

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

MEETING PROCEEDINGS

June 16, 2020

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, June 16, 2020 at 11:30 a.m., in the Joint Powers Board Conference Room, Regional Water Treatment Plant, 1500 SW Wyoming Boulevard, Casper, WY.

Board Members Present - Chairman King, Vice-Chairman Keffer, Secretary Waters, Treasurer Bertoglio, and Board Members Cathey, Freel, Huber and Powell.

City of Casper – Cathey, Freel, Huber, Powell, Andrew Beamer, Bruce Martin, Brian Schroeder, Janette Brown

Natrona County – Bertoglio

Salt Creek Joint Powers Board – King

Wardwell Water & Sewer District – Keffer

Pioneer Water & Sewer District – Waters

Poison Spider Improvement & Service District –

Wyoming Water Development Office -

Sandy Lakes Estates -

Lakeview Improvement & Service District -

33 Mile Road Improvement & Service District –

Mile-Hi Improvement and Service District –

Central Wyoming Groundwater Guardian Team (CWGG) –

Others — Charlie Chapin – Williams, Porter, Day & Neville, P.C.;

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

1. In Announcements, as the meeting is being conducted by video conference, Ms. Brown took roll call as follows:

Chairman King – In Person
Vice-Chairman Keffer – In Person
Secretary Waters – In Person
Treasurer Bertoglio – In Person
Board Member Cathey – In Person
Board Member Freel – By Phone/Video
Board Member Huber – Absent
Board Member Powell – Absent
Mr. Chapin – In Person
Mr. Beamer – By Phone/Video
Mr. Martin – In Person
Mr. Schroeder – In Person
Ms. Brown – In Person

2. Chairman King asked for a motion to approve the minutes from the May 19, 2020 meeting. A motion was made by Vice-Chairman Keffer and seconded by Treasurer Bertoglio to approve the minutes from the May 19, 2020 meeting. Motion put and carried.
3. Mr. Martin informed the Board that one additional voucher was added to the voucher listing; voucher 8177 for Crum Electric Supply in the amount of \$152.25 for Instrumentation Tools. 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 June 2020 vouchers. A motion was made by Secretary Waters and seconded by Vice-Chairman Keffer to approve the June 2020 voucher list to include voucher numbers 8160 through 8177 in the amount of \$387,925.52. 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 May 2020 was 313 MG, which is 57 MG more than the five-year average of 256 MG. Mr. Martin stated that year-to-date production is 3.28 BG, which is approximately 97 MG more than the five-year average of 3.18 BG. Mr. Martin stated that May was a very good month for water sales.

Board Member Powell joined the meeting by phone/video at 11:34 a.m.

Mr. Martin asked the Board to reference page 2 of the monthly compilation. Mr. Martin stated that Water Sales is \$6,333,498, which is \$778,047, or 14% more than last year due to the rate increase and above average water sales.

Mr. Martin stated that Total Operating Expenses are \$2,933,989 for May compared to \$2,832,027 for the same time last fiscal year which is an increase of 3.6%. Mr. Martin stated that this is due to timing of chemical purchases and the early start-up of the surface water plant.

Chairman King asked for a motion to approve the May 2020 Financial Report as

presented. A motion was made by Board Member Cathey and seconded by Secretary Waters to approve the May 2020 Financial Report as presented. Motion put and carried.

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

Mr. Schroeder stated that water sales have been very good, but it creates a lot of work for the WTP staff. Mr. Schroeder stated that May was 362 MG, and production for June so far is over 300 MG. Mr. Schroeder stated that a lot of chemicals have been used, but there have been no issues with getting chemicals delivered. Mr. Schroeder stated that arrangements were made for chemical deliveries weekly when the surface water plant started.

Mr. Schroeder stated that the SCADA Project is nearing completion, and it should be completed next week. Mr. Schroeder stated that the new SCADA system is working great; there were a few issues that had to be worked out, but everything is good now and the contractor is finishing up punch list items.

Mr. Schroeder stated that staff has completed the annual sampling for the WTP. Mr. Schroeder stated that there was a lot of sampling that had to be done this year; IOCs, SOCs, VOCs and Radionuclides.

Treasurer Bertoglio asked what daily production is now. Mr. Schroeder stated that yesterday was 25 MGD, but average has been 22 MGD. Mr. Schroeder stated that with it being so hot and no rain, the Operators have to have the system full by 3:00 a.m. as everyone starts watering in the early mornings.

Board Member Huber joined the meeting by phone/video at 11:39 a.m.

Mr. Schroeder stated that Water Distribution staff has been working with the SCADA contractor on the boosters and tanks. Mr. Schroeder stated that the SCADA for the boosters and tanks is nearing completion as well.

Mr. Schroeder stated that Water Distribution staff has been doing maintenance and repairs to valves and hydrants on Salt Creek Hwy.

Mr. Schroeder stated that Water Distribution staff installed a new motor in Pioneer Booster.

Mr. Schroeder stated that Water Distribution will be starting mag meter testing for the RWS master meters.

Mr. Schroeder stated that the Wardwell Tank has been tested every week since being put back in service and there have been no issues.

Mr. Schroeder stated that Airport Line Tank is back on line after some interior paint repairs.

Mr. Schroeder stated that Water Distribution staff have been busy with grounds maintenance at the boosters and tanks.

Treasurer Bertoglio asked if staff thinks that the Wardwell Tank hasn't had any issues because it hasn't been raining, or if he thinks that all the leaks were fixed. Mr. Martin stated that the tank roof was flood tested after repairs were made, and it didn't leak.

6. There was no Public Comment. Mr. Martin stated that a conference line was set up for the public to be able to call in and listen to the meeting, but there were no requests from the Public to listen to the meeting.

7. There was no Old Business.

a. There was no Other Old Business.

8. In New Business:

a. Mr. Martin stated that it is the end of the fiscal year and staff needs to make sure that everything is in line in the budget. Mr. Martin stated that at the last meeting there was a budget reallocation for Legal Expense, but the calculation was off by a little bit. Mr. Martin stated that the budget reallocation before the Board today is to move \$5,000 from Interest Expense into the Legal Expense line item.

A motion was made by Vice-Chairman Keffer and seconded by Board Member Huber to approve the budget reallocation moving \$5,000 from Interest Expense to Legal Expense. Motion put and carried.

b. Mr. Martin stated that last month the Board had a preliminary look at the Wholesale Water Rate Model. Mr. Martin stated that now that it is June, the Board will need to approve the Wholesale Water Rate that will go into effect July 1st for FY21.

Mr. Martin reviewed the following highlights of the water rate memo:

- 1) The Water Treatment Plant Facilities Plan recommends a growth rate of 0.05%. Due to anticipated economic conditions, no growth has been included in the model this year.
- 2) This model assumes an across the board 3% rate of inflation.
- 3) The model assumes fund reserve interest earnings at 1.25% for the next five years.
- 4) The model assumes the volume of water produced by the RWS represents the most probable case for the next five years.
- 5) The recommended minimum RWS fund reserves are calculated in accordance

with the Regional Water System Fund Reserves Policy.

- 6) The rate models are driven by new and replacement capital projects more than operational expenditures. The projects and amounts are subject to change as more detailed information becomes available.
- 7) The model assumes that grant/loan funding will be secured in FY24 for the Disinfection Upgrade Project.
- 8) The criteria and results for the model presented are as follows:

5.0% wholesale water rate increase. FY21 Wholesale Water Rate - \$2.03/1,000 gallons. FY2020 wholesale water rate - \$1.93/1,000 gallons.

Result – FY21 Reserves Projected - \$4.11M
Minimum Reserves Required - \$4.47 M
Projected to be below the minimum reserves.

Mr. Martin stated that the major differences in the model from last month is that the engineer's estimate for the 2.6 MG Tank Roof Replacement Project is \$1.7 M, which is much higher than anticipated as only \$700,000 was budgeted. Mr. Martin stated that it is hoped that the project comes in less than the estimate.

Mr. Martin stated that the FY21 capital projects have been reduced by \$1,050,000 and the projects have been moved out to FY22 and FY23.

Mr. Martin asked the Board to reference the rate model pro forma. Mr. Martin stated that the black line is the minimum reserves set by policy, the green line is 10% above the minimum, and the blue line is the fund performance. Mr. Martin stated that there is a dip in the blue line in FY22 & FY23, but comes back up in FY24 as that is when the City loan debt is paid off and the Debt Service Reserve really drops. Mr. Martin stated that the problem is getting to FY23. Mr. Martin stated that the pro forma is with the 5% increase in the wholesale water rate.

Mr. Martin stated that the pro forma is starting out at a lower rate due to the 2.6 MG Tank, and offered to plug in different rates for the Board to see. Mr. Martin stated that he doesn't like to operate below minimum reserves, but he doesn't think anyone does. Mr. Martin stated that at least it doesn't take very long for the reserve balance to climb back up once the City loan is paid off. Mr. Martin stated that it isn't ideal to operate below minimum reserves, but that isn't to say that it can't be done.

Secretary Waters asked Mr. Martin to put in 4% and 4% for FY21 and FY22. Mr. Martin input the requested figures and it showed below minimum reserves. Mr. Martin stated that the blue line does not include a loan, or loan repayment for the Ultraviolet System. Mr. Martin included a \$625,000 loan payment for the UV Disinfection.

Treasurer Bertoglio asked if the projected reserves for FY20 are included in the rate model. Mr. Martin stated that audited numbers from FY19 are used in the model. Mr. Martin stated that if the FY20 audited numbers come in better than anticipated, and the 2.6 MG Tank Roof bid comes in lower than the estimate, the rate model will be in better shape for next year.

Treasurer Bertoglio stated that he would not go below a 4% rate increase. Chairman King stated that he would be more comfortable with a 5% rate increase.

A motion was made by Treasurer Bertoglio and seconded by Secretary Waters to approve a 5% increase to the Wholesale Water Rate for FY21, which increases the rate from \$1.93/1,000 gallons to \$2.03/1,000 gallons. Motion put and carried.

- c. Mr. Martin stated that the FY21 Budgets were discussed with the Board in detail in April, so he is only going to review changes made to the budgets since then.

Water Treatment Plant Operations Budget

Personnel Services

- a) Personnel Costs - \$1,058,692 – This represents a decrease of \$27,452 over the FY20 budget. While health insurance costs increased, reductions are coming from instituted furloughs and a decrease in the Instrumentation Technician salary due to a new hire. There are no COLA increases in the FY21 budget.

Treasurer Bertoglio stated that this is an Enterprise Fund that can be covered by rate increases and asked why there are furloughs included in the personnel costs. Mr. Martin stated that the City Manager is implementing furloughs across the board in order to be fair to all employees.

Board Member Powell asked if any issues are anticipated with the furloughs. Mr. Martin stated that there will be issues, the main issue will be with the Operator schedules. Mr. Martin stated that he anticipates things will be covered by the floater Operator, who covers vacations and does maintenance. Mr. Martin stated that it will be a challenge, but the Operators will make it work.

Materials and Supplies

- a) General Supplies and Materials - \$125,500 – This represents an increase of \$19,715.

Contractual Services

- e) Interdepartmental Services – Mr. Martin stated that there was much discussion on this line item in April. Mr. Martin stated that Finance showed that there

was an increase of \$129,000, but a calculation error was found and decreases in the General Fund were made. The amount is now \$286,350 – This is an increase of \$15,849 from the FY20 budget. This line item covers the following:

- \$16,835 – Information Technology – Increase of \$2,824
- \$29,103 – Finance – Decrease of \$690
- \$11,542 – Human Resources – Decrease of \$10,038
- \$5,143 – City Council – Decrease of \$1,361
- \$16,128 – City Manager – Decrease of \$636
- \$12,534 – City Attorney – Decrease of \$218
- \$195,065 – WDG Personnel – Increase of \$25,968 – Biggest increase

Summary

In April it was anticipated to have a 3.5% increase over FY20 budget. With these changes, the FY21 Operations Budget is .08% greater than the FY20 Operations Budget.

RWS Agency Budget

Mr. Martin stated there were not many changes overall to the Agency Budget other than to Capital. Mr. Martin stated that the Capital budget was decreased \$1,050,000. Mr. Martin stated that the projects that were moved out of the FY21 budget were moved to the FY22 or FY23 budget. The moved projects are as follows:

Filter Monorail Hoist System Project - \$150,000
North Platte River Restoration Project - \$250,000
Major Equipment Replacement – lowered to \$75,000
Well Rehabilitation Project – Originally \$350,000 for Caisson 2, dropped to \$100,000 for 2 wells
Groundwater High Service Pump VFD - \$100,000
Wardwell Tank Lining Project - \$175,000
Service Truck with Snow Plow - \$100,000

Mr. Martin stated that originally it was anticipated the FY21 Capital Budget would be \$2,230,000, but was decreased to \$1,180,000.

A motion was made by Board Member Cathey and seconded by Board Member Huber to approve the FY21 Water Treatment Plant Operations Budget and FY21 Agency Budget as presented. Motion put and carried.

- d. Mr. Martin stated that bids will be opened for the 2.6 MG Tank Roof Replacement Project on Thursday. Mr. Martin stated that staff would like to have

the project awarded next week along with the consideration of a budget amendment for the project. Mr. Martin stated that this would be a very short meeting and could be held by WebEx. After some discussion, it was the consensus of the Board to schedule the Special Meeting for Tuesday, June 23, 2020 at 11:30 a.m.

- e. In Other New Business, Mr. Martin stated that he received a request from HDR Engineering to allow HDR to share photos from the Wardwell Tank with another client. Mr. Martin stated that he discussed this request with Mr. Chapin, and is now bringing the request to the Board.

Mr. Chapin stated that HDR signed a confidentiality policy as part of their agreement with the Board for work on the Wardwell Tank.

Treasurer Bertoglio asked if the request was made for a litigation case. Mr. Martin stated that there is a potential for the case to go to litigation.

Mr. Chapin stated that in his opinion, if the pictures are shared there is the chance it will proliferate litigation.

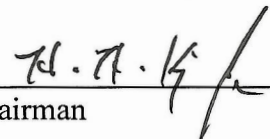
Treasurer Bertoglio stated that the Board paid for the report by HDR, it belongs to the RWS.

Board Member Cathey stated that if the photos are shared it could open a can of worms. Secretary Waters agreed.

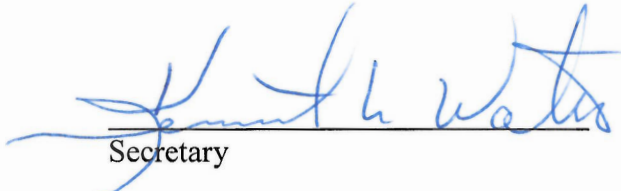
A motion was made by Board Member Cathey and seconded by Secretary Waters to keep the report sealed and to deny permission for HDR to share the photos. Motion put and carried.

- 9. In the Chairman's Report, Chairman King stated that the special meeting will be held on June 23, 2020, and the next regular meeting will be held on July 21, 2020.

A motion was made by Secretary Waters and seconded by Board Member Cathey to adjourn the meeting at 12:16 p.m. Motion put and carried.



Chairman



Secretary