

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

MEETING PROCEEDINGS

April 20, 2021

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, April 20, 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, Treasurer Bertoglio, and Board Members Cathey, Freel, Knell, and Powell.

City of Casper – Cathey, Freel, Knell, Powell, Andrew Beamer, Jill Johnson, Bruce Martin, Brian Schroeder, Seth Van Wyck, Janette Brown, Andrew Colling

Natrona County – Bertoglio

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.; John Naquin

The Board meeting was called to order at 11:33 a.m.

1. There were no Announcements.

2. Chairman King asked for a motion to approve the minutes from the March 23, 2021 Regular and Executive meetings. A motion was made by Board Member Knell and seconded by Secretary Waters to approve the minutes from the March 23, 2021 Regular and Executive meetings. Motion put and carried with Treasurer Bertoglio and Board Member Powell abstaining from the vote.
3. Mr. Martin informed the Board that two additional vouchers were added to the voucher listing that was sent out in the agenda packet: Voucher 8281 for KROHNE Inc. in the amount of \$9,153.82 for Groundwater Well Turbidimeters; Voucher 8282 for Automation & Electronics, Inc. in the amount of \$20,356.20 for the WTP Raw Water Building MCC's & Switchgear Replacement, Project No. 18-078. 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 2021 vouchers. A motion was made by Secretary Waters and seconded by Vice-Chairman Keffer to approve the April 2021 voucher listing to include voucher numbers 8270 through 8282 in the amount of \$348,772.75. 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 2021 was 179 MG, which is 15 MG more than the five-year average of 164 MG. Mr. Martin stated that year to date production is 2.88 BG, which is 122 MG more than the five-year average of 2.75 BG.

Board Member Freel arrived at 11:33 a.m.

Mr. Martin asked the Board to reference the Balance Sheet in the monthly compilation. Mr. Martin stated that the Total Fund Balance is \$38.5 M. Mr. Martin stated that this includes \$30.7 M in Net Investment Capital Assets, \$1 M in Restricted Reserves for the WWDC Reserve Requirement, and \$6.7 M in Unrestricted Net Position, of which \$5 M is designated per the Reserve Policy, leaving \$1.7 Undesignated. Mr. Martin stated that if you take out the pre-paid expenses and inventory, it leaves approximately \$1.3 M in Undesignated funds.

Mr. Martin stated that Water Utility Charges for FY2021 is \$5,836,881, which is an increase of approximately \$415,734 more than FY2020 due to the water rate increase and higher than average water sales this year.

Mr. Martin stated that Reimbursable Contract Expense is \$2,520,850, which is approximately \$10,000 less than last year. Mr. Martin stated that this due to the timing of chemical purchases, and is right about where staff expected it to be.

Chairman King asked for a motion to approve the March 2021 Financial Report as presented. A motion was made by Vice-Chairman Keffer and seconded by Secretary Waters to approve the March 2021 Financial Report as presented.

Board Member Powell asked if the Board is on track to save funds for the upcoming UV Project. Mr. Martin stated no, the Board is not on track to have the funds for the UV project, but that will be reviewed during the rate model discussion for long-term planning in the next couple of months.

Motion put and carried.

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

Mr. Schroeder stated that he will give the update for Water Distribution first. Mr. Schroeder stated that the Wardwell Tank roof has been repaired and is back in service.

Mr. Schroeder stated that the Water Distribution staff has been working on the pumps at the Pioneer and Mountain View Boosters.

Mr. Schroeder stated that Water Distribution staff took the Sandy Lake Tank out of service to be cleaned, and also replaced the tank mixer. Mr. Schroeder stated that the tank is back in service at this time.

Mr. Schroeder stated that Water Distribution staff has the seeding for the Pioneer Tank drain, but is waiting on the weather to be better before they spread it.

Mr. Schroeder stated that the chloramine residual in the distribution system is in good shape.

Mr. Schroeder stated that testing of the Raw Water MCCs was completed and the contractor was granted substantial completion. Mr. Schroeder stated that the pumps were run as part of the testing, and everything came on. Mr. Schroeder stated that there is just a little bit of work left to do.

Mr. Schroeder stated that he has been ordering chemicals so the tanks are all full when the surface water plant is turned on.

Mr. Schroeder introduced Mr. Seth Van Wyck, who is the new Lead Operator.

Mr. Schroeder stated that there are several retirements that will be taking place in the near future. Mr. Schroeder stated that Danny Tanner, Operator, will be retiring on May 3rd, and Debbie Williams, Admin. Assistant, will be retiring on Thursday. Mr. Schroeder stated that he is also retiring at the end of this week and this is his last Board meeting.

Board Member Powell asked how many years Mr. Schroeder has worked at the WTP. Mr. Schroeder stated that he has been at the WTP for 30 years. The Board thanked Mr. Schroeder for his 30 years of service and for the great work he has done over the years.

6. There was no Public Comment.

7. In Old Business:

- a. Ms. Brown handed out the annual financial disclosure letter to Treasurer Bertoglio. Ms. Brown informed him the letter must be completed and signed in open session. The financial disclosure letter was completed and signed by Treasurer Bertoglio.
- b. There was no Other Old Business.

8. In New Business:

- a. Mr. Martin stated that West Plains Engineering is under contract for the design of the WTP HVAC Chiller Replacement Project. Mr. Martin stated that the project consists of the full removal and replacement of the chiller, evaporative refrigerant condenser, chilled water system pumps, hot water heating system pumps, and system controls.

Mr. Martin stated that along with these parts of the system is the Building Management System (BMS), which is the main control panel that handles all the controls for the full system. Mr. Martin stated that the BMS is antiquated, and it is proposed to replace it at the same time as the HVAC system is replaced. Mr. Martin stated that this amendment is to include the design of the BMS in the amount of \$10,600. Mr. Martin stated that this will increase the total contract amount for design to \$21,550. Mr. Martin stated that this project was budgeted in the FY21 budget. Mr. Martin stated that replacement of the HVAC system will take place this fall.

Mr. Martin stated that Mr. Andrew Colling, with the City Engineering Department is in attendance today to answer any questions the Board may have on this amendment.

A motion was made by Board Member Powell and seconded by Treasurer Bertoglio to approve Amendment No. 1 to the contract with West Plains Engineering, Inc. for the design of the WTP HVAC Chiller Replacement, Project No. 20-030 in the amount of \$10,600, which increased the total design contract amount to \$21,550. Motion put and carried.

- b. Mr. Martin stated that in September 2018 the Board and the Office of State Lands and Investments (OSLI) executed a Drinking Water State Revolving Fund (DWSRF) Loan Agreement in the amount of \$1.6 M for the WTP SCADA Improvements, Project No. 17-038. Mr. Martin stated that the project has been completed and at a meeting held in February the Board approved relinquishment of \$173,170.23 in remaining funds and an initial interest payment of \$27,886.64.

Mr. Martin stated that with the interest payment, OS LI awarded Principle Forgiveness in the amount of \$356,707.54 and has drafted an amended promissory note to establish a new schedule for the repayment of the principle in

the amount of \$1,070,122.23 plus interest at the rate of 2.5% per annum. Mr. Martin stated that this will put the loan into repayment with annual payments of \$68,645.27.

A motion was made by Treasurer Bertoglio and seconded by Secretary Waters to approve the Amended Promissory Note for DWSRF213 with a loan balance of \$1,070,122.23. Motion put and carried.

- c. Mr. Martin stated that at the meeting last month the Board discussed audit services for FY2021 and FY2022. Mr. Martin stated that the Board asked staff to request a proposal from Skogen, Cometto & Associates P.C. for the audits. Mr. Martin stated that the proposal from Skogen, Cometto & Associates P.C. is before the Board today for consideration.

Mr. Martin stated that the proposal is the same price as the last two years, \$30,000 per year, for a total of \$60,000 for FY2021 and FY2022. Mr. Martin stated that after the discussion last month about the costs for audits that were done for other entities by different auditing firms, he feels this is a fair deal.

A motion was made by Treasurer Bertoglio and seconded by Vice-Chairman Keffer to approve the Audit Engagement Agreement with Skogen, Cometto & Associates P.C. for Auditing Services for FY2021 and FY2022 in the amount of \$30,000 per year, with a total amount of \$60,000.

Chairman King stated that he feels this is a good choice as Skogen, Cometto & Associates P.C. knows the Board's system and has treated the Board fairly in the past.

Motion put and carried.

- d. Chairman King stated that he is the Chairman of Wyoming Community Gas and will be abstaining from the discussion on Choice Gas Selection, and turned the time over to Mr. Martin.

Mr. Martin asked the Board to reference the chart for Choice Gas on the screen. Mr. Martin stated that the blue column on the top is actual costs from 2020 with the Pass-On Rate, and the other columns are the same usage with pricing from the different natural gas suppliers. Mr. Martin stated that the last column on the bottom is the Pass-On Rate. Mr. Martin stated that the Board has been on the Pass-On Rate for several years.

Treasurer Bertoglio stated that on the natural gas bills there are supply costs, which is the Choice Gas cost, and then there are distribution costs. Treasurer Bertoglio stated that the distribution costs have to be added to the price of the various suppliers. Treasurer Bertoglio stated that the Pass-On Rate is the actual total cost. Treasurer Bertoglio stated that if you strip the supply cost out of it, the

cost drops almost in half.

Treasurer Bertoglio stated that he has tracked Choice Gas since it started, and it is getting less and less transparent to people, as they are getting less information out. Treasurer Bertoglio stated that it is difficult to find the CIG Index now. Treasurer Bertoglio stated that the adder on the CIG has 3-5¢ profit.

Treasurer Bertoglio stated that you can't go from January to December because it crosses two periods. Treasurer Bertoglio stated that the Fixed Price changes in that period, from January to May 31st, then from June to December 31st is a different price. Treasurer Bertoglio stated that a good example is that right now Black Hills Energy is quoting 37.2 for the period June 1st to May 31st and the Pass-On is 34.56. Treasurer Bertoglio stated that the Pass-On Rate very rarely exceeds this price, which is based on projections, while the others have a cushion to make money. Treasurer Bertoglio stated that with the price fight that we saw this winter there might be a slight balancing of the Fixed Rates. Treasurer Bertoglio stated that in general with the Pass-On Rate, it will typically beat the Fixed Rates by 10 – 30 %.

Board Member Knell asked what is the best way to go. Treasurer Bertoglio stated that the Pass-On Rate works the best for 99% of the people as there is no profit in it, and they have to go before the Public Utilities Commission to set their prices every three months, and they have to document where they got the gas. Treasurer Bertoglio stated that for the average user, the Pass-On Rate has saved them 20% consistently, except for one year. Treasurer Bertoglio stated that the Pass-On Rate gives the best protection from crazy pricing.

Board Member Cathey asked Treasurer Bertoglio if approximately \$20,000 of the \$42,000 that was spent last year is the distribution charge that needs to be added to the pricing of all the others. Treasurer Bertoglio stated that was correct.

Board Member Knell stated that the distribution charge is almost equal to the cost of the gas. Treasurer Bertoglio stated that was correct. Board Member Knell asked if all the rest of the suppliers then have to pay Black Hills for the distribution on top of the gas price. Treasurer Bertoglio stated that was correct.

Treasurer Bertoglio stated that if you have to pick one, Wyoming Community Gas and Black Hills Energy have the best pricing.

A motion was made by Board Member Powell and seconded by Secretary Waters to stay with the Pass-On Rate for the Choice Gas Selection for 2021. Motion put and carried.

- e. Mr. Martin stated that this month the Board will review the Preliminary Budget for FY2022, and then in June it will be brought back to the Board for approval. Mr. Martin stated that the Board reviewed the capital projects in detail last month.

Mr. Martin informed the Board they could ask questions at any time during the review of the budgets.

Mr. Martin stated that staff has made serious efforts to maintain the Operations budget at FY21 levels. Mr. Martin stated that the RWS Agency Budget is driven by new and replacement capital projects more than by operational expenditures.

Mr. Martin stated that many Operations Budget line items will be status quo, or close to the FY21 budget; however, increases will be seen in the areas of personnel, chemicals, maintenance agreements, and refuse collection.

Mr. Martin stated that an increase in the Agency Budget revenues is anticipated to come from a proposed rate increase.

Mr. Martin stated the new and replacement capital expenditures in the Agency Budget generally follow the WTP capital improvement plan and recommendations in the facilities plan completed in 2017. Mr. Martin stated that the FY22 capital budget is slightly higher than that of FY21.

Water Treatment Plant Operations Budget

Personnel Services

- a) Personnel Costs - \$1,099,045 – This represents an increase of \$40,353 over the FY21 budget. Health insurance costs have increased, no furloughs are anticipated, and no COLA has been included in the FY22 budget.

Board Member Knell asked if the salaries for the positions of the three retirees will stay the same. Mr. Martin stated that the salaries for the people filling those positions will be lower as they will start at the bottom of the pay scale for each position.

Materials and Supplies

- a) General Supplies and Materials - \$125,500 – This amount is unchanged from the FY21 budget. The General Supplies and Materials line includes office supplies, safety equipment, machinery supplies, booster station supplies, well field supplies, and laboratory supplies.
- b) Chemicals - \$800,000 – This is an increase of \$50,000 from the FY21 budget. The increase covers an increase in chemical costs and associated charges such as fuel and truck cleaning charges.

Treasurer Bertoglio asked if staff is seeing large increases in chemicals. Mr. Martin stated staff has not seen large increases in chemicals yet. Treasurer Bertoglio stated that there has been substantial increases in PVC and steel.

- c) Postage and Printing - \$1,950 – This amount is unchanged from the FY21 budget.
- d) Electricity - \$855,500 – This amount is unchanged from the FY21 budget. Electric usage is greatly dependent upon summertime water sales.
- e) Natural Gas - \$50,000 – This amount is unchanged from the FY21 budget.
- f) Bulk Fuel - \$10,000 – This amount is unchanged from the FY21 budget. Mr. Martin stated that this fuel is for the emergency generator.
- g) Maintenance/Repair (non-contract) - \$50,000 – This amount is unchanged from the FY21 budget.
- h) Employee Uniforms - \$1,000 – This amount is unchanged from the FY21 budget.

Contractual Services

- a) Professional Services - \$8,000 – This amount is unchanged from the FY21 budget. This line is used for instrumentation and controls maintenance and repairs.
- b) Maintenance Agreements - \$43,400 – This represents a \$15,000 increase from the FY21 budget. This line item covers agreements with outside service providers for such items 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. The ozone monitors will require outside service this FY, which is anticipated to be a \$15,000 expense.
- c) Lab Testing - \$46,500 – This amount is unchanged from the FY21 budget.
- d) Laundry and Towel Service - \$2,000 – This amount is unchanged from the FY21 budget.
- e) Interdepartmental Services - \$286,004 – This is a decrease of \$346 from the FY21 budget. These amounts are calculated by the City Finance Department and are based on the number of employees and/or amount of work/work orders that are generated for the division, and on General Fund budgets.
 - \$19,024 – Information Technology – Increase of \$2,189
 - \$21,466 – Finance – Decrease of \$7,637
 - \$11,951 – Human Resources – Increase of \$409
 - \$5,479 – City Council – Increase of \$336
 - \$21,165 – City Manager – Increase of \$5,037
 - \$11,854 – City Attorney – Decrease of \$680
 - \$195,065 – WDG Personnel – No Change

Board Member Knell asked if the budgets will be tightened up before June. Mr. Martin stated that the budgets will be finalized before approval in June. Mr. Martin stated that these various departments do their budgets and are then allocated out for the Fiscal Year.

Other Costs

- a) Travel/Training - \$4,000 – This amount is unchanged from the FY21 budget.
- b) Insurance & Bonds - \$27,390 – This is a \$31 increase from the FY21 budget. This line item covers liability insurance, etc. for the eleven WTP employees who are City of Casper employees.
- c) Advertising - \$900 – This amount is unchanged from the FY21 budget.
- d) Dues and Subscriptions - \$1,200 – This amount is unchanged from the FY21 budget.

Utility Costs

- a) Communication - \$2,200 – This amount is unchanged from the FY21 budget.
- b) Refuse Collection - \$60,000 – This is an increase of \$20,000 from the FY21 budget. This line item is mainly for sludge disposal. The two backwash water ponds and the two Actiflo sludge ponds are cleaned yearly. Waste sludge capacity in these ponds is critical to the operations of the surface water treatment plant. In addition to the ponds, there is material in the drying area that needs to be disposed of.
- c) Sewer - \$400 – This amount is unchanged from the FY21 budget.

Summary

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

The FY22 Operations Budget is 3.8% greater than the FY21 Operations Budget. The increases are attributable to a slight increase in personnel costs, an increase in chemical costs, the addition of ozone monitor service maintenance agreements, and an increase to refuse collection.

Central Wyoming Regional Water System Agency Budget

Revenue

- a) Water Rate Revenue - \$7,763,361 – This reflects an increase of \$443,497 over

the FY21 budget. These revenues are proportioned to each wholesale entity based on the July 2019 – June 2020 percentage of RWS production based on a five-year average of total RWS production. Mr. Martin stated that the rate model discussion will be held next month, and staff will be recommending a 5% rate increase.

- b) Interest on Investments - \$20,000 – This is a decrease of \$60,000 from FY21 based on data from the previous year.
- c) System Development Charges (SIC) - \$245,000 – This amount is unchanged from the FY21 budget. The SIC rates recommended from the recent cost of services and SIC study went into effect January 1, 2019.

Contractual Services

- a) Consulting Fees - \$15,000 – This amount for outside consulting work is unchanged from the FY21 budget.
- b) Legal Fees - \$30,000 – This amount is unchanged from the FY21 budget.
- c) Accounting & Auditing - \$32,000 – This amount is unchanged from the FY20 budget and is based on the Audit Engagement Agreement with Skogen, Cometto & Associates P.C. for Auditing Services for FY2021 and FY2022. This also includes the BusinessWorks annual update and checks.
- d) Insurance & Bonds - \$106,000 – This is an increase of \$6,000 from the FY21 budget.
- e) Travel & Training - \$2,000 – This amount is unchanged from the FY21 budget. This is for RWS Board travel and training.

Treasurer Bertoglio asked if the Board has insurance under WARM. Mr. Martin stated that the RWS is not covered under WARM. Treasurer Bertoglio stated that if a certain percentage of revenue is made up from one entity, it could be considered a part of that entity. Ms. Johnson stated that it would be considered a component unit. Mr. Martin stated that as part of one of the agreements between the City and RWS, the Board would carry separate insurance.

Mr. Martin introduced Ms. Jill Johnson, the new City Finance Director to the Board.

Debt Service

- a) Principal Payments - \$2,150,649 – 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 - \$1,429,176
- WWDC (New Construction) - \$ 348,434
- WWDC (Rehabilitation) - \$ 111,281
- DWSRF #115 (Emerg. Power) - \$ 101,014
- DWSRF #129 (Zone IIB Imp.) - \$ 24,220
- DWSRF #153 (Backwash Tank) - \$ 70,053
- DWSRF #213 (PLC/SCADA) - \$ 66,471

b) Interest Expense - \$436,647 – 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 - \$ 106,349
- WWDC (New Construction) - \$ 147,496
- WWDC (Rehabilitation) - \$ 47,106
- DWSRF #115 (Emerg. Power) - \$ 51,511
- DWSRF #129 (Zone IIB Imp.) - \$ 10,650
- DWSRF #153 (Backwash Tank) - \$ 35,722
- DWSRF #213 (PLC/SCADA) - \$ 37,813

Capital – New

Mr. Martin stated that Capital was discussed in detail last month.

- a) Buildings - \$50,000 – Filter Monorail Hoist System. Install man hoist needed to make confined space entries into the filters for maintenance.
- b) Improvements Other Than Buildings - \$52,000 – This covers the following:
 - Plant Landscaping - \$20,000 – This project will install an irrigation system and landscaping at the WTP.
 - Groundwater Well Variable Frequency drives - \$32,000 – This project will be to install VFD's on five groundwater wells to allow for optimized flow control directly from the WTP control room.
- c) Light Equipment - \$10,000 – Shop tools and equipment needed for in-house WTP maintenance and repair.

Capital – Replacement

- a) Buildings - \$365,000 – This is for the following:
 - Security - \$25,000 – This is an on-going project that includes the installation of security equipment including entrance gate upgrades, door-card access system, etc.
 - Roof Replacement - \$300,000 – This is to replace the roofing systems

over the Actiflo area.

- Pipe Gallery Lighting Upgrades - \$15,000 – This project is to upgrade pipe gallery lighting to LED.
- Pipe Chase #2 Concrete Sealing - \$25,000 – This project is to apply sealant in the pipe chase to stop and prevent leaks.

b) Improvements Other Than Buildings - \$845,000 – This includes:

- Major Equipment and Valve Replacements - \$100,000 – This is for unanticipated equipment and valve replacements during the year.
- Groundwater Well Turbidimeter Replacement - \$30,000
- Actiflo Sand Pumps - \$45,000
- Well Pumps - \$65,000 – This will purchase three spare well pumps for the wellfield.
- Mag Meter Replacements - \$50,000 – There are multiple mag meters throughout the RWS that are failing and/or are no longer supported.
- Well Rehabilitation - \$350,000 – This project is part of a multi-year project to rehabilitate the groundwater wells. Caisson #2 will be done in FY22.
- Surface Water High Service Pump VFD Replacement - \$100,000
- Ozone Actuated Contactor Control Valve Replacement - \$6,000
- Decant Pump Station Check Valves - \$24,000
- SW High Service Valve Actuator Replacement - \$75,000

c) Intangibles - \$80,000 – These funds are for the completion of a design report for the disinfection system upgrade project as required by EPA.

d) Light Equipment - \$100,000 – This is for the purchase of a service truck with crane, air compressor, and snow plow to replace the existing 2001 F450.

Summary

The Agency budget anticipates an increase in revenues based on a wholesale water rate increase of 5%. The total amount budgeted for FY22 capital expenditures is \$1,502,000, an increase of \$322,000 from FY21. This amount is in line with what was presented to the JPB in the FY21 rate model.

Mr. Martin stated that this is the preliminary budget for FY22, and the finalized budget will be presented to the Board at the June meeting.

f. There was no Other New Business.

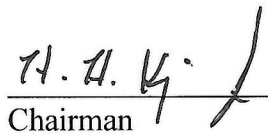
9. Chairman King asked for a motion to move into Executive Session to discuss potential property acquisition and potential litigation. A motion was made by Secretary Waters and seconded by Board Member Cathey to adjourn into Executive Session at 12:13 p.m. to discuss potential property acquisition and potential litigation. Motion put and carried.


A motion was made by Secretary Waters and seconded by Board Member Cathey to adjourn from Executive Session at 12:59 p.m. Motion put and carried.

A motion was made by Secretary Waters and seconded by Board Member Cathey to open the Regular Session at 12:59 p.m. Motion put and carried.

10. In the Chairman's Report, Chairman King stated that the next regular meeting would be held on May 18, 2021.

A motion was made by Board Member Cathey and seconded by Board Member Freel to adjourn the meeting at 1:01 p.m. Motion put and carried.


Chairman


Secretary