

SOUTH DAVIS SEWER DISTRICT  
BOARD OF TRUSTEES  
REGULAR MEETING  
26 August 2021

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:

Dee Hansen	Chairman (excused 7:05 pm)
Howard Burningham	Vice-Chairman
John Davies	Trustee
Mark Preece	Trustee (excused 6:00 pm)
Len Arave	Trustee (via videoconference)
Ryan Westergard	Trustee

Excused:

Randy Lewis	Trustee
-------------	---------

Others meeting with the Board:

Dal Wayment	General Manager/Treasurer
Matt Myers	Assistant General Manager
Mark Katter	Accounting Manager/Clerk
Susanne Monsen	Administrative Asst/Asst Clerk
Lanese Hendrickson	Engineer
Steve Sowby	Sinc Contractors
Marcus Keller	Zions Public Finance
Ron Mortensen	Resident, Bountiful

1. OPEN MEETING:

The meeting was called to order at 5:02 p.m.

2. MINUTES:

The Chairman asked for comments of the regular Board Meeting held 15 July 2021. After consideration motion was made by Mr. John Davies seconded by Mr. Mark Preece to accept the Minutes as presented. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Preece, Arave and Westergard voting "aye",

3. BUDGET REPORT:

A. SOUTH DAVIS SEWER DISTRICT.

The Budget Report ending July/2021 was presented for review. The combined Revenue Budget has received 75% in revenues; The Collection System is 61% expended; Treatment Plants are 58% expended; Industrial Pretreatment is 65% expended; Capital Expansion is 19% expended; Water Quality Group (JR/FB) is 53% expended; OU2 Remediation is 43% expended; Water Quality Group (Utah Lake) is 38% expended; and General & Admin is 43% expended. The budget ratio to calendar months is 58%.

B. WASATCH RESOURCE RECOVERY (WRR).

The Budget Report dated July/2021 for WRR was presented for review. The Revenue Budget has received 31% in revenues and is 63% expended. The budget ratio to calendar months is 58%.

4. INVESTMENT REPORT:

Current investments (July/2021) are maintained by Zions Bank, Public Treasurer's Investment Fund (PTIF) and Moreton Asset Management. Zions Trust held approximately \$6.9 million at an interest rate of 0.4614% (funds are with PTIF); PTIF held approximately \$4.1 million at an interest rate of 0.4614%; and Moreton held approximately \$1.8 million at an interest rate of 0.9683%.

5. APPROVAL OF DISBURSEMENTS:

Trustees reviewed the Zions Bank check numbers 31362 and 31495. After consideration and some review motion was made by Mr. Howard Burningham seconded by Mr. Ryan Westergard to accept the Disbursements as presented. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Preece, Arave and Westergard voting "aye".

6. APPROVAL OF SEWER LINE AGREEMENTS:

A. PROPELLER PARK - PROJECT NO. 7-21.

Mr. Wayment recommended the Agreement for Propeller Park, located at approximately 1667 South Redwood Road in North Salt Lake, known a Project 7-21, be accepted.

B. ROAD DEDICATION 1200 WEST AND 1970 SOUTH STREETS - PROJECT NO. 8-21.

Mr. Wayment recommended the Agreement for the Road Dedication for 1200 West and 1970 South Streets in Woods Cross, known as Project No. 8-21, be accepted.

Motion was made by Mr. Mark Preece seconded by Mr. John Davies to authorize the Chairman to sign the Agreements for Propeller Park and the Road Dedication for 1200 West and 1970 South Streets. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Preece, Arave and Westergard voting "aye".

7. APPROVAL OF SEWER LINE DEEDS:

A. MOUNTAIN VIEW ESTATES - PROJECT NO. 12-18.

The Deed for Mountain View Estates, located in West Bountiful, has been received. The total sewer costs for this development are \$284,559.00.

B. THE RIDGE SUBDIVISION PUD - PROJECT NO. 5-19.

The Deed for The Ridge Subdivision PUD, located in North Salt Lake, has been received. The total sewer costs for this development are \$611,963.00.

C. ARROWHEAD TWIN HOMES PUD - PROJECT NO. 5-20.

The Deed for Arrowhead Twin Homes PUD, located in North Salt Lake, has been received. The total sewer costs for this development are \$37,340.00.

Motion was made by Mr. John Davies seconded by Mr. Howard Burningham to accept the Deeds for Mountain View Estates, The Ridge Subdivision PUD and Arrowhead Twin Homes PUD. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Preece, Arave and Westergard voting "aye".

8. CONSIDER LEASE OF 2-ACRES OF VACANT PROPERTY:

Sinc Contractors would like to lease 2-acres of District property adjacent to the North Plant for three years. Sinc needs a site where they can erect a temporary building for the production of topsoil. District construction plans for that site can accommodate this lease. Terms of the lease were discussed. The District will prepare a lease agreement for consideration by the Board at its next meeting.

9. CURED-IN-PLACE-PIPE (CIPP) CHANGE ORDER NO. 1:

Earlier this year the District awarded a contract for sewer line rehabilitation using CIPP technology. During routine cleaning of a section of sewer on our "watch list" it was found that pipe deterioration warranted adding its repair to the current project. The contractor agreed to do this work at the per-foot price in the original bid. Given the inflation we are seeing in construction costs this is a considerable savings to the District. District staff has prepared a change order for this work.

Motion was made by Mr. John Davies seconded by Mr. Mark Preece to approve Change Order No. 1 to the CIPP project as presented. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Preece, Arave and Westergard voting "aye".

10. CONSIDER THE FINDINGS AND RECOMMENDATIONS OF THE SEWER RATE STUDY:

The District's two wastewater treatment plants are 62 years old. It has been over 30 years since the last major plant rehabilitation. In addition, the Utah Division of Water Quality (DWQ) has mandated that both plants provide for the reduction of nitrogen and phosphorus in their effluent. Planning and engineering for these requirements have been in progress for the last several years. The District recently had a detailed review of the scope of work and budget. Inflation since the advent of Covid and the tremendous amount of construction currently under way on the Wasatch Front has increase cost estimates significantly. In addition, discharge permit limits for ammonia are being significantly reduced in the District's discharge permit to be issued sometime this fall. These lower requirements significantly increase the cost of nutrient removal. The total anticipated costs of these projects over the next three years is \$100 million.

Zions Public Finance has been retained to conduct a study of the revenue requirements for these projects, current O&M costs and the additional operation costs of the new facilities. Nutrient removal requires significant quantities of chemicals and power.

Zions presented their analysis of District finances and revenue needs. They also presented a range of options for rate and/or property tax increases to meet these needs. The options reviewed ranged from using the sewer rate/fee for all of the increase with no tax increase or using tax revenue and no sewer rate increase. The impact of rates versus taxes on different residents and businesses was discussed. It was noted that sewer rate increases are very regressive, putting a significant burden on lower income residents. Historically, the District has been funded roughly 50/50 by property taxes and sewer rates. This has been an equitable approach to providing necessary revenues. A small one bedroom apartment pays the same sewer rate as an eight bedroom four bath home. The large home, however, pays a significantly higher property tax than the one bedroom apartment. After much discussion the Board felt that increasing both rates and taxes was the most equitable approach.

Mr. Ron Mortensen commented that public and private property owners should be notified. The notification should clearly explain why the construction is needed and how that affects sewer rates and property taxes.

Motion was made by Mr. Howard Burningham seconded by Mr. John Davies to adopt Scenario 3 from Zions presentation which would raise sewer rates by approximately 22.58% and tax rates by approximately 29%. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Arave and Westergard voting "aye".

11. CONSIDER AND DECLARE INTENT TO INCREASE 2022 PROPERTY TAXES:

A. PURPOSE OF THE INCREASE.

In 2014 the Utah Division of Water Quality (DWQ), passed a rule mandating an increase in removal of phosphorus from all Utah wastewater treatment plant discharges effective January 1, 2020 (R317-1-3.3, Utah State Administrative Code). In addition to the new phosphorus rule, DWQ issued South Davis Sewer District more stringent ammonia limits for both of its treatment plants.

These more stringent regulations necessitate substantial infrastructure improvements at both of the Districts treatment plants. The effect of constructing these improvements will be increased costs and capital construction and operation of much more sophisticated treatment facilities. The District has a long-standing tradition of fiscal responsibility.

B. PERCENTAGE INCREASE.

The proposed tax increase is 29%.

C. DOLLAR AMOUNT INCREASE.

A home with a market value of \$400,000, would have a taxable value of \$180,000 (55% of market value) which would be an increase of \$1.57/mo. or \$18.88/yr. Based on current values this increase would generate approximately \$900,000.

Motion was made by Mr. Ryan Westergard seconded by Mr. John Davies to Declare the Intent to Increase the 2022 Property Taxes as presented. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Arave and Westergard voting "aye".

12. CONSIDER PROPOSAL TO PROVIDE NUTRIENT REMOVAL FOR THE NORTH PLANT:

A company that specializes in financing, constructing, owning and operating various environmental facilities has proposed to provide the nutrient removal system for the North Plant. They would finance, construct and operate the facility. In return they propose charging a fixed per gallon fee for this service. The cost is significant, but the proposal would provide financing and assume significant risks in the operation of the facility. It was felt that the District should continue discussions, and further evaluate this proposal.

13. SOUTH PLANT REHABILITATION & NUTRIENT REMOVAL PROJECT - REPORT:

Construction progress and quality at the South Plant continues to be excellent. We are currently on track to have the nutrient removal system in operation by the end of the year. Photos of various elements in the construction were reviewed.

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

The District recently received draft permit limits for the pending North Plant permit renewal. The limits for ammonia have been significantly reduced. This impacts the scope and cost of the nutrient removal project. The permit raised the issues of total dissolved solids, temperature and cyanide. Staff is working through these issues with the Division of Water Quality.

Two of the North Plant's trickling filters seized up. To have one fail is unusual, to have two fail on the same day is incredibly unusual. The District was able to procure new bearings within a couple of days and both filters were back online within three weeks. The plant was out of compliance for ammonia for July. We stand a good chance of being back in compliance for August.

15. WASATCH RESOURCE RECOVERY (WRR) - REPORT:

July energy sales were approximately \$100,000. Gas sales are still limited by the capacity of the compressor which is being replaced in November. Feed stock continues to increase by about 6% per month. We have seen some significant new customers such as Tyson Foods, which has constructed a very large facility for processing chicken in Salt Lake County. We are currently receiving about 478 tons per day of food waste.

16. CONSIDER DISTRICT PARTICIPATION - LOW INCOME HOUSEHOLD WATER ASSISTANT PROGRAM:

Some of the Covid stimulus funds are being used to provide relief for low-income households for water and sewer bills. This Federal Program is being administered through the Utah Department of Workforce Services (DWS). Households seeking relief would make application to DWS. DWS payments would be made directly to the District. Participation requires that a vendor agreement be in place with DWS. The vendor agreement being reviewed by Mr. Mark Anderson, legal counsel for the District.

Motion was made by Mr. Ryan Westergard seconded by Mr. John Davies approving participation by the District in this program and executing the necessary documents. Motion carried unanimously with Trustees Hansen, Burningham, Davies, Arave and Westergard voting "aye".

17. AMERICAN RESCUE PLAN ACT (ARPA) - REPORT:

ARPA funding is available directly to cities and counties. The funding available to each of these entities has been allocated. A block of funds available to districts would be available through the State. Application for these funds is due by September 15<sup>th</sup>. Guidance for applying for these funds emphasizes that local funding by cities and counties associated with the districts is highly desirable. The cities and counties can allocate some of the funds to districts. We have met with Davis County and the cities in the District to solicit their funding support. Response has been generous. Appropriate agreements are being worked on and our application for State funds is being completed. These funds would be used for the North Plant nutrient removal project.

18. GENERAL MANAGER'S REPORT:

A. RIVER RANCH.

The residential development project in Salt Lake County across the Jordan River has been re-named River Ranch. District staff met with the developer recently to discuss tasks and schedule for moving forward with providing sewer service for this project should it be annexed by North Salt Lake City. The financing, engineering, construction, etc. for this project will be a considerable undertaking.

19. NEXT MEETING SCHEDULED:

The next meeting has been scheduled for Thursday, 16 September 2021, 5:00 p.m.

20. DISMISSAL:

The Chairman declared the meeting adjourned at 8:30 p.m.



Clerk

  
Chairman, Board of Trustees