

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

MEETING PROCEEDINGS

December 18, 2018

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, December 18, 2018 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 Member Walsh. Board Members Humphrey, Johnson and Waters were absent.

City of Casper – Powell, Walsh, Andrew Beamer, Bruce Martin, Brian Schroeder, Clint Conner, Janette Brown, Scott Baxter

Natrona County – Lawson

Salt Creek Joint Powers Board – King

Wardwell Water & Sewer District – Keffer

Pioneer Water & Sewer District –

Poison Spider Improvement & Service District –

Wyoming Water Development Office -

Sandy Lakes Estates -

Lakeview Improvement & Service District -

33 Mile Road Improvement & Service District –

Mile-Hi Improvement and Service District –

Central Wyoming Groundwater Guardian Team (CWGG) –

Others — Charlie Chapin – Williams, Porter, Day & Neville, P.C.; Roxy Skogen – Skogen, Cometto and Associates, P.C.

The Board meeting was called to order at 11:56 a.m.

1. In Announcements, Chairman King stated that Treasurer Lawson must leave for another meeting by 12:20 so he would be doing all agenda items that will need voted on while the quorum is in attendance.
2. Chairman King asked for a motion to approve the minutes from the November 20, 2018 meeting. A motion was made by Treasurer Lawson and seconded by Vice-Chairman Keffer to approve the minutes from the November 20, 2018 meeting. Motion put and carried.
3. Mr. Martin asked the Board to reference the updated voucher listing dated today and shown on the screen. Mr. Martin stated that three additional vouchers were added to the listing; voucher 7957 for DK Hauling, Inc. dba Viking Crane in the amount of \$800.00 for crane service for Raw Water Pump replacement; voucher 7958 for Modern Electric in the amount of \$317.00 for replacing and lengthening crane controller cable; and voucher 7959 for Casper Star-Tribune in the amount of \$261.04 for Notice of Final Payment Ad for the Airport Elevated Water Tank Project No. 14-48. 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 December 2018 vouchers. A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to approve the December 2018 voucher list to include voucher numbers 7948 through 7959 in the amount of \$434,500.69. 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 November 2018 was 155 MG, which is 8.7 MG less than the five year average. Mr. Martin stated that year to date production is 1.987 BG.

Mr. Martin stated that Water Revenue for November is \$285,663.

Mr. Martin asked the Board to reference page 2 of the November 2018 Financial Report. Mr. Martin stated that Water Sales are \$3.656 M, which is an increase of \$171,617 due to the rate increase.

Mr. Martin stated that the Total Operating Expenses are \$1,499,162, which is a 6.65% increase over last year. Mr. Martin stated that these expenses include the additional WTP Operator, the increased Interdepartmental Charges, and additional chemical purchases due to the Surface Water Plant being in operation longer this year.

Mr. Martin stated that the Net Operating Income is \$2,157,214.

Chairman King asked for a motion to approve the November 2018 Financial Report as presented. A motion was made by Treasurer Lawson and seconded by Secretary Powell to approve the November 2018 Financial Report as presented. Motion put and carried.

8. In New Business:

- a. Chairman King turned the time over to Ms. Roxy Skogen with Skogen, Cometto and Associates, P.C. for the annual audit presentation.

Ms. Skogen stated that the audit of the FY2018 financials was conducted in accordance with Government Audit Standards. Ms. Skogen stated that they look at the internal controls and compliance, and uniform guidance, which means the Board is receiving Federal Funds, almost \$700,000, through State grants and loans. Ms. Skogen stated that the audit contained no problems, no significant deficiencies or material weaknesses; the reports are what is known as unmodified, which is a clean opinion.

Ms. Skogen stated that when the Feds changed from the old Single Audit to the Uniform Guidance, they have put more restrictions on how you spend the Federal money. Ms. Skogen stated that one of these is that the Board's Procurement Policy must be updated. Ms. Skogen stated that when the Board puts a project out for bid there are new requirements as far as making sure you have a policy in place making sure none of the vendors are on a debarred list and that all the Federal Guidelines are being met. Ms. Skogen stated that because of the amount of Federal dollars that are being received, the policy must be specific to the Federal dollars and how the project is bid out and making sure all the vendors are meeting the standards. Ms. Skogen stated that most of the time the State is involved with the bid process with the larger projects, but the Board policy does need updated.

Ms. Skogen stated that the audit takes the Capital items and record the Capital Assets, and takes the debt, such as loan money from the State, and booking it as a Liability. Ms. Skogen stated that the audit is a complete look at the System as of June 30th.

Ms. Skogen asked the Board to reference page 11 of the FY18 Audit Report. Ms. Skogen stated that Capital Assets is what the Board historically paid for them, and they are being depreciated at varying useful lives. Ms. Skogen stated that for the most part, this is a 50 year system.

Ms. Skogen stated that one of the items that changed in the past year is Cash and Cash Equivalent. Ms. Skogen stated that the amount of cash in the bank was lower than last year due to reserves being used in conjunction with State funds on several of the large projects that have taken place.

Ms. Skogen stated that the overall assets are up almost \$4 M as the reserves are being used to purchase additional Capital Assets.

Ms. Skogen stated that there wasn't a big difference in Debts other than additional proceeds were received on the Emergency Power, and the Backwash System projects, but funds were paid on the obligation to the City of Casper. Ms. Skogen stated that the System remains financially strong, with the Total Net Position

increasing a little over \$2 M from the change between the Assets and the Liabilities.

Ms. Skogen asked the Board to reference page 12 of the audit report. Ms. Skogen stated that this is the Operating Report that shows how the System did with ins and outs. Ms. Skogen stated that this includes the City maintaining and operating the system, as well as the Board's separate accounts, and the recording of Depreciation.

Ms. Skogen asked the Board to reference page 22 of the audit report. Ms. Skogen stated that the largest portion of the assets is made up of capital assets. Ms. Skogen stated that there was an increase in the construction projects of \$6 M. Ms. Skogen stated that construction projects are not depreciated until they are completed.

Ms. Skogen asked the Board to reference page 24 of the audit report. Ms. Skogen stated that this page shows the changes to the Long-Term Debt. Ms. Skogen stated that the Emergency Power Project had an increase in debt to the State of \$1.9 M and the Backwash System \$1.8 M; there was also a decrease of \$1.3 M in principal to the City of Casper loan.

Ms. Skogen offered to answer any questions the Board might have on the report. Ms. Skogen stated that the audit report must be filed with the State by the end of the year. Ms. Skogen also stated that a copy of the audit report will be given to the City of Casper as the RWS is a component unit of the City.

Chairman King asked for a motion to accept the FY18 Annual Audit Report. A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to accept the FY18 Annual Audit Report. Motion put and carried.

Secretary Powell informed staff they did a nice job managing the finances for the WTP.

- b. Mr. Martin stated that loan documents for the Backwash Water Supply Tank Project were executed in August 2015 for \$2.2 M, with an interest rate of 2.5%. Mr. Martin stated that the project is now completed and an interest and principal payment has been made. Mr. Martin stated that with this payment, the Board now qualifies for 25% principal forgiveness in the amount of \$550,000. Mr. Martin stated that the Amended Promissory Note is to establish a new schedule for repayment of the loan principal in the amount of \$1,648,945.20 plus interest, with annual payments to begin on July 15, 2019 in the amount of \$105,775.10.

A motion was made by Treasurer Lawson and seconded by Board Member Walsh to authorize the Chairman to execute an Amended Promissory Note for Wyoming State Loan and Investment Board DWSRF Loan #153, Alternate Backwash Water Supply Project. Motion put and carried.

- c. Mr. Martin stated that the agreement with 71 Construction, Inc. is for repairs to an exposed waterline in the North Platte River. Mr. Martin turned the time over to Mr. Scott Baxter with the City Engineering Department.

Mr. Baxter showed the Board pictures of the exposed waterline and stated that in 2010-2011 there was high water in the North Platte River and at that time serious erosion started along the bank. Mr. Baxter stated that once started, the erosion continued to wash material down the river. Mr. Baxter stated that there are a couple of natural gas pipelines that are slightly higher than the waterline, which started an eddy which caused higher velocity and began to move material and created a hole which eventually exposed the waterline. Mr. Baxter stated that approximately 70-80 feet of the waterline is exposed to the river. Mr. Baxter stated that clearance has been received from the Army Corp. of Engineers to work in the river.

Mr. Baxter stated that the project went out for bid and six bids were received. Mr. Baxter stated that 71 Construction submitted the low bid of \$348,588.71. Mr. Baxter stated that the Engineer's estimate was \$400,000. Mr. Baxter stated that this project includes removal of abandoned natural gas lines that have also been exposed to the river, stabilization and re-sloping of the river bank, replacement of lost material in the river channel to cover the waterline, and re-vegetation of the river bank.

Mr. Baxter recommended approval of the agreement with 71 Construction in the amount of \$348,588.71, with a contingency amount of \$51,411.29 for a total project amount of \$400,000.

Mr. Conner stated that he contacted CEPI to run a water model on the exposed waterline. Mr. Conner stated that this is a 24-inch ductile iron waterline that feeds the western part of town, which includes the Airport, Pioneer, Poison Spider, Vista West, Riverwest, Mt. View, and Paradise Valley. Mr. Conner stated that if the waterline fails, it would be very difficult to keep up with providing water during high demand.

Secretary Powell asked if there is a good estimate of how much material will be needed for the project. Mr. Baxter stated that there is a good estimate on what will be required. Mr. Baxter stated that the main goal is to get the waterline covered.

Treasurer Lawson stated that during the winter, ice flowing in the river will take out the waterline.

Chairman King asked if the removal of Russian olive trees caused the erosion. Mr. Baxter stated that he does not believe so. Mr. Baxter stated that this bank of the river is mainly sand and homeowners in this area told him that they have watched people on jet skis in the river going very fast and the wakes have just

taken down part of the river bank.

A motion was made by Secretary Powell and seconded by Vice-Chairman Keffer to approve the agreement with 71 Construction for the North Platte River Exposed Waterline Stabilization Project No. 17-097 in the amount of \$348,588.71 with a contingency amount of \$51,411.29, for a total project amount of \$400,000. Motion put and carried.

- d. Mr. Baxter stated that Landmark Structures I, L.P. is under contract to construct the new Airport Elevated Water Storage Tank. Mr. Baxter stated that for this project it was planned to make repairs to the access road to the tank, but the road held up fine and no repairs are necessary.

A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to approve Change Order No. 3 with Landmark Structures I, L.P., for a price reduction of \$79,565 for Final Quantity Variations for the Airport Elevated Water Storage Tank Project No. 14-48. Motion put and carried.

Treasurer Lawson left the meeting at 12:21 p.m.

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

Mr. Schroeder stated that last week three Raw Water pumps were pulled; two were replaced with new pumps and one was sent for repairs. Mr. Schroeder stated that the repaired pump should be returned in about a month. Mr. Schroeder stated that the Raw Water Pump House should be in good shape for the summer.

Mr. Schroeder stated that staff will be entering the Filter Clear Wells for inspection over the next week or so. Mr. Schroeder stated that the clear wells are three 100,000 gallon tanks. Mr. Schroeder stated that EPA requires inspection and cleaning of the clear wells every five years. Chairman King asked if divers will be used for the inspection. Mr. Schroeder stated no divers will be used, the tanks will be drained and confined space entry protocol will be used. Mr. Schroeder stated that it can be a dangerous operation and will be completed over the next few weeks.

Mr. Schroeder stated that the Settled Water Chamber will also be inspected.

Mr. Schroeder stated that staff is currently working on upgrades to the Ammonia and Corrosion Inhibitor chemical systems. Mr. Schroeder stated that new pumps and variable frequency drives will be installed by the Instrumentation Technician.

Mr. Schroeder stated that a pre-bid meeting for the SCADA Project was held last week. Mr. Schroeder stated that there was a good turnout for the meeting. Mr. Schroeder stated that bids for the project will be opened next month.

Mr. Schroeder stated that another scheduled power outage will take place tomorrow as

part of the Emergency Generator Project. Mr. Schroeder stated that Rocky Mountain Power will be here to simulate a power outage at the WTP in order to test the generator and put it under load. Mr. Schroeder stated that once the final power outage is done, a tank heater will need to be installed on the fuel tank, and the fuel tank will need to be filled; the project will then be complete.

Mr. Schroeder stated that staff is working on general clean up at the WTP.

Mr. Schroeder stated that chloramine residuals are slowly going up throughout the system.

Board Member Walsh asked for more information on the incident that occurred in Casper not long ago about an issue with the water and the increased pressures. Mr. Schroeder stated that the WTP was very involved with this incident. Mr. Schroeder stated that anytime there is a complaint that someone got sick from the water, staff just jumps on it in a hurry. Mr. Schroeder stated that a homeowner purchased a home test kit to test the water in their home and it came back positive for total coliform. Mr. Schroeder stated that Water Distribution staff went out and did a lot of sampling and the test taken at the homeowner's house came back positive for total coliform. Mr. Schroeder stated that a lot of flushing was done in the area. Mr. Schroeder stated that just because a total coliform test came back positive, it does not mean the water is unsafe to drink as the test is an indicator that there could be a problem. Mr. Schroeder stated that there was never an issue with the water being unsafe. Mr. Schroeder stated that the area was converted to Zone III water in October, and then the area was converted back to Zone II water, which contains a higher disinfection residual, in order to freshen up the water in that part of the distribution system. Mr. Schroeder stated that EPA was contacted to give them an upfront notice of the situation, which they appreciated.

Mr. Conner stated that Mr. Martin was also in contact with the Health Department during the whole incident.

Mr. Conner stated that the area of the incident was served with Zone II water, but was converted to Zone III water, which is in the same area served by the new tank on the south side of town. Mr. Conner stated that the water pressure increased from 45 psi to 105 psi, which is within DEQ regulations. Mr. Conner stated that prior to the conversion, residents in the area were notified of the need to install pressure reducing valves in their home plumbing system.

Secretary Powell asked if the situation was resolved and everyone was happy. Mr. Conner stated that the homeowner was happy with the action taken by City staff to resolve the issue. Mr. Conner stated that numerous samples were pulled from the home and the area over five days and all samples came back negative for total coliform.

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

Mr. Conner stated that a pump at Pioneer Booster was pulled for repairs.

Mr. Conner stated that the nitrification in the system is clearing up and residuals are climbing.

Mr. Conner stated that a second walk through for Westwinds Interchange was completed. Mr. Conner stated there are a few punch list items the contractor needs to address.

Mr. Conner stated that a 16-inch butterfly valve was cut into the RWS line on Salt Creek for the Fullspeed Subdivision tie in.

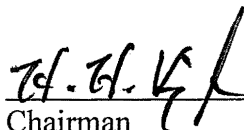
Mr. Conner stated that Distribution staff have been taking contractors to remote sites as part of the SCADA Project.

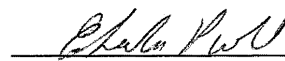
6. There was no Public Comment.
7. There was no Old Business.
 - a. There was no Other Old Business.
8. e. Board Member Johnson was not in attendance at the meeting and was unable to sign his annual banking letter.
 - f. There was no Other New Business.
9. A motion was made by Secretary Powell and seconded by Board Member Walsh to adjourn from Regular Session into Executive Session to discuss potential litigation at 12:37 p.m. Motion put and carried.

A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to adjourn from Executive Session back to Regular Session at 12:48 p.m. Motion put and carried.

A motion was made by Secretary Powell and seconded by Board Member Walsh to have the RWS attorneys move forward with litigation. Motion put and carried.
10. In the Chairman's Report, Chairman King stated that the next regular meeting will be held on January 15, 2019.

A motion was made by Board Member Walsh and seconded by Secretary Powell to adjourn the meeting at 12:49 p.m. Motion put and carried.


Chairman


Secretary