

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

DATE: March 20, 2024
PLACE : Cottonwood Improvement District Office
TIME: 6:00 P.M.

PRESENT:
Wesley Fisher, Chair
Kim Galbraith, Trustee
James Durrant, 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: A list of public in attendance is attached to and thereby made part of these minutes.

At 6:02 p.m., Chair Wesley Fisher called the public hearing/meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

PUBLIC HEARING

Chair Wesley Fisher declared that the Public Hearing was opened and turned the time over to Spencer Evans for a fee increase presentation.

ITEM 1: CONSIDERATION OF PROPOSED SEWER FEE INCREASE OF \$4.00 PER MONTH PER RESIDENTIAL EQUIVALENT TO BE EFFECTIVE JUNE 1, 2024

Spencer Evans did a PowerPoint presentation and gave a brief District background overview, along with some basic District facts. Spencer explained the reason for the public hearing; Cottonwood Improvement District is proposing to increase the monthly sewer service fee \$4.00 per residential equivalent unit (RE). This would increase the monthly fee to \$24.00 per RE beginning June 1, 2024. Spencer explained the following primary reasons for the fee increase: 1) Debt service on new bond to fund the treatment plant rebuild (paid to Central Valley Water Reclamation Facility, CVWRF) \$600,000-\$700,000 annually. He also talked about the reasons/requirements for the plant rebuild, along with the District's share of debt service to previous bonds issued to CVWRF since the plant rebuild started in 2017. 2) Construction projects identified in 2022's Capital Facilities Plan to increase capacity (pipe size); \$11 million (estimated) before end of decade. 3) Pipe lining and renewal projects. 4) Inflationary pressures on operating and other capital costs.

An Operating and Capital Expenditures graph was presented and discussed, which reflects the District's Capital, CVWRF Debt Service and Capital, Treatment (CVWRF), the District's Operations and Maintenance from 2017's actual costs to the present, along with an estimated forecast through 2029. Spencer explained that the District is drawing down some of the reserve funds; however, it does not want to draw down too much. Spencer displayed and discussed a page from the District's Capital Facilities Plan; the circled projects are the more anticipated pressing projects. One project has been completed, while others are in the beginning stages. The last graph presented and discussed was

the Monthly Fee and Tax Comparison chart (which includes the District's proposed June 1, 2024 increase) with other sewer providers throughout the valley.

Chair Wesley Fisher acknowledged and expressed the importance of the District's Board and management's early planning strategy and how its paid off. It is possible that additional increases will be necessary in the near future to continue the phenomenal job the District has provided in keeping the lines flowing in the right direction. Trustee James Durrant pointed out the aging infrastructure in the District's capital projects and the importance of being proactive in addressing those factors and meeting those needs in a timely manner.

Chair Wesley Fisher opened the public hearing for public comment.

ITEM 2: PUBLIC COMMENT

Dan Brady of 8973 Melbury Circle requested to display the Operating and Capital Expenditures graph for clarification and discussion. He noted the CVWRF treatment costs have been relatively static over the years and he noted the big increases in the CVWRF and the District's capital cost. Dan was interested in how the District prioritizes its capital projects.

The Board and management explained the increasing costs for the District's portion of the debt service and capital paid to CVWRF. The District's necessary capital projects were updated and identified in the Capital Facilities Plan. These projects are to increase capacity, repair, replace or line aging sewer lines as needed. The graph is the District's best effort to forecast the District's renewal and replacement concerns and issues. Management has discovered over the years that being more proactive with finances, construction & maintenance and renewal is very beneficial and less costly. It is up to the District, but it is recommended to update the capital facilities plan study every 5 years. It was also noted that the operations and maintenance of the CVWRF plant when completed will be more efficient in costs. There are seven entities that flow into CVWRF. The CVWRF treatment costs to the District is a percentage based on flow volume and strength, which does vary slightly from year to year.

Chair Wesley Fisher closed the Public Hearing.

ITEM 3: DISCUSSION AND ADOPTION OF SEWER FEE INCREASE TO BE EFFECTIVE JUNE 1, 2024

Chair Wesley Fisher noted that the Board has viewed and discussed many sewer revenue increase scenarios for the past few months. He asked Trustee James Durrant, who was unable to attend last month's Board meeting, his thoughts on the proposed \$4.00 monthly increase motioned in the February 14, 2024 meeting. Trustee James Durrant expressed his appreciation of management's many different model scenarios presented and stated that he is comfortable with the strategy behind the \$4.00 increase cost. He likes the small incremental steps looking forward and it is consistent with what was discussed in the January 17, 2024 Board meeting. Trustee Kim Galbraith concurred with the Board that this \$4.00 per month increase is an incremental step and noted as briefly discussed that future increases whether near or far, will be necessary. Trustee James Durrant added that the District has been the gold standard of improvement districts in this state as well as a large section of the country and it's a testament to how its managed looking forward and that the rate continues to be at or near the lowest throughout the valley, while getting the best service. Chair Wesley Fisher expressed the importance of giving the District the tools needed to continue the District's proactive annual cleaning and televising of all the District's lines. A motion was made "to adopt the sewer fee increase of \$4.00 per month per residential equivalent to be effective June 1, 2024."

MOTION BY: Kim Galbraith
SECOND BY: James Durrant
FOR: Kim Galbraith, James Durrant, Wesley Fisher
AGAINST: None

ITEM 4: APPROVE MINUTES OF THE FEBRUARY 14, 2024 BOARD MEETING

No corrections were made to the minutes. A motion was made “to approve the minutes of the Board Meeting held on February 14, 2024.”

MOTION BY: James Durrant
SECOND BY: Kim Galbraith
FOR: James Durrant, Kim Galbraith, Wesley Fisher
AGAINST: None

ITEM 5: 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 purchase of two approved easements for Project 7. A motion was made “to approve and ratify the disbursements.”

MOTION BY: Kim Galbraith
SECOND BY: James Durrant
FOR: Kim Galbraith, James Durrant, Wesley Fisher
AGAINST: None

(B) FINANCIAL STATEMENTS – REVIEW

Copies of the unaudited financial statements as of February 29, 2024 were provided to the Board for their review.

ITEM 6: MUNICIPAL WASTEWATER PLANNING PROGRAM (MWPP) – REVIEW AND APPROVAL

The District’s State of Utah Municipal Wastewater Planning Program Annual Report was presented, reviewed and approved by the Board. A motion was made “to approve the Municipal Wastewater Planning Program’s Annual Report.”

MOTION BY: James Durrant
SECOND BY: Kim Galbraith
FOR: James Durrant, Kim Galbraith, Wesley Fisher
AGAINST: None

ITEM 7: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Kim Galbraith reported on the following CVWRF matters for the February 28, 2024, Strategy Session, Board meeting and a March 19, 2024 Retirement Committee meeting: 1) The annual retirement committee meeting was an investment review of CVWRF’s assets within the retirement funds that are managed through Fidelity. There are a lot of investment products that make up the various types of funding. A couple of the funding options that were not performing well were removed and will be substituted with other mutual fund programs. 2) The strategy session was discussion on property owned by CVWRF for future development and also current and future land application of biosolids, including potential PFAS issues. 3) CVWRF received a reimbursement payment from an insurance company based on lack of presented claims. 4) Dakota Pacific’s land lease property development updates were discussed. 5) Approval of CVWRF’s Municipal Wastewater Planning Program. 6) A bid for the primary and secondary clarifier stainless steel purchase was approved.

Greg Neff informed the Board of an item discussed in the CVWRF’s manager’s meeting. CVWRF’s management will request to increase allowed cash reserves.

TEM 8: MANAGEMENT REPORT:

(A) DISTRICT FRAUD HOTLINE - Greg Neff explained and reminded the Board that the District instituted a fraud hotline on the District's website. If a report is issued, it is designed to go to the District's board chair, the general manager and the assistant general manager. A recent report was received from a District patron regarding the District's online provider emailing statement notifications in the early morning hours, which was a legitimate email notification.

(B) MOUNTAIN AMERICA INVESTMENT DISCUSSION – Spencer Evans explained to the Board and there was discussion on an investment option he is exploring. Mountain America Credit Union offers an investment savings account available to local governmental entities, which matches the Public Treasurer's Investment Fund (PTIF) return rate, plus an additional 25 basis points. It does meet the Utah Money Management Act requirements. Spencer is also looking into banking service costs with Mountain America Credit Union. He is in the process of gathering more information and will bring it before the Board in an upcoming meeting for discussion.

ITEM 9: BOARD REPORT

There was some discussion regarding a District employee who was highlighted in the WEAU Digested News Magazine.

ITEM 10: INFORMATION ITEMS

- (A) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – ENCHANTED HILLS #2 SUBDIVISION, LOT 8 (7459 S. MAGIC HILLS DRIVE)
- (B) WEAU ANNUAL CONFERENCE, ST. GEORGE, UT, APRIL 23-26, 2024 – Greg Neff informed the Board that a few District employees will be attending. If any of the Board members would like to attend, the District office staff needs to be informed in order to get them registered. There was also some discussion regarding the upcoming annual WEFTEC Conference to be held in New Orleans this fall.

At 7:20 p.m., a motion was made "to adjourn the regular Board meeting."

MOTION BY: Kim Galbraith
SECOND BY: James Durrant
FOR: Kim Galbraith, James Durrant, Wesley Fisher
AGAINST: None

PREPARED BY: Jami Phillips, Board Secretary