

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, JULY 5, 2012**

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

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Kelly McLaughlin; Angie Beebe

REGULAR MEETING

Chairman Hassler called to order the July 5, 2012 Regular Meeting at 5:07 p.m. Two items were added to the original agenda: Informational Reports – River Pump Station Break-In; Energy Use Audit – Johnson Controls, Inc. The 2011 Audit was moved up earlier on the agenda.

MINUTES OF THE JUNE 7, 2012 REGULAR MEETING

Director Genova moved to approve the June 7, 2012 Regular Meeting Minutes as presented. Director Peck seconded and the motion passed. Director Burger abstained as he had not been present at that meeting.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$194,395.88 plus Benefits Checks of \$16,909.30 plus Supplemental Checks of \$4,589.50 for a total of \$215,894.68. Director Norman seconded. Accounting Technician Beebe summarized the implementation of Springbrook software generated reports and data that are now being utilized to prepare Financial Reports. This reporting method is accurate and reproducible, and with the development and understanding of the proper reporting parameters, Beebe has been able to correct data errors in the Financial Reports from January – April of 2012 that occurred during her initial training period. Revised Financial Reports were provided for Board review. The Board also reviewed summary and detail options for the Accounts Payable Check Registers. The motion passed unanimously.

2011 AUDIT

Manager Tooker presented the Draft 2011 Audit and letter from the auditors. The Auditors still need to provide the District with adjusting journal entries based on the Audit, and several corrections to their letter based on additional information they obtained. Regarding the procedural deficiencies identified in the letter from the auditors, Staff presented an example of an endorsed check and summarized the process for endorsing and storing checks, and stated that blank check stock will be retained in the safe, and unused checks from previous accounts will be shredded. It was noted that Budget Transfers made in 2012 are not included in the Draft Audit on Page 26 and will need corrected. The District's Management Discussion and Analysis needs to be finalized. The Audit is due to the Office of the State Auditor before the next Regular Board Meeting. Director Burger moved that the Board has been presented with the preliminary 2011 Audit but there are several items in the Management letter which need to be corrected, therefore, the Board shall postpone approval of the Final 2011 Audit until all documents are prepared and distributed for Board review. Manager Tooker shall conduct a telephone poll of the Board of Directors for final approval. Director Genova seconded and the motion passed unanimously.

- Angie Beebe left the meeting at 6:30 p.m.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Reports for the month of May, 2012. One correction was noted in the Plant Inflow number.

INFORMATIONAL REPORTS

32 Road 10" Water Line Break – Assistant Manager Reinertsen presented an Informational Report (7/5/12 File, 2012 Staff Reports) summarizing the June 8, 2012 10" water line break on 32 Road. This break required immediate repairs that totaled \$39,478.28. An email was later received from the Colorado Department of Transportation commending the District's prompt response and action to secure repairs.

Emergency Planning Efforts Concerning Wildfires – Manager Tooker presented a verbal report regarding planning efforts made by the District when the recent Pine Ridge Fire occurred nearby. Due to possible power outages and ash in the Colorado River, generators and equipment were tested, cross-connections with the City of Grand Junction and the Ute Water Conservancy District were tested, and emergency outbound calling abilities were established. All of these efforts were useful to prepare for any number of emergencies.

Water Usage Comparisons – Manager Tooker presented an Informational Report (7/5/12 File, 2012 Staff Reports) comparing 2012 water consumption to 2011 and 2010. The numbers reflect the impact of environmental conditions on customer usage, with June, 2012 consumption up 22% from 2011 and up 8% from 2010.

SDA Webinar Regarding the Financial Responsibilities of District Leadership – The Special District Association (SDA) is offering a free webinar regarding the financial responsibilities of District leadership. Several Board members and staff members will take advantage of this opportunity.

River Pump Station Break-In – Manager Tooker reported that an intruder accessed the River Pump Station last weekend. An alarm was activated and the Water Treatment Plant Operator contacted the Sheriff’s Department. Some damages to the building and equipment were incurred when the intruder discharged a fire extinguisher.

EXPRESS AGENDA

Director Burger moved to approve the Express Agenda Items as presented. Director Peck seconded and the motion passed. The approved Express Agenda Items are as follows:

- 1) Board of Directors Oaths of Office – The Oath of Office for Director Robert K. Burger was administered on June 19, 2012. The Oaths of Office for Robert Norman and Robert Burger, and the required reporting forms identifying the Board of Directors, have been provided to the State Department of Local Affairs and the Mesa County Clerk of the Court, as per State Statute.
- 2) Project 2012-01 3rd Street Main Line Upgrade/Replacement – The Contractor, Ben Dowd Excavating has completed installation of the new 6” water main. Individual service line upgrades are now being installed. The project is on schedule to complete within the contract parameter of July 11, 2012.
- 3) Project 2012-02, I-70 Business Loop New 12” Main Line Construction Project – The Bid Advertisement for this project started in the Daily Sentinel on June 29, 2012. The mandatory bid tour is scheduled for July 12, 2012 with the public bid opening occurring at 4:00 pm on July 26, 2012. Staff will provide an evaluation of bids and an award recommendation to the Board at the August 2, 2012 Regular Board Meeting.

UNFINISHED BUSINESS

Committee Assignments – Director Genova moved to approve the 2012 Board Committee assignments as identified in 2011 and itemized on the list provided in the Board Packet. Director Peck seconded and the motion passed unanimously. 2012 Committee assignments are as follows:

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| Budget Committee | Dale Peck, Robert Norman |
| Construction | Alan Hassler, Dale Peck |
| Personnel | Robert Burger, Alan Hassler |
| Policy & Standards | Robert Burger, Doralyn Genova |

2011 Audit – This Agenda Item was concluded earlier in the meeting.

Financial Reporting and Discrepancies – Manager Tooker reviewed his Confidential Memo to the Board regarding the financial reporting and discrepancies that were discovered in early 2012. The Board had postponed a decision on how to proceed pending the 2011 Audit results. Staff was directed to contact the Mesa County Sheriff’s office and to provide the appropriate documents to file a criminal theft complaint. Any inquiries from the public should be directed to Manager Tooker.

Drought Conditions – Manager Tooker reported that the Grand Valley water entities have declared Stage 1 Drought conditions and regular meetings among the utility providers continue in order to monitor and discuss water supplies. District staff remain cognizant of diversion rights that may impact our supplies in August and September.

Resolution Adopting Regional Water Conservation Plan – Assistant Manager Reinertsen presented a Resolution (7/5/12 File, Resolutions, Grand Valley Water Conservation Plan File) that formalizes action taken by the Board at the June 7, 2012 Regular Meeting to accept the Grand Valley Regional Water Conservation Plan. The Board signed the Resolution. Resolution Text inserted below:

**RESOLUTION TO ADOPT
THE GRAND VALLEY REGIONAL WATER CONSERVATION PLAN**

WHEREAS the Clifton Water District, the City of Grand Junction, and the Ute Water Conservancy District have maintained a cooperative working relationship over the years as a means of providing a unified voice regarding Grand Valley water needs, issues, and concerns, and;

WHEREAS the District wishes to establish a Regional Water Conservation Plan in conjunction with The City of Grand Junction and the Ute Water Conservancy District to promote water conservation by example, education, and innovation for the purpose of securing the future water needs of the Grand Valley, and;

WHEREAS the District recognizes the efficient use and conservation of water reflects responsible use of a limited and precious resource, and;

WHEREAS the District further recognizes that successful implementation of water conservation measures across the District’s customer base can help maintain current production capacities allowing the delay in implementing capital construction projects identified to increase production capacity, and;

WHEREAS the Grand Valley Regional Water Conservation Plan identifies conservation goals as well as measures and programs for reducing water consumption. These goals promote Xeric landscapes, provide education to the public on how to use water wisely, efforts to reduce residential consumption by 10%, and promote water saving awareness in the commercial sectors of the community, and;

WHEREAS the District's efforts in participating in the Grand Valley Regional Water Conservation Plan shall be evaluated periodically and adjusted according to the prevailing conditions as necessary;

NOW THEREFORE BE IT RESOLVED that the Clifton Water District Board of Directors adopt the Grand Valley Regional Water Conservation Plan effective July 5, 2012.

Energy Use Audit – Johnson Controls, Inc. – Assistant Manager Reinertsen presented a letter from Johnson Controls, Inc. (7/5/12 File, 2012 Correspondence) regarding their findings of the Energy Use Audit conducted this year. Although some potential cost savings were identified, Johnson Controls, Inc. (JCI) stated that since the District is already doing a number of energy efficiency actions, has energy use improvements indentified in future capital construction projects, and other savings would be dependent upon future Xcel Energy rates and programs, JCI did not believe entering into an Energy Performance Contracting agreement with the District would be appropriate at this time.

NEW BUSINESS

NSF Returned Payment Item Charges – Policy #420 – Manager Tooker presented a Staff Report (7/5/12 File, 2012 Staff Reports) advising the Board that the District will begin to be charged a fee by ANB Bank for all Returned Payments. District Policy allows the District to assess a fee to customers for returned payments but does not currently include a specific amount. A proposed revision to Policy #420 was provided to the Board to add a Returned Payment Item Fee of \$20.00 for each returned item. This amount offsets the charge to the District from ANB Bank and the staff time associated with processing returned payments. Director Peck moved to adopt District Policy #420 Section 12.16 and 12.16.1 as follows:

12.16 Returned Payment Item Fee. A Returned Payment Item Fee will be added to the customer account for each payment transmitted to the District's financial institution that is returned to the District as a Returned Payment.

12.16.1 The Returned Payment Item Fee is \$20.00 on each returned item.

This shall be effective August 1, 2012. Director Genova seconded and the motion passed unanimously. Signage shall be posted in the District lobby and drive-up window, and the District's bills will be amended to include this fee amount.

Director Burger requested that Staff obtain and provide the Board with an earnings analysis for the District's accounts at ANB Bank.

Highway 50 Directional Bore Project – Assistant Manager Reinertsen presented a Staff Report (7/5/12 File, 2012 Staff Reports) summarizing the historical timeline of the Highway 50 Bore and Waterline Project. He also presented a letter from ERO Resources Corp. (7/5/12 File, Highway 50 Directional Bore Project File) summarizing the NEPA Process pertaining to federal review and public

comment periods associated with permitting for the portion of the waterline crossing Bureau of Land Management (BLM) property. The District's previous BLM permit has expired. Replacement of the 10" waterline under Highway 50 is an essential component in the District's water system improvements, and is the sole waterline serving the Mesa County and Colorado Mesa University properties south and west of Highway 50. The Board concurred with Staff recommendations to proceed with the ERO Resources Corp. proposal to initiate the NEPA notification process.

ADJOURNMENT

Director Genova moved to adjourn the July 5, 2012 Regular Meeting. Director Burger seconded and the motion passed unanimously. The meeting was adjourned at 8:30 p.m.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert Norman

Robert K. Burger