

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 25, 2022 at the Town of Ledgeview Community Center, 3700 Dickenson Road, De Pere, WI, and via video conference.

Present: Allouez – Christopher Sampson
Bellevue – Andrew Vissers (video)
Denmark – Susan Selner
De Pere – Scott Thoresen
Howard – Geoff Farr
Lawrence – Patrick Wetzel (video)
Ledgeview – Greg Potts

Also Present: Gary Rosenbeck, McMahan
Andrea Jansen, Baker Tilly (video)
Nic Sparacio, CBCWA General Manager

The meeting was called to order at 3:00 p.m. by Vice President Geoff Farr of Howard.

Roll Call:

Roll Call was taken as recorded above. (Attendees present via video conference are noted with “video.”)

Approval of Agenda:

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

Approval of Minutes:

2. April 27, 2022 regular meeting
There were no revisions to the draft minutes.
Motion made by Ledgeview, seconded by Howard to approve the minutes of the regular Board meeting of April 27, 2022.
MOTION UNANIMOUSLY APPROVED

Member Appointments:

3. Board Director for the Village of Denmark: Susan Selner
Farr asked Nic Sparacio to review the protocols for Board and Committee appointments. Sparacio responded that each Member is entitled to appoint their Board Director and Alternate as they determine, so those agenda items are to simply acknowledge those appointments. In contrast, the Board has authority over all Committee appointments, so the Technical Committee items on this agenda are for review and approval or denial.

Farr requested a motion acknowledging Board appointment items 3 and 4.

Motion made by Allouez, seconded by Bellevue to acknowledge the appointments of Susan Selner as the Board Director and Joshua Leiterman as the Alternate Director for the Village of Denmark.

MOTION UNANIMOUSLY APPROVED

4. Board Alternate Director for the Village of Denmark: Joshua Leiterman
Discussion and action for this item were taken up with the previous related item.
5. Technical Committee Member for the Village of Denmark: Erika Thronson
Farr requested a motion on Technical Committee appointment items 5 and 6.
Motion made by Allouez, seconded by De Pere to approve the appointments of Erika Thronson as the Technical Committee member for the Village of Denmark and of Cole Erickson as the Technical Committee alternate member for the Village of Bellevue.
MOTION UNANIMOUSLY APPROVED
6. Technical Committee Alternate for the Village of Bellevue: Cole Erickson
Discussion and action for this item were taken up with the previous related item.

Public Comment and Appearances:

7. None.

Administrative Actions & Reports:

8. 2021 Audit Report
Andrea Jansen of Baker Tilly was present via video conference to speak to the audit process and results. She reported that the audit fieldwork was conducted remotely, and the process went very smoothly. She explained that there were no new accounting standards to implement for 2021, but there were some changes to the auditing standards as reflected in the reports. Jansen stated that the overall result of the audit is a clean opinion, which is the highest level of assurance that can be given. She then presented highlights of the draft 2021 audited financial statements and the draft audit communications report.

Gary Rosenbeck asked for the audited value of the Water Authority's assets, and Jansen pointed out the updated figure as adjusted for depreciation. There being no further questions, Farr thanked Jansen for the report and requested a motion on the audit.

Motion made by De Pere, seconded by Lawrence to approve the 2021 Audit Report and to authorize signing the Management Representations letter.

MOTION UNANIMOUSLY APPROVED

9. Report of 2021 MPU water purchase expenses
Sparacio provided a report of water purchase expenses from Manitowoc Public Utilities (MPU) for 2021. He pointed out that all the trends we have been seeing over the last several years continued for 2021, so water purchase expenses have remained stable and predictable. Although little changed in 2021, these data help establish a baseline prior to MPU's upcoming rate case with the Public Service Commission.

Chris Sampson asked what factors weigh in on the total volumetric charges each year. Sparacio responded that these are the charges for purchased water and operation of the transmission main, so the volume of water used is the main driver behind these costs from year to year. Farr clarified that total volumetric charges do not include any take-or-pay charges that might be applied when water use is lower. Discussion continued regarding the savings on electrical costs since the construction of the Central Storage facilities. Sparacio confirmed that there have been measurable reductions in electrical costs since that time.

10. Water Authority Purchasing Policy updates

Sparacio provided an overview of the changes made to the draft since the Board last discussed the Purchasing Policy. He noted that the legal review has also been completed at this point. Scott Thoresen asked how this policy affects change orders on construction projects. Sparacio responded that there is a separate change order policy that we have been using successfully in recent years. Discussion continued on the change order review process. Sampson asked how this policy relates to the audit process. The Board discussed how the audit addresses internal controls.

Motion made by Howard, seconded by Lawrence to approve the updated Purchasing Policy as presented.

MOTION UNANIMOUSLY APPROVED

11. 2022-2023 commercial liability insurance renewals

Sparacio presented the liability insurance renewal package provided by Gallagher, the Water Authority's insurance broker. He pointed out the premium increases and explained the reasons for the increases as reported by our representative with Gallagher. These increases are less than the average being experienced across Gallaghers' various insurance carriers. Susan Selner asked when the policies were last remarketed. Sparacio responded they were last remarketed in 2017 and that he has asked Gallagher within the last year to do some initial reconnaissance on potential savings. While there appeared to be no substantial savings to be gained, it may be time to remarket again before next year's renewal.

Sparacio then pointed out the change to workers compensation coverage recommended by Gallagher and asked for the Board's feedback. Thoresen responded that Sparacio does attend various jobsites out of the office, so the increase seems reasonable. The Board continued discussion, and there was a consensus that the workers compensation recommendation should be followed.

Sparacio also explained that part of his recommendation is to pay the insurance premium immediately upon receiving the invoice. He has experienced some issues with the timing of the invoices for the last several years. This will require a special payment cycle but will still be reported to the Board on the next available bill payment list.

Motion made by De Pere, seconded by Ledgeview to approve the 2022-2023 commercial liability insurance renewals from EMC, to authorize the General Manager to bind all policies, and if necessary, to process payment as soon as the invoice is received.

MOTION UNANIMOUSLY APPROVED

12. Financial report

Sparacio presented the April financial statements. He noted the continued losses in the investment portfolio and pointed out that the 2021 audit adjustments are now reflected in the financial statements. Sparacio then outlined the legal and rate consulting charges to date relative to the upcoming MPU rate case. He will request estimates from these consultants prior to commencing the formal rate case proceedings.

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

MOTION UNANIMOUSLY APPROVED

13. Bill payment list

Sparacio confirmed that there are no changes to the bill payment list as provided in the meeting materials. He gave background on some of the key expenses for the month.

Motion made by Allouez, seconded by De Pere to approve the bill payment list.

MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

14. None at this time.

Project Update and Status Reports:

15. Engineer's report

Gary Rosenbeck reported on his plans to meet with MPU to review the Preventive Maintenance Plan for the transmission main and on his review of proposed repairs to the cathodic protection system. Sampson asked for clarification on the applicability of the Preventive Maintenance Plan. Sparacio responded that this plan applies to the Water Authority-owned transmission main and related facilities as opposed to the MPU-owned water treatment plant in Manitowoc. Rosenbeck added that operation and maintenance activities on any parts of the system added after the original construction show up as additional itemized charges per the Water Authority's request. These include Central Storage, the cathodic protection system, and some HVAC modifications within the various buildings.

16. Manager's report

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. He then explained that the Water Authority received a substantial refund from Wisconsin Public Service this month due to some confusion with billing. This has now been resolved and should not be an issue moving forward. Regarding progress on the Green Bay Water MOU, discussion is ongoing and he will provide further details in June. Sparacio then noted that he will be attending the national conference of the American Water Works Association June 12 through 16. The Board then discussed the Brown County Water Summit event, which is scheduled for June 14. Patrick Wetzel left the meeting at this time due to another commitment.

Old Business

17. Update on negotiations with Manitowoc Public Utilities

Sparacio reported on the current status of the upcoming MPU rate case. Due to ongoing discussions with the Water Authority, MPU has filed with the PSC for an additional extension of the submittal deadline to August 1. The team is making good progress, so the additional time will be helpful. The Board discussed the history of PSC involvement in the contract between MPU and the Water Authority. Sampson requested that the Board enter closed session for further discussion on the status of negotiations.

Farr 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 Allouez, seconded by Howard to go into closed session.

ROLL CALL VOTE WAS TAKEN: All ayes.

Motion made by Allouez, seconded by Howard to return to open session.

ROLL CALL VOTE WAS TAKEN: All ayes.

There were no actions taken on this item.

New Business

18. None.

Next Meeting:

The next meeting is currently scheduled for June 22, 2022.

Adjourn:

Motion made and seconded to adjourn at 4:30 p.m.

MOTION UNANIMOUSLY APPROVED

Respectfully submitted,

Nicolas Sparacio