

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

MEETING PROCEEDINGS

April 19, 2022

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, April 19, 2022 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 Bertoglio, Secretary Waters, Treasurer Freel, and Board Members Sabrosky and Sutherland. Board Members Cathey and Knell were absent.

City of Casper – Freel, Sutherland, Andrew Beamer, Bruce Martin, Tom Edwards, Clint Conner, Janette Brown, Alex Sveda, Scott Baxter, Mark Anderson, Mike Dean

Natrona County – Bertoglio

Salt Creek Joint Powers Board – King

Wardwell Water & Sewer District – Sabrosky

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.; Larry Keffer

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

1. In Announcements, Chairman King presented former Vice-Chairman Keffer with a plaque of appreciation for his sixteen years of service on the Board and thanked him for his service.

Mr. Martin introduced Mr. Dan Sabrosky, who is the new representative on the Board for Wardwell Water and Sewer District. The Board welcomed Board Member Sabrosky to the Board.

Treasurer Bertoglio arrived at 11:32 a.m.

- a) Chairman King stated that as Mr. Keffer was the Vice-Chairman, the position will need to be refilled. Chairman King asked for nominations for the Vice-Chairman. Board Member Freel nominated Treasurer Bertoglio for Vice-Chairman. Chairman King called for other nominations. There being no further nominations, Chairman King put the nomination of Paul Bertoglio as Vice-Chairman to the vote. Motion put and carried.

Ms. Brown informed Chairman King that the Board will now need to elect a Treasurer to fill the vacancy left by Vice-Chairman Bertoglio.

Chairman King asked for nominations for Treasurer. Vice-Chairman Bertoglio nominated Board Member Freel as Treasurer. Chairman King called for other nominations. There being no further nominations, Chairman King put the nomination of Steve Freel as Treasurer to the vote. Motion put and carried.

As of the meeting on this date, the Board Officers are as follows:

Chairman – H.H. King, Jr.
Vice-Chairman – Paul Bertoglio
Secretary – Kenneth Waters
Treasurer – Steve Freel

2. Chairman King asked for a motion to approve the minutes from the March 15, 2022 Regular meeting. A motion was made by Vice-Chairman Bertoglio and seconded by Secretary Waters to approve the minutes from the March 15, 2022 Regular meeting. Motion put and carried.
3. Mr. Martin informed the Board that no additional vouchers were added to the voucher listing that was sent out in the agenda packet.

Mr. Martin stated that voucher 8435 for Engineering Associates in the amount of \$3,840.38 is for the design for the Caisson No. 2 Rehab Project No. 21-040. Mr. Martin stated that this project will be discussed later in the meeting.

Mr. Martin stated that voucher 8438 for the City of Casper in the amount of \$184,821.16 is for the WTP Operations Reimbursement for March. Mr. Martin stated this is the reimbursement from the Agency budget to the Operations budget. Mr. Martin stated that this will be discussed during the budget review later in the meeting.

Mr. Martin stated that voucher 8442 for HDR Engineering, Inc. in the amount of \$7,181.25 is for the WTP Disinfection System Upgrade Project No. 21-039. Mr. Martin stated that the Preliminary Design Report will be presented to the Board today.

Mr. Martin stated that voucher 8444 for Dynamic Controls Inc. in the amount of \$17,811.00 is for HVAC Heating System Valves.

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 2022 vouchers. A motion was made by Secretary Waters and seconded by Treasurer Freel to approve the April 2022 voucher listing to include voucher numbers 8435 through 8446 in the amount of \$353,438.42. 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 2022 was 165 MG, which is right at the five-year average. Mr. Martin stated that the year to date production total is 2.66 BG, which is 91 MG less than the five-year average. Mr. Martin stated that this is due to the water conservation efforts that took place last summer.

Mr. Martin asked the Board to reference page 1 of the Financial Report. Mr. Martin stated that the Board has discussed investing in the WyoStar I and II accounts. Mr. Martin stated that at this time the majority of the Board's funds are in Hilltop Bank. Mr. Martin showed the Board the WyoStar and WyoStar 2 line items with \$1,500 in each. Mr. Martin stated that these were the initial amounts transferred to open the accounts. Mr. Martin stated that Ms. Brown has paperwork ready for the Board Officer signatures to transfer the majority of the funds in the Cash line item to the WyoStar accounts.

Mr. Martin asked the Board to reference page 2 of the Financial Report. Mr. Martin stated that Water Utility Charges is \$5,670,396, which is \$166,486 less than the same time last year. Mr. Martin stated that this is due to decreased water sales.

Mr. Martin stated that Reimbursable Contract Expense is \$2,174,631, which is \$175,884 less than the previous year. Mr. Martin stated that this is due to timing of chemical purchases, reduced chemical usage, and reduced water sales.

Mr. Martin offered to answer any questions the Board may have on the Financial Report.

Chairman King asked for a motion to approve the March 2022 Financial Report as presented. A motion was made by Vice-Chairman Bertoglio and seconded by Secretary Waters to approve the March 2022 Financial Report as presented.

Vice-Chairman Bertoglio asked what line item covers Natural Gas. Mr. Martin stated that it is included in the Reimbursable Contract Expense. Mr. Martin stated that Natural Gas will be discussed later in the meeting.

Motion put and carried.

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

Mr. Edwards stated that production is averaging 5 MGD. Mr. Edwards stated that this is

being accomplished by running ten Casper wells, eight Morad wells, and two Caisson wells.

Mr. Edwards stated that the Surface Water Plant is still out of service, but is ready to be put in service when needed.

Mr. Edwards stated that gaskets were replaced on the Sodium Hypochlorite Tank. Mr. Edwards stated that this tank will be resurfaced in the fall.

Mr. Edwards stated that the leaking gasket on Ferric Tank No. 1 was replaced.

Mr. Edwards stated that the oil was changed in the Well Recharge pump.

Mr. Edwards stated that the level indicator on the 2.6 MG Tank supply line was repaired.

Mr. Edwards stated that new actuator valves were installed on the Actiflo Raw Water gate. Mr. Edwards stated that Modern Electric ran the power to the new actuators.

Mr. Edwards stated that a new Instrumentation and Controls Technician was hired.

Chairman King turned the time over to Mr. Conner for the Transmission System Update.

Mr. Conner stated that at the last meeting he informed the Board that he submitted his retirement notice and has been bringing the Water Supervisors to the meetings. Mr. Conner stated that last month he introduced Mr. Mark Anderson, Utility Supervisor for Water Distribution. Mr. Conner introduced Mr. Mike Dean, Utility Supervisor for Meter Services. Mr. Conner stated that Mr. Dean has been with Water Distribution for approximately 25 years, and a couple of years ago he accepted the supervisor position at Meter Services. Mr. Conner stated that Mr. Dean oversees the reading, testing, and replacement of the meters.

Mr. Conner stated that a service tap was made on the Regional waterline on Poison Spider Road for a homeowner.

Mr. Conner stated that repairs were completed on an ARV manhole on Tobin Circle. Mr. Conner stated that the aluminum cover was ripped off by a snow plow.

Mr. Conner stated that Airport Booster Pump No. 2 has a leaking mechanical seal. Mr. Conner stated that these are fairly old pumps and staff is trying to get parts to repair it.

Mr. Conner stated that the Cross Connection Control tester has been testing backflow devices at Salt Creek Booster, 12-Mile, and Sandy Lake.

Mr. Conner stated that a leak was found at the 12-Mile meter pit. Mr. Conner stated that the pressure reducing valve was leaking and was repaired.

Mr. Conner stated that staff went through all the non-draining fire hydrants one more time for the month of April. Mr. Conner stated that this will most likely be the last time

for the year as the temperatures should be warming up. Mr. Conner stated that he was glad staff checked the non-draining hydrants when they did, as the weather turned cold afterwards.

Mr. Conner stated that the quarterly water testing went well.

Mr. Conner stated that a heater at the Mt. View Booster is not working. Mr. Conner stated that the heater should be repaired by next week.

Mr. Conner stated that the inlet channel across from Morad Park has been cleaned out. Mr. Conner stated that quite a bit of material was hauled out of the inlet channel.

Chairman King asked if there are still issues getting chemicals. Mr. Martin stated that the last he heard, the plant in Utah is still down. Mr. Martin stated that he has been working with Brenntag, and things are still on track for getting rail cars from Chicago to Billings, and then trucks from Billings to Casper. Mr. Martin stated that Brenntag feels this is a much more secure supply of ferric. Mr. Martin stated that staff is anticipating delivery this way throughout the summer.

6. There was no Public Comment.

7. In Old Business:

a. Mr. Martin stated that HDR Engineering has been working on the WTP Disinfection Upgrades Preliminary Design and Gabe Laber is in attendance today, and Pierre Kwan is on the phone to present the report to the Board.

Mr. Laber stated that he has been the Project Manager on this project. Mr. Laber stated that the presentation will be split up between Mr. Kwan and himself.

Mr. Laber stated that there are EPA requirements for additional groundwater disinfection. Mr. Laber stated that as part of the scope they reviewed the condition of the Ozone equipment that is 22 years old and used for groundwater and surface water disinfection. Mr. Laber stated that the preliminary engineering report is to be submitted to EPA by April 30, 2022.

Mr. Laber stated that the additional groundwater treatment requirements were put in place due to the fact that sampling found higher concentrations of Cryptosporidium, a waterborne parasite.

Mr. Laber stated that requirements of the federal Long Term 2 Enhanced Surface Water Treatment Rule classified the Groundwater System as "Bin 2", which requires additional disinfection.

Mr. Laber stated that the 2017 Facility Plan called for an Ultra Violet (UV) system.

Mr. Laber turned the time over to Mr. Kwan to discuss the treatment technologies.

Mr. Kwan stated that as a part of this project, HDR wanted to have a discussion with EPA on how to most cost effectively implement this project at the WTP. Mr. Kwan stated that in November 2021, a letter was submitted to EPA requesting multiple things. Mr. Kwan stated that the first item was to install a UV system to address the Cryptosporidium and disinfect the water further. Mr. Kwan stated that because UV is a very strong disinfectant, they asked EPA that the ozone requirements be reduced from a 4x2-log Giardia inactivation to 2-log Giardia inactivation. Mr. Kwan stated that the purpose of that is the UV system also addresses these pathogens, so not as much ozone will be needed. Mr. Kwan stated that the intent here was that generating less ozone will save on both chemical and power costs. Mr. Kwan stated that this will also allow smaller replacement equipment for the Ozone system. Mr. Kwan stated that because the UV system will be installed, it was requested that the weekly aerobic spore monitoring and analysis end. Mr. Kwan stated that these tests are quite costly.

Mr. Kwan stated that EPA responded a month later in December 2021 and agreed to lower the ozone requirements, however the minimum UV requirements must be increased to 2.5-log. Mr. Kwan stated that this requirement makes no change to construction costs, and a very small increase to power costs. Mr. Kwan stated that the increase in power for UV is nothing compared to the major power reduction with the smaller ozone dose.

Mr. Kwan stated that EPA declined the request to stop aerobic spore monitoring, but said that monitoring can be biweekly, which halves the annual cost.

Mr. Kwan stated that with the information from the EPA, they started looking at quotes from vendors for equipment. Mr. Kwan stated that many vendors were contacted, but only three quotes were received. Mr. Kwan stated that the equipment comes in many shapes and sizes. Mr. Kwan stated that they came to a conclusion on the sizing.

Mr. Kwan stated that the 2017 Facility Plan indicated a new building at a cost just under \$12 M. Mr. Kwan stated that they evaluated placement of the UV system in multiple areas throughout the plant. Mr. Kwan stated that they found the perfect spot for the UV equipment in the Ozone Injection Room. Mr. Kwan stated that by doing this, it eliminates the need for a new building. Mr. Kwan stated that there is only one manufacturer that can meet the requirements, and that is DeNora's Sentinel System. Mr. Kwan stated that the equipment from the other vendors is too large, and would require a new building. Mr. Kwan stated that the DeNora System also has the lowest annual operating cost and lowest 20-year lifecycle cost.

Mr. Kwan showed a 3-D rendering of what the equipment would look like in the Ozone Injection Room.

Mr. Kwan stated that the other portion of this project that they looked at is the ozone equipment. Mr. Kwan stated that the ozone equipment is 23-years old, and typically only lasts 20 years, and often times less than that. Mr. Kwan stated that

the vendor stopped making parts for this particular ozone equipment and has no stockpile of parts; it sold out years ago. Mr. Kwan stated that staff spends a lot of time looking for parts, and if they cannot be found, they have to be custom built. Mr. Kwan stated that because the vendor no longer has a stockpile of parts, their service has gone downhill. Mr. Kwan stated that the service has been bad for several years.

Mr. Kwan stated that equipment repairs are becoming more frequent, taking a longer time to find parts, requires more money to buy/build parts, and takes a longer time to install parts. Mr. Kwan stated that the Ozone system is becoming less reliable.

Mr. Kwan stated that not all of the Ozone system will need to be replaced. Mr. Kwan stated that the Ozone Contactors, Degassing System, and Ozone Destruct System can all still be used with the updated Ozone system.

Mr. Kwan stated that they reached out to multiple vendors and received responses from Wedeco, who is the current system vendor, and Primozone. Mr. Kwan stated that the equipment is comparable, as are the operating costs. Mr. Kwan stated that both systems will fit into the existing Ozone Generator Room. Mr. Kwan stated that the difference is Primozone has a modular, more resilient system – more parts can fail before compromising water production, plus repair is easier. Mr. Kwan stated that service cannot be overlooked, and Wedeco's service has been poor over the last few years.

Mr. Kwan turned the presentation over to Mr. Laber.

Mr. Laber stated that everyone always wants to know what it's going to cost. Mr. Laber asked the Board to reference the summarized costs on the screen. Mr. Laber stated that with the savings of placing the UV system in the Ozone Injection Room, it is roughly estimated to cost \$3.5M. Mr. Laber stated that the replacement of the Ozone system is based on pricing from the two vendors and is estimated to be \$12.4M. Mr. Laber stated that total estimated project cost is \$15.9M. Mr. Laber stated that projects are difficult to estimate with the current bidding environment and inflation. Mr. Laber stated that they are seeing a lot of project bids coming in over the estimates, and will have to be monitored.

Mr. Laber stated that the Board needs to approve the direction they want to go, submit the report to EPA, secure funding, select a consultant, begin design and permitting, and construct the new UV and replacement Ozone systems.

Mr. Laber stated that he spoke to someone in their Gillette office about funding. Mr. Laber stated that the State of Wyoming will have \$50M of ARPA funding allocated to water and sewer projects. Mr. Laber stated that \$4.5M is the maximum that can be requested, with 85% grant and 15% match with no limitations on where the match comes from, so it could be matched with other grant funding. Mr. Laber stated that applications will be available sometime in late June or July, but it is not known when the SLIB board will consider the

applications.

Mr. Laber stated that there was a bill larger than \$50M, but it failed.

Mr. Laber stated that there is also an Infrastructure Funding bill that passed, and there will be approximately \$400M for the State of Wyoming for water and sewer projects. Mr. Laber stated that this is being expanded to include grants. Mr. Laber stated that the American Iron and Steel is being expanded to Build America, Buy America, which will include all materials not just iron and steel to be American. Mr. Laber stated that the rules are not out yet, but there could be up to 100% principle forgiveness. Mr. Laber stated that they are monitoring these funding options.

Mr. Laber asked if the Board had any questions.

Vice-Chairman Bertoglio asked if the Ozone and UV systems have to be done at the same time. Mr. Kwan stated that they do not have to be done at the same time, but it is more cost effective to do them at the same time with the bid climate. Mr. Kwan stated that it would be easier on operations to do them at the same time. Mr. Kwan stated that with the bidding climate, waiting will drive the costs higher. Mr. Kwan stated that the Feds stated that they will be increasing the interest rates every month between now and the middle of next year. Mr. Kwan stated that the equipment will get more expensive as the months go by.

Chairman King asked that for the switchover, how long will the construction downtime be. Mr. Kwan stated that for the Ozone system, it would be no downtime, as one generator would be replaced at a time, so the plant would not be off line. Mr. Kwan stated that for the UV system, if it is staged correctly, it would be two to three days. Mr. Kwan stated that it has been laid out so that with the valving, it would minimize the disruption. Mr. Kwan stated that when the groundwater system is down, the surface water plant could be used to offset the downtime.

Board Member Sutherland asked what the overall project time would be. Mr. Kwan stated that it would be about a year for design and permitting, and construction would add another year, due to getting electronic parts.

Vice-Chairman Bertoglio asked that from the time that EPA approves the plan, what year does it have to be done. Mr. Martin stated that it has to be in operation in 2028. Mr. Martin stated that the timeline that was submitted to EPA must be followed.

Vice-Chairman Bertoglio asked when the loan from the City will be fully paid. Mr. Martin stated that the loan from the City will be paid off in mid fiscal year 2024. Vice-Chairman Bertoglio stated that there shouldn't be a big rate disruption then. Mr. Martin stated that he is hoping that if the Board has to go with loans, which is likely, the City loan would be ending, so should wash out pretty well.

Vice-Chairman Bertoglio asked if the Ozone system or the UV system will take longer to install. Mr. Kwan stated that both systems have electronics and circuitry that are driving the schedule.

Board Member Sabrosky stated that it was mentioned that EPA is going to allow lowering the Ozone dose if UV is used. Board Member Sabrosky asked if there will be a point in the future where Ozone will not be used, or if both systems have to be used together. Mr. Kwan stated that the way the regulations are structured, both Ozone and UV have to be used. Mr. Kwan stated that more utilities across the country are moving to using both UV and Ozone to meet treatment requirements. Mr. Kwan stated that they do slightly different things, but the position of EPA is that both systems are needed to treat all the different pathogens and parasites in the water.

Vice-Chairman Bertoglio asked if any action is required by the Board at this time. Mr. Martin stated that no action is required at this time. Mr. Martin stated that the report will be submitted to EPA to meet the end of the month deadline, and then the project will move into the funding phase.

- b. Mr. Martin stated that an application was submitted to the Wyoming Water Development Commission (WWDC) for the development of a Wellfield Management and Operations Plan. Mr. Martin stated that WWDC was on site a couple of weeks ago to look at the wellfield and get a better feel for what this project is going to entail. Mr. Martin stated that in May there will be a joint meeting with WWDC and the Select Water Committee to review the proposals. Mr. Martin stated that he will be in attendance at the meeting, and stated that WWDC feels that it would be good to have a Board Member in attendance at the meeting as well. Mr. Martin stated that the meeting will be held in Cheyenne, and asked if is a Board Member that would be available to attend the meeting.

Vice-Chairman Bertoglio asked what day in May the meeting will be held. Mr. Martin stated that it looks like the meeting will be held on May 12th, but WWDC will let us know if there are any changes. Vice-Chairman Bertoglio stated that he will be out of town on May 12th. Chairman King stated that he does not have anything on the calendar for that date.

Vice-Chairman Bertoglio asked if the Groundwater Guardians didn't have a wellhead protection plan. Mr. Martin stated that there is a Source Water Protection Plan in place, that was completed by HDR a couple of years ago to meet new requirements. Vice-Chairman Bertoglio stated that way back when the WTP was upgraded, there was a lot of wellhead protection documentation and asked if any of that was used. Mr. Martin stated that there is good information in those documents, but what will be done with this new study is to review the existing wells to see what condition they are in, which ones can be rehabbed, which ones would need to be relocated, how the recharge channels are working, to see if additional recharge channels are needed or they need to be operated differently. Mr. Martin stated that the idea is to get as much production as possible out of the wellfield and look at extending the life of the wellfield by

changing operations. Mr. Martin stated that WWDC will definitely be looking at the old plans and look at current conditions. Mr. Martin stated that once the Level 2 Study is in place, it can be used to go after grant funding for upgrades, new wells or rehabbing existing wells.

- c. There was no Other Old Business.

8. In New Business:

- a. Chairman King stated that he would be abstaining from the Choice Gas discussion as he is the Chairman of the Wyoming Community Gas Board.

Mr. Martin asked the Board to reference the table on the screen with the information from all the Choice Gas providers. Mr. Martin stated that the amount of gas used by the WTP is listed with the associated cost per month. Mr. Martin stated that these costs are just for the gas and do not include distribution charges, etc. Mr. Martin stated that the current Pass-On rate is \$0.74 per therm but fluctuates during the year. Mr. Martin stated that the Board usually looks to Vice-Chairman Bertoglio for guidance as he has worked with natural gas for many years and could provide more detail.

Vice-Chairman Bertoglio stated that right now the price of natural gas for next winter is projected to be about doubling what the Board paid this year. Vice-Chairman Bertoglio stated that since the Choice Gas selection period opened the prices have jumped from \$0.65 to \$0.80 per therm. Vice-Chairman Bertoglio stated that as of yesterday the prices are ranging from \$0.82 to \$0.89 on the fixed rates. Vice-Chairman Bertoglio stated that if you take the Pass-On rate and add the \$0.12 per therm for the February Extreme Weather ("FEW") rate, it happens to be close to that. Vice-Chairman Bertoglio stated that indicates that the other gas companies looked at it and decided that if that's what the Pass-On rate is going to make, they want to as well, because they more than likely lost money when that extreme cold spell hit Texas. Vice-Chairman Bertoglio stated that he thinks they are making up for it. Vice-Chairman Bertoglio stated that generally when natural gas prices go up that fast, they go down just as fast. Vice-Chairman Bertoglio stated that the last time the pricing got this crazy, by mid-winter prices started dropping significantly. Vice-Chairman Bertoglio stated that the issue in Ukraine was not happening then, but the biggest impact with that is that a lot of U.S. natural gas is being turned into LMG and shipped to Europe. Vice-Chairman Bertoglio stated that he does not believe we will see the Pass-On rate average \$0.75 per therm for the year. Vice-Chairman Bertoglio stated that at this point, the Pass-On at least gives some degree of downslide, where with the others, you're stuck with it. Vice-Chairman Bertoglio stated that since the Board has done the Pass-On rate, even if you go with one of the other suppliers, you will still have to pay the FEW charge of \$0.12 per therm on top of their price. Vice-Chairman Bertoglio stated that pretty much you are stuck with the Pass-On rate for the three years until the FEW is done.

Mr. Martin stated that the Board has used the Pass-On rate for many years, and it

seems to have been a good option. Vice-Chairman Bertoglio stated that it is a rarity to beat the Pass-On rate.

Chairman King asked for a motion on how the Board wishes to go with the Choice Gas Selection.

A motion was made by Vice-Chairman Bertoglio and seconded by Treasurer Freel to stay with the Choice Gas Pass-On rate. Motion put and carried.

- b. Mr. Martin stated that Engineering Associates is under contract to design the Caisson #2 Well Rehabilitation Project and put the project out to bid. Mr. Martin stated that on April 6th, the bids were opened. Mr. Martin stated that two bids were received for the project, Reynolds Construction in the amount of \$545,720, and Layne Christensen in the amount of \$589,000. Mr. Martin stated that they were very close prices, but both exceeded the Engineer's Estimate of \$314,000. Mr. Martin stated that \$425,000 was budgeted, but the design contract was \$40,000. Mr. Martin stated that staff recommends rejecting all bids. Mr. Martin stated that additional funds are being budgeted next fiscal year for well rehabilitation, and the funds from this year can be carried over. Mr. Martin stated that after the funds are combined, it will be put back out to bid. Mr. Martin stated that hopefully prices will go down, but there is no guarantee.

Vice-Chairman Bertoglio asked if these are the same companies that have been used in the past for well rehabilitation. Mr. Martin stated that Engineering Associates has been used in the past, and generally they use their own company for the vertical wells, but this is a horizontal well, so it is a bit different. Mr. Martin stated that the Ranney wells have not been rehabbed in years, so he is not sure what to expect when they get in there.

Chairman King asked for a motion to approve the rejection of all bids for the Caisson #2 Rehab, Project No. 21-040.

A motion was made by Secretary Waters and seconded by Board Member Sutherland to reject all bids for the Caisson #2 Rehab, Project No. 21-040. Motion put and carried.

- c. Mr. Martin stated that the Preliminary FY23 Operations Budget and Agency Budget will be reviewed today. Mr. Martin stated that the Operations budget is used for day to day operations of the regional water system including personnel costs. Mr. Martin stated that this break-even budget is approved by both the Board and City Council and is reimbursed from the Agency budget. Mr. Martin stated that the Agency budget is approved by the Board and includes direct Board expenses, debt service, reimbursable contract expense, and capital expenses.

Water Treatment Plant Operations Budget

Personnel Services

- a) Personnel Costs - \$1,162,883 – This represents an increase of \$49,204 over the FY22 budget. The increase is due to adding a new Water Plant Operator position. The position has enabled a reduction in overtime expense.

Materials and Supplies

- a) General Supplies and Materials - \$147,500 – This is an increase of \$22,000 from the FY22 budget. The General Supplies and Materials line includes office supplies, safety equipment, machinery supplies, booster station supplies, well field supplies, and laboratory supplies. The increase is due to adding small tools and equipment (\$10,000) to this line from the capital budget, a \$10,000 increase to machinery supplies, and \$1,000 increases to lubricants and misc. supplies.
- b) Chemicals - \$1,000,000 – This is an increase of \$200,000 from the FY22 budget. The increase covers an increase in material cost as well as fuel and trucking charges.
- c) Postage and Printing - \$2,000 – This amount is an increase of \$50 from the FY22 budget.
- d) Electricity - \$855,500 – This amount is unchanged from the FY22 budget. Electric usage is greatly dependent upon summertime water sales.
- e) Natural Gas - \$50,000 – This is unchanged from the FY22 budget. Mr. Martin stated that he anticipates increasing this line to \$70,000. Vice-Chairman Bertoglio instructed Mr. Martin to increase this line to \$80,000.
- f) Bulk Fuel - \$10,000 – This amount is unchanged from the FY22 budget. This is for fuel for the Emergency Generator.
- g) Technology Supplies - \$6,000 – This amount is unchanged from the FY22 budget and accounts for computer replacements and minor ancillary equipment. Computers are replaced based on the schedule maintained by the City IT Department.
- h) Maintenance/Repair (non-contract) - \$70,000 – This is an increase of \$20,000 from the FY22 Budget. This line is for specialty repair work completed by outside vendors such as electrical work. The increase is due to aging equipment as well as increasing vendor costs.
- i) Employee Uniforms - \$3,000 – This is an increase of \$2,000 from the FY22 budget. In the past, some of this expense was accounted for under the personnel budget. Additionally, City policy and increased use of the benefit are driving the increase.

Contractual Services

- a) Professional Services - \$12,000 – This is an increase of \$4,000 from the FY22

budget. This line is used for instrumentation and controls maintenance and repairs. This increase is a result of continuing SCADA/PLC modifications and increasing vendor costs.

- b) Maintenance Agreements - \$42,000 – This represents an overall decrease of \$1,400 from the FY22 budget. This line item covers agreements with outside service providers for such items as HVAC, instrumentation, elevator, chiller, chloramine analyzers, fire sprinkler system, crane inspection, and work order system that are beyond the expertise and/or certification of the WTP staff. There has been slight across the board increases in these agreements; however, the HVAC maintenance agreement amount is reduced by \$10,000 as it is anticipated that the in-house maintenance staff will be completing some of that maintenance with the addition of another operator in FY23.
- c) Lab Testing - \$46,500 – This amount is unchanged from the FY22 budget. Lab tests have increased in cost, but there is a decrease in the number of Aerobic Spore tests that must be taken.
- d) Laundry and Towel Service - \$2,000 – This amount is unchanged from the FY22 budget.
- e) Interdepartmental Service - \$288,610 – This is an increase of \$1,405 from the FY22 budget. This line item covers the following General Fund support:
 - \$ 21,987 – Information Technology – Increase of \$1,963
 - \$ 18,985 – Finance – Decrease of \$2,481
 - \$ 16,298 – Human Resources – Increase of \$3,375
 - \$ 8,854 – City Council – Increase of \$3,375
 - \$ 22,649 – City Manager – Increase of \$1,333
 - \$ 15,224 – City Attorney – Increase of \$3,370
 - \$184,613 – WDG Personnel – Decrease of \$10,452

These costs fluctuate each year.

Other Costs

- a) Travel/Training - \$4,000 – This amount is unchanged from the FY22 budget.
- b) Insurance & Bonds - \$36,831 – This is an increase of \$9,441 from the FY22 budget. This line item covers liability insurance, etc. for the eleven WTP employees who are City of Casper employees.
- c) Advertising - \$1,700 – This is an increase of \$800 from the FY22 budget. This line is for advertising Board meetings, annual budget, etc.
- d) Dues and Subscriptions - \$1,200 – This amount is unchanged from the FY22 budget.

Utility Costs

- a) Communication - \$2,200 – This amount is unchanged from the FY22 budget.
- b) Refuse Collection - \$60,000 – This amount is unchanged from the FY22 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. This line item budget was increased by \$20,000 in FY22.
- c) Sewer - \$400 – This amount is unchanged from the FY22 budget.

Summary

The FY23 Operations Budget is 8.0% greater than the FY22 Operations Budget. In large part the increases are attributable to increases in personnel costs, an increase in interdepartmental costs, a significant increase in chemical costs, and increase to non-contract maintenance repair services, and an increase in machinery repair supplies. Mr. Martin stated that the increase to be added to Natural Gas will increase the percentage of difference between FY22 and FY23 budgets.

Central Wyoming Regional Water System Agency Budget

Revenue

- a) Water Rate Revenue - \$8,314,318 – This reflects an increase of \$550,957 over the FY22 budget. These revenues are proportioned to each wholesale entity based on the July 2020 – June 2021 percentage of RWS production based on a five-year average of total RWS production. This amount anticipates a 6% rate increase effective July 1, 2022. Mr. Martin stated that the rate model will be discussed next month.
- b) Interest on Investments - \$70,000 – This is an increase of \$50,000 from FY22 budget based on placing funds in the WyoStar accounts.
- c) System Development charges (SIC) - \$245,000 – This amount is unchanged from the FY22 budget. The SIC rates recommended from the recent cost of services and SIC study went into effect January 1, 2019.

Personnel Services

None – The Board contracts with the City for all management, operation, and maintenance of the Regional Water System.

Contractual Services

- a) Consulting Fees - \$15,000 – This amount for outside consulting work is

unchanged from the FY22 budget.

- b) Legal Fees - \$30,000 – This amount is unchanged from the FY22 budget.
- c) Accounting & Auditing - \$32,000 – This amount is unchanged from the FY22 budget and is based on the Audit Engagement Agreement with Skogen, Cometto & Associates P.C. for Auditing Services for FY2021 and FY2022.
- d) Insurance & Bonds - \$112,000 – This is an increase of \$6,000 from the FY22 budget.
- e) Travel & Training - \$2,000 – This amount is unchanged from the FY22 budget. This is for RWS Board travel and training.

Debt Service

- a) Principal Payments - \$2,244,084 – 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 - \$1,502,373
 - WWDC (New Construction) - \$ 376,866
 - WWDC (Rehabilitation) - \$ 120,361
 - DWSRF #115 (Emergency Power) - \$ 103,505
 - DWSRF #129 (Zone IIB Imp.) - \$ 24,831
 - DWSRF #153 (Backwash Tank) - \$ 71,780
 - DWSRF #213 (PLC/SCADA) - \$ 44,368
- b) Interest Expense - \$307,574 – 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 - \$ 33,152
 - WWDC (New Construction) - \$119,064
 - WWDC (Rehabilitation) - \$ 38,026
 - DWSRF #115 (Emergency Power) - \$ 49,020
 - DWSRF #129 (Zone IIB Imp.) - \$ 10,040
 - DWSRF #153 (Backwash Tank) - \$ 33,995
 - DWSRF #213 (PLC/SCADA) - \$ 24,277

Capital – New

None.

Capital – Replacement – This was reviewed at the meeting last month.

- a) Buildings - \$375,000 – This is for the following:
 - Security - \$75,000 – On-Going project that includes the installation of security equipment including entrance gate upgrades, door-card access

system, and several fixed, PTZ, and long-range cameras, external light replacements, and fire alarm installations.

- Roof Replacement - \$300,000 – This is to replace the roofing systems over the Actiflo area.

b) Improvements Other Than Buildings - \$1,597,000 – This includes:

- Major Equipment and Valve Replacements - \$150,000
- Turbidimeter Replacements - \$30,000
- Well Rehabilitation - \$500,000
- Raw Water Pump Replacement - \$75,000
- GW Vault and Yard Piping Replacement - \$125,000
- Filter Media Replacement - \$100,000
- Chemical Line Replacement - \$12,000
- Raw Water & High Service Piping Recoating - \$200,000
- Pioneer Booster Pump Replacement - \$30,000
- Sunrise III Repeater Building - \$15,000
- Chiller Replacement - \$285,000
- HS Pump Valve Replacements - \$75,000

Summary

The FY23 Agency Budget is 7.2% greater than the FY22 budget. The Agency budget anticipates an increase in revenues based on a wholesale water rate increase of 6% and an increase in earned interest on investments. The total amount budgeted for FY23 capital expenditures is \$1,972,000, an increase of \$270,000 from FY22. This amount is in line with what was presented to the Board in the FY22 rate model.

Mr. Martin stated that this a preliminary look at the budget, and there may be revisions made before the final review and approval of the FY23 budget in June.

Chairman King reminded the Board that when the rate model was reviewed last year it showed a 6% increase for the next five years. Mr. Martin stated that the thing to keep in mind is the upcoming UV project and the payoff of the City Loan, how that's going to look for Debt Service, and how it will look if a new loan is picked up. Mr. Martin stated that all this will be discussed next month during the rate model review.

Mr. Martin stated that the increase to Natural Gas will be made before the final budget review in June.

- d. Mr. Martin stated that shown on the screen is the updated Snow Map. Mr. Martin stated that the numbers have increased from last week. Mr. Martin stated that Bureau of Reclamation looks at snowpack and water that is in storage to make a determination for the forecasted runoff in July, and contrast that against the 1.1 M acre-feet anticipated irrigation need. Mr. Martin stated that we are approximately 150,000 acre-feet below what is needed, so right now the river is under

administration. Mr. Martin stated that what that means for us, is that we are using more senior water rights that we have, so we are using Upper Rock Creek Reservoir (URCR) water as well as Pathfinder Modification (PMP) water to meet those demands. Mr. Martin stated that the more junior rights are in administration, so the senior rights are used. Mr. Martin stated that the administration on the river is expected to end by May 1st, maybe a little bit earlier depending on how things go. Mr. Martin stated that hopefully that will be the only administration on the river for the summer, but we will see how the conditions play out. Mr. Martin stated that if the drought conditions worsen, there could be other administrative orders on the river.

Chairman King asked if the URCR still has ice on it. Mr. Martin stated that it does have some ice, but Mr. Conner and his crew went up there and were able to release water from URCR in April, which is really good. Mr. Martin stated that usually it is so iced up that water can't be released, and we have to rely more on the PMP water.

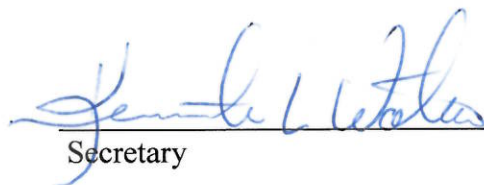
Vice-Chairman Bertoglio asked that if the URCR water couldn't be used, would we have to purchase water from Bureau of Reclamation. Mr. Martin stated that we would have to use more of the PMP water. Vice-Chairman Bertoglio stated that we used to have to purchase Glendo water. Mr. Martin stated that RWS and the City both have contracts with WWDC for PMP water.

- e. There was no Other New Business.
- 9. In the Chairman's Report, Chairman King thanked Mr. Keffer again for his many years of service on the Board.

Chairman King stated that the next regular meeting would be held on May 17, 2022.

A motion was made by Secretary Waters and seconded by Treasurer Freeland to adjourn the meeting at 12:51 p.m. Motion put and carried.


Chairman


Secretary