

**CENTRAL WYOMING REGIONAL WATER SYSTEM
JOINT POWERS BOARD**

MEETING PROCEEDINGS

May 20, 2008

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (JPB) was held Tuesday, May 20, 2008 at 11:00 AM, in the Joint Powers Board Conference Room, Regional Water Treatment Plant, 1500 SW Wyoming Boulevard, Casper, WY.

Board Members Present - Chairman Bertoglio, Vice-Chairman King, Secretary Peryam, Treasurer Bentley, Board Members Daubin, Fagan, and Schlager. Board Member Keffer was absent.

City of Casper - Bertoglio, Daubin, Fagan, Schlager, Gary Clough, David Hill, John Naquin, Janette Brown, Tim Rail

Natrona County – Peryam

Salt Creek Joint Powers Board – King

Wardwell Water & Sewer District – Gary Riegert

Pioneer Water & Sewer District – Bentley

Poison Spider Improvement & Service District -

Wyoming Water Development Office -

Sandy Lakes Estates -

Lakeview Improvement & Service District -

33 Mile Road Improvement & Service District –

Central Wyoming Groundwater Guardian Team (CWGG) –

Others –

The JPB meeting was called to order at 11:12 a.m.

1. In Announcements, Chairman Bertoglio stated that Mr. Gary Riegert was sitting in as proxy for Board Member Keffer.
2. Chairman Bertoglio asked for a motion to approve the minutes from the March 18, 2008 meeting. A motion was made by Secretary Peryam and seconded by Vice-Chairman King to approve the minutes from the March 18, 2008 meeting.

Motion put and carried.

3. Chairman Bertoglio asked for a motion to reaffirm the April 2008 vouchers. A motion was made by Treasurer Bentley and seconded by Vice-Chairman King to reaffirm the April 2008 voucher list to include voucher numbers 6606 through 6611 in the amount of \$116,921.00. Motion put and carried.

Mr. Hill asked the Board to reference the Voucher Listing handed out on this date. He stated that voucher number 6617 for the Bond payment to Wells Fargo Bank was added to the listing and recommended approval of the Voucher Listing. Chairman Bertoglio asked for a motion to approve the May 2008 vouchers. A motion was made by Secretary Peryam and seconded by Vice-Chairman King to approve the May 2008 voucher list to include voucher numbers 6612 through 6617 in the amount of \$1,208,777.61. Motion put and carried.

4. Mr. Hill asked the Board to reference page 1 of the April 2008 RWS Financial Report. He stated that the Cash and Cash Equivalents are in good shape. Mr. Hill asked the Board to reference the Operating Expenses on page 2 of the April 2008 RWS Financial Report. Mr. Hill stated that at the end of April there was \$673,283 left over from the contract between the City of Casper and the Regional Water System for operations of the WTP. Mr. Hill stated that the last two fiscal years there have been budget amendments due to overages in the Operations Budget caused by increased water sales. He stated that there were very high water sales in both FY06 and FY07. Mr. Hill stated that he did not anticipate having a budget amendment for the current fiscal year. Secretary Peryam asked if this was due to water sales being down. Mr. Hill stated that water sales are down by 45 mg at this time compared to last year, but the budget was increased in anticipation of high water sales. Mr. Hill stated that there will be better water sales figures for the June meeting. Chairman Bertoglio asked for a motion to accept the April 2008 RWS Financial Report. A motion was made by Board Member Schlager and seconded by Treasurer Bentley to accept the April 2008 RWS Financial Report. Motion put and carried.

5. In the Operations update, Mr. Hill turned the time over to Mr. Naquin.

Mr. Naquin stated that all the VFD high service pumps are operational. He stated that the parts from England finally arrived and were installed.

Mr. Naquin stated that the surface plant was started last Friday in order to work the bugs out of the system and was then shut back down. He stated that they had to wait for the river turbidity to go down before starting the plant.

Mr. Naquin stated that the second set of UCMR2 testing has been done. He stated that the testing costs \$1,800 per sample. Mr. Hill stated that the lab results are in the agenda packet for the Board's review and there were no detects on any of the constituents. Chairman Bertoglio asked what the numbers were on the bottom of each section. Mr. Naquin stated that they were the quality control numbers from the lab and not results from the water testing. Mr. Naquin stated that testing will be done in August and will include both groundwater and surface water.

Mr. Naquin stated that the Distribution crew cleaned the Caisson Recharge Basins and it has helped tremendously with well production. Mr. Naquin thanked Mr. Rail for his crew's assistance. Mr. Naquin stated that EPA was concerned about the basins being cleaned and wanted more aerobic spore testing done. Mr. Naquin stated that he assured EPA that the aerobic spores will be closely monitored and they agreed to keep the testing as is.

Mr. Naquin stated that production for May is 128 mg to date, which is a little low. He stated that the surface plant is not currently running as the wells are meeting demand.

Mr. Naquin stated that three of the Operators passed their certification exams. He stated that two passed their level I exam and one passed his level IV exam. Secretary Peryam asked how many of the Operators have a level IV license. Mr. Naquin stated that including himself, there are four individuals with a level IV license on staff.

Mr. Naquin turned the time over to Mr. Rail to give the Distribution Report. Mr. Rail stated that Rocky Mountain Power bored through the 12" transmission line on 12 Mile Road at the end of March.

Mr. Rail stated that the hydrant flushing program has started but is going slow due to the weather. Secretary Peryam asked if the flushing of hydrants goes all the way into Midwest and Edgerton. Mr. Rail stated that the Distribution crews do not go into other entities systems, but they do supply flushing trailers and assistance when needed. Vice-Chairman King stated that Edgerton has been doing a lot of flushing in the last couple of weeks as they are replacing fire hydrants.

Mr. Hill stated that Mr. Fields of the Groundwater Guardians was going to present certificates of appreciation to former members of the CWGG, but he was unable to attend today.

6. There was no Public Comment.

7. Old Business:

a) Mr. Hill asked the Board to reference the Contract for Professional Services between the RWS and ARCADIS of West Palm Beach, Florida. He stated that this contract covers Phase I of the Scope of Services in Exhibit "A", in which ARCADIS will review information and work with staff to come up with preliminary findings for emergency power at the WTP. Mr. Hill stated that at the last meeting the Board discussed with staff the use of the surface plant instead of the wells during an emergency situation. Mr. Hill stated that the surface plant could be started in approximately eighteen hours and there is plenty of storage in the system to last for that duration as long as people curb their outside water use. Mr. Hill stated that the first Phase will determine the size of generators that are

needed and the costs associated with them. Mr. Hill stated that Phase II and III may or may not be completed by ARCADIS, depending on how well they perform in Phase I and how well the Board accepts the product. Mr. Hill stated that Phase II is included in next years' budget. Mr. Hill stated that he and Mr. Clough would be happy to answer any questions. Chairman Bertoglio asked what the cost of Phase I was. Mr. Hill stated that it is \$9,500. Secretary Peryam asked what would happen if something happened to the WTP and all the emergency equipment was there. Mr. Hill stated that would cause some serious issues. He stated that smaller generators and small chlorination units could be brought in for use with the wells. Mr. Hill stated that there was no way that every issue could be covered. Mr. Hill stated that staff recommended approval of the contract with ARCADIS, and that a report should be ready 90 days after the contract is consummated. Secretary Peryam asked if there was a plan written down for emergencies. Mr. Hill stated that approximately four years ago the Board had an Emergency Response Plan put together by CH2M HILL, but it needs updated. He stated that this is planned for updating this year. Secretary Peryam asked if copies were available for the Board Members. Chairman Bertoglio stated that the Emergency Response Plan includes security for the WTP and is not available to be copied. Secretary Peryam stated that was fine, but she would like to have it updated with more plans by the end of the calendar year. Mr. Naquin stated that there is a Mutual Aid Agreement in the works with other entities in Wyoming that deals with emergency situations. Chairman Bertoglio asked if this update could be done in-house. Mr. Clough stated that staff is working on a business continuity plan and emergency response plan update would be included in the plan. He also stated that he has found in the past that this type of project is most effectively done in-house. Secretary Peryam asked that a status update be put under Old Business for the next meeting. Mr. Rail stated that the Water Distribution crews have had emergency operations drills in the distribution system and they have worked well. Chairman Bertoglio asked for a motion to approve the Contract for Professional Services with ARCADIS. A motion was made by Board Member Daubin and seconded by Board Member Schlager to approve the Contract for Professional Services with ARCADIS. Motion put and carried.

- b) Mr. Hill turned the time over to Mr. Riegert for an update on the Wardwell Zone IIIB project. Mr. Riegert stated that there is a plan in place for all the developers to participate in the funding and Wardwell will cover the rest of the funding. He stated that it was decided to put the bid out for the tank and the booster at the same time, which will be in approximately four weeks. Mr. Hill stated that the permit to construct for the booster and tank should be received within that timeframe. Mr. Hill also stated that the RWS contributed funds for part of the local share and the State Funding is in place.
- c) In Other Old Business, Mr. Hill stated that he met with the State Board of Control concerning the groundwater well adjudications. He stated that

they are not budging on the 9,200 acre-feet upper limit, but they did request additional information be sent to them.

8. New Business:

- a) Chairman Bertoglio stated that the contract for audit services with Lovelett, Skogen & Associates has expired. He stated that the new contract is for a two year period with an increase to \$15,000 - \$16,000 per year. Secretary Peryam asked what the price was for the last contract. Ms. Brown stated that it was for \$13,000 - \$14,000 per year. A motion was made by Secretary Peryam and seconded by Board Member Fagan to approve the re-appointment of Lovelett, Skogen & Associates to a new two year contract for audit services. Motion put and carried.
- b) Mr. Hill stated that the WYDOT West Belt Loop Road project has been in the works for many years, but in mid-April it came higher on their project list. He stated that WYDOT plans on bidding out a grading contract by mid-December. Mr. Hill stated that their tentative plan for Phase I is grading; Phase II would be bid out in about a year and a half and would include two lanes of traffic; then in about three to five years adding an additional two lanes for a complete four lane roadway. Mr. Hill stated that this project will affect the RWS near the intersection of Robertson Road and Poison Spider Road. Mr. Hill stated that the 16" transmission lines located in Robertson Road and Poison Spider Road would have to be relocated in order to accommodate the new West Belt Loop Road and the relocated Robertson Road and Poison Spider Road. Mr. Hill stated that the full cost to move the lines will be reimbursed by WYDOT since there are no existing license agreements with WYDOT. He stated that the full project cost estimate including design, engineering and construction costs, which was worked up by CEPI, is approximately \$1.45 Million. Mr. Hill stated that he foresaw a memorandum of understanding or a contract between the RWS and WYDOT in the near future in which the RWS bears the upfront costs of the design, engineering and construction after which WYDOT will reimburse the RWS. Mr. Hill stated that the RWS would have to pay \$120 Thousand for the transmission line located on Highway 20/26 that will have to be cased and replaced as the intersection will be redone in concrete. He stated that this intersection is covered by an existing license agreement with WYDOT. Mr. Hill stated that these costs are included in the preliminary FY09 Capital Budget. Mr. Hill stated that staff recommends using CEPI as the engineer for the project as they were involved with the original design of the RWS transmission lines in that area. Mr. Hill stated that no action by the Board is needed at this time.
- c) Chairman Bertoglio stated that the budgets are preliminary and no action will be taken on them today. He stated that the budgets, encumbrances and wholesale water rate will be approved at the June meeting.

Mr. Hill asked the Board to reference the preliminary FY09 Operations Budget. He stated that this budget is a break even budget; it is reimbursed

by the RWS to the City of Casper for operations of the WTP. Mr. Hill stated that the personnel portion of the budget does not include any cost of living adjustments, as they have yet to be determined. Mr. Hill stated that the year to date numbers listed are as of December 31st. Secretary Peryam asked Mr. Hill to explain the column headings Original, Estimate, Revised and Actual. Mr. Hill stated that sometimes there are encumbered monies that show up in the Revised column. He stated that the figures in the Actual column are monies that have been spent as of the end of December, and the Estimate column is staff's best guess at what will be spent by the end of the fiscal year.

Mr. Hill asked the Board to reference the Personnel portion of the Operations Budget. He stated that the Personnel total is going down and there is an explanation for this. Mr. Hill stated that there is not a reduction in the number of staff, however, the salaries for two full time equivalent employees that were paid from the WTP Personnel Budget but actually worked in Water Distribution have been moved to the line item named Interdepartmental Charges. He stated that there was some confusion in Human Resources and Finance as to where these two employees were actually stationed and this was a way to clarify the issue. Mr. Hill stated that the Board will still be reimbursing the City of Casper for twelve employees, which includes ten employees at the WTP and two employees at Water Distribution.

Board Member Daubin asked about the reduction in Telecommunications. Mr. Hill stated that the City of Casper recently adopted a new cell phone policy and went to Voice Over Internet for telephone service which caused a large savings for the City of Casper.

Board Member Daubin asked about the change in Maintenance Agreements. Mr. Hill stated that this line item covers the HVAC and Elevator maintenance. He reminded the Board that the elevator had major repairs done to it this fiscal year and so the costs for the maintenance were reduced.

Mr. Hill stated that there were increases in Energy-Electricity, Energy-Heat, and Operational Supplies-Chemicals. Secretary Peryam asked about the increase in Lab Supplies. Mr. Naquin stated that this line item covers the reagents for the new chloramine analyzers and turbidimeters which are quite expensive.

- d) Mr. Hill asked the Board to reference the Agency Budget. He stated that the Operations Budget, Fund 55, has to be approved by the Casper City Council and by the RWS Board. He stated that the Agency Budget, Fund 80, is only approved by the RWS Board.

Mr. Hill stated that the State Grants line item for \$350 Thousand is for the engineering services associated with the WYDOT West Belt Loop Road. Mr. Hill stated that Water Rate Revenue is projected at \$5.1 Million, but

may change in the final budget. He stated that there will be better numbers in June. He stated that this will be dependent upon the water sales in June.

Treasurer Bentley asked about the zero amount budgeted for Miscellaneous Revenue in the FY09 Budget. Mr. Hill stated that usually there is not anything budgeted for Miscellaneous Revenue because it is an unknown. Ms. Brown stated that the Miscellaneous Revenue that shows for the current fiscal year was a reimbursement from an insurance claim.

Board Member Daubin asked why there is \$17 Thousand in the Accounting line item when the auditors contract states \$16 Thousand. Mr. Hill stated that there is a cushion in the line item just in case something comes up unexpectedly. Ms. Brown informed the Board that their financial software updates also come out of this line item and it is approximately \$600 a year.

Mr. Hill asked the Board to reference the Buildings line item of \$40 Thousand. He stated that this is for the WTP Emergency Power study Phase II.

Mr. Hill stated that the \$15 Thousand for Security is for more intruder alarms at the tanks and boosters. Secretary Peryam asked if the recordings from the security cameras could be burned to DVD. Mr. Naquin stated that it could be looked into.

Mr. Hill stated that the Consulting Fees may not be used this year, but it is budgeted just in case a consultant is needed for the EPA aerobic spores.

Mr. Hill stated that Debt Service is the principal payments for the Bonds and WWDC Loans.

Mr. Hill stated that the \$410,850 under Improvements Other Than Buildings is the Local Share for the design and construction of the Upper Rock Creek Reservoir improvements project. Mr. Hill stated that the RWS agreed last year to participate in the Local Share for the design. He stated that the improvements benefit not only the City of Casper, but the entire Regional Water System.

Mr. Hill stated that the \$763 Thousand is for the replacement of filter valves, compressor renovations, turbidimeters, etc. Mr. Hill stated that the turbidimeters are over eight years old and do not meet the new EPA regulations for reporting. Mr. Hill stated that the SCADA upgrade is for items not covered by the contract with Automation & Electronics, which are mainly hardware. Mr. Hill stated that there is \$40 Thousand budgeted for the replacement of the HVAC system in the South Chem building as the current system has failed. Mr. Hill stated that the West Belt Loop Road amount of \$470 Thousand includes the \$350 Thousand that will be reimbursed by WYDOT, and the \$120 Thousand that will not be

reimbursed.

Mr. Hill stated that the \$75 Thousand listed under Intangibles is for a Nitrification Study. He also stated that the Interest Expense line item is for the interest due on the Bonds and WWDC loans.

Mr. Hill stated that the Reimbursable Contract Expense line item ties back to the Operations Budget total.

The Board took a break at 1:14 p.m. and reconvened at 1:22 p.m.

- e) Mr. Hill asked the Board to reference the preliminary FY09 Wholesale Water Rate. Mr. Hill stated that the preliminary cash flow analysis includes a projected FY08 ending budget and the preliminary FY09 budget. He stated that it shows a positive cash flow of \$11 Thousand with all the Capital Expenditures for the upcoming year. Mr. Hill stated that this does not include the cost of living adjustments. Secretary Peryam asked what the increase percentage for the budgets in the out years is. Mr. Hill stated that he used a 4% increase in the budgets and a growth rate of 1.58%. Board Member Fagan asked if the 1.35 is the rate or the increase in the rate. Mr. Hill stated that it is the rate. Board Member Fagan asked for clarification as to whether the rate is staying the same or not. Mr. Hill stated that at this point in time the rate model shows no rate increase. He stated that the interest rate earnings will need to be adjusted in the rate model to be presented in June. Mr. Hill asked the Board to reference the RWS Funds Ending Reserves on page 3 of the rate model. He stated that the Debt Service Reserves includes monies for one year's payment plus 10% for coverage. Mr. Hill stated that Ms. Keating-Scott informed the Board earlier in the year that the 1.1 coverage factor must be met on Total Expenses, Debt Service and Capital Expenses. Chairman Bertoglio stated that this would cause the rate to fluctuate up and down. He stated that he does not believe this was the intent. Mr. Hill stated that the 1.1 coverage is covered by the Debt Service Reserves. Chairman Bertoglio stated that the Board is accruing enough Reserves to cover the Debt and the Capital projects. Mr. Hill stated that the rate for FY09 may go up to \$1.38 or so depending on June water sales and the cost of living adjustment, but he will have a better figure for this at the June meeting. Chairman Bertoglio reminded the Board that half the total expenses reflected in the rate is for Debt Service. Secretary Peryam asked if there was too much money in Undesignated Reserves. Chairman Bertoglio stated that not necessarily because they can be used to pay off part of the Bonds and decrease the Debt Service.

Board Member Fagan asked Mr. Hill why some of the Capital Projects are listed in both New and Replacement Capital on page 2. Mr. Hill stated that this is a way to designate use of the System Investment Charges. He stated that System Investment Charges can legally be used for new projects or new customers to the system. Mr. Hill stated that most of the new projects also help existing customers so the projects are split 30%

new and 70% replacement or existing.

Chairman Bertoglio stated that final numbers for everything will be available for the June 17th meeting. Several of the Board Members stated they had conflicts with the meeting date. Chairman Bertoglio stated that the meeting could be changed. Mr. Hill stated that the meeting must be advertised as action being taken on the budget and rate, and it has not been advertised yet so this would be a good time to change the meeting date. The consensus of the Board was to change the meeting date to Thursday, June 19, 2008 at 11:30 a.m.

f) There was no Other New Business.

9. A motion was made by Secretary Peryam and seconded by Board Member Daubin to adjourn into Executive Session at 1:52 p.m. to discuss a potential property acquisition. Motion put and carried.

A motion was made by Vice-Chairman King and seconded by Board Member Fagan to adjourn the meeting at 2:05 p.m. Motion put and carried.

Chairman

Secretary

Paul C. Bertoglio

Barbara Peryam