

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

MEETING PROCEEDINGS

May 21, 2019

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, May 21, 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, Treasurer Bertoglio, and Board Members Huber, Powell, and Walsh. Board Member Freel was absent.

City of Casper – Huber, Powell, Walsh, Andrew Beamer, Bruce Martin, Brian Schroeder, Janette Brown, Scott Baxter, Michael McDaniels

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 and Kyle Ridgeway – Williams, Porter, Day & Neville, P.C; John Naquin

The Board meeting was called to order at 11:31 a.m.

1. There were no Announcements.

2. Chairman King asked for a motion to approve the minutes from the April 16, 2019 meeting. A motion was made by Board Member Powell and seconded by Secretary Waters to approve the minutes from the April 16, 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 three additional vouchers were added to the listing; voucher 8026 for Modern Electric, Co. in the amount of \$86,245.75 for the WTP VFD Project; voucher 8027 for Hydro Rocky Mountain in the amount of \$25,271 for Caisson #3 pump repair; and voucher 8028 for Casper Star-Tribune in the amount of \$242.08 for the Notice of Final Payment Ad for the WTP VFD 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 May 2019 vouchers. A motion was made by Board Member Walsh and seconded by Treasurer Bertoglio to approve the May 2019 voucher list to include voucher numbers 8011 through 8028 in the amount of \$581,704.16. Motion put and carried.

Vice-Chairman Keffer arrived at 11:33 a.m.

4. Mr. Martin asked the Board to reference the Gallons Produced table in the agenda packet. Mr. Martin stated that production for April 2019 was 186 MG, which is 13 MG more than the five year average of 173 MG. Mr. Martin stated that the City's 10 MG Reservoir was filled after being inspected. Mr. Martin stated that year to date production is 2.79 BG.

Board Member Huber arrived at 11:34 a.m.

Mr. Martin asked the Board to reference page 2 of the Financial Report. Mr. Martin stated that year to date Water Sales are \$5,157,974, which is an increase of \$319,427 over last year, a 6.6% increase, due to the rate increase.

Mr. Martin stated that the Total Operating Expenses are \$2,572,089, which is a 3.83% 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.

Chairman King asked for a motion to approve the April 2019 Financial Report as presented. A motion was made by Board Member Walsh and seconded by Treasurer Bertoglio to approve the April 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 at the Board meeting last month, the Board approved the contract for the repair of the Caisson #3 pump. Mr. Schroeder stated that the pump has been repaired and was installed with the VFD. Mr. Schroeder stated that the VFD has

made a huge impact on operations as this well is a very good water producer.

Mr. Schroeder stated that the groundwater was off last week for repairs to the groundwater contactor and the surface plant was in service. Mr. Schroeder stated that the contactor was leaking, but staff was able to get it repaired. Mr. Schroeder stated that the contactor was flushed three times with well water. Mr. Schroeder stated that now the surface plant is out of service and only groundwater is being used.

Mr. Schroeder stated that the valve for Morad #6 was repaired while the groundwater system was off line.

Mr. Schroeder stated that the surface water plant will be back in service as water demand increases.

Mr. Schroeder stated that the contractor for the PLC/SCADA Upgrades Project will be on site this week. Mr. Schroeder stated that the contractor will start working on the boosters and wells.

Mr. Schroeder stated that Mr. Conner was unable to be at the meeting today and asked him to give the Transmission System Update.

Mr. Schroeder stated that Distribution staff has been taking care of the weeds at the booster stations and tanks.

Mr. Schroeder stated that maintenance is being performed on RWS fire hydrants.

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

Mr. Schroeder stated that he appreciated that the Distribution staff helped with the groundwater contactor and the well repairs.

6. There was no Public Comment.

7. There was no Old Business.

a. There was no Other Old Business.

8. In New Business:

a. Mr. Martin stated that at the meeting last month, the Board reviewed the Preliminary FY2020 Budget. Mr. Martin stated that this month the wholesale rate will be reviewed, and in June, the Board will have a final review and approval of both.

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

Staff has made efforts to keep the FY20 Operations Budget, and forecasted future

budgets, at minimal increases.

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

- 1) Model assumes a 0.5% rate of growth. This is the same rate used in the Water Treatment Plant Facilities Plan.
- 2) The rate model takes into consideration recently reinstated employee pay rate step increases approved by Casper City Council for City Personnel Services in FY19 and 20. In FY21 and beyond, the model assumes a 2% increase for Personnel Services expense each year over the next five years. In FY20, the model takes into consideration a 14% increase in health insurance costs. In FY21 and beyond, the model assumes an 8% per year health insurance cost increase. For Contractual Services, a 2% rate of inflation is assumed over the next five years, and for Materials and Supplies, a 4% rate of inflation each year is assumed over the next five years.
- 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.
- 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.
- 7) The model assumes that grant/loan funding will be secured in FY23 for the Disinfection Upgrade Project.
- 8) The criteria and results for the model presented are as follows:

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

Result –

FY20 Reserves	
Projected	- \$3.97 M
Minimum Required	- \$4.44 M

FY21 Reserves
Projected - \$4.34 M
Minimum Required - \$4.50 M

FY22 Reserves
Projected - \$4.61 M
Minimum Required - \$4.52 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.

Mr. Martin brought up the Pro Forma rate model created by Mr. Tom Pitlick with City of Casper Finance Department. Mr. Martin stated that the Pro Forma is based on audited numbers for FY18.

Mr. Martin stated that last year it was estimated that a 7% rate increase would be needed, but he is not sure it will be needed now. Mr. Martin showed the Board the difference in the Reserve balance between a 7% and a 5% rate increase for FY20. Mr. Martin reminded the Board that the rate model is good only for one year as the capital projects change. Mr. Martin ran several different scenarios based on the Board's requests.

Board Member Powell stated that he feels better with the 5% rate increase. Mr. Martin stated that a 5% rate increase would be \$1.93/thousand gallons. Board Member Walsh stated that he agreed with the 5% rate increase for this year since the model is only good for one year.

Treasurer Bertoglio asked if the new System Investment Charges are in effect. Mr. Martin stated they went into effect January 1st and are helping to offset the rate increase.

It was the consensus of the Board to move the 5% wholesale water rate increase forward for approval. Mr. Martin stated that staff would plan on the 5% wholesale water rate increase and have it on the agenda for approval at the June Board meeting.

- b. Mr. Martin stated that in 2013, the Federal Rule governing all federally funded projects was changed to "PART 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." Mr. Martin stated that it is required that this new rule be adopted by all agencies receiving federal funding.

Mr. Martin stated that the deadline for adopting policies that will aid in maintaining compliance with this rule was July 1, 2018. Mr. Martin stated that a finding noted in the FY18 financial audit was that the RWS had not adopted the

required policies.

Mr. Martin stated that two policies, *Special Purchasing Provisions for Federally Funded Projects* and *Required Contract Clauses for Federally Funded Contracts*, are before the Board today for adoption. Mr. Martin stated that these two policies mirror policies recently adopted by the City of Casper to fulfill the same purpose. Mr. Martin stated that these two policies have been reviewed by Mr. Chapin.

Treasurer Bertoglio asked if these policies pertain to State funds. Mr. Martin stated that was correct, as Federal funds flow through the State.

A motion was made by Board Member Huber and seconded by Board Member Walsh to approve Policy Number 001, *Special Purchasing Provisions for Federally Funded Projects*, and Policy Number 002, *Required Contract Provisions for Federally Funded Projects*. Motion put and carried.

- c. Mr. Martin stated that bids for the internal and external recoating of the 2.6 MG Water Tank were opened last week. Mr. Martin stated that eight bids were received.

Mr. Martin stated that the contractor that submitted the low bid did not meet the requirements for Steel Structures Painting Council (SSPC) QP2 certification as stated in the bid documents. Mr. Martin stated that the SSPC QP2 certification is a nationally recognized program that evaluates the capabilities of industrial paint contractors on their ability to safely remove and properly manage hazardous coating material in the field.

Mr. Martin stated that it is recommended that the Board award the contract to the next low bid, Riley Industrial, Inc., in the amount of \$715,584 with a contingency amount of \$100,000 for a total project price of \$815,584. Mr. Martin stated that the only in-state bidder was Mandros Painting, Inc. Mr. Martin stated that the project is scheduled for completion by October 31, 2019.

A motion was made by Secretary Waters and seconded by Vice-Chairman Keffer to award the 2.6M Gallon Tank Recoating, Project No. 18-093 to Riley Industrial, Inc. in the amount of \$715,584 with a contingency amount of \$100,000, for a total project amount of \$815,584.

Board Member Huber asked for clarification if the tank is going to be stripped down and recoated inside and out. Mr. Martin stated that was correct, and the project engineer expects that some replacement/repairs will need to be made. Board Member Huber asked how change orders will be handled. Mr. Martin stated that change orders will be covered by the contingency amount. Mr. Beamer stated that no panel replacement was included in the bid, but if necessary, the contingency amount should cover the replacement.

Secretary Waters asked how many years the tank has been in service since the last time it was painted. Mr. Schroeder stated that the tank has been in service for over 20 years since the last time it was painted.

Motion put and carried.

- d. Mr. Martin stated that HOA Solutions, Inc. is currently working on the construction of the PLC/SCADA project, which includes City of Casper equipment. Mr. Martin stated that the cost of the design of the PLC/SCADA project was split with the City through a funding agreement. Mr. Martin stated that the cost of the construction portion of the project will also need to be split with the City.

Mr. Martin stated that the funding agreement before the Board today splits the cost of the project between the City and RWS. Mr. Martin stated that the City will pay to the RWS \$301,710 for their portion of the project construction. Mr. Martin stated that the Casper City Council approved the funding agreement at their May 7, 2019 meeting.

A motion was made by Treasurer Bertoglio and seconded by Secretary Waters to approve the Funding Agreement between the City and the Board for construction of the RWS and City of Casper PLC/SCADA Upgrade Project in the amount of \$301,710. City of Casper Board Members abstained from the vote due to a conflict of interest. Motion put and carried.

- e. Mr. Martin turned the time over to Mr. Scott Baxter with the City Engineering Department for the discussion of Change Order No. 1 in the amount of \$32,200 for the North Platte River Exposed Waterline Repair Project.

Mr. Baxter stated that 71 Construction, Inc. is under a construction contract for the North Platte River Exposed Waterline Stabilization Project No. 17-097, which is the repair of the river bank and covering the 24-inch ductile iron waterline running directly west of the Water Treatment Plant (WTP).

Mr. Baxter stated that Change Order No. 1 for this project is to correct a problem that came to light after the North Platte River Restoration Project was completed in 2017. Mr. Baxter stated that a change in channel geometry and backwater wetland production resulted in stagnant water near the existing recharge intake directly west of the WTP on the west side of the river. Mr. Baxter stated that the recharge channel intake pipe needs to be extended approximately 200 feet so that it receives less mud and silt. Mr. Baxter stated that funding for this change order will not come from the contingency funds for the project, it will come from the North Platte River Restoration Project funding.

Mr. Martin stated that a funding agreement for this project will be brought to the Board for consideration at the June meeting.

Mr. Baxter stated that no work on this project will start until the river level recedes in the fall.

A motion was made by Vice-Chairman Keffer and seconded by Treasurer Bertoglio to approve Change Order No. 1 to the North Platte River Exposed Waterline Stabilization Project No. 17-097 in the amount of \$32,200. Motion put and carried.

- f. In Other New Business, Mr. Martin informed the Board that the Morad wellfield has a thistle problem. Mr. Martin stated that options on how to get rid of the thistles are being discussed as chemicals cannot be used to get rid of them. Mr. Martin stated that Ms. Martinez with the City of Casper is working with the County Weed and Pest Department to have a Weed Bounty Volunteer Day in which volunteers would pull the thistles and be paid 50 cents per pound of weeds. Mr. Martin stated that he wanted to inform the Board to make sure there are no concerns or issues.
9. A motion was made by Treasurer Bertoglio and seconded by Secretary Waters to adjourn from Regular Session into Executive Session to discuss litigation at 12:18 p.m. Motion put and carried.
- A motion was made by Treasurer Bertoglio and seconded by Board Member Walsh to close the Executive Session at 1:05 p.m. Motion put and carried.
- A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to open the Regular meeting at 1:05 p.m. Motion put and carried.
10. In the Chairman's Report, Chairman King stated that the next regular meeting will be held on June 18, 2019.

A motion was made by Treasurer Bertoglio and seconded by Board Member Walsh to adjourn the meeting at 1:06 p.m. Motion put and carried.

W. N. King
Chairman

Samuel Waters
Secretary