

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING

CLIFTON WATER DISTRICT

JANUARY 9, 2025

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

STAFF MEMBERS PRESENT: Jessica Isley, Jennifer Pettingill, Jacob Lenihan, Eric Schoeny, Ty Jones, Mark Dalley, Kyle Bishop, Stephen Silva, Branden Edmonds, and Rene Fick.

GUESTS PRESENT: Jamie Hamilton, CEO, Home Loan Insurance.
Alli Ventre, CPA, CliftonLarsenAllen LLP (virtual).

REGULAR MEETING – CALL TO ORDER

Chairman Diffendaffer called the January 9th, 2025, Regular Meeting to order at 5:01pm.

2025 Insurance Renewal – Jamie Hamilton provided insurance updates and commended the District management team for their assistance in updating insured items, specifically vehicles and other equipment. Online training completed by District staff has resulted in discounts on premiums. He added that rates have increased across the board, as have property values. A brief review of the policy coverage was provided, including public officials’ insurance. He explained that it covers legal costs for harm caused by any decisions made at the Board level. The increase in cybercrime was briefly discussed, with those mostly involving ransomware attacks and fraudulent transfers. Currently there is limited cybercrime coverage available, adding that the insurance industry will adapt to these threats. The issue at hand is determining the definition of breaches in terms of human vs. computer interference. There is currently a national discussion on the liability presented by Artificial Intelligence. The Board thanked Jamie for attending the meeting.

2023 Audit – Alli Ventre joined the meeting virtually to present a report on the preliminary 2023 audit. Currently, the audit is undergoing a quality control review process, and changes could still be made until the final audit is issued. A material weakness was identified during the audit and those findings have been shared with District management. Internal controls were not in place to ensure that monthly general ledger account reconciliations were completed and reviewed. Alli

added that no other recommendations were made on the 2023 audit, and a timely 2024 audit completion is expected. Finance Manager Isley thanked Alli for the presentation.

MINUTES OF THE DECEMBER 12TH 2024 REGULAR MEETING

Director Genova moved to approve the Minutes of the December 12th, 2024, Regular Meeting, seconded by Treasurer Slauson. Motion carried unanimously.

FINANCIAL REPORT

Treasurer Slauson moved to approve the Accounts Payable checks, in the amount of \$505,927.33, seconded by Chairman Diffendaffer. Motion carried unanimously.

FINANCE DEPARTMENT

Finance Staff Report

- FY2023 Audit – The letter from the auditors regarding the internal control deficiency was reviewed, along with the letter of response from the District. Finance Manager Isley briefly reviewed the corrective actions that have been taken, including creating a Board-approved internal control policy with accompanying Standard Operating Procedures. Staff has been cross trained to ensure bank reconciliations are still being completed in the event of Finance Manager Isley’s absence. Furthermore, CPA Shannon Currier will continue the third-party review of bank reconciliations and quarterly financial statements.

- Revenue & Expense Analysis Reports – Finance Manager Isley cautioned that the December reports contain the year-to-date amounts, but they do not reflect the final amounts. Invoices for expenses incurred in December are still expected in January, and the final year-end numbers are expected in March. Tap sales exceeded projections, with 14 taps sold, resulting in \$111,300 in revenue. A small spike in December tap sales were expected due to the increase in tap fees effective January 1st, but overall, the District sold significantly more taps in 2024 than 2023. Expenses in December were more than projected but 19% of the 2024 budgeted expenses remain unspent. Capital purchases in December include expenses related to the 10” main project (on E Road), the hydraulic model, and the Water Treatment Plan project. Treasurer Slauson questioned a payment to the Water Enhancement Authority and District Manager Jones responded that it is a contribution towards cloud seeding.

HUMAN RESOURCES DEPARTMENT

Human Resources Staff Report

- Resolution 2025-02 to Adopt the 2025 Employee Handbook – HR Manager Pettingill stated that the employee handbook has been updated with the changes requested by the

Board at the December 12th 2024 meeting. Vice Chairman McElley moved to adopt Resolution 2025-02 to Adopt the 2025 Employee Handbook, seconded by Treasurer Slauson. Motion carried unanimously.

- Current Opening – The Water Treatment Plant position will be posted later this month. HR Manager Pettingill reminded the Board that an additional position was included in the 2025 budget and assured them that this position is not due to the loss of an employee.

ENGINEERING/CONSTRUCTION DEVELOPMENT

Engineering Report

- Water Treatment Plant Project – A workshop with engineering firm CDM Smith has been scheduled for January 15th to review the 30% design package and the draft Basis of Design report. The final Basis of Design should be completed by the end of February, and it will provide a better idea of the funding that will be required to complete this project.
- Colorado River Transmission Main Crossing – The geotechnical report and 90% complete plans are expected on January 10th, with the goal of advertising for bids prior to the end of January. Engineer Schoeny stated that the 32 Road bridge, currently supporting the sole water line providing service to Whitewater, is showing wear and tear and staff are eager to get this second line in.
- New Developments – A potential high-density development is being considered on the 46-acre lot north of the 32 Road pump station. Staff are evaluating improvements needed to serve this property, specifically taking into consideration that this may be a multi-level development.
- Projects
 - Orchard Avenue – Staff are coordinating with Mesa County’s consultant on the removal and replacement of the water main as part of the County’s project to replace the Lewis Wash culvert, east of 31 Road.
 - South Bean Ranch Road Water Main Extension – Staff are currently evaluating extending the water main approximately 4,800 feet to the south in order to serve 25 existing homes. Engineer Schoeny added that development is in the works on a parcel nearby which could add additional services. Staff will be mailing out letters to those property owners that could potentially be served with the goal of gauging interest.

OPERATIONS

Operations Report

Assistant Manager Lenihan reported that December had been pretty uneventful, with staff working on counting inventory. Staff have been reviewing consumption data from Whitewater and the numbers still appear to be off. A new meter vault will be installed, being the first step in a plan to install several meters in order to compare consumption. He added that water loss is occurring, and the reason needs to be determined.

ADMINISTRATION/OFFICE

- Resolution 2025-01 Designating the Meeting time, place and the 24-hour Agenda posting location – Vice Chairman McElley moved to adopt Resolution 2025-01 Designating the Meeting time, place and the 24-hour Agenda posting location, seconded by Treasurer Slauson. Motion carried unanimously.
- Resolution 2025-03 Official 2025 Regular Election Official Resolution – Manager Jones explained that Vice Chairman McElley, Treasurer Slauson, and Secretary Davis all have terms expiring this year. This resolution establishes the details of the 2025 regular election, as required by the State. Vice Chairman McElley moved to approve Resolution 2025-03 Official 2025 Regular Election Official Resolution, seconded by Director Genova. Motion carried unanimously.
- Staff Report
 - Fluoride – Manager Jones stated that there have been some questions regarding fluoride in the water and offered to provide the Board with some information on this topic should they get any inquiries from customers directly.


EXECUTIVE SESSION

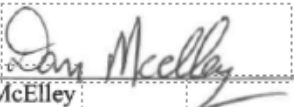
Director Genova moved to enter executive session for the purposes of discussing personnel matters, seconded by Vice Chairman McElley. Motion carried unanimously and the executive session commenced at 6:02pm. The executive session ended at 6:15pm, by unanimous vote.

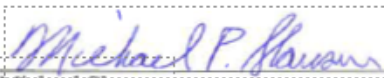
ADJOURN MEETING:

Meeting Adjourned at 6:16pm by Chairman Diffendaffer.

ATTEST:


Mel Diffendaffer


Dan McElley


Michael Slauson


Nick Genova