South Davis Sewer District

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Executive Summary

South Davis Sewer District (SDSD) proposes a 9.24% property tax increase for 2027 to cover higher North Plant operating costs resulting from more stringent nutrient limits which have also necessitated approximately $120 million in plant upgrades, which are ongoing.

The District must issue $25 million in construction bonds by March 2027 to complete North Plant work as part of its approximately $120 million modernization program. The funding plan assigns property taxes to operations and preserves user fee revenue for an estimated $1.70 million in new annual debt service. A commercial surcharge adjustment as well as a user fee increase are also necessary to secure this final tranche of bond financing for the improvements.

Why Costs Are Rising

SDSD serves more than 100,000 residents through 380 miles of collection lines, 11 lift stations, and two treatment plants. Its modernization program replaces aging infrastructure and expands nutrient removal and solids processing.

Key drivers

1. Regulatory compliance: Phosphorus discharge limits of ≤1.0 mg/L and stricter ammonia reduction requirements.
2. Solids processing: More capacity to handle solids from advanced treatment and increasing population.
3. Infrastructure renewal: Replacement of aging digesters and headworks facilities.

Total District expenses rose from $6.58 million in 2017 to $16.83 million in 2025 and are projected at $24.4 million in 2027. The table separates operating costs, renewal, and debt service.

Fiscal Year	Total District Expenses	Operations & Maintenance	Infrastructure Renewal	Debt Service
2017 (Baseline)	$6,584,000	$6,284,000	$300,000	$0
2025 (Actual)	$16,832,290	$9,618,828	$2,200,000	$5,013,462
2026 (Projected)	$20,250,600	$10,047,994	$3,555,000	$6,647,606
2027 (Projected)	$24,407,111	$11,376,000	$4,600,000	$8,431,111
2028 (Projected)	$23,988,000	$12,388,000	$2,500,000	$9,100,000

What the Tax Increase Funds

New property tax revenue would cover higher North Plant operating and maintenance costs:

- Power: A $500,000–$600,000 net increase for aeration, pumping, and solids handling; a further $200,000 increase is projected in 2028.
- Chemicals and consumables: A $200,000 increase for treatment chemicals, polymers, supplies, and related service contracts.
- Maintenance and renewal: Specialized service agreements, calibration, testing, and replacement parts. District-wide renewal and repair funding totals $4.60 million in 2027.

The District removed $500,000 in assumed new staffing from the baseline proposal. Staffing will be reassessed once the upgraded plant is operating.

The Proposed Property Tax increase of 9.24% was derived from targeting an additional $600,000 of operating revenue. If new operating costs exceed projections, the District will examine whether further increases are necessary at that time.

Base User Fee Increase and Commercial User Fee Restructuring to Supplement Tax Increase

To increase revenue for bond financing the remainder of the North Plant Project, the District is also proposing a User Fee increase of $2-3 per month. The increase would generate between $1 to 1.5 Million in additional revenue for debt service.

Commercial excess usage is billed at $1.60 per 1,000 gallons, compared with the $3.40 residential standard. The District is proposing an increase from $1.60 to $2.25 per 1,000 gallons, expected to generate approximately $400,000 of additional revenue for debt service financing.

A Public Hearing for these proposed fee increases is slated for November 19, 2026.

Regional Costs and Decision Timeline

The briefing's benchmarks place SDSD's combined monthly user fees and property tax equivalent at $38.70, compared with a $50.39 Wasatch Front average. After increases in property tax and user fees, the District will sit at approximately $43 per month, still lower than the average sewer fee along the Wasatch Front.

Truth in Taxation Implementation Timeline

- August 2026: Submit intent to raise property taxes to Davis County.
- December 3, 2026: Hold the Truth in Taxation hearing and take final Board action.
- March 2027: Issue $25 million in construction bonds for remaining North Plant work.

At the December hearing, the Board may adopt the advertised rate, approve a lower increase, or reject the adjustment.