

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
CLIFTON WATER DISTRICT
APRIL 11, 2024

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

STAFF MEMBERS PRESENT: Jessica Isley, Jennifer Pettingill, Jacob Lenihan, Ty Jones, Eric Schoeny, Mark Dalley, Mike Simpson, Stephen Silva, Branden Edmonds, Brittini Reeves, Cari Jackson, Cathy Harris-Mancuso & Rene Fick.

GUESTS PRESENT: None.

PUBLIC HEARING

Chairman Diffendaffer called to order the public hearing at 5:00pm to consider the Petitions of Inclusion submitted by 1000 Siminoe Road, Whitewater, CO 81527 - Daniel K. & Chirea C. Brown, Tax ID #: 2969-313-00-451; and 1155 Siminoe Road, Whitewater, CO 81527 - Daniel K. & Chirea C. Brown, Tax ID #: 2969-313-00-450; and 950 Siminoe Road, Whitewater, CO 81527 - John T. & Jessica N. Lanningham, Tax ID#: 2969-313-00-279; and 1354 Siminoe Road, Whitewater, CO 81527 - Cary D. Baird, Tax ID #: 2969-313-00-487. The Notice of Public Hearing was published in the Grand Junction Daily Sentinel, in accordance with §32-1-401 C.R.S.

Chairman Diffendaffer reported that there are no guests present and questioned Assistant Manager Lenihan regarding housing on these parcels. Assistant Manager Lenihan responded that some are empty parcels, and no tap will be installed until the District is provided with a building permit. He added that these property owners will be responsible for installing and funding the installation of this line, subject to District inspection.

Chairman Diffendaffer moved to adopt Resolution 2024-03 – Resolution to Include Private Property 1000 Siminoe Road, Resolution 2024-04 – Resolution to Include Private Property 1155 Siminoe Road, Resolution 2024-05 – Resolution to Include Private Property 950 Siminoe Road, and Resolution 2024-06 – Resolution to Include Private Property – 1354 Siminoe Road. The motion was seconded by Director Genova. Motion carried unanimously.

Chairman Diffendaffer moved to approve the Certificates of Inclusion for 1000 Siminoe Road, 1155 Siminoe Road, 950 Siminoe Road, and 1354 Siminoe Road, seconded by Director Genova. Motion carried unanimously. Chairman Diffendaffer and Secretary Davis certified, by signing the Certificates of Inclusion granted by Resolutions 2024-03, 2024-04, 2024-05, and 2024-06, Daniel K. & Chirea C Brown Tax ID # 2969-313-00-451 and Tax ID # 2969-313-00-450, John T. & Jessica N. Lanningham Tax ID # 2969-313-00-279, and Cary D. Baird Tax ID # 2969-313-00-487, to be included within the boundaries of the Clifton Water District, as unanimously adopted by the Board of Directors.

REGULAR MEETING

Chairman Diffendaffer called the April 11th, 2024, Regular Meeting to order at 5:05pm.

MINUTES OF THE MARCH 11TH 2024 MEETING

Treasurer Slauson moved to approve the Minutes of the March 14th, 2024, Meeting, seconded by Vice Chairman McElley. Motion carried unanimously.

FINANCIAL REPORT

Treasurer Slauson moved to approve the Accounts Payable checks in the amount of \$544,945.75, seconded by Vice Chairman McElley. Motion carried unanimously.

FINANCE DEPARTMENT REPORT

IRS Notice – Finance Manager Isley stated that the District has received an IRS notice with a balance of \$12,483.01 in penalties and interest due. She provided some details on this notice, explaining that these are all related to 941 withholding dating from 2018, 2019 & 2020. She has been working with the IRS to clear this up and it appears that the District filed the correct amounts but the incorrect amounts were recorded in the IRS system. The amounts for 2018 & 2019 have been resolved and will require filing a penalty abatement. The 2020 amount is still in discussion but will hopefully also be cleared up through the penalty abatement process.

Revenue & Expense Analyses – Finance Manager Isley noted that the quarterly outlook was included in this month's reports and overall, revenue has been above projections. This includes 30 taps sold when 12 had been projected. Water sales for the quarter were 6.55% higher than expected. It was noted that tap sales were scattered over several subdivisions and not just from one new development. Expenses were also under budget for the quarter, but she cautioned that this is due to delays in project start dates and that the projected spending will occur in the coming months. Capital purchases included a new vehicle and excavator, with Manager Jones adding that the second vehicle will be picked up the following week.

Quarterly Investment Review – Finance Manger Isley briefly discussed the COLOTRUST account balance, noting that there is \$70,890.75 in unmarked funds as a result of interest earned and other funds contributed to COLOTRUST. She asked the Board to think about where to apply these funds as currently, this money is not earmarked for anything specific. She suggested some options, including future capital purchases, keeping it for emergencies, or early loan payments.

Internal Control Policies – The Accounts Payable Internal Control Policy and Payroll Policy were presented. Finance Manager Isley noted that there were some verbiage changes from the previous version and a brief discussion on these changes followed. Vice Chairman McElley moved to approve the Accounts Payable Internal Control Policy and the Payroll Policy, seconded by Director Genova. Motion carried unanimously.

HR DEPARTMENT REPORT

Job Description Updates – HR Manager Pettingill stated that revisions to this job description have been made following the discussion at the March 14th meeting. Vice Chairman McElley moved to approve the updated Job Description for the District Manager, seconded by Treasurer Slauson. Motion carried unanimously.

Staff Kudos – The Board was presented with some notes from customers expressing gratitude for the service received from District staff and HR Manager Pettingill noted that she hopes to continue presenting such notes & comments every quarter. The Board asked about any negative comments received. Manager Jones responded that when the District starts processing check-by-mail payments in house, staff will start seeing more customer comments that have been included with those payments. Director Genova thanked District staff and noted that their dedication is apparent.

ENGINEERING/CONSTRUCTION DEVELOPMENT REPORT

New Developments & Development Review – Engineer Schoeny provided some details on new developments, including a brief discussion regarding an approximately 192 tap, high density condo project on the south side of Grand Valley Canal. Manager Jones explained that staff has been working on a guide to help developers navigate the property development process within the Clifton Water District and noted that Mesa County has been involved in this effort. Research into District procedures led staff to a review of the District’s irrigation policy and the Grand Valley Irrigation Company (GVIC) policy approved on November 9th, 2023. Manager Jones highlighted a specific concern regarding the GVIC share conveyance requirement (one share per ten lots from the developer to the District, at no cost to the District) and how this may be a difficult requirement for some developers to meet, especially taking into consideration the results of the last GVIC auction of shares. He recommended a revision of this policy and asked for clear guidance from the Board regarding GVIC share requirements. Engineer Schoeny added that the District will also need to address its irrigation policy and how to make the water account “whole” on new developments. Discussion ensued on irrigation and whether the District wants customers to use irrigation water rather than District water in those cases where both options are available to a customer. Manager Jones commented that the District’s rates are set up to encourage conservation. Vice Chairman McElley noted that the former District Manager had expressed caution in the past regarding the purchasing of GVIC shares as there may be resistance to the conversion of those shares from irrigation use to domestic use. Manager Jones stated that such share use conversions would be decided by water court. He outlined some suggested options for dealing with the GVIC issue:

- Eliminating the requirement entirely.
- Requiring GVIC share(s) if the parcel had previously been irrigated with GVIC water, or payment of a water development fee. The shares/fees per unit will need to be determined with this option.
- Requiring GVIC share(s) regardless of the parcel location or its historical irrigation status.
- Increasing the wet tap/main line extension fee based on the size of the connection.

Manager Jones noted that if GVIC shares are not available for conveyance, the District could require a water development fee instead and that amount would be based off the GVIC share price from the most recent share auction. Director Genova commented that Mesa County's requirements on the use of domestic water for irrigation in new developments would need to be reviewed first as that may answer some questions right away. He added that should the District require a water development fee, the onus would then fall on the District to obtain the GVIC shares. It was noted that these GVIC shares would only be available for irrigation use and Engineer Schoeny added that a development fee may be of better use to the District. Assistant Manager Lenihan provided information on the shares currently held by the District and asked if the push for more GVIC shares is necessary, adding that there are a lot of different options out there for water rights. Chairman Diffendaffer stressed the need to take into account the District's future service area and how much water will be needed to provide service to this area. Director Genova stated that if the developer has GVIC shares tied to the property, the conveyance requirement could be applied. Should there be no GVIC shares, then a water development fee payment could be charged instead. Engineer Schoeny revisited the policy on irrigation and Manager Jones commented that the District can discourage the use of District water for irrigation but there is no real way to control it. Discussion ensued on City and County policies and Engineer Schoeny stated that the City of Grand Junction and Mesa County require a landscaping plan for new developments when irrigation water is not available. Director Genova stated that there needs to be dialogue with developers and Manager Jones added that with today's guidance on GVIC shares, this dialogue will be easier.

Water Treatment Plant – Phase 1A Design/Build Contract – Engineer Schoeny stated that the Board had authorized Manager Jones to sign this contract during the February 8th, 2024 meeting. As this contract has since been modified, resulting in an updated proposed cost of \$1,218,463.24, re-authorization for Manager Jones to sign this contract is being requested. Brief discussion ensued with a revision of the need to address the arc flash hazard, reverse osmosis forwarding pumps, and the variable frequency drives. Director Genova moved to authorize Manager Jones to sign the revised contract, seconded by Secretary Davis. Motion carried unanimously.

Whitewater Distribution Modeling & Planning Scope of Work – Engineer Schoeny referred back to the discussion held at the March 14th meeting regarding this change of scope from evaluating the gravel pond to completing modeling on Whitewater instead. He added that the gravel pond project will not be abandoned, it is simply that the Whitewater project is a higher priority. Director Genova moved to approve this redirection of the SGM Scope of Work, seconded by Treasurer Slauson. Motion carried unanimously. Vice Chairman McElley commented that at some point, gravel pits were dug all over the Western Slope by the State to aid with road construction. Chairman Diffendaffer asked if we could be accused of stealing groundwater and Engineer Schoeny responded that the gravel pond came with ground water rights.

OPERATIONS

Lead service line inventory – Assistant Manager Lenihan noted that for this survey, the District will be focusing on the Whitewater area as it was not originally owned by the District. There appears to be no evidence that the District had installed lead pipes in our service area but records are being reviewed. This includes repair reports that are generally a good indicator of whether lead pipes were present based on the type of fittings used in the repair. He noted that the final rule adopted by the Colorado Dept. of Public Health & Environment allows for just enough verification

of installed lines to be statistically confident. He added that he is currently reviewing all these records and has created a database of homes built prior to 1988. It is inevitable that the District will be left with a certain number of “unknowns” and beginning in April, staff will start potholing at these properties for visual verification. The deadline for submitting service line data on our initial inventory is October 16th, 2024 and this information will be made available for public review. Staff will continue the service line verification effort following this deadline, until it is statistically confident that no lead exists in the District’s system.

Sanitary Survey – Assistant Manager Lenihan briefly reviewed the District’s written response to the sanitary survey and noted great progress has been made on addressing the backflow testing issue. Manager Jones commented that Assistant Manager Lenihan and Lead Customer Service Representative Jackson have put in a lot of work to help these customers get into compliance.

Operations – general updates

- Partnership for Safe Water – Assistant Manager Lenihan informed the Board that the District received a Partnership for Safe Water award from the American Water Works Association. These awards are given to utility companies that demonstrate an outstanding commitment to delivering superior quality drinking water to their customers. The District earned this 15 year water treatment award for 2023.
- Water Treatment Plant – Assistant Manager Lenihan provided a quick update on the results of the energy savings plan implemented by Water Treatment Plant Supervisor Brown. The total electric bill for March 2024 was around \$19k, which was \$5k less than the bill from March 2023. The treatment plant’s electric bill has not been that low since May 2020, despite increasing rates.

ADMINISTRATION/OFFICE

Staff Report

- Policy Manual Updates – Manager Jones explained that staff are in the process of updating the District operations policy manual and will be doing so in manageable chunks. He presented two revisions of current policies for Board approval:
 - Policy #410 Plant Investment Fees – Manager Jones explained that this update involves clarification on fees due in case of service upgrades. Existing wording in this policy, section 9.2.1, reads as follows:

“A customer requesting an upgrade in the size of their current water service (for example, from a 3/4" to a 1"), the District will apply a credit against the current Plant Investment Fee in place that is equal to 100% of the Plant Investment Fee that was paid at the time the original water service was purchased. The customer will be responsible for the difference between the original Plant Investment Fee paid and the current Plant Investment Fee at the time of upgrade. The material and installation costs to upgrade the water service will be charged to the customer according to District Polices in addition to the Plant Investment Fee.”

Staff are recommending replacing the existing wording with the following:

“A customer requesting an upgrade in the size of their current water service (for example, from a ¾” to a 1”), the customer will be required to pay the difference between the current fees associated with the two tap sizes. The material and installation costs to upgrade the water service will be charged to the customer according to District policies in addition to the difference in Tap Fees.”

Treasurer Slauson moved to adopt this change in wording of section 9.2.1, within Policy #410, seconded by Director Genova. Motion carried unanimously.

- Policy #411 Plant Investment Fee Credit – Manager Jones explained that this update involves the exact same language amendment as in Policy #410, and also a change in the exemption included in this policy. Existing wording in this policy, section 2.1.1, reads as follows:

“A customer requesting an upgrade in the size of their current water service, for example from a 3/4" to a 1", the District will refund 100% of the Plant Investment Fee paid at the time that the original water service was purchased. The materials and installation cost to upgrade the water service will be charged to the customer according to District Policies.”

Staff are recommending replacing the existing wording with the following:

“A customer requesting an upgrade in the size of their current water service (for example, from a ¾” to a 1”), the customer will be required to pay the difference between the current fees associated with the two tap sizes. The material and installation costs to upgrade the water service will be charged to the customer according to District policies in addition to the difference in Tap Fees.”

Existing wording regarding the exception, under section 2.3.1 reads as follows:

“EXCEPTION: If, as a result of a new development, the original tax schedule identification number is eliminated, a credit for the original plant investment fee paid will be allowed against the current Plant Investment Fee for the first water service connection purchased in the subdivision.”

Staff are recommending replacing the existing wording with the following:

“EXCEPTION: If, as a result of a new development, the original tax schedule identification number is eliminated, a credit for the same size tap will be credited to a parcel so long as it was a portion of the original parcel prior to being subdivided. In most circumstances, the contractor or developer will remove the old tap and associated service materials during the construction of the new development and will install the new tap, service line, and pit at their cost.”

Vice Chairman McElley moved to the adopt the change in wording of section 2.1.1 and the Exception listed under section 2.3.1, within Policy #411, seconded by Director Genova. Motion carried unanimously.

- Intergovernmental Agreement with Clifton Sanitation District – Manager Jones noted that the Board was provided with the draft agreement between the District and Clifton Sanitation District. This agreement has not yet been reviewed by Clifton Sanitation. Vice Chairman McElley noted that by billing on Clifton Sanitation’s behalf, it creates an appearance of co-mingling between the two Districts. Finance Manager Isley commented that the District’s logo is the only one on the billing statements and that contributes to this perception. Manager Jones noted that staff can look into changing this.
- Kathleen Curry Lobbying Services Proposal – The proposal from Kathleen was reviewed. In her proposal she listed, with explanations, the additional income she would need in order to continue working as a lobbyist vs. serving in the state house for District 58. Discussion ensued with Treasurer Slauson inquiring as to whether her services have been beneficial. Manager Jones responded that he feels it has been beneficial and moreover, her services prevent the District from being caught unaware of aspects that could directly affect the District. An additional \$2k would need to be allocated to the Contracts & Services line item for the budget. Director Genova moved to approve the re-allocation of \$2k to the Contracts & Services line item in the 2024 Budget, seconded by Treasurer Slauson. Motion passed with four votes in favor and Vice Chairman McElley voting against this motion.

Admin/Office – general updates

- Clifton Water District in the news – KKCO11 news visited the District office to discuss Polyfluoroalkyl Substances (PFAS) in water. The interview with Assistant Manager Lenihan was aired on April 11th.
- Raw water storage – Manager Jones noted that tentative contact has been made with Mesa County and Palisade regarding gravel ponds for raw water storage.
- Equipment auction – The District is selling a 2000 flatbed trailer and a Bobcat sweeper attachment using an online auction house, with bidding closing on April 24th. Some of the other equipment that is to be sold is of an age where they never had titles and the District will use a local consignment auction house to offload these pieces.
- Fishing in District ponds – Manager Jones noted that some of the staff have requested permission to fish in the ponds located on District lands and it is under consideration for staff, Board members and their immediate family members only. He added that nothing has been finalized. The Board had no objections to this.

MANAGER’S REPORT

Chairman Diffendaffer questioned the reduction in commercial usage for 2024 in comparison to 2023. Assistant Manager Lenihan explained there are some reporting differences between the old and the new software systems from where data for this report is pulled. He added that current numbers are accurate and that this report will most likely be expanded to include leak information, water loss, repairs, and other relevant information for Board review.

ADJOURN MEETING:

Meeting Adjourned at 7:05PM by Chairman Diffendaffer.

ATTEST:


Melvin Diffendaffer


Dan McElley


Michael Slauson


Wesley Davis


Nicholas Genova