

# **Lincoln Pipestone Rural Water**

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## **Meeting Minutes**

**March 26<sup>th</sup>, 2018**

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 26<sup>th</sup>, 2018, starting at 10:00 am. Chairman Earl DeWilde called the meeting to order with Commissioners Ken Buysse, Brent Feikema, Rod Spronk (Via Facetime), Jan Moen, Jerry Lonneman, Joe Weber, Mitch Kling, Randy Kraus, and Frank Engels present. Also present were Board Attorney Ron Schramel, DGR Engineer Darin Schriever, Financial Advisor Nathan Kinner, Field Supervisor Tom Muller, Enterprise Technician Jodi Greer, General Manager Jason Overby and Lyon County Commissioner/Liaison Gary Crowley. Commissioner Bill Ufkin was absent.

**Agenda:** *M/S Buysse/Moen to approve the agenda. Motion carried.*

**Minutes:** *M/S Lonneman/Weber to approve minutes from the February 2018 Board Meeting. Motion carried.*

**March Capacity Variance Hearing:** The following case was heard, and LPRW Board decisions were documented:

**Petitioner: Greg Goodmund was present**

### **Request:**

1. Requesting that capacity be more than the 50,000 gallons due to reduced number of livestock on site during the 2015-16 analysis period. Party has looked at usage in 2013 and 2014 and claims usage was double or triple (as compared to 2015 and 2016).

### **Findings:**

1. Under most circumstances, the recommendation would be to deny this request for variance from capacity unit policy. However, prior variance hearings have considered the alterations of livestock operations during the established 2015-16 analysis period. In this particular case, the party cited a reduction of livestock on site due to escalated cattle markets. The party also stated water usage was higher from greater livestock numbers the previous two years (2013 and 2014). Our monthly water usage data confirms this claim.

Therefore, based on these findings and decision(s) from a previously similar case, the recommendation is to apply the board-approved formula on data from the twenty-four-month period of 2013 and 2014 to calculate a new capacity limit. The

24-month average using 2013-14 data is 57,000 gallons per month; thus, the new capacity limit should be increased to 100,000 gallons per month for this account.

*M/S Engels/Kraus to accept GM recommendation to utilize the board-approved formula with 2013-14 data and raise the capacity limit to 100,000 gallons a month. Roll call vote: five (5) in favor (Kraus, Weber, Engels Feikema, Spronk); four (4) opposed (Moen, Kling, Buysse, Lonneman). Motion carried.*

### **FY17 Audit (Draft) – Abdo, Eick & Meyers, LLP**

Thomas Olinger and Chad Hess, representing Abdo, Eick & Meyers, LLP, presented the draft of the FY17 Audit. Audit is nearly complete; however, still waiting for information from two counties. Overall, the auditors gave a positive note and thanked the staff and Kinner for assisting with preparation. The FY17 Audit will be finalized and approved next month.

**Engineer's Report:** Darin Schriever presented Engineering Report for March. Additional items discussed included the following:

#### **CIP Program:**

Priority #1: Nothing to report

Priority #2:

- Meter Replacement/AMR System: LPRW requested quotes from three (3) suppliers to furnish 295 user service PRV's for the project.

*M/S Feikema/Lonneman to accept the quote provided by DSG for purchasing PRV units in the amount of \$94,871.55. Motion carried.*

#### **Holland WTP:**

*M/S Buysse/Kraus to approve PPE #3 to KHC Construction in the amount of \$7,827.50 and accept project as complete. Motion carried.*

**Comprehensive Tank Maintenance Plan:** Re-bids were received for Cleaning, Inspection, Touch-up and Repair (CITR) work on four concrete GSRs. Engineer estimate was \$33,900.

*M/S Lonneman/Engels to accept the bid from K & W Coatings for \$34,040. Motion carried.*

**Operations Report:** March Operations Report was presented. Additional items discussed included the following:

Muller stated that Herman Bos would be interested in acquiring the 1-acre site of the Edgerton well. Muller reported that the well does work but that the water is

not drinkable. If Bos does not want to utilize the well and no other party is interested in utilizing the well, we should seal the well and sell the land back to Bos. Engels directed Muller to contact Bos and report back to the board his offer.

**Manager's Report:** March Manager's Report was presented. Additional items discussed included the following:

**City of Lynd/Affinity Hills.** Staff have obtained 2017 monthly water usage data from City of Lynd for LPRW customers residing in Affinity Hills. To obtain monthly water usage data from years prior to 2017, the City has requested from LPRW (legal) a written letter requesting such. The 2017 data summary shows a payment deficit (-\$3,917.97) to LPRW, particularly from non-reporting of usage through irrigation meters that are illegally plumbed. The agreement with City of Lynd expires in 2028 and the City will acquire all the LPRW accounts residing within the Affinity Hills development.

***M/S Lonneman/Kraus to have LPRW legal counsel generate and deliver a letter to the City of Lynd requesting payment history and monthly water usage data from LPRW's Affinity Hills' customers prior to 2017. Motion carried.***

Spronk inquired as to how much staff time has been spent on this. Powell has spent roughly 3 to 4 hours working on this.

**Farm Lease.** Bid results were reviewed. Dryland Farms, Inc., with a bid of \$34,000.00, was awarded the farm lease on 181.4 A located in NE ¼ Sec 31, Verdi TWP, Lincoln, Co. for 2018.

**Attorney's Report:** Schramel discussed LPRW's statutory formation, its basis as a governmental body, and its applicability to the state retirement program (Public Employees Retirement Association of Minnesota (MN PERA)). Handout was provided describing *MN Statute 353.01, Sub. 6d. Governmental subdivision*. Schramel provided brief historical account of Red Rock Rural Water System case with MN PERA. Schramel then provided legal opinion as to this matter of PERA, recommending LPRW to submit an application to MN PERA.

***M/S Kling/Spronk to move forward with application submittal to Minnesota Public Employees Retirement Association (MN PERA). Motion carried.***

**Treasurer's Report:** Kinner presented the Treasurer's Report for March.

***M/S Feikema/Engels to approve the March Treasurer's Report, as presented. Motion carried.***

Break for Lunch – Noon to 12:45pm.

**Paid Bills:**

*M/S Feikema/Engels to approve payment on checks #2031 through #2144. Motion carried.*

**Pending Bills:**

- DeWild Grant Reckert and Associates Company:
  - General Services Invoice #197 = \$4,693.42
  - North Area Water Source PPE #3 = \$4,737.00
  - Comprehensive Tank Main. = \$3,172.00
  - Dawson Water Source PPE #11 = \$1,770.00
  - 2016 Improvement Pro. #23 = \$17,271.60
- Schramel Law Office:
  - General Services = \$3,847.20
- Kinner & Company LTD
  - Dec.-Feb. = \$12,978.00

*M/S Buysse/Moen to approve paying pending bills, as presented. Motion carried.*

**Committee Reports:**

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Nothing to report.
- **Budget and Finance Committee:** GM reviewed the minutes of the March 21, 2018 committee meeting.

*M/S Lonneman/Weber to approve the minutes of the March 21, 2018 Budget & Finance Committee meeting. Motion carried.*

*M/S Buysse/ Engels to accept the B&F Committee's recommendations to*

- 1.) *Purchase ARC Flash PPE for \$1,157.20; and*
- 2.) *To accept the proposal submitted by Kozlowski Insurance Agency for League of MN Cities insurance coverage for both property-casualty and workers' comp for FY 18-19.*

*Motion carried.*

*M/S Kling/Feikema to approve the resolution concerning tort liability for the LMCIT. Motion carried.*

*M/S Engels/Moen to approve the resolution extending workers compensation coverage to the LPRW board of commissioners with the LMCIT. Motion carried.*

*M/S Buysse/Kraus to approve the resolution appointing Kozłowski Insurance Agency as the insurance agent for LMCIT. Motion carried.*

- **Water Resources and Equipment Committee:** GM reviewed the minutes of the March 22, 2018 committee meeting.

*M/S Moen/Weber to approve the minutes of the March 22<sup>nd</sup> Water Resource & Equipment Committee meeting. Motion carried.*

*M/S Lonneman/Feikema to approve the second amendment to Water Purchase Agreement with Marshall Municipal Utilities (MMU). Motion carried.*

*M/S Feikema/Buysse to accept the offer from the Tyler Golf Club for \$3,000 for excess property. Motion carried.*

*M/S Engles/Kraus to approve the two (2) Option to Purchase Agreements and Water Exploration Easements for Jason and Leann Mamer, and Robert and Shirley Kuhlmann, respectively. Motion carried.*

- **Joint Powers Board Representative:** Lonneman provided update to pipe issues along L&CRWS MN Seg 3B. LPRW will be required to take full allotment when the Nobles County Reservoir is complete. Lonneman also recapped discussions over water rate structures; comparing current 25/75 rates versus ARCA-established rate structure.

**Other Business:**

- City of Dawson Lease Agreement.

*M/S Engels/Feikema to approve the Lease Agreement with the City of Dawson for the meter/booster station. Motion carried.*

- Kling mentioned that Yellow Medicine County Task Force has additional moneys available for cost-sharing to seal private wells.
- April 30<sup>th</sup> Board Meeting time is set at 7:00 pm.

**Public Comment:** No public comments.

**Adjournment:** *M/S Lonneman/Engels to adjourn board meeting at 1:40 pm. Motion carried.*

Respectfully Submitted,

Janice Moen, LPRW Board Secretary