

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 26, 2020 at the Town of Ledgeview Community Center, 3700 Dickenson Road, De Pere, WI, and via video conference. Note that in light of ongoing public health concerns regarding COVID-19, Board members had the option of joining the meeting via telephone/video conference. Members of the public were offered the opportunity to either hear the meeting broadcast live at the location noted above or to contact the Water Authority to obtain telephone access to the meeting.

Present: Allouez – Chris Sampson (via video conference)
Bellevue – Diane Wessel (via video conference)
De Pere – Larry Delo (via video conference)
Howard – Geoff Farr (via video conference)
Lawrence – Patrick Wetzel (via video conference)

Excused: Ledgeview

Also Present: Nic Sparacio, General Manager
Gary Rosenbeck, McMahan Assoc. (via video conference)

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.

Approval of the Agenda:

1. Approve agenda

Motion made by De Pere, seconded by Howard to approve the agenda.

MOTION UNANIMOUSLY APPROVED

Approval of Minutes:

2. July 22, 2020 regular meeting

Motion made by De Pere, seconded by Howard to approve the minutes of the regular meeting of July 22, 2020.

MOTION UNANIMOUSLY APPROVED

Public Comment:

3. None

Appearances:

4. None

Administrative Actions & Reports:

5. Presentation and discussion on Preliminary 2021 Budget

Sparacio presented the preliminary draft of the *2021 Annual Budget, Capital Improvement Program, and Member Cost Allocation*. He provided an overview of the 2021 budget goals and influences, water sales history and trends, and the proposed 2021 expenditures, revenues, rates, and resulting member charges. Some highlights of the preliminary budget include:

- Increase in projected water consumption. Member estimates for 2021 water use resulted in a total increase of 22 million gallons (or about 1%) over 2020 water use for budgetary purposes.
- A slight increase in the water purchase rate. This budget shifts the breakdown of operational cost versus fixed cost rate elements to a more typical balance by shifting funds for Lake Michigan shoreline stabilization to the capital program. The 2021 proposed total water purchase rate of \$4.97/1,000 gallons reflects an increase of \$0.01 over the 2020 rate.
- A slight increase in budgeted water purchase expenses. MPU must apply for a full rate case with the PSC in 2021. The water purchase expense lines have been increased as a precaution.
- Fixed cost spending related to Lake Michigan shoreline erosion. Depending on how the shoreline stabilization project costs play out in 2020, the 2021 budget will need to reflect either a related capital expenditure or a contribution back to reserves.
- Utility conflict mitigation. While the 2020 budgeted vibration mitigation expense never came to fruition, we are experiencing increasing demand for use of limited utility rights-of-way. This budget proposes maintaining some funding for utility conflict mitigation.
- Limited use of cash reserves and restricted funds. The budget is balanced by using a relatively small injection of unrestricted cash, mainly to cover interest on the Security Fund member accounts.
- Maintenance of 32% 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%.

The members discussed the preliminary budget, and there was a consensus on readiness to move forward to the budget hearing. Chris Sampson asked whether there were any anticipated new expenses or lost revenues due to COVID. Sparacio responded that the drop in water use that occurred in spring has nearly been recovered. It is difficult to tell at this point, but it is possible that water use for 2020 could still exceed the 2019 volume. We are still in the higher water use months. COVID is not impacting the Water Authority budget in any significant way.

Motion made by Bellevue, seconded by Howard to accept the Preliminary 2021 Budget and to schedule the member hearing for the September Board meeting.

MOTION UNANIMOUSLY APPROVED

6. Proposal for water service to the Village of Suamico

Sparacio provided an overview of the draft proposal document that was provided to the Village of Suamico. The proposal was created at Suamico's request, as they are currently conducting a water supply study. They have communicated at this point that their

preference is to maintain the system of groundwater wells and treatment, but the cost of water from the Water Authority may now be viewed a more feasible option than it was in the past. The Village of Suamico committee meets tonight to discuss this proposal.

Farr stated that he would like to see a longer term to any future agreement with Suamico, but he thinks the proposal overall is laid out well and hopes it will be attractive to them. Discussion continued on how the next steps taken by Suamico would impact any potential for longer term consideration of Water Authority water. If Suamico makes an investment in additional treatment and a new well, it would be many years before they consider an alternative water source again.

Motion made by Howard, seconded by De Pere to approve of the Draft Water Service Proposal for the Village of Suamico for discussion purposes only and not representing any final offer of service or pricing.

MOTION UNANIMOUSLY APPROVED

7. Authorization to un-restrict additional funds from the Maintenance, Repair, and Replacement fund

Sparacio explained that this item was placed on the agenda in case it was needed relative to the Lake Michigan shoreline stabilization project. No action on this agenda item is needed at this time but action will likely be needed in the future. Farr asked for clarification on the resolution that was included in the meeting materials. Sparacio responded that this resolution was adopted back in 2014 to create the Maintenance, Repair, and Replacement fund. The resolution also explains that a simple majority vote of the Board is the action required to make use of the funds.

8. Financial report

Sparacio presented the July financial statements. Budget and financials are tracking as expected.

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

MOTION UNANIMOUSLY APPROVED

9. Bill payment list

Sparacio stated that the August bill payment list is as presented in the agenda materials. There are no changes. Rosenbeck explained that there could be additional charges coming in the future from Trans Link on the emergency repairs of the shoreline. McMahon is working to reconcile the material quantities. The actual invoice was above the not-to-exceed amount, and prior authorization was not obtained. The amount reflected on the bill payment list is the not-to-exceed amount approved by the Water Authority.

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

MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

10. Approval of contract award for Lake Michigan Shoreline Stabilization Project

Sparacio confirmed that the Board members received via email the tabulation of contractor proposals. He then reported that four contractor proposals were received, but all were

above the expected project costs. The recommendation to the Board is to reject the proposals. Rosenbeck then summarized the proposals and added that there is an opportunity to do the shoreline stabilization work at a more reasonable cost by revising the design. He would like to have further discussion with the contractors providing the lowest project cost estimates. Larry Delo noted that material quantities varied widely on all four proposals. Rosenbeck responded that one of the contractors provided the most detail on quantities which will allow him to talk further and perhaps reach an understanding on how to proceed.

Delo then asked whether we have to rebid the project if we reject these proposals. Sparacio explained that the Water Authority does have the latitude to not follow the public bidding process. He has reviewed this matter with legal counsel, and her only caution has been to make sure that each project is handled consistently from start to finish. We typically do elect to follow the public bidding process, but because of the unique nature of this work, this project has not followed that process thus far. The request for proposals was only provided to a group of pre-qualified contractors. The Water Authority has the option of continuing on that path, so we do not need to rebid.

Motion made by Howard, seconded by De Pere to reject the proposals for the Lake Michigan Shoreline Stabilization Project and to authorize McMahon to follow up one or more of the contractors to explore alternative approaches.

MOTION UNANIMOUSLY APPROVED

Project Update and Status Reports:

11. Engineer's report

Rosenbeck provided an update on the chlorine monitoring and control improvements project. The contractor bids were also very high for this work, so the communities installing downstream chlorine analyzers are considering different options for getting the work done.

12. Manager's Report

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. He reported on the property line issue that occurred with the installation of the impressed current system at the Pressure Reducing Station on Heritage Road. An easement will be drafted to address this issue and will be provided to the Board for review. He also reported on a recent meeting with Troy Adams, the new General Manager of Manitowoc Public Utilities. They have started discussing the outstanding issues in more detail, and Sparacio is looking forward to renewed efforts to resolve those matters.

Old Business

13. None

New Business:

14. None

Next Meeting:

The next meeting is scheduled for September 23rd, 2020. The September meeting will be preceded by the joint meeting of the Member governing bodies and will include the 2021 budget hearing.

Central Brown County Water Authority
August 26, 2020

Adjourn:

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

MOTION UNANIMOUSLY APPROVED

Respectfully submitted,
Nicolas Sparacio