

SOUTH DAVIS SEWER DISTRICT  
BOARD OF TRUSTEES  
REGULAR MEETING  
18 June 2015

The Board of Trustees of the South Davis Sewer District, Davis and Salt Lake Counties, met in regular session at 3:00 p.m. at the District Office located at 1800 West 1200 North, West Bountiful, Utah, with the following members present:

Arnell Heaps	Chairman (arrived 3:15 pm)
Dee Hansen	Vice-Chairman (excused 5:00 pm)
John Davies	Trustee (via teleconference)
Howard Burningham	Trustee
Mark Preece	Trustee
Ryan Westergard	Trustee

Excused:

Len Arave	Trustee
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Others meeting with the Board:

Dal Wayment	General Manager/Treasurer
Mark Katter	Accounting Manager/Clerk
Susanne Monsen	Administrative Assistant
Matt Myers	District Engineer
Stephen Capson	Karren, Hendrix Stagg, Allen and Company, CPA's
Scott Rogers	Aqua Engineering/ALPRO
Mark Anderson	Fabian & Clendenin, PC/Attorney

1. MINUTES:

The meeting was called to order at 3:08 p.m. at which time the Vice-Chairman asked for comments of the regular Board Meeting held 21 May 2015. After consideration motion was made by Mr. Howard Burningham seconded by Mr. Mark Preece to accept the Minutes as presented. Motion carried with Trustees Hansen, Davies, Burningham, Preece and Westergard voting "aye".

The Vice-Chairman then asked for comments of the Board Meeting held 10 June 2015. After consideration motion was made by Mr. Howard Burningham seconded by Mr. Mark Preece to accept the Minutes as presented. Motion carried with Trustees Hansen, Davies, Burningham, Preece and Westergard voting "aye".

2. BUDGET REPORT:

The Budget Report dated 6/11/15 was presented for review. The Collection System has received 47% in revenues and is 42% expended; Treatment Plants have received 20% in revenues and are 44% expended; Industrial Pretreatment has received 7% in revenues and is 42% expended; Capital Expansion has received 7% in revenues and is 12% expended; Water Quality Group has received 61% in revenues and is 29% expended; and OU2 Remediation has received 0% in revenues and is 33% expended. The budget ratio to calendar months is 44%.

3. DISBURSEMENTS:

Trustees requested review on Zions Bank check numbers 22599 and 22628. After consideration and some review motion was made by Mr. Howard Burningham seconded by Mr. Ryan Westergard to accept the Disbursements as presented. Motion carried with Trustees Hansen, Davies, Burningham, Preece and Westergard voting "aye".

4. CONSIDER RESOLUTION NO. 113-15 / ADOPTING THE CERTIFIED TAX RATE:

The County Assessor's office has calculated and forwarded the documentation for the District's certified tax rate for this budget year. Based on their assessed valuation the certified tax rate for 2015 will be .000303 and generate revenues in the amount of \$1,885,132.00. After further discussion motion was made by Mr. Dee Hansen seconded by Mr. Ryan Westergard to adopt the Certified Tax Rate of .000303 through Resolution No. 113-15. Motion carried with Trustees Heaps, Hansen, Davies, Burningham, Preece and Westergard voting "aye".

5. 2014 AUDIT/CAFR - REVIEW AND APPROVE:

Mr. Steve Capson of Karren, Hendrix, Stagg, Allen & Company, outlined the results of the 2014 audit. The District was given an unqualified Audit opinion.

After review and some discussion motion was made by Mr. Ryan Westergard seconded by Mr. Howard Burningham to accept the 2014 Audit as presented by Karren, Hendrix, Stagg, Allen & Company. Motion carried with Trustees Heaps, Hansen, Davies, Burningham, Preece and Westergard voting "aye".

Again this year, the District will issue a Comprehensive Annual Financial Report (CAFR) as part of the annual audit. The CAFR provides extensive discussion and statistics regarding the District's financial activities.

After review and some discussion motion was made by Mr. Dee Hansen seconded by Mr. John Davies to accept the Comprehensive Annual Financial Report for the year ending 2014. Motion carried with Trustees Heaps, Hansen, Davies, Burningham, Preece and Westergard voting "aye".

6. RESOURCE RECOVERY PROJECT - REVIEW FEASIBILITY STUDY, CONSIDER OPTIONS FOR PROCEEDING WITH THE PROJECT:

The District is considering a project to utilize food waste and other organic wastes to produce renewable biogas. A study commissioned by the District finds that a project to produce 2,500 dekatherms, enough biogas to heat 60,000 homes, is economically feasible. The construction costs of such a project could be approximately \$26 million. The Board considered and discussed the financial and institutional requirements to undertake the project. Options ranging from a project financed solely by the District to a project financed by a private developer or some combination of joint participation were discussed. The Board discussed the desirability and community benefit from diverting food waste from landfills by providing a less expensive and more sustainable option. The project would also produce a significant amount of renewable energy. Board members are concerned with the financial risks of such a project. The Board also questioned the District's legal authority and responsibility to pursue such a project. The Board directed staff to make contact with cities and other likely stakeholders in the District to determine interest and support in the project. Many details of the project are difficult to ascertain until execution of the project is certain enough that feed stock contracts and energy sales contracts can be negotiated and signed, eliminating those risks.

Motion was made by Mr. Dee Hansen seconded by Mr. Howard Burningham that at a minimum the District will allow and support a developer to construct, operate and maintain a food waste to energy project to be located on District property at its South Plant at the developers expense, the District to secure appropriate lease agreements, impact fees, user fees and other such costs as may be generated by this project. The District will consider operating and maintaining the project subject to reaching a satisfactory contractual relationship. Motion carried with Trustees Heaps, Hansen, Davies, Burningham, Preece and Westergard voting "aye".

Motion was made by Mr. John Davies seconded by Mr. Howard Burningham to authorize the District's legal counsel to proceed with work necessary to determine what legal and institutional requirements are necessary to proceed with the project. Counsel is also authorized to begin developing an agreement to implement the above developer financed option. Motion carried with Trustees Heaps, Davies, Burningham, Preece and Westergard voting "aye".

Trustee Davies, suggested that a Board committee be formed to meet with District staff, consultants, legal counsel and others to more clearly define the various elements of the proposed project.

Motion was made by Mr. Howard Burningham seconded by Mr. Mark Preece to appoint Dee Hansen, Len Arave and Ryan Westergard as a committee to further investigate the project. Motion carried with Trustees Heaps, Davies, Burningham, Preece and Westergard voting "aye".

7. CONSIDER POLICY REVISION FOR ILLEGAL SUBSURFACE DRAINAGE CONNECTIONS:

It is illegal to discharge sub-surface drainage into the District's wastewater collection system by gravity, sump pump or any other means. There are approximately 1,000 illegal sump pumps discharging to the District's wastewater collection system. The amount of water discharged by an individual sump pump can range from an insignificant amount to hundreds of thousands of gallons per year. Such discharges can easily exceed the wastewater produced by a residence. The total amount of these discharges could be as much as 10-15% of the entire flow to the District's treatment plants. Although this discharge has no organic load, it still occupies as much of the District's facilities and operating costs such as pumping as wastewater. District rate payers that do not have sump pump discharges are subsidizing those who do.

Currently, the economic impact of these discharges on the District's capital and operating budgets has been tolerable. In future years, as the District nears build-out and nears the capacity of its treatment plants, these unauthorized flows may become a significant issue. The cost of new construction to provide sewer service for development that could have been served by the existing plants, absent these illegal discharges, is likely to be very significant.

On the other hand, in most cases, there is not an affordable alternative to the homeowner. Often there isn't an alternative that is even remotely affordable. A homeowner in the process of selling their home needed work on their sump pump. They were told by their plumber that their connection was illegal and he could not perform the work. The homeowner has inquired of the District if there is any way they can make this connection legal. The District cannot simply approve such connections because of the potential number of additional connections such a policy might invite. The possibility of charging some kind of impact fee and additional user fee for groundwater discharge was discussed. This would address the inequity issue and also provide some deterrent to becoming the first choice for dealing with groundwater discharges. This would then create a very substantial problem of identifying and assessing those properties that are already discharging to the District. It was the general consensus it was too large and complex a problem to solve in time for the homeowner that currently has a problem.

8. CONSIDER RETAINING LEGAL COUNSEL FOR UPDES PERMIT ISSUES:

The Jordan-River/Farmington Bay Water Quality Council (JR/FBWQC)(group) has been working with legal counsel that has a national level of expertise in Clean Water Act issues. They have been able to give us very helpful guidance in dealing with some of the current Total Maximum Daily Load (TMDL) and Utah Pollution Discharge Elimination System (UPDES) issues that we are dealing with. The group feels, and District staff supports, that additional work by this firm is not only helpful, but also essential in protecting the interests of the District and other Publicly Owned Treatment Works (POTWs) in the group. Legal expenses were not contemplated in the current budget for JR/FBWQC. An additional contribution of \$10,000 has been suggested to get us through the current assignment of dealing with the QUAL2k water quality model issues. We are likely to see some additional funding requests before the end of the year.

After review and discussion motion was made by Mr. Howard Burningham seconded by Mr. Mark Preece to authorize additional funding of up to \$10,000 for the JR/FBWQC budget. Motion carried with Trustees Heaps, Davies, Burningham, Preece and Westergard voting "aye".



9. CONSIDER RETAINING CONSULTANT FOR LEGISLATIVE INITIATIVES RELATIVE TO UPDES PERMIT ISSUES:

In conjunction with its water quality research efforts and seeking legal counsel to deal with TMDL and UPDES permit issues, the JR/FBWQC has been reviewing other activities by States dealing with the same issues. The group is proposing legislation that would introduce more legislative oversight of these critical and expensive water quality issues. The proposed legislation would also seek to balance environmental impacts among competing media, for example, water quality gains should not come at the cost of increased air pollution in other areas. Given the scope and nature of environmental politics, lobbying for this legislation will be a difficult and expensive proposition. A contribution of \$40,000-\$50,000 from the District has been suggested. This should be a one-time effort as opposed to our own on-going research activities.

After review and discussion motion was made by Mr. Mark Preece seconded by Mr. Ryan Westergard to retain a consultant with a budget up to \$50,000. Motion carried with Trustees Heaps, Davies, Burningham, Preece and Westergard voting "aye".

10. GENERAL MANAGER'S REPORT:

A. WORKERS COMPENSATION DIVIDEND.

The District's workers compensation experience has been excellent. Our current experience modifier is at 30%. The District recently recently received a 6% dividend check for the 2014 premium.

11. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 16 July 2015, 4:00 p.m.

12. DISMISSAL:

The meeting ended at 5:55 p.m.

  
Clerk

  
Chairman, Board of Trustees