

MINUTES OF THE PUBLIC HEARING, THE REGULAR BOARD MEETING
AND THE 2021 ELECTION CANVASS
OF THE BOARD OF TRUSTEES
COTTONWOOD IMPROVEMENT DISTRICT

DATE: November 16, 2021
PLACE : Cottonwood Improvement District Office
TIME: 6:00 P.M.

PRESENT:
Wesley Fisher, Chairman
Kim Galbraith, Trustee
Mark Katter, Trustee, (arrived part way through Item 1)
Greg Neff, General Manager/Engineer
Lonn Rasmussen, Assistant General Manager/Operation Supervisor
Spencer Evans, 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., Wesley Fisher called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: **PUBLIC HEARING** – Final Budget for Fiscal Year 2022

(A) Budget Presentation – Spencer Evans reiterated the PowerPoint presentation coinciding with the proposed tentative budget for 2022 discussed in the October 20, 2021 Board meeting. He explained the District's context and history for the past few years, along with CVWRF's current estimate and future forecast. The CVWRF's cost variance is based on the debt service, operation cost, and the District's contribution percentage costs, which changes from year to year based on metered flows and strengths. Some of the increases in CVWRF's operation costs are due to the changes in the treatment process requirements, which require more personnel, along with studies on seismic and IT upgrades. CVWRF's low interest bonds also factor in the increase. Spencer explained the District's unrestricted reserves and its history and future forecast, along with Board consideration of a possible needed future revenue increase through taxes or service fees. There was discussion on the District's impact fee facilities plan, analysis and rate studies, and the asset management plan that is being done by Bowen Collins & Associates. They are planning to present the report to the Board in the December Board meeting. Any increase requires a public hearing, notice requirements and a waiting period.

Spencer went through the 2022 budget highlights; some expenditures will increase: property and liability insurance, CVWRF's costs, the District's collection system (due to an increase in pipe lining costs) fuel, and electronic payment processing fees.

A total cost for sewer comparison with other districts in the valley was shown and discussed.

Chairman Fisher opened the public hearing for public comment.

(B) Public Comment – Chris Steffensen of 1242 Sandra Circle asked how the huge increase in apartment complexes effect the District’s budget. Greg Neff explained that a developer pays an impact fee. The impact fee requires the developer to buy into the District’s system and help pay for the existing capacity that the existing patrons have paid for all along. There was discussion on the different key components, i.e., location, increasing capacity vs replacement capacity. The impact fees are adopted and set by the District’s Board after assessing a study done by an independent consultant; the fees are defined by state law. Greg Neff expressed that the District does the best it can so existing rate payers aren’t subsidizing new development.

Bruce Blanchard of 8802 Shady Meadow Drive asked about the monthly user fee for apartments and houses. Apartments and condominiums are paid by the property owner or HOA. Bruce asked Spencer Evans where he received the \$300,000 home market base he used in the sewer cost comparison. Spencer explained it is just a value used for the consistency of comparison purposes only.

Chairman Fisher closed the Public Hearing.

ITEM 2: ADOPT 2022 BUDGET

Discussion and Adoption of the Final Budget. A motion was made “to approve and adopt the final 2022 Budget as proposed.” A copy of the approved budget is attached to and thereby made part of these minutes.

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

ITEM 3: APPROVE MINUTES OF THE OCTOBER 20, 2021 BOARD MEETING

A motion was made “to approve the minutes of the Board meeting held on October 20, 2021.”

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

ITEM 4: FINANCIAL INFORMATION

(A) DISBURSEMENTS

The disbursement report was provided to the Board for their review, along with the District Manager’s Wells Fargo credit card statement. Additional charges for the flusher front end rebuild was noted and discussed. A motion was made “to approve and ratify the disbursements.”

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

(B) FINANCIAL STATEMENTS

Copies of the unaudited financial statements as of October 31, 2021 were provided to the Board for their review. There was some discussion on the impact fees received for projects this year,

along with the timing of when a developer is required to pay an impact fee. Trustee Galbraith asked if the District's pending study reflects an impact fee increase, when will that increase take effect and can a developer pay the current impact fee before the increase. Greg Neff explained that the law states after the Board adopts the impact fee, there is a 120-day waiting period before it goes into effect. During that time, a developer may prepay at the lower rate before the project is started. It also has to be noticed, along with a public hearing.

There was discussion on the District's dump station and the current year-to-date revenue generated.

ITEM 5: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Kim Galbraith reported on the following CVWRF matters: The CVWRF's 2022 final budget was approved.

A couple of CVWRF employees recently competed in teams that placed well in the WEFTEC Operations Challenge.

Wendy Crowther, CVWRF's legal counsel, has accepted a position with the State of Utah. Mr. Graham Gilbert from the same law firm, will take her place.

Capital projects update: Some projects are moving along; some projects are completed. The Digester 3 and 4 Cover Replacement Project is finalized. The Headworks Rehabilitation Project is almost complete. The Big Cottonwood Creek Siphon Rehabilitation Project is near completion. With the great fall weather, there is continued excavation and concrete pouring on a number of buildings, which is beneficial.

There was a closed session regarding the lease of CVWRF's property, which has the possibility of producing beneficial revenue.

Greg Neff reported on the manager's meeting and mentioned that there will be an approval request for an engineering and construction management task order, for approximately \$3.9 million. There will be an additional request for approval of a task order to design the Thickening and Straining Design Project building.

It was discussed that three out of the four power generators are running, which will save the plant on power costs.

ITEM 6: MANAGEMENT REPORT

(A) Bowen Collins & Associates Study Update – This item was discussed with Item 1. Greg Neff reported that the interim or draft report will be presented to the Board in the December 15, 2021 Board meeting with the rest to follow in January. Once completed, the impact fee adoption procedure will begin, which consists of a notice and comment period, public hearing, adoption, then a waiting period. There was some discussion on the upcoming capital facilities plan and the asset management planning report that's included with the study.

ITEM 7: BOARD REPORT

Chairman Fisher inquired about the WEAU convention. Greg Neff mentioned that it will be held in St. George in April, 2022. If the Board would like to attend, call the office to get registered. It was mentioned that the three employees scheduled to attend WEFTEC in Chicago earlier this month ended up not going; however, everything was refunded.

Trustee Galbraith mentioned that he, Trustee Katter and Spencer Evans attended the annual UASD Convention held in Provo this month.

There was some discussion on the required Board member training. Jeremy Cook will do the annual Open Meetings Act training at one of the Board meetings the first part of the year. Board Member Training course, required for newly elected Board members, must be completed within one year of appointment/election. This training is available online at the Utah State Auditor's website.

ITEM 8: INFORMATION ITEMS

- (A) CENTRAL VALLEY ESTIMATED COSTS
- (B) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – WILDFLOWER SUBDIVISION #2, LOT 220 (1812 EAST 9845 SOUTH)
- (C) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – COTTONWOOD RIDGE SUBDIVISION, LOT 11 (6860 S. VIRGINIA HILLS DRIVE)

ITEM 9: CANVASS NOVEMBER 2, 2021 BOARD OF TRUSTEE ELECTION

The Board canvassed the November 2, 2021 Board of Trustee Election results provided by the Salt Lake County Elections Division. The Board accepted and approved the November 2, 2021 Official Final Election Results provided by Salt Lake County Elections Division. A copy of the 2021 Board of Trustee Official Final Election Results and Canvass are attached to and thereby made part of these minutes. The Board expressed appreciation to Jami Phillips for her work on getting everything together for the Canvass.

At 7:30 p.m., a motion was made "to adjourn the regular Board meeting."

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

PREPARED BY: Jami Phillips, Secretary