

SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
20 June 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
Brian Horrocks	Trustee
Kendalyn Harris	Trustee
Ryan Westergard	Trustee

Others meeting with the Board:

Matt Myers	General Manager/Treasurer
Lanese Hendrickson	Assistant General Manager
Mark Katter	Accounting Manager/Clerk
Susanne Monsen	Administrative Asst/Asst Clerk
Mark Anderson	Attorney, Fabian Vancott
Ryan Bjerke	Chapman and Cutler
Matt Dugdale	Stifel Public Finance
Jacob Scott	Resident, Centerville
Ron Mortensen	Resident, Bountiful
Craig & Nancy Preston	Residents, Centerville
Louis Campbell	Property Owner, North Salt Lake
Caralyn & Neil Bingham	Residents, North Salt Lake
Amber (Via Zoom)	
Angie Keaton (Via Zoom)	Resident, North Salt Lake
Alisa Van Langeveld (Via Zoom)	Resident, North Salt Lake
Barbara (Via Zoom)	Resident, North Salt Lake
Brad (Via Zoom)	
Cyndi (Via Zoom)	
Dominica W. (Via Zoom)	
Ivy James (Via Zoom)	
Lisa Watts Baskin (Via Zoom)	
Liz Mumford (Via Zoom)	
M Blackburn (Via Zoom)	
Marco (Via Zoom)	Resident, North Salt Lake
Melanie Lilyquist (Via Zoom)	Resident, North Salt Lake

1. OPEN MEETING:

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

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

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

The Chair declared the meeting closed at 5:08 p.m.

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

The Chair declared the meeting opened at 5:46 p.m.

3. APPROVAL OF MINUTES:

The Chair asked for comments of the Regular Board Meeting held 16 May 2024. After consideration motion was made by Gina Hirst seconded by Mark Preece to accept the Minutes as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

The Chair then asked for comments of the Special Board Meeting held 3 June 2024. After consideration motion was made by Gina Hirst seconded by Mark Preece to accept the Minutes as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

4. BUDGET REPORT:

A. SOUTH DAVIS SEWER DISTRICT.

The Budget Report ending May/2024 was presented for review. The combined Revenue Budget has received 43% in revenues. The Collection System is 38% expended; Treatment Plants are 36% expended; Industrial Pretreatment is 44% expended; Capital Expansion is 5% expended; Water Quality Group (JR/FB) is 45% expended; OU2 Remediation is 32% expended; Water Quality Group (UT LK) is 48% expended; and General & Admin is 13% expended. The budget ratio to calendar months is 41%.

B. WASATCH RESOURCE RECOVERY.

The Budget Report ending May/2024 was presented for review. The Revenue Budget has received 24% in Revenues and is 32% expended. The budget ratio to calendar months is 41%.

5. INVESTMENT REPORT:

Current investments (May/2024) are maintained by Zions Bank, Public Treasurers Investment Fund (PTIF) and Moreton Asset Management. Zions Trust held approximately \$5.4 million at an interest rate of 5.4314% (funds are with PTIF); PTIF held approximately \$6.2 million at an interest rate of 5.4314%; and Moreton held approximately \$1.9 million at an interest rate of 4.4137%.

6. APPROVAL OF DISBURSEMENTS:

Trustees reviewed Zions Bank check numbers 35122, 35134 and 35143. After further consideration motion was made by Brian Horrocks seconded by Len Arave to accept the Disbursements as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

7. APPROVAL OF SEWER LINE AGREEMENTS:

A. 4TH & MAIN - PROJECT NO. 3-24.

Matt Myers recommended the Agreement for 4th & Main, located at 400 South Main in Bountiful, known as Project No. 3-24, be accepted.

B. CLIFTON TOWNHOMES PHASE 1 - PROJECT NO. 4-24.

Matt Myers recommended the Agreement for Clifton Townhomes Phase 1, located at 806 West 1100 North, North Salt Lake, known as Project No. 4-24, be accepted.

Motion was made by Mark Preece seconded by Gina Hirst to accept the Agreements for 4th & Main and Clifton Townhomes Phase 1. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

8. APPROVAL OF SEWER LINE EASEMENTS:

A. NORTH CANYON DRIVE TRAILHEAD - PROJECT NO. 7-22.

This Easement covers an area in this development where the sewer line is not located within the dedicated street.

Motion was made by Gina Hirst seconded by Ryan Westergard to accept the Easement for North Canyon Drive Trailhead. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

9. APPROVAL OF SEWER LINE DEEDS:

A. ISLAND VIEW PARK - PROJECT NO. 8-19.

The Deed for Island View Park, located in Centerville, has been received. The total sewer costs for this development are \$68,600.00.

B. NORTH CANYON DRIVE TRAILHEAD - PROJECT NO. 7-22.

The Deed for North Canyon Drive Trailhead, located in Bountiful, has been received. The total sewer costs for this development are \$19,214.00.

Motion was made by Len Arave seconded by Mark Preece to accept the Deeds for Island View Park and North Canyon Drive Trailhead. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

10. CONSIDER RESOLUTION NO. 113-24 - 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 2024 will be .000456 and generate revenues in the amount of \$6,250,300.00.

Motion was made by Kendalyn Harris seconded by Len Arave to adopt the Certified Tax Rate of .000456 through Resolution No. 113-24. Motion carried unanimously via a roll call vote with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

11. APPROVE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR 2023:

Again, this year the District will issue an Annual Comprehensive Financial Report as part of the annual Audit. The ACFR provides extensive discussion and statistics regarding the District's financial activities.

Motion was made by Ryan Westergard seconded by Mark Preece to approve the Annual Comprehensive Financial Report for 2023 pending any final revisions by staff and/or Squire & Company. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

12. CURED-IN-PLACE-PIPE (CIPP) PROJECT - REPORT:

Lanese Hendrickson reported that the District's 2024 CIPP project awarded to Insituform had reached substantial completion, but not without significant punch list items. Several sections had debris under the liner at the flow line of the pipe, requiring point repairs that were completed between the end of last week and the first of this week. We anticipate completing our inspection of the repairs next week. The biggest punch list item was a basement backup that resulted when Insituform had an equipment failure that surcharged the lateral. District staff has been working closely with Insituform, their insurance company and the property owner to reach resolution and Insituform has been advised that the District will not close out the project or make final payment until the property owner has been made whole.

13. CONSIDER RESOLUTION NO. 184-1 - AMENDING RESOLUTION NO. 184 TO PROVIDE FOR A MAXIMUM DEFAULT RATE AND PROVIDING FOR RELATED MATTERS:

This amendment allows maximum flexibility in determining the manner in which the bonds may be sold, including by private placement, as well as providing for a maximum default rate.

Motion was made by Len Arave seconded by Ryan Westergard adopt Resolution No. 184-1 as discussed. Motion carried unanimously via a roll call vote with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

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

The Notice of Award for the District's North Plant Upgrade project has been issued to Alder Construction and we are waiting for an executed agreement after which we will issue a Notice to Proceed. Once all of the paperwork is in place, we anticipate working with Alder and Alder's electrical contractor to complete some value engineering to identify potential areas where costs may be reduced. The contract documents include provisions for liquidated damages, which are particularly important for critical path items that must be completed by September, 2026.

The District's North Plant property has now been fully annexed into West Bountiful City. In working with West Bountiful City and in order to satisfy the City's requirements, an odor study will be completed.

The District worked with Rocky Mountain Power during design of the project and will receive financial incentives through the WattSmart Program for concessions made in the design. As an example, instead of two large blowers, the District elected to install three smaller blowers. We have successfully participated in the WattSmart Program in the past and anticipate that we will receive a check at the end of the project once program representatives confirm conformance with the design.

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

We recently experienced issues at WRR after one of the digesters went sour. It has taken the better part of a month for the digester to recover. We've had a significant odor episode as a result, likely compounded by routine cleaning of the District's municipal (South Plant) digesters, and have been responding to a large number of odor complaints. We recognize that we've got fugitive odors and are continuing to work on plans to mitigate them.

As part of our efforts, we have a resident of Foxboro that responds to complaints, making every effort to get to the site of the complaint in a timely manner. Additionally, with the help of a summer intern, we rented a couple of odor sensors that look for low levels of H2S and placed them at the fence line of the facility and at the home of a Foxboro resident who has been very helpful in reporting odor events. We've been analyzing the data to help us prioritize next steps.

16. FINANCIAL DISCUSSION:

A. STANDARD & POOR'S (S&P) BOND RATING.

S&P held a credit watch in place after a mid-term assessment of the District's financial position. They are keen to resolve it as soon as they can, but have been waiting until after this meeting to determine next steps. We have another meeting with S&P scheduled for Monday.

B. PROJECT SCHEDULE.

Alder Construction has provided us with a preliminary draw schedule to help us determine bonding tranches. Based on that schedule, we anticipate \$30 million for the first tranche of financing.

Len Arave asked what the District is doing to make sure Alder isn't front-loading project costs. The intent of this exercise was simply to help determine the first tranche of financing, but staff will have discussions with Alder once the agreement is in place to make sure they are not front-loading costs.

C. BONDING PLAN.

Matt Dugdale provided a preliminary schedule of bonding events for an initial bond issuance. It is currently anticipated that we'll have a bond closing in September 2024 for the first tranche of financing in the amount of \$30 million. There was additional discussion regarding private placement vs. public bonding and the pros and cons of each.

D. RATE STUDY.

The Board reviewed rate study projections for best- and worst-case scenarios and the implications of increasing rates by various amounts on cash balances and debt service coverage ratios.

17. OPEN PUBLIC HEARING TO RECEIVE PUBLIC INPUT WITH RESPECT TO A PROPOSED FEE INCREASE (7:00 P.M.):

Motion was made by Ryan Westergard seconded by Gina Hirst to open the public hearing. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

A. PRESENTATION.

Matt Myers gave a presentation addressing the drivers associated with the proposed fee increase, including:

- New phosphorus and reduced ammonia limits mandated by the Utah Division of Water Quality;
- The need for additional solids treatment capacity at the North Plant;
- Aging treatment infrastructure; and
- Inflationary increases.

The presentation also covered the District's compliance schedule for completion of upgrades to meet final ammonia effluent limits and a comparison of national and local sewer charges.

B. PUBLIC COMMENTS.

Questions and comments were received by Craig Preston, Louis Campbell, Ron Mortensen, Caralyn Bingham, Angie Keaton, Alisa Van Langeveld, Barbara (last name unknown), Marco (last name unknown) and Melanie Lilyquist.

Topics included a request to consider billing based on water usage and impacts of a rate increase on properties with an accessory dwelling unit (ADU). Members of the public also expressed concern and frustration with odor problems in the south area of the Foxboro development in North Salt Lake related to the Wasatch Resource Recovery facility. These issues were addressed by the Board and staff.

C. CLOSE PUBLIC HEARING.

There being no further comments motion was made by Ryan Westergard seconded by Mark Preece to close the public hearing. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

18. CONSIDER RESOLUTION NO. 110-7 - REVISIONS TO THE DISTRICT'S SCHEDULE OF CHARGES AND FEES:

The Board completed an additional review of future budget projections and funds required to meet minimum cash balance requirements and debt service coverage ratios.

Motion was made by Mark Preece seconded by Gina Hirst to adopt revisions to Resolution No. 110-7 reflecting an increase of \$8 per month for the basic rate per EDU. Motion carried unanimously via a roll call vote with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

19. OPEN PUBLIC HEARING TO RECEIVE PUBLIC INPUT REGARDING THE ISSUANCE OF NOT MORE THAN \$90,000,000 OF COMBINED UTILITY SYSTEM REVENUE BONDS TO FINANCE CERTAIN IMPROVEMENTS TO THE NORTH PLANT AND SYSTEM AND THE POTENTIAL ECONOMIC IMPACT THE PROJECT WILL HAVE ON THE PRIVATE SECTOR:

Motion was made by Ryan Westergard seconded by Brian Horrocks to open the public hearing. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

A. PRESENTATION.

Ryan Bjerke reviewed the purpose of the public hearing regarding the issuance of bonds and the impact of the project on the public sector.

B. PUBLIC COMMENTS.

None

C. CLOSE PUBLIC HEARING.

There being no further comments motion was made by Ryan Westergard seconded by Mark Preece to close the public hearing. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

20. NEXT MEETING SCHEDULED:

The next special meeting has been scheduled for 5:00 p.m. on Thursday, July 18th.

21. DISMISSAL:

The Chair declared the meeting adjourned at 8:55 p.m.



Clerk



Chair, Board of Trustees