

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, OCTOBER 7, 2010**

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

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

GUESTS Robert Norman

REGULAR MEETING

Chairman Burger called the Regular Board Meeting to order at 5:02 p.m.

MINUTES OF THE SEPTEMBER 2, 2010 MEETING

Director Hassler moved to approve the Minutes of the September 2, 2010 Meeting with one correction to add a "Mr." and a "Ms." before reference to Board applicants Mr. Bob Norman and Ms. Sam D'Angelo. Director Peck seconded and the motion passed. Director Genova abstained.

OATH OF OFFICE

Robert E. Norman read aloud and signed the Oath of Office for the Board of Directors of the Clifton Water District for the term expiring May, 2012. The Oath of Office was notarized by Kelly McLaughlin and will be provided to the State and County according to Statute.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to accept the Financial Report and approve Accounts Payable Regular Checks of \$67,184.07 plus HRA Disbursements of \$1,366.33 plus Benefits Checks of \$25,888.34 plus Supplemental Checks of \$ 42,180.60 for a total of \$136,619.34. Director Hassler seconded. The Board and Staff reviewed the Financials and discussed the Notes to Financials. The motion passed unanimously.

David Foster left the meeting at 5:20 p.m.

MANAGER'S REPORTS

Manager Tooker reported that three employees have signed the Voluntary Separation Agreement that was authorized by the Board at the September 2, 2010 Regular Meeting. The Board reviewed the Manager's Reports. It was noted that water sales in August were reported to be

higher than water produced which occasionally occurs related to billing the previous high consumption month in the subsequent lower production month.

STAFF REPORTS

InfoSend Bill Printing and Mailing Actual Cost Savings – The Board reviewed the Staff Report indicating that the actual cost savings as a result of the implementation of bill printing and mailing through InfoSend, Inc. has been higher than anticipated. The projected annual cost savings is \$32,400.

EXPRESS AGENDA

The Board reviewed and accepted the Express Agenda item as presented:

1. Quarterly Meeting with Mesa County Commissioners – Manager Tooker met with the Mesa County Commissioners on September 13, 2010. He emphasized to the Commissioners the negative impact that unplanned County projects has had on the District's budget. The impact to the budget will be noticeable in the Draft 2011 Budget, and in adjustments to customer rates.
2. Project 2009-04 Colorado River Intake Structure – Gould Construction, Inc. started construction activities on September 23, 2010. The existing intake structure has been partially removed to accommodate installation of by-pass pipe work to assure continued operation of the pumps this winter while construction of the new facilities continues.
3. Drinking Water Distribution Course – Session 1, 09-08/09-10 and Session 2, 10-13-10 – The first course in September was attended by 30 participants from both the public and private sectors across the Western Slope. The District had four staff member participate as well as one Board member. The second session is scheduled for October 13, 2010 and will cover water storage tank operation and maintenance. Five staff members have been identified to participate in this session.

UNFINISHED BUSINESS

Project 2008-02 MF/UF Pilot Testing – With a full Board of Directors now appointed, Staff requested the scheduling of a Special Meeting for the purpose of having Burns and McDonnell Engineering present their operational report and cost estimates for Project 2008-02 MF/UF Pilot Testing. Prior to the meeting Assistant Manager Reinertsen will provide the Board with the engineer's report.

2011 Budget – The Draft FY2011 Budget was presented to the Board. A hard copy was in the Board packet and Manager Tooker provided General and Administrative, Distribution and Treatment Revenues and Expenses details via a PowerPoint presentation. The reclassification of Operating and Non-Operating Expenses was discussed. A meeting of the Budget Committee will be scheduled for their detailed review and recommendations.

Amendment 60, Amendment 61 and Proposition 101 – The Board discussed budgetary issues that would result if Amendments 60, 61 and/or Proposition 101 passed in the November election, and reviewed and revised Resolution language. Director Genova moved to adopt the Resolution Opposing Amendments 60, 61 and Proposition 101. Director Peck seconded and the motion passed unanimously.

Resolution Text inserted below:

RESOLUTION OPPOSING AMENDMENTS 60, 61 AND PROPOSITION 101

WHEREAS, Amendments 60 and 61 and Proposition 101 will be appearing on the November, 2010 statewide ballot and passage of the three measures will significantly damage the Clifton Water District's, other Colorado Special Districts and other state and local governments from funding our most basic levels of operation and services and;

WHEREAS, the Clifton Water District understands that the citizens of Colorado desire and deserve fiscal accountability from their service providers on how tax dollars are collected and spent and how debt is used responsibly to benefit all and;

WHEREAS, passage of Amendments 60 and 61 and Proposition 101 will not ensure the desired results and will significantly damage the ability to continue to provide services, drastically limit infrastructure construction and impair financing of crucial long-term capital improvements that are essential in providing the most basic levels of services Customers have grown accustomed and;

WHEREAS, Amendment 60 would require government agencies including the Clifton Water District to pay property taxes. All property owned by the District will be taxed and result in an increased expense of between \$125,000 to \$175,000 annually which would result in a significant increase of water service rates estimated at \$2/month/customer and;

WHEREAS, Amendment 61 would require all debt to be structured to be repaid within 10 years and all debt to be voter-approved bonded debt. Structuring debt to 10 years would severely limit the ability of the District to finance capital improvement projects and plan for the future sustainability of the community and;

WHEREAS, Clifton Water District is concerned about the long term affects and the impact of these three measures collectively and individually be a destructive force that will ensure that Colorado will continue on a path of economic downturn and will continue to require noticeable cuts in services and budgets that will adversely affect every Customer and;

WHEREAS, the Clifton Water District joins the Colorado Special Districts Association, Colorado Municipal League and countless other state and local jurisdictions in opposition to the three ballot measures collectively and individually to protect the fiscal health of Colorado and the Clifton Water District by defeating Amendment 60, Amendment 61 and Proposition 101 and;

NOW THEREFORE BE IT RESOLVED, that the Clifton Water District Board of Directors has taken the official position of opposing Amendment 60, Amendment 61 and Proposition 101 and urges all customers and citizens statewide to vote against all three ballot measures.

BE IT FURTHER RESOLVED, that this Resolution be adopted this 7th day of October, 2010.

Audit Services – Manager Tooker reported that Mary Brenes, CPA has offered to prepare the District’s FY2010 Audit at the same cost as the FY2009 Audit. Director Genova moved to secure the services provided by Mary Brenes, CPA in preparation of the FY2010 Audit, at the same price as the previous year. Director Hassler seconded and the motion passed unanimously.

Water Conservation Plan – Manager Tooker advised the Board that the Regional Water Conservation Plan has been through its initial review by the Colorado Water Conservation Board (CWCB) and a meeting of the Steering Committee and CWCB representative is scheduled for next week. The adoption of the Water Conservation Plan is a prerequisite to obtaining financing through the CWCB or the Water and Power Resources Authority.

NEW BUSINESS

Committee Assignments – With a full Board of Directors now in place the Committee assignments determined in May, 2010 were re-affirmed. In addition, the Budget Committee was assigned by Chairman Burger. Committee Assignments are as follows:

Policy and Standards Committee:	Robert Burger and Doralyn Genova
Construction Committee:	Alan Hassler and Dale Peck
Personnel Committee:	Robert Burger and Alan Hassler
Budget Committee:	Dale Peck and Robert Norman

Cost of Service Rate Analysis – Manager Tooker distributed a Cost of Service Rate Analysis report and presented the same report via PowerPoint. The functionalization and classification of revenue requirements (expenses) was explained. These costs of providing water service are then allocated by Commodity, Capacity, Actual Customer, Meter and Services, and Public Fire Protection. The resulting analysis represents the cost of water production to be \$2.18 per 1,000 gallons and the cost of providing services to the customer and fire protection to be \$11.64/month. This data illustrates the need to increase the District’s water rates to sufficiently recover the costs. The proposed rate increase, based on the Cost of Service Rate Analysis is to increase the Base Rate from \$10/month/customer to \$12/month/customer and to adjust the Consumption Rate as follows:

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

The Board commented that if Amendments 60, 61 and/or Proposition 101 were to pass the rate adjustments would need to be higher.

No action was taken on a rate adjustment at this time.

Special District Association Briefing – Directors Hassler and Peck and Assistant Manager Reinertsen summarized the workshops they attended at the Special District Association’s Annual Conference held in September, 2010. Topics included discussion of Amendments 60 and 61 and Proposition 101, as well as water issues.

Manager’s Evaluation

Manager Tooker re-stated the goals he and the Board had defined for 2010 actions, and he reported that the goals have not been accomplished to date due to operational items demanding more immediate actions. The Board requested an outline from Manager Tooker of the issues that prevented achievement of the goals.

ADJOURNMENT

Director Genova moved to adjourn the meeting. Director Hassler seconded and the motion passed unanimously. The meeting was adjourned at 8:20 p.m.

ATTEST:

Robert Burger

Alan Hassler

Doralyn Genova

Dale Peck

Robert Norman