

Lincoln Pipestone Rural Water

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Meeting Minutes

September 25th, 2017

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, September 25th, 2017, starting at 5:00pm. Chairman Joe Weber called the meeting to order with Commissioners Ken Buysse, Bill Ufkin, Rod Spronk, Brent Feikema, Jerry Lonneman, Earl DeWilde, Mitch Kling, Randy Kraus, Jan Moen, and Frank Engels present. Also present were Board Attorney Ron Schramel, DGR Engineer Darin Schriever, Financial Advisor Nathan Kinner, Field Supervisors Shawn Nelson and Tom Muller, Enterprise Technician Jodi Greer, and General Manager Jason Overby.

Agenda: *M/S Ufkin/Lonneman to approve the agenda. Motion carried.*

Minutes: *M/S Feikema/Spronk to approve the minutes from the August 2017 Board Meeting, as presented. Motion carried.*

August Variance Hearing Minutes: *M/S Engels/DeWilde to approve the minutes from the August Variance Hearing, as presented. Motion carried.*

County Liaison: Gary Crowley, Lyon County Commissioner, was introduced as the Liaison representing Lyon County.

Capacity Variance Hearing: The following cases, and LPRW Board decisions, were documented:

Petitioner: Matt (Arnie) Timmer

Request: To review 2014-15 water usage data due to a change in business during 2016.

Findings: Mr. Matt Timmer was present at the hearing. This average monthly usage for 2014-15 was 170,000 gallons per month. This is a pre-2006 account, so the board-approved formula is applied resulting in a new capacity limit of 200,000 gallons/month. Recommendation is to accept the variance request due to hardship (change in business) in 2016.

M/S Engels/Moen to approve the 200,000-capacity limit for this account, using the board-approved formula on 2014-15 data due to a change in business operations. Motion carried.

Petitioner: David VanderKooi

Request: Willing to grant LPRW valid utility easements on the land that he owns in exchange for not having to purchase additional usage capacities required.

Findings: Mr. David VanderKooi was present at the hearing. Mr. VanderKooi discovered that no easements were recorded for LPRW infrastructure on property he owns, including Ocheda Dairy. He also claimed that a staff member said he could use as much water as needed. Muller said his understanding was VanderKooi was going to try it (private well) out before using LPRW full time. Mr. VanderKooi approached his attorney to discuss the easement issue; intending not to provide a newly signed easement if he had to pay for additional capacity charges. Ufkin suggested that once easements are properly signed, recorded and filed with the county, that LPRW will allow Mr. VanderKooi to purchase additional capacities units at the rate that was imposed at the time of original hookup.

M/S Ufkin/DeWilde to move that if new utility easements were granted on properties owned by David VanderKooi, Joseph David VanderKooi, or Ocheda Dairy, LPRW, in turn, will allow the purchase of up to four (4) additional capacity units at the cost of \$6,000 per capacity unit (the price at the time of this hookup); and any additional capacity charges requested in future will be at the current rate at that time. Motion carried.

M/S Ufkin/Engels to rescind last month's motion, as described: "to reject the offer provided by Mr. David VanderKooi of a newly signed easement covering water pipes on owned property, in exchange for the waiving of \$90,000 usage capacity fee imposed by LPRW for water being used". Motion carried.

Petitioner: Bill Tiede

Request: To grant a capacity unit level of 350,000 gallons a month based on the original maximum confinement capacity.

Findings: Mr. Bill Tiede was present at the hearing. Mr. Tiede presented livestock water usage data from an April 2012 Special Edition Report, Water Wise: Make Every Drop Count on Your Farm (National Pork Board – Pork Checkoff Program). The following formula was used by Mr. Tiede to calculate maximum usage for his barn:

$(2.33 \text{ gallons} \times 4500 \text{ pig spaces} \times 365 \text{ days}) / 12 \text{ months} = 318,919 \text{ gallons/month.}$

Engels stated that have to use actual usage. Due to change in ownership during the 2015-16 analysis period, data from 2013-14 was considered. Based on the board-approved formula, the new capacity limit is to be established at 200,000 gallons/month.

M/S Engels/DeWilde to raise the capacity unit limit to 200,000 gallons per month for this account. Ten (10) in favor; one (1) opposed (Spronk). Motion carried.

Petitioner: John Huntjens

Request: To have his capacity level raised without having to purchase additional capacities.

Findings: Mr. Huntjens was not present at the hearing. This account is a pre-2006 hookup; therefore, the board-approved formula is applied. The limit for this account is established at 350,000 gallons per month.

M/S Ufkin/Buysse to deny request to raise capacity level without having to purchase additional capacities. Motion carried.

Engineer's Report: Schriever presented Engineering Report.

- **CIP Program**

- Priority #2: Magnolia to Edgerton Pipeline (Winter Bros. Underground)

M/S Buysse/Kraus to approve payment to WBU for PPE #7 in the amount of \$156,767.79; subject to receipt of last form and RD approval. Motion carried.

- Priority #2: SCADA Upgrades – Edgerton PS/R SCADA

M/S Engels/Feikema to approve awarding contract to AE2S in the amount of \$32,000; pending RD approval. Motion carried.

- Priority 2: AMR/Meter Replacement

M/S Lonneman/Buysse to approve awarding contract to Metering & Technology Solutions in the amount of \$1,285,101.85; pending RD approval. Motion carried.

- **North Area Water Source**

M/S Buysse/Engels to award the bid to Thein Well Company, Inc. in the amount of \$86,390. Motion carried.

Operations Report: August Operations Report was presented. Additional discussion included the following:

- Lonneman inquired about cost estimate for the City of Rushmore. A preliminary cost estimate had been generated in April 2017 and provided to the city via email to Ms. Gruis.
- Muller explained that fluoride and ammonia will be incorporated at the Stateline Meter Station. Having communication issues at Lismore Site.
- Nelson discussed wind tower contractors routinely hitting water pipes, and the high numbers of locates associated with wind tower project.

Manager's Report: August Manager's Report was presented. Items highlighted by the Manager included:

- City of Edgerton – waiting for city to finalize funding with USDA-RD.
- Halbersma land auction – LPRW was successful in obtaining 200.6 acres previously owned by the Halbersma Estate. This parcel is located within the Verdi DWSMA 10-yr capture area and was targeted for wellhead protection. The parcel will be purchased utilizing grant funding from LCCMR and the Environmental and Natural Resource Trust Fund. LPRW will take possession December 1, 2017.

Attorney's Report: Nothing to report.

Treasurer's Report: Kinner presented the Treasurer's report. Lonneman asked what happens with income generated with usage capacities. Kinner stated that these monies currently get placed into the General Account. Lonneman suggesting earmarking these funds for system improvements. Overby added that with extra PSIG funds being issued from the State of MN for Priority 2 improvements, we could consider moving the Russell-Tyler pipeline improvement, as identified in Priority 3, into the current Priority 2 Project.

M/S Lonneman/Kraus to approve the Treasurer's report, as presented. Motion carried.

Pending Bills:

- DeWild Grant Reckert and Associates Company:
 - General Services Invoice #191 = \$3,762.00
 - 2016 Improvements Project – Priority 2, PPE #17 = \$6,772.85
 - Dawson Water Source PPE #5 = \$2,500.00
- Schramel Law Office:
 - General Services = \$6,136.75
- LBG
 - LPRW - Exploration Northern Source Area = \$26,142.05

M/S Engels/Buysse to approve paying the listed bills, as presented. Motion carried.

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Budget and Finance Committee:** Spronk reviewed the minutes from the September 18, 2017 B&F Committee meeting. Topics included health insurance costs, water rate increase and FY18 Budget (preliminary).

M/S Engels/Feikema to approve the minutes. Motion carried.

M/S Buysse/Kling to accept the recommendation from the B&F Committee to set aside \$80,000 to cover total employee compensation package for 2018. Motion carried.

Lonneman suggested considering increases to bulk rates for cities, and to possibly simplify the tiered water rate structure. Water Resource and Budget Committee will schedule a meeting to discuss water rate scales.

- **Personnel Committee:** Moen reviewed the minutes from the Personnel Committee meeting held just prior to the board meeting. Topics included health insurance plan option, HSA contribution, and salary increases.

M/S Kling/Lonneman to approve the minutes of the September 25, 2017 Personnel Committee Meeting. Motion carried.

M/S Ufkin/Kling to accept Alternative #1 (\$5,000 deductible) with SWWC Cooperative/BC-BS; and to increase the HSA contribution amount to a total of \$1,700 per employee; and to keep clothing allowance the same as this year. Ten (10) in favor; one (1) opposed (Feikema). Motion carried.

M/S Kling/Buysse to allocate \$20,000 for Pay-For-Performance staff salary increases. Ten (10) in favor; one (1) opposed (Engels). Motion carried.

M/S Engels/Feikema to approve an increase to the GM's salary by \$3,000. Motion carried.

When asked if current GM salary is representative of others in similar districts, Kinner responded that it's on the low end of the spectrum. Ufkin would like to see this higher considering the workload with projects. Kling and Feikema agreed.

M/S Kling/Ufkin to increase the GM's salary an additional \$2,000 for a total annual salary of \$95,000. Motion carried.

- **Water Resources and Equipment Committee:** Nothing to report.
- **Joint Powers Board Representative:** Lonneman reported that L&CRWS are having pipe manufacturing issues along MN-3B.

Other Business:

- Resolution Approving Water Service Agreement with Brookings-Deuel Rural Water, Inc.

M/S Lonneman/Engels to approve resolution for water service agreement with BDRWS. Roll call vote: all in favor. Motion carried.

- MMU Agreement: Manager reviewed Brad Roos' (MMU) recommendation letter for a replacement water service agreement. Engels felt 75 MGY was still too high an allocation. Ufkin suggested accepting the terms MMU recommended.

M/S Feikema/Kraus to approve Brad Roos' recommendation for replacement water service agreement with MMU under the following terms:

- a) New annual volume at the reduced amount of 75 MGY with no other capacity requirements such as minimum daily or per minute volume limits; and*
- b) Agreement length rolling two years with a one year written notice to cancel; and*
- c) Cost of water at municipal rate as established from time to time by LPRW, currently at \$2.46 per 1,000 gallons; and*
- d) Capacity charge paid each year on anniversary date of agreement. The amount to be determined by multiplying the capacity rate established by the LPRW board, initially set at \$0.82 per 1,000 by 75 MGY; resulting in an annual charge of \$61,500, effective with the new agreement, with no capacity charge component on the water sold above the contract commodity amount; and*
- e) The replaced amended agreement to take effect May 1, 2018.*

All in favor. Motion Carried.

An amended agreement will be generated for consideration by both parties.

- October Board Meeting:
M/S Lonneman/Engels to start the October Board Meeting at 7pm. Start time will be moved up one hour if there are several variance requests. Motion carried.
- Christmas Party – Greer suggested having the company Christmas party for board and staff following the December 18th board meeting, similar to last year.

Public Comment: Mr. Crowley commented on how this was a well-run board meeting.

Adjournment: *M/S Spronk/Kling to adjourn board meeting at 9:20 pm.*

Respectfully Submitted,

Janice Moen, LPRW Board Secretary