

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING

CLIFTON WATER DISTRICT

NOVEMBER 13, 2025

BOARD MEMBERS PRESENT: Mel Diffendaffer, Dan McElley, Nick Genova, Jeff Cook, and Michael Slauson.

STAFF MEMBERS PRESENT: Jennifer Pettingill, Jacob Lenihan, Blair Wade, Ty Jones, Stephen Silva, Mike Simpson, Isaac Brown, Kyle Bishop, Branden Edmonds, and Rene Fick.

GUESTS PRESENT: Jamie Hamilton, Home Loan Insurance.

REGULAR MEETING – CALL TO ORDER

Chairman Diffendaffer called the November 13th, 2025, Regular Meeting to order at 5:00pm.

FINANCE DEPARTMENT

Jamie Hamilton attended the meeting to provide updates on the District's insurance premiums for 2026. He stated that property and flood insurance will see the biggest increases. Property replacement costs seem to increase frequently, mostly due to the shortage of labor and materials. The District does have blanket coverage on the property, allowing for more flexibility should actual replacement cost exceed the insured cost. The flood insurance increase is due to claims from within the shared insurance pool. There is the option to look at the marketplace for coverage, but due to the government shutdown, no quotes were being provided. Another attempt to obtain quotes will be made prior to year-end. He added that cyber claims outnumbered auto claims again this year, noting that the District is covered under a separate cybercrime policy. The Board thanked Jamie for attending.

PUBLIC HEARING ON PROPOSED FY2026 BUDGET

Chairman Diffendaffer noted that there are no guests present and proceeded with the regular meeting.

ADMIN/OFFICE

- Resolution 2025-14 Certifying Delinquent Accounts for Collection by Mesa County Treasurer – Front Office Supervisor Simpson stated that the District has collected 100% of the delinquent fees submitted for collection in 2024. This year's submittal totals \$11,605.13, of which the District will receive \$7,981.50, if 100% of delinquent fees are again collected. Chairman Diffendaffer asked if all these customers had been contacted. Front Office Supervisor Simpson responded that certified letters were sent, in accordance with policy, that notified property owners of the District's intent to certify the delinquent balance. Today's meeting information was also provided, and the letter included an invitation to attend. Director Genova moved to adopt Resolution 2025-14 - Certifying Delinquent Accounts for Collection by Mesa County Treasurer, seconded by Secretary Cook. Motion carried unanimously.

MINUTES OF THE OCTOBER 9TH 2025 REGULAR MEETING

Treasurer Slauson moved to approve the Minutes of the October 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 \$573,998.25, seconded by Chairman Diffendaffer. Motion carried unanimously.

FINANCE DEPARTMENT (CONTINUED)

Finance Staff Report

- Financial Summary – Finance Manager Wade stated that, as of the end of September, total operating revenue collected was 91% of the budget, with non-operating revenue at 92%. The District has expended 71% of the Operating budget, and 34% of the non-operating budget. Chairman Diffendaffer questioned Operating revenue collected, considering only 75% of the year has elapsed. He asked if this is due to an increase in water sales, or if the rate calculations were incorrect during the 2025 budget preparations. Finance Manager Wade responded that she would review sales revenue numbers in 2025 vs. what was budgeted, adding that she had found an error in the formulas for the 2025 budget sheets, leading to an underestimation of sales revenue when the budget was created. She noted that those errors have been corrected for the 2026 budget. Finance Manager Wade also noted that the vast majority of water sales for the District occurred during the summer months.
- 2025 Audit – A December 1st planning meeting has been scheduled with the auditors. Some initial documentation, up to October, has already been submitted, with the goal of getting an early start on the audit.

- 2026 Budget review – Finance Manager Wade presented the 2nd draft budget, noting some minor changes, including:
 - Admin expenses – Increases due to the planned customer appreciation day in celebration of the 75-year anniversary, contract services for on-call engineering, the new PTO buyback policy, and new HRA/FSA benefits. Decreases are due to termination of the additional CPA services, and implementing cost share on employee healthcare benefits.
 - Distribution expenses – Increases for adding metal detectors, pressure monitoring services, and cost updates to improvement projects.
 - Water Treatment Plan expenses – A decrease due to equipment purchases made in 2025 (but budgeted for in 2026). Increases due to adding an on-site Chlorine generation feasibility study project, along with an increase in the estimated cost of the plant controls & electrical upgrade project.

Brief discussion followed on the variance summary between the 1st and 2nd draft budget. Estimated net income of \$391,807 to be added to reserves for covering depreciation expenses. Wade noted that the final budget, to be presented for approval at the December 11th meeting, will contain a 10% increase in IT services.

- Resolution 2025-15 Adopting Exhibit A – Rates and Fees for 2026 – Chairman Diffendaffer questioned why Exhibit A still lists Out of District rates. Finance Manager Wade explained that the District has customers that are still considered Out of District, with Manager Jones adding those 22 customers were not part of the inclusion election. Staff will contact those customers individually with the goal of getting the inclusion process started. Discussion ensued on rate increases, noting that both the base rate, and the tiered rates, are increasing. Vice Chairman McElley moved to adopt Resolution 2025-15 – Exhibit A Rates and Fees for 2026, seconded by Director Genova. Chairman Diffendaffer questioned the tap fees, noting that if the fee is based on square footage, how are additions and/or expansions to a residence being dealt with? Manager Jones responded that the current policy includes a provision that additional tap fees could be collected, but admitted it will take a lot of time and effort to keep track. He added that this fee calculation method was chosen to meet state requirements, and there are many variables involved in using square footage. Staff would like to have clear, consistent answers regarding tap fees and are therefore looking into other ways to calculate tap fees while still meeting state regulations. Chairman Diffendaffer resumed the motion to adopt Resolution 2025-15. Motion carried unanimously.

HUMAN RESOURCES DEPARTMENT

Human Resources Staff Report.

- Review of District Manager – HR Manager Pettingill briefly noted the timeline for the review.
- Employee Benefits – Open enrollment ends November 14th.
- New hire – Jose A. Gonzalez has accepted the Distribution technician position. HR Manager Pettingill added that Jose had been employed as a seasonal employee for the last two years.

ENGINEERING/CONSTRUCTION DEVELOPMENT

Engineering Report

- On-site chlorine production – Assistant Manager Lenihan explained that staff are looking into a feasibility study for on-site chlorine production, from salt, with the goal of moving away from using chlorine gas. The major driving factor behind this decision was employee safety, and the safety of those residents in the area surrounding the water treatment plant. Using chlorine gas also comes with Environmental Protection Agency (EPA) regulations and compliance. Vice Chairman McElley asked if this new process will change the taste of the water. Assistant Manager Lenihan responded that it will not, it will simply be a change from using a gas to using a liquid – it is still chlorine.
- Water Treatment Plant Project – The deadline for submitting proposals was November 11th. The next step is to set up a review committee and complete scoring the proposals by November 21st. Assistant Manager Lenihan explained the scoring process, noting that the cost of the design is kept in a separate envelope and is not a factor in scoring. The scoring process determines which firm is the most qualified and will best handle the project. Once the highest scoring firm is determined, the cost of the proposal will be negotiated. The target contract date is December 11th. He added that this process is on track with what Colorado Department of Public Health & Environment is requiring (in order for this project to qualify for State revolving loan). Vice Chairman McElley asked if there was disappointment in the amount of proposals received. Assistant Manager Lenihan responded that there had been a good response overall, with high attendance at the site visit. He noted that in future, the District's first step will be a request for qualifications, followed by a request for proposals from the firms that scored the highest. It is a more organized, structured process that avoids giving one firm advantage over another.
- Storage Tank rehabilitation – The divers inspected the tank and cleaned the bottom. Staff are awaiting the final evaluation from JVA Engineering.

OPERATIONS

Operations Staff Report

- General Operations – The District provided approximately 50 million gallons to the City of Grand Junction in October. This allowed the City to complete the planned upgrade to their treatment plant without service interruption to their customers. The valve connecting the District and City's systems was partially opened on October 8th in order to flush the lines and slowly fill their storage tanks. Assistant Manager Lenihan explained that river conditions worsened considerably with the rains in October and the valve was turned off until turbidity lessened. He added that this was the worst river conditions staff had seen, noting that it was the prolonged turbidity that was unique, not necessarily the level of turbidity. Manager Jones added that staff worked around the clock and the plant was fully manned 24 hours a day during this event. The high turbidity reached the District prior to the City starting their project so service was never interrupted, but the City's project was delayed by about two to three days.

ADMIN/OFFICE (CONTINUED)

- Manager's Report
 - Due to the upcoming Grand Valley Irrigation Company (GVIC) annual board member election, Manager Jones asked for authorization to act as proxy to vote on behalf of the District Board. The Board agreed to his request.
 - The Whitewater Inclusion election was found to have been conducted pursuant to the relevant statutes. The Mesa County District Court issued the order to include the area listed on the ballots as part of Clifton Water District. This signed order was provided to the Mesa County Assessor's office so that the parcel numbers listed can be updated in their database. Staff expect this process to be completed by year-end.
 - Manager Jones will be attending the Colorado Water Conservation Board (CWCB) meeting on November 19th & 20th as the Shoshone Water Rights transfer will be discussed. The CWCB would be the entity that holds the in-stream rights, but management of the water rights is still under discussion.
 - Manager Jones noted that Christmas falls on a Thursday this year and asked the Board for authorization to close the office on Friday, December 26th. The Board voiced no opposition to this.

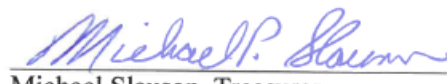
ADJOURN MEETING

Meeting Adjourned at 6:12pm by Chairman Diffendaffer.

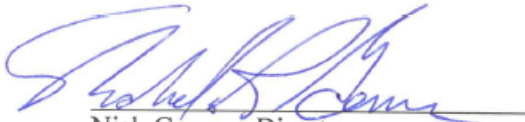
ATTEST:


Mel Diffendaffer, Chairman


Dan McElley, Vice Chairman


Michael Slauson, Treasurer


Jeff Cook, Secretary


Nick Genova, Director