

MINUTES OF THE REGULAR BOARD MEETING  
OF THE BOARD OF TRUSTEES  
COTTONWOOD IMPROVEMENT DISTRICT

DATE: March 16, 2022  
PLACE : Cottonwood Improvement District Office  
TIME: 3:00 P.M.

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

Public in Attendance: None.

At 3:00 p.m., Chairman Kim Galbraith called the meeting to order.

AGENDA:

ITEM 1: APPROVE MINUTES OF THE FEBRUARY 16, 2022 PUBLIC HEARING AND BOARD MEETING

No corrections were made to the minutes. A motion was made “to approve the minutes of the Public Hearing and Board Meeting held on February 16, 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. There was discussion on a couple of items: A Utility trailer that is used for hose reels and a pump was purchased replacing an old one that didn’t meet the weight standards. The increase in the Dominion Energy cost was discussed. 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 February 28, 2022 were provided to the Board for their review. There was discussion on the District's YTD impact fees. There was discussion on the District's YTD investment income fair market value adjustment listed, along with the difference in interest earnings on PTIF vs Moreton Asset Management investments. There was some discussion regarding current YTD vs prior YTD Salaries and wages; The difference is because of COLA, vacation and sick leave accrual balance, and new employees.

ITEM 4: MUNICIPAL WASTEWATER PLANNING PROGRAM (MWPP) - REVIEW

The Board reviewed the State of Utah Municipal Wastewater Planning Program Annual Report. Chairman Galbraith accepted the report as presented. A copy of the Self-Assessment Report is attached to and thereby made part of these minutes.

ITEM 5: SEWER RATE STUDY FINAL REPORT – DISCUSSION

Greg Neff presented the sewer rate study final report prepared by Bowen Collins & Associates. Based on projected revenue needs, recommended overall rate increases for three identified alternatives are summarized in Table ES-1, along with several graphs, which were reviewed and discussed. Any of the following scenarios are for consideration and can be altered to fit the Board's direction for the District's funding. Alternative 1 – User rate increase only. No property tax increase (maintain at current level). Alternative 2 – User rate increases and a single, large property tax increase in 2023. Alternative 3 – User rate increases and two moderate property tax increase in 2023 and 2027. Any alternatives summarized may be altered. Spencer Evans explained the property tax increase requirements outlined by the Utah State Tax Commission.

The Board concluded to choose Alternative 3, having a 50% property tax increase in 2023, a public hearing in the fall of 2023 for a rate increase effective in 2024 and possibly another rate increase in 2026 and reassessing in five years. The Board will apprise the District's patrons the anticipated five year forecast in this fall's public hearing. The Board gave management direction to proceed and prepare a truth in taxation hearing for a 50% property tax increase for this fall with the increase taking effect in 2023. The Board requested to post the increase information on the District's agenda as early as the requirements will allow. A copy of the Sewer Rate Study Final Report is included and therefore made part of these minutes.

ITEM 6: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Wesley Fisher reported on the following CVWRF matters: CVWRF management gave updates on the capital projects, along with a drone video. The projects are moving along as anticipated.

Trustee Fisher stated that some projects have been delayed because of increased labor and material costs. The contract for the Sludge Thickening and Staining Facility was awarded to Archer Western for \$45M.

Chairman Galbraith asked Spencer Evans if CVWRF thinks more bonding may be necessary due to the rapid increase in costs of labor and materials. Spencer stated it may be necessary. Spencer explained that CVWRF is going to maximize utilization of the pay-go funding, in hopes of prolonging bond proceeds.

CVWRF is working on an amendment to the State loan terms.

CVWRF has hired a lobbyist to represent CVWRF and to give awareness of wastewater funding needs and issues to the legislators. The lobbyist also assists CVWRF to know and understand the issues that may be affecting the wastewater industry.

CVWRF joined UAMPS to avoid Rocky Mountain Power's excessive power outage surcharges that are at substantially higher rates than UAMPS. However, it was recently concluded that UAMPS cannot serve CVWRF because of a current exclusivity contract between South Salt Lake and Rocky Mountain Power. CVWRF is in the process of renegotiating new contract terms with Rocky Mountain Power. CVWRF will still be able to sell to UAMPS any future excess engine generated power.

A contract for the East RAS pump equipment was approved with Flygt. These pumps are from a different manufacturer than what was previously purchased for the West RAS pumps. CH Spencer is the previous pumps manufacturer. Its pumps have had numerous maintenance and warranty issues.

There was a closed session to discuss CVWRF's lease of real property.

Trustee Fisher asked the other Board members if they have any concerns or questions they would like him to bring up in the CVWRF Board meetings. This led into a discussion regarding how many employees CVWRF employs. Greg Neff said that when the BNR Basin project is brought online, it may be necessary to hire new employees. It was discussed that the budget meeting is a good time to ask questions concerning the number of employees needed for one position. For example, IT or safety positions and is it necessary to have more than one position to cover shifts since the plant operates 24/7.

Trustee Fisher mentioned that a 2-hour Strategy session was held just prior to the regular board meeting.

Greg Neff informed the Board of a couple of items discussed in the CVWRF's manager's meeting. 1) House Bill 238, Juneteenth Holiday; possibly replacing an existing holiday. Cottonwood's management will bring it before the Board if any future changes are required to the District's current leave policy. 2) Discussion on the Fairfield Bio Solids Land Application. The City was originally going to pass an ordinance prohibiting any land applied biosolids in the City; that ordinance has been postponed. CVWRF is land applying biosolids in a trial area and planting grass seed, which is most effective at pulling nutrients out of the soil. Biosolids are currently going to a farmer. Land application is the least expensive way to dispose of biosolids. CVWRF is working towards having Class A biosolids in the future.

#### ITEM 7: MANAGEMENT REPORT

Greg Neff wanted to inform the Board and explained that there was a state law passed allowing accessory dwelling units (ADUs). There are two types: internal and external/detached ADUs, which allow you to turn your basement or your detached garage with a sewer connection into an apartment. A conditional use permit is necessary, which requires a will serve letter from the District. There was discussion regarding the District being allowed to charge an additional impact fee, along with an additional service rate fee. Greg mentioned that there is some kind of prohibition of installing a second utility meter; however, gas, water, etc., will increase proportionately because of the ADU. Greg said it seems reasonable to charge an additional fee; if it's legal and possible, that's what management is leaning towards. Jeremy Cook, Cottonwood's attorney, will research it and get back with management to discuss in a later Board meeting.

#### ITEM 8: BOARD REPORT

Trustee Galbraith asked for clarification regarding the timing on the new impact fee enactment. The new impact fee was adopted in the February 16<sup>th</sup> Board meeting and takes effect in 90 days, May 16, 2022. Nothing else is required.

#### ITEM 9: INFORMATION ITEMS

- (A) CENTRAL VALLEY ESTIMATED COSTS
- (B) SANDY CITY COMMUNITY DEVELOPMENT – PLUMB HOLDINGS, LLC,  
APPLICATION PROPOSES TO REZONE FIVE PARCELS, LOCATED AT  
APPROXIMATELY 8968 SOUTH 1300 EAST

At 5:21 p.m., a motion was made “to adjourn the regular Board meeting.”

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

PREPARED BY: Jami Phillips, Secretary