

Subject: Capital Funding Increase for Complying with Additional Regulatory Requirements and Rehabilitation of Aging Infrastructure

Dear Mt Olympus Improvement District Wastewater Service Customer:

Wastewater collected by the Mt Olympus Improvement District flows to the Central Valley Water Reclamation Facility (CVWRF), a regional treatment plant, for treatment prior to discharging to Mill Creek and the Jordan River. CVWRF, with the assistance of a national engineering firm, recently completed a Condition Assessment and Asset Management Plan (AMP) for its wastewater interceptor piping and treatment plant to identify the renewal needs of the system's 40-year old infrastructure. The AMP identified an estimated \$150 million in necessary restorations to CVWRF's collection system piping and treatment facilities that will be needed over the next 18 years to serve the local community through the year 2035. The improvements will replace aging and degraded mechanical and electrical equipment in the treatment plant and rehabilitate corroded collection system pipes to meet the future needs of our community and ensure compliance with State and Federal regulatory requirements.

In addition, the State of Utah Division of Water Quality (DWQ) recently adopted a new rule (The Technology-Based Phosphorus Effluent Limits or TBPEL Rule, R317-1-3.3) that requires wastewater facilities to install processes that remove phosphorus from their effluent discharge. The DWQ has also lowered permit limits for ammonia and several other pollutants in CVWRF's effluent discharge. To comply with the new TBPEL Rule requirements and lower permit limits will require CVWRF to upgrade the treatment process and construct a new effluent outfall pipeline to the Jordan River at an estimated cost of \$100 million over the next ten years.

To pay for rehabilitating the aging infrastructure and upgrading the treatment process, the member entities served by CVWRF, including the Mt Olympus Improvement District, will need to raise user rates by approximately \$10.00/month per equivalent residential unit (ERU) over the next few years (Due to Mt Olympus Improvement Districts financial position the District will be proposing a \$4.00/month per ERU). Even with increased rates, CVWRF's treatment costs per ERU and per million gallons of wastewater treated are still at the low end of the scale when compared to rates across the State of Utah and other areas of the U.S.

While rate increases are never desired, they are necessary at this time to comply with the new regulations and act responsibly by refurbishing the existing aging facilities to continue providing high quality service to our community. Please see the reverse side of this letter for a brief description of CVWRF. If you would like more information about CVWRF, our plans for upgrading and refurbishing the facility, or would like to schedule a tour, please contact us at 801-973-9100.

Sincerely,

Thomas A. Holstrom, P.E.
General Manager, CVWRF

About Central Valley Water Reclamation Facility

In 1972, the U.S. Congress implemented the Clean Water Act (PL 92-500) to “restore and maintain the chemical, physical, and biological integrity of the nation's water.” In 1978, the Central Valley Water Reclamation Facility Board was organized as an Inter-Local Agreement Agency. Members of the Board represent districts and cities which owned and operated five small treatment plants.

The five small antiquated wastewater treatment plants that could not meet the requirements of the new laws were replaced with a new regional treatment plant. The new treatment plant was designed and constructed from 1981 to 1987 and is called the Central Valley Water Reclamation Facility (CVWRF). Today CVWRF treats wastewater from a population of approximately 500,000. The treatment plant was designed and constructed to treat 75 million gallons of wastewater each day discharging it safely into Mill Creek and the Jordan River.

CVWRF consists of seven member entities made up of South Salt Lake City, Murray City, Mount Olympus Improvement District, Cottonwood Improvement District, Granger-Hunter Improvement District, Taylorsville-Bennion Improvement District, and Kearns Improvement District. The geographical area served by the CVWRF is approximately 115 square miles and extends from Little Cottonwood Canyon on the south to Interstate 80 on the north, and from the Wasatch Mountains on the east to the 7200 West/Bacchus Highway on the west.

Central Valley Water Reclamation Facility is located at 800 West Central Valley Road (3190 South) in South Salt Lake City. Central Valley was built on property owned by one of the centrally located member entities. Central Valley's entire property covers 168 acres. The treatment facility itself is 85 acres and is surrounded by a golf course that is owned by the Facility. The treatment plant operates 24 hours a day, 7 days a week, 365 days a year. The facility employs 85 dedicated employees.

The facilities originally constructed in the 1980's are now 40 years old. While the physical structures including buildings and process tanks have a design life of 50 plus years, the mechanical, electrical and control systems components have a shorter design life of 20 to 25 years and are now failing and in need of replacement. In addition, the type of biological treatment process employed by CVWRF, while state-of-the-art in the 1980's, is not able to remove phosphorus to the low discharge levels required by regulations recently adopted by the Utah Division of Water Quality. Therefore, this portion of the process must be replaced with newer treatment technology. Several large collection system lines also need rehabilitating by slip-lining due to severe corrosion caused by hydrogen sulfide gas generated from decomposition of organic matter in the wastewater. Once the existing facility rehabilitation and upgrades to remove phosphorus and other pollutants are completed, CVWRF facilities will be ready for the next 30 years of service.