

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, September 26, 2018 at the DePere City Hall, Council Chambers, 335 South Broadway, DePere, WI

Present: Allouez – Christopher Sampson
Bellevue – David Betts
De Pere – Scott Thoreson
Howard – Geoff Farr
Ledgeview – Sarah Burdette

Excused: Lawrence

Also Present: Nic Sparacio, Manager
Gary Rosenbeck – McMahan, Inc.

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

Roll Call:

Roll Call was taken as recorded above.

Approval of the Agenda:

Motion made by DePere, seconded by Bellevue to approve the agenda.

MOTION UNANIMOUSLY APPROVED

Approval of Minutes:

Motion made by Allouez, seconded by De Pere to approve the minutes of the regular meeting of August 29, 2018. MOTION UNANIMOUSLY APPROVED

Public Comment: None

Appearances: None

Administrative Actions & Reports:

1 Presentation and discussion on revised 2019 Budget:

Manager Sparacio presented the updated budget proposal. The changes from the August proposal fall into two main areas: modifying the capital improvement program approach and phasing out of the 2016 rate stabilization plan over the next 2 years. Specifically, all the same capital improvement projects were affirmed as necessary, but are now spread over two years based on priority and certainty. Additionally, the specific designated account was identified for capital projects that would be used to reduce the impact to the rate funded expenses.

Sparacio identified highlights of the updated budget proposal. This budget proposal results in a slight decrease to both rate funded expenses and overall expenses in comparison to the 2018 budget. He explained the rate stabilization compromise, which takes the difference between the 2018 stabilized rate and the projected 2020 rate and cuts that difference in half. This means that for the 2020 budget, the calculated rate will

be the rate billed to the members. The increases in security fund payments for Lawrence and Ledgerview were noted, and the changes in annual member charges were identified and discussed.

Chris Sampson asked for clarification on how the changes in member charges can be explained from one community to the next. Sparacio explained that the driving factor behind the member charges is the estimated volume of water usage provided by each member. To understand the differences from one community to the next, we need to look both at how much water they are estimating for the budget year, and also look at their 2018 estimate for the comparison. A given community may have a larger or smaller change from another community not only depending on how much water they plan to use, but also based on how much their estimate changed from this year to next year.

Sparacio continued with details on the proposed 2019 water purchase rate. Because the members have projected another reduction in water consumption for 2019, the calculated rate will have a \$0.04 per 1,000 gallon increase, and the rate stabilization proposal will result in an increase of \$0.23 per 1,000 gallons over the 2018 stabilized rate. Sparacio explained the estimated impact of this budget proposal and the 2020 projected budget on the Authority's unrestricted cash balance. The Authority will maintain compliance with all bond covenants, but will have a gap to fill in order to improve the unrestricted cash balance in future years.

Scott Thoreson asked how the connection fees charged to new customers affect the budget. Sparacio explained that the connection fee revenue is included in the budget and helps to reduce the rate funded revenue requirement. The members are asked to report and make payments two times annually on connection fees.

There being no further questions or comments, the budget hearing will be scheduled for the October Board meeting. Sparacio will provide notice of the hearing to each member community.

2. **Financial Report:**

Sparacio stated that the financial reports are continuing to improve as the accountant works with the 2017 audit results. The Authority is performing well against 2018 budget, but we will need to keep watch on the amount of water purchased from MPU this year. It is possible that we will purchase more water than budgeted, which could have an impact on the year-end true-up process. Most importantly, the debt payment fund balance is on target for the November 1 bond payments.

Motion made by Howard, seconded by De Pere to approve the Financial Report.
MOTION UNANIMOUSLY APPROVED

3. **Pay Authorizations: Vouchers:**

Burdette asked whether there are any changes to the voucher list. Sparacio stated that the September bills are as presented in the agenda packet.

Motion made by De Pere, seconded by Howard to approve Voucher List. MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

1. **Draft Capital Improvement Plan for Inclusion in the 2019 Budget:**

Sparacio noted that the Technical Committee did review the list again and affirmed the importance and necessity of each project but adjusted the timing of several projects to ease the burden on the 2018 budget year. The revised CIP is included in the budget proposal.

2. **Proposal for (Corrosion Monitoring System) Troubleshooting and Interference testing from NIS:**

Sparacio explained that this proposed work is the result of the annual survey of the corrosion protection system. The work includes addressing some potential continuity issues near the Manitowoc River crossing, a potential interference issue with a WPS facility, and cleaning up some other access issues with test stations.

Motion made by De Pere, seconded by Bellevue to approve the Proposal for Troubleshooting and Interference testing from NIS. MOTION UNANIMOUSLY APPROVED

3. **Termination of McMahon Inc. Task Order 25, approval of McMahon Assoc. Task Order 2, and authorization for McMahon to bid the project:**

Sparacio stated that this contract will move the remaining work between entities for the Howard Booster Station Bypass project. The remaining work includes the bidding and construction phases. The Technical Committee recommends approving the contract and authorizing bidding.

Motion made by Allouez, seconded by De Pere to terminate McMahon Inc. Task Order 25, approve McMahon Assoc. Task Order 2, and authorize McMahon to bid the project. MOTION UNANIMOUSLY APPROVED

4. **Termination of McMahon Inc. Task Order 27, and approval of McMahon Assoc. Task Order 4:**

Sparacio stated that this contract will move the remaining work between entities for the Chlorine System Automatic Shutoff project. The remaining work includes the bidding and construction phases. The Technical Committee recommends approving the contract.

Burdette asked whether there are any other remaining McMahon Inc. contracts that need to be converted over. Gary Rosenbeck explained that there are no further contracts with an opportunity for a clean break in the work tasks. Any other remaining contracts will be concluded under McMahon Associates.

Geoff Farr asked what the timeline is for the bidding and construction of this project. Rosenbeck stated that the final approval by the Board of the overall CIP was needed first to determine whether this project would be included. Once the budget is approved, the Technical Committee can put the item back on its agenda to authorize for bidding.

Motion made by Howard, seconded by Bellevue to terminate McMahon Inc. Task Order 27 and approve McMahon Assoc. Task Order 4. MOTION UNANIMOUSLY APPROVED

Project Update and Status Reports:

1. **Engineer's Report:**

Rosenbeck provided updates on the Chlorine System Automatic Shutoff, 48" Repair Materials, and Green Bay Water Utility Emergency Interconnect projects.

2. **Manager's Report:**

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. Members should keep in mind that the Utility Cooperation Study community interviews will be scheduled for the week of October 8. Sparacio noted that he will have some questions for the members regarding property insurance as the Authority needs to change property insurance providers by November. The planned meeting with Manitowoc Public Utilities was not held. He would like to share the information provided by our rate consultants with the Board prior to meeting next with MPU.

Old Business: None

New Business: None

Next Meeting:

October 24, 2018

Burdette noted David Yeghiaian will be present regarding the Strategic Plan update, and that she will not be present for the October meeting.

Suggested Agenda Items for next meeting on October 24, 2018:

- 1) Member meeting and hearing for 2019 Budget and Water Rates
- 2) Quarterly update on Strategic Plan implementation

Adjourn:

Motion made to adjourn at 3:40 p.m.

MOTION UNANIMOUSLY APPROVED

Respectfully submitted,

Nicolas Sparacio