

SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
18 May 2017

The Board of Trustees of the South Davis Sewer District, Davis and Salt Lake Counties, met in regular session at 5:00 p.m. at the District Office located at 1800 West 1200 North, West Bountiful, Utah, with the following members present:

Dee Hansen	Chairman
Howard Burningham	Vice-Chairman
John Davies	Trustee
Mark Preece	Trustee
Len Arave	Trustee

Excused:

Randy Lewis	Trustee
Ryan Westergard	Trustee

Others meeting with the Board:

Dal Wayment	General Manager/Treasurer
Mark Katter	Accounting Manager/Clerk
Susanne Monsen	Administrative Asst/Asst Clerk
Matt Myers	Engineer
Eric Alder	Alder Construction/ALPRO
Scott Rogers	Aqua Engineering/ALPRO

1. MINUTES:

The meeting was called to order at 5:00 p.m. at which time the Chairman asked for comments of the special Board Meeting held 13 April 2017. After consideration motion was made by Mr. Howard Burningham seconded by Mr. Mark Preece to accept the Minutes as presented. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

The Chairman then asked for comments of the regular Board Meeting held 20 April 2017. After consideration motion was made by Mr. John Davies seconded by Mr. Len Arave to accept the Minutes as presented. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

The Chairman then asked for comments of the special Board Meeting held 5 May 2017. After consideration motion was made by Mr. Howard Burningham seconded by Mr. John Davies to accept the Minutes as presented. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

2. BUDGET REPORT:

The Budget Report dated 5/11/17 was presented for review. The Collection System has received 61% in revenues and is 35% expended; Treatment Plants have received 25% in revenues and are 33% expended; Industrial Pretreatment has received 8% in revenues and is 28% expended; Capital Expansion has received 1% in revenues and is 7% expended; Water Quality Group (JR/FB) has received 72% in revenues and is 19% expended; OU2 Remediation has received 0% in revenues and is 19% expended; and Water Quality Group (Utah Lake) has received 89% in revenues and is 60% expended. The budget ratio to calendar months is 36%.

3. INVESTMENT REPORT:

Proceeds from the District's Series 2017A Bonds in the amount of \$20,729,723.95, along with the District equity contribution of \$862,902.51 for a total of \$21,592,646.26, were deposited in the project fund with the Trustee at Zions Bank for the District's Resource Recovery Project. The District also funded the project reserve fund with a cash contribution of \$2 million. These funds were placed in an account at the Public Treasurers Investment Fund (PTIF). A project operating account was funded with \$500,000.00 in bond proceeds. These funds are also held at PTIF.

4. APPROVAL OF DISBURSEMENTS:

Trustees requested review on Zions Bank check number 25306. After consideration and some review motion was made by Mr. Howard Burningham seconded by Mr. Len Arave to accept the Disbursements as presented. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

5. APPROVAL OF SEWER LINE CONSTRUCTION AGREEMENTS:

A. FOXBORO MARKETPLACE SOUTH - PROJECT NO. 7-17.

Mr. Wayment recommended the Agreement for Foxboro Marketplace South, located at 525 North Redwood Road in North Salt Lake, known as Project No. 7-17, be accepted.

Motion was made by Mr. Mark Preece seconded by Mr. Len Arave to authorize the Chairman to sign the agreement for Foxboro Marketplace South. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

6. SELECTION COMMITTEE REPORT ON PROPOSALS FOR NUTRIENT RECOVERY PROJECT:

Board Chairman, Dee Hansen reported on the review of proposals to provide Construction Management/General Contractor (CM/GC) services for the Nutrient Recovery Project. The Selection Committee included Mr. Dee Hansen, Mr. John Davies and Mr. Von Hill of Entellus, a local engineering firm. The proposals were reviewed by the Committee and scored using evaluation criteria stipulated by State Statute and contained in the Request for Proposals. The contractors' qualifications were reviewed and scored. The Committee then interviewed representatives of each firm. After the interviews evaluation scores were reviewed. Having established the most qualified proposal, the Committee reviewed cost information supplied in the proposals. The cost information was then scored. The qualification and cost scores were then combined and the overall best proposal determined. Alder Construction Company had the highest score. Both companies are outstanding contractors with excellent scores and uniformly excellent recommendations from past clients. The Committee recommended that Alder Construction Company be awarded the contract.

7. CONSIDER AWARD OF CONTRACT FOR NUTRIENT RECOVERY PROJECT:

Motion was made by Mr. John Davies seconded by Mr. Howard Burningham to award the Contract for the Nutrient Recovery Project to Alder Construction Company. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

8. CONSIDER ISSUING NOTICE TO PROCEED FOR RESOURCE RECOVERY CONTRACTOR:

Bond financing for the District's Resource Recovery Project has been completed. The closing on the bonds was 5/17/17. Funds for the project are on deposit with the Trustee at Zions Bank. It is now possible to proceed with construction of the project. At the bond closing it was suggested by the District's bond counsel that the contractor be given verbal notice to proceed subject to the bond closing. This was done to enable a critical payment to Questar by the Trustee.

Motion was made by Mr. Len Arave seconded by Mr. Mark Preece to ratify the issuance of the Notice to Proceed for the Resource Recovery contractor. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

9. REPORT ON RESOURCE RECOVERY PROJECT:

Resource Recovery Project activities this month focused on completing the bond rating process, getting the bonds sold and closing on the bonds. The District received a rating from Standard & Poor's of "A". The District had hoped for a rating of "AA". The rating agency felt that the project resembled a power utility such as Questar or Rocky Mountain Power more than a normal sewer project, which given the nature of the project is understandable. The rating agency indicated that the "A" rating is what Questar or Rocky Mountain Power would have received. With the rating available the underwriter began their process of talking with the bond marketplace and configuring the bonds with their terms, interest rates, discounts, etc. Several teleconferences were held with the underwriters' trading desk, with George K. Baum, the District's financial advisor and their underwriting desk, to determine the terms and conditions for the bond sales. Once final terms and conditions for the bonds were suggested by the underwriter our financial advisors review concurred with their recommendation. The bonds were then sold successfully with the majority of bonds going to a teacher's retirement fund. The bond closing process was then completed on 5/17/17.

10. CONSIDER PROPOSAL FOR RESOURCE RECOVERY GROUNDBREAKING:

Eric Alder reviewed a proposal from Richter7 to provide assistance in planning and executing a groundbreaking program for the project. Governor Herbert has indicated a desire to participate in the groundbreaking. His staff has indicated he would be available on June 8th or 14th. The scope and cost of the proposal was reviewed. It was felt that some of the scope was not needed and some of the services could be supplied with Alder Construction and District forces. Mr. Alder will meet with Richter7 seeking a revised scope and price.

Motion was made by Mr. John Davies seconded by Mr. Howard Burningham to participate in the Resource Recovery Project groundbreaking. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

11. CONSIDER PARTICIPATION IN WASATCH FRONT PUBLIC INFORMATION PROGRAM FOR WASTEWATER TREATMENT ISSUES:

The Wasatch Public Owned Treatment Works (POTW) Manager's group has retained a consulting firm to provide public relations support for wastewater issues. It is felt that the public has little understanding of wastewater treatment and environmental issues driving discharge permit issues. It would also be helpful if the public better understood pretreatment issues and the proper use of the sanitary sewer. The group is seeking financial support in the amount of \$1,000-\$1,500 per month for this effort.

The Board discussed the difficulties involved in gaining traction with the public for these issues. It was felt that short of very large expenditures little notice would be paid to the low level of effort proposed. It was felt that in the long run a much more productive effort would be to engage the grade schools in plant tours and with classroom presentations.

Motion was made by Mr. Len Arave seconded by Mr. John Davies to forego participation in Wasatch Front Public Information Program for Wastewater Treatment Issues. Motion carried with Trustees Hansen, Burningham, Davies, Preece and Arave voting "aye".

12. GENERAL MANAGER'S REPORT:

A. WETLANDS REPORT.

Groundwater monitoring of the District's property just east of the Legacy Parkway showed groundwater at all sites less than one foot below the surface for the entire season. This would normally overwhelmingly indicate that the area would be classified as wetlands. However, this spring will qualify as being in the wettest 30% of years. Therefore, the results do not count towards defining the property as wetlands. We will repeat the monitoring process next year.

B. AMMONIA VIOLATIONS AT THE NORTH PLANT.

The North Plant exceeded its ammonia limit for December/2016 through March/2017. This is considered significant non-compliance (SNC) by the Division of Water Quality (DWQ), which requires them to take some action. District Staff met with the DWQ permit writer yesterday. He indicated that the matter would be dealt with in an informal manner, but we would likely be required to pay a fine and/or propose a remediation project in lieu of a fine.

Ammonia is removed during the process by nitrification. This process involves bacteria called nitrifiers. It appears that in December we lost our nitrifying population perhaps through toxicity in the wastewater. Nitrifiers are very slow to recover and this is also hampered by colder temperatures during the winter. By April the process had recovered and the last two months ammonia levels have been well below permit limits.

C. RE-SCHEDULE JUNE BOARD MEETING.

The June Board Meeting has been re-scheduled for 5:00 p.m. on Thursday, June 22nd, to allow additional preparation time to complete the 2016 Audit and CAFR.

13. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 22 June 2017, 5:00 p.m.

14. DISMISSAL:

The meeting ended at 6:40 p.m.


Chairman, Board of Trustees


Clerk