

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
CLIFTON WATER DISTRICT
March 14, 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, Mark Dalley, Mike Simpson, Kyle Bishop & Rene Fick.

GUESTS PRESENT: None.

Chairman Diffendaffer called the March 14th, 2024 Regular Meeting to order at 5:00pm.

MINUTES OF THE FEBRUARY 8TH 2024 MEETING

Director Genova moved to approve the Minutes of the February 8th, 2024, Meeting. The motion was seconded by Vice Chairman McElley. Motion carried unanimously.

FINANCIAL REPORT

Treasurer Slauson moved to approve the Accounts Payable checks in the amount of \$400,939.14, seconded by Chairman Diffendaffer. Motion carried unanimously.

FINANCE DEPARTMENT REPORT

2024 Budget - Finance Manager Isley stated that hard copies of the budget are available to the Board and that the current & 2023 budgets have been uploaded to the website. She added that the online budget has links that provide additional details on the specific line item.

Upcoming Training Opportunities - Finance Manager Isley provided details on upcoming webinar training events at the District office on March 18th – 20th & April 2nd. An in-person event, the Denver Government and Non-Profit Training Academy, will take place in Arvada, CO on March 26th. She added that travel costs to attend this training had been included in the budget.

Audit Update - Finance Manager Isley stated that the auditors have requested a large amount of documentation from FY2023. Field work is still scheduled to start on April 1st and will be done remotely. She is currently attending weekly Zoom meetings with the auditors and noted to Vice Chairman McElley that as part of a random selection process, he should have received an email from the auditors to complete a short fraud questionnaire. He responded that he did not, or maybe missed, this email and asked if they could possibly reach out again.

Budget to Actuals - Finance Manager Isley explained that a revised January Budget to Actuals is included in the financial reports. During year-end closing a couple of errors were uncovered. Interest income, mostly from Schwab, was not included on the revenue side and on the expenses side, capital purchases made for engineering work were omitted. As for February, revenue was 1%

higher than projected at a little over \$49k. Expenses were much lower than projected but Finance Manager Isley cautioned that the budgeted amount will be spent in March. She explained that the “Board & General” line item reflected a negative expense due to some refunds and no Board payments being made in February. Remaining expenses were nothing out of the norm.

Internal Control Policies - Finance Manager Isley explained that two updated policies were prepared for approval at this meeting but due to the need for additional review of the Accounts Payable policy, only the Journal Entry policy is being presented. She added that this policy is being updated due to the software conversion. Either Manager Jones, Assistant Manager Lenihan, or HR Manager Pettingill have to approve any general journal entries made by Finance Manager Isley. This internal check & balance will ensure that no misstatements are made on the financial statements. Chairman Diffendaffer asked if the Accounts Payable policy will change much, and Manager Jones responded that it most likely will not. Staff want to ensure the policy is functional before presenting it to the Board for approval. Treasurer Slauson moved to approve the Journal Entry Internal Control policy, effective immediately, seconded by Secretary Davis. Motion carried unanimously.

HR DEPARTMENT REPORT

CO Dept. of Labor audit - HR Manager Pettingill noted there are still no updates.

Website portal content - HR Manager Pettingill explained that Board members will gain access to the company portal on the District’s website following this meeting. Staff use of the portal has been increasing along with the increase in content uploaded to it. The goal is to provide easier access to essential documents and information on the portal and moving away from searching for these documents on the servers. She added that at some point in the future, the Board packets will be available to the members of the Board on the portal and eventually, start moving away from printing hard copies. Access to materials from prior meetings can be useful should any Board member wish to refer back to past meeting materials. The portal is for staff and the Board only and will be a central location for housing District information. Vice Chairman McElley noted that doing away with hard copies of Board materials has been attempted before and it did not work. HR Manager Pettingill assured the Board that hard copies will be provided for the foreseeable future.

Job Description Updates - HR Manager Pettingill explained that all District job descriptions are being updated to ensure all the necessary information relevant to the position is listed, as required by Colorado’s employment law. The first job description to be updated was that of the District Manager and she asked the Board for their input on the updated version. Vice Chairman McElley opposed the minimum education requirement of a bachelor’s degree or high school diploma. He explained that having an education requirement can be used to eliminate candidates and having a large candidate pool is desirable. Furthermore, prior experience in a similar position should not be disregarded just because an applicant does not have a degree. HR Manager Pettingill recommended removing the degree requirement as a position like this requires a specific skillset. She added that she is a proponent of life experience, but the educational aspect with regards to finance and general business management is essential to be successful in this job. Director Genova stated that he understands both aspects of this issue and noted that a candidate with, for example, 20 years of relevant experience but no degree should still be able to apply. It would be imperative that the

Board vet all these applications. He added that with certain positions, the longer you are in the field, education is long forgotten, and experience becomes the prominent factor. Vice Chairman McElley added that not everyone has leadership qualities, and having a diploma does not make someone a leader, nor does it automatically make a candidate qualified for a position. Discussion ensued and it was agreed that the job description will be revised to require a minimum of 10 years' experience and that a degree is preferred, but not required. HR Manager Pettingill will update the District Manager job description and present it for approval at the April meeting.

Safety Manual - HR Manager Pettingill stated that the District has partnered with Safety Inc. to update the safety manual and they have sent over a draft version consisting of 366 pages. It will take some time for staff to review and make necessary changes. In order to make the overall approval process easier, staff will break down the manual into smaller sections that will be presented to the Board for approval.

ENGINEERING/CONSTRUCTION DEVELOPMENT REPORT

Water Treatment Plant Project Scope Update - Engineer Schoeny stated that the contract is still under legal review and hopes to present it to the Board at the April meeting.

Pedestrian Bridge Watermain River Crossing - Engineer Schoeny explained that right now, the 32 Road 12" line is the only river crossing into Whitewater and capacity is a struggle due to the size of this line. There had been a second river crossing years ago but it was valved off after a water main broke under the river and it was never repaired. This abandoned crossing is located near the pedestrian bridge built by Mesa County in 2011. He added that the District cannot rely on just the one line and a second line will aid with future capacity needs. The pedestrian bridge was designed to accept an additional dead load of 550 lbs/foot for future utilities. Engineer Schoeny noted that a draft Request for Proposal (RFP) has been sent to Mesa County for review. Discussion ensued on the project details and Engineer Schoeny noted that a portion of this line will be exposed as it will be suspended from the bridge. Ductile Iron pipe would be the best option for this portion of the line as its durability makes up for the additional cost. He is proposing a 16" line with the intent of it being in service for many, many years to come. The goal is to obtain project design this year and start installation in 2025.

Water Treatment Plant Site Raw Water Storage & Whitewater Master Planning - Engineer Schoeny explained that the plan was to drain the gravel pond and evaluate how quickly it fills back up. However, it became clear that over the years silt has been building up in the gravel pond and dredging it out is simply not a cost-effective option, especially if the gravel pond turns out to not be a viable option. An alternative method to analyze the water source and quality of the gravel pond is to drill multiple 6" diameter wells around it. However, the Whitewater master plan has surged in importance as a result of the imminent need to relocate and improve the Desert Road and 32 Road pump stations. The Desert Road pump station is at the end of its useful life and not set in an optimal location. Staff just recently completed another repair to the manifold. The 32 Road pump station is situated too high, and he has very little confidence in the flow & design of this pump station. He stated that, keeping in mind the major development interest in Whitewater, the first task under a master plan would be an objective analysis of the future needs of the service area along with a determining the boundaries of the service area. Engineer Schoeny explained that our current engineering firm had provided the District with a Whitewater model expansion &

calibration in November 2023, almost 6 months later than promised. He noted multiple, basic errors in the model and shared those errors with them for correction. The revised model that was then provided still had a 45% discrepancy on future supply from the 32 Road pump station. Engineer Schoeny stated that at that point, he had lost confidence in them. Due to their history with the District, he would prefer to continue using them but when reaching out to the project managers, the answers provided were not comforting. He noted that SGM is currently contracted with Mesa County to do modelling for a sanitary project out in the Whitewater area and would like to move the funding allocated to the gravel pond project to completion of the modelling on future Whitewater supply instead. Director Genova expressed his agreement to have SGM do the modelling as they are already in the area and may have some data collected relevant to our survey. Vice Chairman McElley asked if this could be done in-house. Manager Jones and Engineer Schoeny explained that an engineering team would be needed for this type of project planning. It was further explained that the cost of purchasing the necessary modelling software, doing the survey, and for Engineer Schoeny to stay current would not be cost effective and that outsourcing this type of work has become normal practice. Discussion ensued and Engineer Schoeny noted that he plans to present a contract at the April meeting.

WaterSMART Water and Energy Efficiency Grant - Engineer Schoeny provided some updates on the grant application process, noting that the deadline was updated to October 30th, with a 2025 award date. The issue with the System for Award Management account has been resolved and the grant application will be submitted long before the October 30th deadline.

OPERATIONS

3.0 MG Tank Hatch - Assistant Manager Lenihan reported that the hatch has been replaced. The tank is currently being disinfected and should be back in service soon.

ADMINISTRATION/OFFICE

CO Department of Public Health & Environment (CDPHE) Sanitary Survey - Assistant Manager Lenihan went over the Department's findings as outlined in their post-inspection report. He stated that staff started providing documentation to CDPHE a month or two ahead of the site visit. During this document collection process, he had noticed some discrepancies from prior year reports and immediately contacted CDPHE. The inspection report noted two significant deficiencies and four violations. He explained the difference between the two - a deficiency just needs to be corrected, whereas a violation requires correction along with public notice. The deficiencies identified include improper air vent openings at the Hidden Valley storage tank and the South Whitewater tank. Both these deficiencies were corrected immediately. The violations include the following:

- *Storage tank sanitary defect* – Assistant Manager Lenihan explained that holes were observed on the side of the vent cap. He added that this specific storage tank has been out of service since August 2023 and all valves connecting it to the system were closed resulting in the tank being bypassed completely. The violation still stands however, because the tank was not physically disconnected from the system. This violation has been corrected.

- *Comprehensive storage tank inspections not performed or Documented* – This violation is a result of a new rule regarding storage tanks that had been finalized around 8 years ago. The District did perform, and document, the required tank inspections in 2022 and 2023 but the violation was for failing to do so following implementation of this new regulation up to & including 2021.
- *Backflow/Cross Connections* – Assistant Manager Lenihan explained that the District requires proof of annual backflow tests from all customers with backflow devices. Letters reminding customers of this testing requirement are sent out annually. He explained that Lead Customer Service Representative Jackson runs the backflow program and has been doing a fantastic job of sending out letters and keeping track of which accounts are compliant, and those that are not. The issue at hand is that when customers neglect to submit their annual test results, the District should have elevated their response to the point of shutting off service until the backflow device is tested and the results are submitted to the District. He noted that a new tracking system has been developed for every backflow device in our system and all customers that are currently not in compliance have been identified. It will take some time to correct this violation. Staff are currently working with these customers to get the proper paperwork submitted.
- *Backflow Prevention and Cross-Connection Control Program* – This violation is for failing to follow the District’s written program for backflow prevention. He reiterated that staff had been following the program concerning record keeping and communicating with customers regarding the requirement to perform annual backflow test and submitting those test results to the District. Prior management did not follow the written program and failed to discontinue service to non-complaint customers. He noted that the District’s program also includes a requirement for on-site surveys of cross-connections, performed by a certified backflow tester, as construction nears completion and retention of these survey reports. This requirement was not followed.

Assistant Manager Lenihan explained that there are about 30 untested backflow devices in our system, and they must be in compliance by July 5th. He added that some of these devices have probably been tested but the customers have simply not submitted the test results to the District. Manager Jones stated that it is unacceptable for the District to get another violation for non-compliant customers. District staff will start performing the backflow tests on those customers still in non-compliance closer to the July 5th deadline. He stated that the tests will not be done free of charge and that the fee will need to be considerably higher than those charged by local backflow testing companies. This higher fee will serve to both encourage customers to obtain the services of local backflow testers and to avoid the District undercutting local backflow testers. He advised the Board that a new fee for this backflow testing will be presented for approval at the next meeting.

Staff Report

- Water Resume - Manager Jones explained that the Colorado Judicial Branch publishes a monthly Water Resume that lists water issues that will be coming before the court. This includes any changes in water rights, new water rights, changes in diversion of water rights, and basically anything to do with water rights. In the past, District counsel had monitored

this resume and would file objections when necessary. Manager Jones asked the Board to add monitoring of the water resume to District legal counsel, Kirsten Kurath's list of items to watch. The Board agreed.

- Vehicle purchase - Manager Jones provided some updates on the vehicle purchases budgeted for this year. He found two vehicles in Colorado Springs at a significantly lower cost compared to local dealership prices. After discussion with staff, it was suggested to spend the remainder of the budgeted amount to purchase an excavator rather than a third vehicle, all remaining within the budget. The Board had no objections to this amendment in items to be purchased.

Petition for inclusion - Assistant Manager Lenihan informed the Board that the District received a petition from John & Jessica Lanningham and, along with the petition received from Daniel & Chirea Brown, it means we have two of the three expected petitions. He explained that he wants to wait for the third petition, from David Upchurch, before proceeding with the inclusion process so that all three petitions could be completed at the same time. He asked the Board to set the public hearing for the April 11th meeting as the District is required to advertise the hearing & petition details as part of the inclusion process. Should David submit his petition in time, the hearing would be for all three petitions. Vice Chairman McElley moved to set a public hearing for April 11th to consider the petitions of inclusion submitted by Daniel & Chirea Brown, John & Jessica Lanningham, and pending a timely receipt of petition, David Upchurch. The motion was seconded by Director Genova. The motion carried unanimously.

In-house payment processing - Manager Jones informed the Board that it was decided to start processing check payments in-house rather than sending them to Denver for processing by the District's bank. The District will set up a PO Box in Clifton and start phasing out the mailing of payments to Denver. Discussion ensued on costs involved and Finance Manager Isley explained that even though there has been a significant decrease in payments by paper check the cost of payment processing has not decreased. With capable staff now in place, in-house processing is both doable and cost-effective.

MANAGER'S REPORT

The Board briefly reviewed the manager's report.

ADJOURN MEETING:

Meeting Adjourned at 7:26PM by Chairman Diffendaffer.

ATTEST: