

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, September 25, 2019 at the De Pere City Hall, Council Chambers, 335 South Broadway, De Pere, WI.

Present: Allouez – Chris Sampson
Bellevue – Shawn Geiger
De Pere – Scott Thoresen
Howard – Geoff Farr
Lawrence – Patrick Wetzel
Ledgeview – Sarah Burdette

Also Present: Nic Sparacio, Manager
Gary Rosenbeck, McMahan Assoc.

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.

Approval of the Agenda:

1. Approve agenda

Motion made by Lawrence, seconded by Allouez to approve the agenda.

MOTION UNANIMOUSLY APPROVED

Approval of Minutes:

2. August 28, 2019 regular meeting

Motion made by Allouez, seconded by Howard to approve the minutes of the regular meeting of August 28, 2019.

MOTION UNANIMOUSLY APPROVED

Public Comment:

3. None

Member Meeting on Proposed 2020 Budget and Water Rates:

4. Presentation and member comments on proposed 2020 Budget and Water Rates
Manager Sparacio stated that this agenda item is to allow for member comments on the proposed 2020 budget, and the required notice has been provided to each of the members. He reported that he was requested to present the budget to the Village of Allouez Board of Trustees (which took place on September 17th), and beyond the discussion in Allouez, he has not received any other comments or questions on the proposed budget. He further explained that there have been changes to the budget since the preliminary draft was presented to the Board in August. He provided the amended budget proposal to each of the members on September 10th.

Sparacio then provided an explanation of the changes to the budget as reflected in the September 10th updates. These changes were driven by a need to increase the 2020 budgeted water consumption for the Town of Ledgeview. As a result, Ledgeview will pay for a greater allocation of the annual expenses, and all other member allocations will be decreased. There was no need to increase budgeted expenses on this basis as total water consumption still remains below the minimum take-or-pay amount. Therefore, the calculated water rate with this budget proposal went down. Sparacio further reviewed the proposed budget expenses, revenues, and water rate details. While the rate is going down in comparison with 2019, all members will experience an increase in monthly billing due to the depletion of the rate stabilization funds.

Burdette opened the member hearing and requested any public comments. There were no public comments, so Burdette closed the member hearing.

Appearances:

5. None

Administrative Actions & Reports:

6. 2018 Audit Report

Sparacio provided an overview of the 2018 Audit Report. While some corrections were needed to reclassify certain transactions, the auditor opinion states that this is a clean audit. The Water Authority's financial statements are fair and compliant with applicable standards. He pointed out the progress being made in Water Authority's financial health as noted by improvements in net position, cash flows, and net investment in capital assets.

Sparacio further explained that the communications to management section of the report is largely identical to past year's reports. There are some opportunities identified for improved internal controls. Now that we are working with a larger accounting firm, Sparacio will explore with them whether there may be any affordable ways to implement the recommended changes to internal controls.

Chris Sampson asked for further explanation of the net investment in capital assets figure. Sparacio responded that this number will go from negative to positive in the next audit. It is trending upward at a rate fast enough to make this happen. This means that we have been paying down our debt on capital assets faster than the value is depreciating on those assets. The result in our financial statements will show for future years that we have a positive net investment in our capital assets which will continue to grow. Sampson asked whether a simple explanation could be that we now own more than half of our house? Sparacio responded, yes, we could now "sell our house" for more than what we owe on it.

Motion made by Bellevue, seconded by Lawrence to approve the 2018 Audit Report and to authorize signing the Management Representations Letter as presented.

MOTION UNANIMOUSLY APPROVED

7. Consideration of the proposed 2020 Budget and Water Rates

Burdette opened the floor for any Board comments or questions on the budget. There were no further questions.

Motion made by Howard, seconded by De Pere to approve the 2020 Annual Budget, Capital Improvement Program, and Member Cost Allocation.

Discussion continued regarding the motion on the floor. Sampson stated that the budget was presented clearly, so he had no further questions. He appreciated that the changes to the proposed budget brought the experienced rate impact under a 5% increase and closer to 4%. This helps from a customer impact standpoint. There was no further discussion, so Burdette called for a vote on the motion.

MOTION UNANIMOUSLY APPROVED

8. Quote for property insurance renewal

Sparacio stated that this will be our second year with a private insurance provider since the Local Government Property Insurance Fund program was eliminated. He explained the reasons behind the premium increase for the next year. Based on updated property valuations from EMC, the coverage is recommended to increase for Central Storage and for the Howard Booster Station. There is also a market adjustment which accounts for the majority of the premium increase. Sparacio is recommending approval of the second option which would increase the coverage for the two sites based on the updated valuations.

Burdette stated that this appears to be a relatively small increase in the premium for the value of what we have covered.

Motion made by De Pere, seconded by Lawrence to approve the property insurance quote Option 2 and to authorize the Manager to bind the related policies.

MOTION UNANIMOUSLY APPROVED

9. Financial report

Manager Sparacio presented the August financial statements and noted that budget and cash flow are tracking as expected. He pointed out that interest income has fully recovered since the dip that occurred in July. He also shared that based on cash flow projections through year-end, we can expect that there will not be a need to withdraw any funds from the investment portfolio this year.

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

MOTION UNANIMOUSLY APPROVED

10. Bill payment list

Burdette stated that a bill payment list was emailed out prior to the meeting. Sparacio reviewed the bill payment list with the Board.

Motion made by Lawrence, seconded by Howard to approve the Bill Payment List as presented.

MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

- 11.** Approval of the payment requests from Reeke-Marold Co. in the amounts of \$990 and \$69,070.50

Sparacio stated that the two payments apply to the Howard Booster By-pass and Chlorine System Automatic Shut-offs projects. McMahon and the Technical Committee have reviewed the details of the pay requests and are recommending approval of the payments as certified.

Motion made by Howard, seconded by De Pere to approve payments to Reeke-Marold Co. in the amounts of \$990 and 69,070.50.

MOTION UNANIMOUSLY APPROVED

- 12.** Approval of Change Order # 1 for Water System Improvement (Contract B) in the amount of \$9,857

Sparacio explained the reason for the change order. The scope items include moving one of the chlorine system shut-off devices from the Master Meter Station to the De Pere/Lawrence connection station and for providing connections to local SCADA systems where requested. The SCADA connection is a redundancy but is desired by De Pere and by MPU. The SCADA connection cost will then be shared with De Pere on that basis. McMahon and the Technical Committee have reviewed the requested change order and are recommending approval.

Geoff Farr asked whether all of the chlorine shut-off devices will be connected to the MPU SCADA system. Sparacio responded, no, most of the chlorine systems are on the local side of the connection stations. MPU SCADA will only be connected at the Master Meter Station since they operate that facility.

Sampson requested an explanation of when MPU would be adding chlorine along the transmission main. Is this done only in an emergency, or on a regular basis? Gary Rosenbeck responded this happens regularly based on local needs and preferences and based on local distribution system conditions. Shawn Geiger added that MPU occasionally boosts chlorine at the Master Meter Station as well as chlorinating at the treatment plant.

Farr also noted that Howard is going to connect the devices to their SCADA system, but they are handling that work internally.

Motion made by Bellevue, seconded by De Pere to approve Change Order #1 for Water System Improvement (Contract B) in the amount of \$9,857.

MOTION UNANIMOUSLY APPROVED

Project Update and Status Reports:

- 13.** Engineer's report

Rosenbeck provided an update on the Water System Improvement projects. The Chlorine System Automatic Shut-offs are essentially completed. The purchase of the 48-inch valve and related materials is underway. The pipe sections are complete, and we are awaiting delivery of the valve. Once this is received, all the parts will be shipped to Manitowoc to be placed in storage.

He continued with an update on the County Highway R bridge replacement project. The vibration monitoring and control plan work is underway. There may be a need to pothole the pipe sooner than later if the depth of the pipe is needed in order to complete the monitoring and control plan. Additionally, the corrosion system annual survey work has been completed. We are awaiting the related report.

Rosenbeck then discussed the Finished Water Pump Station Optimization project. Four alternatives for potentially modifying the station have been examined, and we are awaiting the final report. One of the findings of the study was that MPU has already modified pumping operations to work with Central Storage resulting in significant energy savings for the Water Authority over the last two years. In recent weeks, we have worked with MPU to test an additional operating scenario to provide even more energy savings by shifting more pumping to off-peak hours (at night).

14. Manager's Report

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. The SPLASH Study is nearing completion, and the meeting held earlier this week on cross-connection control programs was very productive. There are no outstanding issues or concerns beyond those already discussed.

Old Business

15. Update on negotiations with Manitowoc Public Utilities

Burdette 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 Lawrence, seconded by Allouez to go into closed session.

ROLL CALL VOTE WAS TAKEN: All ayes.

Motion made by De Pere, seconded by Bellevue to return to open session.

ROLL CALL VOTE WAS TAKEN: All ayes.

New Business:

16. None

Next Meeting:

The next meeting is scheduled for October 23, 2019. Potential agenda items include:

- a. Updated Board and Technical Committee appointments for Village of Bellevue
- b. Possible water sales to subdivision through the Town of Lawrence

Adjourn:

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

MOTION UNANIMOUSLY APPROVED

Respectfully submitted,
Nicolas Sparacio