

SOUTH DAVIS SEWER DISTRICT  
BOARD OF TRUSTEES  
SPECIAL MEETING, BUDGET HEARING & PUBLIC HEARING  
13 April 2017

The Board of Trustees of the South Davis Sewer District, Davis and Salt Lake Counties, met in special 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
Randy Lewis	Trustee
Mark Preece	Trustee
Len Arave	Trustee
Ryan Westergard	Trustee

Others meeting with the Board:

Dal Wayment	General Manager/Treasurer
Mark Katter	Accounting Manager/Clerk
Matt Myers	District Engineer
Scott Rogers	Aqua Engineering/ALPRO
Mark Anderson	Attorney/Fabian VanCott
Bruce Alder	Alder Construction/ALPRO

1. OPEN MEETING:

The regular meeting was called to order at 5:05 p.m. by Mr. Dee Hansen, Chairman.

2. OPEN BUDGET HEARING:

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

3. CONSIDER AMENDING THE 2017 BUDGET TO INCORPORATE THE RESOURCE RECOVERY PROJECT, THE NUTRIENT REMOVAL PROJECT, THE SOUTH PLANT REHABILITATION PROJECT AND A NUMBER OF HOUSEKEEPING CHANGES:

During the preparation of the 2017 Budget the final costs and the schedule for the Resource Recovery Project and the Nutrient Removal Project were not known and were therefore not included in the Budget. At this time this information is known and the proposed budget amendments provide for the expenditures on these projects. A number of minor housekeeping corrections were also proposed and each item was reviewed with the Board.

Motion was made by Mr. John Davies seconded by Mr. Howard Burningham to adopt the revisions to the 2017 Budget through Resolution No. 107-17 (1<sup>st</sup> Amendment) as presented. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

4. CONSIDER PAYMENT OF AQUA ENGINEERING INVOICE FOR THE PLANNING AND DESIGN OF THE RESOURCE RECOVERY PROJECT:

The engineering design and the preparation of plans and specifications for the Resource Recovery Project have been completed. Aqua Engineering has submitted a pay request for this work in the amount of \$791,101.42. Staff has reviewed the supporting documentation including breakdown of labor and other costs. These costs are reasonable and appropriate. This design fee represents 1.9% of total project cost. A typical fee for work of this complexity would be on the order of 5-7%.

Motion was made by Mr. Randy Lewis seconded by Mr. Ryan Westergard to approve the payment to Aqua Engineering as discussed. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

5. CONSIDER ISSUING A LIMITED NOTICE TO PROCEED TO CLEARAS WATER RECOVERY AND AUTHORIZING PAYMENT FOR; DESIGN AND ENGINEERING OF THE NUTRIENT REMOVAL PROJECT EQUIPMENT, PURCHASE OF THE STOCK CULTURE FENCE AND DEPOSIT ON THE ORDER FOR THE GLASS PIPE FOR THE PHOTOBIOREACTOR:

The Nutrient Removal Project has some long lead time items that need to be ordered to maintain our overall project schedule. One of the principle items is the glass pipe used in constructing the photobioreactor. This pipe is manufactured in Germany. The agreement with Clearas provides for a Limited Notice to Proceed. This allows us to make the first project milestone payment without triggering the project schedule. The invoice for this first project milestone payment is \$1.5 million.

Motion was made by Mr. Len Arave seconded by Mr. Mark Preece to authorize issuing the Limited Notice to Proceed and payment as presented. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

6. CONSIDER APPROVING A CONTRACT FOR THE CIVIL ENGINEERING PORTION OF THE NUTRIENT REMOVAL PROJECT, THE SOUTH PLANT REHABILITATION PROJECT AND OTHER WORK AS OUTLINED IN THE REQUEST FOR PROPOSALS:

The District issued a Request for Proposals (RFP) for the planning, design and construction services for the Nutrient Removal Project and the South Plant Rehabilitation Project. The Board selected Aqua Engineering to supply these design services. A contract has been prepared and reviewed by Mr. Mark Anderson, the District's legal counsel. The engineering budget, which is a part of the contract, has been reviewed by staff. The proposed engineering budget for Work Order No. 1 is \$2,056,000.00, which is 7.5% of the total project cost. This scope of work can range as high as 15% of total project costs. Staff has reviewed a detailed breakdown of the scope of work and the engineering costs. Engineering and project costs were discussed.

Motion was made by Mr. Randy Lewis seconded by Mr. Howard Burningham to approve the Contract for these design services and Work Order No. 1 with its budget. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

7. CONSIDER ADOPTING A BOARD POLICY FOR ALLOCATING AND MAINTAINING THE DISTRICT'S RESERVES:

The District is using \$8-10 million in capital reserves to undertake these major projects. It was felt that it would be helpful to have a formal policy addressing what reserves should be maintained. A draft policy was presented and reviewed. Several issues were discussed. The Board felt that the policy should be reviewed and updated at a minimum of every five years. The Policy is as follows:

**Capital Reserves Policy**

The District's reserve balances have been established by Board actions, bond covenants, and by informal historical procedures. The purpose of this policy is to strengthen the District's financial position, keep funds available to respond to emergencies, and accumulate funds to meet anticipated repair, replacement and improvements needs.

The basic goals for reserve balances are:

- Operating Capital-50 percent of one year's operations & maintenance budget.
- Self-Insurance Reserve-The District is self insured for vehicle casualty and accepts responsibility for sewer backups on a no-fault basis. Fund balance set by Board action.
- Emergency Reserve-While the District is insured for many risk exposures and liabilities, and can rely on FEMA aid for major disasters; it takes time for claims to be processed. This reserve provides funds to address emergencies immediately. Fund balance set by Board action.
- Equipment Replacement-Some major equipment is replaced on a scheduled basis. This reserve fund accumulates monies for this purpose. The target balance is based on budgeting for those purchases.

- Capital Projects-The District's operations involve large capital assets. These assets must be replaced at intervals. From time to time capacity needs and changing technologies must be addressed. This reserve fund accumulates funds for this purpose. The target balance is based on planning and forecasts for these needs.

These funds are accumulated and designated at the Board's sole discretion. Any of these funds can be used for any lawful purpose as directed by the Board. This Capital Reserves Policy shall be reviewed at a minimum of every five years.

Motion was made by Mr. Howard Burningham seconded by Mr. Len Arave to adopt the Capital Reserves Policy as presented with the addition of the five year review. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

8. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 20 April 2017, 5:00 p.m.

9. DISMISSAL:

The meeting ended at 7:36 p.m.



Clerk

  
Chairman, Board of Trustees