A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, November 21, 2017 at 11:30 a.m., in the Joint Powers Board Conference Room, Regional Water Treatment Plant, 1500 SW Wyoming Boulevard, Casper, WY.

**Board Members Present** - Chairman King, Vice-Chairman Keffer, Secretary Powell, Treasurer Lawson, and Board Members Hopkins, Walsh, and Tasler. Board Member Johnson was absent.

**City of Casper** – Powell, Hopkins, Walsh, Bruce Martin, Brian Schroeder, Clint Conner, Janette Brown, Scott Baxter, Ethan Yonker

**Natrona County** – Lawson

**Salt Creek Joint Powers Board** – King

**Wardwell Water & Sewer District** – Keffer

**Pioneer Water & Sewer District** – Tasler

**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** — Charlie Chapin – Williams, Porter, Day & Neville, P.C.; Jolene King; Steve Quail – HDR Engineering; John Wright, Brain Kirsch – Raftelis Financial Consultants, Inc.

The Board meeting was called to order at 11:30 a.m.

1. In Announcements, Mr. Martin stated that Ms. Linda Tasler is in attendance and has the proxy for Board Member Waters.
2. Chairman King asked for a motion to approve the minutes from the October 17, 2017 meeting. A motion was made by Vice-Chairman Keffer and seconded by Secretary Powell to approve the minutes from the October 17, 2017 meeting. Motion put and carried.

3. Mr. Martin asked the Board to reference the voucher listing handed out on this date. Mr. Martin stated that two additional vouchers were added to the listing; voucher 7757 for HDR Engineering in the amount of $31,029.44 for the WTP SCADA Improvements Project; and 7758 for ITC Electrical Technologies in the amount of $1,190.00 for the WTP Path Lighting Project. Mr. Martin recommended approval of the vouchers and offered to answer any questions the Board may have on the voucher listing.

   Chairman King asked for a motion to approve the November 2017 vouchers. A motion was made by Vice-Chairman Keffer and seconded by Board Member Walsh to approve the November 2017 voucher list to include voucher numbers 7741 through 7758 in the amount of $1,248,395.19. Motion put and carried.

4. Mr. Martin asked the Board to reference the Gallons Produced table in the agenda packet. Mr. Martin stated that production for October 2017 was 193 MG, approximately 33 MG less than one year ago. Mr. Martin stated that the five year average is 231 MG. Chairman King asked if the decrease in production is due to people leaving the area. Mr. Martin stated that it could be a combination of people leaving the area and weather, but he believes mostly weather.

   Mr. Martin asked the Board to reference page 2 of the October Financial Report. Mr. Martin stated that Water Sales for FY18 are $29,138 higher than one year ago.

   Mr. Martin stated that Operating Expenses for FY18 increased $30,653 over FY17. Mr. Martin stated that this increase is due to timing of chemical purchases and equipment repairs.

   Chairman King asked for a motion to approve the October 2017 Financial Report as presented. A motion was made by Board Member Walsh and seconded by Treasurer Lawson to approve the October 2017 Financial Report as presented. Motion put and carried.

5. Chairman King turned the time over to Mr. Schroeder for the Operations Update.

   Mr. Schroeder stated that the Emergency Power Project is moving forward. Mr. Schroeder stated that on December 13th there is a planned power outage for Rocky Mountain Power to make the connection to the emergency generator. Mr. Schroeder stated that this outage will last four to six hours. Mr. Schroeder stated that while the power is out, staff has plans to replace an ozone valve and complete other maintenance items that require the power to be out.

   Mr. Schroeder stated that staff has been working on completing required training for the year.
Mr. Schroeder stated that the WTP is in winter operations of 5 MGD and things are running well.

The time was turned over to Mr. Conner for the Transmission System Update.

Mr. Conner stated that the leaking pump seals for Metro Road Booster have been replaced. Mr. Conner stated that when the pump was taken apart it was determined that the pump impeller was worn. Mr. Conner stated that rocks were found in the pump and they could have caused the wear on the impeller. Mr. Conner stated that the other pump will be inspected to make sure the impeller is not worn down. Board Member Hopkins asked how large the rocks were. Mr. Conner stated that they were the size of two golf balls. Mr. Conner stated that he believes the rocks got in the pumps during construction of the booster.

Mr. Conner stated that staff is continuing with regular maintenance items, such as cleaning out the Actiflo basins.

Mr. Conner stated that flushing of the Crosstown Pipeline has been completed.

Chairman King asked if the nitrification issue in the distribution system has cleared up. Mr. Conner stated that there is still nitrification in the system and most likely will be until the temperature drops. Mr. Conner stated that there has been a lot of flushing done in the system.

a. Mr. Martin stated that at the last meeting Secretary Powell requested an update on the projects listed in the Facilities Plan Update. Mr. Martin asked the Board to reference the Capital Projects List in the agenda packet. Mr. Martin stated that this list has not only the Facilities Plan Update items, but also other items from the Capital Improvement Plan. Mr. Martin stated that the projects are broken out by priority. Mr. Martin stated that the Project List shows the budgeted amount for each project and the amount spent to date. Mr. Martin stated that the status of each project is also listed. Mr. Martin reviewed the project list with the Board and stated that an updated list will be presented to the Board at each meeting.

6. There was no Public Comment.

7. In Old Business, Mr. Martin asked Ms. Brown to hand out to the Board the Wardwell Zone IIIB Tank items from Mr. Chapin. Mr. Martin stated that he is anticipating a proposal from HDR to bring to the next meeting. Mr. Martin stated that staff wanted to give this information to the Board to review prior to next month’s meeting. Mr. Martin stated that this information is Attorney Client Privilege and requested that the Board treat it as such.

a. There was no Other Old Business.

8. In New Business:
a. Chairman King opened the Public Hearing for the Water Treatment Plant SCADA Improvements Project.

Mr. Martin stated that Mr. Steve Quail, with HDR Engineering, and Mr. Ethan Yonker, from the City Engineering Department, are in attendance to give the details of this project.

Mr. Quail stated that this Public Hearing is required by the Wyoming Office of State Lands and Investments as the RWS intends to use loan funds from the Wyoming Drinking Water State Revolving Fund (DWSRF). Mr. Quail stated that based on current estimates, the RWS plans to borrow an amount of $1,600,000 from the DWSRF for the Water Treatment Plant SCADA Improvements Project, which includes renovations of the existing control system for the CWRWS Water Treatment Plant. Mr. Quail stated that the RWS will use water rate user charges and system investment fees to repay the loan. Mr. Quail stated that the loan will have terms of 2.5% interest rate and 20 years duration.

Mr. Quail stated that this project is currently in design and a 60% design review meeting was conducted last month with WTP and HDR staff.

Mr. Quail stated that this project will replace the SCADA system for all the booster pumps, water storage tanks, wells, and WTP communication and control. Mr. Quail stated that the current SCADA system takes approximately 15 minutes for a radio response from the water storage tanks and water booster stations. Mr. Quail stated that the new equipment will take approximately 30 seconds for a response and will include a history function for each unit in service, wells and equipment. Mr. Quail stated that the history function will be an asset for the operators in that if a piece of equipment is having an issue that was previously experienced, the operators will be able to look back in the history to see what was done to solve the issue.

Chairman King asked how long it will take for the project to be completed. Mr. Quail stated that it will take approximately six months for construction to be completed, so it will be well into the next fiscal year once design is completed and the project is bid out.

Treasurer Lawson asked if there will be a maintenance contract for the SCADA system and equipment. Mr. Quail stated that there will be a maintenance contract for the SCADA, but it will also have an open architecture that the operators could be trained on so they won’t have to rely on a programmer to update programming.

Board Member Hopkins asked about security for the SCADA system. Mr. Quail stated that the SCADA system will be separate from the internet; the only way to transmit information from or to the SCADA system will be by a jump drive or CD.
There were no further questions or comments and the Public Hearing was closed.

b. Mr. Martin stated that Change Order No. 4 with COP Wyoming is for a time extension of 207 days for the WTP Alternate Backwash Water Supply Tank Project for a winter shut-down. Mr. Martin turned the time over to Mr. Scott Baxter, with the City Engineering Department.

Mr. Baxter stated that the purpose of the proposed change order is to provide a winter shut-down time extension for the tank coatings due to poor weather conditions. Mr. Baxter stated that as the tank construction was nearing completion, the contractor ran into two particular issues.

Mr. Baxter stated that the original schedule called for coating the tank in the middle of October and finishing up in November. Mr. Baxter stated that as this time approached, it was realized that no one had really been paying attention to the weather conditions, specifically the temperature and moisture conditions. Mr. Baxter stated that are a lot of challenges with coating tanks. Mr. Baxter stated that between the problems that coating contractors have on their own, and then having weather conditions as well, there can be a lot of problems with the product that we end up with. Mr. Baxter stated that discussions were held between the contractor, the consultant, and City Staff and it became clear that the four weeks required to complete the coatings would not offer the kind of weather that allows for continuous working hours, standard coating applications, and an affirmed quality product after hydro-static testing.

Mr. Baxter stated that there is also an issue with a large butterfly valve. Mr. Baxter stated that when the submittals came in, it was not noticed about the operating nut on the valve. Mr. Baxter stated that it was discovered after the butterfly valves had been delivered that the operating nut does not comply with the City of Casper Standard Specifications. Mr. Baxter stated that the operating nut that was supplied is fine for applications in the plant, but not for valves that will be underground. Mr. Baxter stated that the butterfly valves are being evaluated to determine whether the operating nut connection might be acceptable or whether the valves must be replaced.

Mr. Baxter stated that with these two issues playing into the schedule, the contractor put together a proposal for a 207 day time extension. Mr. Baxter stated that the State will not allow additional days to work, the contract must be completed in the same number of days, but a winter shut-down is acceptable. Mr. Baxter stated that all the tie-ins must be done in March, and the coating must be completed in June with the project completed by July. Mr. Baxter stated that the original number of working days will not change.

A motion was made by Board Member Hopkins and seconded by Treasurer Lawson to approve Change Order No. 4 for the WTP Alternate Backwash Water Supply Tank Project for a time extension of 207 days for a winter shut-down.
Motion put and carried.

c. Mr. Martin stated that the City of Casper and the RWS retained Raftelis Financial Consultants, Inc. to perform a system investment charge update. Mr. Martin stated that the RWS system investment charge fees have not been increased since 1998. Mr. Martin stated that Mr. John Wright and Mr. Brian Kirsch with Raftelis are in attendance to give a presentation to the Board.

Mr. Wright stated that he and Mr. Kirsch are here today to provide preliminary results of the system investment charge analysis. Mr. Wright stated that they will review different approaches used for calculating system investment charges, and the preliminary system investment charges for Regional Water.

Mr. Wright stated that the definition of system investment charges is as follows: one-time charge paid by a new customer connecting to the water system; designed to recover capital costs of serving new or expanded demand; can only be used to fund growth-related capital expenditures; represents the unit cost of capacity to serve a new customer.

Mr. Wright stated that there must be a rational nexus between the system investment charge and the cost of serving new connections.

Mr. Wright stated that there are four different approaches for calculating system investment charges: Equity Buy-In Approach; Capacity Buy-In Approach; Incremental Approach; and Hybrid Approach.

Mr. Wright stated that in the Equity Buy-In Approach, the system investment charge reflects the equity existing customers have in the utility system. Mr. Wright stated that this approach is typically used for systems capable of meeting long-term capacity needs.

Mr. Wright stated that the Capacity Buy-In Approach is similar to the Equity Buy-In. Mr. Wright stated that system investment charges are based on the number of accounts the system can serve, not the number of accounts currently connected.

Mr. Wright stated that in the Incremental Approach, system investment charges reflect the incremental cost of future system expansion required for growth. Mr. Wright stated that this is typically used for systems that must expand facilities to serve new development.

Mr. Wright stated that the Hybrid Approach uses the weighted average of the Equity Buy-In and Incremental approaches.

Mr. Wright stated that Raftelis recommends the Equity Buy-In Approach for the RWS. Mr. Wright stated that this is the best reflection of existing customer
Mr. Wright stated that the Capacity Buy-In is based on recent usage patterns of existing Casper residential meter accounts.

Mr. Wright stated that with the Equity Buy-In, the system investment charge for ¾-inch residential service would increase from $600 to $1,869.

Mr. Wright stated that with the Capacity Buy-In Approach, the system investment charge for ¾-inch residential service would increase from $600 to $1,003. Mr. Wright stated that the graph shows that there is a significant increase as the size of tap increases.

Mr. Wright showed a comparison graph of cities in Wyoming plus Billings, MT. Mr. Wright stated that even with raising the RWS system investment charges as recommended, they are still below the average of these cities.

Treasurer Lawson asked what the City of Casper currently charges for system investment fees for ¾-inch residential service. Mr. Wright stated that the City of Casper currently charges approximately $1,000 for ¾-inch residential water service. Mr. Wright stated that City Council will be presented with recommended increases as part of their portion of this study.

Chairman King asked if the Board could increase the system investment charge anywhere in between the two figures. Mr. Wright stated that the Equity Buy-In figure is the maximum legally defensible system investment charge. Mr. Wright stated that the Board can set the system investment charges lower than this figure, but Raftelis does not recommend anything higher.

Board Member Hopkins asked if the two approaches could be blended and have increases incrementally over the next ten years. Mr. Kirsch stated that Raftelis recommends that entities increase their system investment fees each year to factor for inflation.

Secretary Powell stated that the Board needs to remember that One Cent Funds are used to pay for improvements for the water system as it is a top priority that was voted on. Secretary Powell stated that the calculation needs to include the One Cent Funds. Mr. Martin stated that One Cent Funds have never been used for Regional Water infrastructure, only for the City of Casper. Treasurer Lawson concurred with Mr. Martin that the RWS does not use One Cent Funds for infrastructure improvements.

Treasurer Lawson stated that if the Board raises their system investment charges to $1,800, and the City fees are $1,000, the fees will go up to $2,800, when right now it is $1,600.

Mr. Wright stated that the Board is in the difficult position to decide where to set
the system investment charges. Mr. Wright stated that the Board could set the system investment charges anywhere between the two figures presented.

Mr. Martin stated that the Board is not being asked to make any type of decision on raising the system investment charges today. Mr. Martin stated that a final report will be received sometime in December or January and then staff will make a recommendation to the Board for any increases.

Secretary Powell asked why Cheyenne fees are so high. Board Member Hopkins stated that Cheyenne gets their water from very far away. Mr. Martin stated that Cheyenne also increases their system investment charges each year.

Mr. Wright stated that Cheyenne does something very important; they raise their system investment charges each year. Mr. Wright stated that high system investment charges have not deterred growth in Cheyenne.

Chairman King thanked Mr. Wright and Mr. Kirsch for the presentation.

d. There was no Other New Business.

9. In the Chairman’s Report, Chairman King stated that the next regular meeting will be held on December 19, 2017.

A motion was made by Treasurer Lawson and seconded by Board Member Walsh to adjourn the meeting at 12:35 p.m. Motion put and carried.

Chairman

Secretary