

PROCEEDINGS OF THE CENTRAL BROWN COUNTY WATER AUTHORITY

Pursuant to Section 19.84 Wis. Stats., regular meeting of the **Central Brown County Water Authority** was held on Wednesday, May 20, 2009, at the DePere City Hall, 2nd Floor – 335 South Broadway, DePere, WI

Present: Allouez – Kopish, Bellevue - Oppenheimer, De Pere -Delo,
Howard - Bartelt; Lawrence -Trembl, Ledgeview - Burdette

Also

Present: Dave Vaclavik – Public Management Partners
Gary Rosenbeck – McMahon
Scott Thoresen – Chairman, Technical Committee
Goeff Farr - Howard

The meeting was called to order by President Delo at 3:27 p.m.

Roll Call:

Call the roll for attendance. Roll call was taken as noted above.

Approval of Agenda:

Approve Agenda

Motion made by Bellevue and seconded by Ledgeview to approve the agenda.

MOTION APPROVED UNANIMOUSLY

Approval of Minutes:

Approve Minutes: April 22, 2009:

Motion made by Bellevue and seconded by Howard to approve the minutes.

MOTION APPROVED UNANIMOUSLY

Appearances:

1. **Vicki Hellenbrand – Virchow Krause regarding:**

a. **2008 Audit:**

Ms. Hellenbrand distributed information relative to the 2008 audit of the CBCWA. She explained that the focus of the audit was on internal control with the purpose to identify areas of deficiencies or weakness, first addressing segregation of duties. Hellenbrand highlighted several areas where there may be material weakness in internal control, including entering data into the general ledger, bank reconciliations, journal entries, development of a purchasing and accounting policy, suggesting that each person having access to the general ledger have their own password. Also reported was internal control documentation and internal control over financial reporting. Hellenbrand stated that to her best knowledge and believe no events, including instances of non-compliance, have occurred subsequent to 12/31/08 that would require adjustment to or disclosure in the financial statements.

b. **CBCW Water Rate Structure:**

Rate options were highlighted and included:

- To keep the same process
- To keep the same process with tweaks
- To Revise the process

After review and discussion of options, Ms. Hellebrand's recommendation was to maintain the traditional rate making methodology stating there were no violations of budget ordinances, provisions of contracts or grant agreements, laws or regulations, nor were there any related debt covenants found whose effects should be considered for disclosure. Overall, no instances of non-compliance have occurred subsequent to 12/31/098 which would require adjustment.

Motion made by Bellevue and seconded by Allouez to accept the 2008 audit report and water rate structure. MOTION APPROVED UNANIMOUSLY

Administrative Committee Recommendations:

Aaron Oppenheimer highlighted discussion from the meeting held this date:

1. **CBCWA Manager Employment Agreement:**

Oppenheimer informed the Board that the Administrative Committee has recommended approval of the Employment Agreement with Dave Vaclavik effective June 1, 2009 with the contract renewable at the end of 2009 and then every year thereafter. An addendum relative to equipment and software use was also recommended for approval.

Motion made by Bellevue and seconded by Ledgeview to accept the recommendation of the Administrative Committee to approve the CBCWA Manager Employment Agreement with the amendment. MOTION APPROVED UNANIMOUSLY

Necessary forms to establish the CBCWA as an employer will be filed. In addition, insurance coverage (worker's comp) will be revised and an account established with WRS.

2. **Recommended Financial Control System:**

- a. **Dual Control:**
- b. **Bank as Administrator:**

Manager Vaclavik explained that because of significant flaws in the current financial control system, he met with Wells Fargo to discuss alternatives. Two suggestions were made, i.e. dual control, or the bank as administrator. Using a dual control system, any action by an Administrator to amend approval requirements would require confirmation by a second authorized Administrator, while using the bank as administrator would remove administrative capabilities altogether and may cause delays in the process.

Discussion by the Administrative Committee resulted in a recommendation to implement the dual control system with review after it is fully functional.

Motion made by Bellevue and seconded by Allouez to accept the recommendation of the Administrative Committee and accept the dual control financial control system. MOTION APPROVED UNANIMOUSLY

3. **Debt Service Payment – Wire Transfer of \$3,049,553.69 to Associated Bank:**

Vaclavik reported that an interest only debt service payment of approximately \$3 million will be paid to Associated Bank on the due date of June 1st.

4. **Purchase of Additional CD's for Debt Service Fund:**

Vaclavik explained that the debt service fund requires a minimum balance equal to the next two bond payments, or approximately \$7.8 million. At this time, there is \$3 million of this amount invested in CD's with \$1 million each in investments earning 0.6%. He is recommending an investment of an additional \$3 million in CD's which would yield .93%, 1.08%, and 1.6% over the same time period.

Motion made by Bellevue and seconded by Allouez to accept the recommendation of the Administrative Committee to purchase additional CD's in the amount of \$3 million at a rate of 1.46% for a 12 month period. MOTION APPROVED UNANIMOUSLY

5. **CBCWA Purchasing Policy Amendments:**

The existing purchasing policy adopted in October of 2008 was reviewed. Vaclavik explained that the policy does not define when the Authority should seek quotes or bids and is generally silent on the issue of professional services. After review of various models, he is recommending that an amendment be drafted to the present policy, or a new policy written altogether. The Technical Committee has requested that professional services be based on an RFQ process rather than an RFP process and have asked that the Manager rewrite the policy with the intent to establish parameters for purchasing levels, along with professional and engineering services.

6. **General Engineering Services Contract:**

Gary Rosenbeck has met with President Delo to discuss the conflict of interest issue. Rosenbeck has proposed that work for the Authority be contracted through McMahon Inc as a method of avoiding the conflict of interest with the manager. McMahon Inc is a separately owned corporation. The arrangement has been reviewed by Attorney Kobza and she has opined that it would appropriately deal with the conflict of interest issue. Mr. Rosenbeck has submitted a proposal for general engineering services for consideration. The Technical Committee is in support of retaining McMahon Inc as the engineer for the CBCWA.

Rosenbeck explained to the Board, as he did to the Administrative Committee, that he has prepared a three year agreement for general services set forth by tasks. Those being, general engineering services not provided for under separate task orders, design phase services for the implementation of year three modifications to the air release valve vault on the water transmission system, and to provide design and construction phase services for a cathodic protection system for the 48" steel pipe line.

Although President Delo and others were agreeable to offering McMahon Inc a three year agreement to complete the aforementioned tasks, did ask for time to review the agreement more fully. Mr. Kopish indicated that he was not comfortable with this action, requesting an RFQ process.

Motion made by Bellevue and seconded by Allouez to accept the recommendation of the Administrative Committee to pursue an RFQ process for engineering services. MOTION APPROVED UNANIMOUSLY

7. **Financial Reports:**

Vaclavik reported he is increasingly concerned by the decline in water sales volume noting, however, this appears to be an industry trend and not specific to this Water Authority. He pointed out that the financial report has been updated and now includes a balance sheet as well as year-to-date revenue and expenditure reports.

**Motion made by Bellevue and seconded by DePere to accept the recommendation of the Administrative Committee to approve financial reports.
MOTION APPROVED UNANIMOUSLY**

8. Pay Authorizations: Vouchers:

**Motion made by Bellevue and seconded by Lawrence to accept the recommendation of the Administrative Committee to approve pay authorizations/vouchers.
MOTION APPROVED UNANIMOUSLY**

Technical Committee Recommendations:

Highlights of the regular meeting held on April 22, 2009 were given by Dave Vaclavik as follows:

1. Contract Award for Phase II A/R Valve Project to Jossart Brothers in the amount of their low bid of \$78,700:

Vaclavik reported there were seven bids received on this project ranging from Jossart's low bid of \$78,700 to a high bid of \$184,942. He pointed out that the quotes were exceptional compared to the 2009 budget for this project of \$300,000. Recommendation by the Technical Committee is to award the bid to Jossart.

Motion made by Bellevue and seconded by Howard to accept the recommendation of the Technical Committee and award the contract for Phase II Air Valve Project to Jossart Brothers in the amount of \$78,700. MOTION APPROVED UNANIMOUSLY

2. Direct the Engineer to provide engineering proposal and negotiated fee from Jossart Brothers for expansion of Phase II project to include Phase III work for Technical Committee consideration at their June meeting:

Based on the excellent bids received and the remaining budget balance, Vaclavik stated that the Technical Committee has recommended that McMahon be directed to provide an engineering proposal and negotiate a fee from Jossart Brothers for expansion of the Phase II project to include Phase III work. The Technical Committee will consider work scope for both phases at their June meeting.

Motion made by Bellevue and seconded by Hoard to approve the recommendation of the Technical Committee and direct the Engineer to provide an engineering proposal and negotiated fee from Jossart Brothers for expansion of Phase II project to include Phase III work. MOTION APPROVED UNANIMOUSLY

3. Contract Award for CBCWA System Study and Surge Analysis to Camp, Dresser, & McKee in the amount of \$102,980:

After discussion, the Technical Committee accepted the recommendation of the selection committee to award the system study project to Camp, Dresser & McKee (CDM) in the amount of \$79,980 based on their qualifications. Other proposals were received from Donohue, Ruckert-Mielke, and SEH. CDM offered an alternative proposal in which they would perform the surge analysis directly instead of simply supervising work to be done by a third party. The additional cost for this work was \$23,000. The Technical Committee supported having the surge analysis performed by CDM, bringing their total price to \$102,980.

The engineering study will have a number of outcomes ranging from improved system information and planning, to improved operations and physical system protection. Deliverables from this project include a hydraulic surge analysis, evaluation of existing air relief valve replacement, optimization of system pressures to reduce pumping costs, in addition to several alternatives that could have a significant impact on utility costs.

Motion made by DePere and seconded by Allouez to accept the recommendation of the Technical Committee and award the contract for a CBCWA system study and surge analysis to Camp, Dresser, & McKee in the amount of \$102,980.

MOTION APPROVED UNANIMOUSLY

4. **General Engineering Services – Scope of work to include all CBCWA engineering projects (approved individually by task order) for term of agreement unless an RFP process is recommended by the CBCWA Technical Committee or Board:**

Vaclavik reported that the Technical Committee plans to refer a proposal from McMahon Inc for general engineering services to the Administrative Committee for review. A scope of work was discussed, along with a procedure for authorization of specific tasks. Vaclavik stated that discussion by the Technical Committee resulted in a statement that they have been very pleased with the work being done by McMahon, and given the lack of local engineers able to provide services, recommends that the relationship be continued.

Project Update and Status Reports:

1. **Engineer's Report:**

Gary Rosenbeck updated the Board on project close-out status, reporting the following:

- Corrpro has provided their assessment of pipe continuity and Contract E is pending.
- Bonding strap/continuity of buried site piping has been resolved on Contract F and a letter has been sent to CTE.
- Concrete pavement issues at the Magnolia and Johnson intersection have been resolved with the City of Manitowoc.
- Warranty inspections will be conducted by the end of May on Contracts A, B, D, & E.

Rosenbeck also gave an update on progress with current projects including:

- ATS switch and exterior conduit has been installed at the Howard Booster Station; Genset relocation and shut-down is scheduled for 5/21/09.
- Final inspection is scheduled for 5/30/09 on Phase I air release valve work.
- Phase II air release valve corrective work has been bid and ready for award.
- Final restoration inspection on the continuity station project close-out is scheduled for the end of May.
- Final restoration inspection on the Dorner ditch restoration project is targeted for the end of May.
- Manhole adjustment work for Denmark paving project is being coordinated with the Denmark project.
- Continue to work with the Manitowoc County Highway Department to fill additional sink holes.

2. **Manager's Report:**

Manager Vaclavik highlighted activities during the last reporting period not mentioned above, including:

- Boardman Law Firm – A meeting was held with MPU at Boardman’s offices on April 10th to review existing contract language and to identify language changes. Issues were resolved and a contract amendment will be forthcoming.
- CTE – Additional information has been requested regarding inspection reports on Contract F.
- Bellevue Bill of Sale is ready for signature
- CBCWA will get a new phone listing in the Government section of the phone book and a separate PO box number. New number is 339-0042.

Closed Session:

The Board may go into Closed Session to discuss pending litigation pursuant to Wisconsin State Statute 19.85 (1)(g) conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Board will then reconvene back into open session. None

1. **Recommendations resulting from Closed Session, if any: None**

Old Business:

1. None

New Business:

1. **Acceptance of 2008 Audit Report:**
2. **CBCWA Water Rate Structure:**
(See item #1a and b (Appearances) for action on the 2008 Audit Report and Rate Structure)

Future Agenda Items:

Next Meeting – Wednesday, June 17, 2009 – 3:00 p.m., DePere City Hall

Public Comment: None

Adjournment:

Motion made by DePere and seconded by Howard to adjourn at 4:45 p.m.

MOTION APPROVED UNANIMOUSLY

Respectfully Submitted,

Rae G. Knippel
Recording Secretary