

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, April 24, 2019 at the De Pere City Hall, Council Chambers, 335 South Broadway, De Pere, WI.

Present: Allouez – Christopher Sampson
Bellevue – Diane Wessel
De Pere – Larry Delo
Howard – Geoff Farr
Ledgeview – Sarah Burdette

Absent: Lawrence

Also Present: Nic Sparacio, Manager
Gary Rosenbeck, McMahon (via telephone)
Lawrie Kobza, Boardman-Clark (via telephone)

The meeting was called to order by President Sarah Burdette at 3:05 p.m.

Roll Call:

Roll Call was taken as recorded above.

Approval of the Agenda:

1. Approve agenda
Motion made by Bellevue, seconded by De Pere to approve the agenda.
MOTION UNANIMOUSLY APPROVED

Approval of Minutes:

2. March 27, 2019 regular meeting
Motion made by Howard, seconded by Allouez to approve the minutes of the regular meeting of March 27, 2019.
MOTION UNANIMOUSLY APPROVED

Public Comment:

3. None

Appearances:

4. None

Administrative Actions & Reports:

5. Long-range financial model
Manager Sparacio presented several long-range financial scenarios: continuing the current trajectory, adding a large customer, adding a smaller customer, and new borrowing for a major capital project. He explained that these scenarios are working drafts that the Board

can adjust to test various assumptions. Sparacio shared his observations regarding the existing debt obligations, future rates, and the impacts of adding new customers.

Larry Delo asked about the timing of the CTE settlement revenue and explained that this was based on the maturity of certain investments on the part of CTE. Sparacio will move this revenue to 2027 in all scenarios.

Delo also asked how depreciation of existing capital should be modeled and captured in future rates. As the water system infrastructure ages and various items eventually need replacement, these costs can either be built into the rates based on depreciation, or these costs can be delayed until there is no choice but to borrow and raise rates dramatically. Geoff Farr asked if Delo was referring to adding depreciation to the rates after the existing debt is paid off. Delo responded that he is referring to doing this even sooner than the debt being paid off. He further noted that infrastructure costs continue to grow faster than inflation. Discussion ensued as to what percentage of depreciation should be built into the rates as a way to save for a portion of future capital costs. This would be a great item to test with additional scenarios. Discussion continued regarding potential capital project needs.

Chris Sampson noted that from the perspective of his constituents, he hears concerns that the cost of water is already high, and the current generation has shouldered the bulk of the cost. He would be concerned that any increases in rates to save for future capital costs be sensitive to the investment already made. He would advocate for rate adjustments reflecting depreciation to be gradual and phased in. Discussion continued on potential methods of keeping rate increases in balance and methods of phasing them in over time. A policy could be developed to reflect any guidance that gets adopted on this subject.

Sparacio asked for feedback on the growth scenarios. Farr stated that he understands the benefits of adding customers, but also expects that there will still be sensitivity to the need for new customers to help with the initial investment of building the water system. Rates can be discounted for new customers but must then be gradually increased over time to recoup some of that initial cost. Delo stated that he continues to strongly prefer adding customers that have existing water systems. He does not want to see the water system used to promote growth outside of communities that would not have otherwise happened.

Burdette asked if Sparacio has received feedback from any potential customer communities that would aid the Board's understanding. Sparacio responded that he does not have any feedback at this time. He further stated that this discussion by the Board will help him take those conversations to a deeper level in the future.

6. Green Bay emergency interconnect update

Sparacio stated that he has not met with Green Bay Water since the Board met last but will plan to do that in the future. The previous discussion on long-range financial scenarios is related to this topic, and the written report includes thoughts on the process that would be required to move forward with an interconnection.

7. Financial report

Manager Sparacio presented the March financial report and noted that budget and cash flow are tracking as expected. He stated that he is working with the new accountant to improve bookkeeping procedures and pointed out a couple corrections that are needed in the balance sheet. The May 1st bond and loan payments will be made later this week.

Motion made by Allouez, seconded by De Pere to approve the financial report.

MOTION UNANIMOUSLY APPROVED

8. Pay authorizations: vouchers

Sparacio presented the bill payment list. There are no changes to the list. April looks typical for monthly bills with the exception of the software hosting fees from Core & Main. That comes once a year and is then billed out to the participating communities.

Motion made by De Pere, seconded by Howard to approve the Bill Payment List.

MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

9. None

Project Update and Status Reports:

10. Engineer's Report

Gary Rosenbeck stated that he has been working on the Green Bay emergency interconnection issue and on the MPU treatment plant project issue. McMahon is also working through some legal items on the Water System Improvement Projects contracts.

11. Manager's Report

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. While he has been working on some challenging items, he has no problems or concerns to report.

Old Business

12. Resolution 2019-01 Establishing the Growth Management Task Force

Sparacio stated that he has brought this resolution back to the Board with the requested change. Waiting until the SPLASH Study is nearly complete continues to be his intent with the timing of work for this Task Force, but he wants to start building some momentum on this topic by getting the resolution approved. He is recommending adoption of the resolution.

Burdette asked if there were any further questions on the goals or charge of the Task Force and confirmed that a number of individuals have expressed interested in participating on the Task Force.

Motion made by Bellevue, seconded by Ledgeview to adopt Resolution 2019-01 Establishing the Growth Management Task Force.

MOTION UNANIMOUSLY APPROVED

New Business:

- 13.** Manitowoc Public Utilities project review submittal to the Public Service Commission of Wisconsin – Pressurized Membrane Filtration Equipment Replacement Project
Burdette stated that we have the opportunity with this agenda item to utilize a closed session. Attorney Kobza joined the meeting at this time via teleconference. Burdette read the closed session notice: The Board may go into closed session to discuss pending contract negotiations with Manitowoc Public Utilities pursuant to Wisconsin State Statute 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.

Motion made by De Pere, seconded by Allouez to go into closed session.

ROLL CALL VOTE WAS TAKEN: All ayes.

Motion made by De Pere, seconded by Bellevue to return to open session.

ROLL CALL VOTE WAS TAKEN: All ayes.

Motion made by De Pere, seconded by Bellevue to intervene in the Manitowoc Public Utilities project and file with the Public Service Commission of Wisconsin a request for a contested case hearing and notice of appearance.

MOTION UNANIMOUSLY APPROVED

Diane Wessel left the meeting at this time.

- 14.** Agreement for Manitowoc Finished Water Pump Station Optimization
Sparacio stated that the attached Agreement is the result of negotiations between the Water Authority and MPU, and that it has been reviewed by Attorney Kobza. He reviewed the opportunities for Water Authority involvement in every stage of the project, the cost responsibilities, the checks and balances built into the agreement, and the funds available for the study phase of the project. Sparacio is recommending approval of the Agreement.

Motion made by De Pere, seconded by Allouez to approve the Agreement for Manitowoc Finished Water Pump Station Optimization.

MOTION UNANIMOUSLY APPROVED

Next Meeting:

Next meeting: May 22, 2019

It was noted that both President Burdette and Vice President Farr will be absent for the May meeting.

Adjourn:

Motion made to adjourn at 4:50 p.m.

MOTION UNANIMOUSLY APPROVED

Respectfully submitted,
Nicolas Sparacio