

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

DATE: January 16, 2019  
PLACE : Cottonwood Improvement District Office  
TIME: 3:00 P.M.

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

At 3:00 p.m., Mark Katter called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: APPROVE MINUTES OF THE DECEMBER 19, 2018 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Regular Board Meeting held on December 19, 2018."

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

ITEM 2: FINANCIAL INFORMATION

(A) DISBURSEMENTS

Wesley Fisher noted the District's Cafeteria Plan payment for 2019 and the replacement purchase of the Honda 4-wheeler, which was discussed and approved in a previous Board meeting. Kim Galbraith inquired about the Utah Association of Special District dues. The dues are based on budgeted revenues. After review and discussion, a motion was made "to approve and ratify the disbursements."

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

## (B) FINANCIAL STATEMENTS

Spencer Evans explained the financial statements included are year-end but don't reflect some of the year-end accruals and also Central Valley Water Reclamation Facility's month-end December's invoice wasn't received in time to be included. Copies of the unaudited financial statements as of December 31, 2018 were provided to the Board for their review.

### ITEM 3: PUBLIC COMMENT

Bruce Blanchard at 8802 Shady Meadow Drive said he was prompted to get a December Board meeting recording because he was unable to attend. He listened to the recording several times. 1) to listen to candid comments and the decisions made. 2) to clarify his impressions and to see who in the group thinks the public may occasionally have good suggestions or wishes the public would go away. 3) to determine how he can be more clear and effective in communicating and he apologized for not using the Board's time efficiently. Bruce thanked Mr. Hale for his comments in December's Board meeting. He stated that he received training for public meetings, along with the Sandy City Council, and found it to be very helpful. He has several ideas. 1) on COLA increases. 2) to find a compromise to ameliorate rather than exacerbate the spread within each pay range. 3) how to determine the quality he wants from the District at the appropriate cost to the public using targeted comparisons. 4) budget allocated postage cost. Bruce is willing to access his bill online. He receives an email about his payment and doesn't see a need for his paper statement.

Anthony (Tony) Hale lives at 2825 East 7012 South and is an employee of the District. He explained how the District switched root control vendors and developed a new process to apply product. The District cost went from \$1.69 per foot to treating 90 feet of pipe for \$15 to \$20 (\$.17 to \$.22 per foot).

Tony showed the Board members a piece of calcium in a bag and explained that it came from cleaning a section of 8" District line. The calcium builds on the pipe from the outside in and is a potential backup. This particular section was cleaned six times and there was approximately a yard and a half of this debris.

Tony said this District is on the leading edge. He hears the same complaints and arguments since 2016 and doesn't think management gets enough credit from the public. The District has revolutionized the root process and won national awards at the convention in Chicago for the Vapor Rooter. The classes for root control are taught by the District and is monitored through the Department of Agriculture. The District gets calls from all over the Country for root control. Tony is very proud of that and he knows that management is too.

### ITEM 4: ELECTION DISTRICT - DISCUSSION

The District has a four-year term Board of Trustee election every odd year. Jeremy Cook explained that for election purposes, the District used to have different voting district boundaries within the District, the North and South with a member from each and one at-large member. The District changed all of the voting election boundaries to at-large in 2016. According to state statute, district boundaries can only be changed every five years. Jeremy's recommendation is to wait until 2021. At that time, the Board can decide to change it back to two voting district boundaries. When the District was built at its current location, before vote-by-mail and Salt Lake County conducted the District's election, there was concern regarding the Board of Trustees only representing one small portion of the District. Splitting the voting district boundaries in two eliminated that problem.

### ITEM 5: RFP INVESTMENT OF RESERVES

Spencer Evans explained that all the District's current reserves are invested in the Utah Public Treasurers Investment Fund (PTIF), which is run by the State Treasurer's Office. The PTIF complies with the Utah Money Management Act that governs public funds. Management would like to explore getting an investment advisor. An investment advisor has to be qualified with the State. Currently there are eight firms qualified. An investment advisor would invest in the same types of securities as

PTIF, but would be able to tailor a portfolio more in line with the District's needs and uses. Management would like to find some advisors and send out an RFP. Management also recommends that the District update the District's investment policy. Wesley Fisher asked if management thinks the District is missing out on some opportunities that could be helpful. Spencer said he has talked to other finance officers in other districts and cities and thinks it will be beneficial. It would be a portion of funds not needed for a couple of years. Another benefit is an advisor would maintain regular contact to make sure the portfolio composition is still meeting the District's needs and targets. Chairman Katter said it's his understanding that even though the funds are in long term, if they're needed, the funds are still accessible. Kim Galbraith said the funds would be subject to market risk to the District's advantage or disadvantage. Management will advertise an RFP and review them, then present three or four proposals to the Board. Chairman Katter said South Davis Sewer uses PTIF and a reputable advisor firm familiar with government agencies and he is very pleased with them.

ITEM 6: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Chairman Katter said Central Valley had \$2 million dollars' worth of budgeted task orders approved. Greg Neff said the task orders are primarily to get the engineering service started for design of facilities, construction management of facilities and inspections. The task orders are budgeted based on percentages of all the different construction projects. This is the year CVWRF is doing most of the design work on the nutrient removal facility and will probably go out for bid this fall. The design will need to be 90 percent complete this summer so it can get final approval from the State. The nutrient removal is the lions' share of the money being spent at Central Valley. Kim Galbraith said the \$2 million of approved task money represents the engineering needed for the future construction costing a \$100 million. There was some discussion regarding the engineering firm. Greg said the costs are within line and even a little less than what was expected for industry averages for those kinds of design tasks. The firm designed the original plant and is designing the new plant and are experts in wastewater.

Chairman Katter said CVWRF originally requested a SRF loan of \$80 to \$90 million and was recommended an award of \$65 million at 1.5 percent. The City of South Salt Lake received an award of \$11.4 million; \$2 million will be a grant and the remainder will be zero interest. Greg said when the State Revolving Fund loan (SRF loan) was granted, some things are taken into account, like who needs this money the most and obviously at a more favorable interest rate and part of it's a grant. Its federal money that the state distributes.

Chairman Katter said there were a lot of updates on the various construction projects.

ITEM 7: COST OF LIVING ADJUSTMENT – OUT OF PAY-BAND EMPLOYEES

Greg Neff said under the District's current policy, when a Cost of Living Adjustment (COLA) is applicable, it is given to all employees. In connection with the budget, there was quite a bit of discussion regarding COLA for four employees who were above the pay-bands created by the recent compensation study. It was left unclear how to proceed for those four individuals and management thought clarification was needed. One of Kim Galbraith's concerns was that a person who's above the pay-band would get further above the max if they got a COLA each year. Greg sent the Board possible solutions and some of those were discussed. One suggestion was to give a bonus instead of an adjustment to base salary. Greg pointed out that the four employees have been with the District a long time and they're high-valued employees, two of them are very close to retirement. Management felt like they should be grandfathered because the compensation study changed what the max is and the new pay-bands will keep employees from exceeding the max in the future. Chairman Katter mentioned that these four employees are good employees. Greg told the Board about the exceptional work ethic and loyalty of the four employees. Greg is concerned that not getting a COLA makes these employees feel a little less valuable or motivated, but said these four individuals are the kind of employees that will continue doing a great job regardless. Wesley Fisher said he knows these people are very valuable and he appreciates everything that they do. He also knows they are important jobs and thinks everybody in the District is doing a fabulous job. Wesley said he could be persuaded to give a bonus instead of a COLA to shrink them down each year so they would get closer to the pay-band range. He could also be persuaded to give no COLA and no bonus. He is leaning towards doing something that would help them and let them know that the Board does appreciate them. Wes asked Kim his thoughts. Kim said he is still trying

to get his arms around some of his thoughts and understanding. Greg said he will be happy to forgo his potential future merit increase because he doesn't think it's fair to the four that don't get something if he does.

Tony Hale asked the Board if it was acceptable to ask a question. Chairman Katter said to keep it brief. Tony asked what the issue is of having any employee that is over an imaginary line. He thinks it's ridiculous for what this District does and offers that there would be an argument and a cap on somebody's wages. He doesn't think the numbers are high enough to disallow these people their merit raise or their COLA, especially when considering the District's rates compared to the rates other districts are charging. Other districts put names on what their people do and it puts them in a different boundary for their wage structure. This is a better District. The entire system is taken care of, televised and cleaned every year from the top of both canyons down. No other district does that in one year. This District has a heck of a crew and now they are trying to be minimized to the middle of the bar. Tony said he would be happy to take anybody from the District or any Board member out and show them what employees do every day. Tony explained that working in the sewer is a different business, it takes a certain breed of people that will work in the sewer. Tony thinks that the four employees should be treated equally and not doing so is damaging and doesn't help moral. Chairman Katter thanked Tony for his input.

Chairman Katter asked Bruce Blanchard if he would like to say something. Bruce proposed basing the COLA for the four employees on the mid-point of their pay-band range and multiply it by 3.4 percent and add that amount to their current pay. This will shrink the spread down a little bit and they still get a COLA.

Dan Kooyman at 1979 Viscounti Cove said he knows the Board is doing a great job, because he's been part of the Board and understands what they do. He said the problem he sees, as a tax payer, is that management makes a proposal, there's a brief discussion, but the Board just generally says okay, let's just do that, without any real definition. What is being discussed today is only a few dollars, but it's the principal of the thing. He doesn't see the Board getting serious about making some adjustments to whatever the budget turned out to be. Chairman Katter said the Board is to govern not manage. That's why the Board hired a manager, so he could bring proposals to the Board. The Board relies on his expertise, but things are discussed and we don't always agree with it and maybe that's not reflected in the meetings. Sometimes the Board discusses with management outside of these meetings to get more information. The State set it up for the Board to govern and to have proposals and ideas come from management. The Board and management work as a team to make it work together. Dan said he thinks it's a matter of perception.

Kim Galbraith said he personally doesn't care what other districts do. He was elected to sit on this Board. He looks at the continually increasing wages and thinks sometimes somewhat of a break is needed and to look and make sure that it makes sense. He understands that he's the one-year new guy here and he doesn't purport to understand to know what happened in prior years. He's coming in with a different perspective and a different attitude. Wesley asked Kim if he had heard anything discussed he liked. Kim said that he hasn't come up with a decision yet, but he would like some type of resolution. Wesley asked how much the increase percentage would be calculated at the pay-band mid-range for those individuals. Spencer said it would probably be from 2.4 to 2.9 percent. Spencer explained some of the other suggestions discussed earlier regarding the COLA vs bonus. He said the rough estimate is \$7,500 dollars on a 2.5 percent mid-point COLA versus \$10,000 dollars on the 3.4 percent bonus. Chairman Katter said something to consider is the tight employment situation. Because of the percentage of the COLA this year, he is leaning towards the bonus suggestion to help the employees take care of the rising expenses for this year. Wesley asked if that would be a one-time thing. Greg said the Board could set the policy and say this is what the Board wants to do this year and address the matter again next year or set the policy going forward.

Spencer said one of his roles is Human Resources. He hears a lot of what's being said and the concerns. He's noticed that this matter has a very detrimental effect on moral of the entire group, but that everyone is still doing a great job. The situation with these four employees is not going to go on forever. Because of the new pay-bands, nobody besides these four are going to go above that maximum pay-band line. Wesley said a policy is needed so this is not going to continue to come up all the time, which will help with moral. Chairman Katter said the Board needs to have a policy that's more consistent/structured and fix the matter of these four employees. Kim said he would rather not provide a



one-time bonus mechanism to employees that are in this situation, but would rather give them a salary increase that is less than the COLA percentage. Wesley asked what's the difference between the top and the mid-range of the pay-band. Greg said around an average of 3 percent, but it varies depending on the individual and how high they are above the pay-band. There was discussion about whether the COLA should be based on the mid-point or max. Kim said to pick the middle to bring them back within the pay-band range quicker. Greg doesn't think that will happen before these employees retire. Greg is advocating that if a COLA is given to employees in the pay-band, the four employees out of the pay-band get the same COLA percentage increase based off of the top of the pay-band range. It's better to have a policy based on percentages and a definable number rather than a bonus.

A motion was made "to make District policy that a COLA pay increase be given to the four employees outside the pay-band based on the top portion of the pay-band range."

MOTION BY: Wesley Fisher  
SECOND BY: Mark Katter  
FOR: Wesley Fisher, Mark Katter  
AGAINST: Kim Galbraith

ITEM 8: MANAGEMENT REPORT

Pickup Costs and Uses - Spencer provided a spreadsheet of the District's pickup costs and uses. The District purchases the pickups at government fleet pricing on the state contract and sells them every 50 thousand miles at retail pricing, which makes them a very low cost to the District. Kim and Wes commended staff for an excellent job of vehicle management.

Spencer provided a spreadsheet and there was some discussion regarding District growth, which is mostly attributed to several multi-unit developments.

Greg provided some Central Valley Water Reclamation Facility Nutrient Removal Funding plans and projection charts.

Greg pointed out a couple of calcium pictures provided that Tony Hale had mentioned earlier in the meeting. The calcium forms and deposits on the top when hard water seeps through old clay pipe. The District purchased some new more efficient nozzles for low pressure cleaning. The nozzles are a little more expensive, but work better, especially in removing calcium deposits off of the pipes. The calcium can cause a potential backup if it was to fall off the pipe into the sewer line.

ITEM 9: BOARD REPORT

ITEM 10: OPEN MEETING TRAINING

Jeremy Cook handed out a copy of the Utah Code, Title 52, Chapter 4, Open and Public Meetings Act and provided the Board with the required annual training. He discussed, defined and highlighted some of the general provisions including, agendas, motions, written and recorded minutes, public notice, public comment. Jeremy said a provision was added a couple of years ago, rather than having written minutes it allows an audio tagging of the recorded minutes. He thinks districts and cities will be going to that soon once a good software program is developed. Jeremy discussed the statute regarding closed meetings, the reasons for closed meetings and the penalties if violated. Discussed provisions regarding electronic communication between board members during meetings and communication between board members outside of meetings. One change Jeremy pointed out was a provision regarding annual training. Training must comply with the State Training and Certification Requirements, which is now offered online. Jeremy explained the differences between a public meeting and a public hearing.

ITEM 11: INFORMATION ITEMS  
(A) Murray City – Notice of Public Hearing, Amending the Zoning Map for the Property Located at 5901 and 5911 South 1300 East

(B) Sandy City Notice – annexations: Garza, Mosher, & Willow Creek Country Club

ITEM 12: CLOSED SESSION

(A) Strategy to Discuss Purchase of Real Property and Pending and Imminent Litigation

A motion was made “to move into a closed session to discuss purchase of real property and pending and imminent litigation strategy.”

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

A motion was made “to reconvene in an open session.”

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

At 5:55 p.m., a motion was made “to adjourn the regular Board meeting.”

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

PREPARED BY:



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Jami Phillips, Secretary