

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, OCTOBER 6, 2011**

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

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

REGULAR MEETING

Vice-Chairman Hassler called the Regular Meeting to order at 5:05 p.m. Director Burger was excused. One item was added to the agenda under New Business, Customer Request for Additional Leak Adjustment.

MINUTES OF THE SEPTEMBER 8, 2011 REGULAR MEETING

Director Peck moved to approve the September 8, 2011 Regular Meeting Minutes *(2011 Minutes)* with the correction in the header removing Director Genova's name as being present at that meeting. Director Norman seconded and the motion passed.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to accept Financial Reports and Approve Accounts Payable *(10/6/11 File)* Regular Checks of \$90,765.64 plus HRA Disbursements of \$10,912.40 plus Benefits Checks of \$20,168.45 plus Supplemental Checks of \$17,255.09 for a total of \$ 139,101.58. Manager Tooker noted that the Cash Flow Report showed an Operating Revenue gain and a Non-Operating Revenue gain, which has been unusual in the past year. Director Norman commented that water sales for 2011 year-to-date are within the lowest three years of the current ten year period. Director Hassler commented about the increasing costs of traffic control and asphalt replacement. The motion passed.

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

SITE TOUR

The onsite tour of the Colorado River Pump Station was postponed to the November 3, 2011 meeting due to inclement weather.

MANAGER'S REPORTS

Manager Tooker presented the monthly Manager's Reports *(10/6/11 File)*. There were 28 taps sold through August compared with 24 through August of 2010. Water production, sales, water

quality, overtime, and staff training information were reviewed. Attorneys fees paid were attributed to the Colorado River Basin proposal the District is cost-sharing in the payment of. The monthly credit card report included costs associated with the recruitment of a Water Treatment Plant Operator. Assistant Manager Reinertsen reported the MF/UF Pilot Testing Program Project is 100% complete.

STAFF REPORTS

Revenue Increase 2010 Versus 2011 – Staff presented a Staff Report (*2012 Staff Reports*) summarizing of the Revenue increase in 2011 compared to 2010, as the result of the 2011 Rate Increase. Through September the increase is \$262,787.05.

Burns and McDonnell Membrane Training Summary - Assistant Manager Reinertsen presented a Staff report (*2012 Staff Reports*) on Nanofiltration/Reverse Osmosis Membrane on-site operations training presented by Burns and McDonnell Engineering to six District staff members on September 14, 2011. In addition to the training provided, Burns and McDonnell staff identified system optimization improvements the District could complete to further enhance energy use, pump and filter life cycle cost efficiencies.

EXPRESS AGENDA

Director Norman requested discussion regarding the Palisade Wastewater Treatment Plant, item #1 on the Express Agenda. He reported that he spoke with a Fish and Wildlife Service staff member and found that they have limited review ability regarding the Palisade proposal. Director Norman stated that the Colorado Water Quality Control Permit comment period is currently open.

Director Genova moved to approve Express Agenda items #2 and #3. Director Peck seconded the motion passed. Items were approved as follows:

2. Hidden Valley Water Company
3. Regional Water Conservation Plan

UNFINISHED BUSINESS

SDA Annual Conference Report – Directors Norman and Peck and Assistant Manager Reinertsen provided summaries of workshops they attended at the Special District Association (SDA) Annual Conference held in Breckenridge September 14-16, 2011.

Draft 2012 Budget - A Draft of the 2012 Budget (*10/6/11 File*) was presented to the Board as per Statutory requirements. Manager Tooker reported that the Budget Committee has held two meetings to date for review of the Draft. The Operational Revenue included in the current Draft 2012 Budget is based on the District's 2011 Water Rates and Budgeted Revenue. Manager Tooker discussed the Operational Expenditures with the most significant changes between the 2011 Budget and the Draft 2012 Budget. A significant change includes the increased 2003 Revenue Bond payment amount. During review of the budgeted Expenditures, there was

discussion regarding the need to balance between accurately budgeting for anticipated costs and calculating the rate structure accordingly, without overinflating the numbers and potentially putting unspent money into Reserves, versus not budgeting for unidentified but likely items, keeping the rate structure lower and withdrawing funds from the Contingency as necessary. One focus of that discussion was the budgeted amount for Transmission and Distribution Repair and Maintenance. The current Draft 2012 Budget, which includes the Bond payment increase but does not consider any changes to wages and benefits or Water Rate Revenue, projects an operating loss of \$216,000. Additional Budget Committee meetings will be scheduled for further review of the FY 2012 Budget.

Set 2012 Budget Hearing Date – Director Genova moved to set the 2012 Budget Public Hearing for Thursday, December 1, 2011 at 5:00 p.m. Director Peck seconded and the motion passed.

2012 Water Rates - Manager Tooker presented a 2012 Revenue Requirements document (10/6/11 File) itemizing the 2012 monthly cost increase per customer, allocated to either Base Rate or Consumption Rate, for the Revenue Bond, Depreciation Expense and Wages and Benefits. It was the consensus of the Board to propose a \$2.19/month Flat Rate increase per unit to cover the Revenue Bond. It was also the consensus of the Board to propose a .58/1,000 gallons Consumption Rate increase for Depreciation Expense Recovery and a Wage Increase. The Draft 2012 Budgeted Revenue will be revised for further review by the Budget Committee.

Policy #420 (8) – Right of Exclusive Control – Assistant Manager Reinertsen presented proposed revisions to Policy # 420, Paragraph 8 – Right of Exclusive Control (10/6/11 File) to correct text that was incomplete and confusing. Director Genova moved to adopt the proposed Revisions to Policy #420, Paragraph 8 – Right of Exclusive Control as presented. Director Norman seconded and the motion passed. The revised Policy text is as follows:

8. RIGHT OF EXCLUSIVE CONTROL

8.1 All water service delivered by Clifton Water District must be supplied through water mains, valves, and other property of the District. Such property shall not be altered, adjusted, or tampered with in any way without prior approval from the District. Any tampering with, or alteration of any aspect of the District's distribution system under the exclusive control of the District will result in monetary penalties, up to \$1,000 per incident. Each incident will be considered as a separate event and penalties applied accordingly. It will be at the District's sole discretion to determine any additional costs to repair damages that may have been caused from the unauthorized manipulation of the system.

8.1.1 District customers - Penalty will be assessed and included in their monthly water bill.

8.1.2 All others - Penalty will be assessed by invoice to the unauthorized user and payment is due within 30 days. Individuals assessed the penalty will be held liable for payment of the penalty according to Mesa County, Colorado, laws in effect at that time.

8.2 The District has the right of exclusive control and supervision of all construction and maintenance of the water system.

NEW BUSINESS

2011 Audit Services – Manager Tooker reported that the District has not advertised for Audit Services since 2003 and the services have been performed by Mary Brenes, CPA. He asked for Board direction to either proceed with Brenes for the 2011 Audit or to advertise a Request for Proposals. Director Genova moved to direct Staff to advertise a Request for Proposals for the 2011 Audit. Director Peck seconded and the motion passed.

Health Reform Act – Manager Tooker reported that FlexMagic, Inc., the District’s Health Reimbursement Arrangement (HRA) administrator, has advised the District that provisions of the new Health Reform Act may require changes to the HRA program. More information will be provided to the Board at the November 3, 2011 Meeting.

Major Capital Improvements Plan – Manager Tooker stated that he recently prepared some revisions to the District’s Major Capital Improvements Plan as part of work on a statewide Water Infrastructure Survey. The Board will be provided details at an upcoming Board meeting, particularly relative to the 2012 Budget.

Water Acquisition Plan – Manager Tooker reported that Water Acquisition is one element of annual budgeting and Water Acquisition Planning will be discussed at an upcoming Board meeting.

Customer Request for Additional Leak Adjustment – Manager Tooker presented a Staff Report (*2011 Staff Reports*) and request from the customer at 3463 Front Street for an additional credit to their account due to a leak within the service line that occurred in August. The customer was allowed a credit based on one month of billing as per standard practice and the customer requests a credit for the portion of the leak that occurred during a second month of billing. Director Norman moved to allow an additional credit of \$88.65 to the customer at 3463 Front Street for the second billing month of the leak. Director Peck seconded and the motion passed.

ADJOURNMENT

Director Genova moved to adjourn the meeting. Director Norman seconded and the motion passed. The meeting was adjourned at 8:25 p.m.

ATTEST:

Excused

Robert Burger

Alan Hassler

Doralyn Genova

Dale Peck

Robert Norman