

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

DATE: February 23, 2021  
PLACE: Cottonwood Improvement District Office  
TIME: 3:00 P.M.

PRESENT:  
Wesley Fisher, Chairman  
Kim Galbraith, Trustee  
Mark Katter, Trustee  
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 in Attendance: None.

At 3:08 p.m., Wesley Fisher called the public hearing to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: IMPACT FEES FACILITIES PLAN, BOWEN COLLINS & ASSOCIATES –  
DRAFT REPORT PRESENTATION

Wyatt Anderson, Project Engineer, of Bowen Collins & Associates (BCA) was in attendance to present the draft Capital Facilities Plan (CFP) report. Keith Larson, Principal-in-Charge attended electronically. Wyatt explained the scope of services provided, along with the other entities' information and data that were contacted and used to develop the CFP. Wyatt went over three challenges facing the District: 1) future growth, 2) aging infrastructure, 3) CVWRF treatment plant rebuild costs.

ERUs are projected to increase 25% by 2050 whereas District's previous CFP completed in 2010 projected 11% growth. The increase in the estimated growth is due largely to higher density and mixed use housing trends of recent years and growth up Big and Little Cottonwood canyons. BCA cautioned that the historical flow data used in the CFP was before the CVWRF flow metering irregularities were identified in September 2020. Changes in this flow data could cause changes to the system flow constraint projections and needed capacity improvements contained elsewhere in the CFP. BCA recommended monitoring flows for at least six more months and then revisit design flow.

BCA discussed system capacity constraints and aging infrastructure. Several maps showing areas of projected capacity constraints and ten-year timeline of projects to

address those constraints. BCA discussed rehabilitation and replacement of aging infrastructure. Costs were estimated by assuming replacement and rehab of 100% of the Districts system over a period of 80 years. Over the next ten years the estimated costs are \$20 million for capacity improvements and \$23 million for rehabilitation and replacement. BCA reiterated that capacity information may also change based on the post September 2020 flow metering data at CVWRF to be collected over the next six months.

BCA pointed out that the rehab and replacement amount was a high level estimate for planning purposes and doesn't take into account the condition of the system and what actually might need to be done and when. The estimate assumes 50/50 split between rehab vs. replacement when actual circumstances might dictate more rehab instead of replacement is possible, which Trustee Galbraith pointed out would be lower cost. Greg Neff explained his concern that the estimate might cause unwarranted distress to District stakeholders. Chairman Fisher also expressed his concern, especially in light of current and future spending on the CVWRF rebuild. BCA explained the estimate is conservative (high). They see plenty of reasons that the estimate could come down with more data but cautioned that their future spending recommendation will likely be higher than past spending. BCA explained that refining this number is out of the CFP scope of work and would fall under the scope of an asset management plan. An update to the scope of the BCA agreement to include a sewer system asset management plan is in Item 5 on the agenda.

BCA discussed the future timeline: February – August 2021 collect CVWRF metering data, September – October 2021 update CFP based on metering, November – December 2021 calculate allowable impact fees and recommended sewer rates. The Capital Facilities Plan Draft Report by Bowen Collins & Associates is attached to and made part of these minutes.

Chairman Fisher moved the meeting to Item 5.

**ITEM 5: SS ASSET MANAGEMETN, CAPITAL FACILITIES PLAN – UPDATE SCOPE BOWEN COLLINS & ASSOCIATES PROPOSAL**

Trustee Galbraith asked Lonn Rasmussen to comment on the results and recommendations of the draft CFP and if anything therein surprised him. Lonn explained the areas identified for capacity are well known and are monitored regularly. Greg added that these areas are televised regularly and many pipes perhaps aren't as full as the CFP indicates. The lower CVWRF meter readings since recalibration suggest as much and will likely corroborate this over the coming months. Greg explained that preparing financially for CVWRF for the past several years has come at the expense of planning regarding District's collection system. CVWRF future costs and financing mechanisms are becoming clearer and can now be reasonably forecasted. The asset management plan will update the District's capacity projects list and provide a data driven rehab and replacement plan with realistic costs. These data driven costs will then flow into the rate study and provide a basis for setting a sewer fee that ensures the system is kept in good operating condition.

Trustee Katter commented that the District's goal of televising the entire system annually provides a lot of good current information about the condition of the system. Greg explained that issues identified by televising are put into the next year's budget.

Greg explained he asked BCA to come up with a proposal for the asset management plan and to also revise the flow data in the draft CFP with additional CVWRF flow data later this year. BCA's proposal is \$33,290 for these services and is included in the board book. The 2021 adopted budget has contingency amounts that can be used for these purposes.

Chairman Fisher asked for more clarification of why this work is needed. Greg explained it will take existing and new data and provide a framework for a targeted approach to system renewal instead of taking a “shotgun” approach such as replacing 1/80<sup>th</sup> of the system per year, regardless of whether it’s needed or not. In addition, due to the timing of the CVWRF meter issue the draft report has potentially inaccurate data. This scope revision provides for the updating of the draft report with new CVWRF flow data subsequent to September 2020. Wes asked if this is going to result in more findings that will result in BCA asking for more money. Greg explained it’s always possible but not probable, the scope is set. It’s a balance of being frugal and wise. Good data is needed to know what to spend on the system now to prevent system failure and sharp cost increases in the future. Trustee Katter added this is consistent with his experience and with other studies he’s seen. Trustee Galbraith commented that the CVWRF meter problems are unfortunate but it’s good they came to light before finalization of the report.

A motion was made “to approve BCA’s scope and fee additional services associated with the sewer capital facilities plan of \$33,290.”

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

Chairman Fisher asked if the work will be done in time for the preparation of the 2022 budget. After some discussion it was determined it possibly might be but not in time for a tax increase if that was needed.

ITEM 2: APPROVE MINUTES OF THE JANUARY 20, 2021 BOARD MEETING

Chairman Fisher noted the minutes reflected Trustee Katter attending electronically and also not attending. The minutes will be changed to reflect that Trustee Katter was unable to attend. A motion was made “to approve the minutes of the Board Meeting held on January 20, 2021 with the change.”

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

ITEM 3: PUBLIC COMMENT

None.

ITEM 4: FINANCIAL INFORMATION

(A) DISBURSEMENTS

The disbursement list is attached to and thereby made part of these minutes. A motion was made “to approve and ratify the disbursements.”

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

## (B) FINANCIAL STATEMENTS

Copies of the unaudited financial statements as of January 31, 2021 were provided to the Board for their review. Spencer Evans explained that the budget vs. actual summary report didn't include the reversal of the December change in fair value of the investments held at Moreton Investments. This would have resulted in a negative number for interest income for much of the year because of the large unrealized gain. The District marks the investments to market for the year-end financial statements in accordance with GAAP. This is excluded because the District hold the investments to maturity. The reversal can be seen in account 462 on the account level financials that are included in the Board book each month.

### ITEM 5: CENTRAL VALLEY WATER RECLAMTION FACILITY UPDATE

Kim Galbraith reported on the following CVWRF matters:

Ten employees have tested positive for COVID-19 in the recent months. CVWRF is still working to get vaccines for employees on an expedited basis.

The uranium tailings are temporarily being stored in on-site impoundment berms. CVWRF is working with the EPA and DEQ to get approval on their disposal plan. Greg Neff provided an update that most of the tailings have now been excavated and categorized. Most are in the lower level classification and could possibly be left on-site for a long time or indefinitely but this is still to be determined. Trustee Galbraith mentioned that CVWRF had a third party on-site during the excavation examining each bucket to segregate the higher level material and it appears this was beneficial.

Several construction contracts and change orders were approved. The side stream phosphorous contract was awarded. The engineering estimate was approximately \$10.8 million and the bid selected was approximately \$9.5 million. Other recent contract awards have come in at or slightly below the engineering estimate, which is good news.

The Cedar Valley property is being evaluated for future use. It has been leased to a farmer but the lease expires this year. The property was purchased many years ago as a potential biosolids disposal site in the event the current disposal options closer to the plant become unavailable.

Debra Armstrong and Don Russell will continue to serve as CVWRF Chair and Vice Chair respectively for 2021.

### ITEM 6: MANAGEMENT REPORT

Greg Neff reiterated that the asset management plan and rate study are tools. They aren't formally adopted and are not binding. They are intended to provide the Board with information to aid in making decisions. Greg will be working very closely with BCA on the development of the asset management plan. Greg explained it has been his experience that often times these studies are completed and then ignored, largely due to budget constraints.

The development of the asset management plan doesn't mean management didn't have a plan before. Management is very aware of the condition of the system, including the areas possibly needing replacement, through the continual televising of the District's lines. The asset management plan will help with forecasting and ensure money isn't wasted prematurely or waiting too long to replace lines. The District doesn't work with consultants often but BCA brings expertise that will help in creating a realistic asset management plan.

Trustee Galbraith commented about the level of engineering involvement that could be required by the projects in the CFP. He expressed concern about workload and time constraints on Greg as he is both the General Manager and District engineer. He asked Greg to communicate to the Board whenever additional engineering help might be needed. Trustee Galbraith emphasized he would rather be in a position to foresee and avoid problems rather than have to react. Chairman Fisher and Trustee Katter also expressed support and encouraged Greg to bring any engineering staffing needs to the Board.

Greg expressed appreciation to the Board for acknowledging this and said it is a valid concern. He explained that in most cases the District is able to handle project management in-house and tries to minimize the use of consultants. If needed, project consultants would be brought in if there are multiple simultaneous projects or if specialized expertise was needed.

ITEM 7: BOARD REPORT

Chairman Fisher commented that with the change to more high density housing these studies will provide good information.

ITEM 8: INFORMATION ITEMS  
(A) CENTRAL VALLEY ESTIMATED COSTS  
(B) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER  
– BENNION BARNS ESTATES SUBDIVISION, LOT 1 (9619 S.  
CARRIAGEHOUSE LANE)

At 4:48 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: Spencer Evans, District Clerk