

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

MEETING PROCEEDINGS

December 19, 2017

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, December 19, 2017 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 Lawson, and Board Members Hopkins, Walsh, and Tasler. Secretary Powell and Board Member Johnson were absent.

City of Casper – Hopkins, Walsh, Andrew Beamer, Bruce Martin, Brian Schroeder, Clint Conner, Janette Brown, Alex Sveda

Natrona County – Lawson

Salt Creek Joint Powers Board – King

Wardwell Water & Sewer District – Keffer

Pioneer Water & Sewer District – Tasler

Poison Spider Improvement & Service District –

Wyoming Water Development Office -

Sandy Lakes Estates -

Lakeview Improvement & Service District -

33 Mile Road Improvement & Service District –

Central Wyoming Groundwater Guardian Team (CWGG) –

Others — Charlie Chapin – Williams, Porter, Day & Neville, P.C.; Steve Quail – HDR Engineering; Roxy Skogen – Skogen, Cometto & Associates, P.C.

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

1. In Announcements, Mr. Martin stated that Ms. Linda Tasler is in attendance and has the proxy for Board Member Waters.

2. Chairman King asked for a motion to elect Board Officers. A motion was made by Board Member Walsh and seconded by Treasurer Lawson to retain the Board Officers as currently in place; Buck King – Chairman, Larry Keffer – Vice-Chairman, Charlie Powell – Secretary, and John Lawson – Treasurer. Motion put and carried.
3. Chairman King asked for a motion to approve the minutes from the November 21, 2017 meeting. A motion was made by Treasurer Lawson and seconded by Board Member Walsh to approve the minutes from the November 21, 2017 meeting. Motion put and carried.
4. Mr. Martin asked the Board to reference the voucher listing handed out on this date. Mr. Martin stated that two additional vouchers were added to the listing; voucher 7768 for Landmark Structures in the amount of \$608,325.19 for the Airport Elevated Tank Project; and 7769 for Landmark Structures/Branch Banking & Trust in the amount of \$67,591.69 for retainage for the Airport Elevated Tank 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 December 2017 vouchers. A motion was made by Vice-Chairman Keffer and seconded by Board Member Tasler to approve the December 2017 voucher list to include voucher numbers 7759 through 7769 in the amount of \$1,225,461.45. Motion put and carried.

5. Mr. Martin asked the Board to reference the Gallons Produced table in the agenda packet. Mr. Martin stated that production for November 2017 was 158 MG. Mr. Martin stated that the five year average is 165 MG. Mr. Martin stated that year to date production is 2.03 BG and the five year average is 2.14 BG.

Mr. Martin asked the Board to reference the Water Rates Billed table. Mr. Martin stated that for November \$271,000 was billed. Mr. Martin stated that year to date, \$3,484,754 has been billed. Mr. Martin stated that revenue is slightly below what was expected.

Mr. Martin asked the Board to reference page 2 of the November Financial Report. Mr. Martin stated that Water Sales for FY18 are \$23,745 higher than one year ago. Mr. Martin stated that even though water production is down, revenues still show an increase due to the rate increase.

Mr. Martin stated that Operating Expenses for FY18 decreased \$84,052 over FY17. Mr. Martin stated that this decrease is due to timing of chemical purchases and equipment repairs. Mr. Martin stated that Net Operating Income has increased by \$107,797.

Chairman King asked for a motion to approve the November 2017 Financial Report as presented. A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to approve the November 2017 Financial Report as presented. Motion put and carried.

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

Mr. Schroeder stated that staff has been working on getting systems ready for summer operations. Mr. Schroeder stated that staff has been cleaning the filters, which takes a lot of time to get the ferric chloride stains out.

Mr. Schroeder stated that nitrification in the distribution system is going away.

Mr. Schroeder stated that the WTP is in winter operations of 5 MGD and things are running well.

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

Mr. Conner stated that last month he informed the Board about the pump at Metro Road Booster. Mr. Conner stated that it will be approximately four to five weeks before the rest of the parts are in.

Mr. Conner stated that anode testing on the Crosstown Pipeline should be completed today.

Mr. Conner stated that staff has been working on ARV and hydrant maintenance in the Regional system.

Mr. Conner stated that the Airport Elevated Water Storage Tank Project is moving along. Mr. Conner stated that the concrete pedestal and dome have been completed and the contractor is installing piping and ladders inside the pedestal. Mr. Conner stated that once this is completed, the contractor will leave until March. Mr. Conner stated that the tank crew will then be on site in March to complete the steel portion of the tank. Mr. Conner stated that Grizzly started installing water line approximately two weeks ago and has been making good progress. Mr. Conner stated the water line should be completed in a few weeks.

Mr. Conner stated that staff graded the road into the wellfield across the river as there are still a few piles of Russian Olives left from the River Restoration Project. Mr. Conner stated that he is now waiting on Solid Waste to come and grind the trees so they can be disposed of.

a. Mr. Martin gave an update on the following projects listed in the Facilities Plan Update:

The Wellhead Protection Plan update is scheduled to begin in January 2018.

Parts have been ordered for the sidewalk lighting upgrade.

Quotes have been requested for the Exhaust Fan Replacements and the Ozone Generator Control Upgrade to Digital.

The pump is on order for the Actiflo Sand Pump Replacement.

The Actiflo System VFD Replacements and the Raw Water Air Vac Replacements have been completed.

The Ground Water High Service Pump VFD Replacement bid opening will take place on December 28th.

Quotes have been received for the Ammonia Pump and VFD Replacements, and the Corrosion Inhibitor Pump and VFD Replacement.

Two Mag Meters have been installed, and two more are on order.

7. There was no Public Comment.

Board Member Hopkins arrived at 11:42 p.m.

8. In Old Business:

- a. Mr. Martin stated that he had planned to bring an agreement with HDR Engineering for the Wardwell Zone IIIB Tank to the meeting today, but, HDR is still working on the scope of services with staff. Mr. Martin stated that the agreement should be ready for the meeting next month.
- b. Mr. Martin stated that the WTP Emergency Power Project is significantly behind schedule and Mr. Alex Sveda, Project Engineer with the City Engineering Department, is in attendance today to give the Board an update on the project.

Mr. Sveda stated that the project is nearing completion. Mr. Sveda stated that the generator and other major electrical components have been installed. Mr. Sveda stated that remaining items are the utility tie-in, and the generator start-up, along with some final electrical work and testing. Mr. Sveda stated that the generator start-up is scheduled for January 3rd if everything runs on schedule.

Mr. Sveda stated that there are other items remaining for site work including the asphalt at the entrance to the generator and tank, fencing, walkways around the generator, and the electrical housing enclosures. Mr. Sveda stated that the site work is scheduled to be completed in the spring of 2018 so the tank contractor can get their utilities installed in the yard.

Mr. Sveda stated that the project is significantly behind schedule and ARCADIS has contacted him regarding additional fees with the delays. Mr. Sveda stated that he anticipates possibly having a proposal from ARCADIS to be reviewed at an upcoming meeting.

Board Member Walsh asked if Mr. Sveda thought the generator would be running on January 3rd. Mr. Sveda stated that he is hoping that is the case, but since the project is eight months overdue, and with the holidays, it has been difficult to

schedule the start-up. Mr. Sveda stated that it was hoped to have the generator running and tested in January. Mr. Sveda stated that this project started in July 2016 and was scheduled to be completed by May 2017. Mr. Sveda stated that there have been many delays by the contractor. Mr. Chapin informed the Board that those delays by the contractor are being discussed and addressed at this point in time.

c. There was no Other Old Business.

9. In New Business:

a. Mr. Martin turned the time over to Ms. Roxy Skogen, with Skogen, Cometto, and Associates, P.C. for the presentation of the FY2017 RWS Audit.

Ms. Skogen stated that the audit gives the Board the opportunity to see at a point in time where the System stands financially.

Ms. Skogen asked the Board to reference page 11 of the audit. Ms. Skogen stated that there wasn't really anything significantly different from past years. Ms. Skogen stated that the Total Assets were combined due to the certificates of deposit being cashed out. Ms. Skogen stated that Total Current Assets are ~\$200,000 lower. Ms. Skogen stated that in Capital Assets, Construction in Progress increased due to several projects that have not been completed. Ms. Skogen stated that Depreciable Capital Assets decreased due to recorded depreciation of assets.

Ms. Skogen stated that Long-Term Debt has decreased. Ms. Skogen stated that \$1.7 M was paid on the loans. Ms. Skogen stated that some of the debt that the Board has through the State of Wyoming is federally backed, which resulted in a Single Audit. Ms. Skogen stated that audit procedures are done in accordance to Federal Standards and Federal Regulations.

Ms. Skogen stated that the Total Net Position as of June 30, 2017 has a decrease of \$300,000 for the year.

Ms. Skogen stated that page 22 has a table that shows the details of the Capital Assets; additions, deletions, and depreciation. Ms. Skogen stated that there were no problems conducting the financial statement audit.

Ms. Skogen stated that Capital Assets are a significant portion of the audit. Ms. Skogen stated that last year there were difficulties getting the subsidiary records of fixed assets accurate, and the same issue happened this year. Ms. Skogen stated that City staff is continuing to work on this issue. Ms. Skogen stated that this is complex because the Board's books are generally cash basis and the audit report is on the accrual basis, if anything is spent as of June 30 and not paid for yet, it has to be pulled in to the records. Ms. Skogen stated that all projects have

to be analyzed to determine if they are an improvement to the system or just a repair. Ms. Skogen stated that staff is working on procedures that will help identify what projects are truly a capital item and not just a repair. Ms. Skogen stated that when they arrived to conduct the audit, some of the records were not correct and they had to be corrected. Ms. Skogen stated that there is a significant deficiency finding in this year's audit, which is that staff must continue to work on this issue. Ms. Skogen stated that capital assets are very important to the Board's audit. Ms. Skogen there was no issue with the rest of the financials.

Ms. Skogen stated that page 24 gives the debt schedule. Ms. Skogen stated that additions to the debt were \$150,000, not much was borrowed during the year. Ms. Skogen stated that \$1.7 M was paid on the debt.

Ms. Skogen stated that last year the accounting pronouncements stated that if you belong to a pool retirement system, you have to book your share of the obligation. Ms. Skogen stated that the Wyoming Retirement System is in a deficit situation so last year a \$500,000 liability had to be added to the Board's bottom line. Ms. Skogen stated that this year a clarification was issued on the standard that stated that unless you are the specific entity that is making the premium payments, you don't have to report the liability on your books. Ms. Skogen stated that because the City actually has the employees, the City is picking up the Board's share of the liability now and the liability has been removed from the Board's books. Ms. Skogen stated that this has cleaned things up quite a bit. Ms. Skogen stated that this was a paper transaction, a check was never needed, but the accounting pronouncements want the world to see if these retirement plans are in deficit situations, that you know premiums will increase.

Ms. Skogen stated that if the Board has any questions on the audit report to feel free to contact her.

Ms. Skogen stated that the Board's financials are run like an enterprise fund, so it is like looking at a business financial statement versus looking at a governmental financial statement.

Board Member Hopkins asked if the Board still has to maintain Governmental Accounting Standards for the audit. Ms. Skogen stated it does, but it is for an enterprise fund which has full accrual. Ms. Skogen stated that cities and towns use cash basis for budgetary basis, modified accrual basis for short term look, and full accrual, which includes all tax receivables. Ms. Skogen stated that the Board is an enterprise fund, which is like a business financial statement.

Mr. Chapin asked that with the large increase to the retirement premiums, if there would be a gradual increase or a day that it would all be due. Ms. Skogen stated that it would be a gradual increase based on retirees and the people in the pool.

Ms. Skogen stated that the Board's financials are strong.

Chairman King asked for a motion to accept the Fiscal Year 2017 audit as presented.

A motion was made by Secretary Lawson and seconded by Board Member Hopkins to accept the Fiscal Year 2017 audit as presented. Motion put and carried.

- b. Mr. Martin stated that the RWS is required by DEQ to develop and maintain a Source Water Protection Plan containing elements from a source water protection assessment and a wellhead protection plan. Mr. Martin stated that DEQ requires the plan to be updated at least every two years, and revised as necessary to reflect new information or data.

Mr. Martin stated that the RWS currently has a Wellhead Protection Plan dated 1998 and a Source Water Assessment dated 2004. Mr. Martin stated that the HDR scope of service includes updating information and combining the two plans into a comprehensive Source Water Protection Plan.

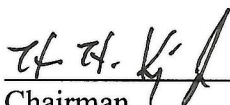
Mr. Martin stated that upon completion of the Source Water Protection Plan, staff, along with the Ground Water Guardian Team, will review and update the plan annually.

A motion was made by Board Member Walsh and seconded by Board Member Hopkins to approve the professional services agreement with HDR Engineering for the development of a Source Water Protection Plan in the amount of \$40,456.00. Motion put and carried.

- c. There was no Other New Business.

- 10. In the Chairman's Report, Chairman King stated that the next regular meeting will be held on January 16, 2018.

A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to adjourn the meeting at 11:59 a.m. Motion put and carried.



Chairman



Secretary