

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

DATE: November 18, 2020
PLACE: Cottonwood Improvement District Office
TIME: 6:00 P.M.

PRESENT:

Wesley Fisher, Chairman
Kim Galbraith, Trustee
Mark Katter, Trustee - Electronically
Greg Neff, General Manager/Engineer
Lonn Rasmussen, Assistant General Manager/Operations Supervisor
Spencer Evans, Chief Financial Officer
Jeremy Cook, Attorney for the District
Jami Phillips, Board Secretary

Public: 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 public hearing to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: **PUBLIC HEARING** – Final Budget for Fiscal Year 2021

(A) Budget Presentation – Wesley Fisher asked management if there were any changes or discussion needed regarding the 2021 Tentative Budget as discussed in the October 21st Board meeting. Wesley said the budget document provided by Spencer Evans was reviewed by the Board and has been available for the public on the District's website. Wesley asked Spencer to review some of the highlights.

Spencer said there is no rate increase planned. There is no change in the District's staffing level positions. The professional fees include the impact fee, facilities plan analysis and rate study, which were carried over from last year. The water truck was in the 2020 budget for replacement and has been moved to the 2021 budget. The biggest increase for the budget is debt service generated by the CVWRF bonds. The District intends to participate in another CVWRF bond that will be issued in 2021. There was some discussion concerning the cost of the plant rebuild; the 2021 CVWRF capital costs budget is the largest since the plant was built. The Board's concerns are to make sure that the money being spent is monitored and regulated to keep the cost under control as much as possible.

(B) Public Comment – Bruce Blanchard of 8802 Shady Meadow Drive had questions regarding future budgets and particularly the debt the District is incurring at CVWRF.

Four years ago the District had a rate increase to meet its obligation for the treatment plant rebuild; in that public hearing, Tom Holstrom, CVWRF's General Manager, was present and said the plant rebuild could cost up to \$250 million. In the most recent Board packet it now shows the revised cost at \$416 million. He asked how realistic the revised \$416 million estimate is, which results in a \$76.5 million obligation for the District based on CID's 18.34 percent ownership. He is trying to figure out the debt relating to this. He also understands that the District has been paying some cash, around a million a year. Management explained the cash payments are called pay-go, which are required by CVWRF to be in cash and the rest can either be financed with CVWRF bonds or the entities can pay cash. It is estimated that three more CVWRF bonds will be issued to complete the project, including the 2021 bond mentioned earlier. There is a possibility CVWRF will pursue a federal 1 percent financing loan available in 2023. The District is in the process of doing an impact fee facilities plan, an impact fee analysis, and a rate study, which should be complete around February. This forecast will give the District and its Board a better idea in deciding if it will be necessary to raise rates to meet its debt obligation to CVWRF's plant rebuild. Any rate or property tax increase will involve the public. It was also discussed that much of the CVWRF capital estimate is now based on a bid price or the contract has been awarded and that many of the remaining projects are in the 60 to 80 percent design range, which allows for better accuracy for the estimated plant rebuild costs.

Wesley Fisher asked if there were any more comments or questions. There were none.

ITEM 2: ADOPT 2021 BUDGET

Discussion and Adoption of Final Budget. A motion was made "to approve and adopt the final 2021 Budget as proposed." A copy of the approved budget is attached 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 6 was called next by Chairman Fisher.

ITEM 6: CENTRAL VALLEY WATER RECLAMTION FACILITY UPDATE

Kim Galbraith reported on the following CVWRF matters: It was reported that one employee contracted COVID-19 back in September. The individual was quarantined and was back to work by the end of October. The old water reuse system, used to water the golf course, has been demolished. As mentioned in the October 21st Board meeting, there was an E. coli violation that was responded to immediately and controlled. There should not be any monetary payment or penalty resulting from the violation. Central Valley received a couple of Developer Memorandum of Understanding (MOU); there was discussion regarding the property where the golf course is located and the possibility of leasing this property location to another developer for a different use, which should provide a better monetary return. There will be more information on this matter as it develops. Central Valley's board approved the purchase of additional excess liability insurance. A fire alarm system upgrade contract was awarded for \$1.25 million; \$885 thousand will be in the 2021 budget and the remainder in the 2022 budget.

CVWRF's capital projects were discussed. Kim said there is a lot of work being done and projects are being completed. The Big Cottonwood Creek Siphon Rehabilitation Project bid, which was repackaged because of low bidder interest, could be sent out for rebid in November and possibly be awarded in the December meeting. The Side-stream Phosphorus and Nitrogen Design Project, design review is 90 percent (phosphorus) and 60 percent (nitrogen) complete and were sent to the State for DEQ approval and will be awarded in late December or January. The Sludge Thickening/Straining Design Project is at a 30 percent design level; the design is expected to be finished with the bids being received in July, 2021.

Kim said the metering and monitoring issue of the flow meters that flow into CVWRF from the various entities was discussed. Kim and Greg Neff explained that the new flow meters were installed at the end of 2019 through June of 2020. It was recently discovered that there was a flow increase in one of the entities' contribution percentage, which initiated Central Valley to check all of the member entities' newly installed meters. It was discovered that the new meters had some issues with factory settings and some issues with grit causing inaccurate measurements. In the end, these issues resulted in discrepancies for some flows. After all of CVWRF's checking and calibration had taken place, Cottonwood's flow went down. The District also put in a flow meter just upstream to verify CVWRF's numbers. Because the flow went down, District management thinks the District's contribution percentages will also go down. According to the Innerlocal Agreement, the seven member entities contribution percentages for O&M, Capital and debt are based on 12-month average metered flows. However, because of the discrepancies and the inaccuracy of the prior year, an alternate plan of action was drafted and approved by CVWRF's legal counsel and will be brought before the board in CVWRF's November board meeting for board approval. This one-time approach is as follows: For future monthly billings, beginning in October, data will be used from the newly recalibrated meters and billed for actual flows for a 9 or 10-month period of time, then in September, CVWRF will true up capital billing based on the average flow over the year. CVWRF will use an outside third party to verify calibration on the meters. CVWRF has a new program where it will monitor and check the meters, calibrations, and flow regularly. This information has been passed on to the District's impact fee, facilities plan analysis and rate study consultant,

After discussing Item 6, Chairman Fisher reverted back to Item 3.

ITEM 3: APPROVE MINUTES OF THE OCTOBER 21, 2020 REGULAR BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Regular Board Meeting held on October 21, 2020."

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

ITEM 4: FINANCIAL INFORMATION
(A) DISBURSEMENTS

There was discussion regarding the rebuild of the restrooms done by District employees. The Sandy office basement bathroom's floor drains did not work properly; they

were installed too high by the original builder. Greg Neff explained that the carpet replacement was in the budget for 2020; however, the bathroom drain was more critical, so the carpet will be moved forward a year or two. The disbursement report was provided to the Board for their review. A motion was made “to approve and ratify the October disbursements.”

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

(B) FINANCIAL STATEMENTS

There was some discussion on Budget vs Actual Summary and the used percentages of a few line items listed. The unaudited financial statements as of October 31, 2020 are attached to and thereby made part of these minutes.

ITEM 5: ANNEXATION PETITION – GRANITE CLIFFS CABIN, 4921 E. GRANITE CLIFF ROAD

Greg Neff explained that Robert Hanks owns a single lot in the Wasatch Resort in Little Cottonwood Canyon. Robert submitted a petition to be annexed into the District. This property does have access to connect to the District’s sewer line. This annexation will require Board approval. The local entity plat requires the General Manager’s signature. A public hearing is required; however, it can be waived by the Board, because in this case, there is only one property owner involved. The petition request from Robert Hanks is attached and thereby made part of these minutes. A motion was made “to waive the public hearing requirement and accept the annexation petition for the property located at 4921 E. Granite Cliff Road to be annexed into the Cottonwood Improvement District.”

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

ITEM 7: MANAGEMENT REPORT

As discussed in the July 15, 2020 Board meeting, it was decided to begin charging users of the RV dump station who live outside of the District boundaries and to install a payment method for users. That is now complete and generating a small amount of income. A brick pedestal was built that houses a secure payment box, along with envelopes for cash payments. A separate credit card merchant account was set up and a QR Code was created to allow users to scan the QR Code or text “dumprv” to a specific number. This information is posted on the dump station sign and allows you to pay using a smart phone. It cost approximately \$2500 to set up the payment app.

(A) OCTOBER SEWER SERVICE FEES RECEIVABLE – Management is evaluating the resumption of admin and late fees starting in January, 2021. Bruce Blanchard asked the percentage of District customers who are on auto-pay. Spencer Evans estimates that it’s just under 25 percent. A report of sewer fees receivable was included in the Board materials.

ITEM 8: BOARD REPORT

Wesley Fisher said he has received a lot of emails on the various wastewater virtual conventions and conferences and asked management how involved will the District be in these going forward. Management said some were attended virtually this year; it's too early to tell for this upcoming year.

ITEM 9: INFORMATION ITEMS

- (A) CENTRAL VALLEY ESTIMATED COSTS
- (B) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER
– TALL OAKS, PHASE 4 SUBDIVISION, LOT 22 (1804 E. VINTAGE OAK LANE)
- (C) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER
– WILLOW CREEK SUBDIVISION, LOT 11 (2440 E. BARCELONA DRIVE)
- (D) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER
– APPLE VALLEY SUBDIVISION, NOT 1, LOT 20 (7292 S. PIPPEN DRIVE)

At 7:35 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