

SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
21 March 2024

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:

Howard Burningham	Chair
Mark Preece	Vice-Chair
Len Arave	Trustee
Gina Hirst	Trustee (arr. 5:10 pm)
Brian Horrocks	Trustee (via videoconference)
Kendalyn Harris	Trustee (arr. 5:08 pm)

Excused:

Ryan Westergard	Trustee
-----------------	---------

Others meeting with the Board:

Matt Myers	General Manager/Treasurer
Lanese Hendrickson	Assistant General Manager
Susanne Monsen	Administrative Asst/Asst Clerk
Ron Mortensen	Resident, Bountiful
Brad Rasmussen	Aqua Engineering
James Glascock	Architect
Matt Dugdale	Stifel

1. OPEN MEETING:

The Chair called the meeting to order at 5:05 p.m.

2. APPROVAL OF MINUTES:

The Chair asked for comments of the Regular Board Meeting held 22 February 2024. After consideration motion was made by Mark Preece seconded by Len Arave to accept the Minutes as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks and Harris voting "aye".

The Chair then asked for comments of the Special Board Meeting held 18 March 2024. After consideration motion was made by Mark Preece seconded by Len Arave to accept the Minutes as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks and Harris voting "aye".

3. BUDGET REPORT:

A. SOUTH DAVIS SEWER DISTRICT.

The Budget Report ending February/2024 was presented for review. The combined Revenue Budget has received 37% in revenues. The Collection System is 18% expended; Treatment Plants are 15% expended; Industrial Pretreatment is 22% expended; Capital Expansion is 2% expended; Water Quality Group (JR/FB) is 15% expended; OU2 Remediation is 8% expended; Water Quality Group (UT LK) is 16% expended; and General & Admin is 16% expended. The budget ratio to calendar months is 16%.

B. WASATCH RESOURCE RECOVERY.

The Budget Report ending February/2024 was presented for review. The Revenue Budget has received 9% in Revenues and is 10% expended. The budget ratio to calendar months is 16%.

4. INVESTMENT REPORT:

Current investments (February/2024) are maintained by Zions Bank, Public Treasurers Investment Fund (PTIF) and Moreton Asset Management. Zions Trust held approximately \$5.7 million at an interest rate of 5.4057% (funds are with PTIF); PTIF held approximately \$8.5 million at an interest rate of 5.4057%; and Moreton held approximately \$1.9 million at an interest rate of 4.5127%.

5. APPROVAL OF DISBURSEMENTS:

Trustees reviewed Zions Bank check numbers 34815, 34829 and 34844. After further consideration motion was made by Gina Hirst seconded by Len Arave to accept the Disbursements as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrock and Harris voting "aye".

6. NORTH PLANT REHABILITATION AND NUTRIENT REMOVAL PROJECT - REPORT:

A. UPGRADE DESIGN REPORT - AQUA ENGINEERING.

The process to annex the remaining District property at the North Plant into West Bountiful is continuing to progress. Additionally, the Division of Water Quality (DWQ) has modified the interim dates on the ammonia compliance schedule in the District's permit to address delays by DWQ in issuing a construction permit, but DWQ is unwilling at present to modify the final compliance dates as doing so would constitute a major permit modification. We will monitor progress once construction begins and will go back to DWQ if we anticipate the delay in receiving the construction permit will impact our ability to meet the final compliance dates.

Brad Rasmussen with Aqua Engineering provided the following revised project schedule:

- April 1 - Issue bidding documents.
- April 8 - Hold pre-bid conference walk-through.
- May 9 - Open bids.
- May 16 - Present bid results and award bid at Board Meeting.

The special Board Meeting previously scheduled for April 29 for the purpose of awarding the bid will be cancelled.

B. REVIEW ADMINISTRATION BUILDING - AQUA ENGINEERING/JAMES GLASCOCK, ARCHITECT.

At last month's Board Meeting, concerns were raised regarding using the same contractor for both treatment plant construction and administration building construction. In response to this concern, staff worked with the engineer and architect to make the administration building a deductive alternate on the bid. Both Brad Rasmussen and James Glascock expressed concern about this path forward and its implications and both attended the meeting to discuss options and answer questions from the Trustees.

If we proceed with the administration building as an alternate, James Glascock suggested that it be an additive rather than a deductive alternate, but both he and Brad Rasmussen recommended to the Trustees that the administration building be included in the bid for the North Plant Upgrade project.

Brad indicated that there is a lot of staging required and significant potential for conflicts during plant construction if the work isn't bid together, There are additional costs to factor in if we separate the projects at this point and he doesn't know how to assign dollars to the associated risk.

James reported that, in bidding the work together, there are economies of scale on items like asphalt, concrete and electrical work that are also part of construction of the plant. He also indicated that it's likely that the general contractor will sub-contract out about 90% of the work, so he doesn't believe we'll see a significant difference in overall costs for the administration building if we bid the work together.

After further discussion, the District will not bid the administration building as an additive alternate, but will include it in the bid for the North Plant Upgrade project.

The Board took a brief recess (6:20 pm to 6:27 pm) to view the new electrician's trailer and service truck as well as the refurbished bed of the Volvo dump truck.

7. CONSIDER JULY SEWER SERVICE RATE INCREASE:

Matt Myers reviewed local sewer rates. In previous meetings the Board raised the notion of looking at the Modified Adjusted Gross Income (MAGI) in relation to affordability, and so this information was also presented. According to DWQ, 1.4% of the MAGI of a community or less is considered a "low" financial burden for wastewater collection and treatment. Based on the MAGI for North Salt Lake, which is the lowest in the District, a monthly sewer rate of \$68.83 would be considered a "low" financial burden. The MAGI is mostly used by the State to assess economic needs relating to subsidized loans and grants administered through the Division of Water Quality.

While not required, the District chose to have AE2S Nexus, a third party who has some experience doing rate study analysis, review our rate model. In a summary memorandum, they reported that they did not find any deficiencies with the utility rate model, but identified a couple of items that may be useful additions to the District's financial planning tools in the future.

Matt Myers then presented four revised rate scenarios for discussion with the Board, focused on worst- and best-case scenarios. Scenarios presented considered rate increases between \$6-11 per month. Discussions then ensued regarding required debt service coverage ratios and when an increase would be needed to fund plant upgrades and improve the District's financial position for bonding the North Plant Upgrade project. According to Matt Dugdale, we likely wouldn't see Standard & Poor's (S&P) raise our bond rating until after a rate increase is adopted. In his opinion, we would need to meet a debt service coverage ratio of 1.5 to restore our previous bond rating and 2.0 to improve upon that previous rating.

Staff will verify requirements associated with public hearings and adoption of rate increases to review with Trustees at the next Board Meeting.

8. PFAS REPORT:

PFAS continues to be a topic of interest and concern across the country. Matt Myers reviewed some very preliminary PFAS treatment cost estimating with the Board for both liquid and biosolids treatment. There continues to be many unknowns when it comes to treatment options and effectiveness, but the costs will be significant.

9. WASATCH RESOURCE RECOVERY (WRR) PROJECT - REPORT:

We have been sending gas to the Dominion system, but not as much or as consistently as we would like due to ongoing challenges with gas upgrading. Most recently, we saw a breakthrough on the volatile organic compounds (VOCs) carbon and are waiting for replacement carbon to arrive.

When it comes to feedstock, we have been in growth mode, but are now at capacity for what the facility can effectively process. This will allow us to start curating feedstocks, reducing allowances and/or increasing tip fees to weed out lower strength material. We have adjusted gate hours through the end of March and the sales team is working with haulers on load reductions.

The gate was recently damaged and has been replaced.

10. GENERAL MANAGER'S REPORT:

A. JOINT UTILITY MANAGEMENT CONFERENCE.

Matt Myers reported that he recently attended the WEF/AWWA Utility Management Conference. A track on regionalization/consolidation was of particular interest. One of the questions we find ourselves asking is if consolidation should be our strategic direction as we look to the future. Is it more economical to construct a single new treatment plant on the North Plant site in the future and turn the South Plant into a pump station when we've exhausted the life of the current facilities?

Matt informed the Board that we have money in the budget for engineering planning outside of plant upgrades and we would like to start the process of scoping out what a master plan update to address the question of consolidation would look like.

11. APPROVAL TO CLOSE THE MEETING TO DISCUSS THE SALE OF REAL PROPERTY:

Motion was made by Kendalyn Harris seconded by Mark Preece to go into closed session. Motion carried unanimously via a roll call vote with Trustees Burningham, Arave, Hirst, Preece, Horrocks and Harris voting "aye".

The Chair declared the meeting closed at 8:07 p.m.

Motion was made by Len Arave seconded by Mark Preece to return to the open session of the meeting. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks and Harris voting "aye".

The Chair declared the meeting opened at 8:37 p.m.

12. NEXT MEETING SCHEDULED:

The next regular meeting has been scheduled for Thursday, 11 April, 5:00 p.m.

13. DISMISSAL:

The Chair declared the meeting adjourned at 8:38 p.m.



Assistant Clerk



Chair, Board of Trustees