

**MINUTES OF BOARD OF DIRECTORS SPECIAL MEETING
CLIFTON WATER DISTRICT
TUESDAY, DECEMBER 10, 2013**

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;

GUESTS: Slade Connell, Mark Ritterbush

SPECIAL MEETING

Chairman Hassler called the December 10, 2013 Special Meeting to order at 5:00 p.m.

CLOUD SEEDING

Guests Slade Connell and Mark Ritterbush, representing the Water Enhancement Authority, presented information on their cloud seeding program operated on the Grand Mesa via a Colorado Water Conservation Board permit. The purpose of the program is to increase water runoff for water supplies. The program's operations, budget, and financial supporters were summarized. The Board thanked Connell and Ritterbush for their presentation.

UNFINISHED BUSINESS

Project 2008-02 MF/UF Final Design Agreement - The Project 2008-02 MF/UF 40% Design Build Contract with Carollo Design Build Group, and the Carollo Design Build Scope of Services for the project (*12-10-13 File, Project 2008-02 MF/UF File*) were presented by Manager Tooker. The District's legal counsel prepared the contract. Director Genova moved to approve the Design/Build Contract for Project 2008-02 MF/UF 40% Design Services. Director Norman seconded the motion. Discussion followed regarding ownership of the work to be completed, additional assurances needed in the contract referencing the Request for Proposals for Design/Build, exit clauses, guaranteed maximum price, and the need to complete the membrane manufacturer selection.

Manager Tooker reported that a Budget Transfer will be necessary to fund this project. Director Peck moved to authorize a Budget Transfer from Contingency to Project 2008-02 MF/UF Engineering Services in the amount of \$427,947.00. Director Burger seconded and the motion passed unanimously.

Discussion continued regarding the 40% Design Build Contract, and a review of the requested contract edits. Director Genova moved to amend the motion approving the contract, to include authorization for Manager Tooker to negotiate all contract modifications discussed today, and authorizing the Chairman to sign the contract following Carollo Design Group review. Director Peck seconded and the motion passed unanimously.

Project 2008-02 MF/UF State Revolving Loan Fund Application – Manager Tooker advised the Board that a Public Hearing is required for the State Revolving Loan Fund Application process, to solicit and receive public input regarding Project 2008-02 MF/UF. A Legal Notice must be published at least 30 days in advance. Director Genova moved to set a Public Hearing for Thursday, February 6, 2014 at 5:00 p.m. for the purpose of informing citizens and soliciting public input regarding the Clifton Water District Water Treatment Plant and Preliminary Engineering Report for Project 2008-02. Director Burger seconded and the motion passed unanimously.

2014 Budget – Manager Tooker presented the 2014 Budget Explanation, 2014 Budget Worksheets, Resolution Appropriating Funds for 2014, and Memo identifying the 2013 assessed valuation of the District; and the dollars being received from mill levy as \$0. *(All documents in 2014 Budget File, 12/10/13 Meeting File).* It was noted that the Budget includes \$16 million in revenue requested from the State Revolving Loan Fund for Project 2008-02 MF/UF, however, not all of those funds will be expended in 2014 due to the duration of the project. Two Operating Expense items; storage tank repairs and a cooperative project with the Clifton Sanitation District have been added to the Budget since it was last reviewed by the Board. The full amount of the HRA Expense was added back into the Budget based on Board input at the December 5, 2013 Regular Meeting.

Director Genova moved to adopt the 2014 Budget as presented. Director Burger seconded the motion. Director Hassler suggested that Manager Tooker consult with the District's auditors regarding the Beginning Balance adopted herein not including the Budget Transfer amount of \$427,940 approved earlier in this meeting, and possibly amend the 2014 Budget at the January meeting if deemed appropriate. The motion to adopt the 2014 Budget passed unanimously.

Director Norman moved to adopt the Appropriation Resolution of the Clifton Water District Board of Directors Acting By and Through Its Water Activity Enterprise For the 2014 Budget Year; and further resolve that there is appropriated from the funds of the District Acting By and Through its Water Activity Enterprise, Twenty Nine Million Two Hundred Nineteen Thousand Two Hundred and Eighty Seven Dollars (\$29,219,287) for the general expenses of the DISTRICT, and that this appropriation be a continuing appropriation whether said funds be expended during 2014 or thereafter. Director Burger seconded and the motion passed unanimously.

Resolution Text inserted as follows:

**APPROPRIATION RESOLUTION OF THE CLIFTON WATER DISTRICT BOARD OF DIRECTORS
ACTING BY AND THROUGH ITS WATER ACTIVITY ENTERPRISE FOR THE
2014 BUDGET YEAR**

A resolution appropriating sums of money to the various accounts, in the amounts and for the purposes as set forth below, for the Clifton Water District Acting By and Through its Water Activity Enterprise, Mesa County, Colorado, for the 2014 Budget Year.

WHEREAS, the Directors have adopted the annual Budget for 2014 in accordance with the Local Government Budget Law, on the 10th day of December, 2013, and;

WHEREAS, the Directors have made provision therein to use a combination of revenues and reserves in an amount equal to, or greater than, the total proposed expenditures as set forth in said Budget, and;

WHEREAS, it is not only required by law, but also necessary to appropriate the revenues provided in the Budget to and for the purposes described below, so as to not impair the operations of the District or its Water Activity Enterprise.

NOW THEREFORE, BE IT RESOLVED by the Directors of the Clifton Water District Acting By and Through its Water Activity Enterprise, Mesa County, Colorado that the following sums are hereby appropriated from the revenue and reserves of the Water Activity Enterprise, for the purposes stated below:

ESTIMATED BEGINNING BALANCE	\$6,718,415
<u>ESTIMATED EXPENDITURES</u>	
Operating Expenses	
Source of Supply	\$24,532
Water Treatment	\$993,012
Transmission & Distribution	\$628,705
General & Administrative	\$315,657
Labor Expenses	\$1,883,481
<i>Total Operating Expenses</i>	<i>\$3,845,388</i>
Nonoperating Expenses	
Capital Expenses	\$17,892,350
Bond Principal & Interest	\$1,312,725
Emergency Fund	\$1,086,888
Reserve Fund	\$436,000
Contingency	\$4,645,936
<i>Total Nonoperating Expenses</i>	<i>\$25,373,899</i>
TOTAL ESTIMATED EXPENDITURES	\$29,219,287
<u>ESTIMATED REVENUES</u>	
Operating Revenue	
Sale of Water	\$5,380,251
System Fees	\$411,780
Sanitation District	\$36,680
Penalty and Fees	\$76,620
Turn Fees	\$102,600
<i>Total Operating Revenue</i>	<i>\$6,007,931</i>
Nonoperating Revenue	
Plant Investment Fees	\$375,000
Main Line Extension Fees	\$6,000
Disposal of Assets	\$5,000
Availability of Service	\$39,900
Interest	\$52,800
Bond/Grant Proceeds	\$16,000,000
Property Taxes	\$0
Lease Income	\$8,640
Construction Reimbursements	\$0
Tap Installation	\$1,600
Miscellaneous	\$4,000
<i>Total Nonoperating Revenue</i>	<i>\$16,492,940</i>
TOTAL ESTIMATED REVENUE	\$22,500,871
Estimated From Reserves	\$6,718,415
TOTAL FUNDS AVAILABLE	\$29,219,287
ESTIMATED ENDING BALANCE	\$0

IT IS FURTHER RESOLVED, that there is appropriated from the funds of the District Acting By and Through its Water Activity Enterprise, Twenty Nine Million Two Hundred Nineteen Thousand Two Hundred and Eighty Seven Dollars (\$29,219,287) for the general expenses of the DISTRICT, and that this appropriation be a continuing appropriation whether said funds be expended during 2014 or thereafter.

I hereby certify the forgoing is a true copy of a Resolution adopted by the Board of Directors of the Clifton Water District Acting By and Through its Water Activity Enterprise at the Regular Board of Directors Meeting held on December 10, 2013.

PERSONNEL

Manager's Evaluation – Manager Tooker excused himself from the room to attend to some items in his office.

- David Reinertsen and Kelly McLaughlin exited the meeting at 7:05 p.m.

The Board reviewed the Manager's performance during 2013. Manager Tooker returned to the meeting, and consented to continuing the meeting as a public meeting. The Board of Directors agreed that the Manager exhibits good leadership, appears to be supervising quite well, and continues to delegate. The delegation, supervision, and training factors were discussed in relation to the need for succession planning. Communication was noted as enthusiastic and informative, and that it demonstrated the Manger's extensive, detailed knowledge of the Plant and all operations. With regard to customer service, the Board believes the District needs to find ways to soften some of its approaches in process and procedure. Examples given include availability of arearage information for buyers, lenders, and others interested in the property. A balance must be found between strict interpretation of the red flag rules, and reasonably releasing information. Also discussed was seeking smoother and easier ways to document transfer of taps and responsible party information. As a similar matter, the Manager offered up the Policy regarding access to meter pits, compared to other water providers and whether or not the current Policy is legally and practically necessary. The Board discussed budget, responsibility of the position, and area market for the position. Director Genova moved to grant Mr. Tooker a raise to \$100,000 per year, commencing January 1, 2014. Director Peck seconded the motion and the motion passed unanimously. It was noted that the current and the adopted 2014 budget provide sufficient funding for this salary increase.

ADJOURNMENT

Director Genova moved to adjourn the meeting. Director Burger seconded the motion and the motion passed unanimously. The December 10, 2013 Special Meeting was adjourned at 8:05 p.m.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert Norman

Robert K. Burger