

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

MEETING PROCEEDINGS

May 15, 2018

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, May 15, 2018 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 Powell, and Board Members Humphrey, Walsh, and Tasler. Treasurer Lawson and Board Member Johnson were absent.

City of Casper – Powell, Humphrey, Walsh, Andrew Beamer, Bruce Martin, Brian Schroeder, Clint Conner, Janette Brown, Scott Baxter, Alex Sveda

Natrona County –

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.;

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

1. In Announcements, Mr. Martin stated that Ms. Linda Tasler has the proxy for Board Member Waters.
2. Chairman King asked for a motion to approve the minutes from the April 17, 2018

meeting. A motion was made by Vice-Chairman Keffer and seconded by Board Member Walsh to approve the minutes from the April 17, 2018 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 7851 for Power Service in the amount of \$11,265.00 for sand pumps; voucher 7852 for COP Wyoming in the amount of \$118,416.52 for the Alternate Backwash Water Supply Project; and voucher 7853 for COP Wyoming c/o First Interstate Bank in the amount of \$129.15 for retainage for the Alternate Backwash Water Supply 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 2018 vouchers. A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to approve the May 2018 voucher list to include voucher numbers 7840 through 7853 in the amount of \$675,311.06. Motion put and carried.

4. Mr. Martin asked the Board to reference the Gallons Produced table in the agenda packet. Mr. Martin stated that production for April 2018 was 173 MG. Mr. Martin stated that the five year average is 172 MG. Mr. Martin stated that year to date production is 2.81 BG and the five year average is 2.99 BG.

Mr. Martin asked the Board to reference page 2 of the April Financial Report. Mr. Martin stated that Water Sales for FY18 year to date is \$4,838,547, which is approximately \$60,339 higher than last year. Mr. Martin stated that even though less water was sold, revenues are higher due to the rate increase.

Mr. Martin stated that Operating Expense for FY2018 is \$2,477,256 which is approximately \$98,899 higher than last year. Mr. Martin stated that this is mainly due to timing of chemical purchases.

Chairman King asked for a motion to approve the April 2018 Financial Report as presented. A motion was made by Secretary Powell and seconded by Board Member Walsh to approve the April 2018 Financial Report as presented. Motion put and carried.

Board Member Humphrey arrived at 11:35 a.m.

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

Mr. Schroeder stated that it has been quite busy at the WTP. Mr. Schroeder stated that the contractor has completed the replacement of the Actiflo settling tubes on Train #2. Mr. Schroeder stated that the settling tubes for Train #1 should be delivered the week of May 24th. Mr. Schroeder stated that the contractor will install the settling tubes the following week.

Mr. Schroeder stated that the Actiflo trains were originally designed to produce 13.5 MGD, but with the new settling tubes, the Operators were able to run 14.2 MGD through

Train #2 with no problems. Mr. Schroeder stated that it worked perfectly, better than it ever has, and stated that he thinks this is a successful project.

Secretary Powell asked if this project was one of the top priority projects from the Facilities Plan Update. Mr. Schroeder stated that this is one of the top priority projects. Mr. Schroeder stated that when the old settling tubes were removed, they were plugged full of sand and sludge. Mr. Schroeder stated that the old settling tubes were 2-inches and the new settling tubes are 4-inches.

Mr. Schroeder stated that the Bulk Sand Loading System is under design.

Mr. Schroeder that construction on the Surface Water High Service Pump VFD Project is scheduled to begin next week.

Mr. Schroeder stated that he is in contact with the vendor to replace the Ozone generator digital displays.

Mr. Schroeder stated that the SCADA/PLC Project is on-going.

Mr. Schroeder stated that three groundwater well pump replacements have been ordered.

Chairman King asked if anything more has been done with the River Project on the section going through the wellfield. Mr. Schroeder stated that he believes they are going to skip this section and move on to another section of the river.

Mr. Schroeder stated that water production has been fluctuating with the weather, anywhere from 8 MGD to 16 MGD.

Mr. Schroeder stated that the surface water plant should be up and running for the summer by June 1st.

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

Mr. Conner stated staff has been doing water sampling and taking care of mowing and weed control at the booster stations.

Mr. Conner stated that staff will be hauling sludge to the Landfill in the next couple of weeks.

Mr. Conner stated that last year during the EPA Sanitary Survey, there were some issues with a tank vent and hatch so staff has been correcting those issues.

6. There was no Public Comment.

7. In Old Business:

a. Project Updates:

- i. Mr. Martin turned the time over to Mr. Scott Baxter with the City of Casper Engineering Department for an update on the Alternate Backwash Water Supply Tank Project.

Mr. Baxter stated that the Alternate Backwash Water Supply Tank Project is moving along with the coating. Mr. Baxter showed some pictures of the tank coating in progress. Mr. Baxter stated that there were a few areas where the primer was on a little thick, but the contractor was able to take some of it back off.

Mr. Baxter stated that the piping has been completed for the tank and project close-out should start in about three weeks.

Mr. Baxter stated that there is some concrete replacement work that needs to be done that was not part of the project. Mr. Baxter stated that this came about as a result of the surge protection issue. Mr. Baxter stated that they are getting pricing right now for the concrete work.

Secretary Powell asked when this tank is completed, if it will be put into service so the 2.6 MG tank can be taken out of service and repaired. Mr. Baxter stated that was correct. Mr. Baxter stated that the 2.6 MG tank will be repaired next fiscal year.

- ii. Mr. Martin stated that the Airport Elevated Water Storage Tank Project is also being overseen by Mr. Baxter and turned the time back to him.

Mr. Baxter stated that the Airport Elevated Water Storage Tank Project is going really well. Mr. Baxter stated that the bowl of the tank was completed on May 7th and the painters will be on site next week to start work. Mr. Baxter stated that the tank should be ready to raise to the top of the pedestal in mid-June. Mr. Baxter stated that once it is raised, the roof will be installed and the painters will complete the painting. Mr. Baxter stated that the project should be completed in August or September.

- iii. Mr. Martin turned the time over to Mr. Alex Sveda with the City of Casper Engineering Department for an update on the WTP Emergency Power Project.

Mr. Sveda stated that the WTP Emergency Power Project was substantially complete on March 23, 2018. Mr. Sveda stated that Wyoming Machinery is currently completing the punch list items, site work grading and paving. Mr. Sveda stated that they should be completed by June 1st.

Mr. Sveda stated that approximately \$217,000 has been assessed as liquidated damages at this time on this project. Mr. Sveda stated that the

project is 327 days passed substantial completion so there is the potential of \$327,000 being assessed as liquidated damages. Mr. Sveda stated that he is waiting for the final invoice from Wyoming Machinery and a recommendation from the consulting engineering to bring to the Board for a discussion on what to do in regards to assessing liquidated damages for this project.

Board Member Walsh asked if substantial completion means that if the power fails, a switch can be flipped and the generator will work. Mr. Sveda stated that was correct; the contractor is just working on items that are not critical for the system to work.

- b. In Other Old Business, Chairman King announced that Mr. Bob Hopkins is no longer on the Board and has been replaced by Ms. Kenyne Humphrey. Chairman King welcomed Board Member Humphrey to the Board.

8. In New Business:

- a. Mr. Martin stated that for the past couple of years, crews have been working on eliminating Russian Olive trees in the wellfield. Mr. Martin stated that the trees have been chipped into piles and staff would like to get the piles moved out of the wellfield. Mr. Martin stated that staff has been approached by J & G Landscaping (J & G) about taking the chips.

Mr. Martin stated that the Memorandum of Understanding before the Board is for J & G to remove the chips from the wellfield. Mr. Martin stated that J & G would not be charged for the chips, and J & G would not charge for the removal. Mr. Martin stated that the one stipulation in the agreement is that J & G can only use the chips at their nursery; they cannot sell the chips or use them for landscaping purposes.

A motion was made by Board Member Walsh and seconded by Vice-Chairman Keffer to approve the Memorandum of Understanding with J & G Landscaping, Inc. for the removal of the Russian Olive tree chip piles from the wellfield at no charge. Motion put and carried.

- b. Mr. Martin stated that in March the Board reviewed the Capital Improvement Plan, and in April the Board reviewed the Preliminary FY19 Budget. Mr. Martin stated that this month, the Board will review the Preliminary FY19 Rate Model. Mr. Martin stated that at the June meeting the Board will formally adopt the budget and wholesale water rate for FY19.

Mr. Martin asked the Board to reference the Wholesale Water Rate Narrative, and reviewed the following assumptions used in the rate model:

- Model assumes a 0.5% rate of growth in the Regional Water System over

the next five years. This is the same rate used in the Water Treatment Plant Facilities Plan.

- The rate model takes into consideration no COLA for City Personnel Services in FY19. In FY20 and beyond, the model assumes a 2% increase for Personnel Services expense each year over the next five years. In FY19 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. Electricity, natural gas, and chemical costs in the future could be higher than the assumed 4% increase per year (these expenditures are major portions of Contractual Services and Materials and Supplies).
- The model assumes the volume of water produced by the Regional Water System represents the most probable case for the next five years.
- 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.
- Rates developed by these models include rate adjustments needed for new and replacement capital facilities above that obtained from the system investment charges, reserves, grants, and loans.
- The model assumes an FY18 SRF loan in the amount of \$1,600,000 for the PLC/SCADA Improvements Project.
- The model assumes that grant/loan funding will be secured in FY21 for the Ultraviolet Light Disinfection System.

Mr. Martin stated that with these assumptions, the rate model shows a wholesale water rate increase of 7% for FY19. Mr. Martin stated that with this rate increase, the Reserves are projected to be \$4.58 M, with the Minimum Required Reserves \$4.09 M.

Mr. Martin asked the Board to reference the new rate model on the screen. Mr. Martin stated that the bottom line on the graph represents minimum reserves, and the top line is a 10% cushion above the minimum reserves. Mr. Martin stated that staff is trying to keep the actual reserve amount between these two lines.

Mr. Martin stated that there was a 7% wholesale water rate increase last year. Mr. Martin showed the Board on the graph that if there is no wholesale water rate increase this year, the reserve level drops below minimum reserves.

Mr. Martin stated that the big UV Project is coming up, and he would like to build reserves so the Board won't have to borrow as much money for the project.

Mr. Martin recommended a 7% wholesale water rate increase for FY19, with a 5% wholesale water rate increase for FY20.

Secretary Powell asked Mr. Martin for his best guess for a timeline for the UV

Project. Mr. Martin stated that staff requested that EPA allow seven years to complete the project, but he is not sure what they will allow. Secretary Powell asked if staff was already informed by EPA that UV must be done. Mr. Martin confirmed that EPA has declared that UV must be installed, but they won't give an answer for the time limit to install the UV system for another two to three months.

Mr. Martin stated that with a 7% increase to the wholesale water rate, the rate would be \$1.84 per thousand gallons.

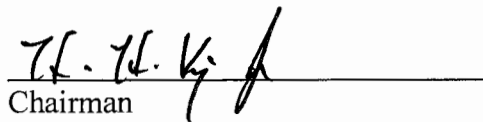
- c. Board Member Humphrey signed her annual banking letter during open session of the meeting on this date and is incorporated as part of these minutes.

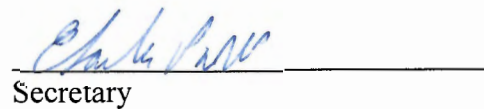
Board Member Johnson was not in attendance at the meeting and was unable to sign his annual banking letter.

- d. There was no Other New Business.

- 9. In the Chairman's Report, Chairman King stated that the next regular meeting will be held on June 19, 2018.

A motion was made by Secretary Powell and seconded by Board Member Walsh to adjourn the meeting at 12:04 p.m. Motion put and carried.


Chairman


Secretary