

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

MEETING PROCEEDINGS

June 18, 2024

A public meeting of the Central Wyoming Regional Water System Joint Powers Board (Board) was held Tuesday, June 18, 2024, 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 Bertoglio, Vice-Chairman North, Secretary Waters, Treasurer Cathey, and Board Members Bond, Sabrosky and Sutherland. Board Member Pollock was absent.

City of Casper – Bertoglio, Cathey, Bond, Tom Brauer, Bruce Martin, Mark Anderson, Janette Brown

Natrona County – North

Salt Creek Joint Powers Board – Sutherland

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.; Frank Schwarzrock and Patrick Holscher – Town of Bar Nunn; George Moser – Wyoming Water Development Commission – attended virtually

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

1. In Announcements:

- a. Mr. Martin informed the Board that Board Member Bond is in attendance for his first meeting and introduced him to the Board.
 - b. Mr. Martin informed the Board that Mr. Tracy Sutherland has taken the place of Ms. Ashley Aars as the representative for Salt Creek Joint Powers Board and is in attendance today. Mr. Martin introduced Board Member Sutherland to the Board.
 - c. Mr. Martin informed the Board that Mr. George Moser, with the Wyoming Water Development Office is attending the meeting virtually and he will be giving a Wellfield Management Plan Update later in the meeting.
2. Chairman Bertoglio asked for a motion to approve the minutes from the May 21, 2024, Regular meeting. A motion was made by Vice-Chairman North and seconded by Secretary Waters to approve the minutes from the May 21, 2024, Regular meeting. Motion put and carried with Treasurer Cathey, and Board Members Bond, Sabrosky, and Sutherland abstaining from the vote.
 3. Mr. Martin stated that three additional vouchers were added to the listing that was sent out in the agenda packet. Mr. Martin asked the Board to reference the voucher listing on the screen.

Mr. Martin stated that voucher 8690 for Column Software PBC in the amount of \$145.87 is for the advertisement for the Notice of Final Payment to the contractor for the HVAC Chiller Replacement Project No. 20-30. Mr. Martin stated that the chiller is currently not working, and the final payment will not be released until it is working, and the project is completed.

Mr. Martin stated that voucher 8694 for Crown Construction in the amount of \$28,500.00 is for the WTP 42" Steel Waterline Replacement Project No. 21-45. Mr. Martin stated that the pipeline has been installed and the contractor is working on the vault.

Mr. Martin stated that voucher 8695 for Engineering Associates in the amount of \$6,444.96 is for the Caisson No. 2 Rehabilitation Project No. 21-040 engineering costs. Mr. Martin stated that Caisson No. 2 has wrapped up and the contractor is now working on Caisson No. 1.

Mr. Martin stated that vouchers 8696 and 8697 for Cahoy Pump Service, Inc. in the amounts of \$21,146.00 and \$22,346.00 respectively are for well pumps for Morad #9 and Casper #19 wells which were authorized by the Board as a capital expense.

Mr. Martin stated that voucher 8698 for Layne Christensen Co. in the amount of \$205,200.00 is for the Caisson Rehabilitation Project No. 21-040.

Mr. Martin stated that vouchers 8699 and 8700 for Xylem Water Solutions U.S.A., Inc. in the amounts of \$6,420.33 and \$9,381.00 respectively are for purchase and installation of Ozone System equipment.

Mr. Martin stated that the vouchers are in good order and recommended approval of

vouchers 8689 through 8700 in the amount of \$871,456.41.

A motion was made by Treasurer Cathey and seconded by Secretary Waters to approve the June 2024 voucher listing to include voucher numbers 8689 through 8700 in the amount of \$871,456.41. Motion put and carried.

4. Mr. Martin asked the Board to reference the Water Production chart on the screen. Mr. Martin stated that there were 243 MG of water produced in May, which is 21 MG below the five-year average of 264 MG.

Mr. Martin stated that the fiscal year-to-date water production was 3.09 BG, which is approximately 133 MG below the five-year average of 3.23 BG.

Mr. Martin asked the Board to reference the Comparative Income Statement on the screen.

Mr. Martin stated that Water Utility Charges year-to-date are currently \$7,139,661, compared to \$7,531,802 last year, which is approximately \$392,141 less than last fiscal year and correlates with the below average water sales.

Mr. Martin stated that Reimbursable Contract Expense is \$3,509,211, which includes May expenses. Mr. Martin stated that this line item is approximately \$391,172 more than last year due to the timing of chemical purchases, but it is where it was expected to be at this time of the Fiscal Year. Mr. Martin stated that May and June are big chemical purchase months.

Chairman Bertoglio asked for a motion to approve the May 2024 Financial Report as presented. A motion was made by Secretary Waters and seconded by Vice-Chairman North to approve the May 2024 Financial Report as presented. Motion put and carried.

5. Mr. Martin stated that candidate interviews for the WTP Manager position are on-going.

Mr. Martin stated that water production has been running between 15 MGD and 22 MGD. Mr. Martin stated that production from the wellfield is 8 MGD, and the rest is being made up by the surface water plant.

Mr. Martin stated that staff has been working with the well contractors pretty steadily, both for the WWDC Project as well as the Caisson Project.

Mr. Martin stated that staff continues to work on ozone generators. Mr. Martin stated that the Board saw on the voucher list the invoices from Xylem. Mr. Martin stated that there are four ozone generators that are tough to keep running as they are old. Mr. Martin stated that they are scheduled to be replaced during the Disinfection Upgrade Project. Mr. Martin stated that it has been a struggle with the ozone generators, as we were down to one generator a while ago, and now we are finally back up to three generators running, which is the best it has been in quite some time. Mr. Martin stated that staff continues to work on the generators. Mr. Martin stated that he will talk a bit more about this during the capital projects in the budget review.

Mr. Martin stated that staff installed a new UPS in South Chem. Mr. Martin stated that there have been a lot of power fluctuations, particularly when the high service pumps are turned on, and the power goes off at South Chem. Mr. Martin stated that electricians have determined that frequency bumps are knocking out the power in South Chem, so a bigger UPS was installed. Mr. Martin stated that so far it has taken care of the issue, but a long-term solution will have to be found.

Mr. Martin stated that staff have also been mowing out in the wellfields and at the WTP and working on the preventative maintenance work orders.

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

Mr. Anderson stated that the weekly security checks and tank sampling continue to be completed each week.

Mr. Anderson stated that as expected, the chloramine residual looks good in the system.

Mr. Anderson stated that the fence at the Wardwell Tank has been installed, but staff is still working on getting the rock base around it to keep the bulls away from it.

Mr. Anderson stated that a roof vent motor at Mountain View Booster failed and has been replaced.

Mr. Anderson stated that staff continues to mow and weed eat at the booster and tank sites as needed.

6. There was no Public Comment.

7. In Old Business:

a. Mr. Martin turned the time over to Mr. Moser, who is attending the meeting online, to give an update on the Wyoming Water Development Commission (WWDC) Wellfield Management Project.

Mr. Moser stated that the Water Development Commission is doing a Wellfield Study that was applied for a Level 2 Study, and right now an initial evaluation has been completed on some of the recharge techniques that might be possible to be used in the future for trying to get back some of the diminished flow from wells.

Mr. Moser shared a summary table with the Board that included rehabilitation results for Morad 6, Morad 2R, and Casper 19. Mr. Moser stated that this summary table is for the wells that were looked at for this stage of the project. Mr. Moser stated that Morad 6, Morad 2R, and Casper 19 were the wells where acid treatment and brushing was used. Mr. Moser stated that the next set of wells is where it was tried to use some enhanced techniques, some sonar jet techniques to try to see if there would be a performance improvement associated with that technique. Mr. Moser stated that ultimately, they were thinking that this would be a recommendation for what techniques the Board might be able to use on the

whole wellfield.

Mr. Moser stated that on the first three wells, there was a range of increase in what is called the specific capacity. Mr. Moser stated that this is the amount of water that the well will produce per foot of drawdown that is exerted on that well. Mr. Moser stated that there are pretty good results on Morad 6, a little bit less on Morad 2R, and not very much out of Casper 19.

Mr. Moser stated that the next set had been budgeted for three wells, and the idea was to pair up relative ages in comparison to see if we could do better with the sonar jet method. Mr. Moser stated that it looks like we are able to do a little bit better with sonar jet. Mr. Moser stated that in the future he is expecting that someone will put something together that says here is how much more money that is, and help the Board make some decisions based on return for dollars that is used on these rehab techniques. Mr. Moser stated that it doesn't cost a whole lot more to do the sonar jet. Mr. Moser stated that the biggest cost with any of this activity is getting the contractor there to do the work, the mobilization is the biggest part.

Mr. Moser asked the Board to notice that there are five wells in the bottom set as opposed to three. Mr. Moser stated that they started with Morad 11, and then went to Casper 9 and were able to do the whole process. Mr. Moser stated that once they stepped over to Casper 9 well, things started getting a little more interesting and a little more challenging. Mr. Moser stated that on Casper 9 they did some brushing, and then did an initial sonar jet treatment. Mr. Moser stated that it was found after the sonar jet treatment that there was an approximate 1-inch by 3-inch hole right where the screen meets the solid steel casing. Mr. Moser stated that is not super uncommon in old wells as that is the place where things start to degrade, at the carbon steel and stainless steel interface. Mr. Moser stated that the aggressive treatment was suspended at that location once it was discovered that there was a hole there.

Mr. Moser stated that they then moved to the Casper 5 well. Mr. Moser stated that even before they started bailing that well before doing any type of treatment, they had large rocks in the bottom of the hole, so it was surmised that well is already compromised and probably has a hole somewhere in the casing or perhaps in the screen. Mr. Moser stated that as a final effort, last week work was done on Casper 7. Mr. Moser stated that following the sonar jet treatment on Casper 7, it was discovered that it also has a compromised section that's basically right where the blank casing and the screen meet. Mr. Moser stated that the method didn't deploy there as they are not going to proceed with any more aggressive treatment on it. Mr. Moser stated that Mr. Martin asked that they reequip these wells and they are going to do a little bit of work on the bottom of the pump intake to try to limit the turbidity by putting a little section of pipe on the bottom of the pump intake in an effort to get the pump turbidity out of the area where there might be some gravel production. Mr. Moser stated that what they are discovering is that many of the wells that they are trying to work on are aged and they have a couple of options to throw in there. Mr. Moser stated that one of the options is that he

will be asking the consultant to develop some recommendations on a case-by-case basis for whether these wells should be, or can be, relined and redeveloped, or whether their recommendation would be purely to just step over and potentially complete a brand new well. Mr. Moser stated that it seems that many of these wells have reached a state of age where you could think of some significant work on them or purely just replacement.

Mr. Moser stated that he thinks that one of the outcomes is folks just recognizing that there have been some declines in production from the wellfield is that the wells are getting older. Mr. Moser stated that some of the wells are probably due for replacement at some point in time.

Mr. Moser stated that the goal here is to develop some good recommendations that the Board can use moving forward as one part of the project. Mr. Moser stated that additionally, he wanted to mention some upcoming work. Mr. Moser stated that the upcoming work is associated with the pilot study on enhancing the recharge in the wellfield area. Mr. Moser stated that they are going to work with Mr. Martin and the folks out in the wellfield to try to move some water from the large southern infiltration basin to the areas of recharge for the old Infiltration Gallery. Mr. Moser stated that the idea is that if we can pump some water into the Infiltration Gallery channels, we're going to measure both the water level in the channels as well as use some monitor wells out there to measure what the recovery in groundwater levels might be. Mr. Moser stated that's basically how much water would be infiltrating through these channels. Mr. Moser stated that in addition, they are going to do an evaluation of what that might mean for production from Morad 11 and Morad 10R, just as a pilot study to think about what if they came up with other areas to have for recharge and how that might help increase production from the wellfield for the long term. Mr. Moser stated that he is unsure when exactly that is going to kick off. Mr. Moser stated that some equipment was installed out there last week, continuous recorders to measure water level, so hopefully more to come on that. Mr. Moser stated that he didn't know if there would be any results for the next meeting, but he should have something to update the Board on in 60 days for what improving recharge in this area might do.

Treasurer Cathey asked if we were to patch the holes at the interface of the screen and pipe, how would that bode for the continuation of the life of the well. Mr. Moser stated that they do tend to see degradation more right at that interface of the screen and the blank casing. Mr. Moser stated that the concern that he sees with that is that you are just patching it up, putting a bandage on it. Mr. Moser stated that it certainly isn't a new facility, and it wouldn't be something with brand new stainless steel all the way down, you would still be dealing with the carbon steel. Mr. Moser stated that he would expect to see that carbon steel start to degrade wherever that upper water interface is, so if it is held at a particular place for a period of time you will start to see that casing start to break down in that area. Mr. Moser stated that it is a method that tends to cost less to extend the life of the well, but then to balance that, you do tend to still have the problem of declining aquifer production right in the neighborhood of the well over time. Mr.

Moser stated that you might patch up the hole, but you're still not really producing water through the screen in a way that a new well would. Mr. Moser stated that you could patch up the hole, but you would still be at 50% capacity of what the well was when it was brand new drilled, so you have to think about when the time is appropriate to step over and drill a new well.

Treasurer Cathey stated that what you are talking about now is the fines and any bacterial growth that you've had in and around the well bore. Mr. Moser stated that is correct. Mr. Moser stated that he is going to make the consultant put their name on the line for that opinion.

Mr. Martin stated that he wanted to thank Mr. Moser, the WWDC staff, and everyone working on the wellfield. Mr. Martin stated that Mr. Moser has been more than generous as they have been working on getting all six wells rehabilitated and jumping from a couple different wells at an additional cost, and he really appreciates Mr. Moser working with them to make that happen. Mr. Moser stated that it was his pleasure.

- b. Mr. Martin stated that an updated DRAFT Joint Powers Agreement was sent out to the Board last week for review. Mr. Martin stated that Section 8 had language added to it, which was the only change from last month. Mr. Martin asked if the language "are subject" is too loose, or does the Board want to strengthen the language so there is no question. Mr. Chapin stated that if it is considered a violation, the wording needs to be stronger, or if you want some room to negotiate, this wording would work.

Board Member Sabrosky stated that he assumes this language pertains to the Mills annexed area that Wardwell serves. Chairman Bertoglio stated that is the example that the Board is going from. Board Member Sabrosky asked if this language goes retroactively, or if it is for the future. Chairman Bertoglio stated that at this point it would have to be for the future. Chairman Bertoglio stated that it would behoove them to be de-annexed because they are paying taxes twice. Board Member Sabrosky agreed. Chairman Bertoglio stated that this is if they decide to build additional development down there. Board Member Sabrosky stated that this language would protect this entity from happening in the future. Chairman Bertoglio stated that was correct.

Secretary Waters asked how the Board looks at the future development of that area down there. Secretary Waters stated that there are all sorts of lots, there is all sorts of construction going on down there. Secretary Waters asked if the Board looks at it that it's just going to be left for them to develop and for the Board to supply water to it. Chairman Bertoglio stated that the Board would not supply water to new development in that area. Chairman Bertoglio stated that whatever are the customers now, and they come and say they want to add another one down here, no service.

Board Member Sabrosky stated that if they de-annex from Mills they could. Chairman Bertoglio agreed. Board Member Sabrosky stated that would be the

negotiating point, that if they want to develop further down here, they have to straighten out the mess. Chairman Bertoglio stated that it still comes back in the future, if they can provide services there, then by all means.

Chairman Bertoglio asked the Board if they want the language to be “subject to” or “will not”, or “will no longer”. Board Member Sabrosky stated that “subject to” allows for more negotiating because you never know the circumstances behind what the next issue may be, as it may be a friendly issue and you want to work something out. Board Member Sabrosky stated that if you make it strictly “no”, you can’t work around that. Mr. Chapin stated that the sense that he had was that we’re not going to allow any development down there and provide water to anyone else other than to who is already there. Mr. Chapin stated that it is up to the Board, and if the Board wants to take a different position, that is fine.

Chairman Bertoglio stated that one thing he started thinking about is that Evansville has an emergency connection to the City of Casper, and asked if this is precluded from this. Mr. Chapin stated that it would be potentially. Board Member Sabrosky stated that is the idea where to leave the word “subject” in there. Mr. Chapin stated that he isn’t sure that “subject” clears that one out. Mr. Chapin stated that the Board needs to do some wordsmithing and figure out precisely, but you can never figure it out precisely as it always comes up a different direction and different way than anyone anticipated. Mr. Chapin stated that if we can get a conceptualization of what people want to go along with, then we can wordsmith it.

Treasurer Cathey stated that the City is not planning on permanently supplying water to Evansville, it is a strictly emergency connection only with Evansville. Board Member Sabrosky asked what if you put in there conditioned upon emergency situations. Mr. Chapin stated that you could do that, and then you would have to talk about the term of the emergency and how long you provide it, and all those other things. Board Member Sabrosky asked what about if the mayor declared an emergency. Treasurer Cathey stated that depends on the situation of the emergency, if it is a water main break that takes four hours, that’s fine, but if the whole thing goes to heck and it takes a year and a half, he would hate to put a time limit on it.

Mr. Holscher stated that he would like to comment on the subject of supplying water to Evansville, and asked if the Board needs to worry about that in this language as Evansville is not a member, and so that language doesn’t apply to them at all, that would simply be a motion by the Board to declare an emergency and temporarily supply water to another municipality. Mr. Holscher stated that he believes Mr. Chapin is right, if the Board tries to cover every contingency, the Agreement will read like a large book. Mr. Holscher stated that the Board probably has it covered.

Treasurer Cathey stated that if the Board has to do that, Evansville would have to declare an emergency, the Board would have to hold an emergency online vote to allow Casper to do that. Mr. Chapin stated that he didn’t have a problem with

that.

Chairman Bertoglio asked the Board if they wished the language to stay “subject to” or changed to “will not”. Mr. Chapin stated that if the Board wanted to leave an emergency condition, what the Board could do is change to “will not except in emergent circumstances” with stipulations. Treasurer Cathey stated that he thinks that leaving the “subject to” language allows somebody to think that maybe, possibly, whatever, and they can wrangle around it, but “will not” pretty much states it.

Board Member Bond asked if the Board can stipulate as approved by the Board that it is an emergency situation. Mr. Chapin stated that is the only way they could make that call. Treasurer Cathey stated that if you put in “will not except in emergency”, then if Evansville and Casper declared the emergency, that takes care of having a quick vote, special meeting to open the valve. Treasure Cathey stated that he doesn’t want to get a text message at midnight.

Mr. Chapin stated that he thinks the decision concerning an emergency should be made by Regional Water because you lose control of it if you allow other entities to decide what is, or what is not, an emergency. Treasurer Cathey stated that is a valid point.

Chairman Bertoglio stated that you also have to go back and look at the premise of it, this is an existing member’s customer that is annexed. Chairman Bertoglio stated that is the whole intent. Mr. Chapin stated that he doesn’t know if that falls under this now that they are annexed. Chairman Bertoglio stated that he is fine with the “subject to” as it gives the Board some flexibility, but if you want to send a clear message, then you just take it out and make it black and white.

Secretary Waters stated that he thinks he is okay with how that is worded. Vice-Chairman North stated that he can see both sides, but the Board can always call an emergency meeting if something happens where the Board still has the authority to say yes, or not, if it is an emergency situation. Mr. Chapin stated that the Board would have to have an emergency meeting in that situation. Vice-Chairman North stated that it could be done on an individual basis for a limited timeframe if they had to. Vice-Chairman North stated that if that is the case, then he doesn’t have a problem with the language as is, as it is still under Regional Water control.

Chairman Bertoglio stated that other than this item, everything else in the Agreement has had Wardwell swapped out with Bar Nunn, this is the latest Agreement that we had. Chairman Bertoglio stated that if the Board agrees with the language, and approves the Agreement, then the next step is to send the whole Agreement down to Cheyenne for finalizing it. Mr. Chapin stated that was correct. Mr. Martin stated that signature pages will need to be set up for each of the entities, and the next step would be for each of the entities to formally approve by resolution authorizing their Board President to sign the Agreement. Mr. Chapin thanked Mr. Martin for the important correction.

Chairman Bertoglio asked the Board if they are ready to approve the language in the Agreement, and if so, the Chair would entertain a motion to approve the final language in the Agreement to be presented to the respective Boards for final approval subject to the State approval. Mr. Chapin stated that it first needs to be presented to this Board to see if they agree on the language, and then to the entity Boards.

A motion was made by Treasurer Cathey and seconded by Secretary Waters to approve the wording of the Joint Powers Agreement and submit the Agreement to the respective entity Boards for approval by resolution.

Board Member Sabrosky asked if he should recuse himself from the vote. Chairman Bertoglio and Mr. Chapin agreed that the Board still consists of Wardwell at this point so Board Member Sabrosky should vote.

Motion put and carried.

Chairman Bertoglio asked if Board Member Sabrosky should attend the next meeting as the Agreement will be sent to the respective Boards for their stamp of approval. Chairman Bertoglio stated that the Agreement will have to have unanimous approval before it can be sent to the State. Mr. Chapin stated that is correct.

Board Member Sabrosky stated that the Wardwell Board is planning on having at least one more meeting. Chairman Bertoglio asked if it would be appropriate to have the Bar Nunn representative at the next meeting. Mr. Chapin stated that given how the meetings break down, yes. Chairman Bertoglio stated that he expects the other entities could be able to get the Agreement passed at their next meetings, and the Bar Nunn representative could join the meeting. Chairman Bertoglio stated that Board Member Sabrosky could attend the next meeting if he would like to. Chairman Bertoglio stated that he is very appreciative of all the work that Board Member Sabrosky has done to get it from Wardwell to this point.

c. There was no Other Old Business.

8. In New Business:

a. Mr. Martin stated that last month the Board reviewed the wholesale water rate model. Mr. Martin stated that the rate increase started at 5% a month ago and was presented as a 3.5% rate increase for consideration at today's meeting. Mr. Martin stated that the Board is approving the rate for one year only, and it will go into effect July 1st. Mr. Martin stated that no changes were made to the rate model that was presented last month. Mr. Martin stated that he would be happy to answer any questions the Board may have on the rate model. Mr. Martin stated that the 3.5% rate increase would raise the rate from \$2.32 per thousand gallons to \$2.40 per thousand gallons.

Secretary Waters stated that it really comes down to how comfortable the Board is

with the cash reserves. Chairman Bertoglio stated that his only concern is that no matter how well you plan, there will always be a hiccup that isn't just \$100,000, it's a \$1 Million hiccup. Vice-Chairman North stated just like the water tank. Secretary Waters stated that it is easier to have the reserves than trying to go find funds.

Treasurer Cathey stated that he was sorry he missed the last meeting as he was trying to get grants from FEMA for the Fire Department. Treasurer Cathey stated that he is concerned with where the blue line in the rate model for the reserves is starting to fall and that it is on a downward trend. Treasurer Cathey stated that instead of having a half a percent or a one percent increase over the 3.5%, you're going to have to end up having a 5% or 6% rate increase to recoup. Treasurer Cathey stated that the Board would be better off from a public standpoint to go ahead and continue with small increases if you have to every year, versus no increase for a couple of years and then a large increase. Chairman Bertoglio stated that there is a 3% increase built in the out years. Treasurer Cathey stated that he sees that, but what he is saying is what happens when you go to 4%.

Mr. Martin made the change to the rate model to reflect a 4% rate increase. Treasurer Cathey stated that starts to level it out. Secretary Waters asked to see a 3.5% increase in the first year, and 4% increase in the second year. Chairman Bertoglio stated that it shows about the same thing. Treasurer Cathey stated that he could live with either one of those rate model scenarios. Mr. Martin reminded the Board that they will only be approving the rate for FY25.

Secretary Waters stated that he looks at people that are on fixed budgets and small incremental increases are easier to adjust to. Treasurer Cathey stated that is where he comes from as all the things the Board does here are passed on to all the customers in the various areas. Treasurer Cathey stated that they won't notice a half a percent increase in rate compared to a 3% increase. Treasurer Cathey clarified that he is talking about the difference between 3.5% and 4% and if the Board can keep the blue line tracking with the green line in the rate model it would be perfect.

Chairman Bertoglio asked if the special one-time expense in the rate model is the River Restoration Project. Mr. Martin stated that the \$250,000 is for the River Restoration Project, and the other is for the Disinfection and Raw Water Upgrades.

Board Member Sabrosky asked if there were any other loans that would be retiring in the next three years. Mr. Martin stated that the City loan was the only large loan that retired, the others have many more years on them.

Chairman Bertoglio asked what it does to the rate model to take out the River Project. Mr. Martin made the change, and it showed the same as a half a percent increase.

Chairman Bertoglio asked that before the Board votes on the rate if there have

been any changes on the Operations or Agency budgets. Mr. Martin stated that there have been changes to the capital projects, but not to the dollar amount in the budget.

Secretary Waters asked to see 4% for this year with the River Restoration Project included. Secretary Waters stated that he thinks this is what the Board needs to do to keep reserves steady.

Board Member Sabrosky stated that just from a political climate perspective, he would like to see the rate at 3.5% as it puts a different number in the heads of the customers. Board Member Sabrosky stated that based on where the Board is this year, and what they can do in the future, he hopes that the political outcome will be more upbeat as customers are getting hit from everywhere with utility increases.

Vice-Chairman North stated that he is still leaning towards 3.5%. Board Member Sabrosky stated that the wholesale customers will add to whatever the increase is. Board Member Sabrosky stated that Wardwell ate the increase last year, and Bar Nunn stated that they would eat the increase this year. Board Member Sabrosky stated that hopefully the wholesale customers will hold flat and not add an increase on top of this.

Board Member Sutherland stated that everyone is accustomed to 3.5%, but you work into 4%, it's a little bit of a different mindset. Board Member Sutherland stated that Salt Creek knows where they are at, it doesn't matter what it is, we have to have water, which is what his constituents think as well.

Secretary Waters stated that just as information for the Board Members that weren't at the last meeting, the rate discussion started out with a 5% increase, and it was lowered to 3.5%.

Board Member Sutherland asked what the rate increase was last year. Mr. Martin stated that it started at 5% but was lowered to 3.5%. Board Member Sabrosky stated that the rate is subject to change next year. Mr. Martin stated that things change a lot in the out years depending on what capital projects come up. Chairman Bertoglio stated that it also depends on whether it is a good water year or not.

Board Member Bond stated that the rate memo assumes a 5% rate of inflation for FY25, 4% for FY26 and FY27, and 3% there on out. Board Member Bond stated that if the forecasting held with the 3.5% or 4% and gets you to your target, then you have done a good job of forecasting. Board Member Bond stated that he could live with either the 3.5% or the 4% for the rate increase.

Board Member Sutherland stated that sanitation went up 3.5% to start in July and people will be looking at the whole bill increase. Board Member Sutherland stated that where they are, they would rather have someone come pick up their garbage and turn the spigot on and have water. Board Member Sutherland stated

that he does not have a problem with either the 3.5% or 4% rate increase.

Board Member Bond stated that to be on the safer side, the Board might want to go with the 4% to have more breathing room not knowing what will happen in the future.

Mr. Brauer stated that he learned a new phrase a couple of meetings ago from Mr. Moser – “all models are wrong, some are helpful”. Mr. Brauer stated that to look at this model and to think that we have the next five years figured out, he would not want to bank anything on that. Mr. Brauer stated that he would like to reflect on the things that Mr. Moser touched on today; three of the wells that we tried to rehabilitate had casings that were failing. Mr. Brauer stated that the one thing we do know is that we have an aging infrastructure. Mr. Brauer stated that we have some newer pieces of the WTP, and we have some that are 1983 vintage, we have some wells that are showing their age, and we know that right now. Mr. Brauer stated that if he had to provide any input it would be that we would be safer if we default to the 4% rate increase to handle those things. Mr. Brauer stated that when we plot actual versus projected on these it’s pretty fascinating how you can be off very dramatically because of a handful of wells needing redrilled and re-equipped. Mr. Brauer stated that defaulting on 4%, the City won’t be upset with that as it is funding maintenance for critical infrastructure that provides water to everyone in the region.

Treasurer Cathey asked what the rough cost is to replace a well. Mr. Martin stated that it would be roughly \$750,000 as a guess.

Board Member Sabrosky asked what the change in revenue would be going from 3.5% to 4%. Mr. Martin ran the rate model scenarios and stated that it would be approximately \$50,000. Chairman Bertoglio stated that it isn’t how much it makes now, it’s how much cumulative it makes going out.

A motion was made by Treasurer Cathey and seconded by Secretary Waters to increase the FY25 Wholesale Water Rate 4%, from \$2.32 per thousand gallons to \$2.41 per thousand gallons effective July 1, 2024. Motion put and carried.

- b. Mr. Martin stated that over the last couple of months we have worked on the budgets and the Board reviewed the Operations and Agency budgets in detail a couple of months ago. Mr. Martin stated that he will only go over the things that have changed since the last meeting.

Water Treatment Plant Operations Budget

Personnel Services

- a) Personnel Costs - \$1,407,503 – This represents an increase of \$116,838 over the FY24 budget. The increase is due to the additional Operator position and the inclusion of 50% of the Public Utilities Manager and 40% of the Administrative Specialist position salaries now coming from the WTP

Operations budget. Mr. Martin stated that this is due to the restructuring that was discussed last month. A 3% pay raise for all employees is anticipated in this figure.

Summary

The FY25 Operations Budget is 9.5% greater than the FY24 Operations Budget. Mr. Martin stated that last time this budget was discussed it was 6.5% greater. Mr. Martin stated that this is due to the change in allocation of salaries for himself and Ms. Brown.

Central Wyoming Regional Water System Agency Budget

Revenue

- a) Water Rate Revenue – \$8,949,314 – This reflects an increase of \$263,483 over the FY24 budget. These revenues are proportioned to each wholesale entity based on the July 2022 – June 2023 percentage of RWS production based on a five-year average of total RWS production. Mr. Martin stated that these figures were based on a 3.5% rate increase and will change due to the 4% rate increase that was just approved.

Capital – Replacement

- b) Improvements Other Than Buildings - \$2,520,000 – Mr. Martin stated that it is anticipated to get an SRF Loan for the Raw Water Project construction. Mr. Martin stated that there was \$500,000 in the Capital Budget for Raw Water design in FY25. Mr. Martin stated that there was also \$750,000 for relining of contactors in FY25. Mr. Martin stated that these have been removed and combined into one project for the Disinfection Upgrade Project Design. Mr. Martin stated that the Board has discussed the Ozone generators and the difficulty that is being experienced, and we really need to move forward with the Disinfection Upgrade Project in design to get the Ozone generators replaced as they are old and failing, difficult to get parts and service, and are critical to production. Mr. Martin stated that he is proposing that instead of paying for the design for Raw Water out of the Agency Budget, we include the design for the Disinfection Upgrade Project. Mr. Martin stated that we will still do the Raw Water Project, we'll just go out for an SRF loan to cover design and construction. Mr. Martin stated that design for the Disinfection Upgrade Project will come out of this budget, and then apply for an SRF loan for construction. Mr. Martin stated that this will get us started on the design while the SRF loan application process is completed.

Treasurer Cathey asked if there was a schedule to start design as he thought design was supposed to be done by 2026, and project construction complete by 2028. Mr. Martin stated that is correct. Treasurer Cathey asked if we are on schedule to meet those two deadline dates. Mr. Martin stated that we are, particularly if we move up the design to this year.

Mr. Martin stated that these were the revisions made to the Capital Budget, if the Board approves. Mr. Martin stated that both projects will go forward, it's just putting the Disinfection Upgrade Project at a higher priority.

Mr. Martin stated that the only other change was the copier replacement was added to the memo. Mr. Martin stated that previously, it was included in the budget but inadvertently left off of the memo. Mr. Martin stated that the copier was removed from the WTP and replaced with a temporary copier as it is no longer supported and not eligible for a contract renewal.

Summary

The FY25 Agency Budget is 0.9% less than the FY24 budget. The decrease is mainly the result of decreased debt service payments as the City Loan was paid off in FY24. The Agency budget anticipates an increase in revenues based on a wholesale water rate increase of 4% and an increase in earned interest on investments. The total amount budgeted for FY25 capital expenditures is \$3,185,000, a decrease of \$10,000 from FY24.

Mr. Martin stated that was all the revisions made to the budgets and offered to answer any questions the Board might have on the budgets.

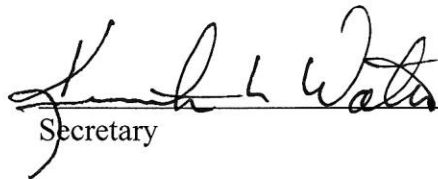
A motion was made by Treasurer Cathey and seconded by Secretary Waters to approve the FY2025 WTP Operations and Agency Budgets as presented. Motion put and carried.

- c. Ms. Brown distributed the Annual Financial Disclosure Letter to Board Members Bond and Sutherland and explained that this is required to be signed in open session. Both letters were signed in open session.
 - d. There was no Other New Business.
9. In the Chairman's Report, Chairman Bertoglio stated that the next Regular Meeting will be held on July 16, 2024.

A motion was made by Treasurer Cathey and seconded by Vice-Chairman North to adjourn the meeting at 12:36 p.m. Motion put and carried.



Chairman



Secretary