

SOUTH DAVIS SEWER DISTRICT  
BOARD OF TRUSTEES  
REGULAR MEETING & PUBLIC HEARING  
21 November 2019

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 (Arrived 5:22 pm)
Howard Burningham	Vice-Chairman
John Davies	Trustee (via Teleconference)
Randy Lewis	Trustee (Excused 6:35 pm)
Mark Preece	Trustee
Len Arave	Trustee (Excused 6:35 pm)
Ryan Westergard	Trustee

Others meeting with the Board:

Dal Wayment	General Manager/Treasurer
Susanne Monsen	Administrative Assistant/Asst Clerk
Matt Myers	District Engineer
Ryan Bjerke	Chapman and Cutler
Preston Kirk	Stifel Public Finance
Matt Dugdale	Stifel Public Finance
Ron Mortensen	Resident, Bountiful
Deby Marshall	Resident, West Bountiful

1. MINUTES:

The meeting was called to order at 5:10 p.m. at which time the Vice-Chairman asked for comments of the regular Board Meeting & Budget Hearing held 17 October 2019. After consideration motion was made by Mr. Randy Lewis seconded by Mr. Len Arave to accept the Minutes as presented. Motion carried unanimously with Trustees Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

The Vice-Chairman then asked for comments of the Special Board Meeting held 30 October 2019. After consideration motion was made by Mr. Randy Lewis seconded by Mr. Mark Preece to accept the Minutes as presented. Motion carried unanimously with Trustees Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

2. BUDGET REPORT:

A. SOUTH DAVIS SEWER DISTRICT.

The Budget Report dated 11/15/19 was presented for review. The combined Revenue Budget has received 73% in revenues; the Collection System is 68% expended; Treatment Plants are 78% expended; Industrial Pretreatment is 83% expended; Capital Expansion is 59% expended; Water Quality Group (JR/FB) is 83% expended; OU2 Remediation is 61% expended; Water Quality Group (Utah Lake) is 52% expended; and General & Admin is 78% expended. The budget to calendar months is 88%.

B. WASATCH RESOURCE RECOVERY (WRR).

The Budget Report dated 11/15/19 for WRR was presented for review. This report includes revenues and expenses from 1/1/19 to present. The combined Revenue Budget has received 10% in revenues and is 80% expended.

3. INVESTMENT REPORT:

Current investments are maintained by Zions Bank, Public Treasurer's Investment Fund (PTIF) and Moreton Asset Management. Through the end of October Moreton held \$4 million at an approximate interest rate of 2.1305%. PTIF (October/2019) held \$4.5 million an approximate rate of 2.53%. \$2 million will be transferred from Moreton to PTIF the end of November/first of December.

4. APPROVAL OF DISBURSEMENTS:

After consideration motion was made by Mr. John Davies seconded by Mr. Howard Burningham to accept the Disbursements as presented. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

5. OPEN PUBLIC HEARING:

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

6. PUBLIC HEARING TO RECEIVE INPUT REGARDING THE PROPOSED ISSUANCE OF UP TO \$58,000,000 OF THE DISTRICT'S COMBINED UTILITY SYSTEM REVENUE BONDS TO FINANCE VARIOUS IMPROVEMENTS AND UPGRADES AND THE DISTRICT'S SOUTH PLANT, NORTH PLANT AND ADMINISTRATIVE OFFICE AND THE POTENTIAL ECONOMIC IMPACT SUCH IMPROVEMENTS AND UPGRADES WILL HAVE ON THE PRIVATE SECTOR:

A. DISCUSSION.

Staff provided an overview and history of the District's need to rehabilitate and add the capability of nutrient removal to both of its plants. Question about the need and costs of these projects were discussed.

B. PUBLIC COMMENTS AND QUESTIONS.

Ron Mortensen - Resident of Bountiful City.

Q: What will the future sewer rate be?

A: Rates will increase over the next several years. A formal rate study is being conducted.

Mr. Mortensen reviewed some of the numerous State and local tax increases being proposed such as gas, food, services and school districts. Taxpayers are concerned and will be watching. If rate increases are proposed the District should clearly inform the public of the need such as the age of its treatment plants and the mandatory nutrient removal requirements. It might also review the District's history of frugality and that it has the lowest sewer rates in the State.

Q: Are residential users subsidizing industry?

A: The District's rate schedule attempts to equate all non-residential users a proportionate share of all District's capital operating and maintenance expenses

Deby Marshall - Resident, West Bountiful City.

Q: Ms. Marshall asked about the District's food waste-to-energy project and its ability to provide revenue to offset sewer costs.

A: This project should be in operation by the end of the year and will ultimately generate additional revenue for the District.

7. CLOSE PUBLIC HEARING:

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

8. CONSIDER SUPPLEMENTAL RESOLUTION NO. 173 AUTHORIZING THE ISSUANCE AND SALE OF \$12,179,000 COMBINED UTILITY SYSTEM REVENUE BONDS, SERIES 2019:

The proposed bonds will provide funds for the rehabilitation and nutrient removal upgrade for the South Plant. Construction and completion of this work is scheduled for the next 18 months. Terms and conditions of the proposed bonds were discussed. Zions Public Finance is the underwriter. The interest rate is an extremely attractive 2.05%.

Motion was made by Mr. Len Arave seconded by Mr. Howard Burningham to adopt the Supplemental Resolution Authorizing the Issuance and Sale of \$12,179,000 Combined Utility System Revenue Bonds, Series 2019, through Resolution No. 173. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

9. 2020 TENTATIVE BUDGET - REVIEW:

Changes to the 2020 budget discussed at last month's Board Meeting have been made. The final budget will be presented at next month's meeting.

10. REVIEW RATE STUDY:

This item will be held for a future meeting.

11. CONSIDER AMENDED AGREEMENT WITH CLEARAS WATER RECOVERY:

The proposed bond issue is for tax-free municipal bonds. The District's bond counsel has recommended a number of changes to the District's contract with Clearas Water Recovery (CWR) for the algae-based nutrient removal project to ensure that IRS requirements are met. These changes have been discussed with CWR and they have agreed to the changes.

Motion was made by Mr. Howard Burningham seconded by Mr. Mark Preece to approve the amended Agreement with Clearas Water Recovery subject to final review by Mr. Jim Burr of Chapman and Cutler. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Preece and Westergard voting "aye".

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

The food waste digesters are producing approximately 600 cu ft/min of gas. Test results have indicated the quality of the gas is good. Digester health is good and the digesters are handling additional feed stock well. We have recently been able to increase the amount of fats, oil and grease (FOG) being fed to the digesters. This has resulted in additional gas production. Our biggest challenge now is to bring in additional feed stocks.

The vendor is just finishing up construction and initial startup activities for the gas scrubbing facility. We will be starting to scrub gas within the next few weeks.

13. DECLARE CERTAIN ITEMS AS SURPLUS:

The schedule of 2019 vehicles to be replaced was reviewed and discussed.

Motion was made by Mr. Howard Burningham seconded by Mr. Ryan Westergard to declare four 2019 vehicles surplus and ratify authorization to sell/dispose of one 2019 vehicle as discussed. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Preece and Westergard voting "aye".

14. GENERAL MANAGER'S REPORT:

A. PROPOSED DEVELOPMENT IN WOODS CROSS - SMITH PROPERTY.

A large residential subdivision has been proposed for property adjacent to the Legacy Parkway north of 500 South. The proposed project would involve in excess of 900 units if approved as proposed.

B. COLLECTION SYSTEM THANK YOU.

A letter of appreciation from a District resident thanking the District for assistance with a sewer backup at their home was read by the Manager.

15. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 5 December 2019, 5:00 p.m.

16. DISMISSAL:

The meeting ended at 7:32 p.m.

  
Assistant Clerk

  
Chairman, Board of Trustees