

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

MEETING PROCEEDINGS

February 23, 2021

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, February 23, 2021 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 Waters, and Board Members Cathey (by phone), Freel, and Powell. Treasurer Bertoglio and Board Member Knell were absent.

City of Casper – Cathey (by phone), Freel, Powell, Andrew Beamer, Tom Pitlick, Bruce Martin, Brian Schroeder, Janette Brown, Andrew Colling, Ethan Yonker

Natrona County –

Salt Creek Joint Powers Board – King

Wardwell Water & Sewer District – Keffer

Pioneer Water & Sewer District – Waters

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, P.C. – Williams, Porter, Day & Neville, P.C.

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

1. In Announcements., Mr. Martin stated that Board Member Cathey is participating in the

meeting by telephone.

2. Chairman King asked for a motion to approve the minutes from the January 27, 2021 Regular and Executive meetings. A motion was made by Board Member Freel and seconded by Secretary Waters to approve the minutes from the January 27, 2021 Regular and Executive meetings. Motion put and carried.
3. Mr. Martin informed the Board that no additional vouchers were added to the voucher listing that was sent out in the agenda packet. 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 February 2021 vouchers. A motion was made by Board Member Powell and seconded by Secretary Waters to approve the February 2021 voucher listing to include voucher numbers 8245 through 8250 in the amount of \$356,065.07.

Mr. Martin apologized to the Board and stated that there were in fact two vouchers added to the voucher listing; voucher 8252 for Automation & Electronics, Inc. in the amount of \$35,282.70 for the WTP Raw Water Building MCC's & Switchgear Project, and voucher 8253 for Computer Professionals Unlimited, Inc. in the amount of \$2,499.00 for a Security Camera Replacement.

A motion was made by Board Member Powell and seconded by Secretary Waters to amend the previous motion to approve the February 2021 voucher listing to include voucher numbers 8245 through 8253 in the amount of \$393,846.77, with voucher 8251 to be considered later in the meeting. 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 January 2021 was 156 MG, which is 10 MG less than the five-year average of 166 MG. Mr. Martin stated that year to date production is 2.54 BG, which is 96 MG more than the five-year average of 2.44 BG.

Mr. Martin asked the Board to reference the Income Statement in the monthly compilation.

Mr. Martin stated that Water Utility Charges for FY2021 is \$5.165 M, which is an increase of approximately \$333,000 more than FY2020 due to the water rate increase and higher than average water sales this year.

Mr. Martin stated that Accounting/Audit Services is \$36,000, which is \$6,000 more than last year. Mr. Martin stated that a billing error was made and Skogen and Cometto are refunding the \$6,000.

Mr. Martin stated that Reimbursable Contract Expense is \$2,133,813 which is approximately \$27,000 less than last year. Mr. Martin stated that this due to the timing of chemical purchases.

Chairman King asked for a motion to approve the January 2020 Financial Report as presented. A motion was made by Secretary Waters and seconded by Board Member Powell to approve the January 2020 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 flooding that occurred on the 15th was during a time when the Operator was the only one on duty as it was a City recognized holiday. Mr. Schroeder stated that the main entry heating coil was frozen then thawed and dumped water everywhere. Mr. Schroeder stated that there was extensive damage done and the insurance adjuster will be out tomorrow to look at things. Mr. Schroeder stated that the heating coil will have to be replaced.

Mr. Schroeder stated that a Lead Operator was hired and is scheduled to start on March 15th. Mr. Schroeder stated that the new Lead Operator is moving from Washington. Mr. Schroeder stated that he thinks he will be a great benefit.

Mr. Schroeder stated that the Raw Water Building work continues. Mr. Schroeder stated that the lights were converted to LED. Mr. Schroeder stated that the MCC replacement will start this week. Mr. Schroeder stated that once the work is completed, staff will paint the building. Mr. Schroeder stated that the project should be completed in April.

Mr. Schroeder stated that plans for the HVAC Chiller Replacement should be completed soon.

Mr. Schroeder stated that he would also be giving the Transmission System Update for Mr. Conner.

Mr. Schroeder stated that Water Distribution staff have aligned the pumps at the boosters, completed weekly sampling and checks, tested the backflow preventer at Salt Creek Booster, and serviced fire hydrants.

Mr. Schroeder stated that a crack was found in the Wardwell Tank roof during an inspection. Mr. Martin showed pictures of the roof and stated that it is still under warranty. Mr. Martin stated that HDR is in contact with the contractor to get the roof repaired. Mr. Martin stated that the new crack seems to be in the same area as the original roof. Board Member Powell asked if the crack was caused by the wind again. Mr. Schroeder stated that the crack is in the Southwest corner of the roof, so it is possible.

Mr. Schroeder stated that Water Distribution staff is getting quotes for pump seals at the Wardwell Booster, and Pioneer Tank drain repairs. Mr. Schroeder stated that the tank drain repairs are a requirement of the Bureau of Land Management.

Mr. Schroeder stated that chloramine residuals around town are looking good.

6. There was no Public Comment.

7. In Old Business:

- a. Mr. Martin stated that a couple of months ago a letter was sent to EPA requesting a revised schedule for the UV Disinfection upgrades that they are requiring. Mr. Martin stated that EPA accepted the proposed schedule. Mr. Martin stated that the first step is to complete the preliminary design report by April 30, 2022. Mr. Martin stated that this will be included in the upcoming Capital Budget discussions.
- b. In Other Old Business, Mr. Martin stated that the audit was completed for FY2020 by Skogen and Cometto a few months ago. Mr. Martin stated that a portion of the audit was reviewed by the City auditors, Porter, Muirhead, Cornia & Howard, and a discrepancy was found in the schedule of Expenditures of Federal Awards. Mr. Martin stated that the amounts previously reported included the federal portion of the highest loan balance. Mr. Martin stated that the correct amount reported on the restated Schedule of Expenditures of Federal Awards includes project expenditures incurred under this loan during the current audit period. Mr. Martin stated that Skogen and Cometto have updated their audit report, and they indicated that it does not need to be reapproved. Mr. Martin stated that he wanted to make the Board aware of the reissued report, and that it will be resubmitted to the State.

8. In New Business:

- a. Mr. Martin stated that it is proposed that a change be made to the Regional Water Reserve Policy as it was last revised in 2007. Mr. Martin stated that each year there is a little bit of confusion on the auditors part, as well as for Finance Staff and himself, as it isn't really specific as to where the amounts in the policy come from.

Mr. Martin asked the Board to reference the comparison of the current policy to the proposed revised policy. Mr. Martin stated that the General Operating Reserve in the current policy is 45 days of operating expense from the most recent approved budget. Mr. Martin stated that it is the same for the Emergency Reserve. Mr. Martin stated that in the revised policy, the Operating Reserves and the Emergency Reserves have been combined into one line with a total of 90 days of operating expenses from the most recent approved budget. Mr. Martin stated that it is the same dollar amount in both policies.

Mr. Martin stated that in the current policy there is a line for Water Rights Fund with no specific dollar amount, as funds are contributed annually at the Board's discretion. Mr. Martin stated that funds have not been added to this line in several years. Mr. Martin stated that it is proposed to eliminate this line in the revised policy.

Mr. Martin stated that the Debt Service Fund is tied to loans referenced in the current policy. Mr. Martin stated that one of the loans referenced is for the Revenue Bonds, which are no longer in effect. Mr. Martin stated that the other loans referenced are for the WWDC New Construction and Rehabilitation loans. Mr. Martin stated that it is proposed in the revised policy to change the criteria for the Debt Service Reserve to the greater of one year annual principal payments or loan contract required. Mr. Martin stated that the amount in the current policy is \$381,685; in the proposed policy the amount is \$2,082,197. Mr. Martin stated that in the current policy, the amount changes each month, but with the proposed policy, the amount stays the same for the year.

Mr. Martin stated that the Capital Improvement Reserve in the current policy has no specific dollar amount specified. Mr. Martin stated that in the proposed policy it has been changed to Capital Reserve and the dollar amount is one year depreciation expense taken from the most recent audit. Mr. Martin stated that this changes the amount in the current policy from \$833,228 to \$2,026,703 in the proposed policy.

Mr. Martin stated that the WWDC Restricted amount of \$1,000,000 stays the same. Mr. Martin stated that he has heard from the WWDC that the Board may be able to do away with this requirement, however without anything in writing, staff does not feel comfortable removing it from the Reserve Policy.

Mr. Martin stated that overall, the FY2020 Current Net Assets of \$6,234,370 will not change. Mr. Martin stated that the Total Reserve Requirement in the current policy is \$3,585,360, and the proposed policy is \$5,992,834. Mr. Martin stated that the Undesignated/Unassigned Balance in the current policy is \$2,649,010, and the proposed policy balance of this line would be \$241,536.

Mr. Martin stated that the proposed policy is cleaning up the language in the policy and tying the amounts to a specific amount referenced in the policy. Mr. Martin stated that Mr. Pitlick is in attendance to help answer any questions the Board may have on the proposed policy.

Secretary Waters asked why the Water Rights Fund is being done away with in the proposed policy. Mr. Martin stated that there is no specific amount listed in the policy as to what should be in that line, and no funds have been added to it in several years so it is just sitting there. Mr. Martin stated that it is proposed that the Water Rights Fund be wrapped up in the overall Reserves amount. Mr. Martin stated that the dollar amount would stay in the Reserves Fund. Secretary Waters asked if some water rights become available if the Board would have to readjust the Reserve Funds to purchase them. Mr. Martin stated that funds could be taken from the Undesignated/Unassigned amount, or from Capital Reserve.

Chairman King asked if this policy is still in draft form, or if the Board needs to make a motion on it. Mr. Martin stated that if the Board has no more questions,

or would like any revisions to the proposed policy, staff would like the Board to consider it today.

A motion was made by Board Member Powell and seconded by Secretary Waters to approve the updated Reserve Policy. Motion put and carried.

- b. Mr. Martin stated that the last couple of months the Interest Earned is down significantly compared to the last couple of years. Mr. Martin stated that Mr. Pitlick has investigated other options for investments. Mr. Martin turned the time over to Mr. Pitlick.

Mr. Pitlick stated that the interest return on accounts has been very small lately. Mr. Pitlick stated that he has a couple of options for higher interest returns to present to the Board.

Mr. Pitlick stated that the largest RWS account at Hilltop is the Operations account, which has a return of 0.0007%. Mr. Pitlick stated that the Board earned \$48 in January on the \$6.7 M in the account.

Mr. Pitlick stated that the other accounts are in the same boat. Mr. Pitlick stated that the \$85,000 in the Rate Stabilization Fund earned \$0.61, and the General Reserve Fund with \$7,200 in it earned nothing. Mr. Pitlick stated that the WGIF accounts have \$535,000 and are earning 0.04%, or \$22.

Mr. Pitlick stated that the City of Casper started using WyoStar, which is managed by the State. Mr. Pitlick stated that WyoStar has an interest rate of 0.05%, and WyoStar-2 for long term investments, minimum of \$1,500 for three months, has an interest rate of 0.43%. Mr. Pitlick stated that there is some risk involved with WyoStar, but overall there have been good returns.

Mr. Pitlick stated that he did some comparisons and if the Board had the Hilltop account with WyoStar, they would have received \$333 in interest.

Mr. Pitlick stated that he wanted to bring these options to the Board's attention and see if the Board had any interest in them. Mr. Pitlick stated that the long term investment does not have a real great return. Mr. Pitlick stated that if the Board has any interest in this, he can get the paperwork on it.

Chairman King asked if the current interest rates are an effect of the times. Mr. Pitlick stated that it is, as it has affected the City as well. Mr. Pitlick stated that he prepared this information for last week, and the interest rates are even lower this week.

- c. Mr. Martin stated that last year two wells were rehabilitated. Mr. Martin stated that this year it was budgeted to rehabilitate Casper Well #10 and Casper Well #20 to improve water production from the wells.

Mr. Martin stated that Engineering Associates is the same consultant that has been used for many years for the well rehabilitation. Mr. Martin stated that Watson Well does the actual rehabilitation work on the wells.

Vice-Chairman Keffer arrived at 12:02 p.m.

Board Member Powell asked what is involved with rehabilitating the wells. Mr. Martin stated that the well house pump is removed, the well is surged, and a chemical is injected to remove encrustation on the screens. Mr. Martin stated that once it is completed, new well pumps from inventory will be installed.

Chairman King asked how long it takes to complete the well rehabilitation. Mr. Martin stated that it doesn't take them long at all to complete, usually within two weeks. Mr. Martin stated that this contract stipulates they must be completed by May 31, 2021. Mr. Martin stated that Mr. Colling with City Engineering is in attendance to answer any questions.

A motion was made by Secretary Waters and seconded by Board Member Powell to approve the contract with Engineering Associates for the 2021 Well Rehab, Project No. 20-032 in the amount of \$71,530. Motion put and carried.

- d. Mr. Martin stated that the Board entered into a contract with HDR Engineering for design and construction administration services for the WTP SCADA Improvements, Project No. 17-038 in May 2017. Mr. Martin stated that the contract time was 12 months, but the project took 16 months to complete. Mr. Martin stated that HDR had expended the available design and construction administration budget for the project several months before the completion of construction. Mr. Martin stated that HDR submitted a request to City Staff for a contract amendment in the amount of \$31,336.78 to cover additional costs beyond the original contract amount. Mr. Martin stated that staff was able to negotiate the cost down to \$24,244.78. Mr. Martin stated that most of the cost were associated with HDR's time. Mr. Martin stated that the price was negotiated down due to an agreement that the Instrumentation Engineer fees would not increase.

Secretary Waters asked if the SCADA project is complete. Mr. Martin stated that it is. Secretary Waters asked if this should be the final costs for the SCADA project. Mr. Martin stated that it should be.

A motion was made by Vice-Chairman Keffer and seconded by Secretary Waters to approve Amendment No. 1 to the contract with HDR Engineering for the WTP SCADA Improvements, Project No. 17-038 in the amount of \$24,244.78. Motion put and carried.

- i. Mr. Martin stated that with the approval of Amendment No. 1 for the SCADA Project, funds need reallocated to cover the cost. Mr. Martin stated that a recent estimate shows that there are adequate funds in the

FY21 Roof Replacement Project to accommodate this request without requiring a budget amendment to increase the FY21 budget.

Secretary Waters asked if there was that much excess budgeted for the Roof Project. Mr. Martin stated that based on the recent estimates for the Roof Project, there is that much excess in the budget.

A motion was made by Secretary Waters and seconded by Board Member Freel to approve the Budget Reallocation moving funds from the Roof Project to the WTP SCADA Improvements Project in the amount of \$24,245. Motion put and carried.

- e. Mr. Martin stated that Maguire Iron is under contract for the 2.6M Gallon Tank Roof Replacement. Mr. Martin stated that this change order is for a time extension only, with no increase in cost. Mr. Martin stated that the time extension is due to no DEQ permit to construct in place at this time. Mr. Martin stated that there is a little bit of ambiguity in their contract. Mr. Martin stated that before HDR could submit the final plans to DEQ for consideration of the permit, they needed finalized shop drawings in place and apparently Maguire Iron was not aware of that. Mr. Martin stated that there was a delay in getting the shop drawings to DEQ for the permit. Mr. Martin stated that Maguire Iron is requesting the completion date be moved from January 23rd to June 15th. Mr. Martin stated that this could be a better situation with not replacing the roof in the winter wind with a chance of the tank being caved in. Mr. Martin stated that the coating contractor will also need to come back once the roof is completed and this will put the timeframe into when the weather is a bit better. Mr. Martin stated that staff recommends approval of the change order, and Mr. Colling is in attendance to answer any questions the Board may have on this.

Board Member Powell asked if there were any concerns about working with a company that wouldn't know about the shop drawing submittal. Mr. Colling stated that he thinks that HDR's expectation of Maguire Iron submitting the shop drawings in a timely manner weren't expressed to them and Maguire Iron wasn't entirely clear on the process to get the DEQ permit. Mr. Colling stated that unfortunately, a recent event is that DEQ returned the permit for non-activity. Mr. Colling stated that the permit is in the process of being resubmitted for approval. Mr. Colling stated that Maguire Iron's bid was almost 50% of the bid that was received from the other company. Mr. Colling stated that Maguire Iron is a reputable company, and he thinks it was just a miscommunication between HDR and Maguire Iron. Mr. Colling stated that nevertheless, the project cannot move forward without the permit.

A motion was made by Secretary Waters and seconded by Vice-Chairman Keffer to approve Change Order No. 1 with Maguire Iron, Inc., for a time extension of 143 days for the 2.6M Gallon Tank Roof Replacement Project. Motion put and carried.

- f. Mr. Martin stated that the WTP SCADA Improvements Project is completed, and of the \$1.6 M State SRF loan there was \$173,170.23 not used. Mr. Martin stated that in order to clean up the loan and relinquish the remaining funds to the State to get the loan into repayment status and to apply the loan forgiveness, it is necessary for the Board to relinquish the excess loan funds and pay the interest of \$27,886.64.

Secretary Waters asked with the relinquishment of the remaining balance, and the payment of the interest, the State will give the Board 25% loan forgiveness. Mr. Martin stated that was correct, the State will apply 25% principal forgiveness on this loan once they receive the relinquishment and the interest payment.

A motion was made by Secretary Waters and seconded by Vice-Chairman Keffer to approve relinquishing \$173,170.23 in remaining funds of Loan Number DWSRF #213. Motion put and carried.

- i. Mr. Martin stated that the interest payment for DWSRF #213 could not be placed on the voucher listing for approval as the relinquishment of the excess funds had to be approved first.

A motion was made by Vice-Chairman Keffer and seconded by Board Member Powell to approve voucher 8251 for the Office of State Lands & Investments for DWSRF #213 Loan Interest Payment for the WTP SCADA Improvements Project No. 17-038 in the amount of \$27,886.64. Motion put and carried.

- g. Ms. Brown handed out the annual financial disclosure letters to the Board. Ms. Brown informed the Board the letters must be signed in open session. The financial disclosure letters were completed and signed by the Board members in attendance at the meeting.

- h. There was no Other New Business.

- 9. Chairman King asked for a motion to move into Executive Session to discuss potential property acquisition and potential litigation. A motion was made by Secretary Waters and seconded by Board Member Powell to adjourn into Executive Session at 12:18 p.m. to discuss potential property acquisition and potential litigation. Motion put and carried.

A motion was made by Board Member Freel and seconded by Vice-Chairman Keffer to adjourn from Executive Session at 12:55 p.m. Motion put and carried.

A motion was made by Secretary Waters and seconded by Vice-Chairman Keffer to open the Regular Session at 12:55 p.m. Motion put and carried.

Chairman King stated that the Board discussed sending a letter regarding what was discussed in Executive Session.

A motion was made by Secretary Waters and seconded by Vice-Chairman Keffer to have staff compose a response letter for the Chairman's signature as discussed in Executive Session. Motion put and carried.

10. In the Chairman's Report, Chairman King stated that the next regular meeting would be held on March 16, 2021.

A motion was made by Secretary Waters and seconded by Board Member Freel to adjourn the meeting at 12:56 p.m. Motion put and carried.

Ed. L. King
Chairman

Samuel L. Waters
Secretary