

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 27, 2017 at the DePere City Hall, 2nd Floor Riverview Conference Room, 335 South Broadway, DePere, WI

Present: Allouez-Green, Bellevue-Gorall, DePere-Delo,
Howard-Farr (arrived after approval of minutes),
Lawrence-Treml, Ledgeview-Burdette

Also Present: Dave Vaclavik-Manager

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 Lawrence, seconded by Bellevue to approve the agenda.

MOTION UNANIMOUSLY APPROVED

Approval of Minutes:

Approve Minutes: August 23 & 24, 2017

Motion made by DePere, seconded by Bellevue to approve the minutes of August 23rd and August 24th, 2017. MOTION UNANIMOUSLY APPROVED

Public Comment: None Scheduled

Appearances: None

CBCWA Member Meeting on Proposed 2018 Budget and Water Rates:

1. **Presentation and Discussion of Proposed 2018 Budget and Water Rates:**
Manager Vaclavik explained this budget meeting is required to discuss the Budget and Water Rates with members and to answer any questions they may have. He reported that he attended the Allouez Board meeting at which time he presented a PowerPoint presentation (available to other communities upon request).

The Manager referred to the slightly modified budget as provided at this time, pointing out the new logo. He stated that a table was corrected to reflect changes to the security fund calculation, noting that all members are presently in good standing and that there are no surcharges included in the 2018 budget.

The budget document was reviewed. The Manager reported that debt service requirements are now leveled with no increase over last year and will remain that way until debt is either refinanced or retired. Regardless, he stated, debt will no

longer drive rate increases. The major factor in determining rates going forward will be water sales volumes. He added that water sales continue to follow a downward trend in spite of continued development in the member communities. For the first time, this trend represents projections lower than the minimum contractual agreement with Manitowoc Public Utilities.

Charts were provided showing original growth projections at the time the decision to construct the system was made and the declining numbers since, in addition to a chart showing individual member trends and data for 2004 through 2016. Vaclavik indicated that the 2018 budget includes a very modest rate supported budget increase of less than \$1,000.

Water sales projections and budget lead to a \$0.06 (1.2%) rate increase from 2017 although total charges to members are essentially unchanged. Under the rate stabilization policy, members will receive rebates of \$0.38 per thousand gallons of water budgeted for 2018.

President Burdette stated there has been some interest expressed between members regarding cooperative purchases relative to water.

Administrative Actions and Reports:

1. Consideration of 2018 Budget and Water Rates:

Motion made by DePere, seconded by Howard to approve the 2018 Budget and Water Rates. MOTION UNANIMOUSLY APPROVED

2. Amendment of Take or Pay Requirements in Water Purchase and Sale Agreement. No Action

Manager Vaclavik stated he is recommending revisions to the “take or pay” requirements in the Water Purchase and Sale Agreement as per adopted policy. Current take or pay requirements for each member community as well as 2016 actual volumes and 2018 projections are available in the Manager’s report. The reduction in consumption for the Village of Howard is bringing them close to their limit. The stated intention by the Board at the time was that take or pay requirements be reviewed and updated periodically. With Board concurrence, Vaclavik recommended that process begin now.

Mr. Trembl expressed concern with changes to the take or pay requirements, noting that Lawrence will be increasing 31%. Manager Vaclavik explained that the increase in sales has little to do with the take or pay, noting that the percentage of sales in Lawrence has changed substantially overall with Howard and DePere declining in water sales. Vaclavik explained that the Authority is required by the Water Purchase Agreement and covenants to maintain the take or pay at a rate of 2.212 million gallons with the intent to give the same cushion to everyone. Vaclavik suggested that in 2024, when eligible to refinance after 20 years of a 30-year bond payment, they consider elimination of the take or pay and the security fund.

3. **Financial Reports**

At this time financials continue on track. Security fund numbers will change and be highlighted in the next report. Next bond payment due November 1st (see below).

Motion made by Lawrence, seconded by Bellevue to approve Financial Reports as presented. MOTION UNANIMOUSLY APPROVED

4. **Pay Authorizations: Vouchers**

Monthly pay authorizations were presented and recommended for payment. Those highlighted include the following:

- Associated Bank – fee for bond payment
- Manitowoc Highway
- EMC Insurance - adjustment to worker's comp based on audit

Motion made by Lawrence, seconded by DePere to approve the Pay Authorizations: Vouchers as presented. MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

1. No Action Items.

Project Update and Status Reports:

1. **Engineer's Report:**

No representative from McMahon was present. The Manager reported that the maintenance project has been completed, and McMahon is about two weeks away from bidding the Hobart pumping station bypass. He also noted that McMahon is discussing the desire of MPU to expand their system. Questions by the Board relative to the MPU expansion resulted in the Manager stating that he and President Burdette viewed a slide show presentation and that at this time there are many questions to be discussed. There has been no response to a letter sent to MPU regarding the current contract and a suggestion was made to set a deadline.

2. **Manager's Report:**

Manager Vaclavik highlighted the following activities during the last reporting period:

Administrative:

- **Green Bay Water** – The Manager and President Burdette met with Green Bay Water General Manager, Nancy Quirk, and her staff on September 14th. They plan to meet again in the near future to see a presentation and discussion regarding Cityworks and its applications with members. The Manager noted that Cityworks is the largest asset management system for municipalities in operation.
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- President Burdette added that their focus is not only on water but also have an interest beyond that. They have intentions to reach out to various Public Works Departments to discuss other opportunities.

- **Amendment #8** – The Manager has been reviewing the existing agreements and will be making recommendations to Attorney Kobza. Recommendations will include any Board action related to minimum take or pay requirements. (See #2 above.)
- **Interest Rate on Investments** – The Manager reported that there has been a shift in banking related to interest rates. The CBCWA has been approached by several banks with proposals for substantially increased interest returns on money market funds. He has been pleased with the service offered by Johnson Bank and has contacted them regarding these offers. As a result, they have increased the rate for the Authority from 0.3% to 0.7% and will be reviewing this again soon as part of an overall company planning.
- **Debt Service** – Debt Service of \$6,069,548 is due on November 1st and will be paid in mid-October.

Operations:

- **CDM Smith Valve Replacement Protocol** – The Manager has discussed bidding services with Dan Lau at CDM Smith and has received a proposal. He has requested modifications and expects to move forward with this project.
- **Water Consumption Report** – The report through the end of August shows a discrepancy in the Howard meter reading from their Village-owned check meter that has been discussed at the Technical Committee meeting. A new meter test has been performed and a final report will be forthcoming. It appears initially that the Authority meter is operating correctly.
- **Municipal cooperation/Collaboration** – Work has begun on this portion of the strategic plan. The Manager has begun compiling member information and will be following up with questions and additional data requests.

MPU Pending Issues:

- **Monthly Report** – A copy for the month was distributed separately.
- **Replacement of CMF Plant Capacity at MPU** – MPU intends to replace their membrane filtration system by 2020. By contract, a meeting was held with the Manager, President Burdette, and Gary Rosenbeck of McMahan. The meeting included a Power Point presentation in which MPU explained their logic and plans. He expects further discussion will occur in conjunction with contract negotiations.
- **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.
- **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.

In addition to the above, the Manager reported that the CBCWA website is now active. Preparations are in the works for an anniversary event commemorating the 10th year of providing service to CBCWA members.

Old Business: None

New Business: - None

Next Meeting:

Suggested Agenda Items for next meeting on October 25, 2017.

Adjourn:

**Motion made by DePere, seconded by Howard to adjourn at 3:48 p.m.
MOTION UNANIMOUSLY APPROVED**

Respectfully submitted,

Rae G. Knippel
Transcription