

SOUTH DAVIS SEWER DISTRICT  
BOARD OF TRUSTEES  
REGULAR MEETING  
15 March 2018

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 (via Teleconference)(Excused 7:05 pm)
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
Susanne Monsen	Administrative Asst/Asst Clerk
Matt Myers	Engineer
Scott Rogers	Aqua Engineering/ALPRO
Garrett Pallo	Clearas Water Recovery

1. MINUTES:

The meeting was called to order at 5:03 p.m. at which time the Chairman asked for comments of the regular Board Meeting held 15 February 2018. After consideration motion was made by Mr. Randy Lewis seconded by Mr. Len Arave to accept the Minutes as presented. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

2. BUDGET REPORT:

The Budget Report dated 3/8/18 was presented for review. The Collection System has received 43% in revenues and is 21% expended; Treatment Plants have received 16% in revenues and are 18% expended; Industrial Pretreatment has received 6% in revenues and is 18% expended; Capital Expansion has received 5% in revenues and is 6% expended; Water Quality Group (JR/FB) has received 100% in revenues and is 11% expended; OU2 Remediation has received 0% in revenues and is 10% expended; Water Quality Group (Utah Lake) has received 59% in revenues and is 12% expended; and General & Admin has received 27% in revenues and is 23% expended. The budget ratio to calendar months is 18%.

3. APPROVAL OF DISBURSEMENTS:

Trustees requested review on Zions Bank check numbers 26656 and 40680. After consideration and some review motion was made by Mr. Ryan Westergard seconded by Mr. Len Arave 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 CONSTRUCTION AGREEMENTS:

A. CIMARRON AT FOXBORO (APTS) - PROJECT NO. 6-18.

Mr. Wayment recommended the Agreement for Cimarron At Foxboro (Apartments), located at 790 North Cutler Drive in North Salt Lake, known as Project No. 6-18, be accepted.

B. KINROSS SUBDIVISION - PROJECT NO. 7-18.

Mr. Wayment recommended the Agreement for Kinross Subdivision, located at 1100 West Porter Lane in West Bountiful, known as Project No. 7-18, be accepted.

Motion was made by Mr. Mark Preece seconded by Mr. Randy Lewis to authorize the Chairman to sign the Agreements for Cimarron At Foxboro (Apartments) and Kinross Subdivision. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

5. CONSIDER RESOLUTION NO. 167-02 AMENDING SUPPLEMENTAL RESOLUTION NO. 167-01 AND RELATED MATTERS:

The Supplemental Bond Resolution for the ABNR (Advanced Biological Nutrient Recovery) project was passed last August. Because of project delays some housekeeping corrections are needed such as dates. Our Bond Counsel recommended we delay this Resolution until the next meeting to make sure we capture all needed changes.

Motion was made by Mr. Len Arave seconded by Mr. Ryan Western to postpone action on this Resolution until the next Board Meeting. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

6. NUTRIENT REMOVAL PROJECT/ABNR:

A. PROGRESS REPORT

The pilot plant has demonstrated outstanding performance during the last 30 days. It is currently treating 3 mg/l phosphorus down to a non-detectable level. Algae produced by the pilot plant has been shipped to Algix for evaluation. The algae meets their criteria. We have received a signed 3-year contract to purchase all the algae we can produce at \$0.75/lb. Algae has been shipped to GEA Westfalia for centrifuge pilot testing which was successful, and algae has been shipped to Andritz/Gouda for drum dryer pilot testing which was also successful.

With all the elements of the process evaluated and selected the major effort has been in arriving at a guaranteed maximum price (GMP) from the contractor for the project. At \$36 million the GMP exceeds our most recent cost estimate by 14%. Funding for the project was reviewed. The District has sufficient cash reserves which, when combined with the low interest loan funding from the Utah Division of Water Quality (DWQ), are sufficient to pay for the project.

Proformas for the Wasatch Resource Recovery food-waste-to-energy project, the ABNR project and District operations were reviewed. Cash flows for the projects were examined. The effect of operation, maintenance and debt service costs were examined. The ABNR project under discussion will increase District costs slightly during the first six years during which required operation, maintenance and debt service reserves are accumulated. After that time cash flow is positive above and beyond debt service requirements. At 20 years the project will have recovered all capital costs.

B. CONSIDER APPROVAL OF GUARANTEED MAXIMUM PRICE FOR PROJECT CONTRACTS.

Alder Construction has submitted GMPs for the construction of the ABNR project of \$11,254,911 and for the 25-year rehabilitation of the District's South Plant in the amount of \$3,626,622; Clearas Water Recovery has submitted a GMP (scope of supply & materials) of \$18,296,000. The GMPs are supported by detailed itemization and documentation which have been reviewed extensively by Aqua Engineering and District staff. Aqua Engineering and District staff have been involved in the evaluation, selection and bidding of all significant elements of the projects. Staff recommends approval of the guaranteed maximum price for these contracts.

Motion was made by Mr. Howard Burningham seconded by Mr. Len Arave to approve the guaranteed maximum price for the following contracts as presented. Motion carried with Trustees Hansen, Burningham, Davies, Lewis, Preece, Arave and Westergard voting "aye".

7. CONSIDER SEWER RATE INCREASE PROPOSAL:

The District is funding 19% of the ABNR project with existing cash reserves. The remaining 81% of the project will be funded with a low-interest (.55%) loan from the Utah Division of Water Quality State Revolving Loan Fund. Funding for debt service and DWQ debt service coverage requirements necessitate a rate increase. The amount of a potential rate increase was discussed. The District has not raised rates in 30 years. Consequently, its rates are very low. Since the required rate increase is on the order of \$5 per month this will appear as a large percentage increase.

Although it is urgent that we get the rate increase in place to complete the bond funding, the Board feels it is essential that we provide good communication with the public on this rate increase. Ways and means of completing the process in a timely manner while achieving good communication were discussed and a schedule established for advertising. The Board directed that beyond providing legal notice that the District mail a notice to all accounts. A Public Hearing was set for April 19<sup>th</sup> at 6:00 p.m. To maintain progress with major long lead time equipment vendors current invoices in the amount of approximately \$3 million will be paid out of Reserves.

Motion was made by Mr. Randy Lewis seconded by Mr. Mark Preece to advertise the April Board Meeting as a Public Hearing to raise sewer service rates in accordance with State Statute. Motion carried with Trustees Hansen, Burningham, Lewis, Preece, Arave and Westergard voting "aye".

8. DIVISION OF WATER QUALITY/SELF-ASSESSMENT REPORT 2017:

The Annual Self-Assessment Report questionnaire from the Division of Water Quality addressing performance and planning issues for both operational and financial planning for the District was submitted for review.

Motion was made by Mr. Howard Burningham seconded by Mr. Ryan Westergard to adopt through Resolution the State of Utah Municipal Wastewater Planning Program Self-Assessment Report for 2017 as presented and reviewed. Motion carried with Trustees Hansen, Burningham, Lewis, Preece, Arave and Westergard voting "aye".

9. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 19 April 2018, 5:00 p.m. The Public Hearing for the rate increase to be held at 6:00 p.m.

10. DISMISSAL:

The meeting ended at 7:56 p.m.

  
Chairman, Board of Trustees

  
Clerk