

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING

CLIFTON WATER DISTRICT

October 3, 2024

BOARD MEMBERS PRESENT: Mel Diffendaffer, Dan McElley, Michael Slauson, Wesley Davis & Nick Genova.

STAFF MEMBERS PRESENT: Jessica Isley, Jennifer Pettingill, Jacob Lenihan, Ty Jones, Eric Schoeny, Mike Simpson, & Issac Brown,

GUESTS PRESENT: None.

SPECIAL MEETING – CALL TO ORDER

Vice Chairman McElley called the October 03, 2024, Special Meeting to order at 03:00 pm.

BUDGET

Finance Manager Isley stated purpose to go over budget options including labor and benefits as well as rates and how they will impact the 2025 budgets. Option 1 includes 3.5% wage increase and the District covering 100% of the health insurance costs, option 2 is 3% wage increase, 1% retirement increase, and cost share on PPO only, and option 3 is 3% wage increase 2% retirement contribution increase, and cost share on all health plans. Finance Manager Isley pointed out the change in budget graphed only reflects Option 1, which is the highest.

Operating Revenue – not a significant change, with no change in rates. Board in general increases include \$125K for the election and an increase in Bank Charges to \$54K because of an increase in charges for Pathpoint Merchant Services. Finance Manager Isley detailed other line-item increases.

Non-Operating revenue – We are projecting 90 taps in 2025 which results in a projected increase in revenue.

Anticipated larger expenses include Distribution, purchasing a new vehicle, WTP SCADA upgrade project. Additionally, Distribution projects to include – 34 Road transmission line, participation in Mesa County’s E & 32 ½ road, plus other small improvements.

Front page is the condensed version of the budget for ease of presentation, full copy supplied in packet.

Estimated fund beginning and ending balance. Focus on estimated change in fund balance, this is an important number. 2024 we have an anticipated reduction of 1.1M. Option 1 in 2025 is a 1.8M, 1.7M for options 2 and 3. Any options will require the staff and board to determine how we increase revenue to offset the reductions in fund balance. 2nd page summarizes the labor and benefits piece. Finance Manager Isley explained that these options can be customized. Vice Chair McElley had a question on 1st page. Option 1 does not include a retirement contribution increase, asked for clarification if that will remain the same. Confirmed no change in contribution by staff. Finance Manager Isley informed the board that there is additional information available in their packets as well. Manager Jones discussed how the increase percentages are impacting the budget line items and how each piece affects the overall budget. Finance Manager Isley did state she has additional options that can be discussed outside of the presented material. Discussion ensued regarding the summarized documents. Secretary Davis asked what the District was currently offering for healthcare costs, Manager Jones responded that it’s covered 100%. Vice Chair McElley stated that he felt health benefits should be left as is, discussed how the wage increases vs. implementing cost sharing would result in a financial wash for the employee, which he didn’t think would be viewed favorably by staff. Vice Chair McElley also inquired about the survey responses specific to retirement contributions, HR Manager Pettingill stated that retirement contributions percent was not included in the survey.

Finance Manager Isley explained how the graph should be read to understand the budgetary impacts out until 2036. Additionally, she explained how each block was being represented. She also discussed briefly how her research provided an inflationary range and that she chose 8% rate, which is the worst-case scenario.

Finance Manager Isley explained the customer base pie graph, including an explanation of units vs. meters and how that impacts revenue. The presentation included average usage from each customer type. Discussion ensued regarding how this was broken out.

Residential piece explained usage by month graph. Graph includes 9/23-9/24 as the meter sampling. Explained that Caselle conversion dictated why we used those dates vs. Jan-Jan. Explained residential average user breakdown graph. Finance Manager Isley also explained the commercial usage by month graph – explained how some customer type clean up did impact some of the data. Explained commercial average user breakdown graph, indicated most users are either high or low.

Based on this data the 2025 requirements are estimated to be: Option 1 \$1.9M – Option 2 1.8M and Option 3 1.8M. Moved to discussion regarding rate options to make up the expected shortfall based on the option the board chooses. Finance Manager Isley explained how to read the Options impact data and the color scheme. Director Genova asked about Whitewater commercial, asked why it is less, staff explained that it's based on average usage in this data set.

Option 1 – No change in base rate or tier rates.

Finance Manager Isley detailed how the budget impact should be read based on available options. Vice Chair McElley asked about 2025 depreciation amount, Isley responded that it's 2M.

Option 2 – Finance Manager Isley explained each option listed on data. Manager Jones explained the benefit of reducing tier 1 down to 2K with a possible reduction in base cost as an option. Discussion ensued regarding Whitewater users and how increase in upper tiers could result in reduction of usage. Finance Manager Isley explained how option 2 would exceed our budgetary goals. However, each user would be significantly impacted based on the proposed increases.

Option 3 - Explained how increases affect each user based on option, total. Total budget impact would be 1.3M. 58% would be on base vs. consumption, which is more of a reliable revenue source.

Manager Jones summarized the meeting content to Chairman Diffendaffer due to an excused late arrival. Chairman Diffendaffer arrived at approximately 3:35PM.

Option 4 – Explained impacts by customer type. Vice Chair McElley asked for explanation of the average impact – Isley explained that it's an average of all, residential and commercial users by a dollar amount. Budget impact – 900K, which is short of 2025 goal.

Option 5 – Explained for each customer type. Budget impact 965K, which is short of 2025 goal.

Finance Manager Isley explained that we can't make any decisions on rates today, but she explained how we can adjust impact in almost every scenario should the board want to pursue other options. Discussion ensued about how each rate change can impact the customer, both residential and commercial. Discussion ensued regarding meter technology. Assistant Manager Lenihan further explained the graph on revenue projections and the impact on rate adjustments. Discussion ensued regarding expenses and non-operating expected expenditures. Secretary Slauson asked about large expenses – Manager Jones & Assistant Manager Lenihan explained capital expenditures, most notably the treatment plant upgrades.

HR – Labor & Benefits

HR Manager Pettingill stated the purpose of today and informed board that we can make final plan changes on the 10th, however, she explained the deadline challenge with respect to changing the healthcare options related to open enrollment and submission of choices to CEBT.

Option 1 – Status quo \$140-180K increase

Explained how numbers can change based on enrollment and change in plan types.

Option 2 - Implement cost sharing – 2 plans at 100% District paid, except PPO. Moves to PPO 5. Budget impact \$60-90K with these changes. The average employer covers 73-83% of the cost, we would still be better than the industry average.

Option 3 – 100% sharing cost based on the plan type. Least impact on budget – about 60-80K.

HR Manager Pettingill explained that there are several factors so we can't pin down these numbers exactly. Stated that we need an answer today if we want to change plans due to deadlines and open enrollment. Treasurer Slauson asked about the current healthcare plans – HR Manager Pettingill explained the plans and the enrollment for each specific plan, family being the biggest plan, over 60% of staff.

Vice Chair McElley wanted to discuss opt-out with a reimbursement option to the employee, asked for feedback. Discussion ensued on this topic, with the primary concern being state laws on equal pay and how this structure may violate that standard.

Manager Jones asked for clarification on what decisions are needed today, HR Manager Pettingill stated that we need to know if we are going to change plan types. The entire decision on cost sharing must be made in a week at most. Insurance deadline is the 11th, next meeting is the 10th. Finance Manager Isley added that the benefit of deciding on benefits is that the budget draft for the October 10th meeting will be more accurate.

Secretary Slauson asked if we have 9 plans Manager Jones clarified the plans vs. the options, such as PPO and EPO, and HDHP. Discussion ensued on this topic.

Vice Chair McElley stated to staff and board that he wants to pursue Option 1, to include no change in benefits structure and wage increases for our employees. Discussion ensued on this topic.

Chairman Diffendaffer asked for further clarification on Option 2 and 3. Discussion ensued on this topic. Vice Chair McElley stated again that his preference is no change, with the increase. Director Genova stated how customers are using the water, benefiting from it, and that we don't collect taxes, therefore he feels customers need to pay for their usage to cover costs. A brief discussion ensued regarding rates within the River District and the Western Slope overall.

Chairman Diffendaffer noted there was only \$11,000 difference between option 2 and option 3. HR Manager Pettingill explained there could be a shift, which is unpredictable, and could impact on those costs. Discussion ensued regarding budget and budget maximization for benefits and labor costs.

Vice Chair McElley moved to adopt Option 1, to include no change in healthcare plans with 100% of the costs to be paid by the District, seconded by Director Genova. Secretary Slauson in opposition. Motion carried.

MESA COUNTY LETTER OF SUPPORT

Manager Jones detailed the content and intent of the letter of support authored by Mesa County, discussion ensued regarding the document.

Chairman Diffendaffer asked for clarification on Clifton Water's role and responsibility. Discussion ensued regarding the presented document.

Director Genova moved to allow Manager Jones to execute the letter as presented, seconded by Vice Chair McElley. Motion carried unanimously.

HR Manager Pettingill asked if the board was ready to decide on wages during this meeting. A discussion ensued regarding options, and a Quick presentation was provided on the available options.

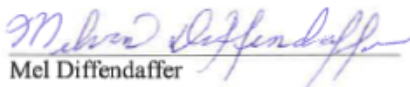
Vice Chair McElley motioned to approve a 3.5% wage increase, no change in retirement contribution, an additional WTP operator, and 10K for a Seasonal Admin Person, bringing total to 3 persons, 10K for adjustment to one supervisor position. Seconded by Director Genova. Chairman

Diffendaffer officially abstained from voting due to not being present for the discussion. Motion carried unanimously by voting members.


ADJOURN MEETING

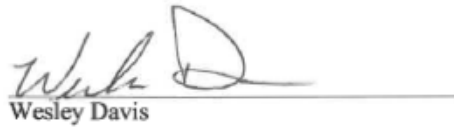
Meeting Adjourned at 4:44 PM by Chairman Diffendaffer.

ATTEST:


Mel Diffendaffer


Dan McElley


Michael Slauson


Wesley Davis


Nicholas Genova