

**MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
CLIFTON WATER DISTRICT**

January 11, 2024

BOARD MEMBERS PRESENT: Mel Diffendaffer, Dan McElley, Michael Slauson, Nick Genova & Wesley Davis.

STAFF MEMBERS PRESENT: Jessica Isley, Jennifer Pettingill, Jacob Lenihan, Ty Jones, Eric Schoeny, Mark Dalley, Mike Simpson, Isaac Brown & Rene Fick.

GUESTS PRESENT: Andy Mueller, General Manager for the Colorado River District.

Chairman Diffendaffer called the January 11th, 2024 Regular Meeting to order at 5:00pm.

SHOSHONE WATER RIGHT PRESERVATION

Chairman Diffendaffer welcomed Andy Mueller to the meeting. Andy addressed the Board regarding the Shoshone water rights purchase agreement and provided a brief history of how these water rights were appropriated. The purchase agreement, signed December 19th, 2023 included a purchase price of \$98.5 million. Expenditure of funds for the purchase is contingent upon completion of an Instream Flow agreement between the seller, the River District, and the Colorado Water Conservation Board (CWCB). In addition to the successful negotiation of such an agreement, these three parties also need to successfully complete a change case in water court to add an additional use of instream flow consistent with the Instream Flow agreement. Fundraising is another essential component in order to meet the purchase price. Lastly, the successful filing and conclusion of a case before Colorado's Public Utility Commission will clear the way for Public Service Company of Colorado (the owner of these rights and a subsidiary of Xcel Energy) to proceed with the sale of these rights. Closing is anticipated to occur on, or before, December 31st, 2027. Andy noted that at the end of the change case, the coalition will need to show \$98.5 million in commitments for the purchase. The hope is to raise \$10 million from the Western Slope partners, with the counties being the primary contributors.

The District had promised \$10k a few years ago and Andy asked the Board to start thinking about that amount, or possibly more. He stressed the importance of each of the 18 coalition members making some sort of monetary contribution towards the purchase. The next step is to approach the federal government for funding, but only if all 18 coalition members have pledged their contributions as an indication of their commitment to this purchase. The actual funds pledged will only be needed near the end of this process and no up-front payment is expected. Andy added that he needs no decision from the Board tonight but is asking that they discuss the options and let him know the estimated contribution that can be expected.

MINUTES OF THE DECEMBER 14TH, 21ST, & 29TH 2023 MEETINGS

Vice Chairman McElley moved to approve the Minutes of the December 14th, 2023 Regular Meeting, and the Minutes of the December 21st & 29th, 2023 Special Meetings. The motion was seconded by Director Genova. Motion carried unanimously.

RESOLUTION 2024-01

Treasurer Slauson move to adopt *Resolution 2024-01 – Designating the meeting time, place, and 24-hour Agenda posting location*, seconded by Secretary Davis. Motion carried unanimously.

FINANCIAL REPORT

Treasurer Slauson moved to approve the Accounts Payable checks to the amount of \$445,261.62, seconded by Secretary Davis. Motion carried unanimously.

FINANCE DEPARTMENT REPORT

Audit Update - Finance Manager Isley noted that preliminary preparations for the FY2023 audit have begun. The start date for fieldwork has not been set, but the statement of work from the auditing firm indicated it would be in early February.

2014 Drinking Water Revolving Fund (DWRF) loan - As noted in September 2023, funds had been moved into COLOTRUST in preparation for loan payments due in January & July. This has resulted in over \$13,000 in interest being earned.

Bank Reconciliation Internal Control Policy

Finance Manager Isley explained that the internal controls for the bank reconciliation process have been lacking in the past. She presented an updated policy and requested Board approval. Vice Chairman McElley asked if the auditors have seen this policy and Finance Manager Isley responded that the auditors will only review the policy after Board approval. Director Genova moved to approve the Bank Reconciliation Internal Control Policy, seconded by Treasurer Slauson. Motion carried unanimously.

**RESOLUTION 2024-01 DESIGNATING THE MEETING TIME, PLACE,
AND 24-HOUR AGENDA POSTING LOCATION**
(Pursuant to §24-6-402(2)(c) C.R.S.)

WHEREAS, the Clifton Water District designates that all Regular Board of Directors Meetings will be held the second Thursday of each month at 5:00pm located at the Clifton Water District Office, 510 34 Road, Clifton Colorado, and;

WHEREAS, the Clifton Water District designates that the 24-hour Agenda Notice will be posted at the Clifton Water District Office and online at www.cliftonwaterdistrict.org .

ADOPTED, this 11th day of January, 2024.



Melvin Diffendaffer, Chairman



Dan Mcelley, Vice Chairman

HR DEPARTMENT REPORT

HR Staff Report - Pre-employment Drug Testing Policy

HR Manager Pettingill presented an updated pre-employment drug testing policy and discussed the changes that have been made. She noted that there was a discrepancy between what the old policy contained vs. what was actually taking place. The District has switched vendors to Work Partners and will be doing a five-panel test instead of the seven-panel test. The alcohol test was eliminated, along with the witness signature on the consent form. Vice Chairman McElley questioned why the alcohol test was eliminated. HR Manager Pettingill responded that it is highly unlikely that a candidate would show up for a drug test while still intoxicated. Furthermore, medical professionals performing the pre-employment tests will most likely note and report any alcohol intoxication. She added that these policy updates were made upon the counsel of Micheal Santo, a local leader in this industry. Vice Chairman McElley voiced his opposition to removing the alcohol test and Director Genova asked what the general practice is with other companies. Vice Chairman McElley added that alcohol testing is a commonsense requirement and prior knowledge of alcohol abuse can help avoid problems further down the line. Secretary Davis agreed with this statement. Treasurer Slauson asked if recruitment will be affected by including an alcohol test. HR Director Pettingill responded that it should not as the job postings include a disclaimer of drug testing. Chairman Diffendaffer stated that he has mixed feelings on alcohol testing. He added that it may not be necessary as candidates are aware that showing up intoxicated to the testing will impact the job offer. Director Genova commented that alcohol does leave the system fairly quickly and asked about the cost. HR Director Pettingill responded that the cost is around \$40 per candidate and if included, the total estimated cost per candidate would be \$400. Vice Chairman McElley stated that there is also a cost to training and including alcohol testing can help catch any problems prior to investing into a new hire. Chairman Diffendaffer moved to approve the Pre-employment Drug Testing Policy, with the amendment to include alcohol testing, seconded by Vice Chairman McElley. Motion carried unanimously.

ENGINEERING/CONSTRUCTION DEVELOPMENT REPORT

E & 32½ Road and D¾ Road projects - Engineer Schoeny stated that the E & 32½ Road project is still on schedule for a spring construction. Distribution Supervisor Dalley and his team will be completing the D¾ Road infrastructure improvements in a cost-saving effort.

E & 31 Road project - This project is still ongoing, but no infrastructure work is currently being done.

Plant Control System, Effluent Pump and MCC Replacement project - work is still ongoing.

Master Planning for the Water Treatment Plant site - Work is on hold as the gravel pond has frozen.

WaterSMART Water and Energy Efficiency Grant - The District is currently working on a grant proposal for this funding opportunity through the Bureau of Reclamation. The grant

proposal is due on February 22nd and would provide a 50% match for the installation of new meters. The District has installed over 7,000 new meters, with 5,300 left to install. Engineer Schoeny informed the Board that he will be requesting approval for this proposal at the February 8th meeting, with the intent of submitting it as soon as possible after.

OPERATIONS

Sanitary Survey - Assistant Manager Lenihan stated that the Colorado Department of Health & Environment Water Quality Control Division has scheduled the Sanitary Survey for February 12th. This is a routine, 3-year audit on water quality and infrastructure. He added that staff will provide ample information up front to the Division auditors.

Electricity usage at Water Treatment Plant - Chairman Diffendaffer asked about the outcome of less power usage during peak hours. Manager Jones responded that there was a reduction in electricity bills in comparison with the same period for the previous year. Assistant Manager Lenihan explained that Water Treatment Plant Supervisor Brown implemented a practice of overall energy conservation in addition to minimizing usage during peak rate times. This has resulted in lower electricity bills, but it is still quite a hefty bill. Treasurer Slauson asked about the solar options and Manager Jones responded that staff will work on that as soon as their workload allows. Discussion ensued on Mesa County's temporary moratorium on commercial solar farms and Assistant Manager Lenihan noted that solar was being discussed prior to Engineer Schoeny joining the District team. He had pointed out that the flood plane should be investigated first, and solar options will be revisited once the Master Plan for the Water Treatment Plant site has been completed.

ADMINISTRATION/OFFICE

Manager Jones provided some administrative updates:

Damage to fire hydrant - A fire hydrant got hit due to slick roads. The breakaway worked & the hydrant is getting repaired.

Clifton Sanitation Agreement - After some further investigation, it was found that there is no official agreement between the District & Clifton Sanitation. A staff report from 2002 contained some details regarding an agreement. District attorney, Kirsten Kurath, will be working on getting an agreement drawn up.

City of Grand Junction - Manager Jones attended a meeting with City staff and the topic of our Whitewater leak was discussed. Also discussed was the possibility of transferring services for three residences on Bean Ranch Road from the City to the District. He explained it would simply be a matter of contacting the customers, no tap fees would be involved, and asked the Board for approval to proceed. Director Genova asked about the infrastructure involved and Manager Jones noted there would be none. The City's water line is right across the road from the District's line.

The switch would involve digging up the main line and hooking it up to the service lines. Vice Chairman McElley asked what the difference in rates would be for these customers and Manager Jones responded that it would be about 80c/month cheaper to be served by the District. The Board authorized Manager Jones to proceed with transferring services for these three customers.

Colorado Water Congress (CWC) meeting - Manager Jones noted that on Monday, January 29th at 2pm, following the executive session, the floor will be open for membership discussion. He expressed his hope that there will be multiple representatives from, and on behalf of, the Western Slope present. Manager Jones stated that he will need some idea of the amount the District can commit to the Shoshone Water Right Preservation effort at this meeting. Chairman Diffendaffer noted that the District would have three years to come up with the funds to be contributed. Vice Chairman McElley suggested \$500,000, adding that this amount is an indication of how important he feels these rights are. Director Genova agreed, but asked what the impact would be to operations. Manager Jones reminded the Board that there will be a three-year period to accumulate the funds. He asked that the Board decide on a specific contribution amount that they are willing to commit to, and a to make a motion on that amount. Vice Chairman McElley asked the rest of the Board if they would consider taking some time to think about it. Chairman Diffendaffer & Director Genova agreed and asked staff to work out a financial plan to outline how the District can get to a contribution of \$500,000. Manager Jones responded that he needs an amount specified by the end of January. Vice Chairman McElley moved to authorize the tentative allocation of \$500,000 to the Shoshone Water Right Preservation, contingent upon staff research and a financial plan on what the District can afford to contribute. The motion was seconded by Director Genova. Motion passed unanimously. Finance Manager Isley will work on a plan for Board review at the February 8th meeting.

MANAGER'S REPORT

Vice Chairman McElley asked about a change in this report, namely the omission of tap sales data. Assistant Manager Lenihan noted that there have been some issues with recreating the data that had been included in this report since the software changeover. The goal is to start fresh with 2024 data and it will be in the report for the next meeting. Discussion ensued on plant outflow vs. sales, with Vice Chairman McElley questioning what happened to the almost 10MG. Chairman Diffendaffer commented that there must be a loss of water somewhere, that it could not all be from the Whitewater leak, but perhaps leakage in the system overall. Assistant Manager Lenihan responded that a 10% - 15% difference is both expected and accepted. He also pointed out that the outflow data is for the period December 1st to 31st, whereas the sales data is based on the billing cycles. Chairman Diffendaffer commented that it should average out over a 12-month period. Engineer Schoeny provided some insights into these discrepancies and explained the difference between non-revenue water and water loss. Inaccuracies with meters and leaks are examples of non-revenue water, with flushes representing "accounted for" non-revenue water. He added that the new meters will help greatly in addressing meter errors and stressed that this is by far the worst, but also the easiest and cheapest, issue to fix. Chairman Diffendaffer asked if there are leaks that we may not be aware of and Engineer Schoeny responded that every system has leaks. He added that tracking the water is very important, wherever tracking is possible. When a leak is found, it is usually a guess as to the extent of the loss as there is uncertainty of how long the leak has been going on. Discussion ensued on

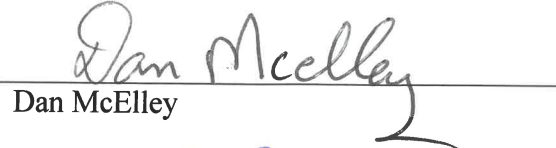
distribution meters in the system, and how dividing up the District with these meters will provide better data. Unfortunately, the meters currently in the system do not provide real-time data.

ADJOURN MEETING:

Meeting Adjourned at 6:33PM by Chairman Diffendaffer.


ATTEST:


Melvin Diffendaffer


Dan McElley


Michael Slauson


Wesley Davis


Nicholas Genova