

SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
11 April 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. 5:09 pm)
Brian Horrocks	Trustee (exc. 6:00 pm)
Kendalyn Harris	Trustee
Ryan Westergard	Trustee (arr. 5:16 pm)

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
Ron Mortensen	Resident, Bountiful

1. OPEN MEETING:

The Chair called the meeting to order at 5:04 p.m.

2. APPROVAL OF MINUTES:

The Chair asked for comments of the Regular Board Meeting held 21 March 2024. After consideration motion was made by Len Arave seconded by Mark Preece to accept the Minutes as presented. Motion carried unanimously with Trustees Burningham, Arave, Preece, Horrocks and Harris voting "aye".

3. BUDGET REPORT:

A. SOUTH DAVIS SEWER DISTRICT.

The Budget Report ending March/2024 was presented for review. The combined Revenue Budget has received 38% in revenues. The Collection System is 25% expended; Treatment Plants are 20% expended; Industrial Pretreatment is 27% expended; Capital Expansion is 4% expended; Water Quality Group (JR/FB) is 22% expended; OU2 Remediation is 18% expended; Water Quality Group (UT LK) is 20% expended; and General & Admin is 19% expended. The budget ratio to calendar months is 25%.

B. WASATCH RESOURCE RECOVERY.

The Budget Report ending March/2024 was presented for review. The Revenue Budget has received 9% in Revenues and is 20% expended. The budget ratio to calendar months is 25%. It was too early in April to see the March gas sales revenues on this report.

C. AUDIT UPDATE.

Staff has been meeting weekly with Squire and making progress on the audit. Our goal is to have the 2023 audit ready for the May board meeting.

D. ANNUAL FINANCIAL REPORT - 2022 GFOA AWARD.

Mark Katter reported the District received its Certificate of Achievement for Excellence in Financial Reporting for 2022 from the Governments Finance Officers Association (GFOA) of the U.S. and Canada. This is the 25th consecutive year the District has received this award.

4. INVESTMENT REPORT:

Current investments (March/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 5.4438% (funds are with PTIF); PTIF held approximately \$8.6 million at an interest rate of 5.4438%; and Moreton held approximately \$1.9 million at an interest rate of 4.6036%.

5. APPROVAL OF DISBURSEMENTS:

Trustees reviewed Zions Bank check numbers 34916, 34919, 34935 and 34948. After further consideration motion was made by Brian Horrocks seconded by Ryan Westergard to accept the Disbursements as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

6. APPROVAL OF SEWER LINE AGREEMENTS:

A. EAGLEWOOD COVE SUBDIVISION PHASE 14 - PROJECT NO. 1-24.

Matt Myers recommended the Agreement for Eaglewood Cove Subdivision Phase 14, located at 600 South 1300 East (Cove Crest Court) in Bountiful, known as Project No. 1-24, be accepted.

Motion was made by Mark Preece seconded by Gina Hirst to accept the Agreement for Eaglewood Cove Subdivision Phase 14. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

7. APPROVAL OF SEWER LINE DEEDS:

A. EAGLEWOOD COVE SUBDIVISION PHASE 13 - PROJECT NO. 3-21.

The Deed for Eaglewood Cove Subdivision Phase 13, located at 800 South Tanglewood Loop in North Salt Lake, has been received. The total sewer costs for this development are \$654,898.00.

B. 2055 ON MAIN PUD - PROJECT NO. 3-22.

The Deed for 2055 On Main PUD, located at 2055 South Main Street in Bountiful, has been received. The total sewer costs for this development are \$83,630.00.

C. EAGLE RIDGE DRIVE ROAD DEDICATION (FUTURE STONE CREEK ESTATES SUBDIVISION PHASE 4) - PROJECT NO. 5-22.

The Deed for Eagle Ridge Drive Road Dedication (future Stone Creek Estates Subdivision Phase 4), located at 50 North Bountiful Blvd in Bountiful, has been received. The total sewer costs for this development are \$153,006.00.

D. EAGLEWOOD COVE SUBDIVISION PHASE 15, PLAT 1 - PROJECT NO. 8-22.

The Deed for Eaglewood Cove Subdivision Phase 15, Plat 1, located at Wood Oaks Loop in North Salt Lake, has been received. The total sewer costs for this development are \$38,776.00.

Motion was made by Gina Hirst seconded by Len Arave to accept the Deeds for Eaglewood Cove Subdivision Phase 13, 2055 On Main PUD, Eagle Ridge Drive Road Dedication and Eaglewood Cove Subdivision Phase 15, Plat 1. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

8. DECLARE SURPLUS PROPERTY:

The Board reviewed a listing of miscellaneous items no longer needed or used by the District. We would like to put these items out to bid through the Public Surplus website.

Motion was made by Kendalyn Harris seconded by Gina Hirst to declare the items presented as surplus. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

9. CONSIDER IMPACT FEE FOR SCHOOLS:

Lanese Hendrickson reviewed past discussions with the Board that centered around Spectrum Academy's claim of exemption from payment of impact fees. Historically, all schools except for Spectrum Academy have paid the full impact fee associated with their fixture unit count. Spectrum Academy's claim of exemption remains unchanged. The issue of impact fees for schools resurfaced recently when we were contacted by Wasatch Peak Academy regarding an addition they are constructing. Based on fixture unit count, it does not appear that the addition would lead to additional impact fees, but it underscores the need to address the issue of impact fees for schools.

In addition to reviewing Utah Code related to impact fees (11-36a-202 and 11-36a-403), staff provided information on how municipalities and local Districts along the Wasatch Front have assessed impact fees for schools. Some entities do not assess any impact fees, some assess full impact fees and some assess a pro-rated amount. For most of those assessing impact fees for schools, a common denominator is that they have specifically addressed schools in their Impact Fee Facility Plans, which aligns with a formal opinion from the Property Rights Ombudsman referenced by several municipalities.

Based on the District's historical assessment of impact fees and for the sake of consistency and equality, under the Board's direction, staff will continue to assess and try to collect impact fees for schools. It is the District's intent to address schools in future Impact Fee Facility Plans.

10. CONSIDER APPROVAL OF MUNICIPAL WASTEWATER PLANNING PROGRAM (MWPP) ANNUAL REPORT FOR 2023:

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 by Matt Myers. The BOD (biochemical oxygen demand) and TSS (total suspended solids) loadings have been steadily increasing over the past five years at the North Plant confirming the need for solids processing upgrades in addition to upgrades for ammonia compliance. The same type of increases have been seen at the South Plant as well.

The Collection System had a good year in 2023 with zero Class 1 sanitary sewer overflows (SSOs) and only two Class 2 sanitary sewer overflows.

Motion was made by Gina Hirst seconded by Mark Preece to adopt the MMWP Annual Report for 2023. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

11. CONSIDER JULY SEWER SERVICE RATE INCREASE:

Matt Myers reviewed updates that have been made to the rate study. Bond counsel has indicated that, according to WRR Bond covenants, we are only required to consider our portion of the operating revenue or shortfall in our operating expenses and debt service coverage ratio, so the updates now show only the District's portion of WRR operating shortfall. S&P would like to see our debt service coverage ratio at 2.2 to really improve our bond rating. Our minimum coverage ratio is 1.2. One key assumption in the rate study is that, if our partner ALPRO defaults, we would pick up their debt payments which we have a moral obligation toward.

There are still several unknowns to address. First and foremost, we will have to award a contract for the North Plant Upgrades project and then get a proposed draw-down schedule to decide how much we need to take out in bonds this first year. That information won't be available until after a contract is awarded.

According to the requirements for a fee increase public hearing, we need to public notice an increase with a suggested dollar amount by May 20th to have a public hearing in June, which means we need to decide on a dollar amount for advertisement at the May Board Meeting. Following the public hearing, the Board may elect to impose the increase as proposed or adjust (raise or lower) the amount of the increase.

Board members agreed that a gradual/incremental increase in rates is preferable, allowing us the opportunity to reassess financial needs and obligations every year. Additionally, an incremental increase would give us time to evaluate the feasibility of billing based on usage. We will revisit the rate increase at the May Board Meeting.

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

The contract documents are out for bid. A mandatory pre-bid walk through is scheduled for next week. The bid opening is scheduled for May 9th with the intent of awarding the project at the next Board Meeting on May 16th.

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

Operations are doing better overall, but we are still experiencing some challenges. A glycol pump kept us from sending gas to grid for a couple of days and we had to shut down dewatering for a day-and-a-half to repair the ammonia stripping fan.

We are receiving more flow, but of a lesser strength that we would like. Increases in flow have shown us where the bottlenecks are in the process and we're working to address them. Shut downs for repairs combined with bottlenecks have occasionally left us with such little cushion in the head space of our tanks that we've had to curtail loads. Efforts are underway to ensure that we're prioritizing higher strength feedstock when we are looking at elimination or curtailment of loads.

14. GENERAL MANAGER'S REPORT:

A. GROUNDWATER AQUIFER CLASSIFICATION-MEMORANDUM AND PUBLIC HEARING INFORMATION.

In March, the Water Quality Board heard from the Division of Water Quality (DWQ) regarding a petition from Friends of Great Salt Lake (Friends) to "classify the discharge zone of the shallow, unconfined aquifer in the east shore area of Davis County as Class IC, Ecologically Important Ground Water." In the Petition, Friends notes that the unconfined aquifers in the area "have no protection" (i.e., are not currently classified), and defines this aquifer as "groundwater at a maximum of 300 feet below ground surface, residing above a confining layer of variable depth." Friends describes the groundwater as being an important source of water for Great Salt Lake (GSL) wetlands and for seepage to GSL. It also notes that discharge from this aquifer impacts Farmington Bay and Gilbert Bay, which are "protected for waterfowl, shore birds and other water-oriented wildlife including their necessary food chain" under Utah Administrative Code R317-2-6.5." Friends seeks a Class IC classification for the aquifer because Ecologically Important Groundwater "is a source of ground water discharge important to the continued existence of wildlife habitat." After reviewing the petition, DWQ staff determined that the regulatory criteria in Utah Administrative Code R317-6-5.5 had been met. As such, DWQ recommended that the Board initiate action to classify the aquifer. The Board voted in favor of DWQ's recommendation, with board member Jill Jones (District Manager of Central Davis Sewer District) voting against.

A public hearing has been scheduled for 6:30 p.m. on May 7th at Central Davis Sewer District.

Classification of the groundwater aquifer would create a tool for regulation in a very broad and open manner with little background information to support water quality limits. There are possible implications for things like land application, landfill operations, fertilization of golf courses and use of detention basins. In light of these and other possible implications, it was recommended staff send the brief to the cities' public works departments for their information and review.

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

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

The Chair declared the meeting closed at 6:46 p.m.

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

The Chair declared the meeting opened at 7:20 p.m.

16. NEXT MEETING SCHEDULED:

The next regular meeting has been scheduled for Thursday, 16 May, 5:00 p.m.

17. DISMISSAL:

The Chair declared the meeting adjourned at 7:21 p.m.



Clerk



Chair, Board of Trustees