

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, July 27, 2022 at the Town of Ledgeview Community Center, 3700 Dickenson Road, De Pere, WI, and via video/teleconference.

Present: Allouez – Christopher Sampson
Bellevue – Ben Krumenauer
Denmark – Susan Selner
De Pere – Larry Delo
Howard – Geoff Farr
Lawrence – Patrick Wetzel (phone)
Ledgeview – Greg Potts

Also Present: 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,” and attendees present via teleconference are noted with “phone.”)

Approval of Agenda:

1. Approve agenda
Motion made by Ledgeview, seconded by Denmark to approve the agenda.
MOTION UNANIMOUSLY APPROVED

Approval of Minutes:

2. June 22, 2022 regular meeting
There were no revisions to the draft minutes.
Motion made by Allouez, seconded by Howard to approve the minutes of the regular Board meeting of June 22, 2022.
MOTION UNANIMOUSLY APPROVED

Member Appointments:

3. Board Director for the Village of Bellevue: Ben Krumenauer
Nic Sparacio reported that the Village of Bellevue’s new Administrator, Ben Krumenauer is joining the Water Authority Board. He noted that each Member is entitled to appoint their Board Director and Alternate as they determine, so this agenda item is to simply acknowledge the new Board Director appointment for Bellevue. Farr welcomed Krumenauer to the Water Authority and called for a motion acknowledging the appointment by Bellevue.
Motion made by Denmark, seconded by Ledgeview to acknowledge the appointment of Ben Krumenauer as the Board Director for the Village of Bellevue.

MOTION UNANIMOUSLY APPROVED

Public Comment and Appearances:

4. None.

Administrative Actions & Reports:

5. Review of Water Authority's long-range financial model
Sparacio presented the Water Authority's updated long-range financial model. It had been previously updated in 2020, so the previous model was also provided for comparison. He explained the key features and assumptions behind the model, then highlighted the changes made from the 2020 to the 2022 version. The Board discussed the anticipated positive impacts of adding the Village of Denmark to the membership.

Sparacio continued and pointed out that the revenue versus expense test from the 2014 Refunding Bonds covenants is met each year, and a healthy balance of unrestricted cash is also maintained each year. Susan Selner asked whether there was any thought to the possibility of paying down debt with excess revenues. Sparacio responded that the vast majority of the debt is [water system revenue] bonds, and these are on a set schedule for issuance and repayment. They cannot be pre-paid without significant fees and penalties, but they can be refunded next in 2024 if there is an opportunity to get a better interest rate. A smaller portion of the debt is a Safe Drinking Water Loan, but this has a very low interest rate already.

Farr pointed out that funded depreciation, or long-term capital reserves, increases substantially after the 2014 debt is paid off in 2035. The Board then discussed the philosophy of starting to set aside funds today to help reduce the future rate-payer burden of any major capital expenditures. The discipline of setting aside some funds toward future capital has been included in the last three budgets. Farr stated that the updated model is helpful for understanding the Water Authority's projected financial future. There were no further questions, and no additional scenarios were requested by the Board at this time.

6. Adoption of CBCWA Budgeting Manual
Sparacio presented the budgeting manual and noted that its purpose is to document the insights that came from the process of developing the 8th and 9th amendments to the Member Water Purchase and Sale Contract. It was drafted with the input of the Growth Management Task Force, the Technical Committee, and Board with the intent of being adopted by the Board as a policy document.

Motion made by De Pere, seconded by Howard to adopt the CBCWA Budgeting Manual.

MOTION UNANIMOUSLY APPROVED

7. Financial report
Sparacio presented the June financial statements. He noted the areas where expenses are approaching or have already exceeded budget, but he is not recommending any budget amendments at this time. He will continue to monitor performance against the 2022 budget. Sparacio added that 2022 budgeted contributions to reserves are now reflected in the financial statements. He plans to continue making such adjustments at mid-year as a

regular practice. Selner asked what the normal practice is when there are variances between actual and budgeted expenditures. Sparacio responded that the Purchasing Policy states that the Board is not obligated to amend the budget unless a primary budget category is exceeded. But the Board also has the option of amending the budget at any point that it sees fit, even if it is a lower-level line-item. This has been done in the past and could certainly be a consideration for this year.

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

MOTION UNANIMOUSLY APPROVED

8. Bill payment list

Sparacio confirmed that there are no changes to the bill payment list as provided in the meeting materials. He noted that the payment for insurance renewals was made earlier in the month and is reflected as such on the list. He then explained, regarding the ongoing issues with Wisconsin Public Service, that the next recommended step is to set up automatic payments and move to their standard monthly billing date. Sparacio reported that he has reviewed this option with the Water Authority's audit firm, and this approach should not create any audit issues as long as the Board continues to receive the payment information along with the monthly bill payment list. The Board discussed the details of the WPS accounts and bills.

Motion made by De Pere, seconded by Denmark to approve the bill payment list and to authorize the General Manager to set up automatic payments for bills from Wisconsin Public Service.

MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

9. Approval of the VFD startup quote from Preferred Controls for \$9,390

Sparacio reported that McMahan has reviewed the quote and is recommending approval. The Technical Committee reviewed the quote at its July 12th meeting and has also recommended approval. He then reviewed the status of the VFD procurement and installation project budget. Many of the actual costs have come in under budget, so this additional startup cost can be easily absorbed.

Motion made by Ledgeview, seconded by Bellevue to approve the VFD startup quote from Preferred Controls for \$9,390.

MOTION UNANIMOUSLY APPROVED

Project Update and Status Reports:

10. Engineer's report

No engineer's report at this time.

11. Manager's report

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. He also reported that the MPU rate case involving the agreement with the Water Authority was submitted earlier this month. Chris Sampson asked for the status of PFAS regulations and communications. The Board discussed the recent changes to the

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EPA Health Advisory standard for certain PFAS compounds and the testing and reporting expectations coming from the state standards that are on course to be implemented.

Old Business

11. None

New Business

12. None.

Next Meeting:

The next meeting is currently scheduled for August 24, 2022. Potential agenda items include presentation of the preliminary 2023 budget and rates.

Adjourn:

Motion made and seconded to adjourn at 4:00 p.m.

MOTION UNANIMOUSLY APPROVED

Respectfully submitted,

Nicolas Sparacio