

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

MEETING PROCEEDINGS

April 16, 2019

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, April 16, 2019 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 Freel, Huber, Powell, and Walsh. Treasurer Bertoglio was absent.

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

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 – Williams, Porter, Day & Neville, P.C; Jeff Hohnstein – HOA Solutions

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

1. There were no Announcements.

2. Chairman King asked for a motion to approve the minutes from the March 19, 2019 meeting. A motion was made by Board Member Walsh and seconded by Secretary Waters to approve the minutes from the March 19, 2019 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 one additional voucher was added to the listing; voucher 8010 for HDR Engineering in the amount of \$30,923.89 for the WTP SCADA Improvements 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 April 2019 vouchers. A motion was made by Board Member Walsh and seconded by Board Member Powell to approve the April 2019 voucher list to include voucher numbers 8002 through 8010 in the amount of \$389,249.94. 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 March 2019 was 156 MG, which is 9.7 MG less than the five year average of 165 MG. Mr. Martin stated that year to date production is 2.61 BG compared to the five year average of 2.76 BG.

Mr. Martin asked the Board to reference page 2 of the Financial Report. Mr. Martin stated that year to date Water Sales are \$4,815,171, which is an increase of \$274,949 over last year due to the rate increase.

Mr. Martin stated that the Total Operating Expenses are \$2,348,929, which is a 3.20% 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 past summer season.

Mr. Martin stated that the Nonoperating Expense is \$894,550, which shows a Net Increase in Net Assets of \$1,571,693.

Board Member Powell asked if water production was down due to the weather. Mr. Martin stated that the weather is a contributing factor to the decrease in production.

Chairman King asked for a motion to approve the March 2019 Financial Report as presented. A motion was made by Vice-Chairman Keffer and seconded by Secretary Waters to approve the March 2019 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 Modern Electric is currently on site working on the VFD Project. Mr. Schroeder stated that High Service No. 3 VFD is almost removed. Mr. Schroeder stated that the project is scheduled to be complete and operational at the end of next week. Mr. Schroeder stated that there will be one more original VFD to be replaced.

Mr. Schroeder stated that this VFD replacement will be in the FY2020 budget.

Mr. Schroeder stated that the HVAC system for the WTP was installed in 1998, and there have been numerous failures and issues with the system recently. Mr. Schroeder stated that Long Building Technologies removed the coils that had lost refrigerant, and made repairs. Mr. Schroeder stated that the HVAC system should be fine through the summer, but will need to be replaced next year.

Chairman King asked if there was an estimated cost for replacing the HVAC system. Mr. Schroeder stated that he has contractors working on quotes, but it will cost approximately \$100,000 to replace the HVAC system and valves for the entire WTP.

Board Member Huber arrived at 11:36 a.m.

Mr. Schroeder stated that the surface water plant will be started in the next few weeks in order to test all the systems and get the surface plant ready for the summer season. Mr. Schroeder stated that chemicals have been ordered to start the summer season.

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

Mr. Conner stated that staff has been aligning pumps at the RWS booster stations, and non-draining hydrants are being exercised and drained.

Mr. Conner stated that back flow preventers in the RWS are being tested.

Mr. Conner stated that the check valve at 12 Mile Road needs to be replaced.

Mr. Conner stated that chlorine residuals out in the system are in good shape.

Mr. Conner stated that staff has also been spraying weeds and cleaning the yards at the booster stations.

Chairman King asked if any of the RWS water storage tanks will be cleaned this summer. Mr. Conner stated that he would have to check the tank cleaning schedule.

Mr. Conner stated that the RWS transmission system will be flushed this fall.

Mr. Conner stated that staff is continuing to work on GIS by entering RWS waterlines and valves and updating information.

6. There was no Public Comment.
7. There was no Old Business.
 - a. There was no Other Old Business.
9. In New Business:

- a. Mr. Martin asked the Board to reference the funding agreement with the City of Casper for the 2019 Roof Replacement Project.

Mr. Martin stated that for the last couple of years the RWS has piggy backed on the City roof project contracts. Mr. Martin stated that this year the City has a contract with Limmer Roofing, who was the low bidder, for roofs on various City buildings. Mr. Martin stated that the RWS portion of the contract is a not to exceed amount of \$64,296.67 for the WTP administration area roof replacement. Mr. Martin stated that the contract is between the City and Limmer Roofing, and the funding agreement is for the Board to pay the City their portion of the contract.

Board Member Walsh stated he thought the WTP roof was replaced last year. Mr. Martin stated that a portion of the WTP administration area roof was replaced. He stated that this contract is for the portion of the roof that is over the cargo area where the freight elevator is located. Mr. Schroeder stated that there will be a project in the future for the filter gallery area as it leaks a little bit.

Board Member Huber asked if it would be better to replace the whole roof at once since it is leaking, instead of in pieces. Mr. Schroeder stated that it is better to replace the WTP roof in sections to replace the more critical areas first. Mr. Schroeder stated that the filter gallery has a terrazzo floor and there is water out there all the time. Mr. Schroeder stated that the third floor area leaks, and then leaks into the offices.

A motion was made by Board Member Walsh and seconded by Secretary Waters to approve the contract with the City of Casper for the replacement of a portion of the WTP administration area roof in the amount not to exceed \$64,296.67. Motion put and carried.

- b. Mr. Martin stated that Caisson No. 3 is a good producing well, which produces on average 2 MG per day. Mr. Martin stated that the pump was installed in 2014 and has been in continuous operation ever since. Mr. Martin stated that production started dropping considerably over the past few months. Mr. Martin stated that staff pulled the pump and sent it to Hydro Inc. to diagnose the reason for the failure. Mr. Martin stated that Hydro Inc. discovered that the bowl assembly and the bronze impeller were wore to the point of failure and need rebuilt. Mr. Martin showed the Board pictures of the bowl impeller.

Mr. Martin stated that the pump can be rebuilt to better than new specifications with an upgraded stainless steel impeller and refurbished bowl assembly for a cost of \$27,771, the cost of a replacement pump would be approximately \$65,000.

Mr. Martin stated that Hydro Inc. recently rebuilt the Raw Water pump with good results.

Board Member Powell asked if this was normal wear and tear on the pump. Mr. Martin stated that there has been some variables, but the pump has seen tremendous use.

Board Member Huber asked if the motor for the well pump will be rebuilt at the same time. Mr. Schroeder stated that whenever a well pump is rebuilt, the motor is also pulled and rebuilt.

A motion was made by Board Member Huber and seconded by Vice-Chairman Keffer to approve the professional services agreement with Hydro Inc. for the refurbishment of the Caisson No. 3 pump in the amount of \$27,771. Motion put and carried.

- c. Chairman King recused himself from the discussion of the 2019 Choice Gas selection as he is the Chairman for the Wyoming Community Gas Board.

Mr. Martin stated that each year at this time the Board has to decide on a natural gas supplier. Mr. Martin stated that Ms. Brown gathered the information from the different suppliers for the Board to discuss and select. Mr. Martin stated that for the past several years the Board has gone with the Regulated Pass-On Rate.

Board Member Powell asked how much the Board would save with staying on the Pass-On Rate. Mr. Martin stated that staff has not put the numbers together, but the Board has saved a lot in the past. Vice-Chairman Keffer stated that the Board has seen a fairly significant savings in previous years by using the Pass-On Rate.

Mr. Martin stated that Treasurer Bertoglio has expertise in the natural gas field and stated his recommendation would be to stay with the Pass-On Rate.

A motion was made by Vice-Chairman Keffer, and seconded by Board Member Freel to stay with the Pass-On Rate for the 2019 Choice Gas Selection. Motion put and carried.

- d. Mr. Martin asked the Board to reference the FY2020 Preliminary Budgets shown on the screen. Mr. Martin stated that every March the Board reviews the upcoming Capital Projects; in April the Board reviews the preliminary budgets; in May the Board will review the preliminary Wholesale Water Rate; then in June the Board will consider and approve the final budgets and wholesale water rate.

Mr. Martin stated that only critical and higher dollar line items will be discussed. Mr. Martin stated that many Operations Budget line items will be status quo, or close to the FY19 budget. Mr. Martin stated that increases will be seen in the areas of personnel costs, equipment repair and supply costs, safety equipment costs, and laboratory supply costs.

Mr. Martin stated that an increase in the Agency Budget revenues is anticipated to come from a proposed rate increase, increased system investment charge fees, and

a slight increase from investment interest.

Mr. Martin reviewed the following preliminary budgets:

WTP Operations Budget

Personnel Services

- a) Personnel Costs - \$1,070,500 – This represents a \$19,735 increase over the FY19 budget. Personnel budget increases include increased health insurance costs, step increases, and increases in standby pay and clothing allowances.

Contractual Services

- a) Lab Testing - \$46,500 – This represents a decrease of \$10,000 from the FY19 budget. The WTP is not required to participate in any UCMR testing this year.
- b) Refuse Collection - \$40,000 – No change from the FY19 budget. This line item is mainly for sludge disposal. The two backwash water ponds and the two Actiflo sludge ponds are cleaned yearly.

Board member Huber asked what makes up the sludge. Mr. Schroeder stated that the sludge is mostly river silt and coagulant.

- c) Equipment Repairs - \$50,000 – This represents a \$5,000 increase over the FY19 budget. The primary reason for this increase is aging equipment and increased cost of repair.
- d) Maintenance Agreements - \$31,049 – This represents a slight increase of \$735 from the FY19 budget. This line item covers agreements with outside service providers for items such as HVAC, instrumentation, elevator, chiller, chloramine analyzers, fire sprinkler system, and work order system that are beyond the expertise and/or certification of the WTP staff.
- e) Interdepartmental Services - \$252,311 – This is a decrease of \$3,690 from the FY19 budget. This line item covers the salary and benefits for two Utility Workers assigned to Water Distribution but paid by the WTP Operations Budget. Also covered in this line are costs associated with Information Technology, Finance, Human Resources, City Council, City Manager, and City Attorney services.
- f) Insurance & Bonds - \$22,099 – This is a decrease of \$88 from the FY19 budget.

- g) Energy – Electricity - \$854,760 – No change from the FY19 budget as no rate increase is expected from Rocky Mountain Power.
- h) Energy – Natural Gas - \$50,000 – No change from the FY19 budget.

Materials and Supplies

- a) Chemicals - \$750,000 – This amount is unchanged from the FY19 budget.
- b) Other Materials and Supplies - \$67,785 – This represents an increase of \$24,785 over the FY19 budget. This line item covers office supplies, safety equipment, machinery supplies, and laboratory supplies. The major increases for FY20 include safety supplies to meet OSHA requirements, and lab supplies related to the EPA mandated total chlorine analyzers.
- c) Booster Station Supplies - \$15,000 – This amount is unchanged from the FY19 budget. These are costs associated with repairs at the RWS booster stations.
- d) Bulk Fuel - \$10,000 – This amount is unchanged from the FY19 budget and is the line item that will be used for purchasing fuel for the new emergency generator.

Chairman King asked if Mr. Martin thought that much fuel would be needed for the emergency generator. Mr. Martin stated that this is just the budget figure; it is unknown at this time if this amount is too high or too low.

Summary

This budget is a break-even budget in that it covers reimbursement to the City from the RWS for operation, maintenance, and management of the Regional Water System.

The FY20 Operations Budget is 0.5% greater than the FY19 Operations Budget. In large part, the increase is a result of increased personnel costs, equipment repair and supply costs, and laboratory supply costs.

Agency Budget

Revenue

- a) Water Rate Revenue - \$7,245,166 – This reflects an increase of \$315,722 over the FY19 budget. Mr. Martin stated that this figure depends on the rate increase approved by the Board.

- b) Interest on Investments - \$70,000 – This is an increase of \$53,000 from the FY19 budget based on data from previous years.
- c) System Development Charges - \$245,000 – This is a \$146,500 increase from the FY19 budget. The SIC rates recommended from the recent cost of services and SIC study went into effect January 1, 2019.
- d) State Loans - \$1,300,000 – This is the Drinking Water State Revolving Fund Loan for the PLC/SCADA Upgrade Project. Mr. Martin stated that this loan revenue will be spread across multiple fiscal years.

Personnel

None – The RWSJPB contracts with the City for all management, operation, and maintenance of the Regional Water System.

Contractual Services

- a) Consulting Fees - \$15,000 – This amount for outside consulting work is unchanged from the FY19 budget.
- b) Legal Fees - \$30,000 – This is a \$15,000 increase from FY19 due to anticipated increased legal representation needs.
- c) Accounting & Auditing - \$32,000 – This is a \$1,000 increase from FY19 and is based on the Audit Engagement Agreement with Skogen, Cometto & Associates P.C. for Auditing Services for FY2019 and FY2020.
- d) Insurance & Bonds - \$92,023 – No change from the FY19 budget.
- e) Travel & Training - \$2,000 – This is for RWS Board travel and training. The amount is unchanged from FY19.

Debt Service

- a) Principal Payments - \$2,086,798 – This reflects the Principal for the City Loan to the RWS which occurred in FY12, two WWDC loans, and four DWSRF loans per the amortization schedules:
 - City Loan - \$ 1,393,925
 - WWDC (New Construction) - \$ 335,032
 - WWDC (Rehabilitation) - \$ 107,001
 - DWSRF Loan #115 (Emergency Power) - \$ 96,211
 - DWSRF Loan #129 (Zone IIB Imp.) - \$ 23,042
 - DWSRF Loan #153 (Backwash Tank) - \$ 65,116
 - DWSRF Loan #213 (PLC/SCADA) - \$ 66,471

- b) Interest Expense - \$483,778 – This reflects the interest expense for the City Loan to the RWS, two WWDC loans, and four DWSRF loans per the amortization schedules:

• City Loan	- \$ 141,599
• WWDC (New Const.)	- \$ 160,897
• WWDC (Rehab.)	- \$ 51,386
• DWSRF Loan #115 (Emergency Power)	- \$ 56,314
• DWSRF Loan #129 (Zone IIB Imp.)	- \$ 11,828
• DWSRF Loan #153 (Backwash Tank)	- \$ 25,590
• DWSRF Loan #213 (PLC/SCADA)	- \$ 36,164

Capital – New

- a) Buildings - \$147,000 – This is for a Filter Monorail Hoist Safety System. This project will install a hoist safety system for confined space entry into the filters for maintenance.
- b) Improvements Other Than Buildings - \$51,000 – This covers the following:
- Plant Landscaping – \$20,000 - This project will install an irrigation system and landscaping at the WTP.
 - Caisson Well Variable Frequency Drives - \$31,000 – This project will be to install VFD's on five ground water wells to allow for optimized flow control directly from the WTP control room.
- c) Light Equipment - \$10,000 – This is for shop tools and equipment needed for in-house WTP maintenance and repair.

Capital – Replacement

- a) Buildings - \$135,000 – This is for the following:
- Security - \$35,000 – This is an on-going project for additional security upgrades and door replacements at the Raw Water and Ozone buildings.
 - Roof Replacement - \$80,000 – This is to replace the roofing systems at Raw Water, and Pioneer and Airport Booster Stations.
 - Coating System Rehabilitation - \$20,000 – This will be for building and external pipe recoating.
- b) Improvements Other Than Buildings - \$890,000 – This includes the following:
- Major Equipment Replacements - \$75,000 - This is for unanticipated equipment replacements during the year.

- Groundwater Well Turbidimeter Repl. - \$30,000 - The RWS has 29 wells. Turbidimeters on each well were a requirement of EPA for their approval of Riverbank Filtration as a GWUDI alternative filtration technology in 2005. The existing turbidimeters are no longer supported by the vendor and replacement parts are difficult to obtain.
- Well Pumps - \$45,000 – This will purchase three spare well pumps for the wellfield. Twenty-six of the wells use the same pump. It is important to have spare well pumps in inventory because of the long lead time needed for their purchase.
- Mag Meter Replacements - \$50,000 – There are multiple mag meters throughout the RWS that are failing and/or are no longer supported.
- Well Rehabilitation - \$100,000 - The RWS has 29 wells in the Ft. Caspar and Dempsey Acres wellfields. Every two – three years monies are allocated to rehabilitate two wells to achieve higher yields and clean the well screens of incrustation. This is cost effective as well water is considerably less expensive to treat than surface water.
- 48” Well Water Pipe Restraint - \$16,000 – This project is to install pipe restraints on the well water pipe in the ozone building where movement has been identified.
- Actiflo Hydrocyclone Improvements - \$56,000 – This project is to refurbish the Actiflo Hydrocyclone system.
- Ozone Heat Rejection and Cooling Water Pump Replacements - \$33,000 – There are three heat rejection, and three cooling water pumps on the ozone system. This will be a three year project to replace one of each pump per year.
- WTP Admin Area Carpet Replacement - \$22,000 – This project is to replace the carpet in the WTP Administration area.
- Raw Water Switch Gear and VFD Replacements - \$200,000 – This will replace the electrical switchgear in the raw water pump station as well as add VFD’s for pump control. This project has been re-budgeted from FY19.
- Ground Water High Service Pump VFD Replacement - \$100,000 – This will replace the existing 20 year old VFD.
- HVAC System Pump and Valve Replacement – \$50,000 – This project is to replace failing pumps and valves on the WTP building HVAC system.
- Actiflo Gate Actuator Replacement - \$8,000 – This project is to replace the existing manual actuators with automatic actuators.
- Gravity Filter Particle Counter Replacements - \$30,000 – This project is to replace the six existing counters that have failed.
- Gravity Filter Level Indicators - \$15,000 – This project is to replace the six existing level indicators that have failed.
- GW System Hydrogen Peroxide Pumps and VFD’s - \$10,000 – This project is to upgrade the hydrogen peroxide system with new pumps and VFD’s.

- LOX System Heater Replacement - \$50,000 – This project is to replace one LOX system heater and burst disc. There are two of these systems, both at the end of their life. One system was replaced in FY19 and one is scheduled to be replaced in FY20.

c) Intangibles – None this year.

d) Light Equipment – None this year.

e) Technologies - \$6,000 – This for replacement computers at the WTP.

Summary

Staff considers the budgeted requests for both operational and capital to be responsible expenses for meeting the Regional Water System's public health and regulatory responsibilities.

The FY20 capital budget is aggressive. Close attention will have to be paid to the cash flow as the fiscal year progresses.

Mr. Martin stated that the final budget will be brought to the Board at the June meeting, and offered to answer any questions the Board might have on the preliminary budgets.

Chairman King asked how much movement was detected in the water pipes in the Ozone building. Mr. Martin stated that approximately ½-inch of movement was detected.

Board Member Powell asked where staff had difficult decisions to make when putting the budget together. Mr. Martin stated that deciding which capital projects were of higher priority is always difficult, as they are all critical.

Chairman King thanked Mr. Martin for the preliminary budget presentation.

- e. Ms. Brown explained to Vice-Chairman Keffer and Board Member Walsh that the annual banking letters are the annual financial disclosure required by the State and must be signed by Board Members during open session.

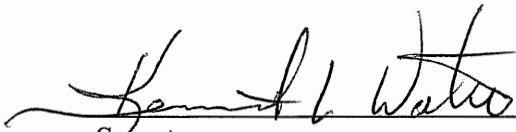
The annual banking letters were signed by Vice-Chairman Keffer and Board Member Walsh at the meeting on this date during open session and are incorporated as part of these minutes.

- f. There was no Other New Business.

10. In the Chairman's Report, Chairman King stated that the next regular meeting will be held on May 21, 2019.

A motion was made by Secretary Waters and seconded by Board Member Powell to adjourn the meeting at 12:09 p.m. Motion put and carried.


Chairman


Secretary