

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF TRUSTEES OF THE SOUTH DAVIS WATER DISTRICT  
HELD SEPT. 14, 2022 AT THE DISTRICT OFFICE  
LOCATED AT 407 WEST 3100 SOUTH, BOUNTIFUL, UTAH**

**Trustees Present:**

M. Jerry Hawley	Chairman
Ron Mortensen	Trustee
Kathy Thurston	Trustee

**Also present:**

Jake M. Ferguson	Manager
Tracie James	District Clerk
Greg Smith	District Resident

The meeting was called to order by Trustee Hawley at 4:34 p.m., after which he welcomed all those present.

**Minutes of Previous Meeting:**

Trustee Thurston moved that the minutes from August 10, 2022 and August 31, 2022 be approved as written. Trustee Mortensen seconded the motion. The motion carried with Trustees Hawley, Mortensen and Thurston voting "aye".

**Expenditures Update:**

The expenses for August were reviewed. Trustee Mortensen moved that the expenses for August be ratified and approved. Trustee Thurston seconded the motion. The motion carried with Trustees Hawley, Mortensen and Thurston voting "aye".

**Discuss Concerns Related to Secondary Water Metering Options Such as:**

\*Consider any possible legal consequences associated with the sale of 200-acre feet of irrigation water and the impact that 200 less acre feet would have on the District's ability to keep commitments made to current users: Mr. Ferguson presented a chart that shows how much irrigation water the District has had at the end of each season for the past 6 years. The six-year average equates to 350-acre feet per year before taking in to consideration the water that may be left over from the North Salt Lake contract of 800-acre feet per year (See attachment #1). Mr. Ferguson also presented an option to take out a District loan from a private company, such as a bank, in the amount of \$350,000 in order to not have to sell 200-acre feet of irrigation water to Weber Basin. The loan would be required to be paid off within one year and would require an extra rate increase totaling \$156/year. Trustee Mortensen presented the option of continuing all capital improvements and NO sale of water, but would require an average rate increase of \$343/year (see attachment #2). The likelihood of legal consequences of selling water is estimated to be very small, but is always possible.

\*Consider the consequences of using 100% of culinary water capital improvement funds to install water meters including the fact that not all culinary water users benefit directly from irrigation water and vice versa: There are roughly 500 culinary only customers who will not benefit from irrigation meters.

\*Consider the long-term impact on the District's irrigation services should it lose hundreds of irrigation customers due to an inability to install meters and/or individuals cancelling their irrigation water due to high prices and less green space: There are roughly 300 customers who have irrigation connections that are impossible to install a meter on, and therefore, will be required to switch to culinary water to irrigate their yards, which means the District will lose the revenue from the irrigation water on those particular properties. In addition, it is possible that as many as 200 customers may cancel their irrigation water contracts due to higher fees. However, the District will receive a higher culinary revenue from those using culinary only.

\*Consider increasing the District's property tax in order to maintain culinary water capital improvement funding and to avoid the sale of 200 acre feet of water: It is extremely difficult to try to increase the property tax rate and the property tax money would not be received until December of 2023, which would not help with cash flow during 2023. Increasing property tax would also affect those with culinary water only, therefore they would not benefit in any manner from a property tax increase.

\*Consider any other possible sources of revenue including culinary water sales, higher rates for irrigation water allocated to others, higher return for the sale of 200-acre feet of irrigation water, how an offer by a local business to sell water could help the District, etc.: Trustee Mortensen inquired about the sale of 800-acre feet of irrigation water to North Salt Lake and if it would be possible to raise the rate of the water that the District sells to them? Mr. Ferguson explained that there is a contract in place with North Salt Lake and District can only raise the rate as much as Weber Basin raises the rate for the District. Trustee Mortensen asked if the District could possibly sell the District's irrigation water to a different entity for a higher price than Weber Basin is offering? Mr. Ferguson explained that the contract between the District and Weber Basin states that only Weber Basin is allowed to purchase water from the District unless otherwise approved by Weber Basin. Trustee Mortensen inquired about the offer from Slim Olson's to sell the District some of their water rights. Mr. Ferguson stated that the water from Slim Olson's could provide the District with around 150-acre feet of water per year, but could also cost the District quite a bit of money to rehabilitate the well in order to be able to use the water. Mr. Ferguson presented another idea of possibly selling some District land in North Salt Lake, located on Center Street, which is the site of the old Odell culinary tank and treatment facility that is no longer in service. The land is steep and would not be easily developed. Mr. Ferguson also presented the idea of applying for the 2<sup>nd</sup> round of grant money available through the State Division of Water Resources for the mandatory water metering. At this point, there is about \$35 million in grant money funds left. The State will allow applications for the grant, in the near future, if other small water districts do not apply for it and get awarded the money here soon.

\*Consider how the Board will obtain public input before finalizing any plan for water metering including providing written notice and holding a public meeting to describe the proposed project and its need, cost and effect on water rates and/or property taxes, etc.: Trustee Mortensen expressed his concern with not allowing the public to have any input regarding the options for water metering and providing an explanation of how the District will pay for the project.

Consider adopting option #1, which would include accepting the loan from the Board of Water Resources for \$1,317,000 and performing all of the bonding requirements as outlined in the Board of Resources action letter sent on Aug. 22. Interest paid on the loan would be around \$40,000. This option would prohibit the District from doing capital improvements on the culinary and irrigation systems until the year 2028. The District would possibly not have to raise irrigation rates for the project.

No decision was made regarding this option.

Consider adopting option #2, which would include accepting the loan from the Board of Water Resources for \$1,317,000 and performing all of the bonding requirements as outlined in the Board of Resources action letter sent on Aug. 22. Interest paid on the loan would be around \$80,000 and wouldn't be paid of until the year 2030. This option would not prohibit the District from doing any capital improvement on the culinary and irrigation systems. The District would have to sell 200-acre feet of water to Weber Basin and would also have to raise irrigation rates for the project by approximately 60% until the year 2027:

No decision was made regarding this option.

Consider adopting option #3, which would include not accepting the loan from the Board of Water Resources for \$1,317,000. This option would prohibit the District from doing capital improvement on the culinary and irrigation systems until 2027. The District would have to sell 200-acre feet of water to Weber Basin and would also have to raise irrigation rates for the project by approximately 80% until the year 2027:

It was discussed that this option may be the most feasible and affordable for the District. Along with this option, the District could consider taking out a small loan through a private company, such as a bank, for around \$350,000 instead of selling the 200-acre feet of water. Mr. Ferguson mentioned that the District is at 38% capacity for the culinary water system, therefore, there would be enough culinary water available for the irrigation connections that would require a disconnection due to not being able to access and/or install a meter. Trustee Mortensen expressed his concern with the contract that Bountiful City has with the District to buy culinary water should they need to. Mr. Ferguson explained that if the District has extra drinking water, the District may sell culinary water to Bountiful City, but is not required to do so.

Trustee Thurston motioned that the District adopt Option #3, with no loan. Trustee Hawley seconded the motion. The motion carried with Trustees Hawley and Thurston voting "aye" and Trustee Mortensen voting "nay". Trustee Mortensen would like it noted that the reason he voted "nay" is because he is against selling 200-acre feet of irrigation water to Weber Basin and he does not agree with postponing capital improvements until 2027. Trustee Mortensen asked how the District is going to make this decision known to the public and it was decided that an informational postcard will be sent to District residents.

Consider Hiring Zions Bank for Municipal Advisory Services Related to the Board of Water Resources Irrigation Metering Loan:

This service is no longer needed since the Board has decided not to take the loan from the Board of Water Resources.

Construction and Maintenance:

Mr. Ferguson reported that the Enoch Spring path, stairs and retaining wall project is just about done and looks good. The new main line and service lines project on Orchard Drive is almost done as well. Irrigation water will be turned off, per Weber Basin, on September 26, 2022.

Mr. Ferguson mentioned that the owner of Slim Olson's gas station, and other surrounding property, which is in District boundaries, has approached the District and asked if the District would be interested in purchasing their water rights and infrastructure to a well they have on their property. Under UCA 52-4-205 it was motioned by Trustee Mortensen and seconded by Trustee Hawley that the meeting be closed to discuss the possible purchase and price of water rights.

The meeting closed at 5:56 pm.

The meeting re-opened at 6:01 pm.

Water Outlook:

Mr. Ferguson reported that the water outlook seems decent compared to past drought years. The reservoirs that serve the District are at about 50% of normal.

Financial Statement:

There were no questions or concerns regarding the financial statement.

There being no further business, the meeting adjourned at 6:06 p.m.

  
District Clerk