

SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING & BUDGET HEARING
17 October 2019

The Board of Trustees of the South Davis Sewer District, Davis and Salt Lake Counties, met in regular session at 4:30 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
Randy Lewis	Trustee-via Teleconference
Mark Preece	Trustee
Len Arave	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	District Engineer
Jim Burr	Chapman and Cutler
Preston Kirk	Stifel Public Finance

1. COMBINED ENGINEERING AND PERSONNEL COMMITTEE MEETING-2019 BUDGET:

The combined Engineering and Personnel Committee meeting was called to order at 3:22 p.m. to review capital budgets as follows:

ENGINEERING COMMITTEE (Capital Budget)

Collection System

Buildings & Facilities	\$ 0
Outfall/Sewer Lines	\$ 100,000
Operating & Support Equipment	\$ 200,000
Mobile Equipment	\$ 140,000
Miscellaneous Office Equipment	\$ 25,000
TOTAL	\$ 465,000

Treatment Plants

Buildings & Facilities	\$ 0
Construction in Progress/ABNR	\$ 0
Construction in Progress/WRR	\$ 1,000,000
Construction in Progress/SP	\$ 6,523,193
Construction in Progress/NP	\$ 1,477,400
Operating & Support Equipment	\$ 0
Mobile Equipment	\$ 140,000
Major Equipment & Materials	\$ 100,000
Engineering	\$ 0
TOTAL	\$ 3,520,000

General & Administration

Office Furniture & Equipment	\$ 15,000
TOTAL	\$ 15,000

Industrial Pretreatment

Operating & Support Equipment	\$ 6,000
TOTAL	\$ 6,000

Bond & Interest: WRR

Bond Issuance Costs	\$ 780,000
Bond Principal	\$ 800,000
Bond Interest	\$ 837,762
TOTAL	\$ 1,786,544

PERSONNEL COMMITTEE

- A. Salaries: The Personnel Committee recommends a 3% marketplace adjustment to the District's salary schedule be determined. The Committee recommends that 9 merit raises (of 37 employees) be authorized with the Board approved salary evaluation guidelines and based on individual employee evaluations.
- B. Health Insurance: Budget for a -.3% decrease in medical insurance.
- C. New Hire: We are looking for two additional new hires for the resource recovery and nutrient removal projects.
- D. Summer Temporaries: Continue with part-time, hourly help for office, painting, yard work and assisting on the CCTV and Jet Washer crews.
- E. Health & Safety Officer: Continue with in-house Health & Safety Officer and training. This training is supplemented with various outside sources such as the Workers Compensation Fund and the Utah Safety Council. We will use some consulting to update some manuals and programs.
- F. Wasatch Front Water Quality Council: Continue to be a member of and to administer the operations of the Council on behalf of the other Publicly Owned Treatment Works (POTW's) in Davis, Salt Lake and Utah Counties. Funding for the group comes from contributions from its members. Continue with District contribution.
- G. Operating Unit 2 (OU2): Continue to operate and maintain the EPA Superfund site treatment facility on behalf of EPA. Funding for this work comes from an EPA grant.

The Board took a brief recess at 4:47 p.m. for dinner before continuing the Meeting.

2. MINUTES:

The meeting was called to order at 5:15 p.m. at which time the Chairman asked for comments of the regular Board Meeting held 19 September 2019. After consideration motion was made by Mr. Len Arave seconded by Mr. Randy Lewis to accept the Minutes as presented. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

3. BUDGET REPORT:

A. SOUTH DAVIS SEWER DISTRICT.

The Budget Report dated 10/15/19 was presented for review. The combined Revenue Budget has received 69% in revenues; The Collection System is 62% expended; Treatment Plants are 75% expended; Industrial Pretreatment is 77% expended; Capital Expansion is 57% expended; Water Quality Group (JR/FB) is 76% expended; OU2 Remediation is 56% expended; Water Quality Group (Utah Lake) is 44% expended; and General & Admin is 72% expended. The budget ratio to calendar months is 77%.

B. WASATCH RESOURCE RECOVERY (WWR).

The Budget Report dated 10/16/19 for WRR was presented for review. This report includes revenues and expenses from 1/1/19 to present. The combined Revenue Budget has received 8% in revenues and is 68% expended.

4. INVESTMENT REPORT:

Current investments are maintained by Zions Bank, Public Treasurer's Investment Fund (PTIF) and Moreton Asset Management. Through the end of September Moreton held \$4 million at an approximate interest rate of 2.20%. PTIF (September/2019) held \$4.5 million at an approximate interest rate of 2.6%.

5. APPROVAL OF DISBURSEMENTS:

Trustees requested review on Zions Bank check number 28893. 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 unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

6. APPROVAL OF SEWER LINE AGREEMENTS:

A. MIRELLA AT FOXBORO APARTMENTS - PROJECT NO. 12-19.

Mr. Wayment recommended the Agreement for the Mirella At Foxboro Apartments, located at 790 North Cutler Drive in North Salt Lake, known as Project No. 12-19, be accepted.

B. BARRUS COVE SUBDIVISION - PROJECT NO. 13-19.

Mr. Wayment recommended the Agreement for Barrus Cove Subdivision, located at 165 East Chase Lane in Centerville, known as Project No. 12-19, be accepted.

C. THE TOWNS ON 2ND - PROJECT NO. 14-19.

Mr. Wayment recommended the Agreement for The Towns on 2nd, located at 440 West 200 North in Bountiful, known as Project No. 14-19, be accepted.

Motion was made by Mr. John Davies seconded by Mr. Mark Preece to authorize the Chairman to sign the agreements for the Mirella At Foxboro Apartments, Barrus Cove Subdivision and The Towns on 2nd. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

7. APPROVAL OF SEWER LINE DEEDS:

A. SHAMROCK VILLAGE PHASE 4 SUBDIVISION - PROJECT NO. 15-18.

The Deed for Shamrock Village Phase 4 Subdivision located in Woods Cross, has been received. The total sewer costs for this development are \$285,315.00

Motion was made by Mr. Ryan Westergard seconded by Mr. John Davies to accept the Deed for Shamrock Village Phase 4 Subdivision. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

8. CONSIDER RESOLUTION NO. 172 AUTHORIZING THE ISSUANCE OF COMBINED UTILITY SYSTEM REVENUE BONDS AND PROVIDING FOR A PUBLIC HEARING AND OTHER RELATED MATTERS:

Both of the District's wastewater treatment plants were last updated and rehabilitated in the early 1990's. The design life of such facilities is considered to be 20-30 years. We are reaching the upper limit of that period and both plants are in need of rehabilitation. New environmental requirements for the removal of phosphorus and nitrogen from the District's wastewater require extensive new processes and facilities. The District's capital plan to achieve this work extends over the next 48 months. The total cost of these improvements is estimated to be \$58 million. The District has been working on planning, engineering and funding of these projects for several years. We are now at the point that bonds need to be issued to secure the necessary funding.

The Board discussed the elements of these projects and the options available for funding. The District has been investigating the bond market, private investors and funding from large banks. In addition, the Division of Water quality has authorized a low interest loan for a portion of these projects. After some discussion Mr. Arave requested that we hold a special board meeting just to review funding options and questions.

Motion was made by Mr. Len Arave seconded by Mr. Mark Preece to adopt Resolution No. 172 as reviewed and presented. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

9. OPEN BUDGET HEARING:

Motion was made by Mr. John Davies seconded by Mr. Howard Burningham to open the Budget Hearing. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

10. ENGINEERING COMMITTEE RECOMMENDATIONS:

The Engineering Committee reviewed the items outlined on the Capital Budget. After consideration motion was made by Mr. John Davies seconded by Mr. Ryan Westergard to adopt the Engineering portion of the proposed Budget for 2020 as presented and reviewed. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

11. PERSONNEL COMMITTEE RECOMMENDATIONS:

The Personnel Committee reviewed the items as previously discussed, including a 3% COLA and nine merit raises. After consideration motion was made by Mr. Howard Burningham seconded by Mr. Len Arave to adopt the Personnel portion of the proposed Budget for 2020 as presented and reviewed. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

12. REVIEW AND ADOPT TENTATIVE BUDGET FOR 2020:

The proposed Tentative 2020 Budget was submitted for acceptance. After review and discussion motion was made by Mr. Len Arave seconded by Mr. Randy Lewis to adopt the proposed Tentative 2020 Budget as presented. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

13. CONSIDER RESOLUTION NO. 107-19 (1ST AMENDMENT) - 2019 BUDGET:

The 2019 Budget was opened. Several items were adjusted to reflect actual experience to date and to balance the overall Budget. After review and discussion motion was made by Mr. Ryan Westergard seconded by Mr. John Davies to amend the 2019 Budget through Resolution No. 107-19 (1st Amendment). Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

14. SET BUDGET HEARING (12/5/19):

Motion was made by Mr. Ryan Westergard seconded by Mr. Mark Preece to authorize the Budget Hearing to commence on 5 December 2019, at 5:00 p.m. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

15. CLOSE BUDGET HEARING:

Motion was made by Mr. Howard Burningham seconded by Mr. Ryan Westergard to close the Budget Hearing. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

16. APPOINT AUDITOR - 2019 BUDGET:

Staff recommended retaining Karren, Hendrix, Stagg, Allen Company to perform the 2019 Audit. After some discussion motion was made by Mr. John Davies seconded by Mr. Mark Preece to appoint Karren, Hendrix, Stagg, Allen Company to perform the 2019 audit. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

17. WASATCH RESOURCE RECOVERY (WRR) PROJECT - PROGRESS REPORT:

On Monday, 10/14/19, several representatives from Swires Coca-Cola toured WRR. This included the CEO of Swires Coca-Cola, and the corporate head of sustainability for Swires. Swires has been an early supporter and customer of the WRR project. We receive palletized bottles, cans and boxes to be de-packaged and their contents added to the digesters. Plastic, glass and aluminum from the containers is then returned to Swires for recycle. The baling of the packaging material is currently a bottle-neck in the process.

Tomorrow is the deadline for introducing raw digester gas into the gas scrubbing system. It looks like it will be Monday before this happens. Getting this unit operational is the last major hurdle in getting our renewal natural gas (RNG) on the market.

The use of micronutrients in the digester feed seems to have improved their production significantly. We are now working to bring enough feed stock to increase capacity.

18. DECLARE CERTAIN ITEMS AS SURPLUS:

We have a wrecked 2004 Ford F150. The market value is \$5,000-\$7,000. The repair costs are in excess of \$10,000. It doesn't make sense to rebuild. Staff requested permission to dispose of the truck to the salvage yard which will give us the best price.

Motion was made by Mr. Mark Preece seconded by Mr. Ryan Westergard to declare the 2004 Ford F150 as surplus. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

19. GENERAL MANAGER'S REPORT:

A. ARTICLE - WALL STREET JOURNAL.

A recent article in the Wall Street Journal discussed two recent Presidential Orders. The first order states that guidance documents, memos and letters do not have the force of rules. The second order states that these guidance documents cannot be used as the basis for an enforcement action. This has been an area of tremendous abuse by all Federal agencies.

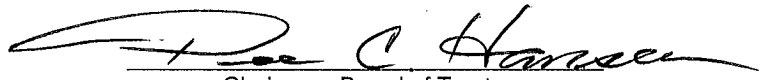
20. NEXT MEETING SCHEDULED:

A special board meeting has been scheduled for Wednesday, 30 October 2019, at 6:30 p.m. The next meeting has been scheduled for Thursday, 21 November 2019, 5:00 p.m.

21. DISMISSAL:

The meeting ended at 7:06 p.m.


Assistant Clerk


Chairman, Board of Trustees