SOUTH DAVIS SEWER DISTRICT
BOARD OF TRUSTEES
REGULAR MEETING
20 August 2026

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
Ryan Westergard	Vice-Chair
Len Arave	Trustee
Gina Hirst	Trustee (arr. 5:55 pm via Zoom)
Ken Romney	Trustee

Excused:

Brian Horrocks	Trustee
Matt Murri	Trustee

Others meeting with the Board:

Matt Myers	General Manager/Treasurer
Susanne Monsen	Asst Gen Manager/Asst Clerk
Candice Venn	Acting Accountant/Clerk
Ron Mortensen	Resident, Bountiful
Logan Johnson	Wright Development

1. OPEN MEETING:

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

2. PUBLIC COMMENTS:

In reference to the proposed tax increase discussed at last month's Board Meeting, Ron Mortensen submitted his thoughts and questions regarding property taxes, sewer service fees and special treatment charges, discussing the pros and cons of each for the Board's consideration.

3. APPROVAL OF MINUTES:

The Chair asked for comments of the regular Board Meeting held 16 July 2026. After consideration motion was made by Ken Romney seconded by Len Arave to accept the Minutes as presented. Motion carried with Trustees Burningham, Westergard, Arave and Romney voting "aye".

4. BUDGET REPORT:

The unaudited Budget Report ending July/2026 was presented for review. The combined Revenue Budget has received 76% in revenues. The Collection System is 51% expended; Treatment Plants are 44% expended; Industrial Pretreatment is 57% expended; Capital Expansion is 32% expended; Water Quality Group (JR/FB) is 34% expended; OU2 Remediation is 41% expended; Water Quality Group (UT LK) is 35% expended; and General & Admin is 53% expended. The budget ratio to calendar months is 58%.

A. SERIES 2021 BONDS ARBITRAGE - DISCUSSION.

Because of delays in beginning the North Plant upgrades, the District was not able to spend down the Series 2021 revenue bonds in a timely manner, resulting in an interest pay back amount of approximately $325,000, probably payable to the Internal Revenue Service (IRS). A recap of the expenditures was reviewed by the Board.

Matt Myers submitted a list of Arbitrage and Escrow Consultants available to assist in this determination. The Board felt Management could choose a consultant from the list and proceed with the process.

5. INVESTMENT REPORT:

Current investments (July/2026) are maintained by Zions Bank, Public Treasurers Investment Fund (PTIF) and Meeder Investment Management. Zions Trust held approximately $17.6 million at an interest rate of 3.9222% (funds are with PTIF); PTIF held approximately $20.8 million at an interest rate of 3.9222%; and Meeder held approximately $2.1 million at an interest rate of 3.9984%.

6. APPROVAL OF DISBURSEMENTS:

Trustees reviewed Zions Bank check numbers 37761, 37801, 37818, 37819 and 37849. After further consideration motion was made by Ken Romney seconded by Len Arave to accept the Disbursements as presented. Motion carried unanimously with Trustees Burningham, Westergard, Arave and Romney voting "aye".

7. CONSIDER IMPACT FEE ADJUSTMENT - TOWNEPLACE SUITES/BOUNTIFUL:

The Utah Department of Transportation (UDOT) acquired the property located at 999 North 500 West in West Bountiful, which is the former site of Holiday Inn Express Suites. The hotel was demolished in February, 2026. TownePlace Suites located at 628 North 500 West (across the street from the former parcel) is being developed to replace the Holiday Inn Express Suites. The property is owned by WDG Assurance Bountiful, LLC. Wright Development Group (WDG), on behalf of WDG Assurance Bountiful, LLC, has submitted a request for a credit on sewer impact fees for TownePlace Suites Bountiful.

Historically, when an existing facility is demolished and a new facility is built at the same location within five years, the new facility is given credit for the previous fixtures and assessed an additional impact fee based on the number of new fixtures (if applicable). This situation is different because the location of the replacement hotel is located across the street on a different parcel, but sewers to the same general collection branch. The former location turning into the UDOT right-of-way eliminates any future sewer service in that spot. These circumstances provide a basis for considering whether the existing credit may be applied to the new parcel despite the District's historical practice.

WDG Assurance Bountiful, LLC, has requested a 50% equity credit resulting in impact fees of $51,451.67. TownePlace Suites Bountiful has a fixture unit value of 839 compared to 646 for Holiday Inn Express Suites, resulting in an increase of 193 fixture units. At $122.65/fixture unit, an impact fee of $23,671.45 represents the net impact of the new development on District facilities and is consistent with the District's established practice. Should any portion of the property acquired by UDOT be sold as surplus and developed in the future, full impact fees would be owed for that parcel.

Logan Johnson, representing WDG, felt that due to the proposed widening of 500 West/Highway 89 project, nothing will be built on the previous hotel parcel.

After considerable review and discussion, the Board felt the additional impact fee in the amount of $51,451.67 was appropriate considering the physical change in location, the fact that this was the originally requested sum, and other factors.

Motion was made by Ken Romney seconded by Len Arave to allow the credit to be transferred to the new property located at 628 North 500 West in Bountiful, give credit for the previous fixtures and assess the calculated impact fee in the amount of $51,451.67 at the new parcel located at 628 North 500 West in Bountiful. Motion carried unanimously with Trustees Burningham, Westergard, Arave and Romney voting "aye".

8. CONSIDER CONTRACT WITH NATIONAL UTILITY ADVISORS (NUA):

National Utility Advisors (NUA) would like to conduct an audit of the District's utility accounts (electric, gas, water and stormwater) with the intent to recover all overcharges and reduce future utility costs. They would receive 50% of recovered costs of refunds or credit adjustments and 50% of all future net savings for a period of 36 months. After reviewing the terms of the contract, Len Arave felt 36 months was too long and requested a contract period of 24 months. Daniel Sechrist of NUA stated that time period would be acceptable. This contract would include electrical service to WRR, so Opal would need to be on board for that part of the scope.

Motion was made by Len Arave seconded by Ken Romney to approve the contract with NUA for a 24-month period. Motion carried unanimously with Trustees Burningham, Westergard, Arave, Hirst and Romney voting "aye".

9. EXCESS WATER USAGE BASE RATE ADJUSTMENT - DISCUSSION:

Matt Myers presented an updated proposal for the proposed 2027 property tax increase based on the Board's recommendations and in consideration of public comments. In order to generate the necessary funds required to cover the next round of bonds (approximately $25 million) the District would need to generate approximately $1.7 million. During discussions, the Board expressed the notion that a revenue increase of $2 million should be targeted, in consideration of increased operating costs.

At last month's Board Meeting, Ken Romney asked if commercial accounts were paying their proportionate share of costs compared to residential accounts. A study was performed by staff. Currently all residential accounts, regardless of size, are assessed a flat rate fee of $27.00/month based on 94,900/gal annually. Commercial accounts are allocated the same amount and are assessed $1.60/per 1,000 gal. over that amount per equivalent dwelling unit (EDU). The residential equivalent billed is $3.40/per 1,000 gal. Historically, this discrepancy was justified by the notion that the excess water used was cleaner water that required less treatment. This may not be an accurate assumption, as even 'cleaner' water will need to flow through all the same treatment that the 'dirtier' water flows through, and approximately 80% of those treatment costs are fixed anyway.

A list of annual excess water usage billing by individual accounts was reviewed. If the District were to increase the excess water usage fee (special treatment charges) to match residential this would generate approximately $2.3 million. However, this amount would be variable, as industry would likely respond to reduce usage and for budgeting purposes only $1.2 million was used in the proposed 2027 budget model.

After considerable discussion the Board felt an initial increase in the excess water charges of approximately 30% would be more appropriate with the intent of gradually increasing that amount each year. This initial increase will be better fleshed out and determined at a future public hearing.

With this scenario a sewer service fee increase would be needed in July/2027. However, with these changes we could reduce the proposed tax increase from 29% to 10%.

10. CONSIDER AND DECLARE INTENT TO INCREASE 2027 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.

The proposed tax increase will fund mandatory upgrades to the District's wastewater treatment facilities to comply with stricter phosphorus and ammonia discharge standards established by the Utah Division of Water Quality. The additional revenue will also help cover higher operating costs for electricity, equipment maintenance, and staffing associated with the upgraded facilities. The District has a long standing tradition of fiscal responsibility.

B. PERCENTAGE INCREASE.

The proposed tax increase is 10%.

C. DOLLAR AMOUNT INCREASE.

A home with a market value of $580,000, would have a taxable value of $319,000 (55% of market value) which would be an increase of $1.15/mo. or $13.78/yr. Based on current values this increase would generate annually approximately $600,000.00.

Motion was made by Ken Romney seconded by Ryan Westergard to Declare the Intent to Increase the 2027 Property Taxes as presented. Motion carried unanimously with Trustees Burningham, Westergard, Arave, Hirst and Romney voting "aye".

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

A. CONSIDER CHANGE ORDER NO. 10.

This Change Order includes the following: 1) Reconciled cost associated with revising the plant generator layout drawings and related civil, piping and mechanical systems to accommodate two generators in lieu of the originally designed single generator. Includes the addition of future conduits from the main switchgear to the plant; 2) Additional cost to furnish and install shades and fronted glass for the new doors, sidelights and windows; 3) Additional cost to furnish and install electrical infrastructure for the future pump, including new 6-inch HDPE piping and valves to the new lift station manhole; 4) Additional electrical cost to furnish and install conduit, breakers and wiring for the new slide gate actuators at the dewatering building; 5) Additional cost to install an extra tee with blind flange, tap and ball valve on the sludge transfer suction line and recirculation line to facilitate air release during system startup; 6) Additional cost to provide and install two (2) 70-amp breakers for the Headworks HVAC air handling units; 7) No cost change. Re-route the existing gas line from the existing meter to the maintenance building; 8) Additional cost to provide and install a potable water line to the evaporative cooler in the blower building. Includes installation of shutoff valves and drain lines to facilitate maintenance of the evaporative coolers at both the Blower and Digester Buildings. This Change Order results in a contract increase of $99,151.00.

Motion was made by Ken Romney seconded by Len Arave to approve Change Order No. 10 as presented. Motion carried unanimously with Trustees Burningham, Westergard, Arave, Hirst and Romney voting "aye".

12. GENERAL MANAGER'S REPORT:

A. 2027 BUDGET - SCHEDULE ENGINEERING COMMITTEE MEETING.

The Engineering Committee (Chair/Gina Hirst; Brian Horrocks, Ken Romney) scheduled to meet at the District's Office on Tuesday, 9/22/26, 11:30 am-1:00 pm. This will be a lunch meeting.

B. 2027 BUDGET - SCHEDULE PERSONNEL COMMITTEE MEETING.

The Personnel Committee (Chair/Ryan Westergard; Len Arave, Matt Murri) scheduled to meet at the District's Office on Tuesday, 9/29/26, 12:00 pm-1:00 pm. This will be a lunch meeting.

13. NEXT MEETING SCHEDULED:

The next regular meeting has been scheduled for Thursday, 17 September 2026, 5:00 p.m.

14. DISMISSAL:

The Chair declared the meeting adjourned at 7:12 p.m.

Chair, Board of Trustees

Clerk