

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, SEPTEMBER 8, 2011**

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

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

GUESTS: Mary Brenes, CPA

REGULAR MEETING

Chairman Burger called the Regular Meeting to order at 5:00 p.m. Director Genova was excused.

GUESTS

Mary Brenes, CPA was present and provided a detailed review of the District's 2010 Audit. She noted that there was one non-material variance stated in her Letter to Management. This variance, regarding payments to retiring employees, was for notation only and not considered a problem. No exceptions were stated in the Letter to Management. Brenes compared the Cash Basis and the Accrual Basis report differences regarding depreciation, assets and Capital contributions. Budget to Actual numbers were summarized. Brenes reported the information used to reconcile the end-of-year bank statement, her methods to do test counts of inventory, and the review of Accounts Payable. She found no issues with the District's internal controls. Brenes stated the District has not been considering depreciation amounts when calculating water rates, although utilities governed by the Public Utilities Commission are required to do so.

Mary Brenes left the meeting at 5:55 p.m.

MINUTES OF THE AUGUST 4, 2011 REGULAR MEETING

Director Hassler moved to approve the August 4, 2011 Regular Meeting Minutes (*9/8/11 File, 2011 Minutes*) as submitted. Director Norman seconded and the motion passed.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Hassler moved to accept the Financial Report and Approve Accounts Payable Regular Checks of \$142,735.09 plus HRA Disbursements of \$ 3,604.48 plus Benefits Checks of \$19,650.86 plus Supplemental Checks of \$200,276.28 for a total of \$366,266.71. Accountant Foster reviewed his Notes to Financial Statements and the Statement of Cash Flow. Errors were noted on the Transaction Types Report and will be corrected. The motion passed.

David Foster left the meeting at 6:20 p.m.

MANAGER'S REPORTS

Manager Tooker presented the monthly Manager's Reports. A corrected Page 1 regarding water sales and water quality was submitted to the Board. Assistant Manager Reinertsen summarized the Project Costs Summary and further stated that Project 2009-04 Colorado River Intake Structure is nearing completion with a cost savings of approximately \$80,000, to be shared between the District and the contractor as per the Project Agreement.

STAFF REPORTS

SILLS Program - Assistant Manager Reinertsen presented a summary of the Simple Improvements at the Local Level (SILLS) Program (*9/8/11 File, 2011 Staff Reports*) that was implemented by the District in 2005. The purpose of the program includes the improvement of communication between supervisors and staff and to facilitate increased employee "ownership" of District direction. A summary of approved SILLS was provided. Board members were encouraged to attend the all-employee quarterly luncheon when SILLS are recognized.

Project 2009-04 Colorado River Intake Structure – The site tour of the nearly completed Colorado River Intake Structure and Pump Station was postponed from tonight's meeting to the October 6, 2011 Board Meeting. Assistant Manager Reinertsen reported that substantial completion was achieved by the September 1, 2011 revised deadline, and testing of the pumps was conducted on that day. The system performed properly. There is a list of 15 items remaining for the contractor to complete.

EXPRESS AGENDA

Director Hassler moved to approve the Express Agenda as submitted. Director Norman seconded and the motion passed. The Express Agenda items were approved as follows:

1. SDA Annual Conference and Annual Membership Meeting - Directors Peck and Norman are signed up to attend the SDA Annual Conference being held in Breckenridge from September 14 -16, 2011. Assistant Manager Reinertsen will also attend. Information regarding the SDA Annual Membership Meeting is included in the packet. If Director Peck or Director Norman will be unavailable to attend the Annual Membership a Proxy will need to be completed.
2. Hidden Valley Water Company – A request was made to Hidden Valley Water Company's attorney to identify and provide easements for the water lines. No activity has taken place in the preparation of the questionnaire to the property owners.

Manager Tooker also advised the Board of regional water-related meetings, the annual Colorado River Water Conservation District State of the River and the Colorado Water Conservation Board quarterly meeting, to be held in the Grand Junction area next week. Staff and Board members were invited to attend both of these meetings.

UNFINISHED BUSINESS

2010 Audit – The 2010 Audit (2010 Audit) was covered earlier in the meeting with Mary Brenes, CPA.

Policy #420 – Unintentional Water Use – Manager Tooker reported that the Policy Committee met and reviewed the proposed amendments to Policy #420 – Unintentional Water Use regarding customer requests for adjustments to their bill following a leak. The revised Policy was reviewed. Director Norman moved to adopt Policy #420 (10)– Unintentional Water Use (9/8/11 File, Operations Policy) with the clarification in Paragraph 10.2 that the leak must be repaired within ten days of notification and with the Policy effective with requests received beginning on September 9, 2011. Director Peck seconded and the motion passed. Policy #420, Paragraph 10 – Unintentional Water Use text as amended follows:

10. UNINTENTIONAL WATER USE AND WATER METER TESTING

10.1 The District is responsible for the service line from the main to and including the meter. All water use from the meter to the customer is the responsibility of the customer.

10.2 Once a leak is detected on the customer side of the meter it is the customer's responsibility to notify the District immediately and repair the leak within ten days. The District will read the meter as soon as possible after receiving notice of the leak.

10.3 A Leak Adjustment will be considered for leaks that are limited to the primary service line from the meter to the entrance of the foundation or perimeter of the dwelling unit and shall exclude any secondary or irrigation connections.

10.3.1 The customer must contact the District within 45 calendar days of detection of a leak to request a Leak Adjustment.

10.3.2 The Customer shall complete a Leak Adjustment Request Form and submit the form (including all receipts from the repair) to the District within 30 calendar days of the notification of the leak.

10.3.3 Calculation of the Leak Adjustment

10.3.3.1 The water bill from the month that the leak was detected and successfully repaired LESS the Average of the previous three (3) month's water bill plus 10 times the minimum monthly charge.

10.3.3.2 Leak Adjustments will not be considered if; the leak was willfully caused by the customer, if the leak was within the inside perimeter of the dwelling, as a result of a secondary or irrigation connection, or any other condition that is not the primary service line as defined.

10.3.3.3 A Leak Adjustment will not be considered if the suspected leak is not repaired within 10 calendar days of the notice.

10.3.3.4 The District will consider one (1) Leak Adjustment per property per 12 month period.

10.3.3.5 Leak Adjustments shall be considered on Residential Single Use Services only

10.4 Should the customer feel that the charges made are due to a faulty meter, the meter will be tested under the following condition: that the meter is removed in the presence of the customer or his representative and taken to the water meter test bench with the meter being in the possession of the customer at all times. The meter will be tested in the customers presence, and, if shown to be accurate (within 3.0%), there will be a charge in accordance with paragraph 12.12 of this Policy. If the meter is shown to be inaccurate, an appropriate adjustment will be made on the water bill as determined by the District.

Palisade Wastewater Treatment Project – Manager Tooker reported that the State permit was approved for the on-site facility revisions at the Palisade Wastewater Treatment Facility. The

District had commented that approval of this project would have a negative impact on water quality and increase the District's treatment requirements. Staff will contact the Colorado Department of Health to determine when the permit was issued and the length of the comment period regarding the permit decision.

MF/UF Project Financing – Manager Tooker stated the MF/UF Project Financing costs will be discussed in the Budget Committee.

2012 Budget – Staff has begun preparation of the 2012 Budget and will schedule a Budget Committee meeting in September, 2011.

NEW BUSINESS

2012 Water Rates and Plant Investment Fees - It was reported at the August 4, 2011 Board Meeting that the District's existing debt service amount will increase in November of 2011 to a level requiring a rate increase per customer. Existing debt service, depreciation and options for MF/UF Project financing will be calculated for the Cost of Service Analysis and proposed 2012 Water Rates. Manager Tooker distributed a document titled "Future Value Calculation" (9/8/11 File) for preliminary Board review.

PERSONNEL

Manager Tooker reported that Water Treatment Plant Lead Operator Hoffman has accepted a position with Ute Water Conservancy District, the third District employee to accept a position with Ute Water in three-and-one-half years. Recruitment efforts are underway to find his replacement. The need for succession planning and cross training were discussed. Manager Tooker is also gathering suggestions to improve employee retention.

ADJOURNMENT

Director Norman moved to adjourn the meeting. Director Peck seconded and the motion passed. The September 8, 2011 Meeting was adjourned at 8:10 p.m.

ATTEST:

Robert Burger

Excused

Doralyn Genova

Robert Norman

Alan Hassler

Dale Peck