmet condition of the CWSRF / ARRA award is that at least 50% of the funding must be provided to eligible recipients in the form of principal forgiveness. DWQ has available ARRA funds that must be under contract no later than February 15, 2010. The Jordan River restoration project qualifies for principal forgiveness and SLCo has the ability to amend its contracts to perform an additional \$500,300 of stream restoration work. Staff is recommending that the Board authorize Salt Lake County a loan in the amount of \$984,500 with 100% principal forgiveness to replace the \$484,200 loan with 100% principal forgiveness previously authorized on June 24, 2009. The question was raised whether funding this project would involve committing "new" funds (i.e., funds that are not currently obligated to this project, as opposed to KID's request to reclassify previously authorized loan funds to "principal forgiveness"), and it was determined that authorizing this request would require a commitment of "new" funds.

**Motion:** It was moved by Mr. Myers to defer a decision until the next Board meeting giving staff time to get more information on other project sites. The motion was seconded by Ms. Frey and was unanimously approved.

**Huntsville request for Planning Advance:** Mr. Macauley introduced Rex Harris, Curtis Christensen from Huntsville and Kevin Brown with Sunrise Engineering. Currently, wastewater treatment consists almost entirely of onsite wastewater treatment systems (septic systems). The

proposed wastewater facilities plan will determine the need of the Town of Huntsville to construct city-wide wastewater collection and treatment facilities. Existing on-site wastewater systems currently in use in the Town have been considered to have an impact on the Pineview Reservoir, located adjacent to the Town. The facility plan will include evaluation of alternatives, environmental reviews, perform data collection, survey and GIS work, cost estimates, perform user, impact and connection fee analyses and a public hearing. Mr. Myers, indicated he would like to see a master plan developed. The Board asked staff to come back with some sort of regional agreement between Huntsville Town and Wolf Creek SID.

**Motion: It was moved by Ms. Frey to defer a decision and give staff time to develop a regional agreement. The motion was seconded by Mr. Mensel and was unanimously approved.**

**Ticaboo Administrative Reduction in Funding:** Mr. Macauley explained to the Board that on January 28, 2009 the Board authorized a \$232,000 grant and a \$232,000 loan with 0.0% interest, repayable over 25 years, to upgrade the Ticaboo Special Service District's existing wastewater collection and treatment system. Since that date, there have been several material changes impacting the Board's authorization and staff has made an administrative correction to reduce Ticaboo's authorization, reducing the funding to a \$200,000 grant, \$200,000 loan at an interest rate of 0.0% repayable over 25 years in concert with CIB funding.

**Wolf Creek SID Request for Reduced Interest Rate:** Mr. Macauley introduced Lowell Peterson from Wolf Creek SID. On March 5, 2007, the Water Quality Board (WQB) authorized a \$5,300,000 loan at 3.0% interest repayable over 20 years to replace Wolf Creek SID's existing wastewater lagoon system with a membrane bioreactor (MBR) capable of producing high-quality effluent. The new MBR facility is now up and running and Wolf Creek SID has increased monthly sewer fees to \$55 per month. However, due to a dramatic decrease in growth resulting in a substantial loss of revenues combined with expensive start-up and ongoing operational costs for the MBR plant, Wolf Creek SID is unable to make its April 2010 bond payment. Therefore, Wolf Creek SID is requesting a reduced interest rate on its loan.

Wolf Creek SID recognizes that Pineview Reservoir is impaired, and that this impairment is due, in part, to the proliferation of septic systems in the upper Ogden Valley. Therefore, Wolf Creek SID has agreed that as a condition of the Board amending the District's loan it will agree to serve as the regional wastewater treatment provider in the North Fork area of the upper Ogden Valley. This works well with Weber County ordinances that currently require all new development to request sewer service if it is available, but cannot force Wolf Creek SID or other sewer providers to extend service beyond existing service boundaries.

Staff recommends that the Water Quality Board authorize Wolf Creek SID a zero percent loan in the amount of \$4,901,000 repayable over 20 years to replace the balance of the \$5,300,000 loan previously authorized March 5, 2007, subject to the special condition that Wolf Creek SID agree to serve as a regional wastewater treatment facility.

**Motion: It was moved by Mr. Myers to defer action on this until staff and Wolf Creek SID and Weber County can bring back a higher level of**

**planning for the entire area it will be serving and the Board will give consideration to waiving next year's loan payment. The motion seconded by Mayor Christensen and was unanimously approved.**

**South Valley Sewer District request for Planning Advance:** Mr. Cook introduced Alan Taylor with JUB Engineering and Craig White with SVSD. South Valley Sewer District requested a hardship planning advance in the amount of \$100,000 to prepare a Wastewater Facility Plan which will determine the best way to provide new wastewater collection and treatment services to the Rose Canyon and High Country Estates areas of Southwest Salt Lake County. Staff recommends that the Board authorize a \$100,000 Hardship Planning Advance to the SVSD to perform a wastewater facility plan report. Ms. Frey sees no water quality benefit to this project. After a discussion the Board would like SVSD to get all the information on annexation and setup of a taxing authority.

**Motion: It was moved by Ms. Frey to defer a decision until SVSD can answer the concerns expressed by the Board. The motion was seconded by Mr. Simpson and was unanimously approved.**

**Public Fee Hearing:** Mr. Baker made the Board aware of a singular change proposed in the fee document employed by the Division of Water Quality. The cost of administering the wastewater loan program comes principally from two sources: 1) an annual appropriation from the legislature from the restricted loan program account (state funds); and 2) from EPA through a provision of the federal State Revolving Fund (SRF) loan program that allows up to 4% of SRF capitalization grants to be used for loan program administration. In the face of declining federal SRF capitalization grants, the amount of funding to administer the loan program has decreased to the point that general fund appropriations were being used to pay for the operating costs of the loan program. To address this, a few years ago Utah followed the example of many states and developed legislation that provides for a "loan origination fee" (LOF) to be assessed on state and federal wastewater loans. This year a determination was made to bring the drinking water and wastewater loan programs into alignment relative to the LOFs charged. Therefore, it has been proposed to increase the Board's LOF from 0.5% to 1.0% (the same percentage charged by the Drinking Water Board). If approved by the legislature, the LOF fee increase would become effective July 1, 2010.

#### **NEXT MEETING**

Conference Call Board Meeting on Wednesday December 16, 2009 @ 8:00 a.m.  
Public can attend by going to the  
Cannon Health Bldg, 288 N 1460 W, SLC Room 336

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Jay Olsen, Chairman  
Utah Water Quality Board