

## PROCEEDINGS OF THE CENTRAL BROWN COUNTY WATER AUTHORITY

Pursuant to §19.84 Wis. Stats, a regular meeting of the **Central Brown County Water Authority** Board of Directors was held on Wednesday, May 22, 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  
Lawrence – Patrick Wetzel  
Ledgeview – Dave Strelcheck

**Excused:** Howard

**Also Present:** Nic Sparacio, Manager  
Gary Rosenbeck, McMahon Assoc.  
Sean Gehin, Village of Allouez

---

The meeting was called to order by acting Chair Larry Delo at 3:00 p.m.

### **Roll Call:**

Roll Call was taken as recorded above.

### **Approval of the Agenda:**

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

### **Approval of Minutes:**

2. April 24, 2019 regular meeting  
**Motion made by Allouez, seconded by De Pere to approve the minutes of the regular meeting of April 24, 2019.**  
**MOTION UNANIMOUSLY APPROVED**

### **Public Comment:**

3. None

### **Appearances:**

4. None

### **Administrative Actions & Reports:**

5. Long-range financial model  
Manager Sparacio presented the modifications to the long-range financial scenarios that were initially presented last month. These alternative scenarios show improved benchmarks by delaying capital expenditures and increasing revenues. He then continued

by presenting several new scenarios that fund a portion of annual depreciation expense. These scenarios showed three options: funding 10% of annual depreciation, funding 5% of annual depreciation, and funding 1% until the existing debt is paid off then increasing to 20% of annual depreciation. Sparacio summarized the three scenarios noting that the 10% scenario is in fact, not sustainable, the 5% scenario could work with additional rate increases, and the 1% growing to 20% scenario seems most sustainable.

Delo asked what would happen if the rate is held steady after the debt is paid off. Sparacio responded that significant revenue beyond expenses is generated each year in that case. The 1% growing to 20% scenario does drop the rate in 2036 but shows a similar effect. Unrestricted cash to fund capital replacements can be generated very quickly at that time. Delo stated that he sees this as a good option for quickly generating funds for capital projects without further impacting today's rates, and he sees the benefit of having a long-term plan in place.

Sparacio asked whether the Board is supportive of starting even a very small set-aside to fund depreciation. Diane Wessel responded that she would be supportive of establishing that discipline if even on a very small scale.

Sean Gehin asked whether additional funds could be used to pay off the debt more quickly and whether this would have a bigger positive impact than funding a portion of depreciation expense. Wetzel responded that it depends on whether the bonds issued allow for early payoff. Sparacio will confirm this and will create an additional scenario if pre-payment is allowed.

Discussion ensued regarding financing of sewer infrastructure in the region and the related rate history. Chis Sampson asked whether other water utilities set aside funds for depreciation. Sparacio will look into this. There is a consensus that funding even a small portion of annual depreciation would be a positive step, and that future boards can change this approach as needed. Sparacio will bring this topic back as part of the budget process and provide some options for funding a portion of annual depreciation expense.

#### **6. Green Bay emergency interconnect update**

Sparacio provided an update on this topic from discussion at the May meeting of the Technical Committee. Now that the Board and Technical Committee have explored the financial impact of a major capital project in the context of a long-range financial model, there seems to be a consensus that the interconnection is not feasible at this time. The Technical Committee further emphasized their appreciation for the opportunity to have the discussion with Green Bay and concluded that the Water Authority should keep this discussion alive for future consideration. If the financial picture can improve, then there are still substantial benefits of having an emergency interconnection between Green Bay and the Water Authority. Additionally, there was a consensus that Allouez and Bellevue should continue to explore the possibility of emergency interconnections on the local level.

Delo asked whether the alternative is to maintain the existing wells as the emergency backup supply. Sparacio affirmed this, and Gary Rosenbeck added that another alternative

is to take a closer look at better utilizing local level interconnections between the Water Authority members.

**7. Manitowoc Public Utilities projects update**

Sparacio stated that MPU withdrew its PSCW project request and that the agreement for the Finished Water Pump Station Optimization project was approved by the MPU Commission. The kick-off meeting for the Optimization project has been set for next Wednesday, and MPU has indicated a desire to meet again soon to discuss our other outstanding concerns.

**8. Financial report**

Manager Sparacio presented the April financial report and noted that budget and cash flow are tracking as expected. The May 1<sup>st</sup> bond and loan payments were made. Sparacio further stated that he has a meeting set with the new accountants to review the Authority's financial statements on a more comprehensive level.

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

**MOTION UNANIMOUSLY APPROVED**

**9. Pay authorizations: vouchers**

Sparacio presented an updated bill payment list. There are two additional vouchers, and Sparacio is requesting approval of the updated bill payment list. Delo asked what services were provided by Leonard and Finco under this invoice. Sparacio responded that Leonard and Finco has a defined role in the SPLASH Study project and also maintains our website.

**Motion made by Allouez, seconded by Lawrence to approve the Bill Payment List.**

**MOTION UNANIMOUSLY APPROVED**

**Technical Committee Recommendations:**

**10. Change in Technical Committee 2019 Officers – Chair**

Sparacio reported that Dave Betts is no longer with the Village of Bellevue, so a new Chair of the Technical Committee is needed. The Technical Committee discussed this and is forwarding a recommendation to appoint Shawn Geiger of Bellevue as the Chair for the remainder of 2019. He further noted that the chair and vice-chair of committees are appointed by the Board per the Water Authority By-Laws.

**Motion made by Lawrence, seconded by Ledgeview to appoint Shawn Geiger of Bellevue as the Chair of the Technical Committee for the remainder of 2019.**

**MOTION UNANIMOUSLY APPROVED**

**Project Update and Status Reports:**

**11. Engineer's Report**

Rosenbeck stated that the Water System Improvement Projects contracts have been approved by the Water Authority attorney. There were some structural changes to the contract documents recommended by Attorney Kobza, and this has all been resolved. McMahon will be a part of the project team for the Finished Water Pump Station Optimization project. He further noted that Sparacio reached out to Focus on Energy, and McMahon supported an application, and secured about \$5,000 of grant (reimbursement) funds toward the Howard Booster Station By-Pass project.

**12. Manager's Report**

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. There have been some challenges with the audit again this year, and additional time will be required before the audit report is ready for Board review. These issues appear to stem from the multiple changes in accounting personnel over the course of 2018. Sparacio believes he has found the transactions that were recorded incorrectly but is still working with the auditors on confirming those corrections. He also noted that the Water Authority website recognized May 5 through 11 as National Drinking Water Week.

**Old Business**

**13. None**

**New Business:**

**14. None**

**Next Meeting:**

Next meeting: June 26, 2019

Sparacio suggested that June 26, 2019 agenda items include an update on implementation of the Strategic Plan.

**Adjourn:**

**Motion made to adjourn at 3:45 p.m.**

**MOTION UNANIMOUSLY APPROVED**

Respectfully submitted,  
Nicolas Sparacio