

# **Lincoln Pipestone Rural Water**

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## **Meeting Minutes**

**March 28, 2016**

The regular scheduled meeting of the Lincoln Pipestone Rural Water (LPRW) System Board of Commissioners was held at the LPRW office in Lake Benton on Monday, March 28, 2016, starting at 10:00 AM. Chairman Joe Weber called the meeting to order with Commissioners Earl DeWilde, Mitch Kling, Ken Buysse, Randy Kraus, Brent Feikema, Rod Spronk, Bill Ufkin, Jerry Lonneman, Jan Moen, and Frank Engels present. Also present were Board Attorney Ron Schramel, DGR Engineer Darin Schreiber, Interim-CEO Jason Overby, Field Superintendents Tom Muller and Shawn Nelson, and Enterprise Technician Jodi Greer.

**Agenda:** *M/S/P – U Feikema/Kraus to approve the agenda.*

**Minutes:** *M/S/P – U Ufkin/Lonneman to approve minutes from February Board Meeting, as presented.*

**Preliminary Audit Report:** Matt Taubert discussed the preliminary audit for informational purpose only. Finalized audit is expected by April board meeting.

*M/S/P – U Lonneman/DeWilde to recess the regular board meeting and open the public hearing.*

### **Public Hearing – Priority 2 Capital Improvement Project:**

*M/S/P – U Ufkin/Kling to recess the public hearing until LPRW engineer arrives, and to reopen the regular board meeting.*

**Special Meeting Minutes:** *M/S/P – U Engels/Feikema to approve the special board meeting minutes from 3/7/16 (Resolution to fund Priority 1 CIP deficiencies); and special board meeting minutes from 3/21/16 (Upsizing and payment methodology for L&C RWS Magnolia Service Line).*

### **Field Superintendents'/Enterprise Technician's Reports:**

- **Tom Muller:** 1.) Gary Paulson wants LPRW to clean up excess sediment in man-made drainage ditch located near culvert on LPRW property (Holland well field) in SW ¼, Sec. 7, T107N-R45W, Pipestone Co.

*M/S/P – U DeWilde/Moen to authorize LPRW to get proper permits necessary, and to remove excess sediment near culvert at LPRW expense.*

2.) LPRW needs to erect a PRV building as part of Part 2 – Distribution Improvements Project. This is to be placed on private property located near

Meadowview Pork Farms. Landowner is requesting \$4,000 for a permanent easement on approximately ½ acre of private property. No access road is needed and property owner will take care of grass/mowing. Schramel noted that LPRW will require an access easement, a land survey to be conducted, and a noted buffer surrounding building structure to prevent damages.

***M/S/P – U Lonneman/Kraus to proceed with payment of \$4,000.00 for permanent easement.***

3.) Bullerman (Son-D Farms) is requesting water at a new service location which will entail an additional six (6) capacity charges. A 3” main will be needed to serve this location; and engineering is recommending installing a 4” main from existing 4” main for approximately a ½ mile.

***M/S/P – U Lonneman/Engels to proceed with providing cost estimate for a 3” main line to serve the Bullerman (Son-D Farms)/Vos site, Sec 7, Minneota TWP, Jackson Co; and LPRW to upsize a ½ mile of main from 3” to 4” in Sections 13 or 14, T101N-R37W, Jackson Co., at LPRW expense.***

4.) A 2400-head hog barn requesting 2 extra capacity charges is being constructed in Section 16-NW ¼, T102N-R37W (Rost TWP), Jackson Co. A 3” main for approximately 1.75 miles will be needed to serve this location. Consideration as to upsizing this segment from 3” main to 4” main.

***M/S/P – U Feikema/Ufkin to proceed with upsizing of pipe to 4” main extending from existing 4” main located in Sec 18, T102N-R37W (Rost TWP) to the NW corner of Sec 16, T102N-R37W (Rost TWP), Jackson Co.***

5.) Dave Schutte, property owner within City of Rushmore, has requested water service from LPRW. Concerns exist entering into city jurisdiction without agreement(s) in place. LPRW board will approve this hookup as long as City of Rushmore provides approval in writing for LPRW to enter city jurisdiction to serve its residence individually. A complete disconnect between the two water supply systems needs to exist at the proposed service location.

- **Shawn Nelson:** Boerboom is requesting service to confinement in Sec 21-SE ¼, Underwood TWP, Redwood Co., that entails 9 additional capacity units. A 3” main expected to serve this location. Engineering recommends upsizing approximately 2.5 miles of proposed 3” main to 4” main.

***M/S/P – U Moen/Buysse to proceed with providing a cost estimate that includes a 3” main for the Boerboom service located in Sec 21-SE ¼, T112N-R39W***

*(Underwood TWP), Redwood Co.; and if accepted, LPRW to proceed with upsizing 3” main to 4” main for approximately 3 miles at LPRW expense.*

Discussion continued about water availability/permit capacity for the Burr Service area; and allocation to Marshall Municipal Utilities (MMU). Agreement with MMU (amended in 2010) specifies that LPRW will provide 100 mgd at its discretion for time of delivery. LPRW will charge MMU at its current bulk rate, with MMU paying LPRW lump sum payment of \$56,250/yr. The agreement also specifies a two-year notice for termination. Recommended that Water Resource & Equipment Committee review agreement and establish future discussion with MMU.

- **Jodi Greer:** 1.) Sick leave policy has been reviewed and recommendations to be presented to Personnel Committee for review. 2.) As of 3/25/16, 28 inquiries for potential new water service. Eight (8) current users (mostly in South) requesting additional capacities to existing service.

**Public Hearing – Priority 2 Capital Improvement Project:**

*M/S/P – U Lonneman/DeWilde to recess the regular board meeting and to open the Public Hearing – Priority 2 Capital Improvement Project at 12:55 pm.*

No members of public were present. Schreiver presented overall Priority 2 project components, including: Magnolia-Edgerton mainline, Edgerton PS/R, AMR-Meter replacement, SCADA improvements for North region, and Verdi PS/R. Project funding scenarios were presented. Schreiver also recapped Priority 1 project components (Part 1 – Water Source & Controls Upgrade, Part 2 – Distribution Improvements).

*M/S/P – U Feikema/Engels to close the public hearing and to reopen the regular board meeting at 1:36 pm.*

**Engineer’s Report:**

- **CIP Program**

**Priority #1:** Pre-construction meetings for Parts 1 and 2 to be held at LPRW office Wednesday, March 30, 2016 at 1:30 pm and 2:15 pm, respectively.

**Priority #2:** Engineering has responded to RD comments/corrections. RD should have Letter of Conditions by early April.

- **Tank Maintenance** – Engineers met with LRPW to review proposed program options and life-cycle costs. Recommended we continue with current program rotating between the various tank types.

*M/S/P – U Spronk/Moen to continue with current tank maintenance program, as identified by DGR.*

*M/S/P – U DeWilde/Lonneman to authorize DGR to proceed with bid documents on Hendricks/Ivanhoe elevated tanks incorporating alternate completion dates (Fall 2016 and Spring 2017).*

**Interim-CEO Report:**

- Review of Holland RO Cost Analysis – Operation costs for reverse osmosis treatment were analyzed by staff and reported. Analysis focused on energy, chemicals and testing specific to RO operation (labor costs were excluded). Results included energy (\$0.43/1000 gals), chemical (\$0.36/1000 gals), and testing (\$0.01/1000 gals) for an overall cost of \$0.80/1000 gals.
- Bluegrass Dairy – contacted twice with no response. Dave Cornelius is new operations manager at Bluegrass Dairy.
- Review of Pipestone Co. G.O. Revenue Bond Refunding.
- Water Resource Report
- Valve Exercise Program update

**Attorney’s Report:** Lincoln County adopted resolution and will be lead county for Priority 1 Project. LPRW will need to approve advance agreement.

*M/S/P – U Engels/Buysse to approve the Resolution of the Water Commission of Lincoln-Pipestone Rural Water System approving and authorizing and advance agreement with Minnesota Rural Water Finance Authority and authorizing participation in a Joint Powers Authority.*

**Treasurer’s Report:** The Interim CEO presented the Treasure’s report. Tom Wadsworth provided two investment options (3yr terms). Discussion over choice of term lengths. Decision to focus on 6 month to 1 year term investments for now.

Pending Bills:

- DeWild Grant Reckert and Associates Company:
  - General Services Invoice #173 = \$39141.50
  - New Water Source Development – ppe #92 = \$2,104.50
  - 2014-2015 Improvements Project – ppe #10 = \$16,722.20

- Schramel Law Office:
  - General Services = \$2,390.00
  - 2015 Expansion Project – Priority 1 = \$4,631.20
  - 2015 Expansion Project – Priority 2 = \$192.00

*M/S/P – U Feikema/ Engels to approve paying the listed bills, as presented.*

*M/S/P – U Lonneman/DeWilde to pay off Verdi-SD land loan with First Security Bank as soon as funds become available from interim financing.*

### **Committee Reports:**

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Moen reviewed the minutes from 3/22/16 PC meeting.

*M/S/P – U Engels/Buysee to proceed changing the 2017 pay structure for all non-exempt employees from pay scale format to pay-for-performance format with a determined dollar amount set by the Board for management to distribute as seen fit.*

Moen discussed the position of CEO at LPRW and title change.

*M/S/P – U Feikema/Kling to retitle CEO to General Manager effective March 28, 2016.*

*M/S/P – U Kraus/Engels to promote Jason Overby to the General Manager position effective March 28, 2016, at current pay level and benefits, to be reviewed at the end of the year.*

Moen discussed pursuing a financial officer/CPA. Overby reviewed communications with four possible companies.

*M/S/P – U Engels/Spronk to proceed with the Budget & Finance Committee, General Manager and the Finance Clerk to recommend to the full board an independent financial contractor.*

- **Water Resources and Equipment Committee:** DeWilde reviewed minutes from meeting held prior to the board meeting (3/28/16). Discussion revolved around capacity issues – patrons exceeding maximum capacities, and patrons never utilizing capacities.
- **Budget and Finance Committee:** Nothing to report.
- **Joint Powers Board Representative:** Nothing to report.

### **Other Business:**

- Authorization for USDA-RD Apply.

***M/S/P – U Kling/Lonneman to approve Jason Overby as Authorized Organization Representative for USDA-RD Apply.***

- Authorization for MAGIC Fund administrator.

***M/S/P – U Buysse/Kraus to approve Jason Overby as Authorized Organization Representative with full permissions for MAGIC Fund accounts held by Lincoln-Pipestone Rural Water.***

**Adjournment: *M/S/P – U Feikema/Engels to adjourn board meeting at 4:40 pm.***

Respectfully Submitted,

Janice Moen, LPRW Board Secretary