



State of Utah

GARY R. HERBERT
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Lieutenant Governor


Department of
Environmental Quality

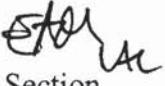
Amanda Smith
Executive Director

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

MEMORANDUM

TO: Water Quality Board

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

FROM: Ed Macauley, P.E. 
Manager, Engineering Section

DATE: October 12, 2010

SUBJECT: Perry/Willard Status Report and Request for Reconsideration of Funding Terms

On December 16, 2008 Perry and Willard cities closed on \$28 million in combined funding provided by the Water Quality Board to construct various sewer improvements in Perry City, a city-wide sewer system in Willard City, and a regional wastewater treatment facility to be managed jointly by the two cities through an interlocal agreement. In May 2010, as construction on the joint treatment plant neared completion, the Division of Water Quality (DWQ) public-noticed the permit for the discharge of treated effluent from the Willard/Perry wastewater treatment plant into the Willard Spur of Great Salt Lake. In response to this solicitation, the Utah Waterfowl Association petitioned the Water Quality Board to prohibit all wastewater discharges to Willard Spur or to alternatively reclassify Willard Spur to protect the wetlands and current uses of the water, resulting in DWQ temporarily withholding the UPDES discharge permit.

On June 20, 2010 the Willard-Perry wastewater treatment facility was completed and ready for operation, except that it did not yet have a UPDES permit to discharge. At its August 25, 2010 meeting, the Water Quality Board took the following action:

- 1) Denied the petition for rulemaking based on staff recommendations, such as insufficient data;
- 2) Instructed staff to work with the Petitioner on an evaluation of the subject area and a determination of adequate protection of wetlands;
- 3) Also instructed staff to develop a time line to return to the Board and provide the Board adequate documentation such that the Board could, if needed, conduct an informal hearing;
- 4) Advised that staff may use the Water Quality Standards Work Group to assist in its evaluation;
- 5) Announced that funding provided through non-point source funding may be available;

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Inability to operate the joint wastewater treatment plant has resulted in an unanticipated hardship to the two communities. Willard City does not currently provide sewer service to its residents (most are on septic, except for Flying J which has a UPDES permit, but is nevertheless expected to connect to the public sewer as soon as it is available), and cannot do so until the treatment plant has the ability to dispose of its effluent following treatment. Therefore, Willard City has no revenue stream to pay for operation at the wastewater treatment plant prior to discharge, nor does Willard have sufficient revenue to pay for more than 39% of the ongoing operations and maintenance costs of the wastewater treatment facility based on the affordability cost model forming the basis of its loan. Willard also has a small number of new homes that have been constructed in anticipation of connection to the public sewer, and have no onsite alternative. Conversely, Perry City currently provides sewer service to its residents, but Perry's existing wastewater lagoon is organically overloaded and "sludged out." Perry City followed DWQ's recommendation in October 2007 to move ahead on construction of a regional wastewater treatment facility jointly with Willard City that would allow it to abandon the existing lagoons which are located out in the floodplain of the Great Salt Lake, and treat its wastewater at the Perry/Willard plant.

Therefore, staff recommends that the Board provide relief to the two cities as follows:

1. Provide a grant to cover engineering costs to investigate the cost of constructing anoxic basins for nitrogen removal, adding filters for enhanced phosphorous removal (below 1 mg/L), and examining the feasibility of using Perry's lagoons during the critical summer period.
2. Provide a grant to pay the capital cost to add chemical phosphorous removal down to 1 mg/L, not to meet a permit limit, but as a proactive measure to protect the water quality that is also in the cities' interest, as DWQ studies the effect of the discharge on the receiving water quality to determine the appropriate level of protection.
3. Delay repayment of Willard City's bond until one year following issuance of the UPDES permit to allow the city time to collect its debt service payment in a sinking fund. Willard's first payment on the bond is currently scheduled for April 1, 2011. Loan terms were \$12,000,000 at 0% interest over 30 years.
4. Waive interest on Perry City's bond until the date of issuance of a UPDES permit that enables Perry City to utilize the new joint treatment plant. Loan terms were \$11,350,000 at 3% interest over 20 years.
5. Provide an operating grant to Perry and Willard cities to operate the wastewater treatment facility from June 20, 2010 to the date of issuance of the UPDES permit to reimburse the cities for labor and utility costs associated with maintaining the new plant in readiness to operate without the ability to discharge.

A scope of work will be provided for item 1 at the Board meeting, along with cost estimates for items 1, 2, and 5.

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Separate from the engineering study that will be conducted by the cities will be a study to develop a monitoring plan and site-specific nutrient standards for Willard Spur. Staff will return to the Board at a later date to outline the cost and time frame for that study, which will be performed under the direction of the Division of Water Quality.

Attachments:

1. Technical memo from Paul Krauth, dated September 6, 2010.
2. Technical Memo from Nicholas von Stackelberg, dated September 30, 2010.
3. Technical Memo from Jeff Ostermiller, dated October 12, 2010.

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