

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

MEETING PROCEEDINGS

December 17, 2019

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, December 17, 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, Treasurer Bertoglio, and Board Members Cathey, Huber and Powell. Secretary Waters and Board Member Freel were absent.

City of Casper – Cathey, Huber, Powell, Tom Pitlick, Bruce Martin, Michael McDaniels, Clint Conner, Janette Brown, Andrew Colling, Ethan Yonker

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.; Roxy Skogen – Skogen, Cometto & Associates, P.C.; Steve Quail, Nick Van Wyhe – HDR Engineering, Inc.

The Board meeting was called to order at 11:40 a.m.

1. In Announcements, Mr. Martin stated that Mr. McDaniels would be giving the Operations Report for Mr. Schroeder today.
2. Chairman King asked for a motion to approve the minutes from the November 19, 2019 meeting. A motion was made by Treasurer Bertoglio and seconded by Board Member Huber to approve the minutes from the November 19, 2019 meeting. Motion put and carried.
3. Mr. Martin informed the Board that one additional voucher was added to the voucher listing: voucher 8101 for Great Plains Structures for the Wardwell Tank Repairs in the amount of \$365,275. 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 December 2019 vouchers. A motion was made by Vice-Chairman Keffer and seconded by Board Member Powell to approve the December 2019 voucher list to include voucher numbers 8089 through 8101 in the amount of \$1,547,578.19. 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 November 2019 was 149 MG, which is 14 MG less than the five-year average of 162 MG. Mr. Martin stated that year-to-date production is 2.17 BG compared to the five-year average of 2.12 BG.

Mr. Martin asked the Board to reference the Statement of Revenues and Expenses in the monthly compilation. Mr. Martin stated that Water Sales is \$236,618 more than the same time last year. Mr. Martin stated that this increase is due to the water rate increase and the increased production this summer.

Mr. Martin stated that Total Operating Expenses increased 15.46% over last year. Mr. Martin stated that this percentage will smooth out as it has to do with increased chemical purchases, timing of purchases, and maintenance work that has been done.

Mr. Martin stated that the Balance Sheet should be available after the audit is completed, and the financial software is updated.

Chairman King asked for a motion to approve the November 2019 Financial Report as presented. A motion was made by Board Member Cathey and seconded by Board Member Huber to approve the November 2019 Financial Report as presented. Motion put and carried.

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

Mr. McDaniels stated that the carpet replacement project was completed Friday.

Mr. McDaniels stated that the SCADA Project is ongoing. Mr. McDaniels stated that all the wells and half of the boosters and tanks have been migrated over to the new SCADA system. Mr. McDaniels stated that the contractor is doing some work this week, but will

be off site over the holidays. Mr. McDaniels stated that the contractor will be back on site after the first of the year to finish migrating the rest of the boosters and tanks to the new SCADA system before starting on the WTP.

Mr. McDaniels stated that the dewatering pump repairs were completed, and it has been reinstalled.

Mr. McDaniels stated that Water Distribution staff has started digging up the drain valves for the groundwater contactor so they can be replaced.

Mr. McDaniels stated that there will be a generator test tomorrow morning. Mr. McDaniels stated that this should be the final test of the generator.

Mr. McDaniels stated that water demand has stayed steady at 5 to 6 MGD.

Mr. McDaniels stated that staff is currently working on getting all systems ready for the surface water plant startup in the spring.

Board Member Cathy asked how often the standby generator is run. Mr. McDaniels stated that staff has been instructed to run the emergency generator weekly.

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

Mr. Conner stated that the Wardwell Tank roof leaks and bracing for the vents were repaired last week. Mr. Conner stated that the tank has been disinfected, filled, and put back in service. Mr. Conner stated that the contractor is in town today to make repairs to some minor leaks on the tank shell. Mr. Conner stated that the contractor will be back in the spring for a tank roof inspection.

Mr. Conner stated that the new SCADA system is much quicker at communicating data. Mr. Conner stated that it was discovered that there were large pressure spikes on the discharge of the Pioneer booster station. Mr. Conner stated that staff thinks that the water fill station control valve is set to close too quick causing water hammer. Mr. Conner stated that the pressure spikes are maxing out at 200 psi. Mr. Conner stated that some of the Water Distribution staff is going out to meet with Pioneer staff to try and get the control valve adjusted in order to alleviate the water hammer.

Mr. Conner stated that this is the last week for EPA sampling for the year. Mr. Conner stated that sampling went well this year.

Mr. Conner stated that a tap on the RWS waterline on Salt Creek Highway was scheduled for today, but was rescheduled for later.

Mr. Conner stated that things are working well out in the system.

Board Member Cathey asked if the Board will be charged by the contractor for the leak

repairs on the Wardwell Tank, or if the repairs fell under warranty. Mr. Conner stated that the leak repairs should be warranty work.

6. There was no Public Comment.
7. There was no Old Business.
 - a. There was no Other Old Business.
8. In New Business:
 - a. Chairman King turned the time over to Ms. Roxy Skogen, with Skogen, Cometto & Associates for the presentation of the Fiscal Year 2019 Audit.

Ms. Skogen stated that she would be presenting the draft audit, as the City Finance Department is still working on the Management Discussion & Analysis and corrective action plan. Ms. Skogen stated that it is up to the Board when they make their motion whether they approve the audit to be sent to the State by the end of the month, and then approve the audit at the next meeting, or just approve the audit.

Ms. Skogen stated that there were no difficulties working with the City in conducting the audit, but there were delays in getting information due to the new financial software implementation.

Ms. Skogen stated that only one major adjustment was made for the year, but it was considered a finding. Ms. Skogen stated that the new grants/loans through the State are set up so that once the project is completed and the first payment of accrued interest is made, the State will forgive 25% of the loan. Ms. Skogen stated that during FY19 the Board had two loans in which loan forgiveness was given. Ms. Skogen stated that those loan forgiveness amounts were not reflected within the books, so an adjustment in the amount of \$759,246 had to be done. Ms. Skogen stated this brought revenue to the Board. Ms. Skogen stated because of the amount of the adjustment, it is considered to be a finding.

Ms. Skogen asked the Board to reference page 11 of the draft audit report. Ms. Skogen stated that as of June 30th, Total Assets went from \$52 M in 2018 to \$51 M in 2019. Ms. Skogen stated that this was due to depreciation.

Ms. Skogen stated that Total Liabilities in 2018 were \$19 M, while in 2019 they are \$16.6 M. Ms. Skogen stated that the debt was paid down.

Ms. Skogen stated that Net Investment in Capital Assets went from \$27 M in 2018 to \$28 M in 2019. Ms. Skogen stated that more was paid in debt than what was depreciated.

Ms. Skogen stated that Total Net Position went from \$33.1 M in 2018 to \$34.3 M

in 2019.

Ms. Skogen asked the Board to reference page 12 of the draft audit report. Ms. Skogen stated that Total Operating Revenues for 2018 were \$6.2 M and \$6.3 M for 2019. Ms. Skogen stated that there was a rate increase, but a decrease in water production.

Ms. Skogen stated that Total Operating Expense went from \$2.8 M in 2018 to \$3.2 M in 2019. Ms. Skogen stated that the monthly minutes show that the Board discussed that Operating Expenses were running higher than prior years.

Ms. Skogen stated that Capital Contributions of \$333,910 is the portion of State funding that is considered to be grant instead of loan.

Ms. Skogen stated that there was an increase in Net Position of \$1.2 M, but if the forgiveness of debt and capital contributions are removed, there was an increase of \$134,000. Ms. Skogen stated that it was almost break-even, which shows that the charges for service is enough to cover operations, which is mandated by the State.

Ms. Skogen asked the Board to turn to page 23 of the draft audit report. Ms. Skogen stated that the Board's most significant assets are the Capital Assets. Ms. Skogen stated that page 23 shows how the Capital Assets changed for the year. Ms. Skogen stated that there was an increase in the Construction in Process of \$989,071, which is a combination of the Emergency Power and SCADA projects. Ms. Skogen stated that there was a Transfer Out of \$7,342,083, where projects started depreciating. Ms. Skogen stated that there were a lot of projects that were completed during the year. Ms. Skogen stated that the Total Depreciation for the year was \$2.3 M. Ms. Skogen stated that there was \$1.3 M in additions, \$2.3 M in depreciation, so overall the Net Balance went down by approximately \$1 M.

Ms. Skogen asked the Board to turn to page 25 of the draft audit report. Ms. Skogen stated that Reductions is a combination of what was paid, plus debt forgiveness. Ms. Skogen stated that \$654,204 was added to the debt, while \$2.7 M was paid/forgiven.

Ms. Skogen stated that the Capital Assets and the Long-Term Debt are the significant things that we, as auditors, would present to the Board that is different from the monthly Financial Report by the City.

Ms. Skogen stated that there were no other adjusting entries. Ms. Skogen stated that in the past there were several adjusting entries. Ms. Skogen stated that the audit opinion is considered unmodified, which means it is a clean audit.

Ms. Skogen stated that if the Board would give her permission to send the audit report to the State at the end of the month, then the Board can formally approve

the audit report at the January meeting.

Mr. Martin stated that in the past, the Board has approved the audit as presented, and once the final report is in hand, Ms. Brown has sent it out to the Board for comments and the Chairman gave permission to send out the audit to the State if no comments are received.

A motion was made by Board Member Huber and seconded by Vice-Chairman Keffer to approve the audit as presented and once the final report is received, it is to be sent to the Board Members for comments; if no comments are received it will be sent to the State with the Chairman's permission.

Board Member Cathey asked if that would technically be considered a meeting, with all the Board Members on an email chain. Board Member Powell stated that if the Board Members just reply to Mr. Martin and don't hit "Reply All" it would not be considered a meeting. Mr. Chapin concurred with Board Member Powell.

Treasurer Bertoglio asked if the corrective action comment is just regarding the loan forgiveness. Ms. Skogen stated that was correct. Ms. Skogen stated that the City gives the auditors a summary at the beginning of the audit that details how the City does things. Ms. Skogen stated that at the end of the fiscal year, the City goes out to outside sources and get the loan balances and reconcile them to the books. Ms. Skogen stated that she expects that the corrective action plan would say that there is a control process in place and it would be followed.

Mr. Martin stated that Mr. Pitlick from the City Finance Department is in attendance today and would be able to answer any questions on the corrective action plan. Mr. Pitlick stated that when the State does loan forgiveness, they send out an amended agreement and amortization schedule. Mr. Pitlick stated that what happened this year, is that the person that handled the RWS financials retired and there was a lack of communication for items like this and it was missed. Mr. Pitlick stated that one of the points of the corrective action plan is that all staff would be trained on how to recognize loan forgiveness and have it verified on the end of year checklist. Mr. Pitlick stated that this should not happen again.

Motion put and carried.

- b. Mr. Martin stated that Change Order No. 2 with HOA Solutions for the WTP SCADA Improvements has several components related to the price increase of \$19,454.08 and are as follows:
 - 1) The plans specified that the Contractor must provide a 24-hour UPS system at the North Park Tank, the Sunrise III Tank, and the Plant Control Panel (PCP). The 24-hour UPS system is not commercially available. The UPS system proposed for the North Park and Sunrise III Tanks will have an 11.3 hour run

time. The UPS system proposed for the PCP will provide 30 minutes of power as these systems are already equipped with backup power generation. There is a proposed total deduct of \$3,000 for these changes.

- 2) The project scope calls for the installation of conduit from the PCP to Filter Control Panel, North Chemical Facility Panel, and the South Chemical Facility Panel. It was discovered that there are existing conduits in place that are suitable and available for the applications proposed in the scope of work. There is a proposed deduct of \$15,000 for the use of these conduits.
- 3) Installation of new radios at the North Park and Sunrise III Tanks is included in the scope of work. HDR specified radios operating on a licensed frequency for these sites. It was discovered during work that radios operating on an unlicensed frequency would be required for the communication to the booster stations and WTP. There is a proposed cost increase of \$17,036 to install the correct radios.
- 4) A project was recently bid for the replacement of the CY Booster station. There was only one bid received for this project and the bid was significantly higher than the Engineer's Estimate, and therefore rejected. The project is anticipated to rebid this year but will delay the completion of the booster station significantly. The existing booster station will not be able to communicate with the new SCADA system, and due to the delay in the Booster Station replacement, City Staff requested a proposal from HOA Solutions to install the required SCADA components that were included in the booster station replacement scope of work. There is a proposed cost increase of \$24,100 to install the SCADA components at the CY Booster Station.
- 5) HOA Solutions scheduled Factory Acceptance Testing at their facility in Lincoln, Nebraska in November. The testing was to be attended by HDR as part of their agreement with CWRWS. The test was cancelled by HOA Solutions with very short notice. HDR requested that HOA reimburse the costs incurred by CWRWS associated with the cancelled testing. HOA has agreed to credit the cost in the amount of \$3,681.92.

Mr. Martin stated that the current contract amount is \$1,327,816 with a construction contingency amount of \$165,000, for a total project amount of \$1,492,816. Mr. Martin stated that this change order will increase the contract amount to \$1,347,270.08 and decrease contingency to \$145,545.92. Mr. Martin stated that the DWSRF representative has given approval for this change order.

A motion was made by Treasurer Bertoglio and seconded by Board Member Huber to approve Change Order No. 2 with HOA Solutions, for a price increase of \$19,454.08 for the WTP SCADA Improvements Project No. 17-038. Motion put and carried.

- c. Mr. Martin stated that Riley Industrial is under contract to recoat the 2.6 MG

Water Tank. Mr. Martin stated that during the project, it was discovered there is significant damage to the roof and supports that will require the roof and supports to be replaced.

Mr. Martin stated that the contract before the Board today is for design and construction administration services for the project. Mr. Martin stated that HDR Engineering and Woodard and Curran were both contacted and asked to submit a proposal. Mr. Martin stated that Woodard and Curran declined to submit a proposal based on the project timeline and staff availability. Mr. Martin stated that HDR's fee for design and construction administration services is \$114,500.

Treasurer Bertoglio asked if an actual RFP was sent out. Mr. Martin stated that HDR Engineering and Woodard and Curran were contacted directly regarding this project as they both have experience with this type of project. Treasurer Bertoglio asked if the RFP had to be bid out. Board Member Cathey stated that since it is professional services for design it does not need to be bid out; if it was the construction portion of the project it has to be bid out. Mr. Chapin concurred with Board Member Cathey that professional services do not need to go through a formal bid process.

A motion was made by Treasurer Bertoglio and seconded by Board Member Cathey to approve the contract for professional services with HDR Engineering, Inc. for the 2.6MG Tank Roof Repairs in the amount of \$114,500. Motion put and carried.

- d. In Other New Business, Mr. Martin stated that before the Board today is an amendment to the contract with HDR Engineering, Inc. for the Wardwell Tank Repairs Project No. 16-035 in the amount of \$29,885.

Mr. Martin stated that construction is nearing completion for this project, but two issues arose that have caused significant impacts to the construction administration scope for HDR. Mr. Martin stated that the issues are as follows:

- 1) The contractor took a total of four months and multiple revisions to complete the roof replacement shop drawings. The extra time in review, communication, and meetings resulted in \$12,280 of additional services from HDR.
- 2) The contractor has also struggled with testing, leaks and additional inspection. The extra time and expenses resulted in \$17,605 of additional costs for HDR.

Mr. Martin stated that this project is past the substantial completion date and City Engineering staff is working with the contractor on liquidated damages. Mr. Martin stated that the amendment would be covered by the liquidated damages.

Board Member Cathey asked if the payment approved today for Great Plains

Structures was the final payment on the project. Mr. Martin stated that it was not the final payment, it was partial payment #1.

A motion was made by Treasurer Bertoglio and seconded by Board Member Cathey to approve Amendment No. 1 with HDR Engineering, Inc. for the Wardwell Tank Repairs Project No. 16-035 in the amount of \$29,885. Motion put and carried.

9. A motion was made by Board Member Huber and seconded by Treasurer Bertoglio to adjourn from Regular Session into Executive Session to discuss potential litigation at 12:20 p.m. Motion put and carried.

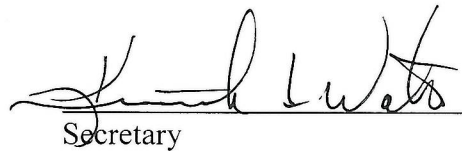
Treasurer Bertoglio and Board Member Powell left the meeting at 12:43 p.m.

A motion was made by Board Member Huber and seconded by Board Member Cathey to close the Executive Session and move into Regular Session at 12:44 p.m. Motion put and carried.

10. In the Chairman's Report, Chairman King stated that the next regular meeting will be held on January 21, 2020.

A motion was made by Board Member Cathey and seconded by Board Member Huber to adjourn the meeting at 12:46 p.m. Motion put and carried.


Chairman


Secretary