

## **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, August 25, 2021 at the Town of Ledgeview Community Center, 3700 Dickenson Road, De Pere, WI, and via video conference.

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**Present:** Allouez – Chris Sampson  
Bellevue – Shawn Geiger  
De Pere – Larry Delo  
Howard – Geoff Farr  
Lawrence – Patrick Wetzel (video)  
Ledgeview – Sarah Burdette

**Also Present:** Gary Rosenbeck, McMahon (video)  
Nic Sparacio, CBCWA General Manager

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The meeting was called to order at 3:00 p.m. by President Sarah Burdette of Ledgeview.

### **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 Ledgeview to approve the agenda.**  
**MOTION UNANIMOUSLY APPROVED**

### **Approval of Minutes:**

2. August 19, 2021 special meeting  
There were no revisions to the draft minutes.  
**Motion made by Allouez, seconded by Bellevue to approve the minutes of the special Board meeting of August 19, 2021.**  
**MOTION UNANIMOUSLY APPROVED**

### **Public Comment and Appearances:**

3. None.

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

4. Presentation and discussion on Preliminary 2022 Budget  
Sparacio began by explaining the timing for the budget hearing notice. Due to the September meeting coming up earlier than usual, he has already sent the notice of the budget hearing in order to meet the minimum notice period requirement. If for any reason, the Board finds that the budget is not ready to proceed to the hearing, a new notice can be provided. Sparacio then presented the preliminary draft of the *2022 Annual Budget, Capital*

*Improvement Program, and Member Cost Allocation.* He provided an overview of the 2022 budget goals and influences, water sales history and trends, and the proposed 2022 expenditures, revenues, rates, and resulting member charges. Some highlights of the preliminary budget include:

- Increase in projected water consumption. Member estimates for 2022 water use resulted in a total increase of 47 million gallons (or about 2%) over 2021 water use for budgetary purposes.
- Decrease in the water purchase rate. This budget benefits from the increase in projected water consumption and a significant reduction in capital improvement costs. While operational costs are up about 4% (based largely on increased water purchase expenses), the increased water consumption and lower CIP costs are more significant. The 2022 proposed total water purchase rate of \$4.86/1,000 gallons reflects a decrease of \$0.11/1,000 gallons below the 2021 rate.
- Increase in budgeted water purchase expenses. Member water consumption is projected to increase as noted above, and MPU must apply for a full rate case with the PSC in 2022. The water purchase expense lines have been increased accordingly.
- Break from typical capital project spending. Capital project costs are relatively low in this budget, with a large operational project accounting for most of the 2022 CIP. Capital project costs are expected to increase again in 2023 with installation of a second variable frequency drive at the finished water pump station, so the 2022 budget sets aside \$100,000 to smooth future rate impacts of the CIP.
- Restoration of the Maintenance, Repair, and Replacement fund. Recent budgets have utilized dollars from this reserve account to help reduce the rate impact of capital expenses. The 2022 budget takes advantage of \$400,000 in excess unrestricted cash to restore the fund to its 2018 balance of \$2.0 million. The future capital set-aside mentioned above then increases the balance additionally to \$2.1 million.
- Maintenance of 33% of annual expenses as unrestricted cash. The unrestricted year-end cash projection in this budget meets and exceeds our goal of maintaining at least 25%.
- Changes related to the 9th Amendment to the Member Water Purchase and Sale Agreement. The 2022 budget year includes implementation of volume-based monthly charges for some elements of the water purchase rate. This includes the portions of the rate related to the CIP and budgeted contributions to reserves. The budget document also includes some language pertaining to future Customer Members and reserves a future section for their rate-based revenue calculations.

The members discussed the preliminary budget. Larry Delo observed that future water use should start to reflect positive growth as leak repairs and efficiency improvements are largely completed in the Member communities. Chris Sampson asked how potential new members could impact water consumption. Sparacio responded that annual volumes for the potential new members we have been engaging with fall in the range between the current water use by Lawrence and Ledgeview – or around 150 million gallons per year. Sampson also asked what has been driving the increase in the unrestricted cash balance. Sparacio responded that this has mainly resulted from actual expenses coming in under

budget and a couple years of better than anticipated investment income. Gary Rosenbeck joined the meeting at this time.

Delo then asked for clarification on the future for the CIP and the expectation that it start to diminish as repairs and corrections to the original construction are wrapped up. Sparacio responded that this is still the expectation. There are very few items listed in the 10-year CIP beyond 2025 for that reason. Sampson asked whether the Maintenance, Repair, and Replacement Fund is intended for and has a sufficient balance to smooth any rate impacts of an unexpected capital need. Sparacio responded that this is exactly what that fund is intended for and can be used by the Board for that purpose per the related resolution. The balance is sufficient for rate smoothing.

Burdette stated that the proposed budget looks to be in good order and ready for the hearing at the September meeting. She asked for a motion from the Board.

**Motion made by De Pere, seconded by Lawrence to accept the Preliminary 2022 Budget and to proceed with the member hearing at the September Board meeting.**

**MOTION UNANIMOUSLY APPROVED**

5. Financial report

Sparacio presented the July financial statements. Budget and financials are tracking as expected. He is requesting approval of the July financial statements.

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

**MOTION UNANIMOUSLY APPROVED**

6. Bill payment list

Sparacio confirmed that there are no changes to the August bill payment list shown in the meeting materials. He explained a reimbursement to Ledgeview due to a change in their Excess Capacity Charges for the first half of 2021.

**Motion made by Howard, seconded by Allouez to approve the bill payment list.**

**MOTION UNANIMOUSLY APPROVED**

**Technical Committee Recommendations:**

7. None.

**Project Update and Status Reports:**

8. Engineer's report

Rosenbeck provided an update on the emergency back-up supply study. He outlined the project tasks completed to date and the primary tasks to be completed in the future. He noted that the upcoming steps may take some time as we continue to communicate in detail with Green Bay Water and other potential stakeholders. Sampson asked for clarification on the possibility of a two-way interconnection with Green Bay. Rosenbeck responded that the best opportunity for a two-way emergency back-up supply is the single large interconnection between the east end of our transmission main with theirs.

**9. Manager's report**

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. There are no issues or concerns to report at this time. He noted that the bond refunding continues to be on hold and provided an update on the discussion between Howard, Pulaski, and Pittsfield.

**Old Business**

**10.** None.

**New Business**

**11.** None.

**Next Meeting:**

The next meeting is scheduled for September 15, 2021 which will include the 2022 budget hearing.

**Adjourn:**

**Motion made and seconded to adjourn at 4:25 p.m.**

**MOTION UNANIMOUSLY APPROVED**

Respectfully submitted,  
Nicolas Sparacio