

# **SOUTH DAVIS WATER DISTRICT**

## **BOARD OF TRUSTEES MEETING MINUTES**

**Tuesday, November 12, 2025**

**Time: 4:31 p.m.**

**Location: District Office, 407 W. 3100 S., Bountiful, Utah**

### **BOARD MEMBERS PRESENT:**

- Ronald Mortensen, Chair
- Kathy Thurston, Trustee
- Elaine Oaks, Trustee

### **DISTRICT STAFF PRESENT:**

- Jake Ferguson, General Manager
- Tracie James, Clerk

### **VISITORS:**

- Greg Smith
- Curt Kofford

### **1. CALL TO ORDER**

Chairman Ronald Mortensen called the meeting to order at 4:31 p.m. in compliance with Utah's Open Meeting Laws. The meeting was recorded in its entirety as a public record.

### **2. PUBLIC COMMENT**

Greg Smith commented positively on the quality of the District's irrigation water in 2025, noting he only had to clean his filter once during the season.

### **3. BOARD MEMBER REPORTS**

#### **Trustees Oaks and Thurston:**

- Attended the Utah Association of Special Districts (UASD) conference held November 5-7, 2025 in Layton.
- Networked with White City Water District representatives from Sandy, learning about their operations and fee-based funding model without property taxes.
- Learned that the legislature has removed the previous \$5,000 annual cap on special district board member compensation.

#### **Chair Mortensen:**

- Attended full UASD conference sessions including board training, risk management, privacy law, water issues, and legislative briefings.
- Noted training sessions attempted to cover extensive material in limited time, reducing effectiveness.
- Member of the House leadership discussed legislative priorities for the 2025 session, which include driving down the cost of living, investment in the State's future, and increasing housing supply.
- They also emphasized obtaining water through conservation efforts and indicated likely income tax reductions while noting significant public concern about rising property taxes.

- Risk management presentation highlighted available services including endpoint protection, security awareness training, and patch management at no cost to member districts.
- Legislative Auditor discussed performance audits, emphasizing their role in operational improvement rather than finding financial improprieties.
- UASD Legislative Committee meets every Tuesday at noon in the East Building during the legislative session; meetings are open to all board members and available online.
- HB 2492 regarding emergency response plans for districts with more than 3,300 connections may return in the 2025 legislative session.
- Privacy law requirements - annual staff training (8-minute YouTube video available) and privacy report due December 31, 2025.
- Discussed requirement to post meeting handouts and board packets on the public notice website.

#### 4. APPROVAL OF MINUTES

**MOTION:** Trustee Thurston moved to approve the minutes from the October 8, 2025 meeting. Chair Mortensen seconded the motion. The motion carried unanimously with Trustees Mortensen, Thurston and Oaks voting "aye".

**NOTE:** Minutes from the November 4, 2025 budget workshop meeting were deferred to the December meeting pending minor clarifications on percentage calculations.

#### 5. APPROVAL OF EXPENSE REPORT

The Board reviewed the October 2025 expense report with the following discussions:

- **Allied Underground:** Second payment for 2900 South CDBG project. Third and final payment of approximately \$200,000-\$300,000 remains pending upon project completion and final inspection.
- **Utah Local Government Workers Compensation:** Audit adjustment for 2024, reflecting slightly higher actual employee compensation than projected.
- **Val Verda Well Repair:** Well rehabilitation costs including partial warranty coverage.
- **Saddles (Various):** Equipment purchased for tapping water mains.
- **UASD Dues:** Annual membership dues for Utah Association of Special Districts. Board discussed value of membership, noting access to legal assistance, legislative advocacy, and networking opportunities.

#### 6. REVIEW AND DISCUSS THE DISTRICT'S STRENGTHS, VULNERABILITIES, AND OPPORTUNITIES ASSESSMENT

Chairman Mortensen reported on the privacy law requirements - annual staff training (8-minute YouTube video available) is available online and privacy report due December 31, 2025. The privacy statement is on the District's website in one location, but will be put on the map page as well.

#### 7. RESOLUTION 86 - AMENDED 2025 BUDGET

General Manager Ferguson presented the amended 2025 budget, explaining significant changes in budgeting methodology recommended by the District's auditor. The District transitioned from depreciating capital assets to recording actual capital expenditures in the year incurred.



#### Key points discussed:

- Budget methodology change creates appearance of deficits in prior years when recalculated, though district never exceeded actual budgets or experienced true operating deficits.
- Change provides more transparent view of actual cash expenditures versus depreciation.
- 2025 capital expenditures totaling approximately \$1 million for infrastructure improvements, including the 2900 South CDBG project.
- Board reviewed cash flow positions and confirmed adequate checking account balance.

**MOTION:** Trustee Thurston moved to pass Resolution 86 approving the District's amended 2025 budget as presented at the November 4, 2025 budget workshop meeting. Trustee Oaks seconded the motion. The motion carried with Trustees Mortensen, Thurston and Oaks voting "aye".

### 8. IRRIGATION RATE REVENUE FUND DESIGNATION

The Board considered redesignating the purpose of revenue from the \$59 per acre per year irrigation rate increase imposed in budget year 2023.

Board discussed that transferring this revenue to the reserve fund (rather than the irrigation meter installation fund) better reflects the District's current priorities.

**MOTION:** Trustee Oaks moved to deposit all current, remaining, and future revenue resulting from the irrigation rate increase of \$59 per acre per year imposed in budget year 2023 into the district's reserve fund, instead of the district's irrigation meter installation fund as originally intended. Chair Thurston seconded the motion. The motion carried with Trustees Mortensen, Thurston and Oaks voting "aye".

### 9. TENTATIVE 2026 BUDGET

General Manager Ferguson presented the tentative 2026 budget, including proposed rate increases necessary to address rising operational costs and fund critical infrastructure needs.

#### **Budget Overview:**

Without rate adjustments, the district faced a projected budget deficit exceeding \$200,000 in 2026 due to:

- Weber Basin water rate increases, including a 16% increase
- New water operator position at \$32 per hour (fully loaded with benefits)
- State-imposed \$8,000 fee - General operational cost increases

The tentative budget projects a modest net operating gain of approximately \$22,520 after proposed rate increases.

#### **Proposed Rate Increases for 2026:**

##### *Culinary Water:*

- Base rate: \$51 to \$56 bi-monthly (increase of \$2.50 per month or \$30 per year)
- Tier 1 overage: increase of \$0.14 per unit
- Tier 2 overage: increase of \$0.23 per unit
- Tier 3 overage: increase of \$0.32 per unit
- Tier 4 overage: increase of \$0.41 per unit

### ***Irrigation Water:***

- Connection fee: \$135 to \$169 (increase of \$34 per connection)
- Rate per acre: \$330 to \$413 (increase of \$83 per acre)

### **Capital Projects Planned for 2026:**

- Val Vista Well Rehabilitation (approximately \$80,000): Addresses decreased well efficiency.
- PFAS Mitigation Project and Engineering (\$350,000): Contingent on state grant approval; application currently tabled pending additional information.
- Water Line Replacement (approximately 500 feet): Contingent on CDBG grant funding.

### **Reserve Fund Strategy:**

The 2026 budget includes transfer of \$244,000 to the reserve fund:

- \$122,000 from \$59 per acre irrigation fee revenue
- \$122,000 from reduced capital improvements to replenish reserves utilized in 2025 for major infrastructure projects

### **Equipment and Personnel:**

- New water operator position approved
- No new vehicle purchase planned; will utilize existing F-150 for training and operations

### **The Board discussed budget details extensively, including:**

- Cash flow projections and adequacy of reserves
- Impact of rate increases on customers, particularly seniors on fixed incomes
- Comparison with neighboring water districts (district rates remain competitive)
- Accounts receivable patterns for irrigation fees
- Revenue adjustments to reflect actual collection patterns

**MOTION:** Trustee Oaks moved to approve the 2026 tentative budget as presented by the General Manager. Trustee Thurston seconded the motion. Motion carried unanimously with Trustees Mortensen, Thurston and Oaks voting "aye".

## **10. MANAGER'S REPORT**

### **A. Conservation Plan Update**

General Manager Ferguson presented a draft updated conservation plan required on a five-year rotation per state law. Key elements include:

- Utah Code 73-10-34 mandates secondary water metering by January 1, 2030, supported by \$250 million in ARPA funding statewide.
- District's secondary water use generates an estimated 541 acre feet annually of aquifer recharge, representing 2.9% of total current estimated recharge in the Bountiful sub-aquifer region.
- District position: Continuing to evaluate compliance strategies, balancing regulatory requirements against aquifer sustainability concerns and financial constraints.
- Conservation targets set at 50 gallons per capita per day for culinary water; current usage consistently at approximately 52 gallons per capita per day.
- Plan simplified for readability while maintaining technical accuracy; detailed regional assessment exceeds 100 pages.
- Board will review draft throughout November; formal adoption scheduled for December public hearing.

### **B. 2025 Water Operations Summary**

- District ended 2025 irrigation season in strong position with over 400 acre feet remaining on Weber Basin contract.
- Minimal water ordering required in late September and October due to beneficial rainfall.



- Aquifer levels rose approximately one foot during 2025, attributed to two consecutive good winter seasons and increased irrigation water usage contributing to recharge.
- Teacup reservoir levels (Echo and East Canyon) balanced and appropriate for season end.

#### **C. 2900 South CDBG Project**

- Project in final completion phases with asphaltting and punch list items remaining.
- Second payment of \$250,000 received from Davis County.
- Final payment of approximately \$200,000-\$300,000 pending completion of all items and final inspection.
- Total project cost approximately \$950,000; CDBG grant provided \$250,000 with district contributing approximately \$700,000.

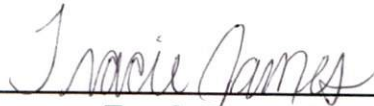
#### **D. Financial Position**

- Irrigation revenue (substantial amount) expected in December from county along with property tax collections
- Cash position adequate for operational needs and pending obligations

#### **11. ADJOURNMENT**

**Next Meeting:** - Budget Hearing and Regular Board Meeting: Wednesday, December 17, 2025 at 6:00 p.m.

Chairman Mortensen noted completion of all agenda items and declared the meeting adjourned at 5:54 p.m.



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**Tracie James, District Clerk**