

MINUTES OF THE REGULAR BOARD MEETING AND THE PUBLIC HEARING
OF THE BOARD OF TRUSTEES
COTTONWOOD IMPROVEMENT DISTRICT

DATE: November 16, 2022
PLACE : Cottonwood Improvement District Office
TIME: 5:30 P.M.

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

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

At 5:30 p.m., Chairman Kim Galbraith called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: APPROVE MINUTES OF THE OCTOBER 19, 2022 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Board Meeting held on October 19, 2022."

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

ITEM 2: PUBLIC COMMENT

None

ITEM 3: FINANCIAL INFORMATION

(A) DISBURSEMENTS - APPROVAL

The disbursement report was provided to the Board for their review, along with the District Manager's Wells Fargo credit card statement. The District's easement purchase located at 7941 S. Forest Oaks Court was noted. There was discussion on the purchase of celebration flowers for an employee's childbirth. A motion was made "to approve and ratify the disbursements."

MOTION BY: Mark Katter

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

(B) FINANCIAL STATEMENTS – REVIEW

Copies of the unaudited financial statements as of October 31, 2022 were provided to the Board for their review.

ITEM 4: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Wesley Fisher reported on the following CVWRF matters: 1) CVWRF had a plant tour. 2) The CVWRF team took 4th place in the Maintenance event and 11th place overall out of 45 teams at the WEFTEC Operator Challenge. 3) Wasatch Front Water Quality Council sponsored a lunch at the State Capitol. 4) Approval of the land lease agreement for the golf course property. 5) Public hearing for the Tentative 2023 Budget. 6) Adoption of the 2023 Budget. 7) CVWRF capital projects update. The 18-month extension for the Phosphorus Effluent Rule Variance Limits compliance deadline with the State is ongoing.

ITEM 5: MANAGEMENT REPORT

Greg Neff informed the Board that some of the District's new hires have interviewed for some job opportunities with significantly higher pay. It may be something that needs to be addressed. The District doesn't want to lose good employees.

ITEM 6: BOARD REPORT

Trustee Katter noted that the PTIF State Investment returns are currently higher than Morton Asset Management. Chairman Galbraith mentioned because of the interest rates, it made it possible to get the fixed lower rates on the CVWRF bonds, which saves the District money in the long run.

ITEM 7: INFORMATION ITEMS

- (A) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – SUNSET RIDGE SUBDIVISION, LOT 15 (9438 SOUTH 3030 EAST)
- (B) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – FARM BROOK ESTATES #1 SUBDIVISION, LOT 6 (8010 S. HUNTERS MEADOW CIRCLE)
- (C) SANDY CITY COMMUNITY DEVELOPMENT – NOTICE OF PUBLIC HEARING, CONDITIONAL USE PERMIT FOR PROPERTY LOCATED AT 8645 S. HIGHLAND DRIVE. PICKLE BALL COURT
- (D) MURRAY CITY CORPORATION – NOTICE OF PUBLIC HEARING, APPROVAL FOR A 7-UNIT SUBDIVISION LOCATED AT 6270-6334 S. MOFFAT FARM LANE
- (E) MURRAY CITY CORPORATION – NOTICE OF PUBLIC HEARING, REQUEST TO AMEND MINIMUM AREA REQUIRED FOR DETACHED ACCESSORY DWELLING UNITS
- (F) DISTRICT PATRON LETTER OF APPRECIATION

At 6:00 p.m., Chairman Galbraith called the public hearing to order.

ITEM 1: PUBLIC HEARING – PRESENTATION OF 2023 BUDGET AND FEE SCHEDULE WITH NOSE ON AND TV INSPECTION FEE INCREASES

Spencer Evans started with a PowerPoint presentation. During the review presentation, The Board of Trustees, along with management had discussion with the public in attendance on the following items: 1) The Technology Based Phosphorus Effluent Limits Rule imposed on the Central Valley Water Reclamations Facility (CVWRF) adopted by the Utah Department of Water Quality in 2015. 2) The very costly plant rebuild to be in compliance with the new rule and the District's portion responsibility for its share of the cost. 3) The recent District's Capital Facilities Plan update, which resulted in a list of District projects that have repair or capacity issues. 4) Discussion on the District's obligation for the CVWRF debt service bonds, along with the savings on the low interest bonds obtained. 5) The District's 2017 rate increase in anticipation of the debt service obligation to CVWRF. 6) The necessity of the District's reserves. 7) District's reserves with additional necessary future fee/tax increase to be decided starting with 2024 and possibly 2025, which will require public hearings in those years. 8) The 2023 50% tax increase, along with the increase in the District's TV inspection fee and nose on fee. 9) District election costs for 2023 contracted through the Salt Lake County Election Division. 10) COLA increase based on the Consumer Price Index averaged over three years. 11) Various other increases for the District, i.e., Blue Stakes, fuel, payment processing fees, etc. 12) Monthly fee and tax comparison with other District's in the valley. The seven member entities that flow into CVWRF were identified. The property tax percentage fluctuates yearly but the paid dollar value is the same from year to year. 13) The availability of state funding for the CVWRF rebuild. 14) The costs increase of the plant rebuild regarding labor, materials, shortage and availabilities was discussed. 15) The primary source of phosphorus in wastewater and its issues. Very high fines for non-compliance for the set limits imposed. Storm drain is another known source of phosphorus contributor; Sandy City has imposed that bulk waste cylinders can't be within 2 feet of the gutter. 16) Discussion on the CVWRF bonds dates starting in 2017 and the pay-off timelines.

ITEM 2: PUBLIC HEARING FOR 2023 BUDGET AND FEE SCHEDULE WITH NOSE ON AND TV INSPECTION FEE INCREASES

(A) PUBLIC COMMENT - Bruce Blanchard at 8802 Shady Meadow Drive had questions regarding the District's revenue allocation between sewer rate fees and property taxes. He noted that the District's property tax is small compared to other District's and asked why the District doesn't charge more in property taxes for revenue. The District's revenue sewer rate fees and property taxes are decided by the District's past and current Board of Trustees. The Board of Trustees in 2002 made a motion to cut the District's property taxes in half because they felt like the District's reserve fund at that time was more than sufficient. However, because of the imposed costly plant rebuild, over the past few years, there has been much discussion regarding what's the appropriate weighing between service fees and property taxes. How much should come from fees and how much should come from property taxes; the Board of Trustees is trying to balance that out. The necessary future increases will be discussed and decided by the Board of Trustees.

Bruce Blanchard asked how the District's COLA increase compares to CVWRF. Trustee Fisher explained that the District and CVWRF just recently adopted a three-year average based on the Consumer Price Index. Trustee Fisher also mentioned that no other entities are adopting the three-year average. Bruce asked if that may pose a problem with District employees. Greg Neff answered yes. This topic was discussed earlier. The market for entry level employees and employees with a commercial driver's license (CDL) has gone up considerably more than the recent 8.3 percent inflation rate experience. This is a common current condition with the labor shortage for construction and the District's operators and construction/maintenance employees fall into that category. This is an issue that will need to be addressed. The District needs to keep operating, which requires operators. The District will need to make adjustments to meet the market in order to keep the District's essential system running.

ITEM 3: PUBLIC HEARING FOR 2023 TAX INCREASE

(A) PUBLIC COMMENT – None.

ITEM 4: ADOPT RESOLUTION FOR 2023 TAX INCREASE

A motion was made “to adopt the Resolution for the 2023 Tax Increase.”

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

ITEM 5: ADOPT 2023 FEE SCHEDULE WITH NOSE ON AND TV INSPECTION FEE INCREASES

A motion was made “to adopt the 2023 Fee Schedule with Nose On and TV Inspection Fee Increase.”

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

ITEM 6: ADOPT 2023 BUDGET

A motion was made “to adopt the 2023 Budget.” A copy of the approved budget is attached to and thereby made part of these minutes.

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

Chairman Galbraith thanked the public for attending.

At 7:03 p.m., a motion was made “to adjourn the Public Hearing.”

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

PREPARED BY: Jami Phillips, Secretary