

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

DATE: November 15, 2023  
PLACE : Cottonwood Improvement District Office  
TIME: 6:00 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  
Jami Phillips, Board Secretary

Jeremy Cook, Attorney for the District, was unable to attend

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

At 6:00 p.m., Chair Kim Galbraith called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

Chair Kim Galbraith addressed the public in attendance regarding the 2024 Tentative Budget hand out given to the public upon arrival. Chair Kim Galbraith read the first two paragraphs, which explains the District's background, along with some essential and crucial service and functions provided by the District. Greg Neff introduced himself to the public and discussed the District's diligence in providing a high level of service to the District's patrons at the lowest costs possible. Greg thanked the public for their attendance and support. Greg turned the time over to Spencer Evans for Item 1, Budget Presentation.

ITEM 1: **PUBLIC HEARING** – Final Budget for 2024

(A) Budget Presentation – Spencer Evans reiterated the PowerPoint presentation coinciding with the proposed tentative budget for 2024 discussed in the October 18, 2023 Board meeting, which has been available for inspection on the District's website for weeks. Spencer gave a brief District background overview, along with some basic District facts and primary activities including construction and replacement of lines done in-house or contracted and CVWRF's sewage treatment funding. Spencer gave an overview and discussed some percentage increases by area: 1) Operations and Maintenance, 3.2%, Treatment (CVWRF) 9.0%, and Capital Expenditures is 52%. 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). A few operating increases were discussed. Xpress Bill Pay, the District's online payment provider, has an approximate 20% increase. Bruce Blanchard at 8802 Shady Meadow Drive asked if District patrons paying online with electronic check payments are subsidizing the patron's transaction fees who pay electronically using a credit card payment. Management continues to look at ways to manage the various payment types and minimize the discrepancies with electronic payments fees. 4) Treatment – CVWRF: Pro rata share of the three main components, which are CVWRF Operations, CVWRF Debt Service, and CVWRF Pay-go Capital. Spencer gave a brief overview of some of the challenges the

District has faced regarding the 2015 Department of Water Quality Phosphorus Effluent Limits Rule imposed on CVWRF (30+ year old plant), which initiated the CVWRF plant rebuild to change the wastewater treatment process and meet the required new limits. The plant rebuild began in 2017; the deadline imposed to meet the new Phosphorus limit rule is January 1, 2025. However, CVWRF is working with DEQ and this deadline date has been extended to the Summer of 2026. Bonds have been issued to help finance the construction for the rebuild. The first bond was issued in 2017. Interest rates were at historical lows when most of these bonds were issued. A 2024 bond for approximately \$60 million is anticipated to be the last bond needed to complete the project. The District's portion of that is estimated at \$9 million. The pro rata share is based on flows, which fluctuate from year to year. Frank Christiansen at 8817 Shady Meadow Drive asked if the CVWRF Pay-go Capital portion will go away once the plant build is complete in 2024. Greg said the capital expenditures will continue and is intended to be used for plant upkeep. 5) CID Capital Projects: There are two major projects just starting included in the 2022 Capital Facilities Plan: Project 4 is located by I-215 and 900 East. This project is estimated at \$4.6 million. The project is listed in the 2024 budget at \$2.2 million; it is a multi-year project. This project will increase the pipe diameter. The other project is Project 7; Big Cottonwood Canyon Road upside. It will be done in-house and is budgeted for \$300,000. There is roughly \$900,000 in the budget for various pipelining and miscellaneous rehabilitation projects discovered or needed. 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 depending on the revenues received. Bruce Blanchard at 8802 Shady Meadows Drive asked how much will that drop down the District's revenue total. This question led into the discussion regarding the District's responsible target reserves amount on hand for project funding and emergencies. Spencer mentioned that the District has benefited from the higher interest rates on the District's reserve funds. David Arnold at 8446 South 1380 East asked if there are any debt bonds in the District's name. The District has no debt in its name, only the obligation to pay CVWRF for debt service on bonds issued by CVWRF. 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. Spencer ended his presentation and turned the meeting back over to Chair Kim Galbraith.

Chair Kim Galbraith opened the public hearing for public comment.

(B) Public Comment – Bruce Blanchard of 8802 Shady Meadow Drive asked if the District reserves go down, what type of service fees or property tax increases does the District anticipate in the coming years. Chair Kim Galbraith stated that the District does not want to continue drawing from the reserves; however, there will come a time in the near future where a service fee or property tax increase is needed in order to meet the District's debt service bond obligation to CVWRF and keep up with the District's capital facility projects. There was discussion on recent increases displayed with the other districts on the Monthly Fee and Tax Comparison chart.

Frank Christianson of 8817 Shady Meadow Drive stated that he perceives to expect that the District will have some type of increase whether it be annually or every other year over the next five or six years. The Board explained that the Board has been weighing the different scenarios that will work best for both the District's patrons and the District's vital infrastructure. The Board anticipates the need to address some form of higher rates in the 2024 year. Trustee Mark Katter mentioned that there are numerous counties along the whole Wasatch Front affected by needed increases. Chair Kim Galbraith invited the public to watch the posted agendas regarding any rate/fee increases and to attend the public Board meetings that will address and discuss these issues.

David Arnold of 8446 South 1380 East stated that he has lived in the District's service area for the past 40 years. He talked about the District's different service rates over the years and commended the District and Board for doing a good job. He asked about the Board of Trustees pay. It is governed by Utah State law and is currently \$5,000 per year, per Trustee. David doesn't think that it is an exorbitant cost. He stated that he is impressed by the Board and thanked the Board for their great service.

Trustee Mark Katter stated that he is grateful for the District's staff. He said the Cottonwood Improvement District has a reputation for being one of the best run sewer districts. With his experience working in the sewer industry and also serving on the Board, he agrees that this District exceeds its reputation and does a great job with its high level of service and low costs.

George Lukacs of 8524 Terrace Drive stated that the Monthly Fee and Tax Comparison chart substantiates the good job the District is doing. George asked for a breakdown of single family, multi-family, and businesses with regards to Page 8 of the Tentative Budget listing 38642 REs. George also inquired regarding the District's growth rate. Spencer Evans said approximately 24,000 to 25,000 are residential REs; most of the District's growth is in residential and has been under 2%.

A question was asked regarding the canyon flows. The District meters the canyons flow, conveys it to CVWRF where it's treated and the canyons pay the District based on metered flow.

Chair Kim Galbraith thanked the public for their attendance and comments and expressed the Board's continued efforts to keep costs down, along with a high level of service.

Chair Kim Galbraith closed the Public Hearing.

ITEM 2: ADOPT 2024 BUDGET

A motion was made "to approve and adopt the final 2024 Budget as proposed." 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

ITEM 3: APPROVE MINUTES OF THE OCTOBER 18, 2023 BOARD MEETING AND PUBLIC HEARING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Board Meeting and Public Hearing held on October 18, 2023."

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

ITEM 4: 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 the NASSCO PACP (National Association of Sewer Service Companies Pipeline Assessment Certification Program), listed under Professional Development, which is training for the TV operators. This program is designed for consistent assessment coding for underground infrastructure (sewer mainlines). 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, 2023 were provided to the Board for their review.

ITEM 5: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Wesley Fisher reported on the following CVWRF matters for the October 11 and October 25, 2023, Board meeting: 1) Board meeting date reminder; because of the Thanksgiving holiday, the November meeting is scheduled for Thursday, November 16<sup>th</sup>. Chair Kim Galbraith explained to the attending public that one District Board member sits on the CVWRF board. 2) WEFTEC Operations Challenge Team results were given. There were 55 teams competing overall. CVWRF completed 13<sup>th</sup> overall out of 23 teams in their division. The Wasatch All Stars placed 5<sup>th</sup> place out of 23 teams in the same division. One District employee was on the Wasatch All Star team. 3) CVWRF's 2024 final budget was approved and adopted. 4) The Belt Filter Press Contract was approved; the bid amount is \$2,048,064. 5) Discussion of Changes to CVWRF's member entity flow meter calibration frequency, which is currently quarterly. There was some discussion from members to change it to bi-annually. For now, it will remain quarterly. This item was tabled for later discussion. Management will look into more efficient ways if available. 5) There was discussion on the Side-Stream Nitrogen Removal Project regarding the Plant's ammonia removal and meeting the permit levels limits. This new process is working really well. The Utah Division of Water Quality has a two-year correspondence open timeline for any prior ammonia limits violations. 6) A drone video was presented showing the Plant's rebuild progress. 7) There was a closed session to discuss the lease of real property.

Greg Neff mentioned that because of construction delays, due to Covid, material shortages, etc., the Plant's original completion permit limits deadline date of December, 2025 has been extended by the Utah Division of Water Quality to hold their limits until the Summer of 2026, an additional 18 months for completion and for the plant to go online.

ITEM 6: MANAGEMENT REPORT

Greg Neff mentioned that staff will soon begin construction on the 7625 S. Sewer Replacement project.

ITEM 7: BOARD REPORT

None.

ITEM 8: INFORMATION ITEMS

- (A) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – GREENFIELD VILLAGE PLAT A, LOT 14 (1910 E. BROOKHILL DRIVE)
- (B) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – ROLLING KNOLLS SUBDIVISION, #1, LOT 14 (6870 S. BELLA VISTA DRIVE)

At 7:15 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