

MINUTES OF THE SEPTEMBER 2ND 2026 WORKSHOP

CLIFTON WATER DISTRICT

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

STAFF MEMBERS PRESENT: Jennifer Pettingill, Jacob Lenihan, Blair Wade, Ty Jones.

GUESTS PRESENT: None.

WORKSHOP – CALL TO ORDER

Chairman Diffendaffer called the September 2nd, 2026 Workshop to order at 12:002pm.

2027 BUDGET OVERVIEW

Discussion

- The proposed 2027 budget totals approximately \$19 million and includes operating and non-operating expenses, debt service, and capital projects. Approximately \$5 million is anticipated from the SRF loan.
- Key capital items include smaller staff vehicles, roof repairs, a new HVAC unit, water treatment plant and distribution equipment, and four additional remote data collectors. Remote meter-reading coverage is expected to reach approximately 70% to 73%.
- Continuing projects include the water treatment plant upgrade, river intake diversion design, storage tank replacement, and meter replacement programs. New projects include canal intake building replacement, transmission main replacements, and the 32 Rd booster pump station design and property acquisition.
- Without a rate increase, approximately \$861,000 in reserves would be needed to completely cover our 2027 expenses (operating, non-operating, debt service, and capital projects).

Rate Options Reviewed

- Option 1: No rate change
- Option 2: Increase the base rate by \$5.20 with no tier changes.

- Option 3: Increase the base rate by \$2.50 and adjust tiers for customers using 10,000 gallons or more. This option was recommended to reduce the impact on lower-use customers while avoiding the use of reserves.
- A future base-rate increase is anticipated in 2028 to support State Revolving Fund loan costs associated with the water treatment plant upgrade; details remain pending.

REVENUE AND RATE CONSIDERATIONS

Discussion

- Projected revenue without rate changes matches approximately \$14 million in expenses but would require reserves for capital projects.
- Water sales volume decreased approximately 20% compared with the prior year, affecting revenue. Most customers use approximately 5,400 to 5,500 gallons per month, while approximately 9% use more than 25,000 gallons.
- The Board discussed maintaining customer affordability, ensuring rates support operations without tax subsidies, and preserving reserves for emergencies and funding-matching requirements.

LABOR AND BENEFITS

Discussion

- Labor and benefit costs are projected to increase approximately 2.96% in 2027 and represent approximately 53.49% of operating expenses.
- The District maintains a 12-month rolling turnover rate around 10% and is projected to end the year under the 7% target. Distribution overtime may slightly exceed the 2026 budget because of increased after-hours leak response.
- The District's pay philosophy emphasizes equal pay for equal work, with advancement opportunities based on certification and experience.

Recommendation Reviewed

- A 3.5% across-the-board wage increase for 2027, together with \$40,000 for pay-range adjustments.

HEALTH AND OTHER BENEFITS

Discussion

- Health insurance renewal rates reflect a 16% increase for PPO and EPO plans and a 13% increase for high-deductible plans. Dental premiums increased 5%, shared equally by employees and the District. Life, disability, workers' compensation, and vision benefits show minimal or no change.

- The Board reviewed contributing cost factors, including high claims, chronic illnesses, specialty medications, hospital consolidation, and clinical workforce shortages.

Recommendation Reviewed

- Move the PPO plan to the PPO 5 higher-deductible tier and establish a \$6.50 per-paycheck employee contribution for employee-only PPO coverage. Match the employer paid contribution for the EPO and PPO plans.

POLICY AND OPERATIONAL UPDATES

Discussion

- Proposed bylaw amendments would require advance notice of public-comment topics and limit total public-comment time to 20 minutes, while preserving flexibility for the Board President.
- The Board discussed minimum service expectations before a member serves as chair and vice-chair.
- The District is participating in Mesa County's hazard mitigation plan to support disaster-funding eligibility and community preparedness.
- An unauthorized water-line extension by a local contractor resulted in an estimated 60,000 gallons of water loss. The Board must determine whether to charge for the lost water, including possible use of fill-station rates or another remedy.
- A request for a 2-inch meter to serve a gravel pit for dust suppression was discussed. Staff noted policy and cost concerns and plans to seek Board direction.
- The District continues to monitor water loss and drought-related billing-forgiveness requests, with emphasis on transparency and customer communication.

DROUGHT RATES AND CONSERVATION

Discussion

- Drought rates are planned to end October 1, 2026, aligning the change with billing cycles for clearer customer communication.
- Staff reported increased workload and customer contacts during drought conditions.
- Water sales volume declined approximately 20%, while 2026 revenues were approximately \$400,000 above budget projections.
- The Board plans to review lessons learned from drought-rate implementation. Regional irrigation water suppliers are also implementing cutbacks, including planned alternating shutoffs.

ADJOURN WORKSHOP:

Workshop Adjourned at 2:03pm by Chairman Diffendaffer.

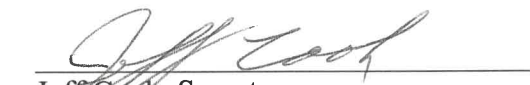
ATTEST:


Mel Diffendaffer, Chairman


Dan McElley, Vice Chairman


Michael Slauson, Treasurer


Nick Genova, Director


Jeff Cook, Secretary