LINCOLN PIPESTONE RURAL WATER SYSTEM

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**MEETING MINUTES**

**April 28, 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, April 28, 2014, starting at 10:00 a.m. Chairman Frank Engels called the meeting to order with Commissioners Rod Spronk, Joe Weber, Norris Peterson, Ken Buysse, Jerry Lonneman, Mitch Kling, Jan Moen, and Brent Feikema, Earl DeWilde and Bill Ufkin were present. Also present were Board Attorney, Ron Schramel and DGR Engineer, Darin Schriever. CEO, Mark Johnson, and Field Superintendents, Shawn Nelson and Tom Muller, Program Administrator, Jason Overby and Water Clerk, Karen Petersen were also present.

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

**Minutes:** M/S/P- Feikema/Buysse to approve the Board minutes of March 31, 2014 with Kling dissenting. Kling disagreed that the minutes indicated two hookups were allowed. Engels related that the Board had left this to management’s discretion.

**Treasurer's Report:** At this time Ufkin passed out the minutes of the Budget Committee and reviewed the monetary position of Lincoln Pipestone. The focus was on the debt service and the deficit in monies available to pay debt service. He stated that this is not a topic of discussion to be resolved tonight but for the Board members to take the document home and review it. Then there will need to be committee meetings of the Budget and Finance Committee and the Water Resources Committee to review this matter in depth and make recommendations to the full Board. Many of the Board members made comments and Schramel handed out a bond debt schedule and an assessment annual payment schedule. Petersen fielded several questions about the budget and assessments and the handling of those funds. Petersen and the CEO related that the freezeups costs overall were about $100,000 in equipment, supplies, fuel, trucks, labor, overtime and compensatory time. When discussion touched on water rates the CEO handed out information on what the Cities served by LPRW charged their customers. By consensus the Board took Ufkin’s advice to review the matter as recommended.

 Then the CEO presented that on the income statement that sales are down 1.5% overall though Osceola wholesale and retail is up 3.4% and 0.2% respectively. Purchased water is up 9.4% for BDRWS and up 1.2% for Osceola. Profit and Loss without depreciation and adjusting for CAPX is up 2% for the quarter. Labor expenses are down in all categories. But freeze ups percent wise significantly affected the overtime control although the dollars are not relatively large being some $7,610. As well transportation was slightly affected and is up $5,100. The balance sheet shows that the assessments are $13,131,805 but the auditor shows that number will actually be adjusted to $13,844,682. M/S/P-U Lonneman/Moen to approve the Treasurer’s report.

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

* DeWild Grant Reckert and Associates Company: General Services # 150 = $7,740.46

and includes CAPX billing; New Water Source Development – ppe #69 = $2,080.00

* Schramel: General Legal Services = $2,995.60
* Liesch: Verdi Wellfield Water Supply Assistance Settlement = $1,500.00

**Attorney’s Report:** Schramel poled the Commissioners Buysse, DeWilde, and Peterson for who are willing to serve another term. Buysse and DeWilde are willing and Peterson plans not to seek another term. Also the CEO will need to review the hookups in each township so to reapportion the Comissioner districting.

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

**New Water Development:**

• **Cities of Madison/Dawson:** There has been little feedback from either Madison or Dawson. Dawson is delaying one of its projects at this time.

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

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

• **Verdi:** Waiting for funding information to tie in the SD wells and add a High Service Pump Station and Ground Storage Reservoir.

• **Holland WTP:** The Pilot testing wound up today. A report has been submitted to the MDH to which MDH has responded with a process approval letter. Manganese removal testing wrapped up today but early testing shows inconsistent removal for this secondary MCL with concurrent removal of Nitrates. The PCA provided a letter denying eligibility for the Clean Water/PSIG program. As to the Notice of Violation (NOV), DGR has responded based upon the PER. DGR has submitted the application for a new permit for discharge from the Biottta process. PCA has asked for a bit more information but they have not raised any significant concerns to the data. The CEO pointed out his displeasure that the PCA is charging a higher fee because of the new type treatment and has asked DGR to verify if it can be reduced. Also he pointed out that the PCA is directing LPRW to send letters out to the cities about the higher hardness. Schriever stated he is asking PCA to reconsider this request in light of the hardness will only slightly increase to the same levels as Burr and Verdi are now and is inconsequential.

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

• **Preliminary Engineering Report:** The ER is underway and response letters have been coming in. RD is reviewing the PER and will be requesting more information on a couple items such as short-lived assets which DGR has prepared.

• **Miscellaneous Work:**.

* **Lewis and Clark:** Nothing new to report. We should know by next month at what level the stat bonding bill will be funding Lewis and Clark.
* **Red Rock Rural Water System and LPRW Potential Joint Project:** Nothing new to report. However, the consensus is to keep the door open.
* **General:**
* **Ghent:** Schriever had nothing to report.
* **Jasper/Cargill:** Flow recordings in April indicate the actual maximum flow to the city is 60gpm far below the average of 92 gpm. Accordingly, the hydraulic model has been adjusted to the average flow of 92 gpm. Thus the Cargill request for flow at 18,000 gpd or 15 gpm will not affect Jasper and herefore a pump station is not needed to serve Cargill and this area at this time. M/S/P-U Weber/Kling to approve charging Cargill a hookup fee for only those direct water lines and capacities it needs to be served without being charged for a pump station with associated water lines and the fee is to be paid in cash without the ability to be assessed.
* **Capacity Charges: City/Rural:** Ufkin asked about rural hookup capacity charges since the city rate was raised approximately 15.4%. Accordingly rural capacities should then be $6,925.00 on a percentage basis. It was pointed out that on a gallon to gallon peak day basis that the number would be $12,500.00. M/S Ufkin/Weber to approve a rural capacity fee of $6,925.00 per 50,000 gallons per month for any capacity charges quoted after tonight and as to those who have previously made application to be given the old rate provide they complete their documentation by the end of the business day of July 1, 2014. Before a vote was taken upon M/S/P Ufkin/Kling to approve changing the capacity charge to the round number of $7,000.00 with Lonneman and Weber against as this is not the same increase to rural users as the city. Then restating with a $7,000.00 capacity charge as amended the original motion Failed upon a show of hands 4 for and 6 against.

**Regional Water Development Report:**

* **City of Canby:** Nothing new to report about the City’s Engineers verbal request to buy/sell water to it.
* **City of Clarkfield:** The operations manager has called and left a message that Clarkfield is interested in getting water from LPRW but the CEO has not been able to reach him.

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

Tom Muller – stated the crews are fixing leaks and cleaning up the freeze up work, that there have been hookup quotes for 6 hog barns, and meter verification is beginning but nothing has been done as to easements.

 Shawn Nelson – reported that there were three bids for tank inspection work and that the most satisfactory one is the second low bid of Liquid Engineering. M/S/P-U Buysse/Peterson to approve the best bid from Liquid Engineering. Then Nelson brought up about the raising the meter house at Arco. The City is willing to pay half the cost provided it can pay back LPRW in installments. The consensus is for the CEO to work out terms.

 Weber stated that he had been visited by Prosch about who won the lawn mowing bid and if that bidder had provided the appropriate insurance papers, etc. The CEO stated the papers are in order.

 Kling asked about freezeup adjustments and when notice went out to stop running water. The CEO advised that notice had been given and that those that made contact with Connie Bressler, Water Clerk, were getting adjustments.

 Jason Overby – related that the Well Head Program is underway. He mentioned in relation to capacity charges and water rates of how that is affected by the DNR. The DNR charges LPRW for all water pumped from wells and then in the summer also adds a surcharge for water pumped over the previous January usage.

**CEO’s Report:**

* **FSA Report:** The CEO reported that Nicole Schwebach of the Pipestone County FSA office had only communicated with Weber since the last meeting. Whereupon Weber related that he had talked to Schwebach and asked her to see what monies, Mr. Hurd, the potential buyer, of the targeted land would want. Weber said that this land is the same land that was being auctioned and that after it sold at $5,400/acre there was no longer an interest from Mr. Hurd except he wants LPRW to value cropland and waste acreage. Then discussion revolved about the condition of the land and what was also happening close by with an irrigation pivot being installed east of Holland. With current budgetary problems there is no need to follow up and LPRW should wait for numbers from the landowner wanting any revenue assistance to implement conservation measures.
* **Ghent & Second Meter Policy:** Then the matter of the Second Hookup Policy and a second hookup at Ghent was taken up. Kling stated that he had thought that the policy is that second hookups are allowed. Ufkin pointed out that Minneota has two hookups. Engels stated that it had been left to the discretion of the CEO as to second hookups. Schramel added a second hookup can be done if it is rational. The CEO related what he had presented to the City as to doing a second hookup and raising the current meter from the pit and putting it into a meter house. The flow through the second meter is to be limited to 40 gpm. Discussion led to the fact that the second meter cannot be put into the Coop building and must be put into a meter house. There is great cost savings affordability to the City to do a second hookup rather than construct water mains through city streets and across a highway. The Coop will aid the water problems in Ghent by moving part of its operations to the City of Minneota. M/S/P Ufkin/Peterson with Kling against to allow a second hookup at Ghent provided that the second meter is restricted to 40 gpm and monitored; that there is 50,000 gallons of additional storage added within the City; that the second meter be in a meter house; that the City pay all the expenses for this second meter; that the City participate in 50% of the cost to raise the current meter from the pit to a meter house; that should the old meter be relocated the City will pay 100% of the costs to such relocation site; that the old meter be replaced with a 2 inch or 3 inch restricted meter; that the usage be monitored; that the City will pay for any capacities used resulting from both hookups over its current limits; and that these installations and reinstallations are to meet the design criteria approved by DGR. Kling related he is against this motion because he is against allowing second hookups in general.
* **Lewis and Clark Annual Meeting:** The meeting is at 5:30 pm May 22, 2014 at the Tea Steak house. Lonneman then related that the lobbyists relate that the both the Federal and State Senators and Representatives need to be contacted and one LPRW area state legislator is not hot on this issue but is cool. As to cost sharing, Sioux Falls now seems to be taking a different attitude as it sees it may be liable to pay under the ARCA agreement and so it is willing to arbitrate. The Minnesota bonding bill is a grant and the other states are not. Dayton will support $64 Million for L&C if the bonding bill goes to $1.2 Billion but if it remains at $950 Million he will still support $20.2 Million for L&C.
* **Well Head Protection Program:** The program is underway with the contract signed with LBG.
* **MPCA Letter:** This letter relates why LPRW’s Biottta Project is ineligible for funding.
* **Energy Audit:** The CEO related Ron Carr, Water Maintenance Technician, has worked diligently to review with the electric utilities and one of their recommended consultants about energy efficiencies and there is not much that needs to be done as the LPRW facilities are efficient and/or replacing current equipment is not optimal at this time. However, the CEO received a detailed letter from Les Honfi as to electric harmonics and their affect on efficiencies so he will turn this matter over to DGR for guidance.

**Committee Reports:**

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

• **Personnel Committee:** Moen read the Personnel Committee Minutes from both April 7th and April 24th. Included in the Personnel Committee recommendations are that the Water Technicians be supervised by the Field Superintendents rather than the CEO; that there be created an Operations Manager Position along with job duties and a salary schedule and that Jason Overby be extended an offer to be promoted this position; that there be more visibility of LPRW trucks and employees working in the field via flashing lights on the trucks and the employees being required to wear highly visible safety vests; that there be better documentation of employee unsuitable behavior; and that capacity charges be looked at.

 Thereupon the question came up whether this position had been addressed previously to the Field Superintendents. It had not. There was some discussion of why this was not offered to all the employees. This job is to fill a need of LPRW and to place in it an employee with the appropriate credentials and ability to fulfill the duties outlined in the job description. Only Overby has those credentials immediately. Also it was pointed out that this change is costly to LPRW’s budget and the CEO was asked if Overby accepted if his vacant position was going to be filled. The CEO stated that no not for now but yes it could be in the future. Then the employees left the room.

 M/S/P-U Ufkin/Feikema to offer Jason Overy a promotion to Operations Manager with the salary and job description based as recommended by the Personnel Committee with an effective date based upon acceptance.

 M/S/P/-U Kling/Buysse to approve the Water Maintenance Technicians supervisor change to be the Field Superintendents.

 Upon the employees return, the Field Superintendents did not return. Thereupon the Board spoke with Overby about the position and his interest in taking this promotion. Overby related that he is interested in the position but felt that others were qualified to fill the position currently. He will need time to talk this over with his family. Ufkin related that this is a work in progress and that it may take 2 years before the details and description of duties evolve and that this is a workable position. This is too how Overby sees the position. Overby then related he understands the financial position of LPRW. He stated there is a needed niche that is deemed necessary on what is is not being done and on what could be done better. He hopes this position does that. He wants to help the CEO with a bit of his day to day work but wants to improve LPRW. Then he stated that Ufkin hit it when he stated that his slate if full but that is because he himself has not delegated. There are things he can delegate but how much? He will have to figure if it will be a shared or whole position as to his former position. There are two main concerns: 1) Well Head Protection with a time line that takes precedent and so it would be nice to have help here; and 2) GIS that will take a back seat to the Well Head Protection Program. There is a lot of GIS data that went missing or not logged by the consultant and which he is currently working to fix. He has already checked and there are interested coworkers who want to learn and do these tasks.

 At this time it was explained to Overby that this position is an exempt position and that he could be working long hours. Whereupon vacation was brought up and as an exempt employee if he was expecting 4 weeks. The CEO spoke up and stated that this position will be exempt with no overtime and that it merited 4 weeks of vacation. This was thus extended to Overby as part of the offer. Also Overby related that if he went from unexempt to exempt that he would like to be paid out on his comp time to make a clean break between the two types of employment which was agreeable to the Board.

 The Personnel Committee reported that it is time to conduct a performance evaluation of the CEO.

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

• **Budget and Finance Committee:** M/S/P Kling/Weber-U to approve the minutes of the April 23, 2014 Budget and Finance Committee.

• **MRWA Director:**  Spronk had nothing to report.

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**Other:** Kling asked about who had responsibility to seal the wells in Woods Lake. The CEO will get an answer for Kling.

**Public Comment:** None.

**Adjournment:** M/S/P-U Ufkin/Kling to adjourn at 11:30 pm. The next regularly scheduled meeting is set for Monday, May 19, 2014 at 7:00 pm.

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