

MINUTES OF THE SPECIAL BOARD MEETING
OF THE BOARD OF TRUSTEES
COTTONWOOD IMPROVEMENT DISTRICT
MEETING TO BE CONVENED ELECTRONICALLY

DATE: April 8, 2020
PLACE : Cottonwood Improvement District Office
TIME: 3:00 P.M.

PRESENT - ELECTRONICALLY:
Wesley Fisher, Chairman
Kim Galbraith, Trustee
Mark Katter, Trustee
Greg Neff, General Manager/Engineer
Lonn Rasmussen, Assistant General Manager/Operations Supervisor
Spencer Evans, Chief Financial Officer
Jeremy Cook, Attorney for the District
Jami Phillips, Board Secretary

Public: A list of public in attendance is attached to and thereby made part of these minutes.

At 3:00 p.m., Wesley Fisher called the electronic meeting to order.

AGENDA:

ITEM 1: APPROVE MINUTES OF THE FEBRUARY 12, 2020 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Regular Board Meeting held on February 12, 2020."

MOTION BY: Kim Galbraith
SECOND BY: Mark Katter
FOR: Kim Galbraith, Mark Katter, Wesley Fisher
AGAINST: None

ITEM 2: DISCUSSION OF DISTRICT PROCEDURES IMPLEMENTED IN RESPONSE TO COVID-19

Greg Neff mentioned the email he previously sent to the Board and explained the measures the District is taking concerning the COVID-19 in conjunction with the State of Utah directives. There are no office employees working from home. There is plenty of space between offices to practice social distancing recommendations and there is no workspace sharing. Staff is sanitizing their areas. The District lobby is closed to the public; everything is done online, by phone or email. Engineering matters can be scheduled to come in to the office if needed. The incoming mail and any packages are dropped off on a table in the South side vestibule.

Because of the operators' work environment (prior to COVID-19), they would go to the shop for the lunch break. To comply with the State's recommended social distancing and limit the number of employees gathered at the shop, the operators' lunch times were staggered, along with their start and stop work hours. There was one operator employee who was possibly exposed to COVID-19.

He wasn't feeling well and was sent home. At that time, management wasn't sure if other employees had been exposed and decided to divide the operator staff in half. One half would work one week and the other half would work the next week with the understanding that they were on-call if needed. The employee was tested for the virus and thankfully it came back negative. Management will continue to divide the operator staff in half for a total of four weeks as recommended. Since the District is requiring employees to stay home, management thinks it should be with pay and would like the Board's input and approval. As soon as it appears the majority of the danger has passed, the District will resume as before. The Board agrees with management and is in favor of the precautions that the District is taking regarding the operator staff being split in half and alternating from week to week with pay.

ITEM 3: DISCUSSION AND APPROVAL OF COVID-19 EMERGENCY LEAVE POLICY

Jeremy Cook briefly explained the District's new Emergency Paid Sick Leave Act Policy and Emergency Family and Medical Leave Expansion Act Policy in order to comply with the mandated federal law Families First Coronavirus Response Act, which was required to be implemented by April 1st. Jeremy recommended to the Board to ratify the Act. A copy of the Act is attached to and thereby made part of these minutes. A motion was made "to adopt the Emergency Paid Sick Leave Act Policy and Emergency Family and Medical Leave Expansion Act Policy".

MOTION BY: Mark Katter
SECOND BY: Kim Galbraith
FOR: Mark Katter, Kim Galbraith, Wesley Fisher
AGAINST: None

ITEM 4: APRIL 21 BOARD MEETING – DISCUSSION TO CANCEL, RE-SCHEDULE, OR CONDUCT ELECTRONICALLY

After a brief discussion between Board members and management, it was decided to cancel April 21, 2020's Board meeting. Spencer Evans will email April's Financial Information and Disbursements to the Board members. The next Board meeting will be held on May 20, 2020 as previously scheduled. Spencer mentioned that the auditors will be ready to present the results of the 2019 financial statement audit at that time. A motion was made "to cancel April 21, 2020's Board meeting and convene with the regularly scheduled Board meeting on May 20th."

MOTION BY: Kim Galbraith
SECOND BY: Mark Katter
FOR: Kim Galbraith, Mark Katter, Wesley Fisher
AGAINST: None

ITEM 5: FINANCIAL INFORMATION

(A) DISBURSEMENTS

The Disbursements report was provided to the Board for their review. Kim Galbraith noted the three District trucks that were purchased. A motion was made "to approve and ratify the February disbursements."

MOTION BY: Mark Katter
SECOND BY: Kim Galbraith
FOR: Mark Katter, Kim Galbraith, Wesley Fisher
AGAINST: None

(B) FINANCIAL STATEMENTS

Copies of the unaudited financial statements as of February 29, 2020 were provided to the Board for their review.

(C) Set 2019 Designated Net Assets

The Board was in possession of the proposed designation of unrestricted net position. A motion was made “that the December 31, 2019 unrestricted net position in excess of the District’s carrying value of the investment in CVWRF be designated for District and CVWRF capital projects.”

MOTION BY: Kim Galbraith
SECOND BY: Mark Katter
FOR: Kim Galbraith, Mark Katter, Wesley Fisher
AGAINST: None

ITEM 6: IMPACT FEES FACILITIES PLAN, IMPACT FEE ANALYSIS, SEWER RATE STUDY – RFP

Greg Neff and Spencer Evans have worked on the District’s Impact Fees Facilities Plan, Impact Fee Analysis, and Sewer Rate Study Request for Proposal and is asking for Board approval to release the RFP to the public so the District can solicit proposals. This will be the start of what culminates in potentially the Board adopting a new impact fee. An impact fee is what a developer pays to the District to connect a home or a commercial establishment to the sewer. This helps balance the cost between new development coming into the District and existing rate payers who have been paying for the system over time. It also includes a list of capital facility projects that the District needs to construct in order to meet future demand and an estimate cost to build those projects. The sewer rate study is to make sure that the District is charging the correct amount needed to cover the District’s operation and costs. Management thinks by combining the three studies in one RFP and one consultant, it will cost less because there will be some synergy that will go into the report. However, it’s structured to use more than one proposer, if it’s beneficial; the RFP has a price for all three together and a price individually. Wesley Fisher asked how far in the future is this relative to doing the capital projects. Greg said possibly a twenty-year horizon; the difficulty is trying to estimate when the projects might be needed. Kim Galbraith asked if the economic environment slow down would have any impact on the studies. Greg said an economic down turn might affect how the consultants choose to estimate the cost of the construction projects. There’s two parts to an impact fee, there’s new construction required to meet demand and there’s the value of an impact or to buy into the system that’s already in place. Greg doesn’t think there will be a lot of variation in the impact fee.

The District is required to notice the study. It’s then required to notice that the District is considering adopting the fee; once adopted, it takes another 90 days to take effect. People in that interim can come in to the District and buy impact fees for the old fee if it’s a lower price. It’s important to balance the cost of new development vs what existing patrons have already paid into the system to build it and maintain it, so the existing isn’t subsidizing new development. The RFP will be posted in the legal section of the newspaper and on Bidsync. A motion was made “to proceed with issuing the RFP for the impact fees study and the impact fee analysis and sewer rate study.”

MOTION BY: Mark Katter
SECOND BY: Kim Galbraith
FOR: Mark Katter, Kim Galbraith, Wesley Fisher
AGAINST: None

ITEM 7: SECURITY SYSTEM QUOTE – APPROVAL

Peak Alarm has been the District’s security system for a long time. Greg Neff asked Peak Alarm to update the security panels and do a few other things. Peak Alarm wanted the District to sign a new agreement, which Jeremy Cook reviewed and recommended against signing. After some research, management discovered that the State has some good contracts with a couple of companies that provide security. Management is recommending Harris and provided the cost quote to the Board. No agreement is required and the monthly monitoring fee is less than Peak Alarm. The quotation provided by Harris for the office is \$26,269; the shop is just under \$19 thousand. This service provides cameras, storage, keypads, monitors and in-and-out access. It gives notification if someone’s breaking into the building after hours. The quote came under the amount budgeted for both locations. A motion

was made “to approve the security system to be installed by Harris for both the shop area and the administration office area.”

MOTION BY: Kim Galbraith
SECOND BY: Mark Katter
FOR: Kim Galbraith, Mark Katter, Wesley Fisher
AGAINST: None

ITEM 8: WHITAKER CONSTRUCTION PIPE LINING PROPOSAL – APPROVAL

Greg Neff explained that the District has a 33-inch diameter fiberglass sewer pipe that is damaged on the bottom and needs lining. It’s located under I-15 at approximately 4200 South. Whitaker Construction’s proposal bid price is \$63,200. This lining is somewhat specialized and no other companies submitted a price to do the work. Whitaker Construction has done projects for the District in the past and is a good contractor. The flow will be diverted out of the pipe while it’s being repaired, which will cost less. A motion was made “to approve the Whitaker Construction pipe lining proposal located under I-15.”

MOTION BY: Mark Katter
SECOND BY: Kim Galbraith
FOR: Mark Katter, Kim Galbraith, Wesley Fisher
AGAINST: None

ITEM 9: TENTATIVE – APPROVAL OF SETTLEMENT AGREEMENT WITH S.R.C. CORP.

Jeremy Cook reported on the S.R.C. Corp settlement agreement. S.R.C Corp. is doing a 1031 Exchange, which requires a May 17, 2020 timeline. The settlement agreement follows all of the terms discussed in the closed sessions. The District is selling approximately 3 acres of property to S.R.C. Corp at \$6.85 per square foot, except for the 20 feet closest to the river that will be sold at half the price. The tax strip outside of the 3 acres will be given back to the District. On the opposite corner, the District will enter into a ten-year lease agreement with three ten-year extensions at market rate to S.R.C. Corp. A new fence will be installed between the two properties; the District agrees to pay for half the cost of the fence. There are two pending litigation cases; the settlement agreement will resolve those cases, then the District will dismiss them. S.R.C. Corp hasn’t had a chance to respond and provide comments to the agreement yet; however, the agreement closely follows the term sheet and Jeremy doesn’t expect there to be any significant changes. He asked the Board to allow counsel and management a little flexibility to make some non-substantive changes if necessary. A motion was made “to approve the Settlement and Release Agreement with S.R.C. Corp. to resolve pending litigation and sell approximately 3 acres of land to S.R.C. Corp., and authorize the District General Manager with the approval of legal counsel to make non-substantive changes to the agreement if necessary.”

MOTION BY: Kim Galbraith
SECOND BY: Mark Katter
FOR: Kim Galbraith, Mark Katter, Wesley Fisher
AGAINST: None

ITEM 10: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Kim Galbraith reported on the March 25th CVWRF board meeting held on site and telephonically. General Manager, Phil Heck, discussed some of the damage done to the plant relative to the earthquake. There was a power outage resulting in the plant having to run on the diesel generator. Diesel was ordered in the morning; however, Central Valley was told that it could take 24 hours before it was received. There were concerns that the diesel could run out before the new supply arrived. In the future, a trailer with diesel will be kept on site for future emergencies.

CVWRF’s COVID-19 Policy was discussed and is similar to the District’s discussion. There was conversation on additional personal safety gear availability and also family communications for personnel required to work and are unable to respond.

The Blower Building Project was approved at \$50 million.

A couple other projects were awarded. Some project bids came in higher than expected; however, through utilizing different types of equipment and product, some of the cost were reduced. A fair amount of money was saved on a couple of dumpster conveyors.

There was a closed session in the February 20th board meeting. Kim said the matter is very preliminary and he will discuss it with the District Board when it's time.

Greg Neff mentioned that the B&R Basins bids are expected back soon and will be one of the biggest dollar item to date.

ITEM 11: MANAGEMENT REPORT

(A) SEWER LOSS PERFORMANCE REPORT. Greg Neff explained that this report is provided by the Utah Local Governments Trust. It compares Cottonwood Improvement District to other entities with the Trust throughout the State of Utah. The Trust average has 71 miles of pipe; the District has 322. The average claim cost is \$4,587.38; the District average claim cost is zero. The District's sewer lines are cleaned every year; the Trust average is cleaned every 3.46 years.

(B) UPDATED MWPP

(C) DISTRICT HISTORICAL FLOWS, ERU's, BOD AND TSS - Greg Neff prepared a PowerPoint presentation to educate the Board about the District's historical flows, ERU's, BID and TSS. There are two things that Central Valley currently measures, 1) TSS (Total Suspended Solids) 2) BID (Biochemical Oxygen Demand). Greg presented a few different slides. One of the District service area, which is about 22.45 square miles. The District serves about 130,000 people that excludes Big and Little Cottonwood Canyon. The document that was created when the District was formed that defined the boundary, dated June 8, 1955. The District boundary has been amended many times since the original document. A picture of the District boundary overlaid on the different municipalities was shown.

ITEM 12: BOARD REPORT

None.

ITEM 13: INFORMATION ITEMS

(A) CENTRAL VALLEY ESTIMATED COSTS – Spencer Evans said CVWRF is finishing its twenty-year forecast, which is the basis he uses to build the District forecast. Spencer hopes to have an updated chart available in the next month or two.

At 4:40 p.m., a motion was made “to adjourn the regular Board meeting.”

MOTION BY” Mark Katter
SECOND BY: Kim Galbraith
FOR: Mark Katter, Kim Galbraith, Wesley Fisher
AGAINST: None

PREPARED BY: Jami Phillips, Secretary