

## **SOUTH DAVIS WATER DISTRICT**

### **BOARD OF TRUSTEES MEETING MINUTES**

**Wednesday, December 17, 2025**

**Time:** 6:00 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:**

No visitors present.

**1. CALL TO ORDER**

Chairman Ronald Mortensen called the meeting to order at 6:00 p.m. in compliance with Utah's Open Meeting Laws. The meeting was recorded in its entirety as a public record.

**2. PUBLIC COMMENT**

No members of the public were present for comment.

**3. BOARD MEMBER REPORTS**

**Chair Mortensen:**

- Announced an informal briefing meeting scheduled for December 18, 2025 at 2:00 p.m. (not an official board meeting) with Susan Lee, a candidate for county commission. The meeting is designed to familiarize candidates running for county commission with the South Davis Water District operations.

**4. APPROVAL OF MINUTES**

Trustee Thurston moved to approve the minutes from the November 4, 2025 budget workshop meeting. Chair Oaks seconded the motion. The motion carried unanimously with Trustees Mortensen, Thurston, and Oaks voting "aye."

Trustee Oaks moved to approve the minutes from the November 12, 2025 regular board meeting. Trustee Thurston seconded the motion. The motion carried unanimously with Trustees Mortensen, Thurston, and Oaks voting "aye."

**5. APPROVAL OF EXPENSE REPORT**

The Board reviewed the November 2025 expense report. Trustee Oaks asked clarifying questions regarding:

- Invoice #142 (Allied Underground): Confirmed as final payment for the completed Holbrook Road/2900 South project.

- Chem Tech Ford Labs (Turbidity and DBP Testing): Jake Ferguson explained that North Canyon had slightly elevated turbidity levels at initial testing. Retesting came back normal. DBP testing is a required quarterly monitoring requirement. No issues were identified.

Trustee Thurston moved to approve the November 2025 expense report as presented. Trustee Oaks seconded the motion. The motion carried unanimously with Trustees Mortensen, Thurston, and Oaks voting "aye."

## **6. STRENGTHS, VULNERABILITIES & OPPORTUNITIES ASSESSMENT**

The Board discussed ongoing vulnerabilities and actions being taken to address them:

### **Cyber Security and Computer Infrastructure:**

- The District is budgeted to upgrade computers to Windows 11 in 2026. Manager Ferguson reports that upgrading to Windows 11 should address security concerns without requiring full hardware replacement.
- Manager Ferguson confirmed the district uses Barracuda email filtering, which is a robust system that blocks suspicious content, though it occasionally requires manual approval of legitimate emails. No security breaches have been experienced since using the system.

### **Weber Basin Water Increases:**

- Confirmed that the 2026 budget addresses increases from Weber Basin water agreements.

### **Operator Succession Planning:**

- Noted as a key vulnerability, to be discussed in detail during the budget presentation.

### **Privacy Compliance:**

- Chair Mortensen mentioned that the District must complete a privacy compliance form by December 31, 2025, with multiple checkboxes and requirements.

## **7. APPROVAL OF 2026 BOARD MEETING SCHEDULE**

**MOTION:** Trustee Oaks moved to approve the 2026 board meeting schedule as presented to the board. Trustee Thurston seconded the motion. The Board confirmed the schedule maintains the second Wednesday of each month for regular meetings, with the exception of November when the meeting will be held on Tuesday, November 10 since November 11 is Veterans Day and the December meeting which is at 6pm. The motion carried unanimously with Trustees Mortensen, Thurston, and Oaks voting "aye."

## **8. WATER CONSERVATION PLAN - RESOLUTION 87**

Consider passing Resolution 87, which adopts the District's updated 2025 water conservation plan as required by Utah Code 73-10-32.

### **Discussion:**

- Trustee Oaks commended Manager Ferguson on the comprehensive and well-written conservation plan, noting he spent considerable time on it. She expressed the District is fortunate to have his dedication to water conservation issues.
- Manager Ferguson noted that much of the data is based on studies previously conducted by the District's Engineer (a geologist). He stated that having a geologist certify the data would be beneficial, though the plan doesn't technically require external certification to be submitted to the state. The assessment includes many subjective elements based on mathematical modeling and estimates of soil layers and aquifer characteristics.
- Chair Mortensen noted he reviewed the plan extensively and included links to actual well data so readers can verify information directly. He expressed comfort with the plan's accuracy and approach.
- Discussion confirmed that projections indicate the aquifer could reach negative territory around February 2051-2052 if current water usage patterns continue and no mitigation measures are implemented.

- Trustee Thurston noted that artesian wells in the local area have already dried up, confirming the severity of aquifer depletion.

**MOTION:** Trustee Oaks moved to pass Resolution 87, which adopts the District's updated 2025 water conservation plan as required by Utah Code 73-10-32. Chair Mortensen seconded the motion. The motion carried unanimously with Trustees Mortensen, Thurston, and Oaks voting "aye."

## **9. AMENDED 2025 BUDGET - RESOLUTION 88**

Consider passing Resolution 88, which adopts the District's amended 2025 budget as presented to the Board of Trustees in accordance with Utah Code 17-36-32.

### **Discussion:**

Manager Ferguson provided the following explanation for the budget amendment:

- The amendment was necessary due to significant changes in expenses and unexpected revenue received.
- The District initially showed an \$80,000 deficit due to a change in accounting methodology implemented per the auditor's recommendation. The auditor recommended switching from financial statement accounting to cash flow accounting, which Manager Ferguson agreed provides a clearer and more straightforward view of the District's financial position.
- Actual expense reductions and approximately \$30,000 in unexpected PFAS lawsuit revenue resulted in a positive net gain for the amended budget.
- Chair Mortensen emphasized for the record that the negative number was solely due to accounting methodology changes and that the district's actual cash flow remained positive throughout the year.

**MOTION:** Trustee Oaks moved to pass Resolution 88, which adopts the District's amended 2025 budget as presented to the Board in accordance with Utah Code 17-36-32. Trustee Thurston seconded the motion. The motion carried unanimously with Trustees Mortensen, Thurston, and Oaks voting "aye."

## **10. PUBLIC HEARING & 2026 FINAL BUDGET PRESENTATION**

### **Motion to Open Public Hearing:**

**MOTION:** Trustee Oaks moved to open the public hearing at 6:26 p.m. on December 17, 2025 to discuss the proposed 2026 tentative budget. Trustee Thurston seconded the motion. The motion carried unanimously with Trustees Mortensen, Thurston, and Oaks voting "aye."

### **Budget Presentation:**

Manager Ferguson presented two budget scenarios to the Board:

#### **Scenario A - (With New Operator):**

- Includes hiring a new full-time operator at \$32/hour (higher rate for someone with existing water industry certification and experience) to address succession planning and operational redundancy concerns.
- Projected rate increase: \$211,000 in new revenue needed to cover cost of new operator, Weber Basin rate increases, and capital improvements through 2028.
- Average culinary customer annual increase: \$26 (\$2/month).
- Average irrigation customer (1-acre) approximate annual increase: \$100 (\$28.05 connection fee, \$68.57 per acre).

#### **Scenario B - Current Staff (No New Operator):**

- Maintains current three-person staff (General Manager Jake Ferguson, two full-time operators Bill and JayDee).
- Projected rate increase: \$96,000 in new revenue needed.
- Average culinary customer annual increase: \$12 (\$1/month).
- Average irrigation customer (1-acre) annual increase: \$45 (\$12.75 connection fee, \$31.15 per acre).
- Expense reductions: No new operator salary, benefits, or payroll tax expenses.

- **Capital Improvements & Grants:**
- 2026 includes \$630,000 in planned capital improvements, with approximately \$350,000 coming from state PFAS grant funding and \$200,000 coming from CDBG grant funding.
- Only \$80,000 of District funds required for capital improvements in 2026 following a year of above average improvements
- Budget includes contingency planning: if grants are not received, the \$550,000 is offset resulting in net zero impact.

### **Multi-Year Cash Flow Analysis:**

Manager Ferguson explained the budgeting methodology focuses on multi-year cash flow projections:

- Budget is structured to maintain positive cash flow through at least 2028.
- Accounts for 3% average inflation and employee increases.
- With Scenario A: Cash position in 2028 is tight but adequate; next rate increase would be needed in 2029.
- With Scenario B: Similar cash flow projections; next rate increase also needed in 2029.
- Reserves in 2029 would be approximately \$488,000.
- This approach results in no rate increases for three years (2026-2028) under either scenario.

### **Operator Succession Planning Discussion:**

Chair Mortensen and Trustee Oaks engaged in significant discussion regarding the decision to hire a new operator:

#### **Chair Mortensen's Position (Supporting New Operator):**

- Current operator Bill is eligible for retirement in approximately four years (around 2028), which is approaching quickly.
- A new, inexperienced operator, requires approximately two years for full certification and training (much less if hired with existing certification and water industry experience).
- The District cannot afford to wait until Bill's retirement approaches without having a trained operator in place.
- Current staffing of two full-time operators creates a critical vulnerability: if either operator has a serious health issue, injury, or unexpected departure, the District would be reduced to one operator.
- Manager Ferguson's role (General Manager) cannot fill the gap for full-time operations if an operator is out for an extended period.
- Operators perform critical preventive maintenance during winter and summer months (reservoir maintenance, hydrant maintenance, etc.) that a temporary contractor cannot provide.
- The cost increase is modest: approximately \$72 annually per quarter-acre property (maximum).
- The District historically operated with three operators until a couple of years ago without overstaffing issues.
- Rate increase needed: \$39 difference per average household annually between the two scenarios.

#### **Trustee Oaks' Position (Opposing New Operator Now):**

- The District has maintained operations with two full-time operators and may continue to do so.
- Fiduciary responsibility requires the Board to be guardians of District funds and prudent in expenditures, especially given the financial challenges faced by many District residents.
- A new operator could be hired in future years closer to when Bill actually retires, reducing years of overlapping salary expense.
- In case of emergency (temporary operator absence of 3-6 months), the District could hire contract workers as has been done before.
- Prefers to avoid the expense at this time.

#### **Trustee Thurston's Position:**

- Agreed with Trustee Oaks' position on not hiring a new operator at this time, supporting the more conservative budget approach.

## **Close Public Hearing:**

**MOTION:** Trustee Thurston moved to close the public hearing at 6:53 p.m. Trustee Oaks seconded the motion.

**VOTE:** Motion carried unanimously with Trustees Mortensen, Thurston, and Oaks voting "aye."

## **11. FINAL 2026 BUDGET ADOPTION - RESOLUTION 89**

**MOTION:** Trustee Oaks moved to adopt Resolution 89, which adopts the 2026 final budget (Scenario B), keeping current staff with no new operator and representing the lower of the two rate increase scenarios as presented to the Board.

Trustee Thurston seconded the motion.

**VOTE:** Motion carried 2-1, with Trustees Oaks and Thurston voting "aye" and Chair Mortensen voting "nay."

## **12. MANAGER'S REPORT AND WATER PERFORMANCE DISCUSSION**

### **Financial Report:**

Manager Ferguson reported that financial reporting through Cassell software was not available for this meeting due to system issues. However, the Board had previously reviewed cash flow analysis in detail at the work meeting, so no additional financial discussion was needed at this time. Next meeting's financial report will include complete data through December.

### **Water Performance and Production:**

Manager Ferguson provided a comprehensive overview of 2025 water production and performance (through October):

#### **Culinary Water Production:**

- Average monthly production: 21.7 million gallons
- Average daily production: 657,000 gallons
- Peak day production: 845,000 gallons (summer demand)
- Peak monthly production: 25.4 million gallons
- Minimum monthly production: 17 million gallons (October, impacted by significant rainfall event)
- Current utilization: 50-53% of total capacity
- The District receives 96.2 million gallons from Weber Basin water sources annually
- Weber Basin water represents approximately 43% of total water supply
- This surface water is treated at a treatment facility in Bountiful
- Weber Basin water is essential to meet summer demand and provides backup for aquifer protection
- The District pays for this allocation regardless of usage ("use it or lose it" arrangement)

#### **Well Performance:**

- All District wells are performing well and producing as expected
- Recent water quality feedback from customers indicates water cleanliness has improved
- The District has adjusted operational procedures to prioritize North Canyon water sources over Val Verda sources, resulting in cleaner water delivery
- North Canyon water feeds the western portion of the District; Val Verda water comes from the aqueduct and may contain more sediment from the aqueduct bottom

#### **Irrigation Production:**

- July peak: 436.5 acre-feet produced (highest summer demand period)
- Total production through October: 1,689 acre-feet
- Total District allotment: 3,000+ acre-feet annually of which 800 acre-feet is used by North Salt Lake City.
- Water not used from Weber Basin was approximately 400 acre-feet

**Culinary Water Quality:**

- Chlorine residual levels: Excellent, particularly strong in winter months when cold water temperatures preserve chlorine; more challenging in summer months when warm water temperatures cause faster chlorine dissipation.
- Fluoride levels: Non-existent (trace amounts only)

**Operational Status:**

- All systems operating well with no reported problems
- No issues with chlorine maintenance or water quality
- Wells operating reliably without major maintenance needs

**13. CLOSING REMARKS**

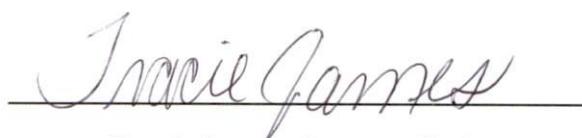
Chair Mortensen expressed appreciation for:

- The work of Manager Ferguson and Clerk James for their dedication and professionalism
- The work of water operators Bill and JayDee for their continued service and expertise
- The work of the District's meter reader for her diligent service (noted as sometimes overlooked but critical to operations)

Manager Ferguson reciprocated appreciation for board members who take their responsibilities seriously and engage with the substantive issues facing the District.

**14. ADJOURNMENT**

With all agenda items completed and no need for closed session, Chair Mortensen declared the meeting closed at 7:09 p.m.



Tracie James, District Clerk