

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, SEPTEMBER 6, 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; Brian Sheley; Angie Beebe

GUESTS PRESENT: Mike Nelson of Chadwick, Steinkirchner, Davis and Co., P.C.

REGULAR MEETING

Chairman Hassler called the September 6, 2012 Regular Meeting to order at 5:08 p.m. Review of the 2011 Audit scheduled under Unfinished Business was moved to the start of the meeting.

2011 AUDIT

Mike Nelson of Chadwick, Steinkirchner, Davis and Co., P.C. was present to review the District's FY2011 Audit prepared by his firm. The auditor's findings and recommendations were summarized and an unqualified opinion was rendered. Manager Tooker noted that the auditor's procedural recommendations have been addressed. Financial Statements and Schedules were reviewed. The appropriation of funds and the use of the Contingency Fund were discussed.

- Mike Nelson left the meeting at 5:40 p.m.

MINUTES OF THE AUGUST 2, 2012 REGULAR MEETING

Director Peck moved to approve the August 2, 2012 Regular Meeting Minutes as submitted. Director Genova seconded and the motion passed unanimously.

FINANCIAL REPORT AND ACCOUNTS PAYABLE

Director Genova moved to Accept the Financial Report and Approve Accounts Payable Regular Checks of \$125,890.58 plus Benefits Checks of \$15,841.53 plus Supplemental Checks of \$4,839.32 for a total of \$146,571.43, with the exception of Check #30157 to Chadwick, Steinkirchner, Davis and Co., P.C. scheduled for action under New Business and Check #30153 to Ben Dowd Excavating scheduled for action under Unfinished Business. Director Norman seconded. There was discussion regarding Capital Investment funds, payment trends and bank charges. Manager Tooker reported that the utilization of the Money Market account will

increase interest income and a reduction in the number of wire transfers per month will reduce bank expenses. The motion passed unanimously.

- Angie Beebe left the meeting at 6:05 p.m.

MANAGER'S REPORTS

Manager Tooker reported that 2012 water sales through July are up 11.7% from 2010. Influent water quality was poor in July due to multiple rain/runoff events and the low Colorado River flows. . The credit card report included a new computer for the Treatment Plant SCADA system and staff lodging for an AWWA conference.

INFORMATIONAL REPORTS

Main Office Emergency Power Generator Status – Assistant Manager Reinertsen provided an Informational Report (9/6/12 File, 2012 Staff Reports) regarding the installation and testing of a diesel generator for the District Office building. Weekly operating tests will be conducted. An Annual full load test will be conducted as recommended by the contractor.

Customer Payment Method Trends – An Informational Report (9/6/12 File, 2012 Staff Reports) regarding the increasing use of automated payment methods utilized by customers was previously discussed during the Financial Reports.

River District Report Regarding Wolford Mountain Reservoir Operations 2012-2015 – Manager Tooker presented a letter from the Colorado River District (9/6/12 File) regarding operational issues at Wolford Mountain Reservoir that could impact Colorado River flows and potentially degrade the District's water supply. Updates will continue to be provided as they become available.

EXPRESS AGENDA

Director Burger moved to accept the Express Agenda items as present. Director Genova seconded and the motion passed unanimously. The approved Express Agenda items are as follows:

- 1) SDA Annual Conference September 19 -21 at Keystone – Alan Hassler and Dale Peck are registered to attend the SDA Annual Conference. Included in the Board Packet are the SDA Official Business Meeting Agenda, 2011 SDA Annual Business Meeting Minutes, and Proxy.
- 2) Colorado River District 2012 Annual Water Seminar September 13, 2012 – The 2012 Annual Water Seminar presented by the Colorado River District is scheduled for September 13, 2012 from 9 am to 3:30 pm at the Two Rivers Convention Center in Grand Junction. The meeting agenda is included in the Board Packet.

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- 3) Multiple Unit Investment Fee Arrangement Request (George Schorn 649 33 Road) – Mr. Schorn was notified of the Board’s decision regarding his request for a payment arrangement for his tap fees. He has since paid the tap fees owed in full and his account is current.
 - 4) Project 2012-02, I-70 Business Loop New 12” Main Line Construction Project – The Construction Agreement was signed on August 16, 2012 between the District and Polaris Drilling, Inc. the Notice to Proceed was issued on August 17, 2012. Polaris Drilling Inc has begun the submittal approval process with construction slated to start the either the week of September 17th or September 24th depending on delivery receipt of the fusible pipe from the supplier, Underground Solutions Inc.
 - 5) Colorado River Intake Structure Maintenance Status – The replacement trash grate has been ordered and required modifications are underway. The grate will be ready for pickup from the fabricator the week of September 3rd. The replacement slide gate has been ordered and is scheduled for delivery the week of September 10th. Sorter Construction has been scheduled to install these replacement components either the week of September 17th or 24th depending on District staff availability. All maintenance work will be completed before the end of September.
 - 6) Colorado Special Districts Property and Liability Pool Annual Report – Included in the Board Packet is information from the Colorado Special Districts Property and Liability Pool 2011 Annual Report. No action is needed from the Board.

UNFINISHED BUSINESS

2013 Draft Budget – Manager Tooker reported that the Budget Committee met on August 28, 2012 to review the first Draft of the District’s FY 2013 Budget. It was noted that 2012 budgeted funds for construction line upgrades are underspent through July. Staff reported that one project was just concluded and another bid was just awarded, therefore, expenditures in this line item will increase by the end of the year. Manager Tooker reported that some projects budgeted for in 2012 have not moved forward. He added that Non-Operational Budget Items are funded through Plant Investment Fees and are not calculated in the Cost of Service Analysis and rate structure.

MF/UF Project – Manager Tooker stated that one project budgeted for in 2012 that has not progressed is design of the MF/UF Project at the Water Treatment Plant. Board members stated concern with the last cost estimate received from the engineer of nearly \$20 million dollars for a 16 mgd project. Discussion ensued regarding the need to replace the current sand filtration system. The Budget Committee will include funding in the FY 2013 Budget for design of a smaller, 10 mgd project. Staff will work with the engineers on revised cost estimates.

Water Acquisition Plan – Manager Tooker provided the Board with information regarding the District’s existing Water Rights. The Board requested that discussion of a Water Acquisition Plan be scheduled for an Executive Session on the October 6, 2012 Regular Meeting Agenda.

Planning Report and Major Capital Improvement Plan (MCIP) – Manager Tooker reported that Staff continue to work on project planning in development of the FY 2013 Budget. More information will be provided to the Board at the October 6, 2012 Regular Meeting.

Project 2012-01 3rd Street Main Line Upgrade/Replacement – Assistant Manager Reinertsen reported that Final Advertisement has completed for Project 2012-01 3rd Street Main Line Upgrade/Replacement. No inquiries were received. Director Genova moved to approve Final Payment of the retainage to Ben Dowd Excavating for Project 2012-01 in the amount of \$4,129.31, and to release check #30153 for this amount. Director Peck seconded and the motion passed unanimously.

NEW BUSINESS

Budget Transfer Request – From Contingency to Audit Expense – Manager Tooker presented a Staff Report (9/6/12 File, 2012 Staff Reports) summarizing the final costs of \$11,100.00 for completion of the FY 2011 Audit and additional services requested. The FY 2012 Budget had included a total of \$4,900 for the Audit, therefore, additional funds are needed for this expenditure. Director Norman moved to authorize a Budget Transfer from Contingency to Audit - Genl and Admin in the amount of \$3,050, from Contingency to Audit – Distribution and Transmission in the amount of \$1,575 and from Contingency to Audit – Water Treatment in the amount of \$1,575 for a total transfer of \$6,200. Director Genova seconded and the motion passed unanimously. Director Norman moved to approve the payment to Chadwick, Steinkirchner, Davis and Co., P.C. for preparation of the District’s FY2011 Audit, and the additional services requested related to internal controls, in the total amount of \$11,100, and to release check #30157 for this amount. Director Genova seconded and the motion passed unanimously.

ADJOURNMENT

Director Burger moved to adjourn the meeting. Director Genova seconded and the motion passed unanimously. The September 6, 2012 Regular Meeting was adjourned at 7:45 p.m.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert Norman

Robert K. Burger