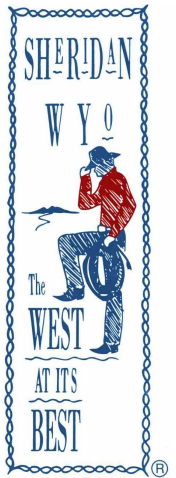




# Sheridan Area Water Supply Joint Powers Board

## MEETING MINUTES

February 15, 2006



A meeting of the Sheridan Area Water Supply -Joint Powers Board (SAWS-JPB) was called to order at the Sheridan County Commissioners' Board Room at the Sheridan County Courthouse at 5:00 pm. Chairman Ky Dixon presided. A quorum of Board Members was present, including: Secretary Kathy Kennedy, Terry Cram, Larry Durante & David Kinskey. Kinskey arrived at 5:09 pm. Marc Ketcham did not attend. Others present included: Administrator Jay Stender, Mike Cole (City of Sheridan) Dayton Alsaker (HKM), Edith LaMeres and the media.

### I CALL TO ORDER

Chairman Ky Dixon called the meeting to order at 5:00 pm. The meeting was recorded for transcription purposes.

### II REVIEW AND APPROVE MEETING MINUTES

**Motion to Approve January 11, 2006 meetings as written,  
Motion for approval was made by: K. Kennedy  
Motion was seconded by: L . Durante  
Vote 4-0 for approval (Kinskey was not present)**

Discussion: N/A.

### III APPROVAL OF AGENDA:

**Motion to Approve Agenda as presented with out Executive Session (Item VIII)  
Agenda accepted as written.**

Discussion: Stender indicated that the executive session was not needed due to completion of easement issues. Ky Dixon stated that we did not need motion for approval and to move forward.

### IV - TREASURER'S REPORT

**Motion to accept Treasurer's Report as presented.  
Motion was made by L Durante  
Motion was seconded by T. Cram  
Vote: 4-0 for approval (Kinskey arrived during this section)**

Treasurer's Discussion:

Stender stated that some checks listed and described in the treasurer's report would be explained to clarify the expenditures. These include a capital construction check written toward Presfeldt Survey for work performed on the Roberts booster station in June of 2005. This check was for the survey required for the easement of the booster station. Question from the board regarding the invoice due to its timing. Stender responded that Presfeldt generated the invoice at year end (12/31/05). Stender reviewed the immediate check information and confirmed that work had been required for legal description of the easement of booster pump location. Stender did inform the board that Treasurer's report did not show the capital check for Barkers Easement which was executed on Feb 14, 2006. This check is for \$38,200. The attorney (Dan Riggs) for Barkers would not release the signed easement without the check in hand. This payment record for easement will be submitted to City of Sheridan and reimbursed to SAWS-JPB. Stender commented on the check to TSP for the preliminary water line extension design drawings for the main line extension at the airport. Capital checking account will record the check. Treasurer's report did document payment from the City of Sheridan and SAWS to Wy Star for Permanent Mineral Trust Fund for 2005/2006. General Balance sheet will be available at the March Meeting.

**V – COMMENTS FROM PUBLIC:**

Chairman Dixon queried the audience for comments. None were offered.

**VI - OLD BUSINESS**

- A. Administrator Report
- B. 20" Water Line Easement Status
- C. Audit Action

**Administrator Report:**

Stender provided information, for board review, regarding changing of banking institutions from Sheridan State to First Federal Savings Bank. Included was an example copy of telephone money transfers (August 05) conducted at Sheridan State without notification to SAWS-JPB.

Stender provided a brief outline of accounts payable information obtained from D Kautz (City of Sheridan) and list of accounts. Stender noted, to the board, that SAWS is currently receiving daily payment records from the City of Sheridan. Our Board Meetings and Treasurer's reports will change to reflect the auditor recommendations- specifically meeting notes and treasurer reports will be maintained together. Signed vouchers, which are noted in the audit report, are now signed to meet state requirements as described by the auditors.

Stender indicated that full accrual accounting may be necessary depending on auditor reports to tie up investment and depreciation schedules.

Kennedy commented that the SAWS-JPB board resolution 05-18-05) for the SRF fund will require budgeting and that payment would start after significant completion of the project. City did not budget ( in 2005) for the funds, therefore we need clarification for funding and requirements. Stender will provide additional details, related to SRF fund, in new business portion of this meeting. More details will be provided, to the board, later with auditor reports. Another comment related to accounts from D. Kinskey related as to write off or recovery of debt. Stender indicated that he would inquire, from the City of Sheridan, as to outcome of this question. K. Kennedy expressed strong desire in recovery of debt especially for some of the long term tap accounts ie. Sanford. Kennedy commented that some of these accounts were key in the initial funding of the SAWS-JPB System. Stender indicated that our approach will be to secure the new landowners with PIF fees etc. Kennedy was inquiring if a lien on the property might be appropriate. Tap and obligations need to stay with the owners. Stender indicated that for Sanford account is a new owner and that PIF and funds will be taken care of in the future. We (SAWS-JPB) is seeking a method to address on plats/transactions and easements to carry through. Dixon commented that liens were the intended method, the ability of gather fees. Kennedy suggested that original owners had made an obligation for funding. L. Durante thought it might be possible to issue liens, after the fact, on these properties. Question about 2 entries for Sanford Account. Dixon extended thanks for the information about aged accounts and resolutions. Cram instructed Stender to inquire with Virgil Kinnaird about the appropriate course of action. T. Cram inquired as to status of Ken Richardson account, what does the entry mean. Stender will provide this information, obtained from the City of Sheridan, at the next meeting.

#### Easements:

Easements initial budget was about \$320,000 our current costs are \$617K. We, at this time are nearly double our budgeted amount. Mike Cole indicated that City of Sheridan amended the WWDC grant to add \$500K for additional money. Durante questioned that our loan was for pipeline costs estimated in 2003, where is the money coming from to address new costs. Stender responded the bid specs will be finalized and will provide more details as to expected costs. Secondly, the WWDC is going to legislature with additional funds for on-going committed projects. WWDC will be the first place to look. Dixon indicated that WWDC is aware of our potential of costs. Durante is looking at either grant or loans. The loan is the SRF options. Cram indicated that estimates are important.

#### Change of Service:

M. Catron submitted a request to change her water tap on property in Big Horn. Due to SAWS-JPB bylaws this requires to board action. Bylaws require that change brought to the board was questioned by Kinskey. Recommendation is to complete the transaction. Does the board want this brought forward. Kinskey asked if manager is the City of Sheridan staff or the SAWS-JPB administrator? Durante moved to approved Catron shift, K Kennedy seconded the motions. Kathy indicated that it should come to the board.

**Motion: L. Durante moved to approve the change of tap address as proposed by Margaret Catron.**

**Motion: K. Kennedy seconded.**

**Motion: voted 5-0 in favor.**

WWDC scoping: General questions were asked, by the board, as to the main emphasis of the WWDC study. The primary need is to evaluate existing pipeline infrastructure and its ability to meet current and future growth scenarios. This includes a review of the service boundaries as well as changing population density in the rural service areas. Source water for long term water will look at existing sources ~ reservoirs, new reservoirs, groundwater, lake DeSmet.

Rotary Topic: Stender indicated that he will be making a presentation related to history, current condition and future priorities of SAWS. Topics will include the 20" pipeline project and future water sources.

20" Bid Specifications/Dayton Alsaker of HKM provided information to the SAWS-JPB related to status of the pipeline bidding. A handout was provided, listed below are some of the highlights. Key items are

- Easement details are finalized with letter from Virgil completing the requirements for validation. Some issues were in the process of cleaning up.
- Revised Plans and Specs with landowner considerations have been completed.
- Submitting plans to WY DEQ/WWDC for approval. This is required for bidding.
- Lots of interest in project based on number of requests for plans.
- ~ 9M is the approximate cost at this time, within our current budgets.
- Bid in March- See schedule
- March 7 Pre-bid Meeting for contractors
- March 21 Bid opening and decision
- Award by Early April
- Bid Opening will require a cost breakout to segregate the costs.
- Anticipate starting spring of 2006 and completion in 2007.

Kathy Kennedy suggested we have a special meeting for approval. Dayton is estimated that we have about 9M left in dollars. The delay has cost the project related to overall dollars. We should be able to proceed. Alsaker estimated around \$8.2 M. with the understanding is that we will know much more after the bid meeting and openings.

## **VII New Business:**

Auditors Report:

**Motion to accept Audit:**

**Second**

**Vote for approval:**

Discussion:

Tracey Jelly provide accounting recommendations and accounting/financial statements to board members. Kinskey indicated that he has not had the opportunity to review. The option to review. Kennedy/Dixon indicated that review is critical prior to making a judgement. Two items of note: Audit report statements are stable and generally in good conditions. In audit compliance report we (Jelly and Dooley) identified absence of perjury certificates on vouchers, Payment has to include a signed statement, generally wasn't being done. We (SAWS-JPB) is now doing this documentation. Insurance related for Forest Service for liability (we are not sure if we have this). Million dollar liability for WWDC, Gov't Liability Pool. Durante commented that entities are limited to \$500K. Additional insurance coverage is for properties on the national forest. Chairman Dixon indicated that we want to review the audit report prior to any actions. Jelly indicated that recommendations could be changed as to actions. Correct the items and comment on adjusted entries.

Mayor Kinskey, posed the question often mentioned by Durante about reserves and depreciation. Kinskey asked if we (SAWS-JPB) are not booking adequate depreciation in your opinion. Note 5 of the report. Item 22 discusses the depreciation reserve is \$700K, Our recorded assets are \$7M. Do we have an adequate amount? No Requirements for depreciation were discovered in WWDC loan agreements according to Bill Dooley. Book value as asset and replacement cost? Jelly indicated that question ownership is present on Twin Lakes and should we (SAWS-JPB) have depreciation accounts. Kinskey indicated that we (SAWS-JPB) should put additional funds to cover depreciation and replacement. Dooley indicated that City/County lot of assets that are commonly shared, SAWS gets billed for use and services, not sure if these cost recognize and are adequate from customers to accumulate those dollars. This is a board decision that needs to be addressed at some time. Long term liability of water supply system- such as the structures at Twin Lakes. Kennedy asked if we raise our rates \$5.00 into an earmarked account for replacement account? Would this be adequate. Dooley indicated that this is approach. Reading the agreements, for 20" line, which requires a replacement cost reserve (this is the SRF). Thus the agreement requires this funds. What is a repair and replacement may be different views. Kinskey, inquired if SAWS-JPB noted as a loss of operations. Depreciation was not recognized. SAWS-JPB was looking like it was profitable but if depreciation is accounted, we would be in the negative. Kennedy indicates that we are looking down the road for set aside funds. We need to put some dollars away.

Ky indicate that audit report we schedule for recommendation for approval of audit and changes. Structure to proposal for depreciation accounts. Etc. Stender indicated that we recognized that depreciation is needed, the board has not been determined as to how much and when. Jelly indicated that the differences for pipeline and dam responsibilities. Some of the property is set to be transferred upon loan completion to the City of Sheridan. How is this going to occur? The City is not recording the depreciation. Kinskey indicated that the reconcile of the books to reflect the appropriate dollars. Twin Lakes, loans are paid off, SAWS-JPB will own 2/3. SAWS-JPB is absorbing all costs. Needs to be clarified and finalized.

Dooley indicated that they would be happy to return to address questions to the Board.

SAWS-JPB needs to execute the sign the representation letter and agree to adjusting entries. State Auditor will need a copy. Our copy has to be in Cheyenne by April 1, 2006.

**VIII – Executive Session – N/A**

**IX – Adjournment**

APPROVED BY: \_\_\_\_\_

ATTESTED BY: \_\_\_\_\_