

**MINUTES OF THE BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
October 12, 2023**

BOARD MEMBERS PRESENT: Wesley Davis, Nick Genova, Mel Diffendaffer, Dan Mcelley, Michael Slauson

STAFF MEMBERS PRESENT: Jessica Isley, Jacob Lenihan, Eric Schoeny, Ty Jones, Michael Simpson, Jennifer Pettingill, Mark Dalley, Stephen Silva, Isaac Brown

GUESTS PRESENT:

A guest was scheduled to attend the meeting to discuss the District's requirement for a building permit before a tap can be sold to a customer but as of the start of the meeting, the guest had not arrived. Manager Jones explained the reason for his request to be on the agenda.

REGULAR MEETING:

Chairman Diffendaffer called the October 12th, 2023, meeting to order at 5:00pm

MINUTES OF SEPTEMBER 28, 2023, REGULAR MEETING:

Vice Chair Mcelley moved to accept the corrections to the September 28th, 2023, Regular Meeting Minutes, seconded by Director Genova. Motion passed unanimously. Director Slauson moved to approve the September 28th, 2023 Minutes, seconded by Director Davis. Motion passed unanimously.

FINANCIAL REPORT:

Budget status was not available. Errors have been identified in Utility Management and the full quarter numbers will be available for next months' meeting. Director Slauson moved to approve the Accounts Payable checks to the amount of \$532,251.24, seconded by Chair Diffendaffer. Motion passed unanimously.

FINANCE DEPARTMENT REPORT:

A Request for Proposal (RFP) for 2023 to 2027 was sent out to auditing firms. To date, no responses have been received and the deadline may need to be pushed back. The Board was invited to review the RFP. Finance Manager Isley discussed grading scale and offered to share more information with those Directors reviewing the RFP.

Guy Walker (Assistant Manager) has handed in his resignation. The signatories on the bank accounts have been updated and Guy's signatory permissions were removed. Documents to add HR Director Pettingill as a signatory for Accounts Payable, and District Engineer Schoeny as a

signatory on the Payroll account were reviewed. Further signatory permissions will need to be set up with ANB Bank.

Accounts Payable – Internal control policies have been updated and these changes are outlined in the meeting packet. Majority of changes come from staffing changes in the front office. Chairman Diffendaffer moved to accept policy as written, seconded by Director Genova. Motion passed unanimously.

2022 Audit – Finance Manager Isley noted that the deadline for the audit was not met. She explained some of the changes that have been made. As the sweep account accepts deposits and due to Xpress Bill Pay set-up, changes in the Convenience Fee have created discrepancies. Revenue was deposited into the Main Money Market account instead of the sweep account. Vice Chair Mcelley questioned why this hasn't been an issue in the past. Finance Manager Isley responded that it had been an issue but was not discovered in a timely manner due to the bank reconciliation process falling behind. She further explained that the root cause was the conversion from Paymentus to Xpress Bill in June 2022. Manager Jones noted that the penalty for missing the audit deadline is the withholding of tax payments. Since no tax payments are being withheld by the Clifton Water District, no penalty is anticipated.

2024 Budget Draft – The draft budget for 2024 was presented to the Board. It was noted that there were a few changes in this version from the budget included in the meeting packet as a result of some last-minute updates. Operating revenue was down due to water sales falling short. A conservative outlook was adopted for revenue from the fill station. Metered irrigation is a new revenue source, and the System Investment fee was moved under sales.

Administration – Four salaried positions were budgeted for in 2023 but five salaried positions were approved. The additional position was for the District Engineer and a 2.5% global wage increase was also included. The line item for Professional Fees will be increased in anticipation of an increase in auditing costs. There was difficulty getting in touch with some local auditors to obtain estimates as most are currently out of town.

Distribution – Labor & benefits costs for two full-time employees were added to the Distribution budget. The cost of one full-time position from the Treatment Plant budget was moved to the Distribution budget. The increase is due to minor changes in the two previous budgets, an increase in prices, and maintenance schedules. Training & travel costs have been adjusted to include a return to off-site training post-COVID. In addition, equipment repair and maintenance has increased. These costs were previously listed under Vehicle Maintenance. A new plan has been put in place with emphasis on maintaining vehicles and it will be better in 2024. Vice Chair Mcelley questioned the percent change, and it was determined that the math is correct. Last year only included small equipment maintenance in that cost center but this year, vehicles were added.

Water Treatment Plant – The 2024 budget is lower than 2023 due to Plant Supervisor Brown doing a good job of cutting costs. Labor & benefits costs decreased due to the reduction in full-time employee positions budgeted for. The rental expenses from 2023 had been a clerical error and the increase was to correct this.

Board & General Expenses - A large increase is expected for our insurance renewals in 2024. Utilities has seen an increase with the monthly costs of iPads for all of Distribution staff. Admin facility improvements is for some minor landscaping upgrades.

Non-Operating Revenue – 136 taps are projected in 2023 with only 69 taps sold year to date. Due to this actual and current market conditions, 2024 projection was dropped down to 63 taps, dramatically decreasing non-operating revenue. There is a small increase on Penalties & Fees that is due to a small increase in base.

Non-Operating Expense – Several upgrades to the Water Treatment Plant are budgeted for 2024. Those will be further defined closer to year end. Increasing non-operating revenue for projects through applications for grant funding was discussed. Engineer Schoeny briefly discussed the grant process, noting that grants will have to address a specific need and that it will add a new element to the auditing process.

Debt Obligation – A plan to hold monthly payments in COLOTRUST to increase cash flow on months loan repayments are made was discussed and approved last month. This was highlighted in the budget plus depreciation expenses, which will potentially change prior to adoption of the budget.

Director Davis asked for further explanation of professional fees as they are represented in multiple sections. Finance Manager Isley explained the different vendors based on the area of the budget being impacted.

A motion to set a public hearing for the approval of the 2024 budget on 14 December 2023 was made by Director Genova, seconded by Director Davis. Motion passed unanimously.

HR DEPARTMENT REPORT:

HR Director Pettingill stated that confined space training for the Water Treatment Plant & Distribution staff have been scheduled. Employee open enrollment will wrap up on October 27th. November – Trenching & Shoring Training – Date TBD

Two distribution operators and one customer service representative were terminated. Two distribution technician & one meter reader positions are currently open. The meter reader position has already been advertised. It was noted that this position was created as a result of feedback from staff and the workload on the distribution team. The customer service representative position has also been posted and interviews will be starting soon with the intent of filling three positions. Advertising for the two distribution technician positions will be delayed for a week or two so that there are not continual listings on the job board.

The policy committee is reviewing the Handbook and is hoping to present it to the Board at the next meeting.

A visual overview of overtime in the form of a graph was shared with the Board. It was explained that a major component of overtime costs is due to wage increases. The trend indicates a significant increase in overtime in September and this was due to the increase in workload. Data on employee turnover within Clifton Water District, the Western Slope, and on the National level was reviewed. HR Director Pettingill explained the data and the need to consider the suggested changes. She stressed the importance of hiring good people and being more transparent regarding workload and changes to potential candidates during the interview process. A downward trend in employee turnover is expected in the near future. Vice Chair Mcelley commented on the need to reflect on the reasons behind the high employee turnover. Director Genova asked about exit interviews conducted and HR Director Pettingill responded that those are being carefully reviewed. Assistant Manager Lenihan and Manager Jones discussed positive turnover for the overall improvement of the district.

ENGINEERING/CONSTRUCTION DEVELOPMENT REPORT:

Project Reports – Designs on some upcoming projects for Mesa County have been received. A main will need to be replaced on E & 32 ½ Road at the intersection and to the north of the canal in conjunction with road and canal bridge improvements. As part of the same improvement project, the main on D ¾ Road, north of the school is shallow and will also need to be replaced. These two Mesa County projects were not budgeted for 2023. This project will go out to bid in December 2023 and the contract for HDR is currently being drafted. The Board was asked to authorize Manager Jones to execute the contract, pending staff review. Vice Chair Mcelley made a motion to grant authorization, seconded by Director Davis. Motion passed unanimously. Distribution Supervisor Dalley is looking into possibly reducing costs by having Distribution manage some of the work prior to the start of the County project. Vice Chair Mcelley made a motion to authorize Manager Jones to sign the MOU for the E 31 Road project, seconded by Director Genova. Motion passed unanimously. The need to improve communication with Mesa County and/or the city going forward was discussed.

Assistant Manager Lenihan mentioned some projects that are in the budget. The Request For Qualifications (RFQs) resulted in four submittals and these will need to go to committee for review. Project timeline was discussed. An update was provided regarding on-site evaluation which will include flood plane and flood way mapping. Almost the entire site is a flood way and this will present issues for any future development. It was anticipated that the updated flood way evaluation would be favorable to the site, but unfortunately that did not happen. Statistical rain data has shown a decrease. The next step is to evaluate what will happen should the flood way be filled without raising elevation upstream and the impact it will have on future development on our site.

OPERATIONS:

The retention pond has been dumped and cleaned out and is ready to go, just in time for the rain. Staff are still waiting on the meter vault on Desert Road to review consumption data with pump station effluent vs billed consumption.

ADMIN/OFFICE:

Three out-of-district tap requests were received for the area served by the Desert Road pump Station and they all meet criteria.

- 1183 Desert Road
- 950 Seminole Road
- 744 Seminole Road

Vice Chair Mcelley made a motion to approve all three tap requests served by the Desert Road pump station, seconded by Director Genova. Motion passed unanimously.

A tap request was received from 3772 Blair Road. This location is currently being served by the City of Grand Junction. It is a fairly long service line that currently has a leak. Discussion on charging full price for the first unit and 70% for the second unit. This location is all one parcel and the customer plans to purchase a master meter to serve both units.

Vice Chair Mcelley made a motion to approve the tap request for 3772 Blair Road, seconded by Director Genova. Motion passed unanimously.

MANAGER'S REPORT:

Staff Report – Discussion ensued on out-of-district parcels and the need to remain consistent in how these are dealt with. The current rates were explained with respect to rates in-district vs out-of-district. Clear district boundaries are not present and discussion ensued. If the Whitewater area is included in the District, the option to charge higher tap fees for current out-of-district areas would still be there. Further discussion ensued regarding boundaries, inclusion, and engaging with Mesa County regarding the master plan for the Whitewater area. District staff plan to attend the next county zoning meeting.

3047 Patterson Road – Larry Kempton requested a temporary reduction in billed units from 28, which is the number of trailer lots in the park, down to six or eight, which is the current occupation rate. Discussion ensued regarding other parks and the issue of setting precedence. Director Genova recommended that the request be denied, reasoning that the District should remain consistent. The motion was seconded by Vice Chair Mcelley. The request was formally denied.

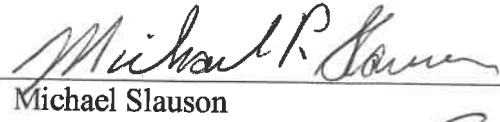
ADJOURN MEETING:

Meeting Adjourned at 7:16 PM

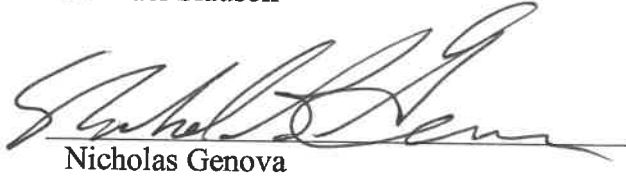
ATTEST:


Melvin Diffendaffer


Dan Mcelley


Michael Slauson


Wesley Davis


Nicholas Genova