

SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
18 August 2016

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 (Arr 5:15 pm)
John Davies	Trustee (Exc 6:55 pm)
Randy Lewis	Trustee (Arr 5:25 pm; Exc 6:55 pm)
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	Engineer
Scott Rogers	Aqua Engineering/ALPRO
Jordan Lind	Clearas Water Recovery
Garrett Pallo	Clearas Water Recovery

1. MINUTES:

The meeting was called to order at 5:00 p.m. at which time the Chairman asked for comments of the regular Board Meeting held 21 July 2016. 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, Davies, Preece, Arave and Westergard voting "aye".

2. BUDGET REPORT:

The Budget Report dated 8/11/16 was presented for review. The Collection System has received 82% in revenues and is 60% expended; Treatment Plants have received 48% in revenues and are 61% expended; Industrial Pretreatment has received 29% in revenues and is 56% expended; Capital Expansion has received 13% in revenues and is 21% expended; Water Quality Group (JR/FB) has received 92% in revenues and is 54% expended; OU2 Remediation has received 17% in revenues and is 38% expended; and Water Quality Group (Utah Lake) has received 60% in revenues and is 47% expended. The budget ratio to calendar months is 61%.

3. APPROVAL OF DISBURSEMENTS:

Trustees requested review on Zions Bank check numbers 24275, 24353 and 24373. After consideration and some review motion was made by Mr. Len Arave seconded by Mr. Ryan Westergard to accept the Disbursements as presented. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

4. APPROVAL OF SEWER LINE AGREEMENTS:

A. ODELL CROSSING TOWNHOMES - PROJECT NO. 10-16.

Mr. Wayment recommended the Agreement for Odell Crossing Townhomes, located at 170 East Odell Lane in North Salt Lake, known as Project No. 10-16, be accepted.

Motion was made by Mr. John Davies seconded by Mr. Mark Preece to authorize the Chairman to sign the Agreement for Odell Crossing Townhomes. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

5. CONSIDER RESOLUTION NO. 158 APPROVING THE JORDAN RIVER COMMISSION INTERLOCAL AGREEMENT (MODIFICATION):

A few Board Meetings ago the Board authorized joining the Jordan River Commission. They are an Interlocal agreement and require membership by Resolution. After a brief review motion was made by Mr. Howard Burningham seconded by Mr. John Davies to approve the Jordan River Commission Interlocal Agreement through Resolution through Resolution No. 158. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

6. RESOURCE RECOVERY PROJECT UPDATE:

A. NORTH SALT LAKE RE-ZONE OF PROJECT SITE.

During the creation of the Legacy Nature Preserve the City of North Salt Lake created a natural open space (NOS) zone to accommodate the Preserve. Somehow the District's property was incorporated in the re-zone. We have made application to North Salt Lake City to re-zone the District's property to a general industrial (M-G) zone. On 8/9/16 the North Salt Lake City Planning Commission considered the District's request. The Commission had a number of questions and concerns. We are currently preparing submittals to address these issues and expect to meet with the planning commission again on 9/13/16.

B. GENERAL PROGRESS REPORT.

The project team is suggesting and recommending that the project be tackled in at least two phases. The first phase would be approximately one-half of the project which we have considered to date. We propose building two digesters, receiving facilities for food processing waste, bottled beverage waste and fats/oil/grease (FOG). We would provide gas scrubbing facilities to produce utility quality renewable natural gas (RNG). All energy produced by the project would be utilized as RNG.

This recommendation is driven by two main issues. First, we have a term sheet from British Petroleum (BP) for a six-year contract for all of the RNG that the two digesters could produce. Second, it provides a project that is more manageable in size and scope.

Several potential major customers can no longer send their waste to landfills. ALPRO has made provision to handle these waste streams. Most of this food waste is being hauled to land application sites, some is being diverted to Central Valley Water Reclamation Facility for co-digestion and we are making preparations to receive a limited amount of food waste at the District's existing plants. The amount being diverted to the District is a tiny fraction of the above waste streams, but receiving this food waste and utilizing our existing digesters gives the District the opportunity to develop management and operational techniques to deal with the variability of this waste and with the higher loading rates than we have traditionally dealt with.

Receiving waste at the District utilizes the frac tanks which we recently purchased. The additional materials and labor to make these preparations is being done with of this year's operation and maintenance budget. The costs are on the order of \$10,000 at each plant.

A nominal tipping fee of \$5.00 per wet ton is being charged and these funds are going into an escrow account.

We continue working with bond council, our financial advisor and the underwriter to have everything in place to finance the project should the District choose to do so. Our major effort at the present time is to complete all the documentation necessary for an independent third-party review and evaluation of the project. E3, a Denver-based consulting firm that specializes in completing these third-party evaluations has been reviewed and approved by all parties and has been retained for the project.

7. NUTRIENT REMOVAL - CLEARAS DEMONSTRATION UNIT:

The Chairman introduced two representatives from Clearas Water Recovery; Mr. Jordan Lind, CEO and Mr. Garrett Pallo, Vice-President of Business Development.

A major issue for wastewater dischargers is a new regulatory rule mandating a reduction of phosphorus in all Publicly Owned Treatment Works (POTW) effluents to 1.0 mg/l. New limits for total inorganic nitrogen have been proposed and are likely to be adopted in the near future. In addition, it is necessary for the waste-to-energy project to remove nutrients. In working on these issues we have become acquainted with a new technology for nutrient removal. This process utilizes naturally occurring algae to remove both phosphorus and nitrogen. We have met frequently with this manufacturer and have pilot tested the process at both our treatment plants. The technology looks very promising. The algae produced is purported to have a significant value and a large widely-based market. We are currently evaluating and verifying these issues.

Mr. Scott Rogers made presentation explaining how this process works. Clearas representatives also made a presentation which included information about the uses and value of the algae produced.

8. CONSIDER ENGAGEMENT LETTER FOR HOLLAND & HART:

An important element of the waste-to-energy project is general acceptance by the public, by our rate payers and by our community leaders. The project interfaces with a significant number of regulatory bodies such as the Division of Air Quality and the Division of Waste Management and Radiation Control. We also have specific needs to negotiate contracts with entities such as Questar and Pacificorp. Holland & Hart assisted the District in legislative matters relating to the waste-to-energy project. We would like to continue using them addressing these additional issues as well.

Motion was made by Mr. Howard Burningham seconded by Mr. Mark Preece to approve the engagement letter for Holland & Hart authorize the General Manager to sign on behalf of the District. Motion carried with Trustees Hansen, Burningham, Preece, Arave and Westergard voting "aye".

9. WATER QUALITY ISSUES - ALGAE BLOOM:

The recent widely publicized algae bloom in Utah Lake has given the nutrient removal issue a lot of unwarranted publicity. Data collected during this incident demonstrated that significant concentrations of toxins were never achieved. We have an up-hill battle working with the media to bring some balance to this reporting.

10. GENERAL MANAGER'S REPORT:

A. UTAH ASSOCIATION OF SPECIAL DISTRICTS ANNUAL CONVENTION.

This year's convention will be held on November 2-4, 2016, at the Ogden Eccles Conference Center. Trustees will be contacted regarding registration and attendance.

11. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 15 September 2016, 5:00 p.m.

12. DISMISSAL:

The meeting ended at 8:00 p.m.


Chairman, Board of Trustees


Assistant Clerk