

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING

CLIFTON WATER DISTRICT

FEBRUARY 13, 2025

BOARD MEMBERS PRESENT: Mel Diffendaffer, Michael Slauson, Dan Mcelley and Nick Genova.

STAFF MEMBERS PRESENT: Jessica Isley, Jennifer Pettingill, Jacob Lenihan, Eric Schoeny, Ty Jones, Mark Dalley, Stephen Silva, Isaac Brown, and Rene Fick.

GUESTS PRESENT: Daniel Brown, Jeff Cook, and Randy Morrison.

REGULAR MEETING – CALL TO ORDER

Chairman Diffendaffer called the February 13th, 2025, Regular Meeting to order at 5:02pm.

Siminoe Road, Whitewater service – Dan Brown, owner of 1000 Siminoe Road, addressed the Board regarding assistance with installing a water line that could serve three taps, with the possibility of serving five to six taps in the future. Dan, along with John Lanningham (owner of 950 Siminoe Road) and David Upchurch (resident at 1354 Siminoe Road) have been obtaining price estimates for this approximately 1,600ft pipeline. The estimate came in at \$37k, of which \$13k is for parts & pipe and \$24k for the installation. He stated that this came as quite a shock, even when considering it will be split three ways. He asked the Board for any help that could be provided to install this line. The District will own the line once installed and inspected, and he added that he fully understood that any future maintenance will become the District's responsibility. Dan added that they have a contractor lined up, but was questioning if it could be installed at a lower cost if District staff performed the work. Chairman Diffendaffer asked if this line would be for personal use and if any development is planned. Dan responded that he has some outbuildings on his property that will need removal and the Lanninghams have been at that residence for years. He explained the current easements in place, noting that David Upchurch owns property further south that could also possibly be served by this line. Assistant Manager Lenihan commented that these parcels are included in the District (*Petition of Inclusion approved at 11 April 2024 meeting*), adding that David Upchurch has already purchased his tap. Vice Chairman Mcelley asked if this would result in a dead-end line. Assistant Manager Lenihan responded that the District should avoid dead-end lines and the different possibilities for a loop was discussed but

due to the rocky terrain, it simply does not appear feasible. Manager Jones commented that any assistance provided by the District could set a precedent, whether it is providing District labor, reduced pipe or parts, or any type of financial assistance. The result would be other potential customers, including developers, requesting the same treatment in addition to the District appearing to be competing with local contractors. Taking into consideration the District's tax status, providing materials at a reduced cost for this project could also pose problems. Chairman Diffendaffer asked Assistant Manager Lenihan if all options have been discussed with this group. He responded that initial discussion started with David Upchurch, which later included the Lanninghams & Dan. Many options were discussed, including the size options of the line and the petitions of inclusion had been completed as part of this process. Chairman Diffendaffer thanked Dan for coming in and noted that the Board will discuss this issue further and inform him of the outcome of that discussion.

Resignation of Secretary Wesley Davis & resulting vacancy – Chairman Diffendaffer stated that with the resignation of Secretary Davis, effective January 10th 2025, the Board is now tasked with appointing a replacement for the remainder of his term. He asked Jeff Cook and Randy Morrison to provide the Board with some background information about themselves.

- Jeff Cook stated that he has lived on 33 ¾ Road for the last 40 years and is a District customer. After retiring from the oil & gas industry in 2013, he had been interested in serving on the Board at the same time Wesley Davis showed interest in joining the Board. He added that even though Wesley ended up on the Board at that time, he has retained his interest in serving. He added that he enjoys listening to, and helping solve, problems.
- Randy Morrison stated that he also lives on 33 ¾ Road and that he has had multiple, interesting discussions with Wesley regarding developments at the District. He is a former law enforcement officer with a healthy curiosity about the District and feels that this would be a good way to continue serving his community now that he is retired.

Chairman Diffendaffer thanked Jeff and Randy for attending the meeting and their interest in serving on the Board. The Board will discuss this vacancy and notify them of the outcome.

REORGANIZATION OF THE BOARD

Manager Jones stated that with Secretary Davis's resignation, the Board currently has no Secretary, adding that the Treasurer can also serve as the Secretary. Brief discussion ensued regarding committees. Director Genova moved to elect Treasurer Slauson as Secretary, seconded by Chairman Diffendaffer. Motion carried unanimously.

MINUTES OF THE JANUARY 9TH 2025 REGULAR MEETING

Director Genova moved to approve the Minutes of the January 9th, 2025, Regular Meeting, seconded by Vice Chairman Mcelley. Motion carried unanimously.

FINANCIAL REPORT

Treasurer Slauson moved to approve the Accounts Payable checks, in the amount of \$742,305.76, seconded by Chairman Diffendaffer. Manager Jones referenced a check for \$14k, as listed on the check register, explaining that this is a refund to a customer on Goldeneye Avenue. The customer had been in touch with the District multiple times since 2019 to question high usage. He noted that the District responded to her calls and leak checks were completed, where some causes for the high usage were indicated, including toilets and leaky faucets. One high usage incident occurred after the customer had laid sod, and the high usage was attributed to increased watering. Late last year, a decision was made to pull the meter following another high usage read. Staff found that a 5/8" meter body was fitted with a 1" register. The meter still functions, but this configuration resulted in the meter incorrectly, and excessively, recording usage. A meeting was held with the customer and members of her family, where staff explained the issue with the meter and the incorrect usage recorded by that meter, along with the refund check for the amount she was overcharged. Brief discussion ensued regarding any possible further actions, with Director Genova directing staff to ensure due diligence is done.

Finance Manager Isley added that the check register lists an Automated Clearing House (ACH) transaction in the amount of \$25k to the auditors. She explained that this is for the 2023 audit, and it was expected to only be \$10k. Due to the additional time and staff needed to complete the audit, the final cost increased. Chairman Diffendaffer confirmed that this motion to approve the accounts payable checks had a second. It was confirmed and the motion carried unanimously.

FINANCE DEPARTMENT

Finance Staff Report

- CliftonLarsonAllen LLP Statement of Work – Finance Manager Isley explained that a 5-year master agreement was signed with the auditors and the Statement of Work is an annual document, with pretty standard language. The Board had no questions on this document.
- Revenue & Expense Analysis Reports – Finance Manager Isley noted that revenue in January exceeded expectations, with 13 taps sold and \$17,500 in interest revenue. January expenses are usually high but still came in under budget. She explained that a lot of expenses hit in January, including a \$99,527 payment to interest on the Drinking Water Revolving Fund (DWRP) loan, property & liability insurance renewal and the workmen's compensation premium.

- Resolution 2025-04 to Designate an Official Custodian of Funds – Finance Manager Isley stated that ANB Bank reached out to her as, during an internal audit, they found that the District had not designated a custodian since the 1990's. This designation can be tied to either an individual or a position, with staff choosing to tie it to a position, namely the District Manager and the Board President. She added that this designation process involves being assigned a Public Deposit Protection Act (PDPA) number and by tying it to a position, the District avoids having to repeat this process in the event that staff, or Board members, change. Director Genova moved to approve Resolution 2025-04 to Designate an Official Custodian of Funds, specifically the District Manager and the Board President, seconded by Treasurer Slauson. Motion carried unanimously.

HUMAN RESOURCES DEPARTMENT

Human Resources Staff Report

- Board Orientation Packets – HR Manager Pettingill stated that staff realized the need for some sort of Board orientation packet but with Secretary Davis's resignation that need became more urgent. Proposed items that will be included in a "welcome packet" were briefly reviewed, along with a job description for a Director. She asked that the Board members provide input from their own experience when first joining the District Board, specifically the information that would have been helpful to have on day one. Discussion ensued on the job description for a Director and how it is the Board's responsibility to hire the District Manager, or to terminate his/her employment. Front Office Supervisor Simpson noted that, along the Special District Association's line of thinking, the Board manages the District Manager and trust the District Manager to manage the staff. Vice Chairman Mcelley commented that in the past, it did not always feel like staff wanted the Board included and informed. He thanked Manager Jones for changing that. The Board committees were discussed next, with HR Manager Pettingill commenting that a restructuring may be considered as two committees, Construction and Water Rights, have not met in years. She suggested expanding some of the committee functions, for example having a finance committee vs. a budget committee. Vice Chairman Mcelley stated that he sees no issues with this, especially with the goal of evenly distributing the workload on committees.
- District Manager Performance Evaluation – Chairman Diffendaffer & Vice Chairman Mcelley discussed the District Manager performance evaluation form Chairman Diffendaffer & Secretary Slauson have been working on. Following a brief review, Director Genova expressed gratitude for their efforts to simplify this review form.
- Current Opening – The Water Treatment Plant position application period ends February 14th. HR Manager Pettingill noted that there are some very good candidates in the pool and staff are excited to fill this position.
- Special District Association (SDA) workshop – This workshop will again be held at the District office on June 24th.

ENGINEERING/CONSTRUCTION DEVELOPMENT

Engineering Report

- Water Treatment Plant Project – The 30% design package is expected at the end of February which will include cost estimates and a Basis of Design report. He cautioned that costs could be between \$12 & \$13.5 million and hopes to do a presentation at the March meeting. He added that staff plan to submit a pre-application for the State Revolving Loan program. It is merely the first step in this process in order to determine eligibility. Treasurer Slauson questioned the rates and Assistant Manager Lenihan responded that it varies from 4% to 1.7%.
- Colorado River Transmission Main Crossing – The geotechnical report identified problematic fill material in the original alignment. The new pipeline is now proposed to follow the existing bicycle and pedestrian path. It means that a conditional permit will be needed from Mesa County and due to the lengthy process involved with obtaining this type of permit, construction has been delayed.
- New Developments – The Riverbend development located on D Road is moving forward
- District 51 School Improvements – Fire safety is under review in all D51 schools. Staff provided guidance on fire flow and fire suppression. Discussions included new fire lines for Thunder Mountain and Chatfield schools.
- Coffman Road Reconstruction project – This Mesa County project will be starting soon and the District still plans on installing stubs and casing pipes for future water mains.
- Whitewater Master Plan – A coordination meeting with Mesa County is scheduled for February 18th, with staff hoping to do a presentation to the Board at either the March, or the April meeting.
- Water Right Development Policy Modification – This policy update, approved at the April 11th, 2024 meeting, will need to be amended. The requirements for commercial developments ended up being very complicated and lacking in fairness. Staff are working on simplifying this policy and present it to the Board for approval at the same time the new Grand Valley Irrigation Company rates become known.

OPERATIONS

Operations Report

- Transformers – Assistant Manager Lenihan stated that after a review of records it became apparent that the transformers had not been inspected in some time. He was happy to inform

the Board that all transformers passed inspection and the cost of testing every five years will be included in the budget from now on.

- Pond Cleaning – Staff completed the clean-out of the discharge ponds behind the water treatment plant. The sludge has been spread out to dry and will be hauled to the dump over the coming months.
- Neptune Gateway – The first meter reading collector has been installed, near the District storage tank along I-70. The second one may be installed near Whitewater but the location is still to be determined. This is part of the process of obtaining live usage data. Front Office Supervisor Simpson explained that once excess usage can be observed within a day or two, the District leak adjustment program can pretty much be eliminated. Having access to this live data will ensure timely notification to customers regarding usage and possible leaks, reducing water waste and the cost to the District of the leak adjustment program.
- Opengov training – Distribution and Water Treatment Plant staff attended training on this new asset management system in early February. This system is replacing an aged system that was originally intended for fleet management. The goal is to go live in March.

ADMINISTRATION/OFFICE

Staff Report

- Mesa County Mill Levy error – Manager Jones explained to the Board that an error occurred during the printing of Mesa County's paper tax bills. Some of those bills reflected 1 mill levy for Clifton Water District. This is incorrect as the District does not collect a mill levy and have not done so for many years. He added that the total on these paper bills are correct and that the online version of property owners' tax bills do not reflect the mill levy. This also affects Clifton Sanitation District and the attorneys for both have been in communication. The goal is to fight the perception that either District collects a mill levy, in addition to making it clear that those levies are not paid to the District. Director Genova commented that Mesa County should fix this as it was their error and also look into covering the legal costs the District is incurring to eliminate any future issues with TABOR.
- Invoice Cloud – The District will officially switch from Xpress Bill Pay to Invoice Cloud on March 19th, with the last day of payments accepted by Xpress on March 18th. Manager Jones explained that, as of the February billing, the District will no longer send paper bills to landlord accounts. If an account has been set up with a tenant (through the submission of a third party form), only the tenant will receive a paper bill. Staff are sending notifications out to landowners and property management companies.

- New service truck – Manager Jones stated that bids for this truck were sent out and the Ford dealership in Delta was the lowest, at \$3k below the budgeted amount.

- Fishing Permittee Agreement – Manager Jones explained that there have been many requests from staff to fish in the District ponds. Jamie Hamilton (Home Loan Insurance) provided a sample agreement and following review and amendment by attorney Kirsten Kurath, it is being presented today for Board approval. Discussion ensued with Manager Jones stressing that this would be for staff, Board members, and their families only. Vice Chairman Mcelley moved to approve the agreement, seconded by Director Genova. Motion carried unanimously. Manager Jones thanked the Board for this approval, noting that it will certainly make some staff very happy.

- Petition for inclusion – Assistant Manager Lenihan stated that the District has received a petition for inclusion from Thomas & Monique Sincissen for three parcels located in Whitewater, located at 4082, 4110, and 4112 Highway 50. He is asking the Board for authorization to proceed with advertising for the public hearing that will be necessary to approve the petition of inclusion. Treasurer Slauson moved to approve advertising the public hearing for this petition of inclusion, seconded by Vice Chairman Mcelley. Motion carried unanimously.

- Cyber Insurance Quotes – The Board reviewed three different policy options. Manager Jones added that this was not included in the budget and that a decision does not need to be made tonight. Brief discussion ensued with Treasurer Slauson requesting that Jamie Hamilton attend the March meeting to discuss the details of this type of insurance. He also requested input from ACS, the District's IT provider.

Siminoe Road, Whitewater service discussion continued – Discussion ensued on Dan Brown's request. Treasurer Slauson referred to District Policy that states the District will not pay for such construction unless it benefits or furthers the District's expansion plans. Vice Chairman Mcelley suggested some options including offering pipe at a reduced cost, or installation by the District where the property owners could pay off the installation costs over time. It was noted that both these options would mean that other customers or developers could then expect the same treatment, with the latter option implying that the District provides a type of loan. Both Manager Jones and Director Genova commented that this is a slippery slope, taking into consideration that the District is tax exempt. Assistant Manager Lenihan added that assistance with this line extension is not the same as the proposed project on Bean Ranch Road. Interest is being gauged regarding new services and this line would mean an increase in water quality and a reduction in the need to flush lines, and therefore also reduce water waste. Director Genova questioned the amount of taps and future development, with it being noted that Dan did not quite answer the Board's question regarding his intentions to develop his land. The Board reached a consensus to stick with current policy and will therefore be unable to provide assistance with this project.

Board vacancy discussion continued – Chairman Diffendaffer asked the Board for their input regarding filling the vacant position on the Board. Vice Chairman Mcelley commented that Jeff was ready to serve a few years ago, with Treasurer Slauson in agreement. The next vacancy will

occur in 2027 when Chairman Diffendaffer reaches the end of his term. Vice Chairman McElley moved to appoint Jeff Cook to the District Board, seconded by Chairman Diffendaffer. Motion carried unanimously. Chairman Diffendaffer asked about options for recognition of former Secretary Davis's service and Manager Jones will look into that.

ADJOURN MEETING:

Meeting Adjourned at 7:30pm by Chairman Diffendaffer.

ATTEST:


Mel Diffendaffer


Dan McElley


Michael Slauson


Nick Genova