LINCOLN PIPESTONE RURAL WATER SYSTEM

East Highway 14, P.O. Box 188, Lake Benton, MN 56149

 (507) 368-4248 or (800) 462-0309 fax (507) 368-4573 email: lprw@itctel.com

**MEETING MINUTES**

**January 27, 2014**

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, January 27, 2014, starting at 10:00 a.m. Chairman Rod Spronk called the meeting to order with Commissioners Earl DeWilde, Frank Engels, Joe Weber, Bill Ufkin, Norris Peterson, Ken Buysse, Jerry Lonneman, Mitch Kling and Brent Feikema present. Commissioner Jan Moen was absent. Also present were Board Attorney, Ron Schramel; DGR Engineer, Darin Schriever; Field Superintendents, Shawn Nelson and Tom Muller and CEO, Mark Johnson.

**Agenda:** M/S/P-U Lonneman/Feikema to approve the Agenda.

**Minutes:** M/S/P-U Ufkin/Peterson to approve the Board minutes of November 25, 2013.

**Treasurer's Report:** M/S/P-U Lonneman/Spronk to approve the Treasurer’s Report as presented. The CEO pointed out that the water sales revenues include the Marshall annual capacity fee and will need to be adjusted in the audit. Also the BAB interest rebate monies will need to be placed under the correct account number. Since the assessed interest is down the CEO will visit with the auditor to get a spread sheet of interest and principal payments expected. Also the CEO stated he is working to get a sinking fund account started from which to pay the bonds.

**Pending Bills:** M/S/P-U Ufkin/Buysse to approve the following bills for payment:

* DeWild Grant Reckert and Associates Company: General Services #147 = $13,336.26 and includes CAPX billing; New Water Source Development – ppe #66 = $14,432.00
* Schramel: General Legal Services = $4,105.33
* Healy Consultanting: General Services = $964.47
* Liesch: Verdi Wellfield Water Supply Assistance = $3,461.80
* C & K: Twelve Services = $70,242.00
* Carstensen: CapX Invoice # 5936 = $20,410.40
* Ervin Well Company: Edgerton/Worthington Pump Stations Invoice #156444 = $20,016.75
* Carollo Invoice #0132394 = $3,127.88

**Attorney’s Report:** At the assessment hearing scheduled for December 18th, Judge Bush after approving the assessments gave notice that LPRW should be prepared to show that adding assessed hookup customers to the system that they are not causing undue costs and possible rate increases to existing customers. Schramel noted that hookups brought in $600,000 in prepaids and that LPRW was out of pocket $350,000.

**Engineer’s Report:** Darin Schriever discussed the following items:.

**New Water Development:**

• **City of Madison:** Nothing new to report.

• **City of Dawson:** Dawson has sent a proposal as of January 24, 2014. This offer was much more in line with expectations. The CEO reported that the City of Madison is seeking water also in the Dawson area and that he had mentioned LPRW, Madison and Dawson ought to work together. But he did not want LPRW to have to compete with Madison against Dawson. Ufkin recommended that a meeting of LPRW, Madison and Dawson be arranged currently to be held in March as to a joint venture as to all three parties.

• **Garvin Area:** Nothing new to report.

• **Verdi:** Final design on the well completion and raw water main is nearly complete. A draft report (January, 2014) from Liesch indicates wells SD1 and SD2 have calculated long term capacities of 500 and 300 gpm, respectively.

 • **Big Sioux CWS:** Nothing new to report. The CEO reported that Martin Jarrett is currently preparing a report for presentation to the LPRW board soon.

• **Preliminary Engineering Report:** The PER is nearly complete. Schriever presented a table of the costs for the CIP of $13,433,000. The CEO will verify if the 2014 budget and proposed 5% rate increases over the next few years will be adequate to fund this project and report on the same to the Board.

• **Holland WTP:** The Biottta ™ pilot test study report has been submitted to MDH. Manganese removal testing is underway. DGR is investigating potential funding through the MN Public Facilities Authority through the Point Source Implementation Grant (PSIG) Program. MPCA makes the determination of eligibility. USDA Rural Development is also involved. The PSIG people are supposed to be having a meeting to decide if the Holland WTP is eligible, but no word has been received yet.

• **Miscellaneous System Improvements:** Improvements for several areas with low pressure and water delivery issues will be included in the project, particularly in Phase I. A budget for SCADA improvements is also included.

• **Miscellaneous Work:**.

* General: DGR is continuing to look at new user requests.
* CapX Pipeline Relocation: The final papers with Carstensen are being processed.
* **Lewis and Clark:** Schriever presented various other alternative options of getting Lewis and Clark Water and how to keep LPRW serving Worthington from Lewis and Clark.

Then it was discussed that the L&C board is divided over capital calls and trying to get Sioux Falls to pay. In the last meeting it rescinded the Executive Board’s power primarily over the issue that the Executive Board authorized L&C to use operations funds to pay the lawyer. Also the Sioux Falls’ member representative stated SF would not only ask for its attorneys’ fees but would pursue other issues not elaborated upon against L&C.

Then discussion moved to the meeting with U. S. Senator Al Franken and the fact that it was misspoken that the Federal Government would be required to reimburse the state for bond monies dedicated to L&C. This was quickly remedied at the time of the meeting. Also at this meeting with the Senator, there had been a comment by one of Worthington’s council members that LPRW water rates are excessive to the City. Lonneman had talked to Scott Hain and Hain has squared away this misunderstanding to both Worthington’s and LPRW’s satisfaction. There was discussion about LPRW, Worthington. Luverne and Rock County possibly hiring a lobbyist to lobby for the MN bond funds to build the Minnesota portion of the L&C waterline.

* **Red Rock Rural Water System and LPRW Potential Joint Project:** The preliminary numbers provided to RRRWS appear to be in the realm of possibility according to RRRWS but they will need a large sign-up to make it work. The Holland facilities and the OCRWS source had been evaluated with regard to the water withdrawal permits, treatment and source capacity and water pumped to the distribution system. It looks like LPRW can supply RRRWS’s initial request. Dominic Jones, CEO of RRRWS has indicated that RRRWS would like a meeting with LPRW at St. Cloud. The CEO has arranged this with Jones for March 5th. Both LPRW and RRRWS will meet with Rural Development the same day but separately.

**Field Superintendents’ Report:**

Tom Muller- Muller related that John Blomme of MDH in his Sanitary Survey is requesting that the septic system be segregated from the other drainage system as these overload the septic system. Thus Muller was instructed to do this and arrange for the septic tanks to be pumped regularly. Also Blomme wants the chlorine tanks made more secure which Muller is working on doing.

 Shawn Nelson – Nelson reported that he had bids on the Semi scheduled to be traded this year. He recommended the purchase of a 2009 Cascadia from Westman in Marshall as the low and best bid. Discussion revolved around the qualities and the regulations affecting the different models presented. M/S/P Spronk/Weber to purchase the low bid from Westman with 3 dissenting votes by Engles, Lonneman and Buysse. Engels expressed for the dissenting voters that it was not a vote against trading Semi’s but followed as to the more stringent regulations affecting the newer models. Then Nelson related that 3 city meter pits need to be redone and put into a meter house. He is working to get the cities to help with these costs. He noted that he has asked that Blomme assist him in this matter when a city is reluctant to move a meter as Blomme also wants the meters raised out of pits and put into houses to eliminate confined spaces.

**CEO’s Report:**

* Lincoln County Bonds refinanced were paid off.
* Nobles County Bond refinanced are to be paid off February 25th
* The CEO presented that the clothing allowance has remained at $250 per year for many years and that the cost of clothing for the outside crew is expensive and recommended that it be raised for the outside crew (including Overby) to $500.00 annually but kept the same for the office staff. He related that he has lifted any restrictions on what could be bought under the policy but asked the employees use good judgment for their own needs. When asked, the CEO said purchasing the items in bulk for the crew would be tedious as to getting the right sizes and if one is destroyed, it would not be a bulk replacement item cost but retail. M/S/P-U Lonneman/Feikema to approve $500.00 per year clothing allowance for the outside crew as stated.
* The Wellhead Protection Phase I Application has been approved and accepted by MDH and a procedure time line will soon be set. The CEO related that he had wanted to use LBG for this but LBG does not do Phase II work and thus for efficiencies will use Liesch though MDH has faulted Liesch for not timely doing the Phase I work at Verdi and Holland. The CEO is to relate to Liesch that LPRW is aware of the previous problems and will expect timely, complying reports.
* The CEO presented the Marcos bid and related that he had investigated and found that the Marcos December bid was the best bid and he had awarded the equipment and software contracts to them as previously authorized by the board.
* The CEO said he has a quote for an energy audit but that is seems to be incomplete in that Les Hofni has requested other information. The quote is for about half of the budgeted cost. The requested information is being gathered now by Ron Carr. Also Ron Carr wants to get any energy audit assistance out of the electric utilities first. The consensus of the Board was that an actual energy audit would be better that the electrical utilities’ reviews. The CEO will try to get this information together soon.
* The CEO has become aware of a Federal Generator Grant program with 75% grants. The applicant is responsible for a 25% match. It is an ongoing program. However, part of the process is in the county(ies) where LPRW wants a generator is required to have on file as part of the county’s emergency plan a statement that LPRW will be getting generators. The CEO will work on these getting these statements into each county’s plan for grant eligibility.
* The Board took up the matter of putting in 40kw sites at one or two locations. The Board discussed that it likes the green aspect but that the returns are marginal even with the assistance of the State incentives. But in an article Schramel reported upon it appears that the State will make concessions to the power companies so that tax incentives will be eliminated, etc.  Further, LPRW has other more viable conservation and green projects, i.e. more energy efficient treatment and distribution system as proposed in its CIP program for 2014-2019 including the BIOTTTA tm treatment facility at Holland, transmission mains and tanks to relieve excessive pumpage costs, etc. that it should put its efforts into first. Thus for these reasons the Board declined to do Solar at this time.
* The 2013-14 Operations and Contingency Update Meeting is set for Wednesday, February 12, 2014 at 10:30 am at the Lake Benton Offices. Ufkin recommended that for this meeting that LPRW have already arranged a meeting time with Madison and Dawson so that LPRW can show it is committed to seeking solutions to the coming Burr permitting reductions.
* As previously stated a meeting with RRRWS is arranged in St Could for March 5th.
* The matters of Minnesota bonding and a meeting with Worthington became intertwined in discussion. The Worthington meeting should wait until there is funding. In the meantime LPRW and the other entities should be contacting their state senators and representatives and should meet together about hiring a lobbyist. The CEO and Schramel should prepare a form letter to the Legislative Members for the board members to write their representatives from a constituency position.
* The CEO stated that he will be interviewed by Mark Stiel of MPR out of Worthington as to LPRW’s drought management on Tuesday, January 28th.

**Committee Reports:**

• **Appointments:** The CEO presented the Chairman’s list of appointments. Lonneman noted that Feikema is the announced Joint Powers Committeeman and requested that even though it is protocol not to chair two positions that since he is the Representative to L&C and that because of this position he would have the needed insight to the issues the Joint Powers Representative would face this year. Thus by agreement Lonneman is was designated Representative and Feikema as the Alternate for the Lewis and Clark MN Joint Powers Board.

• **Executive Committee:** Nothing to report.

• **Personnel Committee:** Then January 8th minutes had been reviewed prior to this meeting and a short meeting of the personnel committee took place before this Board meeting with the following summary and recommendations. Beck’s pay change is a matter of policy and does not require board action. Carr’s pay freeze needs to be documented with Carr where it is explained to him that it will only take two or three years not four before the freeze would end. This should be put in his personnel file. The Personnel Committee wants to meet with the supervisors before recommending adoption of the revised Supervisor Pay Table and any pay raise for the supervisors. The Personnel Committee will set a date in February for this. The proposed changes to the Personnel Policy as to overtime for telephone calls was presented by the CEO. M/S/P-U Kling/Buysse to approve as proposed the changes to this policy.

• **Budget and Finance Committee:** Nothing to report.

• **Water Resources & Equipment Committee:** Nothing to report.

• **MRWA Director:**  Spronk will be in Washington with MRWA for the annual legislative trip the week of February 9th and thus will not be able to attend the 2013-14 Operations and Contingency Meeting.

**Other:**

• **Holiday Schedule for 2014:** The CEO presented that he took a poll of the employees and that they were content with the holidays as scheduled. Thus no action is required as the holidays are set according to policy already established.

**Public Comment:** None.

**Adjournment:** M/S/P-U Kling/Lonneman to adjourn the meeting at 3:00 p.m. The next Regular Board meeting will be Monday, March 24, 2014 at 10:00 a.m.

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