

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

DATE: November 14, 2018  
PLACE : Cottonwood Improvement District Office  
TIME: 6:00 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 6:00 p.m., Mark Katter called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: **PUBLIC HEARING** – Final Budget for Fiscal Year 2019

A motion was made "to open the Public Hearing."

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

Mark Katter declared that the Public Hearing was opened and turned the time over to Spencer Evans for the Budget presentation.

(A) Budget Presentation – Spencer Evans presented the proposed District 2019 Budget. Hand-outs were made available to the public attending and are attached to and thereby made part of these minutes. Spencer said there were a few minor changes from the tentative budget that was presented to the Board in October's meeting. Central Valley Water Reclamation's operations line was increased just under \$75,000 due to the more recent monthly allocations used by CID. The CVWRF debt service increased by approximately \$168,000 based on the finalized allocation percentage, which was not finalized by CVWRF until mid-October. Capital contributions for CVWRF decreased approximately \$62,000 due to revisions made by CVWRF to pay-go projects. Debt service is the dollar amount Cottonwood Improvement District is responsible to pay for debt/bonds that CVWRF has issued to fund capital projects. Spencer said there is no sewer fee increase anticipated for 2019 and will remain \$20 per month, per residential equivalent, nor will there be a property tax increase.

(B) Public Comment:

Steve Wise at 1560 Granada Drive asked how many vehicles the District owns, how often are they replaced and what is the criteria for replacing them. District staff said the District has ten pick-ups. To minimize the cost of driving them, they are sold when they reach 50,000 miles. The District owns four combination cleaner trucks. After approximately five years of heavy operation use, they sold and replaced. There are four small dump trucks used in construction and manhole raising that are kept longer. One larger dump truck is 15 years old. There are two TV vans that are replaced approximately every five years. There is one water truck that is used to haul water to the flusher trucks working throughout the District.

Frank Christianson at 8817 Shady Meadow Drive asked the Board if they were familiar with the intricacies of the budget. Wesley Fisher said it was presented and detailed to the Board at last month's Board meeting. Frank said without a balance sheet, it's difficult to see what's going on with Central Valley. He thinks the District's goal of no backups costs the District \$200,000 to \$250,000 a year and administrative salaries are too high. He thinks the District should merge with another district to cut administrative costs.

David McMillan at 1911 Richard Road had some questions on total compensation. He said the Utah Transparency website lists the District percentage in salaries and wages for 2017 is 53.3 percent. In 2018 they are 56.6 percent. In 2019's budget, it's listed at 65.9 percent. He asked for details on each benefit and what percentage is on wages and salaries. Spencer said before he could provide an answer, he would have to see how David is calculating the benefit percentages.

George Sears at 1908 E. Summer Meadow Circle asked if any employees have left the District. Spencer Evans said one employee left this year to go to a different governmental entity. George said typically, in good business operations, there is a 5 to 10 percent turn-over rate. He doesn't see that at Cottonwood Improvement District, but doesn't know if that would be problematic in an entity this size. Very seldom has he seen where everyone in a company gets a COLA and he personally hasn't always received an increase.

Bruce Blanchard at 8802 Shady Meadow Drive thanked the Board for posting the tentative budget and the monthly minutes on the District website. He also thanked the Board for holding the budget public hearing in November for the consideration of public comment. Bruce commented on the compensation study done earlier in the year and thinks pay-bands should be 50 percent. He does not think an employee above their salary range should receive any kind of raise. Wesley replied that the Board did not give a raise to the employees that were above their max range earlier this year.

Kristie Blanchard at 8802 Shady Meadow Drive said there were years that her husband didn't get a raise when he worked as an executive at IHC. She is unhappy about District wages and thinks there is something wrong when there are District employees making more than the governor does. She doesn't think any employee over the maximum range should get any kind of raise. She reminded the Board of their responsibility to the District patrons.

Jim Lewis at 1834 Sunrise Meadow Drive said he appreciates televising, inspecting and cleaning the sewer lines and thinks the District does a great job. He has dealt with million dollar claims in sewer backing up in basements and he would rather see money spent proactive rather than reactive. He thinks the District's salaries are a little high when compared to other cities but are in the middle when compared to other sewer and water districts. Jim asked what the Equity Net Loss of CVWRF refers to in the budget. Spencer Evans explained the District is part owner of CVWRF and accounts for its ownership as an equity investment. The amount is the District's allocated share of CVWRF's net loss. It is a non-cash item and is recorded as required by the accounting standards. Jim asked how the District is charged by Central Valley. Greg Neff replied that Central Valley has a formula used to calculate the District's percentage based on a combination of flow and strength. Lon Rasmussen described the District's pre-treatment program to reduce the cost associated with fats, oils and grease and has an inspection and a surcharge/cost recovery program associated with commercial sewer customers.

Steve Wise at 1560 Granada Drive said the 5 percent dollar amount and salary/benefit increase on the budget is extremely high.

Jim Edwards at 1873 Richard Road said his health care cost at his employment have increased. He asked what type of health insurance is offered to District employees, the percentage of the premium a District employee pays for health insurance, the out-of-pocket cost for an employee and if the District pooled in a greater insurance plan to get a better cost benefits. Spencer Evans said the District is part of the Public Employee Health Plan, which is available to state and local governmental employees in Utah. It's a traditional plan and has a single, a double and a family premium. The District covers 100 percent of the single premium. The District covers 85 percent of the amount over the single premium. It's a 90/10 plan.

Dan Kooyman at 1979 E. Viscounti Drive said it's the Board's responsibility to direct District management and to make any changes to the District's employee wages and benefits.

Jim Lewis said that PEHP has different plans and options to choose from.

Wesley Fisher explained that he understands some in attendance are upset about wages and benefits and is willing to listen and consider changes. Reductions may not necessarily lower sewer fees based on what the District is up against. Changes could be made and two years down the road there could be a fee increase that has nothing to do with salaries and wages.

Dan Kooyman said he realizes that the compensation package for District employees is a pimple on a whale's nose considering the total budget and the amount of money being spent. CVWRF is that great big elephant out there the District is trying to feed, but something needs to be done in areas over which the Board has control. Customers need some indication the Board is doing things for the benefit of the customers realizing that fees may go up anyhow.

Kristie Blanchard said the Board should be doing what she wants and looking out for her interest as opposed to management's interest. She wants good sanitation, but doesn't think it has to be the premier.

Jim Edwards said lower fees is not the expectation, but that the Board be aware of those that work in the private industry that have been feeling pain over several years about wages and benefits and finding cut-backs and having to do more.

Chairman Katter said good points have been brought up and the input is very valuable and isn't falling on deaf ears. The Board is to govern and not to manage the District. The Board needs management's input because the Board members are not the experts and management has the experience. He said the District staff is top notch.

Jim Lewis said his neighbor on Tortellini Drive has a 35-year-old house that had three 90 degree turns in his sewer lateral, which caused sewer problems and they recently had it rerouted. Greg Neff said that the District's current slope, grade and clean-out specifications would not allow the sewer to be installed that way.

Bruce Blanchard asked what are the legal requirements for announcing a budget hearing. Spencer Evans said it has to be in a newspaper of general circulation and posted on the Utah Public Notice website seven days in advance. Bruce felt more could be done.

Jim Edwards asked what leverage the District has over CVWRF regarding the decisions they make that affect customers. Wesley Fisher said the EPA and the State of Utah have required CVWRF to meet new regulations and standards by the year 2025. If those standards aren't met, they won't renew the license to discharge. Greg Neff said they could also impose heavy fines. All of the seven member entities have the same interest, which is to save money and not raise rates. All of the people on Central Valley's board, which includes Chairman Katter, ask a lot questions regarding the cost of different items and contracts that they are being asked to approve. Central Valley management also has a monthly manager's meeting with the seven entities to discuss issues.

Kim Galbraith said that we alone can't fight the EPA, but explained that the Board can control what it spends on, such as vehicles, salaries, benefits, etc., and can influence CVWRF to do it in a cost effective and efficient way.

Wesley Fisher thanked the public for coming and expressing their feelings.

Kim Galbraith said if the District can save a nickel here and a dime there, it's a nickel and a dime that in two years the District doesn't have to pass on to customers. It will trickle down and end up in reserves and it will be that much less that the District has to bond for, which means less of a fee increase needed to repay the bonds.

After there were no more comments, Chairman Katter closed the public hearing.

ITEM 2: ADOPT 2019 BUDGET

The Board discussed how to proceed with the budget approval. Wesley Fisher explained that he wanted to take time to consider the public comments received. Kim Galbraith asked ways to initiate changes to the proposed budget. Jeremy suggested the Board could bring changes up now or come to the next meeting with any budget changes. Kim Galbraith said he doesn't necessarily agree with the provision in the District's Trustee Policies and Personnel Management Rules and Regulations Employee Handbook that states COLA isn't subject to a salary cap. If he was to propose to that no COLA be given would that conflict with the policy. Greg Neff said that the COLA policy also states "as approved by the board." Wesley Fisher said his reading of the policy is that the policy doesn't need to be changed to make COLA happen or not happen. Chairman Katter was in agreement. Jeremy explained it could be done as part of each budget process.

There was some discussion regarding repairs and maintenance. Chairman Katter cautioned against cutting back on repairs and maintenance because it could come back to cost a lot more in the future to repair and cause bad P.R. for the District. Jeremy Cook explained cutting service and having backups isn't cost saving to the District. Greg Neff explained there is judgement in cleaning frequency and feels avoiding back-ups is still the best goal. If a backup occurs in your basement, then no amount of money is too much to spend on preventing backups. Previous District Boards of Trustees have been very backup averse because of complaints from customers that had backups. Complaints from customers with sewage in their basement can be very different than complaints about the number trucks, number of employees or compensation. The District may spend more on cleaning than some districts, but there are less backups. Management has been looking at accomplishing the same goals with the minimum amount of trucks and employees.

Chairman Katter brought up tabling the approval of the budget until the next meeting. After some discussion, the Board decided to table adopting the budget until next meeting. Jeremy Cook reminded the Board of the December 31 approval deadline. Kim Galbraith explained that some issues might take longer to work out than one budget year and suggested that changes he or others might want to make should be done incrementally instead of abruptly, such as matters that effect the livelihood of employees. Jeremy Cook explained that adopting the budget does not preclude the Board from making subsequent changes to policy.

Wesley Fisher asked what the costs would have been for a primary election. Management explained that in the 2017 election Salt Lake County quoted a price of \$92,000 to hold a primary, which would have doubled the quoted total cost of the election.

A motion was made "to table the approval of the 2019 final budget until the December 19, 2018 Board meeting."

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

ITEM 3: APPROVE MINUTES OF THE OCTOBER 17, 2018 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 17, 2018."

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

ITEM 4: FINANCIAL INFORMATION

(A) DISBURSEMENTS

After review and discussion, a motion was made "to approve and ratify the disbursements."

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

(B) FINANCIAL STATEMENTS

Copies of the unaudited financial statements as of October 31, 2018 were provided for Board review.

ITEM 5: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Greg Neff gave a brief overview. CVWRF's budget was approved and updates were given on several ongoing construction projects like the massive clarifiers. An exact dollar amount for the State loan CVWRF is trying to secure is not known yet.

ITEM 6: MANAGEMENT REPORT:

- (A) Update on proposed purchase of District property by Salt Lake County – The SLCO counter offer to purchase the property expired.
- (B) District employee, Todd Smart, participated in WEFTEC's National Operator Challenge and his team took 3<sup>rd</sup> Place Overall. Forty-two teams competed.
- (C) District insurance renewal. Workers Comp cost went down substantially. The liability insurance is unchanged. Management's recommendation is to keep the same insurer and will ask for approval in December's meeting.

ITEM 7: PUBLIC COMMENT – NOT BUDGET RELATED

ITEM 8: BOARD REPORT

Wesley Fisher said he attended the UASD Annual Convention in Layton last week. He will give a report on the classes he attended in next month's meeting. The Lieutenant Governor's Office is implementing a new government registry for all entities. They are requesting the Resolution showing when the entity was organized, along with the entity's boundaries. The deadline to submit this information is July 25, 2019 but the registry website is not yet available for upload. Greg Neff said the District has all of that information available already.

ITEM 9: INFORMATION ITEMS

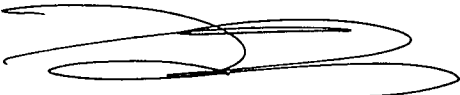
- (A) PEHP EXPERIENCE REFUND - \$10,901.00
- (B) MURRAY CITY CORPORATION, NOTICE OF PUBLIC MEETING – CONDITIONAL USE PERMIT FOR GEORGIA AUTO SALES, LOCATED AT 4195 SOUTH 500 WEST, UNIT 56.

(C) MURRAY CITY CORPORATION, NOTICE OF PUBLIC MEETING – CONDITIONAL  
USE PERMIT FOR MARIO'S AUTO SALES, PAINT & FRAME, LOCATED AT 4195  
SOUTH 500 WEST, UNIT 71.

At 8:24 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:

  
\_\_\_\_\_  
Jami Phillips, Secretary