LINCOLN PIPESTONE RURAL WATER SYSTEM

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**MEETING MINUTES**

**May 19, 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, May 19, 2014, starting at 7:00 P.m. Chairman Frank Engels called the meeting to order with Commissioners Norris Peterson, Ken Buysse, Jerry Lonneman, Mitch Kling, Jan Moen, and Brent Feikema, Earl DeWilde were present and with Bill Ufkin arriving late and leaving early. Commissioners Rod Spronk and Joe Weber were absent. Also present were Board Attorney, Ron Schramel and DGR Engineer, Darin Schriever. CEO, Mark Johnson, and Field Superintendents, Shawn Nelson and Tom Muller, and Operations Manager, Jason Overby. Also joining the meeting were Aaron Meyer, Sourcewater Protection Specialist, MRWA, Richard Soule, Hydrologist, MDH, Dawn Vlalminck, Administrator, City of Ghent, Ron Sussner, Mayor, City of Ghent and John Head, Manager, Lyon County Farm Services.

**Agenda:** M/S/P-U Moen/Buysse to approve the agenda.

**Minutes:** M/S/P-U DeWilde/Feikema to approve the Board minutes of April 28, 2014 with the notation that the meeting started at 7:00 p. m. not 10:00 a. m.

**Treasurer's Report:** The CEO reported that water sales are lagging the budget. His projection for the year indicate without accounting for anticipated heavier use that sales need to increase $18,000 per month. Expenses are down some 1.6% and give some relief presently but the CEO listed his projections of anticipated costs and where there might be savings within operations. M./S/P-U Lonneman/Buysse to approve the Treasurer’s report.

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

* DeWild Grant Reckert and Associates Company: General Services # 151 = $ 10,675.56

New Water Source Development – ppe #70 = $2,949.00

* Schramel: General Legal Services = $4,904.00
* Northland Trust: Pipestone County GO Bonds Series 2010A = $23,377.50

And Nobles County GO Bonds Series 2012A = $15,043.75

* Bond Trust Services: Lincoln County GO Bonds Series 2013A = $34,852.78

And Lincoln County GO Bonds Series 2013A Agency Services = $450.00

* League of Minnesota Cities Liability Insurance 6 months premium = $37,716.50

**MRWA and Hydrologist’s Report:** Aaron Meyer of MRWA then presented that there are a toolbox of conservation programs available to LPRW to use to encourage landowners within the Verdi and Holland drinking water source management areas (DWSMA) to participate in protecting the water quality of the LPRW drinking water source. However, the economics of these programs in many cases will still need monetary incentives from LPRW to encourage the landowners to implement any of these conservation programs. The Board needs to advise the local FSA offices of what it is willing to do for incentives as to each program so that they can communicate with the targeted landowners about both the programs and the LPRW incentives. The Pipestone FSA office has already identified certain land owners.

Then Meyer presented Rich Soule, Hydrologist with the MDH. Soule has a passion for hydraulic modeling of contaminants within wellhead protection areas. He demonstrated the basis of his modeling and his analysis using data from the North Holland wellfield. He showed a map of the DWSMA of the area and the relative years of travel time from where water enters this area to the wells at North Holland. Then he related from the monitoring data for nitrates the areas of significance for protecting. The data shows that nitrates declines but a closer look indicates the data is beginning to indicate a rise. Applying the modeling to the data shows that the most vulnerable area is the section on top of and to the east of the well field. This also showed the significance that the applied nitrogen is entering rapidly and having the most effect on water quality. He can do modeling for all the wellfields but recommends more frequent data collection to help get a better picture of what is happening.

 **Ghent Metering:** Dawn Vlamink, Ron Sussner, and John Head then presented several issues as to the letter the CEO had written per the LPRW Board’s direction at the previous Board meeting. The CEO read the letter he had written and the city officials took up the city’s specific issues. One issue dealt with the meter being located in a meter house vs. being put into the Lyon County Farm Service building. It was determined by consensus that the meter could be placed in the building. Storage was discussed and the city wants to have 39,000 additional gallon total both at Ghent and Minneota with 9,000 gallons at the Farm Service’s facilities at Minneota. It was explained that this would not work as the storage/flow problem is at Ghent and Minneota has a 1 M tower that feeds it. Further it was agreed to credit the 12,000 gallons already on site as part of the 50,000 gallons total. The city can help with the daily monitoring so as to determine if the use goes beyond the City’s peak flow rate allowance. The City wants John Head to approve the plans. It was discussed whether the plans have to be engineered or if standard plans and specifications are adequate. Nelson indicated he had discussed with John Head the use of a 1” meter over a 2” meter and that would limit the flow and follow like a home installation. Communications seem to be a problem. The city does not know with whom it is dealing. The CEO related that he had already informed the City that Shawn Nelson, Water Supervisor, is their contact. In turn LPRW did not with whom it is dealing, as there has been indications in the letter to deal with John Head of the Farm Service but LPRW was still unsure of his authority to bind the City in these matters and as to the relocation of the original meter who should be the contact. The City wants John Head to lead on the second meter and the Mayor to lead on the original meter. The original meter may in the process of raising it be moved to another location and it was acknowledge by the City that such pipe costs is 100% to be paid by the City.

**Attorney’s Report:** Nothing to report.

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

**New Water Development:**

• **Cities of Madison/Dawson:** Nothing to report.

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

• **Big Sioux CWS:** Nothing new to report.

• **Verdi:** Waiting for funding for well additions and High service pump station with ground water storage reservoir.

• **Holland WTP:** Waiting on the BIOTTTA report as to Manganese removal. BIOTTTA does not qualify for the PSIG program for funding. Permitting is underway with the MPCA having received all the requested information to write the permit. There will be a 30-day comment period. Pam Meyer does not see any issues with obtaining a permit, especially given the fact that the RO discharge would be removed.

• **Miscellaneous System Improvements:** Nothing new to report.

• **Preliminary Engineering Report:** 2014 Improvements Project: the Environmental Report has been submitted to RD along with other requested information. RD needs a phase IA Archeological Survey for 5 townships not previously covered.. Stemper and Associates have proposed to do this work for $5.000.00. M/S/P-U Kling/Moen to approve accepting the Stemper and Associates proposal accordingly.

 Then Schriever presented a reduced project construction cost list that showed work at Verdi consisting of 3 pump replacements, well completion, and a raw water main and possibly delaying a new GSR and then essential distribution and transmission mains and a possible 60 new users tie-in coasts for an estimated cost of $4,736,969 with annual debt service of $253,548. Then for Holland $2,821,500 with annual debt service of $151,022.

* **Lewis and Clark:** Nothing new to report. Lonneman reported both the Bond bill with $22 million allocated for L&C and a Tax Bill for $45 million for L&C passed. The bond cash bill will provide funds to go to Magnolia just short of the LPRW connection east of Adrian. The tax bill provides funding to get L&C to Worthington. Lonneman related that the L&C matter was dead and it took the CEO’s politicizing the issue that Worthington could be without water should the MPCA action shut down the RO system at Holland. This spurred the legislators into action for L&C and gave LPRW a protective statute as to Holland until Worthington is hooked up. It still will take several years to get to Worthington but LPRW needs to see what water Worthington wants from LPRW after L&C gets there. A revised rate structure may be in order. As to seeing how far the bond $’s can be stretched the projects will have to be bid. DGR is to provide firm numbers as to its cost estimates for use to discuss with the JPB.
* **Red Rock Rural Water System and LPRW Potential Joint Project:** Nothing new to report. However, there needs to be a Service Agreement and the service territories of LPRW and RRRWS need to be more defined. More information is needed.
* **General:**
* **Ghent:** This matter had already been covered.
* **Jasper/Cargill:** Nothing to report.
* **Capacity Charges: City/Rural:** Nothing to report.

**Regional Water Development Report:** Nothing to report.

**Field Superintendents’ Reports/ Program Administrator Technician’s Report:**

Tom Muller – The leaks in the system are fixed. Now he is starting with the hookups and trying the trencher and excavator out for the logistical range before hiring a contractor and to determine costs thereof.

 Shawn Nelson – Tank inspection for Verdi and the aquastore tanks at Holland and Lynd will take place the weekend of June 14th. The building for Arco has been prefabricated.

 Jason Overby – He related that since becoming Operations Manager that he has become more involved and attending more meetings.

**CEO’s Report:**

* **Energy Audit:** The CEO related that from the information obtained through Ron Carr’s efforts from the electric utility and their energy auditor, Bernie who had visited the Holland site that there is no need to do anything further on an energy audit. Also DGR had addressed the issue as to harmonics and stated that there are no beneficial savings to be had. Thus he will not further pursue this matter at this time.
* **Lewis and Clark Annual Meeting:** The meeting is at 5:30 pm May 22, 2014 at the Tea Steak house.
* **Budget and CIP:** This matter had already been covered.
* **Nobles County BAB Bond Payment:** The CEO related he has analyzed and requested appropriate monies due and asked for an explanation for any discrepancies.
* **Capacity Charges – Eben Finisher/Zebe:** **:** The CEO pointed out that there are some matters as to analyzing requests for hookups and expanded capacities that are surfacing before a more thorough analysis of all capacity charge issues are worked through. He related there Eben Finisher when it signed up in 2005 had not indicated on the documents its intended use. It used less than one capacity through May, 2006 when capacity fees were implemented yet there were hog barns added about that time. Then there is Zebe which signed up for an amount of livestock and then again it signed up for a different amount all pre-May 2006. It is not known whether this is a replacement amount or cumulative amount of livestock. To what capacity should LPRW give these two requests? The Board discussed this matter and directed the CEO to bring back the dollar costs as to these two requests for further review.
* **Membership Fees/ Reconnection Fees:** The membership fee currently extends only to the original owner and is not charged to a subsequent owner of a rural hookup. The CEO stated that in the original instance for a water bill not paid that LPRW has two avenues of recovery the land and the owner. In the secondary owner’s situation where there is no user’s agreement signed, going against the land is the only way to enforce payment which is very cumbersome. The CEO recommended that secondary owners of a rural hookup wanting water sign a separate users’ agreement in their name and pay a $500.00 membership fee. Action on this matter was tabled.

Then the CEO pointed out that the current $40.000 fee to turn off and then turn on a hookup for the winter does not pay the costs involved. He recommended the fee be raised to $100.00 payable when turned back on. He related there is benefit to both the customer and LPRW in turning water off as that prevents water damage and water breaks. However, during the months the water is turned off LPRW does not get a minimum water bill. He distinguished turn off and on for delinquent accounts in that the delinquent account turned back on continues to pay the minimum bill. M/S/P-U Kling/DeWilde to approve charge a $100.00 reconnection fee for winter turn-off/turn-on payable at the time of turn-on.

* **Joint Powers Agreement between State and LPRW for Richter Hookup:** The MPCA has approached LPRW as to hooking up Richter. MPCA is paying for this hookup and will need a joint powers contract signed. The contract appears in order. M/S/P-U Lonneman/Kling to approve the CEO signing this joint powers agreement with the State for this hookup.

**Committee Reports:**

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

• **Personnel Committee:** Per the meeting of May 8th There is a formal CEO performance review survey being put out to the Board members, employees, CEO, Schramel and Schriever to fill out anonymously.

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

• **Budget and Finance Committee:**

• **MRWA Director:**  Nothing to report.

**Other:** The CEO then presented signature pages for the Thank You letters to the Governor and area State Legislators to thank them for their support for Lewis and Clark.

Lonneman then state that as to Hookups there should be a “line drawn in the sand” as for originally signing up for a large capacity and LPRW built a large line for them and then they never used it to help pay for these lines. There should be a sunset for these users. Discussion ensued that this large line may in many cases allowed others not signing up during the expansion to have water capacity later. This will need to be explored by the Water Resources Committee.

**Public Comment:** None.

**Adjournment:** M/S/P-U Lonneman/DeWilde to adjourn at 11:05 pm. The next regularly scheduled meeting is set for Monday, June 30, 2014 at 7:00 pm.

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