

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

DATE: Augusts 16, 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 JULY 19, 2023 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Board Meeting on July 16, 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) Various 2023 pipe lining projects with Insituform Technologies. 2) Asphalt Paving completing the Steffensen Project. 3) The District's summer party. 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 July 31, 2023 were provided to the Board for their review. The increase in the District's interest income was noted.

ITEM 4: REVENUE, EXPENDITURE AND RESERVES FORECAST

Spencer Evans prepared and presented a PowerPoint displaying the District's 2017 through 2028 revenue, expenses and reserves forecast. Based on projected revenue needs, there was discussion on a couple different proposed scenarios on monthly rate increases and a possible property tax increase. There was discussion on CVWRF's debt service bonds, the District's planned capital projects, which most of them are capacity increasing projects that were outlined in the Sewer Capital Facilities Plan completed last year. Forecasting future impact fees and interest income is difficult; therefore, Spencer mentioned the forecast presented is a conservative one. CVWRF's debt services and the District's capital projects are the largest cause responsible for the dip in the District's revenues. The goal is to have a balance between revenues and expenses and have a responsible reserves amount on hand for emergencies. Spencer will factor into next year's budget based on the Board's decision and direction. Greg Neff mentioned that there's a possibility that the 2024 and 2025 larger projects will be pushed out to a future date. They're already looking like they're going to take longer getting them started because of design consideration, working with other government entities, etc. It's taking a long time to get things moving. Trustee Katter asked about ARPA funds or any other government funds available. Greg said it's not likely

Trustee Fisher requested more scenarios to review and consider. Spencer mentioned after analyzing, ultimately a \$10 increase in the next five years is recommended either through a series of two \$5 increases or a series of \$2 increases over the course of several years. A property tax increase is another option to consider. Another option is to postpone one or two of the capital projects a little further out. The Board would like to see and discuss different scenarios reflecting a property tax increase and rate fee increases in increments, combined and separate. There was some discussion regarding patrons on auto-pay and any issues that may arise with a rate increase. Management will put together a couple of different scenarios for Board review, along with reviewing the capital projects timeline needs. The CVWRF's needs and costs when the new plant goes online was discussed. Jeremy Cook asked about the future Gravel Pit; Greg Neff doesn't see that project starting for a couple of years. Everything is costing more and the fee has been the same since 2017; the District's fees are among the lowest. There was discussion on the timeline of an increase. Management will send out a few scenarios in the interim for the Board to individually view and request which scenarios they would like to see at next month's board meeting for discussion. The preliminary budget is in October; the public hearing is in November. The key to a reasonable increase is education and informing the District's patrons of the District's needs and costs. Greg mentioned a recent news story statistic regarding inflation; the average family is spending \$709 a month more this last month than they did in the same month two years ago. Chair Galbraith mentioned from a cautionary view, not to extend the needed capital projects out too far in the future; it's anticipated that costs will be higher in five years than in two years. Greg clarified that the District's line rehabilitation, replacement and repairs on the capital projects are required every year; however, some of the capacity capital projects can be pushed out because the development doesn't occur.

ITEM 5: MIDVALLEY IMPROVEMENT DISTRICT LOCAL ENTITY PLAT – NOTICE OF INTENT TO ADJUST COMMON BOUNDARY – RESOLUTION NO. 2023-03

Greg Neff discussed the request received from Midvalley Improvement District that was tabled from July 19, 2023's Board meeting proposing a boundary change. The local entity plat showing the affected parcels was displayed. The proposal was reviewed by counsel; the District will notice the proposed boundary change and have the required public hearing no less than 60 days after this meeting, which will be at the October 18, 2023 Board meeting. As discussed in the July 19th meeting, the affected parcels, with the exception of one, are already flowing to and paying sewer service fees to Midvalley

Improvement; however, the property taxes are going to Cottonwood Improvement. Greg mentioned that there is a possibility that this boundary change doesn't go through. However, the District is working with Midvalley Improvement to get these affected parcels into Midvalley's taxing district, which seems fair and right and is the purpose of this Resolution. Midvalley initiated it and have done most of the work on it. Greg prepared the proposed Resolution presented to the Board for their approval. Most of the costs will be incurred by Midvalley Improvement District. A motion was made "to adopt Resolution No. 2023-03 Notice of Intent to Adjust District's Boundaries and Notice a Public Hearing."

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

ITEM 6: CID'S SANITARY SEWER MANAGEMENT PLAN (SSMP) MINOR UPDATES – REVIEW AND ADOPTION

Greg Neff discussed management's recommendations for the minor changes to Cottonwood Improvement District's Sewer Management Plan (SSMP), Resolution No. 2023-04. The District is required by the State to have a SSMP. The original SSMP was done in 2013; it was updated once and periodically needs updating because of personnel changes. A copy of the SSMP with the minor changes highlighted are attached to and thereby made part of these minutes. Jonathan Gubler, Operations Supervisor, was added. The District's organization chart was updated. There are some minor wording changes. The Level of Service was updated, adding capacity parameters to sewer main, force main and lift station's level of service, which was updated in the last capacity facilities plan done by Bowen Collins. Another change is the District's official website from .org to .gov. There was some discussion regarding the requirements of the District's SSMP General Permit No., which the State initiates and issues. A motion was made "to adopt the Cottonwood Improvement District's Sewer Management Plan (SSMP). Resolution No. 2023-04."

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 July 26, 2023, Board meeting: 1) A Resolution of Appreciation for Gary Faulkner was adopted for his 45 years of service to CVWRF. 2) A Board Service Appreciation Award was planned for Sharla Bynum, but was moved to the August board meeting. 3) June's ammonia limit exceedance was discussed. The over limit for ammonia dropped substantially with Sharon Burton's idea to use additional aeration blowers in the processing. CVWRF was able to meet the permit limits and anticipates being under permit limits in the future months. Trustee Katter asked about the deployment of security personnel on CVWRF's July agenda. Trustee Fisher said it was on cyber security issues, which he will talk about. 4) Discussion and approval on employee handbook and administrative policy changes. 5) Discussion on approval of the First Amendment to the Ground Lease Agreement with Dakota Pacific. Dakota Pacific was unable to get the funding for the land lease and requested a two-year extension to the contract to allow more time to get financing. There were other changes requested, which were tabled for a later time. The two-year contract extension was approved. 6) Capital projects were updated; there is a lot going on and projects are getting finalized. There will be a fall bid for the Dewatering Design project; the engineering plans are still being developed. 7) There was a power outage; the backup generator turned on during the meeting. 8) There was a closed session discussing the deployment of security personnel, devices, or systems. Good general knowledge was given.

ITEM 8: MANAGEMENT REPORT

A) CID Rehab 2023 – Update - Greg Neff informed the Board that the District is in the middle of the Rehab 2023 Project. Insituform is putting a new pipe inside an existing pipe. Most of the main liner is in; however, Insituform is waiting on a new subcontractor to put in the service line sealers/top hats. Greg reported on one minor mishap. The District’s inspector went down at 8:00 a.m. to check on the job. Sunbelt, a subcontractor to Insituform, was running bypass pumps. The inspector could see the water coming out of the next upstream manhole. The guy minding the pumps was looking at his phone not paying attention. The inspector knocked on the window and told the guy to kick on the pumps and idle them up because they weren’t pumping enough and the guy wasn’t watching them. This caused a backup, it’s estimated approximately 500 - 1,000 gallons made it into the storm drain. The Health Department showed up. Midvale City tested a few storm drain boxes downstream. It’s tough once you get downstream very far to know exactly what the source is, but they anticipated that it was possible wastewater. The District made the required reporting with the State. The District’s crews did a little bit of emergency cleanup; any additional cleanup would be done by the contractor that put in the bypass. Everything else is going good on that project.

ITEM 9: BOARD REPORT

There was discussion regarding a District patron emailing the Board of trustees regarding an online eCheck return fee. Trustee Fisher asked how these situations are normally handled and if management could take a look at this situation so he could respond back to the customer.

ITEM 10: INFORMATION ITEMS

None.

At 4:19 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