



CENTRAL BROWN COUNTY
WATER AUTHORITY

**2020 Annual Budget,
Capital Improvement Program, and
Member Cost Allocation**

Public Hearing Draft – September 25, 2019

As updated September 10, 2019

Introduction

Central Brown County Water Authority

The Central Brown County Water Authority (CBCWA) was established in December 2003 with the signing of the Water Purchase and Sale Agreement between the member communities of the City of De Pere, Villages of Allouez, Bellevue, and Howard, and the Towns of Lawrence and Ledgeview (with the Ledgeview Sanitary District) and the Water Authority. The Authority was created to develop a communal water system to replace the individual well systems previously used by member communities as their primary water sources.

Its 65 miles of pipeline and 11.5 million gallon storage facilities allow the purchase of treated water from Manitowoc Public Utilities and the reliable delivery of consistently high quality water to our six member communities. The Authority celebrated 10 years of continuous service in September of 2017.

The Authority is audited annually. It remains sound financially and continues to meet all operating, debt service, and bond coverage requirements.

Organization and Staffing

The Authority is supervised by a Board consisting of one representative from each member community. The Board meets monthly with special meetings called as necessary. A Technical Committee meets in advance of each Board meeting to review operations and to plan and evaluate capital improvements for Board consideration. The Authority is staffed by a full-time manager with operation and maintenance services provided by Manitowoc Public Utilities under a contract arrangement with the Authority. Board and Committee members and staff are identified below.

Board of Directors	Technical Committee
President, Sarah Burdette, Town of Ledgeview	Chair, Shawn Geiger, Village of Bellevue
Vice-President, Geoff Farr, Village of Howard	Vice-Chair, Kurt Minten, Town of Lawrence
Secretary/Treasurer, Patrick Wetzels, Town of Lawrence	Sean Gehin, Village of Allouez
Christopher Sampson, Village of Allouez	Scott Thoresen, City of De Pere
Diane Wessel, Village of Bellevue	Geoff Farr, Village of Howard
Larry Delo, City of De Pere	David Strelcheck, Town of Ledgeview

Staff

Manager, Nicolas Sparacio, AICP

Agendas and minutes from all meetings and other information related to the Authority can be found at our web site; www.CBCWA.com.

Issues and Events

The Central Brown County Water Authority staff and Board are committed to serving the collective best interests of their members' water utilities. This includes maintaining efficient operations and planning for the future. Recent major events included:

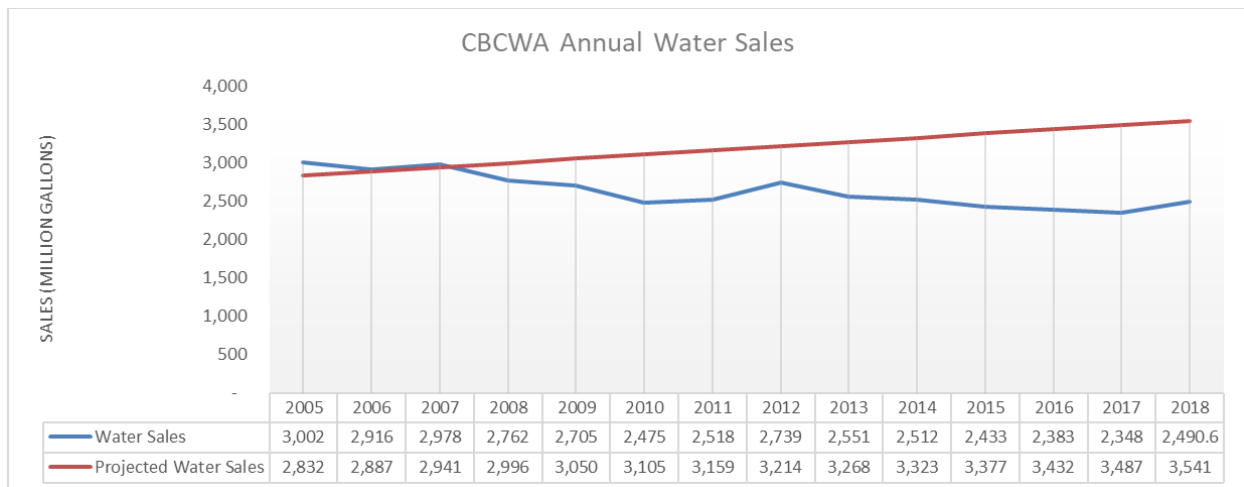
- *Regional collaboration.* Initiated in 2018, the Utility Cooperation and Collaboration Study continued to make significant progress in 2019. This cooperative study between the Authority, its six members, the Green Bay Water Utility, and two of its wholesale customers was named SPLASH – Sustainable Partnership Linking Area Services and H₂O. These 10 partners have worked together with the assistance of national utility and financial consulting firm, Raftelis, to identify and evaluate alternatives for working in cooperation to maintain and improve water quality and customer satisfaction while also saving money. The many ideas were distilled into several top priority areas for collaboration, and detailed planning for a pilot project is underway. The pilot project will explore opportunities to work together toward shared goals in the area of cross-connection control programs. A digital clearinghouse of potential and ongoing cooperative efforts is being built and will be hosted by the Authority. SPLASH has built a strong foundation that will help foster further cooperative efforts between area water utilities in the years to come.
- *Growth Management Task Force.* As the Authority looks to grow its membership, additional amendments to its governing documents will be needed to pave the way. The Authority also has the goal of establishing a clear process for potential new members to follow when considering membership. In 2019, the Growth Management Task Force was established and chartered to accomplish these tasks. This Task Force will begin to meet and fulfill its charge as the SPLASH Study nears completion with the goal of providing detailed recommendations to the Board in 2021.
- *Strategic planning.* With the last comprehensive update of the Authority's strategic plan in late 2017, the Manager and Board have continued to monitor progress on goals and initiatives. In 2019, work was completed on several strategic plan initiatives, work is ongoing in other areas, and some areas have changed direction and require an updated set of goals and objectives. As the 2017 plan has matured, it is now clear that another comprehensive update will be needed in 2020. This budget will include resources toward that end.
- *Finished Water Pump Station Optimization.* After construction of the Authority's central storage facilities in 2016, the need to optimize and automate pumping strategies at Manitowoc Public Utilities (MPU) has become increasingly apparent. Earlier attempts to complete these final steps of the central storage project became stalled, as agreement with MPU on how to proceed could not be achieved. However, 2019 saw improved communications with MPU and the initiation of a study between the Authority and MPU to cooperatively explore alternatives for the pump station. The results of this study are expected later this year, with implementation of the recommendations likely to begin in 2020. The Capital Improvement Program in this budget sets aside resources for those future projects.

Water Consumption

Water consumption trends nationally continue to indicate decline in per capita use and major reductions in both commercial and industrial sales. This trend has also been experienced locally. Authority members are continuing to grow and add new customers. Regardless of this growth, a combination of weather conditions, water conservation efforts, and active water loss prevention efforts by the member communities have combined to reduce the quantity of water sold by the Authority. Members have implemented significant water loss detection and prevention programs that have been effective in reducing their metered water consumption. While this is commendable and represents sound policy, the reduction in water sales only has a limited impact on the Authority’s budgeted expenses, because a much larger percentage of the budget is dedicated to retiring debt.

One of the major issues facing the Authority and a significant factor in the development of water rates has been the difference between growth projected when the project was originally planned and the decline in sales that was actually experienced. While operating and debt service costs remain below estimate, rates have increased more rapidly than projected to offset the decline in sales. The Authority hopes to counter some of this impact by an active effort to increase membership and resulting sales.

Authority water sales as compared to projected water sales developed at the start of the project since 2005 are shown in the following chart. Authority service to members began in September 2007.



Notably, water consumption over the last few years indicates a stabilizing trend. In 2018, water consumption saw a significant jump over the three preceding years and exceeded the MPU minimum take-or-pay threshold for the first time since 2014. Water consumption through July of 2019 is about 2% lower than the same time last year, but if it continues at the same pace, will still exceed water consumption as compared to 2015 – 2017. Water use from new development in member communities may be catching up with water saved through loss prevention and conservation efforts.

In preparing 2020 estimates, the Authority consulted with each member community, reviewed flow data, and worked to make a reasonable projection of consumption. 2020 projections include a modest increase in estimated consumption from 2.455 billion gallons in 2019 to 2.473 billion gallons. Actual

2016, 2017, and 2018 consumption, and projected 2020 volumes as well as contractual minimum purchases for each member community are shown in the following table:

**Central Brown County Water Authority
2020 Water Use Projection Summary
(Thousand Gallons)**

	2016	2017	2018	Contract	2020
	Actual	Actual	Actual	Minimum	Projected
Allouez	389,759	379,384	402,191	355,882	410,000
Bellevue	394,580	378,715	385,379	360,553	390,000
De Pere	771,423	769,396	801,313	717,800	790,000
Howard	586,452	572,804	623,689	585,424	595,000
Lawrence	77,403	86,545	90,756	53,118	88,000
Ledgeview	163,520	161,454	187,346	139,691	200,000
Total	2,383,137	2,348,298	2,490,674	2,212,468	2,473,000
MPU Take or Pay					2,484,433

The Authority has a contractual obligation with MPU to purchase a minimum of 2,484,433 thousand gallons annually. The Authority failed to meet this minimum in 2015, 2016, and 2017. When this occurs, the Authority is contractually obligated to pay for this minimum volume regardless of actual use. This minimum take-or-pay requirement is being discussed in ongoing negotiations with MPU. Note also that while the Authority used more than the minimum amount in 2018 according to the sum of member connection station meters, MPU still collected a small take-or-pay charge in 2018 due to an inaccurate meter at the MPU pump station in Manitowoc. This metering issue is also being investigated to identify potential solutions. With the impact of a very dry summer in 2018, making that year somewhat of an outlier, and the slight decrease in water consumption so far in 2019, projections for 2020 continue to reflect sub-minimum water use.

2020 Proposed Budget

The Authority budget is established annually based on projected operating costs, planned capital improvements, debt service, and reserve requirements. In accordance with the Water Purchase and Sale Agreement with its member communities, a draft budget is issued no later than 120 days before the end of the calendar year. Adoption of the budget occurs not sooner than 21 days after issuance to allow member communities the opportunity to comment and/or ask questions pertaining to the budget.

The Authority maintains a number of distinct reserve funds used for designation of monies for specific purposes. The 2020 budget reflects the following with regard to designated and reserve funds:

- *Security Fund.* The agreement between the Authority and its members established a security fund maintained by the Authority on behalf of each member. This interest-bearing fund maintains individual records by community in the event of non-payment. Interest credited to this fund by the Water Authority is based on the Public Service Commission established interest rate to be applied in 2020 for customer funds retained by utilities. In 2019, this rate was 2.7%. A rate of 3.4% has been estimated for 2020 but will be adjusted once the PSC sets an official rate in December.

Each member is required to have two months of budgeted expenses set aside. Members that drop below this level are levied a surcharge to bring the account into balance. Members who accumulate a reserve in excess of three months are given a rebate. Current projected Security Fund balance at the end of 2019 is \$2,159,496. Maintaining two months minimum balance through 2020 will require \$12,420 in additional contributions from member communities. These costs are detailed later in this document.

- *Debt Service Fund.* The Debt Service Fund is used to hold accumulated revenues to make the required twice yearly debt service payments on the Authority's bonds. In 2019, the amount needed to meet debt obligations was \$9,224,687 representing almost no change in budget impact from the 2018 budget. A significant boost in debt payments last occurred between the 2016 and 2017 budgets resulting from a step increase in the debt service for the Authority's 2014 refunding bond issue. That was the last scheduled increase, and debt service for 2020 (\$9,227,846) and future years will remain relatively constant until the bonds are either refinanced or retired. Opportunity may exist in 2024 to refinance the Authority's major bond issue reducing debt further and potentially easing bond covenants. This will be considered at the appropriate time.
- *Coverage Account.* The Authority must generate revenue in excess of operating and debt costs annually plus retain a coverage account equal to 125% of maximum annual debt service over the life of the bonds. The majority of the required coverage is maintained by an insurance policy purchased in conjunction with the 2014 refunding bond issue. The balance of the required coverage has been established with a cash reserve of \$2,400,000.
- *Operation and Maintenance Reserve.* This fund is required by policy to hold 3 months of budgeted operation and maintenance expenses. For 2020, the fund has been increased slightly (based on the 2018 audit) with a balance of \$772,002.
- *Maintenance, Repair, and Replacement Fund.* This fund was established by the Board with a targeted minimum balance of \$1,500,000 to develop a reserve for major repair or replacement expenses not anticipated in the capital budget. The fund grew beyond this target and currently has a \$1,700,000 balance. The list of needed capital improvements projects has also grown in recent years, so this budget un-restricts \$200,000 from this fund to assist with capital project

costs in 2020. (The 2019 budget also un-restricted \$300,000 from this fund to assist with capital project costs that year.) No further reductions beyond that authorized by the 2020 budget will be made to this fund without additional action by the Board to that effect.

- *Capital Improvement Program.* The Authority adopts a Capital Improvement Plan annually in conjunction with budget adoption. The 2020 budget includes \$450,000 for operational efficiency improvements designed to reduce energy consumption, prolong the life of existing equipment, and enhance system reliability. Several potential projects are being explored with MPU at the finished water pump station that serves the Water Authority. This study is ongoing and will require further cooperation with MPU to implement, so these projects have been slated for 2020 pending further talks. The 2020 capital budget anticipates funding \$250,000 through the rate system and \$200,000 from the Maintenance, Repair, and Replacement Fund.
- *Unrestricted Funds.* Any funds remaining after funding the aforementioned accounts will be unrestricted and may be used for any Authority purpose including rebates to members. Although the Authority has substantial cash reserves in the form of various restricted funds, its financial health is further enhanced by maintaining significant liquidity. The Board has informally established a goal of maintaining no less than 25% of its annual expenses as unrestricted cash (or at least three months of cash on hand). If 2019 financial results play out as currently projected, this budget would result in maintaining at least 30% of annual expenses as unrestricted cash by the end of 2020.

Increased debt service and associated coverage requirements in prior years resulted in the need for significant rate increases through 2019. The Authority had significant cash reserves due to the bond refinancing but has fully utilized these reserves with rate stabilization rebates. Consistent with the adopted 2019 budget, further rate stabilization rebates have now been phased out. The Authority retains the ability to provide rate stabilization reimbursements again in the future should other funds become available that do not result in the unrestricted cash balance dropping below the recommended level.

- *Depreciation Expense Fund.* As part of the annual audit process, the Water Authority depreciates its capital assets according to industry standards. While its water transmission infrastructure is still relatively new, in 2019 the Water Authority Board established a new designated account to begin earmarking funds for the future replacement of fully depreciated assets. Given the existing burden to retire debt, there is little room to set aside funds for this purpose, but the Board acknowledges this future need and is now establishing the discipline of saving for future capital replacement expenses. The 2020 budget includes the designation of 1% of the estimated annual depreciation expense. The intent is to then accelerate these savings in the future after debts are retired or other excess revenues become available.

The 2020 budget is summarized in the following paragraphs. A line item detailed budget is included as Appendix C.

Expenditure Projections

The Authority's annual debt obligation is the largest percentage of the Authority budget. There are two components to the debt; the 2014 Refunding Bonds and the 2014 Safe Drinking Water Loan. Bond schedules for the Authority debt are included as Appendix A. Debt service costs for 2020 are virtually identical to 2019 obligations and will remain relatively constant from this point until debt is retired in 2035. Debt Service is paid twice yearly on the first of May and November.

Operational costs consist primarily of fees and charges for service from Manitowoc Public Utilities (MPU). These charges vary with demand, but it is important to note that there is a minimum annual purchase requirement regardless of actual consumption. Such charges were applied to the Authority at the end of 2010 and again in 2015 through 2018. It appears that water consumption in 2019 will result in these charges being applied once again. A portion of the 2020 water purchase expense (\$20,000 for MPU contracted operation and maintenance services) was moved to the "Contract O&M" line item of the budget to more accurately reflect the use of these funds. This accounts for the change in the "Water Purchase" expense in the following table.

2020 capital projects and debt service expenses will be lower than 2019, and "Maintenance, Repair, and Replacement" funds will be used again to assist with capital projects. The 2020 budget reflects a significant jump in operational expenses due to a need to protect Water Authority infrastructure located in close proximity to a Brown County highway bridge replacement project. This planned expenditure of \$300,000 is offset in part by decreases to other operational budget items. The impact to the rate funded portion of the budget will be further reduced by utilizing unrestricted cash reserves for this particular expense. The 2020 budget also establishes the "Depreciation Expense Fund," which is a new budget item and is explained in the previous section. The following Table summarizes 2019 and 2020 operating and debt service budgetary expenditures.

2019 - 2020 Budget Expenditures Summary

	2019	2020	\$ Change	% Change
Debt Service and CIP	\$ 9,704,687	\$ 9,677,846	\$ (26,841)	-0.3%
Water Purchase	\$ 2,350,000	\$ 2,330,000	\$ (20,000)	-0.9%
Depreciation Funded	\$ -	\$ 20,990	\$ 20,990	100.0%
Other Operating Expense	\$ 738,007	\$ 999,667	\$ 261,660	35.5%
Total	\$ 12,792,694	\$ 13,028,503	\$ 235,809	1.8%

Capital Improvement Plan

The Authority has adopted the practice of projecting a 10-year Capital Improvement Plan (attached as Appendix B). This plan includes known system needs that will improve the longevity or operating characteristics of the transmission main and related systems. The Capital Improvement Plan contains funds for several projects designed to complete operational improvements at the finished water pump station in Manitowoc. These projects are expected to result in improved operational efficiencies, optimization of pumping strategies toward better coordination with central storage, and prolonged equipment life.

Longer range capital improvement projects include potential additions and enhancements to the corrosion protection system and the installation of additional automated chlorine system shut-offs. This safety device was installed at connection stations in operation as of 2019, but additional connection stations may be brought into service as increased water demand warrants. For 2023 and beyond, the only capital plans identified at this time include replacement equipment and any other unanticipated expenditures. Expansion of the Howard booster station serving the Village of Howard is no longer included in the CIP, as it is now anticipated to be more than 10 years into the future before demand levels require expansion. This is a project that will be scheduled appropriately when conditions warrant.

The 2020-2029 Capital Improvement Plan anticipates a total cost of \$450,000 for 2020 projects. Funds for 2020 capital improvements will be sourced from rate-funded revenues as well as the designated Maintenance, Repair, and Replacement Fund. The designated fund currently has a balance of \$1.7 million. This account was established with the 2005 bond issue and was required by covenants at that time. It was originally required to hold a balance of at least \$1.5 million. With the 2014 bond refunding, this account is no longer governed by covenants and can be utilized at the discretion of the Board. This budget includes utilizing \$200,000 from the designated fund, thus reducing its balance to \$1.5 million.

2020 Security Fund Charges

Security Fund charges are calculated individually for each member based on their accumulated balance as compared to their obligation based on two months of budgeted cost allocation. Charges for those members with balances owing are added to the monthly invoice from the Authority as a surcharge. In 2020, most members exceed their minimum balances with the exception of Ledgeview. Continued growth in the Town of Ledgeview means that prior year security funds balances are not anticipated to keep pace with 2020 calculated water use charges. Security Fund calculations are based on 2019 projected year-end balance, estimated interest in 2020 based on a Wisconsin Public Service Commission projected interest rate of 3.4% (authorized at 2.7% in 2019), and required fund balances based on 2020 budget allocations, as shown below.

2020 Security Fund Charges

	2019 Fund Balance	Projected 2020 Interest	2020 Balance	2020 Requirement	Annual Charge
Allouez	363,964	12,569	376,533	338,933	-
Bellevue	368,278	12,718	380,996	322,400	-
De Pere	683,589	23,608	707,197	653,067	-
Howard	524,097	18,100	542,197	491,867	-
Lawrence	71,775	2,479	74,254	72,747	-
Ledgeview	147,794	5,119	152,913	165,333	12,420
Total	2,159,497	74,593	2,234,090	2,044,347	12,420

It is important to note that security fund balances are not Authority funds but are funds belonging to the members held by the Authority. The security fund was created to improve the borrowing position of the Authority when it first went into the bond market in 2005 and has been included in bond covenants

since. These covenants should be reconsidered should the Authority decide to refinance its bonds after they can be called in 2024.

Revenue Projections

The Water Authority budget and rate system operate somewhat differently from other utilities in the state. The Authority water rates are cash-based rather than using a rate of return system. Additionally, the Authority rate system is contractually designed so that it always recovers adequate funds to meet debt, operations, and reserve requirements. This was set up to avoid the possibility of failing to meet coverage requirements in years when sales failed to meet projected totals.

Instead of using flow projections to create a unit rate and then billing based on that rate, the Authority uses flow projections to assign proportionate shares of the budget. Each member makes 12 equal monthly payments based on the member’s estimated projected share of the budget. The Authority then goes through an annual true-up process. This process calculates each member’s obligation based on actual percentage of water sales. True-up charges are applied early the following year, with members receiving either invoices or rebates to ensure that all pay an appropriate share and that the calculated water rate from the Authority is the same for each.

Revenue sources include interest earned, capacity charges from new connections to local systems, and volume-based rates.

Revenue from Interest and Fees

The majority of the Authority’s revenues come from volume-based charges to its member communities. In addition, it receives interest on investments and connection fee revenues from development within its member communities. 2018 connection data showed a modest increase in the rate of new customer additions within member communities indicating continued growth in the region. The adjacent table shows the number of total connections and annual revenue from 2007 through 2018. 2019 data will not be available until early 2020. The 2020 budget includes a conservative estimate of projected revenues from connection fees of \$95,000.

**Water Supply Connection Charges
2007-2018**

Year	Number of Connections	Total Charge
2007	623	\$ 211,188
2008	353	\$ 125,558
2009	307	\$ 114,960
2010	335	\$ 143,056
2011	213	\$ 85,726
2012	328	\$ 108,658
2013	270	\$ 85,192
2014	308	\$ 131,060
2015	281	\$ 88,962
2016	300	\$ 103,660
2017	319	\$ 106,832
2018	325	\$ 128,174
5-yr average	307	\$ 111,738

While the Water Authority’s investment income grew solidly though 2018 and the first half of 2019, several signs of economic slowdown indicate lower investment returns for 2020. Returns on the Authority’s invested funds and interest-bearing accounts are budgeted at \$100,000 for 2020; significantly higher than the amount budgeted for 2019 but still well below the actual amounts earned in 2018 and in 2019 to date. By state statute, the Authority has limited investment choices designed to protect principal and limit investment risk. In total, the 2020 budget includes \$195,000 in non-rate revenue generated from interest and fees.

Rate Stabilization

The 2014A Refunding and 2014B Safe Drinking Water Loan Bond issues require 100% coverage of operating expenditures and debt service by rate revenues. The 2014 bond payments escalated through 2017 before leveling off in 2018. By covenant, this escalation required significant rate increases in 2016 and 2017 of 6% and 14%, respectively. After the refunding bonds were sold, the Authority retained substantial cash reserves. While coverage requirements prohibit the Authority from reducing rates directly, they do allow the Authority to offset rate increases by issuing rebates to members. As approved by the Board, a rate stabilization plan was created and funded with \$2.5 million in unrestricted funds to be distributed to members as needed to hold the impact of annual rate increases to a maximum of 3% through 2020. The following table shows the history of rate stabilization reimbursements made to members since 2016.

Year	Amount	Funds Remaining
2016	\$ 334,360	\$2,165,640
2017	\$ 1,136,318	\$1,029,322
2018	\$ 936,739	\$ 92,583
2019	\$ 576,894	\$ (484,311)
	\$2,984,311	

These reserves have been drawn down faster than expected primarily due to continuing reductions in water consumption. Further reimbursements for rate stabilization are anticipated to draw unrestricted cash reserves below recommended levels, therefore this budget does not apply reserves to further mitigate rate increase impacts on members for 2020. The Authority retains the ability to provide rate stabilization reimbursements again in the future should other funds become available that do not result in the unrestricted cash balance dropping below the recommended level.

Water Rates

While the Authority ultimately bills each member a uniform amount monthly based on budgeted projections, the calculation of a water rate per thousand gallons is an industry standard and commonly understood measure. The calculation of unit rates for 2020 is shown in the table below. The rate of \$4.96 represents a decrease of 0.6% from the 2019 unit rate. The 2020 budget reflects various changes to both fixed and operational costs, but these are offset by the strategic use of designated funds and

unrestricted cash. The modest increase in projected water sales also helps allow for a small decrease in the unit rate. As shown in the table below, this plays out in the Fixed Cost rate increasing by \$0.01 to reach \$3.80/1,000 gallons, and the O&M (operation and maintenance) rate decreasing by \$0.04 to \$1.16/1,000 gallons.

Summary Calculation of 2020 Water Rate

	Budgeted	Projected	2020 Unit Rate
	Costs	Sales	per 1000 gal
Fixed	\$ 9,403,836	2,473,000	\$ 3.80
O&M	2,860,667	2,473,000	\$ 1.16
	\$ 12,264,503		\$ 4.96

Note that the Fixed Cost and O&M rate breakdown is converse to the related expenses in the 2020 budget. That is, in terms of expenses, 2020 fixed costs are down in comparison to 2019, and 2020 O&M costs are up from 2019. However, the opposite effect is seen in the rates after including all revenue sources. A larger share of unrestricted cash will be used to temper operation and maintenance cost as compared to the share of reserve funds (Maintenance, Repair, and Replacement Fund) used to temper fixed costs. Thus, the O&M rate is down, but the Fixed Cost rate is up.

Member Cost Allocation

The Authority allocates costs to members based on projected consumption for the budget year. This is then adjusted at year end to reflect actual consumption patterns and Authority expenditures to the extent possible through a “true-up” charge process. In all cases, the Authority’s revenue stream is guaranteed by the contractual arrangement with its members.

The following table shows the allocations for 2020 based on projected water consumption for each member community. The total allocation of \$12,265,420 represents the 2020 budget less non-rate revenues and use of designated funds for certain capital projects.

CBCWA Member Charges - 2020

	Annual Flow	Fixed \$ 3.80	O&M \$ 1.16	Annual Allocation
Allouez	410,000	\$1,559,230	\$474,370	\$2,033,600
Bellevue	390,000	\$1,483,170	\$451,230	\$1,934,400
De Pere	790,000	\$3,004,370	\$914,030	\$3,918,400
Howard	595,000	\$2,262,785	\$688,415	\$2,951,200
Lawrence	88,000	\$334,664	\$101,816	\$436,480
Ledgeview	200,000	\$760,600	\$231,400	\$992,000
Total	2,473,000	\$9,404,819	\$2,861,261	\$12,266,080

Summary of Member Charges

Members will be billed based on their annual allocation and any amounts owing to the Security Fund. Total charges to members are summarized below.

CBCWA Annual Member Charges - 2020

	Annual Allocation	Security Fund	Total	Monthly
Allouez	2,033,600	\$ -	\$ 2,033,600	\$ 169,467
Bellevue	1,934,400	\$ -	\$ 1,934,400	\$ 161,200
De Pere	3,918,400	\$ -	\$ 3,918,400	\$ 326,533
Howard	2,951,200	\$ -	\$ 2,951,200	\$ 245,933
Lawrence	436,480	\$ -	\$ 436,480	\$ 36,373
Ledgeview	992,000	\$ 12,420	\$ 1,004,420	\$ 83,702
Total	12,266,080	\$ 12,420	\$ 12,278,500	\$ 1,023,208

Appendices

Appendix A - Debt Service Schedules

2014A Refunding Bonds				
Date	Principal	Interest	Total	Annual
11/1/2014	1,000,000	1,032,062.50	2,032,062.50	2,032,062.50
5/1/2015		2,643,875.00	2,643,875.00	
11/1/2015	1,205,000	2,643,875.00	3,848,875.00	6,492,750.00
5/1/2016		2,631,825.00	2,631,825.00	
11/1/2016	2,235,000	2,631,825.00	4,866,825.00	7,498,650.00
5/1/2017		2,587,125.00	2,587,125.00	
11/1/2017	3,390,000	2,587,125.00	5,977,125.00	8,564,250.00
5/1/2018		2,502,375.00	2,502,375.00	
11/1/2018	3,560,000	2,502,375.00	6,062,375.00	8,564,750.00
5/1/2019		2,413,375.00	2,413,375.00	
11/1/2019	3,735,000	2,413,375.00	6,148,375.00	8,561,750.00
5/1/2020		2,320,000.00	2,320,000.00	
11/1/2020	3,925,000	2,320,000.00	6,245,000.00	8,565,000.00
5/1/2021		2,221,875.00	2,221,875.00	
11/1/2021	4,120,000	2,221,875.00	6,341,875.00	8,563,750.00
5/1/2022		2,118,875.00	2,118,875.00	
11/1/2022	4,325,000	2,118,875.00	6,443,875.00	8,562,750.00
5/1/2023		2,010,750.00	2,010,750.00	
11/1/2023	4,540,000	2,010,750.00	6,550,750.00	8,561,500.00
5/1/2024		1,897,250.00	1,897,250.00	
11/1/2024	4,770,000	1,897,250.00	6,667,250.00	8,564,500.00
5/1/2025		1,778,000.00	1,778,000.00	
11/1/2025	5,005,000	1,778,000.00	6,783,000.00	8,561,000.00
5/1/2026		1,652,875.00	1,652,875.00	
11/1/2026	5,255,000	1,652,875.00	6,907,875.00	8,560,750.00
5/1/2027		1,521,500.00	1,521,500.00	
11/1/2027	5,520,000	1,521,500.00	7,041,500.00	8,563,000.00
5/1/2028		1,383,500.00	1,383,500.00	
11/1/2028	5,795,000	1,383,500.00	7,178,500.00	8,562,000.00
5/1/2029		1,238,625.00	1,238,625.00	
11/1/2029	6,085,000	1,238,625.00	7,323,625.00	8,562,250.00
5/1/2030		1,086,500.00	1,086,500.00	
11/1/2030	6,390,000	1,086,500.00	7,476,500.00	8,563,000.00
5/1/2031		926,750.00	926,750.00	
11/1/2031	6,710,000	926,750.00	7,636,750.00	8,563,500.00
5/1/2032		759,000.00	759,000.00	
11/1/2032	7,045,000	759,000.00	7,804,000.00	8,563,000.00
5/1/2033		582,875.00	582,875.00	
11/1/2033	7,395,000	582,875.00	7,977,875.00	8,560,750.00
5/1/2034		398,000.00	398,000.00	
11/1/2034	7,765,000	398,000.00	8,163,000.00	8,561,000.00
5/1/2035		203,875.00	203,875.00	
11/1/2035	8,155,000	203,875.00	8,358,875.00	8,562,750.00
	107,925,000.00	70,789,712.50	178,714,712.50	178,714,712.50

Appendix A - Debt Service Schedules - Continued

2014 Safe Drinking Water Loan				
Date	Principal	Interest	Total	Annual
11/1/2014	-	-	-	-
5/1/2015	-	52,197.05	52,197.05	
11/1/2015	-	79,634.36	79,634.36	131,831.41
5/1/2016	464,762.14	101,763.40	566,525.54	
11/1/2016	-	96,982.56	96,982.56	663,508.10
5/1/2017	473,708.81	96,982.57	570,691.38	
11/1/2017	-	92,423.12	92,423.12	663,114.50
5/1/2018	482,827.71	92,423.11	575,250.82	
11/1/2018	-	87,775.90	87,775.90	663,026.72
5/1/2019	492,122.14	87,775.90	579,898.04	
11/1/2019	-	83,039.22	83,039.22	662,937.26
5/1/2020	501,595.49	83,039.23	584,634.72	
11/1/2020	-	78,211.37	78,211.37	662,846.09
5/1/2021	511,251.21	78,211.37	589,462.58	
11/1/2021	-	73,290.58	73,290.58	662,753.16
5/1/2022	521,092.79	73,290.57	594,383.36	
11/1/2022	-	68,275.06	68,275.06	662,658.42
5/1/2023	531,123.83	68,275.05	599,398.88	
11/1/2023	-	63,162.99	63,162.99	662,561.87
5/1/2024	541,347.96	63,162.99	604,510.95	
11/1/2024	-	57,952.52	57,952.52	662,463.47
5/1/2025	551,768.91	57,952.51	609,721.42	
11/1/2025	-	52,641.74	52,641.74	662,363.16
5/1/2026	562,390.46	52,641.74	615,032.20	
11/1/2026	-	47,228.73	47,228.73	662,260.93
5/1/2027	573,216.48	47,228.73	620,445.21	
11/1/2027	-	41,711.52	41,711.52	662,156.73
5/1/2028	584,250.89	41,711.53	625,962.42	
11/1/2028	-	36,088.11	36,088.11	662,050.53
5/1/2029	595,497.72	36,088.11	631,585.83	
11/1/2029	-	30,356.44	30,356.44	661,942.27
5/1/2030	606,961.06	30,356.45	637,317.51	
11/1/2030	-	24,514.44	24,514.44	661,831.95
5/1/2031	618,645.05	24,514.45	643,159.50	
11/1/2031	-	18,559.98	18,559.98	661,719.48
5/1/2032	630,553.97	18,559.99	649,113.96	
11/1/2032	-	12,490.90	12,490.90	661,604.86
5/1/2033	642,692.14	12,490.90	655,183.04	
11/1/2033	-	6,304.99	6,304.99	661,488.03
5/1/2034	655,063.96	6,304.99	661,368.95	
11/1/2034			-	661,368.95
5/1/2035			-	
11/1/2035			-	-
	10,540,872.72	2,175,615.17	12,716,487.89	12,716,487.89

Appendix A: Debt Service Schedules - Continued

Consolidated Debt Service				
Central Brown County Water Authority				
Date	Principal	Interest	Total	Annual
11/1/2014	1,000,000.00	1,032,062.50	2,032,062.50	2,032,062.50
5/1/2015	-	2,696,072.05	2,696,072.05	
11/1/2015	1,205,000.00	2,723,509.36	3,928,509.36	6,624,581.41
5/1/2016	464,762.14	2,733,588.40	3,198,350.54	
11/1/2016	2,235,000.00	2,728,807.56	4,963,807.56	8,162,158.10
5/1/2017	473,708.81	2,684,107.57	3,157,816.38	
11/1/2017	3,390,000.00	2,679,548.12	6,069,548.12	9,227,364.50
5/1/2018	482,827.71	2,594,798.11	3,077,625.82	
11/1/2018	3,560,000.00	2,590,150.90	6,150,150.90	9,227,776.72
5/1/2019	492,122.14	2,501,150.90	2,993,273.04	
11/1/2019	3,735,000.00	2,496,414.22	6,231,414.22	9,224,687.26
5/1/2020	501,595.49	2,403,039.23	2,904,634.72	
11/1/2020	3,925,000.00	2,398,211.37	6,323,211.37	9,227,846.09
5/1/2021	511,251.21	2,300,086.37	2,811,337.58	
11/1/2021	4,120,000.00	2,295,165.58	6,415,165.58	9,226,503.16
5/1/2022	521,092.79	2,192,165.57	2,713,258.36	
11/1/2022	4,325,000.00	2,187,150.06	6,512,150.06	9,225,408.42
5/1/2023	531,123.83	2,079,025.05	2,610,148.88	
11/1/2023	4,540,000.00	2,073,912.99	6,613,912.99	9,224,061.87
5/1/2024	541,347.96	1,960,412.99	2,501,760.95	
11/1/2024	4,770,000.00	1,955,202.52	6,725,202.52	9,226,963.47
5/1/2025	551,768.91	1,835,952.51	2,387,721.42	
11/1/2025	5,005,000.00	1,830,641.74	6,835,641.74	9,223,363.16
5/1/2026	562,390.46	1,705,516.74	2,267,907.20	
11/1/2026	5,255,000.00	1,700,103.73	6,955,103.73	9,223,010.93
5/1/2027	573,216.48	1,568,728.73	2,141,945.21	
11/1/2027	5,520,000.00	1,563,211.52	7,083,211.52	9,225,156.73
5/1/2028	584,250.89	1,425,211.53	2,009,462.42	
11/1/2028	5,795,000.00	1,419,588.11	7,214,588.11	9,224,050.53
5/1/2029	595,497.72	1,274,713.11	1,870,210.83	
11/1/2029	6,085,000.00	1,268,981.44	7,353,981.44	9,224,192.27
5/1/2030	606,961.06	1,116,856.45	1,723,817.51	
11/1/2030	6,390,000.00	1,111,014.44	7,501,014.44	9,224,831.95
5/1/2031	618,645.05	951,264.45	1,569,909.50	
11/1/2031	6,710,000.00	945,309.98	7,655,309.98	9,225,219.48
5/1/2032	630,553.97	777,559.99	1,408,113.96	
11/1/2032	7,045,000.00	771,490.90	7,816,490.90	9,224,604.86
5/1/2033	642,692.14	595,365.90	1,238,058.04	
11/1/2033	7,395,000.00	589,179.99	7,984,179.99	9,222,238.03
5/1/2034	655,063.96	404,304.99	1,059,368.95	
11/1/2034	7,765,000.00	398,000.00	8,163,000.00	9,222,368.95
5/1/2035	-	203,875.00	203,875.00	
11/1/2035	8,155,000.00	203,875.00	8,358,875.00	8,562,750.00
	118,465,872.72	72,965,327.67	191,431,200.39	191,431,200.39

Appendix B: 2020-2029 Capital Improvement Program

**Central Brown County Water Authority
2020-2029 Capital Improvement Program**

Project Description	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
MPU HVAC Modifications*	50,000									
MPU FWPS Optimization/VFDs*	275,000									
MPU Software/Hardware Upgrades*	50,000									
Corrosion Protection Upgrades**		20,000								
Automated Chlorine Shut-Offs			25,000							
Replacement Equipment	25,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Unanticipated Capital	50,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total	450,000	245,000	250,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000

* Subject to negotiations with MPU and dependent on available reserves
 ** No estimate provided yet

Sources of Funds (2020 Program)

Funded/budgeted	250,000
From Renewal/Replacement acct	200,000

Appendix C – 2020 Proposed Budget

Central Brown County Water Authority 2020 Budget Projections

	2018 Actual/Audited	2019 Budget	2019 thru 7/19	2020 Budget
Income				
44021 Connection Station Maintenance	105,305			
44190 Interest Income	142,351	75,000	189,442	100,000
44211 Utility Study Cost-Share	38,750		39,649	
44230 Sale of Property	49,153			
44300 Water Supply Capacity Charges	112,770	95,000	97,540	95,000
44663 Security Fund Payments	9,723	12,178	7,105	12,420
44664 Rebate/True-Up	21,912	-	77,085	-
44665 Automated Meter Charges	66,228	60,000	67,552	69,000
44660 User Fee Revenues				
44661 Fixed Costs	10,184,396	9,309,687	5,427,604	9,403,836
44662 Operation Costs	3,093,412	2,953,007	1,718,500	2,860,667
Subtotal 44660 User Fee Revenues	13,277,808	12,262,694	7,146,104	12,264,503
Transfers from Reserves				
Renewal and Replacement Acct	-	300,000	300,000	200,000
Transfer from Unrestricted Cash	(294,231)	619,047	-	374,593
Subtotal Transfers from Reserves	(294,231)	919,047	300,000	574,593
Total Income	13,529,769	13,423,919	7,924,477	13,115,516

Appendix C – 2020 Proposed Budget – Continued

	2018	2019		2020
	Actual/Audited	Budget	thru 7/19	Budget
Expenses				
56000 Source of Supply Expenses				
56020 Purchased Water	1,611,680	1,650,000	858,632	1,650,000
56030 Pass Thru - MPU	526,992	700,000	308,021	680,000
56600 Operational Expenses				
56601 Utilities	60,318	80,000	34,390	75,000
56602 Chemicals	8,344	12,000	1,448	12,000
56603 Fuel	8	2,500	275	2,500
56630 Meter Expense	2,100	7,000	-	5,000
56631 Automated Meter Expense	66,229	60,000	67,553	69,000
56645 Contract O&M	12,829		7,730	20,000
56650 Miscellaneous Expenses	14,652	20,000	301	20,000
Total 56600 Operational Expenses	2,303,152	2,531,500	1,278,350	2,533,500
56700 Transmission & Distribution				
56701 Facilities	851	7,500	-	27,000
56702 Lines	-	7,500	-	7,500
56703 Fiber	15,825	17,500	15,825	17,500
56704 Control System	520	7,500	240	7,500
56705 Permits	-	500	-	500
56720 Structures & Improvements	-	5,000	-	5,000
56730 Locates				
56731 Locates Digger's Hotline	2,770	6,500	1,323	5,000
56732 Locates-MPU		2,500	-	2,500
56733 Locates-Other				
56734 Conflict Mitigation			-	300,000
Total 56700 Transmission & Distribution	19,966	54,500	17,388	372,500

Appendix C – 2020 Proposed Budget - Continued

	2018 Actual/Audited	2019 Budget thru 7/19		2020 Budget
59200 Admin & General	365			
59201 Bank Service Charges	510	500	-	500
59202 Office Supplies	1,324	1,750	(123)	1,750
59203 Postage	251	200	82	250
59204 Print/Copy/Reproduce	-	250	-	200
59205 Travel/Meals/Mileage	1,888	1,500	961	3,000
59206 Dues and Subscriptions	2,094	2,500	2,200	3,200
59207 Equipment	469	1,500	-	1,500
59209 Telephone and Fax	334		356	700
59210 Internet Expense	-	2,500	-	2,500
59211 Bank Charges	16			
59212 Conferences & Training	300	2,500	235	2,500
59213 Advertising/Promotional	4,723	25,000	270	10,000
Subtotal General Admin	12,274	38,200	3,981	26,100
59230 Outside Services Employed				
59231 O/S Employed - Other	2,677	5,000	-	15,000
59232 Management Services	24,904	10,000	920	5,000
59233 Audit Services	12,800	20,000	11,114	20,000
59234 Accounting/ Financial Services	14,853	15,000	3,585	15,000
59235 Utility Cooperation Study	112,905	95,000	99,135	4,000
59271 Transcription Services	1,487	2,500	-	-
59272 Public Communications	19,498	15,000	5,338	18,000
59273 Contract Engineering	65,490	70,000	53,242	85,000
59275 Information Technology Support		2,500	-	3,500
Subtotal Non-Legal Services	254,614	235,000	173,334	165,500
59241 Legal Services				
59242 Legal - Litigation				
59243 Legal-General	64,488	50,000	18,985	50,000
59244 Litigation Support				
59245 Lobbying Activities				
59246 Special Projects				
Subtotal 59241 Legal Services	64,488	50,000	18,985	50,000

Appendix C – 2020 Proposed Budget – Continued

	2018	2019		2020
	Actual/Audited	Budget	thru 7/19	Budget
59250 Insurance	787		635	
59251 Liability	19,359	20,500	19,507	20,500
59252 Auto	632	600	632	650
59253 Crime insurance	-	1,400	2,025	1,500
59255 Property Insurance	11,065	11,000	-	12,000
59257 WC Insurance	444	550	434	500
Subtotal 59250 Insurance	32,287	34,050	23,233	35,150
59260 Admin & General Salaries & Benefits				
Payroll Expenses	6,426			
59261 Wage Expense	99,617	105,600	70,508	108,000
59262 FICA/Med Match Expense	7,062	23,078	-	-
59264 Pension Expense	40	6,917	4,631	7,200
59265 SUTA Expense	-		-	-
59266 Employee Benefits	4,463		8,499	14,000
Federal Taxes	4,266		5,394	8,500
Federal Unemployment	84	42	42	42
Subtotal 59260	121,958	135,637	89,074	137,742
59300 Misc. General Expenses				
59301 Taxes-Property/Stormwater	118		-	125
59310 Rents	10,446	9,120	5,278	9050
Total 59300 Misc. General Expenses	10,564	9,120	5,278	9,175
Subtotal - Operating Expenses	2,819,303	3,088,007	1,609,623	3,329,667

Appendix C – 2020 Proposed Budget – Continued

	2018	2019		2020
	Actual/Audited	Budget	thru 7/19	Budget
Debt Service				
Bond Payment	4,042,828	4,227,122	492,422	4,426,595
54270 Interest Expense	5,184,949	4,997,565	2,501,151	4,801,251
Subtotal	9,227,777	9,224,687	2,993,573	9,227,846
Subtotal - Operating and Debt Service				
	12,047,080	12,312,694	4,603,196	12,557,513
Capital Expenditures and non-coverage liabilities				
50000 Acquisition of Capital Assets	-	480,000		450,000
53903 Refund to Members Expense	958,649	576,894	642,738	-
Contribution to Reserves				
Transfer to Security Fund	150,230	54,331		87,013
54301 Funded Depreciation				20,990
Subtotal	1,108,879	1,111,225	642,738	558,003
Total Use of Funds				
	13,155,959	13,423,919	5,245,934	13,115,516
Net Income (Loss)				
	373,810	-	2,678,543	-