

**MINUTES OF BOARD OF DIRECTORS MEETING
CLIFTON WATER DISTRICT
THURSDAY, DECEMBER 4, 2014**

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

STAFF MEMBERS PRESENT: Dale Tooker; David Reinertsen; Leslie Plett; Angie Beebe; Brian Sheley

PUBLIC HEARING

Chairman Hassler called to order the Public Hearing at 5:02 p.m. regarding the District's Proposed FY2015 Budget, in accordance with C.R.S. 29-1-106 *Et.Seq.* The Notice of Public Hearing (12/4/14 File, 2015 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. Chairman Hassler closed the Public Hearing at 5:03 p.m.

REGULAR MEETING

Chairman Hassler called the December 4, 2014 Regular Meeting to order at 5:04 p.m.

MINUTES OF THE NOVEMBER 6, 2014 REGULAR MEETING

Director Genova moved to approve the November 6, 2014 Regular Meeting Minutes, as presented. Director Peck 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 \$72,670.31 plus Benefits Checks of \$18,433.09 plus Supplemental Checks of \$905,611.40 plus Special Checks of \$18,395.00 plus Board Payroll Checks of \$5,602.75 for a total of \$1,020,712.55. Director Peck seconded the motion. Manager Tooker reported that the supplemental check run for December 3, 2014 is substantially higher than is typical due to planned annual leave by staff during the last two weeks of November resulting in the supplemental check run including allowable expenses received from November 19 – December 3, 2014. The Board requested clarification regarding 3rd Quarter Investment Advisor Fees. Manager Tooker reported that the 3rd Quarter Investment Advisor Fee is the money management fee incurred by the District for funds invested through Capital Investments Counsel, Inc.

The Board requested clarification regarding Customer Returned NSF Checks/ACH expenses. Accounting Technician Beebe reported that Customer Returned NSF Checks/ACH includes customer refunds when funds are refunded through an ACH transaction. The Board also

requested information regarding the purchase of *Demo Saws*. Manager Tooker explained that the expense was for two new saws. The motion passed unanimously.

MANAGER'S REPORTS

Manager Tooker presented the Manager's Report (12/04/14 File) and reported that Tap Sales, Water Sales, and Water Production through October, 2014 are up from the prior year. Availability of Service has decreased which indicates an increase in occupancy of properties within the District. Pending items, project costs, and attorney costs were briefly reviewed.

Assistant Manager Reinertsen reported that he has had initial conversations with the Engineering firm planning the Clifton Wal-Mart Store and informed the Board that the District cannot take any action regarding water use requests from his client until the property transfer is completed.

INFORMATIONAL REPORTS

16 inch Transmission Line, Failure, F ½ Road – This report was previously presented at the November 6, 2014 Board Meeting. No further discussion was required.

Credit Card Fees – (12/04/14 File. 2014 Informational Reports) Accounting Technician Beebe reported how credit card convenience fees are collected from customers and then reported on financial statements. She stated that there are two different accounting cycles in place. The District settles transactions at the close of each business day at 5:00 p.m., however Collector Solutions Inc. settles transactions daily at midnight. She explained that because customers could pay their bills at any time of day, there will always be a period of 2 – 3 days where activity may be “out-of-sync”. This is however captured and corrected through the established bank reconciliation process.

EXPRESS AGENDA

Director Burger moved to approve the Express Agenda items. Director Genova seconded the motion. The motion passed unanimously approving the Express Agenda items as follows:

Mesa County D Road Reconstruction Project – 10” Main Line Upgrade – The first phase of this Mesa County Project is complete. This phase involved approximately 550 feet of new roadway from the intersection of 32 and D Roads east. The District secured the services of MA Concrete Construction Company to replace the existing 10” AC water line with new 10” PVC water line within this roadway section. The new line has been in service since approximately November 14th. Once this new line was placed in service, the District's repair and maintenance crew installed a new 2” meter and vault for the Candlewood Mobile Home Park. The new meter and vault were installed in a negotiated easement within the Candlewood Park to eliminate the existing vault location which would have been within the new asphalt roadway. The remaining 800 feet of 10” AC water line identified for replacement will be performed during the 2015 Phase 2 Road Reconstruction activities, tentatively scheduled to begin in March, 2015.

UNFINISHED BUSINESS

Project 2008-02 MF/UF – Manager Tooker provided a status update on the project noting that there have been several Value Engineering additions and deductions resulting in the project currently projected to be under budget upon completion. This status update was informational only with no Board action required at this time.

Budget Hearing – Director Peck moved to ratify the Telephone Poll authorizing the advertisement (*11/06/14 file, 2015 Budget, Daily Sentinel – Legal Notices*) of the 2015 Budget Hearing for 5:00 p.m., December 4, 2014. Director Genova seconded the motion and it passed unanimously.

Holiday Turkey or Ham – Director Genova moved to ratify the Telephone Poll authorizing the District to provide a turkey or ham to all employees and Board Members for Thanksgiving or Christmas. Director Peck seconded the motion and it passed unanimously.

Water Rates 2015 – (*11/06/14 File, 2015 Budget*) Director Genova moved to approve the 2015 Water Rates presented at the November 6, 2014 Board Meeting effective January 1, 2015. The Board directed Manager Tooker to distribute a Press Release (*11/06/14 File, Press Release*) and customer notification with the December 2014 billing cycle. Director Peck seconded the motion and it passed unanimously.

Colorado Mesa University Out-of-District Service Request Status – Staff updated the Board on the project, noting that the District is still waiting for additional Engineering information. The Board expressed concern about water use and if limitations could be imposed. Assistant Manager Reinertsen explained that initial discussions have identified the possibility that daily or monthly limitations to water use may be imposed on the facility operations and Manager Tooker added that the Board may also consider having a “change of use” clause added to the contract, protecting the District from a significant change to the water use for the proposed development. Information only, no Board action required at this time.

Board Position Vacancy – The Board inquired if there were any applications to fill the vacancy. Manager Tooker explained that there have been several inquiries; however there were no qualified candidates identified thus far. Manager Tooker further clarified the timeline necessary to fill the position and remain compliant with State Statutes. He further stated that a candidate will need to be identified at the January Board Meeting. Director Hassler informed the Board that he is in receipt of Mr. Bob Norman’s official letter of resignation (*Board Member Files*) which will be passed on to the Manager Tooker for District recordkeeping.

2015 Budget – (*2015 Budget, 12/04/14 File, Daily Sentinel - Legal Notices*) Manager Tooker presented the 2015 Budget Explanation, 2015 Budget Worksheets, Resolution Appropriating Funds for 2015 and Memo identifying the 2014 assessed value of the District with the dollars being received from mill levy as \$0. It was noted that the District would begin 2015 with a beginning balance of \$20,192,796 which include funds from the 2008-02 MF/UF Project which remained unspent in 2014, but will be expended in 2015 as construction progresses. The budget was prepared including the adopted 2015 Water Rates. All line items with a significant change in spending from 2014 were explained. Projected Labor expenses were discussed thoroughly with the Board inquiring about previous under-budgeting of overtime expense. Manager Tooker explained that if overtime is budgeted at a higher rate it would increase the Cost of Service Analysis and the budget number presented has a historical basis and not based on a specific actual annual number.

Director Peck moved to adopt the 2015 Budget as presented. Director Genova seconded the motion. The motion to adopt the 2015 Budget passed unanimously.

Director Peck moved to adopt the Appropriation Resolution (*Resolutions, 2015 Budget, 12/04/14 File*) of the Clifton Water District Board of Directors Acting By and Through Its Water Activity Enterprise For the 2015 Budget Year; and further resolve that there is appropriated from funds of the District Acting By and Through its Water Activity Enterprise, Twenty Six Million Eight Hundred Sixty-One Thousand Two Hundred and Eighty One Dollars (\$26,861,281) for the general expenses of the DISTRICT, and that this appropriation be a continuing appropriation whether said funds be expended during 2015 or thereafter, and appointing Director Hassler as the authorized Director to sign the Appropriation on behalf of the District. Director Genova 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
2015 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 2015 Budget Year.

WHEREAS, the Directors have adopted the annual Budget for 2015 in accordance with the Local Government Budget Law, on the 4th day of December, 2014, 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	\$20,192,796
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ESTIMATED EXPENDITURES

Operating Expenses	
Source of Supply	\$24,924
Water Treatment	\$960,323
Transmission & Distribution	\$651,812
General & Administrative	\$343,470
Labor Expenses	\$1,940,406
<i>Total Operating Expenses</i>	<i>\$3,920,935</i>

Nonoperating Expenses	
Capital Expenses	\$15,972,140
Bond Principal & Interest	\$1,015,932
Emergency Fund	\$994,654
Reserve Fund	\$1,397,347
Contingency	\$3,560,271
<i>Total Nonoperating Expenses</i>	<i>\$22,940,344</i>

TOTAL ESTIMATED EXPENDITURES	\$26,861,279
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ESTIMATED REVENUES

Operating Revenue	
Sale of Water	\$5,600,327
System Fees	\$413,580
Sanitation District	\$37,030
Penalty and Fees	\$90,690
Turn Fees	\$99,000
<i>Total Operating Revenue</i>	<i>\$6,240,627</i>

Nonoperating Revenue	
Plant Investment Fees	\$300,000
Main Line Extension Fees	\$4,500
Disposal of Assets	\$6,000
Availability of Service	\$45,710
Interest	\$55,680
Bond/Grant Proceeds	\$0
Property Taxes	\$0
Lease Income	\$10,368
Construction Reimbursements	\$0
Tap Installation	\$1,600
Miscellaneous	\$4,000
<i>Total Nonoperating Revenue</i>	<i>\$427,858</i>

TOTAL ESTIMATED REVENUE	\$6,668,485
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Estimated From Reserves	\$20,192,796
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TOTAL FUNDS AVAILABLE	\$26,861,281
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ESTIMATED ENDING BALANCE	(\$0)
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IT IS FURTHER RESOLVED, that there is appropriated from the funds of the

District Acting By and Through its Water Activity Enterprise, Twenty Six Million Eight Hundred Sixty-One Thousand Two Hundred and Eighty One Dollars (\$26,861,281) for the general expenses of the DISTRICT, and that this appropriation be a continuing appropriation whether said funds be expended during 2015 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 4, 2014. Said Budget was displayed for inspection and notice of said display for inspection was duly published in accordance with C.R.S. § 29-1-106.

Dated December 4, 2014

NEW BUSINESS

Grand Valley Irrigation Company Shares – (12/04/14 file, *Confidential Board Communications*) Manager Tooker presented a confidential Staff Report regarding an opportunity to purchase GVICo shares from a private party. Director Genova moved to authorize a Budget Transfer of \$8,400 from Contingency to Purchase GVICo Shares. Director Peck seconded this motion which passed unanimously. Director Genova moved to purchase 35 GVICo shares from a private party for a total cost of \$18,375 payable to the Trust Account for Dan E. Wilson, Attorney at Law. Director Burger seconded this motion and it passed unanimously.

Grand Valley Irrigation Company Shareholder Meeting – The Board reviewed the Notice of the 2014 Annual Shareholders Meeting and determined that it was not required for a District representative to be present.

Budget Transfer for Insurance and Banking – (12/04/14 File, 2014 Staff Reports) Manager Tooker presented a Staff Report summarizing the need to fund Bond Issue Costs and Credit Card Transaction Fees. Director Peck moved to approve a Budget Transfer of \$104,000 from Contingency to G & A Insurance and Banking to fund the 2014 Bond Issue Costs and under projected Credit Card transaction fees. Director Genova seconded and the motion passed unanimously.

Budget Transfer for Distribution Labor Overtime – (12/04/14 File, 2014 Staff Reports) Manager Tooker presented a Staff Report Summarizing the need to fund additional overtime expenses in Distribution due to a significant increase in after-hours emergency responses associated with distribution leaks and repairs. Director Peck moved to approve a Budget Transfer of \$45,000 from Contingency to Distribution Overtime Expense. Director Genova seconded and the motion passed unanimously.

Budget Transfer for Distribution Vehicle Expense – (12/04/14 File, 2014 Staff Reports) Manager Tooker presented a Staff Report Summarizing the need to fund additional vehicle expenses in Distribution due to unplanned repairs on both Backhoes and an increase in fuel costs associated with the increased number of emergency breaks and after-hours response. Director Peck moved to approve a Budget Transfer of \$4,200 from Contingency to Distribution Vehicle Expense. Director Genova seconded and the motion passed unanimously.

PERSONNEL

Manager's Evaluation – By consensus, the Board tabled this agenda item to the January 8, 2015 Meeting.

ADJOURNMENT

Director Genova moved to adjourn the December 4, 2014 Regular Meeting at 7:41 p.m. The motion carried unanimously.

ATTEST:

Alan Hassler

Dale Peck

Doralyn Genova

Robert K. Burger
