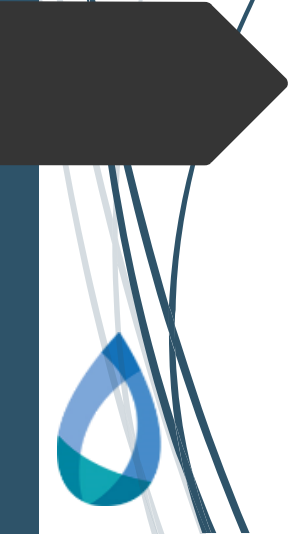




CENTRAL BROWN COUNTY

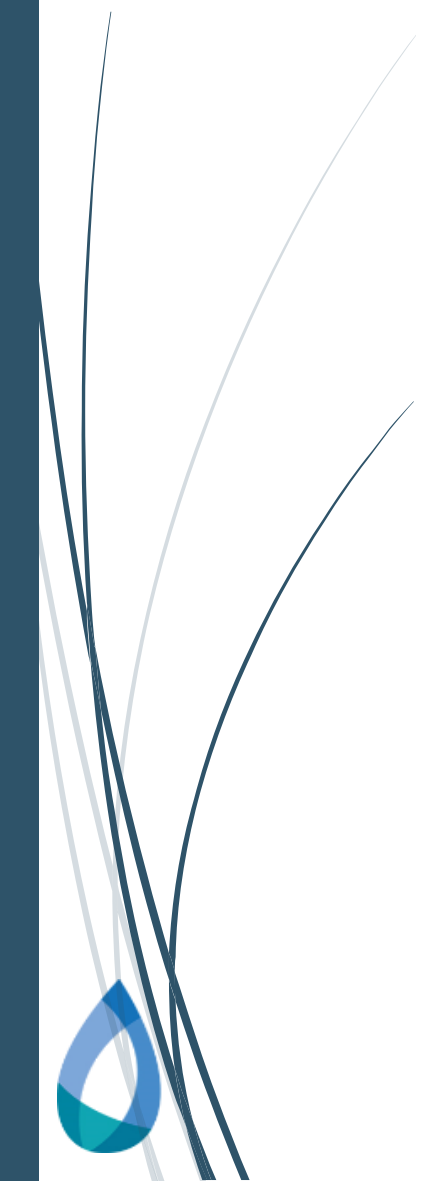
WATER AUTHORITY



**Member Meeting for the 8th Amendment to
the Water Purchase and Sale Agreement**
September 23, 2020



Overview

- Issue Statement
 - Process to Date
 - Goal Areas
 - Summary of the 8th Amendment
 - Preview of the 9th Amendment
 - Next Steps
 - Member Questions and Discussion
- 



Issue Statement

- No new Water Authority Members since inception
- Declining water consumption
- Resulting high cost of water
- Adding new members helps with multiple issues
 - Revenue source
 - Take-or-pay
- Green Bay Water has out-competed on price
- Existing Member Agreement is inflexible and unclear toward new members



Process to Date



- ▶ Established the Growth Management Task Force to address this need
- ▶ Composed of
 - ▶ 2 Board members
 - ▶ 2 Technical Committee members
 - ▶ Technical Support: engineering, legal, general manager
- ▶ Has met 7 times since last winter to
 - ▶ Define the issue, clarify goals, develop the review criteria, draft the amendments
 - ▶ Forward its first recommendation to the Board



Goal Areas

1. Revenue and Affordability
 2. Competitiveness and Clarity
 3. Member Equity
 4. Review Criteria
 5. Geography of Expansion
 6. Community/Customer Long-Term Value
- Developed specific goals in each of these areas (23 total)
 - Also established review criteria for evaluating new member opportunities



Goal Areas

- ▶ Review criteria (15 total) for evaluating new member opportunities
 - ▶ Financial Criteria
 - ▶ Construction and Water System Criteria
 - ▶ Legal Criteria
 - ▶ Land Use/Economic Development Criteria
- ▶ Nature of the criteria
 - ▶ More qualitative than quantitative
 - ▶ But have also developed a cost-of-service and revenue calculator to test specific metrics and scenarios



Summary of the 8th Amendment

► “Clean-up” amendments

1. Added definitions and clarified procedures related to the Water Authority Formation Agreement (also amended in 2018)
2. Changing the term “Charter Customer” to “Authority Customer” to broaden applicability of many terms
3. Clarifying water system storage requirements to match state requirements
4. Eliminating restriction on carrying forward excess operational revenues
5. Elimination of the Development Charge and related provisions



Preview of the 9th Amendment

- ▶ “Clean-up” amendments intended to pave the way for substantive amendments
 - ▶ Allow New Customers to be added to the membership with greater flexibility in contract terms
 - ▶ Compared to Charter Customers, New Customers charged lower overall rate for the near term
 - ▶ New Customers charged on volume basis rather than fixed amount with year-end true-up



Preview of the 9th Amendment

- ▶ Likely initial fees for New Customers
 - ▶ Bear their own cost of constructing new infrastructure
 - ▶ (Unless Water Authority finds it beneficial to incentivize in some way)
 - ▶ Up-front collection of Excess Capacity Charge can be reduced or completely waived
 - ▶ Up-front collection of Development Charge eliminated



Preview of the 9th Amendment

- ▶ Likely rate structure for New Customers
 - ▶ Same as Charter Customers:
 - ▶ Operational costs rate
 - ▶ CIP rate
 - ▶ Accumulated capital reserves rate
 - ▶ Rate related to any new debt service (if needed)
 - ▶ Less than Charter Customers:
 - ▶ Payment toward existing debt service prior to 2035
 - ▶ Capital Recovery Charges set in subsequent contract
 - ▶ More than Charter Customers:
 - ▶ Capital Recovery Charge continues beyond 2035



Preview of the 9th Amendment

- ▶ Benefits of this approach to Charter Customers
 - ▶ New Member revenue helps stabilize Charter Member costs
 - ▶ New Member water use helps reduce take-or-pay charges
 - ▶ Charter Members can start paying on volume basis right away for certain charges



Next Steps

- ▶ Each Member governing body considers the Amendment and related resolution(s)
- ▶ Three-fourths of Members (5 out of 6) must adopt resolution to take effect
 - ▶ Please send certified copy of adopted resolution
- ▶ Task Force already working on substantive (9th Amendment) revisions
- ▶ Another member meeting to be held on 9th Amendment later this year
- ▶ Active discussions in progress with potential new members
 - ▶ Suamico, Pulaski



Member Questions and Discussion

Thank you!