

**PROCEEDINGS OF THE CENTRAL BROWN COUNTY WATER AUTHORITY**

Pursuant to Section 19.84 Wis. Stats, a regular meeting of the **Central Brown County Water Authority** was held on Wednesday, January 31, 2018 at the DePere City Hall, 2<sup>nd</sup> Floor Riverview Conference Room, 335 South Broadway, DePere, WI

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**Present:** Allouez-Green, Bellevue-Betts, DePere-Delo,  
Howard-Farr, Lawrence-Treml, Ledgeview-Burdette  
**Also Present:** Dave Vaclavik-Manager  
Don Voogt – McMahon, Inc.

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The meeting was called to order by President Sarah Burdette at 3:00 p.m.

**Roll Call:**

Call the Roll for Attendance. Roll Call was taken as recorded above.

**Approval of the Agenda:**

Approve Agenda

**Motion made by DePere, seconded by Lawrence to approve the agenda.**

**MOTION UNANIMOUSLY APPROVED**

**Approval of Minutes:**

Approve Minutes: December 20, 2017

**Motion made by Allouez, seconded by Howard to approve the minutes.**

**MOTION UNANIMOUSLY APPROVED**

**Public Comment:** None

**Appearances:** None Scheduled

**Administrative Actions and Reports:**

1. **RFQ for Consulting Services Related to Strategic Plan Implementation:**  
The Manager informed members of the Board that he has been working with Nancy Quirk of Green Bay Water Utility on an RFQ document. A draft copy was presented for review and comment. The Manager pointed out that this is a request for qualifications, not a request for proposals. The intent is to negotiate a scope of services and price with the firm deemed most qualified. If an agreement is not reached with that firm, the Board may choose to work with another until a satisfactory agreement is reached.

The Manager indicated that he used RFQ document models from a combination of similar projects in Pennsylvania and Texas where there were a consolidation of utilities. He plans to contact these communities to determine who they sent their RFQ to and their selection process. The intent is to conduct interviews in April. Vaclavik stated this will be a joint collaborative project with Green Bay. At

this time, funding is undetermined. The goal is to go through the RFQ process, select a consultant, determine a plan of action, and then open the idea to surrounding communities and move forward.

Mr. Delo questioned whether the plan is only to consolidate services, or to also merge services, indicating he plans to meet with the DePere City Counsel to inform them of this discussion and to make sure they are in approval. He was informed that at this point, options are being investigated with merger at the extreme end. The Manager agreed to develop a presentation for member communities of the various options if desired. President Burdette suggested that members discuss the matter with their respective Boards for their interest and input.

Mr. Farr questioned the wording of the document expressing concern with language related to the “merger” of respective water utilities. The Manager agreed to soften the language to better define the intent and scope of the project. No Action.

2. **2017 True-Up and Rebate Adjustments and 2018 Budgeted Member Rebate Allocation:**

The Manager stated that he has completed calculations for 2017 true-up and 2018 rate stabilization charges/payments. He noted that sales failed to meet budgeted projections and the year finished under the contractual “take or pay” level with MPU.

Manager Vaclavik explained that true-up charges are designed to ensure that each member community ends the year having paid the same effective unit rate for water service. The CBCWA is unique in that members are charged a uniform monthly amount calculated on budgeted flow projections provided by the member. These projections are used to calculate a percentage of total flow that is then applied to budgeted expenses. Each community then is charged 12 equal monthly payments based on their projected percentage of flow. True-up charges and rebates adjust for actual percentages experienced for the year and assure that each community pays the same amount per 1000 gallons of consumption. The budgeted unit rate based on projections was \$4.89 per 1000 gallons. Corrected for actual water usage, the 2017 charges actually equate to \$5.19 per 1000 gallons.

A table provided in the Manager’s Report shows the calculated 2017 true-up charges and the 2018 budgeted rate stabilization contributions for each CBCWA member. Note is made that the rate stabilization payment comes from CBCWA reserves. Vaclavik suggested that thought be given in the 2019 budget as to whether to continue to make these payments based on available reserves near year end.

The Manager reported that he was contacted by S&P that the Authority has been downgraded in their financial rating. S&P has changed their rating process and criteria for utilities across the country pertaining to cash reserve and cash on hand. (Also covered in Manager’s Report below.)

**Motion made by DePere, seconded by Lawrence to approve 2017 True-Up and Rebate Adjustments and 2018 Budgeted Member Rebate Allocations. MOTION UNANIMOUSLY APPROVED**

3. **Financial Reports:**

The Manager reported that QuickBooks continues to have an issue with converting reports to Excel. The error has been reported and is being addressed. He referred to Balance Sheet figures including debt payments, etc., noting figures have not been adjusted for capital expenditures.

**Motion made by DePere, seconded by Howard to approve. MOTION UNANIMOUSLY APPROVED**

4. **Pay Authorizations:**

The Voucher List was provided to members separately and entries highlighted.

**Motion made by Lawrence, seconded by Allouez to approve vouchers as presented. MOTION UNANIMOUSLY APPROVED**

**Technical Committee Recommendations:**

1. **Recommendation to bid the Acquisition and Installation of Automatic Shut-Off Valves for the Chlorination Systems at each Connection Station and allow members to include additional sites as needed in their respective systems at cost.**

The Manager informed the Board that the Department of Natural Resources now requires the installation of automatic shut-off valves for all new chlorination system installations, in addition to any significant modifications or repairs. These systems increase worker safety and are being encouraged by the DNR for systems like that of the CBCWA that were built under previous standards. He noted that eventually shut-off valves will be required.

**Motion made by DePere, seconded by Howard to approve the recommendation to bid the Acquisition and Installation of Automatic Shut-Off Valves for the Chlorination Systems at each Connection Station and allow members to include additional sites as needed in their respective systems at cost. MOTION UNANIMOUSLY APPROVED**

**Project Update and Status Reports:**

1. **Engineer's Report:**

Don Voogt of McMahan, Inc. reported that the painting project has been finalized with final pay request to be presented at the next meeting. Any further work will be related to maintenance.

2. **Manager's Report:**

The Manager highlighted items from his written report including the following:  
- **Audit** – The process of collecting information for the audit has started.

- **S&P Rating** – As stated above, the Manager was informed that S&P has changed their rating criteria for utilities and that many utilities are facing at least slight downgrades in rating. He will keep the Board advised.
- **Amendment #8** – Existing agreements are being reviewed. Recommendations will be made to Attorney Kobza to include any Board action related to minimum take or pay requirements.

#### **MPU Pending Issues**

- **Replacement of CMF Plant Capacity at MPU** – MPU intends to replace their membrane filtration system by 2020. By contract, a meeting was held with MPU along with President Burdette and Manager Vaclavik attending. A PowerPoint presentation was made in which MPU explained their logic and plans. The Manager is working on a response.
- **Finished Water Master Meter** – This meter remains inaccurate at low flow rates and varies when different pumps are operational. As of yet, no fix has been proposed. A letter has been sent to MPU requesting an update and resolution.
- **MPU HVAC and Pump Optimization** – MPU has received bids for review of the HVAC and pumping systems at the finished water reservoir and pumping station. They have not moved forward as there are conflicting views of who is obligated to pay for the work.
- **MPU Contract** – A formal response has been received from MPU. A request to meet with them is tentatively suggested for early March.
- **Take or Pay** – An invoice was received from MPU in the amount of \$94,219.223 representing an amount owed under the terms of contract. This amount is being held in reserve based on advice from attorney counsel. Apparently take or pay was not included in PSC approved rate tariff and as such may not be an authorized charge in spite of being in the contractual agreement.
- **Green Bay Water** – A preliminary report was received from AECOM and a subsequent conference call held. Additional information has been requested and a final report expected soon.

**Old Business:** None

**New Business:** None

#### **Closed Session:**

The Board may go into Closed Session to pursuant to Wisconsin State Statute 19.85 (1) ( c) considering employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility and/or to discuss contract negotiations with Manitowoc Public Utilities pursuant to 19.85 (1) ( e) deliberating or negotiating the purchasing of public properties, the investing of public funds, or

**conducting other specified public business, whenever competitive or bargaining reasons require a Closed Session. The Board will then reconvene back into Open Session.**

Closed session was not necessary. President Burdette reported that 35 to 40 resumes have been received relative to the Manager's position, however, the quality has not been good. Most had no experience, one had financial background, and one has done strategic planning with the Authority in the past. Burdette suggested a placement service be considered and the Board agreed, suggesting two to three be sought who may specialize in this type of position.

If no one is found, Manager Vaclavik indicated that he would do what he could to keep essential services going such as bill paying, reporting, agendas and other things that could be done from off-site, etc.

**Next Meeting:**

Suggested Agenda Items for next meeting on February 14, 2018.

**Adjourn:**

**Motion made by DePere, seconded by Lawrence to adjourn at 3:55 p.m.**

**MOTION UNANIMOUSLY APPROVED**

Respectfully submitted,

Rae G. Knippel  
Transcription