



NOTICE TO OUR CUSTOMERS REGARDING ADMINISTRATIVE PENALTY AND WASTEWATER TREATMENT PLANT IMPROVEMENTS

May 28, 2013

Many residents are aware that Trophy Club Municipal Utility District No. 1 recently received an administrative penalty from the state regulatory agency, the Texas Commission on Environmental Quality, for exceeding discharge permit limits for the wastewater treatment facility that serves our customers. In lieu of costly hearings with the agency, the District agreed to an administrative order and was allowed to divert the penalty into a supplemental environmental project that will allow the funds to be used in our area. The District will participate in a household hazardous waste collection event that will be handled by an outside agency.

The District recognized over a year ago that our community had outgrown the current wastewater plant's treatment capacity. During 2011 and the first quarter of 2012, the plant exceeded discharge limits for Carbonaceous Biochemical Oxygen Demand (CBOD), Total Suspended Solids (TSS), and Ammonia as Nitrogen (NH₃-N) in some months. These are all measures of a plant's ability to treat the wastewater and limits are placed on these constituents in all wastewater discharge permits in the state of Texas. Discharge limits were significantly reduced when the discharge permit was renewed in 2010. The table below summarizes previous higher limits and the current more stringent limits:

Permit Constituent	<u>Prior Discharge Permit Limits</u> milligram per liter (mg/L)	<u>New Discharge Permit Limits</u> milligram per liter (mg/L)
CBOD	10	5
TSS	15	12
NH ₃ -N	3	3 (October – March) 1 (April – September)

Additionally, a new parameter was added to the new permit requiring treatment for copper. **The wastewater plant was simply not designed to treat to these new lower limits on a consistent basis.**

Over the past year District staff modified operations and incorporated many new process controls to maintain compliance with the new discharge limits. Although drought is not a welcome situation for water supply, it has actually worked in favor of the wastewater treatment capabilities. Reduced wastewater flows to the plant have allowed staff to modify retention time in the treatment process and maintain compliance. Additionally, warmer, dryer weather increases the plant's biological treatment capability and allows for better treatment. But as our community continues to grow, the drought eases, and cold weather returns, it will become more and more difficult to maintain compliance and achieve the environmental results the District strives to achieve.

Recognizing the need for improved treatment, the District has and continues to embark upon corrective actions. Repairs that could be handled within the current operating budget were implemented during the last 18 months. These include new pumps and associated equipment, blower repairs, filter repairs, purchase of new laboratory equipment, and other upgrades at a cost of over \$150,000. Recognizing the limitations of available land in Trophy Club, in January the District purchased property adjacent to the current plant to ensure land is available for additional treatment structures and to ensure the buffering zone required by state law is available and can be maintained. The almost four acres were purchased at a cost of \$400,000 and were paid without additional burden to customers.

The District also engaged an engineering firm at a cost of \$65,000 to analyze each treatment process, determine any regulatory compliance issues related to current plant structure and design, make recommendations for treatment improvements, provide the pros and cons to each technology considered, and analyze associated costs for each option. District staff worked closely with the engineers to provide historical data and explain issues encountered on a daily basis. The Town of Trophy Club provided estimated build-out population so that the engineers could ensure the improvements will accommodate future growth. This “preliminary engineering report” was finalized and submitted to the Board in April. The report was immediately posted on the District website and is still available for customer review under Public Notices at www.tcmud.org. The report analyzed four treatment options:

- upgrading and maintaining the current treatment process
- membrane biological reactor technology
- biomag enhanced treatment technology
- abandoning the wastewater plant and utilizing a regional provider

At this time, no final decision on the best treatment technology has been made. However, the most cost effective options have been narrowed to the membrane biological reactor technology and the biomag enhanced system. District staff, directors, and engineers visited with the TCEQ to determine what future discharge permit limits will be required, as the goal is to not only have the capability of meeting current treatment needs but those coming in the future. Additionally, site visits are being conducted to wastewater treatment plants using these technologies to learn more about the treatment process, issues encountered by operations staff, and the costs for operation and maintenance.

The District is required to submit a compliance plan for treatment plant improvements to the TCEQ by the end of June 2013. The District is committed to meet this deadline and strives to maintain the highest level of service to our customers. A financial analysis of funding mechanisms is underway and will continue a parallel path as technical decisions are made. The District will soon conduct a water and sewer rate study to ensure rates represent the cost to serve each customer class (residential and commercial). Presently the District provides water and sewer services at one of the lowest rates in the area. **It is our goal to provide these upgrades with the least economic impact to our customers. Through a thorough cost analysis and financial review we are confident this can be achieved.**

The District will continue to keep customers informed as this project progresses. To receive email news and information directly from the Trophy Club Municipal Utility District No. 1, please subscribe at <http://www.tcmud.org/about-tcmud-1/subscriptions/>. Additional information regarding wastewater plant operations and the District is available on our website at www.tcmud.org.