

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

DATE: October 18, 2023
PLACE : Cottonwood Improvement District Office
TIME: 3:00 P.M.

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

Public in Attendance: None.

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

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: APPROVE MINUTES OF THE SEPTEMBER 20, 2023 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Board Meeting held on September 20, 2023."

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 few purchase items: 1). Ferguson pipe purchase for the emergency repair to be done on 1153 East 7625 South as discussed in the September 20, 2023 Board meeting. This project will be starting very soon. 2) Insituform Technologies for various 2023 pipe lining rehab projects. 3) The District's uniform work wear purchase. 3) Upcoming wastewater certification exams. Incentive and benefits to an employee operator to be certified. Also DEQ certification requirements for wastewater districts. 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 September 30, 2023 were provided to the Board for their review.

Spencer pointed out the District's quarterly Revenues and Expenses Year-to-Date Comparison (Unaudited) ending September 30, 2023 is included in this month's financial information.

ITEM 4: EXTERNAL AUDITOR CONTINUATION PROPOSAL – DISCUSSION & APPROVAL

The District received an external auditor proposal bid for continuation of audit services for the District's annual financial statement audit. The bid amount is \$12,000 per year for the audits of the years ended December 31, 2023 through December 31, 2027. The audit fee for the previous five years was \$10,000 per year. K&C CPAs have performed the District's audit since the audit of the year ended December 31, 2018. The increase does not appear unexpected nor unreasonable based on anecdotal evidence from conversations with other districts. A copy of the External Auditor Bid Proposal is attached to and thereby made part of these minutes. A motion was made "to accept K&C CPAs \$12,000 per year external audit bid for the audits of the years ended December 31, 2023 through December 31, 2027."

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

ITEM 5: PRESENTATION AND DISCUSSION OF THE 2024 TENTATIVE BUDGET

Spencer Evans prepared a PowerPoint presentation to coincide with the proposed tentative budget for 2024 reflecting the District's past and current estimated expenses. Spencer gave a brief District background overview, along with some basic District facts. There was an overview discussion on each slide item. 1) Budget Comparison: O&M Administrative, Employee Costs, CVWRF Operations, CVWRF Debt Service, CID Capital and CVWRF Pay-go Capital. The largest increase for 2024's budget is CID Capital. 2) Employee Costs: Cost of Living (COLA) increase is 5.8% based on Bureau of Labor Statistics Consumer Price Index, West Region, along with the three-year average of change in index for September to September as adopted in September 21, 2022's Board meeting. Merit increases are also included in the budget. 3) O&M Administrative: This has decreased primarily because the District doesn't have Board election costs for 2024 (approximately \$100,000 less). Spencer mentioned that depreciation is excluded from this chart. A few operating increases were discussed. Xpress Bill Pay, the District's online payment provider, has an approximate 20% increase. Postage has had a series of increases with more anticipated. Natural gas (dekatherms) this past year has had an approximate 30% increase. There was some discussion regarding power costs, which are relatively small. Fuel for the District's fleet remains the same as last year's budget; with the variability, it's budgeted at \$5 a gallon. The District's renewal costs for property and liability insurance won't be received for a couple more months. A relatively small increase is anticipated. 4) Treatment – CVWRF: CVWRF Operations, is less than a 4% increase. CVWRF Debt Service, an estimated \$60 million 2024 bond is anticipated. The District's portion percentage would be approximately \$9 million, which will increase the District's debt service approximately 20%. CVWRF Pay-go Capital has a slight increase. There was some discussion regarding CVWRF's arbitrage, interest rates and the money that was made on the unspent bond proceeds. 5) CID Capital: The big increase has to do with Project 4, the engineering work is being done right now. Construction is expected to begin in 2024; it is a multi-year project. The District's capital facilities plan estimates this project at 4.6 million. The project is listed in the 2024 budget at \$2.2 million; this amount could change. Greg Neff mentioned that he has an update meeting regarding this project with Bowen Collins tomorrow. This project is moving forward; however, there are a lot of

hurdles to cross. The other project is Project 7. The pipe will be upsized. It will be done in-house and is budgeted for \$300,000. There is \$500,000 budgeted for various pipe lining. There are a few pieces of equipment that were in the 2023 budget that will be carried over including a flusher truck. Spencer pointed out that this year's budget difference will be made up with approximately \$5 to \$9 million in District's reserves. Chair Kim Galbraith brought up and there was discussion regarding CVWRF's 2024's budget on health insurance vs the District's health insurance increase costs calculations and the costs of different plans offered. 6) Monthly Fee and Tax Comparison: This chart summary lists all the districts in the valley. Cottonwood Improvement District's service fees are one of the lowest in the valley. A motion was made "to tentatively adopt the 2024 Tentative Budget." A copy of the 2024 Tentative Budget, along with copies of the PowerPoint presentation 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

ITEM 6: SET TIME AND DATE FOR PUBLIC HEARING FOR 2024 BUDGET

A motion was made "to set November 15, 2023 at 6:00 p.m. as the date and time of November's regular Board meeting and the Public Hearing regarding the 2024 budget."

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

ITEM 7: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Wesley Fisher reported on the following CVWRF matters for the September 27, 2023, Board meeting: 1) CVWRF received an award of merit for Outstanding Overall Safety Performance as well as a Perfect Record Reward. CVWRF went twelve consecutive months without an OSHA recordable injury/illness for days missed. 2) Insurance rates were discussed. 3) CVWRF conducted an equipment walk through at WEFTEC. 4) CVWRF is still negotiating with Dakota Pacific regarding the lease agreement amendment. 5) There were two Utah teams that performed in the WEFTEC Operators Challenge. 6) CVWRF held a budget public hearing on October 11, 2023 at 6:00 p.m, no public attended. 7) There was discussion on CVWRF's ammonia limits violations notifications to the Division of Water Quality's and DEQ's two-year correspondence open timeline on such issues. CVWRF is now well below their limit. 8) Continued biosolids land application regulation issues with CVWRF's Fairfield property and the Town of Fairfield., along with the property's access road ownership and easement issues. 9) CVWRF's capital projects were update, along with a drone video. 10) There was analysis discussion on CVWRF's current janitorial contract vs hiring an in-house janitorial staff. From a financial view, it was decided to continue with outsourcing the janitorial services for now.

Greg Neff mentioned that CVWRF approved the purchase of a transformer. The dewatering building design should now be out for bid. CVWRF's management is working on pre-purchasing the centrifuge and belt presses that were viewed at the WEFTEC Conference.

ITEM 8: MANAGEMENT REPORT

None.

ITEM 9: BOARD REPORT

Trustee Mark Katter mentioned that the District's dump station appears to be busy.

Chair Kim Galbraith mentioned that he attended the Olympus Insurance 2023 Fall Risk Conference. There were some interesting and concerning potential liability issues discussed at the conference.

ITEM 10: INFORMATION ITEMS

(A) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – COTTONWOOD MANOR SUBDIVISION, LOT 11 (6796 MANORLY CIRCLE)

At 4:11 p.m., Chair Kim Galbraith called the public hearing to order.

ITEM 11: PUBLIC HEARING – NOTICE OF INTENT TO ADJUST DISTRICT BOUNDARIES AND NOTICE OF PUBLIC HEARING

Notice of intent to adjust District boundaries with Midvalley Improvement District and notice of public hearing. Resolution No. 2023-03 was Board reviewed and approved on August 21, 2023, including a mandatory 60-day waiting period for the public hearing. No public in attendance.

At 4:12 p.m., Chair Kim Galbraith closed the public hearing.

Chair Kim Galbraith, Trustee Mark Katter, and Spencer Evans will be attending the 2023 Utah Association of Special District's Convention.

At 4:16 p.m., a motion was made "to adjourn the regular Board meeting."

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

PREPARED BY: Jami Phillips, Secretary