

SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
20 July 2023

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 (via videoconference)(arr. 5:07 pm) |
| Brian Horrocks | Trustee (via videoconference)(exc. 6:30 pm) |
| Kendalyn Harris | Trustee (arr. 5:07 pm) |
| Ryan Westergard | Trustee (arr. 5:15 pm) |

Others meeting with the Board:

| | |
|--------------------|---------------------------------|
| Matt Myers | General Manager/Treasurer |
| Mark Katter | Accounting Manager/Clerk |
| Lanese Hendrickson | Assistant General Manager |
| Susanne Monsen | Administrative Asst/Asst Clerk |
| Mark Anderson | Attorney/Fabian Vancott |
| Deby Marshall | Resident, West Bountiful |
| Nate Rogers | Engineer, Bowen Collins & Assoc |
| Kyle Green | Squire & Co LP |
| Thomas Hezseltine | Squire & Co LP |

1. OPEN MEETING:

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

2. APPROVAL OF MINUTES:

The Chair asked for comments of the regular Board Meeting held 15 June 2023. After consideration motion was made by Mark Preece seconded by Len Arave to accept the Minutes as presented. Motion carried with Trustees Burningham, Arave, Preece and Horrocks voting "aye",

3. BUDGET REPORT:

A. SOUTH DAVIS SEWER DISTRICT.

The Budget Report ending June/2023 was presented for review. The combined Revenue Budget has received 43% in revenues. The Collection System is 45% expended; Treatment Plants are 52% expended; Industrial Pretreatment is 44% expended; Capital Expansion is 22% expended; Water Quality Group (JR/FB) is 42% expended; OU2 Remediation is 39% expended; Water Quality Group (UT LK) is 43% expended; and General & Admin is 51% expended. The budget ratio to calendar months is 50%.

B. WASATCH RESOURCE RECOVERY.

The Budget Report ending June/2023 was presented for review. The Revenue Budget has received 43% in Revenues and is 47% expended. The budget ratio to calendar months is 50%.

4. INVESTMENT REPORT:

Current investments (June/2023) are maintained by Zions Bank, Public Treasurers Investment Fund (PTIF) and Moreton Asset Management. Zions Trust held approximately \$7.1 million at an interest rate of 5.1759% (funds are with PTIF); PTIF held approximately \$5.3 million at an interest rate of 5.1759%; and Moreton held approximately \$1.8 million at an interest rate of 4.5950%.

5. APPROVAL OF DISBURSEMENTS:

Trustees reviewed Zions Bank check numbers 33923 and 34037. After further consideration motion was made by Len Arave seconded by Mark Preece to accept the Disbursements as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

6. LOW INCOME HOUSEHOLD WATER ASSISTANCE PROGRAM (LIHWAP) ENDING 9/30/23:

This program, administered by the Utah Department of Workforce Services (DWS) as part of the HEAT Program, was implemented with federal funds through the American Rescue Plan Act. Staff recently participated in a public hearing regarding the program and learned that it is scheduled to end on 9/30/23 or at such time as allocated funds are fully expended. There is a chance that the program will continue if additional funding becomes available.

The District had 7 customers who received assistance through LIHWAP in 2022 and 3 to date in 2023. Staff asked for input from the Board on its interest in trying to continue this program in-house. Trustees suggested checking to see if other funding is available for sewer/water relief. Staff will continue to monitor the LIHWAP program to see if it will continue.

DWS will advise current clients that the program is ending.

7. 2022 AUDIT/ANNUAL FINANCIAL REPORT - REVIEW AND APPROVE:

Kyle Greene and Thomas Hezseline of Squire & Company, PC, outlined the results of the 2022 Audit. Squire confirmed the Audit was presented fairly in all material respects. Len Arave and Ryan Westergard questioned the transfer of assets to Wasatch Resource Recovery citing that WRR operates the facility only and that the assets are owned 50/50 by the District and Alpro. More research is necessary for clarification.

Ryan Westergard also felt that the net pension liability with Utah Retirement Systems should be reclassified and set apart.

After further review and discussion motion was made by Len Arave seconded by Mark Preece to table the final approval on the 2022 Audit and Annual Financial Report until a later date. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

8. CONSIDER ADOPTION OF RESOLUTION NO. 109-3 / DEVELOPMENTS, PROJECTS AND LINE EXTENSIONS:

This is a complete re-write of Resolution No. 109-2 which was adopted in 1999 bringing developer requirements up to date with current District policies.

Motion was made by Len Arave seconded by Kendalyn Harris to adopt Resolution No. 109-3 as presented. Motion carried unanimously via a roll call vote with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

9. CONSIDER APPLICATION FOR WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT (WIFIA)-FINANCING FOR THE NORTH PLANT UPGRADE:

The District has been invited to apply for a loan that would cover an amount not to exceed 49 percent of total eligible project costs. Based on an estimated \$60 million, the loan amount would be \$29.4 million. WIFIA funding has been reserved for our project and will be held as long as the District applies by 9/30/24. If overall project costs increase, we can request an increase in the loan amount during the application process.

An email from Matt Dugdale of Stifel states WIFIA interest rates are based on State/Local Government Securities (low rates). Other requirements such as American Iron and Steel and Davis-Bacon wages were discussed as well as the very flexible loan structuring. We need to determine the proposed final budget for the North Plant upgrade as well as funding for the remaining 51 percent of project costs. We continue to look at the State Revolving Fund (SRF) loan through the Water Quality Council which is approximately \$14.3 million. An SRF loan would be subject to the same requirements as the WIFIA

loan. The WIFIA loan requires payment of a \$100,000 application fee, which is applied to closing costs if the loan goes to close. Len Arave questioned what the additional cost would be to meet the federal loan requirements (American Iron and Steel and Davis-Bacon wages) and how rates would compare if we were to get them on the open bond market. Staff will research and report back to the Board before moving forward.

10. CONSIDER PARTICIPATION IN WOODS CROSS/SOUTH DAVIS AREA WATER REUSE STUDY:

Due to subsidence in the area, Woods Cross is looking to find sources of water other than groundwater to limit the amount of water being removed from the aquifer. A BRIC (FEMA) Grant is available to study the feasibility of a reuse project, but requires matching funds. If the District participates in the study the cost would be \$10,000-\$20,000. Trustees asked who else is participating in the study, but there is currently no definitive answer to that question. Staff will monitor this reuse study and potential participation and report back at a future meeting.

11. CONSIDER ATC CELL TOWER EXTENSION AT THE SOUTH PLANT:

The lessee for the cell tower located at the South Plant would like to renegotiate the current contract. At the time of installation T-Mobile utilized the tower due to the lack of towers in the area. Since that time T-Mobile has merged with Sprint. They now have more towers than are needed. The current contract is \$1,000/mo. with a 1.5% increase annually. They are proposing \$750/mo. with a 1% annual increase.

Motion was made by Mark Preece seconded by Len Arave to continue with the current lease with no changes. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Harris and Westergard voting "aye".

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

Staff reported that paving at the South Plant has been completed and the contractor is currently working on punch list items to close out the project.

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

Staff continues to work with Aqua Engineering on design of North Plant upgrades. Detailed construction plans and specifications are due to the State by 9/1/23. The North Plant experienced a valve failure which has been corrected. We will also need to replace the remaining trickling filter bearing by September as well as clean one of the digesters this year.

A. NOTICE OF VIOLATION (NOV).

The District has received information through Holland & Hart from the State in association with an NOV for North Plant ammonia exceedances. The District is working in good faith to meet its compliance schedule to address ammonia limits. This will be discussed more thoroughly in closed session.

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

We are still battling with compressor issues at the gas upgrade system (GUS). Jack Burge with Alder Construction is working on obtaining a loaner compressor. The existing compressor will then be returned to the vendor to determine if the problems may be a warranty issue.

Operations staff is fighting the same battles with scaling, feedstock, etc. that we have historically experienced.

15. APPROVAL TO CLOSE THE MEETING TO DISCUSS:

- A. POTENTIAL LITIGATION
- B. SALE OF REAL PROPERTY

Motion was made by Kendalyn Harris 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 6:55 p.m.

Motion was made by Len Arave seconded by Ryan Westergard 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 8:00 p.m.

16. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 17 August 2023, 5:00 p.m.

17. DISMISSAL:

The Chair declared the meeting adjourned at 8:01 p.m.

18. RETURN TO OPEN SESSION:

At 8:04 p.m. motion was made by Ryan Westergard seconded by Len Arave to return to open session. Motion carried unanimously with Trustees Burningham, Arave, Preece and Westergard voting "aye".

19. 2022 AUDIT/ANNUAL FINANCIAL REPORT - REVIEW AND APPROVE:

After a brief discussion with Mark Anderson, attorney for the District, regarding the 2022 Audit and Annual Financial Report, motion was made by Ryan Westergard seconded by Len Arave to approve the 2022 Audit and Annual Financial Report subject to revision and final review by the General Manager and Accounting Manager. Motion carried unanimously with Trustees Burningham, Arave, Preece and Westergard voting "aye".



Clerk



Chair, Board of Trustees