

SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
16 May 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 (Exc. 6:15 pm)
Len Arave	Trustee
Gina Hirst	Trustee
Brian Horrocks	Trustee
Kendalyn Harris	Trustee (Arr. 5:06 pm)
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
Tate Triplett	Engineering Intern

1. OPEN MEETING:

The Chair called the meeting to order at 5:00 p.m.

2. APPROVAL OF MINUTES:

The Chair asked for comments of the Regular Board Meeting held 11 April 2024. After consideration motion was made by Gina Hirst seconded by Brian Horrocks to accept the Minutes as presented. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks and Westergard voting "aye".

3. BUDGET REPORT:

A. SOUTH DAVIS SEWER DISTRICT.

The Budget Report ending April/2024 was presented for review. The combined Revenue Budget has received 41% in revenues. The Collection System is 31% expended; Treatment Plants are 31% expended; Industrial Pretreatment is 36% expended; Capital Expansion is 5% expended; Water Quality Group (JR/FB) is 38% expended; OU2 Remediation is 25% expended; Water Quality Group (UT LK) is 45% expended; and General & Admin is 23% expended. The budget ratio to calendar months is 34%.

B. WASATCH RESOURCE RECOVERY.

The Budget Report ending April/2024 was presented for review. The Revenue Budget has received 20% in Revenues and is 25% expended. The budget ratio to calendar months is 34%.

C. AUDIT UPDATE.

Staff has been meeting weekly with Squire and making progress on the audit. We are planning to submit the financial statements in the Special Board Meeting to be held in early June.

4. INVESTMENT REPORT:

Current investments (April/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 5.4468% (funds are with PTIF); PTIF held approximately \$7.5 million at an interest rate of 5.4468%; and Moreton held approximately \$1.9 million at an interest rate of 4.7061%.

5. APPROVAL OF DISBURSEMENTS:

Trustees reviewed Zions Bank check numbers 34993, 34995, 35030-35041 and 35059. After further consideration motion was made by Len Arave seconded by Gina Hirst 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. RENAISSANCE LOT 11 - PROJECT NO. 2-24.

Matt Myers recommended the Agreement for Renaissance Lot 11, located at 1791 South Renaissance Towne Drive in Bountiful, known as Project No. 2-24, be accepted.

Motion was made by Kendalyn Harris seconded by Mark Preece to accept the Agreement for Renaissance Lot 11. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Preece, Horrocks, Harris and Westergard voting "aye".

7. SEWER USAGE BILLING - REPORT:

Tate Triplett reported on early findings of a study on the potential to bill for sewer service based on water usage. He outlined challenges with data retrieval and formatting, integration into the District's billing system, time required to homogenize the data and the need to bill based on winter usage. Estimates show that residential customers with low water usage could save between \$4 and \$6 per month over average water users with high water users paying \$4 to \$6 more per month if billing was based on water usage.

After some discussion, the Board noted that this change would be a significant undertaking and suggested we table billing based on water usage at present. This may be an item to revisit in the future at which time we may want to consider billing through the cities though there would be additional costs to do so. There was also discussion that monthly billing may be more palatable for some customers.

The study was informative in that it showed little difference in water usage between single and multi-family residential units while mobile homes use considerably less.

8. S&P CREDIT WATCH UPDATE - REPORT:

Standard & Poor's (S&P) has extended the District's credit watch pending further action by the District. We do not expect S&P to make any further changes until the District formally adopts a rate increase. We will contact them after the June Board Meeting to further review our rating prior to the next round of bonding.

9. CONSIDER FEE INCREASE FOR PUBLIC NOTICE:

The Board was presented with fee increase scenarios centered around an \$8.00 per month increase. In the worst-case scenario, the District would need to absorb the Alpro bonds and short-term cash balances would take a hit. The resulting deficit might be tolerable if certain other financial variables go our way.

Most of the cost increase is the result of regulatory drivers. We could have spaced out the plant upgrades and costs better if these drivers hadn't happened all at once. The bulk of the existing plant is 65 years old, but we continue and will continue to use as much of the existing infrastructure as we can to keep costs down.

Matt reported that he has talked to Stifel about interest-only payments for the first few years to spread out fee increases. Across the board, sewer districts are raising rates. Central Davis Sewer District, for example, just increased their rate \$10.00 per month and South Valley Sewer District just had an \$8.00 increase. Timpanogos is gearing up for a rate increase and Central Valley affiliates have increased their rates between \$5.00 and \$8.00 primarily because of more stringent limits associated with nitrogen and phosphorus.

Motion was made by Kendalyn Harris seconded by Gina Hirst to issue the Notice of Fee Increase Public Hearing based on an \$8.00 per month increase. Motion carried unanimously with Trustees Burningham, Arave, Hirst, Horrocks, Harris and Westergard voting "aye".

10. SCHEDULE SPECIAL BOARD MEETING FOR WEEK OF JUNE 3RD TO CONSIDER:

- A. AWARD NORTH PLANT CONSTRUCTION CONTRACT.
- B. ADOPT PARAMETERS RESOLUTION FOR BONDING.
- C. APPROVE AUDIT FINANCIAL STATEMENTS.

After reviewing the discussion topics, the Board scheduled a Special Board Meeting for noon on Monday, June 3rd. Trustees are welcome to attend in person, but we will send out a Zoom invitation for those who wish to participate electronically.

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

We have extended the bid opening on the North Plant Upgrade project to May 30th based on requests from prequalified bidders who may not otherwise be able to bid. This will give us adequate time to review the bids and award the contract at the June 3rd special board meeting.

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

WRR sold a lot of gas in April before experiencing digester issues in May. We had a blockage in some piping that we couldn't initially see, which resulted in dewatering from Digester 2 only. Because of the lower head pressure in Digester 2, we were also feeding preferentially to that digester. The result was that Digester 2 went sour (there was not enough alkalinity to buffer the pH) and gas production dropped. We've taken steps to recover, but still can't feed at full rate. We'll alternate feed to digesters in the future to alert us to blockages so we don't have a repeat of this situation. Gas production is up to about three-quarters of normal and is still improving. We expect to see full recovery of the digester in 2-6 weeks.

13. GENERAL MANAGER'S REPORT:

- A. OXEON ENERGY.

OxEon Energy is a new business located across the street from the South Plant in North Salt Lake. They are getting a lot of traction with their technology, which includes a plasma reformer that can convert any hydrocarbon into syngas. A Fischer Tropsch reactor then converts syngas into stable liquid fuel. They would like to run a pilot, which is a requirement for their DOE grant, at our facility using the methane we produce.

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

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

The Chair declared the meeting closed at 6:42 p.m.

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

The Chair declared the meeting opened at 6:56 p.m.

15. NEXT MEETING SCHEDULED:

The next special meeting has been scheduled for noon on Monday, June 3rd.

16. DISMISSAL:

The Chair declared the meeting adjourned at 6:58 p.m.



Clerk



Chair, Board of Trustees