

MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING

CLIFTON WATER DISTRICT

AUGUST 13, 2026

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

STAFF MEMBERS PRESENT: Jennifer Pettingill, Blair Wade, Jake Lenihan, Ty Jones, Kyle Bishop, Stephen Silva, and Rene Fick.

GUESTS PRESENT: Jerry Wade, Susan Woods.

REGULAR MEETING – CALL TO ORDER

Chairman Diffendaffer called the August 13th, 2026, Regular Meeting to order at 5:00pm.

GUEST

Susan Woods expressed concerns regarding her higher water bill and questioned what the District will do with her money over and above what the rates had been before. She requested a map of the District so that she can see who is served by the District. She stated that the District is not making any more water and again questioned what the District aims to do with the money remaining after operating expenses are covered.

Manager Jones responded that she is not the first customer to ask these questions and stressed the seriousness of the drought. He stated that since the implementation of the drought rates, there has been a significant decrease in production of treated water, and a small increase in revenue which indicates that customers are conserving water. He added that any additional revenue from drought rates will be treated the same as additional revenue from any source – it will go towards Capital Improvement Projects (CIPs). The District currently has a list of CIPs spanning the next five to ten years. One project currently in design involves upgrades to the Water Treatment Plant, estimated at between \$14 to \$20 million, in order to get the plant up to date on safety and other regulations. Susan questioned when the Valley started experiencing drought. Manager Jones responded that 2026 was the second year with well-below normal snowpack. The Valley had been bouncing between D1 & D2 drought levels for years but the last two years it has been more extreme. Susan questioned what other finance is available to the District for completion of CIPs. Manager Jones responded that the District does not collect any taxes and rates and fees are the main source of revenue for these projects. Susan asked if the rate hikes were done to complete the CIPs. He stated that the drought rates were meant to encourage water conservation and was implemented in June to ensure enough water is available for the remainder of the year. He noted that it is the District's responsibility to ensure customers have water for in-home use. He provided examples from the past when voluntary reductions were implemented and usage

spiked. With drought rates in place, there has been a roughly 17% reduction in water use by customers. Susan asked if businesses are paying comparable rates and Manager Jones responded that they are, and so are all the Board members present as they are also customers. The duration of the drought rates was noted, with Manager Jones stating that the goal is to return to non-drought rates. Susan asked how the District monitors for leaks. Manager Jones responded that the District is in the process of upgrading customers' meter to a system where leaks could be detected earlier than when the monthly read comes in. He noted that the customer service department makes many high usage calls as the monthly reads start coming in. She questioned how often meters are checked. Manager Jones responded that these types of meters do go bad, but that is always in the customer's favor. Meter start slowing down, i.e. they start under-recording usage – they certainly do not speed up. Assistant Manager Lenihan added that the District's goal is not to just take people's money but to create an awareness of water usage and conservation. Discussion ensued regarding the limitations on how much water the District can pull from the river. Susan added that she can see the lower river levels, and lakes, but she is experiencing financial hardship due to the drought rates.

MINUTES OF THE JULY 9TH 2026 REGULAR MEETING

Treasurer Slauson moved to approve the Minutes of the July 9th 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 \$990,974.06, seconded by Secretary Cook. Motion carried unanimously.

FINANCE DEPARTMENT

Finance Staff Report

- **Financial Summary** – Finance Manager Wade stated that, as of the end of June, total operating revenue collected was 43.8% of the budget, with non-operating revenue at 45.9%. The District has expended 45.5% of the operating budget, and 34.8% of the non-operating budget. She provided some information on preliminary July revenue numbers, adding that it appears close to normal. This drop in water usage was expected and the drought rates helped offset that.
- **Investments** – Finance Manager Wade noted that the two investments totaling \$1.2 million were moved from Schwab to COLOTRUST. Vice Chairman questioned the rates, and Finance Manager Wade responded that the COLOTRUST rate is between 3.2% and 3.5%. She stated that the Schwab rates are a little bit higher but there would be a penalty for pulling it out whereas COLOTRUST offers more flexibility which the District will need for funding upcoming capital projects.

- 2027 Budget – Managers have submitted their initial budgets and the draft budget is in progress. The Personnel and the Finance Committees will most likely need to meet in September.

Vice Chairman McElley questioned the call volume since the drought rates went into effect. Front Office Supervisor Simpson noted an uptick in calls of approximately 37% with the majority of these calls involving discussions on the drought rates. The top questions entail the intent of the drought rates, and whether they truly are temporary. Vice Chairman McElley asked about verbal abuse. Manager Jones responded that yes, there has been verbal abuse aimed at customer service representatives, technicians, and managers alike. Front Office Manager Simpson added that there has also been an uptick in customer emails and website submissions. Manager Jones added that overall, it does appear that customers are paying more attention, addressing leaks, and trying to conserve water. Front Office Supervisor Simpson noted that staff spend a lot of time reviewing usage and notify customers when high usage is noted in an effort to curb higher billing. It was briefly noted that due to the heat, swamp coolers can very easily cause a customer to exceed 3,000 gallons for the month. Susan questioned whether this limit will ever change. Manager Jones responded that the amount of gallons that represents the base rate is always up for discussion but any changes to it would need to be a Board decision. Vice Chairman McElley noted that he takes pride in having good people work at the District and would hate to see them resign due to abuse. Front Office Supervisor Simpson noted that staff are encouraged to pass difficult calls to management, but overall, they were prepared for the abuse. HR Manager Pettingill commented that the District is still receiving a lot of positive customer feedback.

HUMAN RESOURCES DEPARTMENT

Human Resources Staff Report.

- Employee Handbook Updates – Updates to the handbook were briefly discussed, with the Board voicing no objections. Vice Chairman McElley moved to approve the updates to the Employee Handbook, seconded by Director Genova. Motion carried unanimously.
- Resolution 2026-19 To authorize Designated Officials for the Internal Revenue Service Business Account – HR Manager Pettingill provided updates on the payment made to the IRS in May 2025 related to payroll tax issues dating back to 2018, 2019, and 2020. The matter has been resolved and refund checks totaling \$23,365.52 have been received from the IRS. Staff have confirmed with the IRS that all affected tax periods have been resolved, and transcripts show a zero balance. The IRS has introduced a Business Tax Account for government entities that will allow easier access to records, and a variety of other functions to improve management and communication regarding tax accounts. For business continuity, staff are recommending that the Board appoint two designated officials that would be allowed to establish and manage the District Business Tax Account. The two designated officials listed on this Resolution is Finance Manager Wade and HR Manager Pettingill. Chairman Diffendaffer moved to adopt Resolution

2026-19 - To authorize Designated Officials for the Internal Revenue Service Business Account, seconded by Treasurer Slauson. Motion carried unanimously.

ENGINEERING/CONSTRUCTION DEVELOPMENT

Engineering Report

- Reeder Mesa Fill Station – Assistant Manager Lenihan noted that this project was completed under budget by \$21k and the project summary was provided to the Board.
- Water Treatment Plant Project – The final 75% design package is expected to be completed by August 21st. The design will be submitted to the State for review, followed by price negotiations with Engineering firm CDM Smith. Staff should have an estimate project cost by the beginning of October, which is referred to as the General Maximum Price (GMP) on which both parties have to agree. The original contract can be amended following agreement on the GMP, and equipment can be procured while CDM Smith works on completing 100% of design.
- Colorado River Transmission Main Crossing Project – This project is completed and staff will present a final report at the September meeting.
- Desert Road Pump Station – The pre-bid meeting was held yesterday, August 12th. Staff will be presenting recommendations, and seeking approval, for awarding this project. Construction should start by the end of September. Bids are being carefully reviewed, along with assessing which parts could be done in-house to reduce costs.
- Storage Tank Rehabilitation Project – Assistant Manager Lenihan stated that this project is becoming more complicated. Staff are analyzing the benefits of replacement over rehabilitation, taking into consideration that the tank roof will definitely need to be replaced. In order to determine the state of the tank floor, it will need to be drained, and a temporary tank will have to be placed. If the tank can be rehabilitated, it is still too large for the District's current needs. This tank was kept ¼ full to minimize water age, but that resulted in rapid deterioration of the coating on the top ¾ of the tank. This can be avoided by keeping the tank full, but an elaborate mixing system will have to be installed. The cost of a new, smaller tank is comparable to the cost of rehabilitation of the large tank. The expansion of the Whitewater service area is being taken into consideration in determining the new tank size, along with the option of adding a second tank in the future should further Whitewater expansion require it. Assistant Manager Lenihan added that the location, and elevation, of a new tank will aid with pressure. Discussion ensued on steel vs. concrete tanks with Manger Jones noting that concrete tanks require less maintenance but are quite costly. The coatings on a steel tank are expected to last around 15 – 20 years. Vice Chairman McElley voiced his support to stop spending money on the old tank and focus on obtaining a new tank.

- Feasibility Studies – The grant application for the River Intake feasibility study has been completed and staff are waiting on a response from the Colorado River District.

JVA Engineering has completed a proposal for a feasibility study for on-site chlorine generation. The current chlorine feed system will be considered along with what would be needed for on-site chlorine generation through the electrolysis of salt. The goal is to get away from using chlorine gas in an effort to increase safety conditions for both staff and those residents in the area surrounding the treatment plan. He stressed that staff are highly trained and a safety system is in place for possible chlorine leaks. The 2026 budget included \$50k in funding for this study and the proposal came in at \$30k. The Board voiced no objections to Manager Jones signing this proposal.

OPERATIONS

Assistant Manager Lenihan noted that so far for August, the treatment plant produced 42 million gallons this year vs. 54 million gallons in 2025.

ADMIN/OFFICE

Manager's Report

- InvoiceCloud Promotion – Manager Jones explained that InvoiceCloud, the District's online payments vendor, is running a campaign to encourage customers to sign up for paperless billing. Customers become eligible to win a gift card by participating and he stressed that the prize money comes from InvoiceCloud – not the District.
- Office parking lot – Manager Jones stated that recently, there has been an uptick in questionable after-hours activities in the parking lot. Staff have been looking into the costs of adding a gate by the entrance to the District property and relocating the payments drop box. A turn-around spot will need to be created, and the drop box will need to be very secure.
- Leak Adjustment Policy Update – The updated policy was presented to the Board with Manager Jones explaining that the updates provide more clarification on how the adjustment is calculated. The update now specifically states what had already been in effect – that the high usage is compared to the usage of the same two months of the previous year. Chairman Diffendaffer moved to approve the updated Leak Adjustment Policy, seconded by Director Genova. Motion passed unanimously.

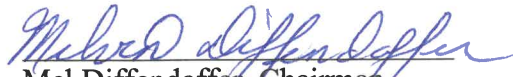
Chairman Diffendaffer initiated a brief discussion regarding irrigation shut offs. Manager Jones noted that the latest from Grand Valley Irrigation Company was that they hope to have water until the end of October. Grand Valley Water Users' Association and Orchard Mesa Irrigation District will cut back diversions and deliveries in September. There may need to be some juggling in order to keep the trees and vines alive. Vice Chairman McElley commented that gates

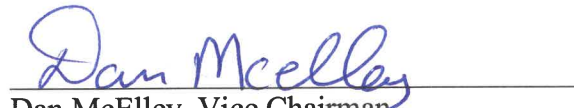
are being locked and Manager Jones responded that it appears most people are abiding by the rules but some are not and gate are indeed being locked.

ADJOURN MEETING

Meeting Adjourned at 6:18pm by Chairman Diffendaffer.

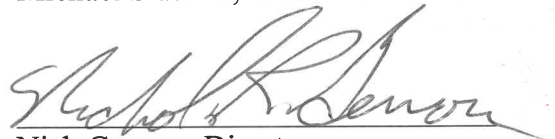
ATTEST:


Mel Diffendaffer, Chairman


Dan McElley, Vice Chairman


Michael Slauson, Treasurer


Jeff Cook, Secretary


Nick Genova, Director