

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, DECEMBER 5, 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; Angie Beebe

PUBLIC HEARING

Chairman Hassler called to order the Public Hearing at 5:08 p.m. regarding the District's Proposed FY2014 Budget, in accordance with C.R.S. 29-1-106 *Et.Seq.* The Notice of Public Hearing (12/5/13 File, 2014 Budget File, Daily Sentinel Legal Notices file) was confirmed as published in the Grand Junction Daily Sentinel in accordance with C.R.S. 29-1-106(3)(a). Manager Tooker reported that no comments have been received regarding the Proposed Budget from members of the public. No members of the public were present. The Public Hearing was closed at 5:10 p.m.

REGULAR MEETING

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

MINUTES OF THE NOVEMBER 7, 2013 REGULAR MEETING

Director Burger moved to approve the November 7, 2013 Regular Meeting Minutes, as presented. Director Peck seconded and the motion passed. Director Genova abstained as she 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 \$103,808.05 plus Benefits Checks of \$19,768.91 plus Supplemental Checks of \$27,361.54 plus Special Check of \$8,955.00 for a total of \$150,938.20. Director Peck seconded the motion. The Board requested clarification regarding an expenditure to Burns and McDonnell Engineering. Manager Tooker reported that this item was for the completion of the Preliminary Engineering Report necessary for the Project 2008-02 MF UF State Revolving Loan Fund application. The motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker reported that Tap Sales, Water Sales, and Water Production through October, 2013 continue to be down from the previous year. Pending items, project costs, and attorney costs were briefly reviewed.

INFORMATIONAL REPORTS

2013 DRIP Activities - Assistant Manager Reinertsen presented an Informational Report (12/15/13 File, 2013 Staff Reports) regarding the Drought Response Information Project (DRIP) activities and costs for 2013.

UNFINISHED BUSINESS

Project 2008-02 MF/UF State Revolving Loan Fund – Manager Tooker reported that the State Revolving Loan Fund Application, and the Technical, Managerial and Financial Assessment for Project 2008-02 MF/UF were submitted to the State on December 2, 2013. A requirement of the State Revolving Loan Fund is that the District hold a Public Hearing regarding the project and application prior to receipt of funds.

Project 2008-02 MF/UF Final Design Agreement – Manager Tooker reported that the District's legal counsel is reviewing the contract with Carollo Design for the 40% Design of Project 2008-02 MF/UF. The contract will be presented to the Board at the December 10, 2013 Special Meeting.

Clifton Christian Church Water Tap Fees Request – Assistant Manager Reinertsen presented a Staff Report (12/5/13 File, 2013 Staff Reports) following up on the request from Clifton Christian Church, Account #24681, 615 I-70 Business Loop, for a water tap fee refund. The Board reviewed the request at the November 7, 2013 Board Meeting. Director Genova stated for the record that she was contacted by one of the property representatives but she remains objective in her decision-making following that contact. Staff subsequently met with the property representatives and discussed domestic and fire line alternatives and recommendations. Director Peck moved to accept the Staff recommendation for Clifton Christian Church to purchase an additional 1 ½ inch water service connection for domestic use and to use the existing 1 x 4 inch combination metered water service as the 4 inch dedicated fire line and to issue a refund in the amount of \$25,970 reflecting the difference between the original Plant Investment Fee paid of \$50,700 and the \$15,000 cost of the 1 ½ inch Plant Investment Fee for domestic water use and the calculated Plant Investment Fee of \$9,730 for a dedicated 4 inch fire line. Director Norman seconded and the motion passed unanimously.

2014 Budget – Manager Tooker presented the FY2014 Budget worksheets (12/5/13 File, 2014 Budget), including the proposed Water Revenue amount of \$5,380,251 based on the rate structure proposed by the Budget Committee. Budget Committee members Robert Norman and Dale Peck have identified areas in the Budget that were historically underutilized and reduced funding to those areas. Director Norman stated that they recognize this may lead to the need for Budget

Transfers from Contingency should actual expenses warrant additional funds. One line item that was reduced in the Budget was the Health Reimbursement Arrangement (HRA) based on underutilization. After discussion by the Board, it was agreed that the Budget would include the full HRA amount. It was noted that Distribution Construction expenses were moved from the Operating Budget to the Non-Operating Budget. The Board reviewed Summary Page 1 of the Budget Worksheet, presenting three Operating Loss/Gain scenarios including Current and Future Debt Service Expense, and Current Rates/Rate Increase Revenues. The Depreciation amount being used for the Budget was identified in the FY2012 Audit. Manager Tooker presented a Memo (12/5/13 File, 2014 Memos, 2014 Budget) to the Board including two Cost of Service Analysis Summaries to identify the calculation of a Base Rate with Current and Future Debt, and a proposed Water Rate Structure that would generate an additional \$545,421 of annual Water Revenue in 2014. The objectives of the Water Rate Increase are: 1) Position the District to begin to fund the MF/UF Project Debt Service; 2) Continue to collect Depreciation Expense in Water Rates; 3) Take a multiple year approach in systematically increasing rates conservatively; and 4) Encourage reduced water usage by increased block rates. Director Genova moved that, based on the Cost of Service Analysis presented, to adopt the District's 2014 Water Rates effective December 31, 2013 to be:

- Base Rate increase from \$17.50 to \$19.50 = (\$2.00 increase)
- Tier 1 - 3,000 to 10,000 gal - Increase from \$2.50 to \$2.60/1,000 gallons (\$0.10 increase)
- Tier 2 – 10,000 to 18,000 gal – Increase from \$3.35 to \$3.60/1,000 gallons (\$0.25 increase)
- Tier 3 – 18,000 gal + - Increase from \$4.50 to \$5.50/ 1,000 gallons (\$1.00 increase)

These water rates will be calculated for outgoing Bills beginning on February 1, 2014. The \$2.50 per unit System Investment Fee will continue to same for 2014. Director Burger seconded and the motion passed unanimously. Manager Tooker presented a Memo (12/5/13 File, 2014 Memos, 2014 Budget) summarizing Wage and Benefit Recommendations included in the Draft 2014 Budget. There were no changes identified by the Board. It was noted that Budget Adoption is scheduled for the December 10, 2013 Special Board Meeting.

NEW BUSINESS

Grand Valley Irrigation Company – Manager Tooker reported that Staff will attend the Grand Valley Irrigation Company Annual Auction, and the District has \$10,000 budgeted for the purchase of available shares.

Budget Transfer for Vehicle Expense - Manager Tooker presented a Staff Report (12/15/13 File, 2013 Staff Reports) summarizing the unexpected repairs to the District's 2002 Case Backhoe that necessitate a Budget Transfer. Director Genova moved to authorize a Budget Transfer of \$15,000 from Contingency to Distribution Vehicle expense as presented. Director Norman seconded and the motion passed unanimously.

January, 2014 Regular Meeting – Due to the proximity of the New Year's Day holiday to the regular meeting day of the Board, Director Genova moved to conduct the January, 2014 Regular Board Meeting on January 9, 2014 instead of January 2, 2014. Director Burger seconded and the motion passed unanimously.

PERSONNEL

Manager's Evaluation – By consensus, the Board tabled this Agenda Item to the December 10, 2013 Special Meeting.

ADJOURNMENT

Director Burger moved to adjourn the December 5, 2013 Regular Meeting. Director Peck seconded and the motion passed. The meeting was adjourned at 7:45 p.m.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert Norman

Robert K. Burger