

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

**MEETING PROCEEDINGS**

May 19, 2020

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, May 19, 2020 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, Treasurer Bertoglio, and Board Members Freel and Powell. Secretary Waters and Board Members Cathey and Huber were absent.

**City of Casper –** Freel, Powell, Andrew Beamer, Bruce Martin, Brian Schroeder, Janette Brown

**Natrona County –** Bertoglio

**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.;

The Board meeting was called to order at 11:36 a.m.

1. In Announcements, as the meeting is being conducted by video conference, Ms. Brown took roll call as follows:

Chairman King – By Phone/Video  
Vice-Chairman Keffer – By Phone/Video  
Secretary Waters – Absent  
Treasurer Bertoglio – By Phone/Video  
Board Member Cathey – Absent  
Board Member Freel – By Phone/Video  
Board Member Huber – Absent  
Board Member Powell – By Phone/Video  
Mr. Chapin – By Phone/Video  
Mr. Beamer – By Phone/Video  
Mr. Martin – In Person  
Mr. Schroeder – In Person  
Ms. Brown – In Person

Mr. Martin asked the Board Officers to stay on the line after the meeting to schedule times with Ms. Brown to sign various documents.

2. Chairman King asked for a motion to approve the minutes from the April 21, 2020 meeting. A motion was made by Treasurer Bertoglio and seconded by Vice-Chairman Keffer to approve the minutes from the April 21, 2020 meeting. Motion put and carried.
3. Mr. Martin informed the Board that two additional vouchers were added to the voucher listing; voucher 8158 for Sage Software in the amount of \$990.00 for the BusinessWorks Annual Update; and voucher 8159 for Endress+Hauser, Inc. in the amount of \$10,039.81 for Filter Level Transmitters and Displays. 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 May 2020 vouchers. A motion was made by Vice-Chairman Keffer and seconded by Board Member Powell to approve the May 2020 voucher list to include voucher numbers 8146 through 8159 in the amount of \$744,409.61. 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 April 2020 was 159 MG, which is 8 MG less than the five-year average of 167 MG. Mr. Martin stated that year-to-date production is 2.97 BG, which is approximately 40 MG more than the five-year average of 2.93 BG.

Mr. Martin asked the Board to reference page 2 of the monthly compilation. Mr. Martin stated that Water Sales is \$5,728,717, which is \$570,743, or 11% more than last year due to the rate increase and slightly above average water sales.

Mr. Martin stated that Total Operating Expenses are \$2,438,518 for April compared to \$2,572,089 for the same time last fiscal year which is a decrease of 5%. Mr. Martin stated that this is due to timing of chemical purchases.

Chairman King asked for a motion to approve the April 2020 Financial Report as

presented. A motion was made by Treasurer Bertoglio and seconded by Board Member Freel to approve the April 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 SCADA Project is still under construction and the contractor is working on the punch list. Mr. Schroeder stated that there are a few issues with the Surface Water Plant running in automatic. Mr. Schroeder stated that training on the SCADA system is being done this week as well.

Mr. Schroeder stated that the rehabilitation of two wells, Casper 22 and Morad 5, has been completed. Mr. Schroeder stated that the groundwater production has increased from these two wells.

Mr. Schroeder stated that production has increased to 16 MGD as of yesterday, which was a big jump from what it was. Mr. Schroeder stated that we are heading into summer very quickly this year.

Mr. Schroeder stated that Great Plains Structures has completed the leak testing on the new roof for the Wardwell Zone IIIB tank. Mr. Schroeder stated that a few small leaks were detected and repaired. Mr. Schroeder stated that the tank was disinfected and put back into service. Mr. Schroeder stated that weekly samples are being taken and everything is looking good at this time.

Mr. Schroeder stated that Water Distribution staff completed the installation of the second Ozone Contactor drain valve and it is back in service.

Mr. Schroeder stated that Landmark arrived to complete internal paint repairs on the Airport Elevated Water Tank. Mr. Schroeder stated that the tank is currently being filled and tested to be put back in service later this week.

Mr. Schroeder stated that Mr. Conner met with 609 Consulting and 71 Construction when they exposed the 10-inch permastrand waterline on Poison Spider for Pioneer's new waterline. Mr. Schroeder stated that they are currently getting stiffener rings built and will be cutting in a new tee.

6. There was no Public Comment. Mr. Martin stated that a conference line was set up for the public to be able to call in and listen to the meeting, but there were no requests from the Public to listen the meeting.
7. There was no Old Business.
  - a. There was no Other Old Business.
8. In New Business:
  - a. Mr. Martin asked the Board to reference Change Order No. 5 with HOA Solutions

for the Water Treatment Plant SCADA Improvements Project No. 17-038. Mr. Martin stated that it was determined during progress meetings that there is SCADA equipment currently in operation at the Upper Rock Creek Reservoir, however the existing equipment will not communicate with the new SCADA system. Mr. Martin stated that HDR was not aware of the SCADA equipment at Upper Rock Creek during design. Mr. Martin stated that the proposal is to replace a cellular modem, NIC cards, and to tie Upper Rock Creek Reservoir into the new system for the amount of \$9,710.

Mr. Martin stated that the current contract amount is \$1,410,283.08, with a construction contingency amount of \$82,832.92. Mr. Martin stated that this change order will increase the contract amount to \$1,419,993.08 and decrease contingency to \$72,822.92. Mr. Martin stated that this change order has been reviewed and approved by the Drinking Water State Revolving Fund (DWSRF) representative as this project is funded by DWSRF.

A motion was made by Treasurer Bertoglio and seconded by Board Member Powell to approve Change Order No. 5 with HOA Solutions for a price increase of \$9,710.00 for the Water Treatment Plant SCADA Improvements Project No. 17-038. Motion put and carried.

- b. Mr. Martin asked the Board to reference the updated Budget Reallocation Form in the agenda packet. Mr. Martin stated that this is to reallocate \$19,000 to Legal Expense from Consulting, Accounting/Audit, Insurance/Bonds, Travel/Training, and Other Contractual.

Mr. Chapin asked if this reallocation is due to the latest invoice from his firm. Mr. Martin stated that was correct.

A motion was made by Treasurer Bertoglio and seconded by Vice-Chairman Keffer to approve the reallocation of \$19,000 to Legal Expense. Motion put and carried.

- c. Mr. Martin stated that at the meeting last month, the Board reviewed the Preliminary FY2021 Budget. Mr. Martin stated that this month the wholesale water rate will be reviewed. Mr. Martin stated that at the meeting in June the Board will have a final review and approval of both the budget and wholesale water rate for FY2021.

Mr. Martin reviewed the Wholesale Water Rate Narrative with the Board:

Staff has made efforts to keep the FY21 budget at minimal increases. The FY21 operations budget is .19% higher than the FY20 budget. However, increases will be seen in the areas of booster station supplies, interdepartmental costs, and a slight increase in electricity costs. The FY21 RWS Agency budget is 4.2% greater than the FY20 budget. The Agency budget is primarily driven by capital

costs.

Assumptions made in the development of the wholesale water rate model are as follows:

1. Model assumes no growth in the Regional Water System over the next five years. The Water Treatment Plant Facilities Plan recommends a growth rate of .05%. Due to anticipated economic conditions, no growth has been included in the model this year.
2. In previous years, the rate models assumed various inflation rates for personnel services, health insurance costs, contractual services, and materials and supplies. This model assumes an across the board 3% rate of inflation.
3. The model assumes fund reserve interest earnings at 1.25% for the next five years.
4. The model assumes the volume of water produced by the Regional Water System (RWS) represents the most probable case for the next five years. The models do not assume a reduction in wholesale water produced due to water restrictions or reduced demand due to the current local economy. History during the 1980's economic downturn indicated water sales were far more influenced by climatic conditions than the economic downturn.
5. The recommended minimum RWS fund reserves are calculated in accordance with the Regional Water System Fund Reserves Policy as adopted by the Board in August 2007.
6. Rates developed by these models include rate adjustments needed for new and replacement capital facilities above that obtained from the system investment charges, reserves, grants, and loans. The rate models are driven by new and replacement capital projects more than operational expenditures.
7. The model assumes that grant/loan funding will be secured in FY24 for the Disinfection Upgrade Project (UV Treatment System).
8. The criteria and results for the model presented are as follows:

5.0% wholesale water rate increase. FY21 Wholesale Water Rate - \$2.03/1,000 gallons. FY20 wholesale water rate - \$1.93/1,000 gallons.

Result –

FY21 Reserves

Projected - \$4.57 M

Minimum Required - \$4.47 M

It needs to be emphasized that the assumptions and budget information used

for the wholesale water rate models are suitable for one year only. The assumptions and budget information will have to be changed and/or adjusted for next year's wholesale water rate models incorporating the best information available at that time.

Mr. Martin asked the Board to reference the rate model on the screen. Mr. Martin stated that the black line represents minimum reserves, the green line represents 10% above reserves, and the blue line is the performance. Mr. Martin stated that the rise of the blue line in FY24 reflects the payoff of the City loan.

Mr. Martin stated that under Debt Service a loan was added in 2026 for the UV project. Treasurer Bertoglio stated that he will speak to Mr. Mark Pepper this week about EPA requiring the UV project, and will even speak to Congresswoman Liz Cheney if the Board wants him to. Board Member Powell stated that if it will save the Board money to go for it. Treasurer Bertoglio stated that he will speak to Mr. Pepper first to see about going forward.

Mr. Martin stated that staff is not comfortable with operating below required reserves. Treasurer Bertoglio asked Mr. Martin to have the rate model show a 4% increase in FY21 and FY22. Mr. Martin made the requested changes. Treasurer Bertoglio stated that 2021-2022 dips below minimum reserves; if the Board could get away with 4% increase this year due to current economic conditions, it would be break even, than the rate could be raised 5% for FY22.

Board Member Powell asked if Mr. Martin could imagine a catastrophic issue that would use up the reserves. Mr. Martin stated that it doesn't take much to use \$1 M. Mr. Martin stated that the roof replacement for the 2.6 MG tank is not out to bid yet. Mr. Martin stated that it just depends on how much risk the Board is willing to take.

Treasurer Bertoglio asked if the figures for the 2.6 MG tank and the Wardwell tank are removed, if it will be close to minimum reserves. Mr. Martin stated that is correct.

Chairman King asked when the new rate will take effect. Mr. Martin stated that this is just the preliminary rate discussion; next month the Board will have approval of the final rate which will go into effect July 1<sup>st</sup>.

Treasurer Bertoglio asked if Mr. Martin anticipated having the cost for the 2.5 MG Tank roof for the June meeting. Mr. Martin stated the he does anticipate having the cost for the June meeting.

Treasurer Bertoglio stated that he is comfortable with a 4% rate increase, but if the cost for the 2.6 MG Tank roof is high, he is not opposed to a 5% rate increase. Board Member Powell stated the he agrees with Treasurer Bertoglio's suggestion.

Mr. Martin stated that he will put together a 4% rate increase and have the cost estimate for the roof replacement.

Treasurer Bertoglio asked what it will take to get above the green line in the rate model. Mr. Martin stated that it would take dropping expenses or have a 7 - 8% rate increase. Treasurer Bertoglio stated that the Board needs to get the debt paid off.

a. There was no Other New Business.

9. In the Chairman's Report, Chairman King stated that the next regular meeting will be held on June 16, 2020. Chairman King stated that the Board would be informed if the June meeting will be held in this same manner with the video/phone.

A motion was made by Treasurer Bertoglio and seconded by Board Member Powell to adjourn the meeting at 12:16 p.m. Motion put and carried.

74.74.14-1  
Chairman

[Signature]  
Secretary