

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, DECEMBER 2, 2010**

BOARD MEMBERS PRESENT: Robert Burger, Chairman; Alan Hassler, Vice-Chairman;
Doralyn Genova, Secretary; Dale Peck, Treasurer;
Robert Norman, Director

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; David Foster;
Kelly McLaughlin

GUESTS: Jamie Hamilton, Home Loan and Investment

PUBLIC HEARING

Chairman Burger called the Public Hearing regarding the 2011 Budget to order at 5:00 p.m. No members of the public were present and Manager Tooker reported that no comments had been received. Director Genova moved to adjourn the Public Hearing. Director Hassler seconded and the motion passed unanimously.

EMPLOYEE RECOGNITION

The Board observed a moment of silence in remembrance of District employee Earl White who passed away the previous week.

MINUTES OF THE NOVEMBER 4, 2010 MEETING

Director Genova moved to approve the Minutes of the November 4, 2010 (*2010 Minutes*) with one correction to reiterate the purchase of 18 shares of Grand Valley Irrigation as reported on page 3. Director Peck seconded and the motion passed unanimously.

2011 GENERAL LIABILITY INSURANCE

Jamie Hamilton presented rate and coverage information for the District's 2011 property, casualty, liability and workers compensation insurance. The best coverage and rate quote obtained was from the Colorado Special District's Property and Liability Pool at an annual premium of \$45,780.21. Flood coverage was reviewed and it was noted that the District reviewed and reduced its list of covered equipment. Hamilton also reported that the District's favorable workers compensation experience modification resulted in a premium credit for that coverage.

Jamie Hamilton exited the meeting at 5:20 p.m.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to accept the Financial Report and Approve Accounts Payable Regular Checks of Regular \$46,221.84 plus HRA Disbursements of \$6,038.69 plus Benefits Checks of \$25,094.95 plus Supplemental Checks of \$124,983.22 for a total of \$202,338.70

Director Peck seconded the motion. Accountant Foster noted the collection of credit card transaction fees itemized on the October Statement of Cash Flow and one correction to the Wire Transfer Report.

The motion passed unanimously.

Accountant Foster exited the meeting at 5:25 p.m.

MANAGER'S REPORTS

Manager Tooker noted that the number of accounts being billed as Availability of Service has increased again after several months of decline. The Plant Inflow and Outflow data led to a discussion regarding meter accuracy testing.

EXPRESS AGENDA

Director Peck moved to accept the Express Agenda items as presented. Director Genova seconded and the motion passed unanimously to accept the following:

1. Project 2009-04 Colorado River Intake Structure – The 90% final design drawings were submitted to the Mesa County Building Department which subsequently issued the electrical building permit. Gould Construction proceeding to complete the subslab electrical work and poured the lower floor slab of the new control building on Wednesday, November 24, 2010. District staff continues to receive and review material/equipment submittals prior to Gould's ordering of said items. Some items (meters and valves/actuators) have a lead time delivery of 12 weeks. Foundation walls are scheduled for formwork the week of November 29th.
2. Drinking Water Distribution Course – Session 3, 11-16/17-10 – The third and final course held in November was attended by 36 participants from both the public and private sectors across the Western Slope. The District had five staff members participate. Feedback received from the participants and instructors was positive regarding the training facilities and the overall quality of the course. The District will be considered as a future training site if this training module is renewed for FY 2012.
3. Regional Water Conservation Plan – The planned meeting with the Colorado Water Conservation Board representative to discuss the Regional Water Conservation Plan has been rescheduled for Monday, December 13, 2010. The Plan is a cooperative effort by the Clifton Water District, City of Grand Junction and Ute Water.
4. Project 2008-04 MF/UF Pilot Testing Program – Staff is waiting for a formal cost and scope proposal from Burns and McDonnell Engineering Company regarding the added evaluations of the program results as directed by the Board. Staff anticipates providing a recommendation to the Board at the January 6, 2011 Regular Meeting.

UNFINISHED BUSINESS

Cost of Service Analysis and Water Rates – Manager Tooker presented a Cost of Service Analysis and Water Rate Recommendation dated November 30, 2010 (12/2/10 File, Water Rates - Cost of Service Analysis). The Cost of Service Analysis indicates the need to increase the Base Rate to maintain the operation and maintenance of the District and offset the draft 2011 Budget deficit of \$512,519. The proposed rate structure was reviewed. It was particularly noted that residential customers using over 18,000 gallons per month will pay a higher rate for that usage in order to encourage water conservation. Director Peck moved to approve the water rate increase as proposed, effective January 1, 2011. The new rates will be:

Base Rate –

Current \$10/month/customer increased to \$12/month (\$2/month/customer)

Consumption Rate –

Tier 1 - 3,000 to 10,000 gallons \$2.00/1,000 increased to \$2.15/1,000

Tier 2 – 10,000 to 18,000 gallons \$2.15/1,000 increased to \$2.45/1,000

Tier 3 – Greater than 18,000 gallons \$3.00/1,000 (For Residential Customers Only)

Director Genova seconded and the motion passed unanimously.

2011 Budget – Manager Tooker reported the Budget Committee has reviewed all budgetary line items for any possible reductions. Director Norman commented that reserves will be necessary to fund the Non-Operating Budget. Manager Tooker stated that, due to the water rate increase just adopted and the need to determine employee health insurance benefits, a revised budget will need to be prepared and reviewed. By consensus, the Board scheduled a Special Meeting for Wednesday, December 8, 2010 at 5:30 p.m. for review and adoption of the 2011 Budget.

Fund Transfer and Wire Transfer Authorization Resolutions – Manager Tooker presented the annual Resolutions required regarding the transfer of funds in District financial accounts. Director Genova moved to approve and authorize execution of the Fund Transfer and Wire Authorizations with American National Bank, Palisades National Bank and ColoTrust. Director Peck seconded and the motion passed unanimously.

NEW BUSINESS

2011 General Liability Insurance – Based on the information provided by Jamie Hamilton of Home Loan and Investment, Director Genova moved to accept the proposal for property and casualty insurance coverage provided by Colorado Special District Property and Liability Pool from January 1, 2011 through December 31, 2011 at a cost of \$45,780.21. Director Hassler seconded and the motion passed unanimously.

2011 Workers Compensation Insurance – Assistant Manager Reinertsen presented a Staff Report (12/2/10 File and 2010 Staff Reports) dated December 2, 2010 regarding 2011 Workers Compensation insurance. Claims history ratings and deductible options were summarized. Director Genova moved to accept the proposal for 2011 Workers Compensation Insurance through Colorado Special District's Property and Liability Pool with a deductible of \$500.00 and an annual premium of \$17,354.40. Director Norman seconded and the motion passed unanimously.

Grand Valley Irrigation Company Annual Shareholders Meeting and Auction – Manager Tooker reported that the Grand Valley Irrigation Company does not propose a rate increase for 2011. Shares may be available at the auction scheduled for December 9, 2010. Director Genova moved to authorize a transfer of up to \$10,000 from Contingency for the purchase of Grand Valley Irrigation Company shares at the auction, with a maximum price of \$500 per share. Director Hassler seconded and the motion passed unanimously.

2010 Audit – Mary Brenes, CPA has submitted a letter of agreement for preparation of the District’s 2010 Audit. Director Genova moved to accept and authorize Manager Tooker’s signature on the letter of agreement for the 2010 Audit. Director Peck seconded and the motion passed unanimously.

Resolution Honoring Retiring Employees – Director Peck moved to adopt the Proclamation Resolution honoring retiring employees Carey Blount, Violet Church and David Larsen. Director Genova seconded and the motion passed unanimously.

Proclamation text inserted below:

*PROCLAMATION
IN HONOR
OF
CAREY BLOUNT
VIOLET CHURCH
DAVID LARSEN*

***WHEREAS**, for nearly thirty one years individually and 93 years combined, Carey Blount, Violet Church and David Larsen have efficiently and tirelessly served the customers of the Clifton Water District and,*

***WHEREAS**, Carey Blount, Violet Church and David Larsen’s continued dedication and pledge to water quality, customer service and community care demonstrate their true dedication to the water community and the customers of the Clifton Water District and,*

***NOW THEREFORE BE IT PROCLAIMED** that on December 31, 2010, Carey Blount, Violet Church and David Larsen will honorably retire together and the Clifton Water District and Board of Directors are honored to recognize their contributions and extend their highest gratitude for a “Job Well Done”.*

2011 Employee Health Insurance – Director Hassler moved to amend the agenda to add a report from the Personnel Committee regarding 2011 employee health insurance recommendations. Director Genova seconded and the motion passed unanimously. Manager Tooker presented his memo, dated November 30, 2010, summarizing the benefits and disadvantages of two employee health insurance options reviewed by the Personnel Committee – Option 1 Traditional Plan and Option 2 HRA Utilization Plan. In addition to the data provided, the Board discussed its desire to protect employees from a major cost increase particularly with no wage increases budgeted for 2011, and to equalize the benefit across employee classifications. Director Genova moved to

adopt Option 2 – HRA Utilization with a monthly allocation of \$900 per employee, in addition to the employee’s 100% premium coverage, as per the Personnel Committee’s recommendation. Director Hassler seconded the motion. Discussion ensued regarding the budgetary impact of the \$900 per employee allocation, the out-of-pocket expense for employees with family coverage, and the potential cost savings to the District if employees do not fully utilize their allocations. The motion passed unanimously.

EXECUTIVE SESSION

Director Genova moved for the Board to go into Executive Session for the purpose of discussing personnel issues, including the Manager’s Evaluation, as per C.R.S. §24-6-402 (4)(f). Director Hassler seconded and the motion passed unanimously. The Board went into Executive Session at 8:05 p.m. with Directors Burger, Hassler, Genova, Peck and Norman present.

At 8:30 p.m. the Board exited the Executive Session and reconvened the Regular Meeting.

ADJOURNMENT

Director Peck moved to adjourn the meeting. Director Norman seconded and the motion passed unanimously. The meeting was adjourned at 8:30 p.m.

ATTEST:

Robert Burger

Alan Hassler

Doralyn Genova

Dale Peck

Robert Norman