

Lincoln Pipestone Rural Water

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Meeting Minutes

January 25, 2016

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 December 21, 2015, starting at 10:00 AM. Chairman Joe Weber called the meeting to order with Commissioners Earl DeWilde, Mitch Kling, Ken Buysse, Randy Kraus, Jerry Lonneman and Frank Engels present. Rod Spronk attended via internet (Face Time). Absent were Brent Feikema, Bill Ufkin and Jan Moen. Also present were Board Attorney Ron Schramel, DGR Engineer Darin Schreiber, Interim-CEO Jason Overby, Field Superintendents Tom Muller and Shawn Nelson, and Enterprise Technician Jodi Greer.

Agenda: *M/S/P – U Engels/Buysee to approve the agenda.*

Minutes: *M/S/P – U Kling/Engels to accept the December 2015 Board Minutes, as presented.*

Pending Bills: *M/S/P – U Lonneman/Kraus to approve paying listed bills.*

- **DeWild Grant Reckert and Associates Company:**
 - General Services Invoice #171 = \$15,081.38
 - New Water Source Development – ppw #90 = \$3,654.00
 - 2014-2015 Improvements Project – ppe #8 = \$12,371.80
- **Schramel Law Office:**
 - General Services = \$7,596.59
 - 2015 Expansion Project = \$3,952.00

Engineer's Report:

- **CIP Program** – Schreiber provided progress update of CIP projects.
 - **Priority #1:** RD reviewed & approved both Part 1 and 2. Preparing for bid by Feb, 2016.

M/S/P – U Engels/Buysse to authorize bids for Priority #1 – Parts 1 and 2.

- **Priority #2:** Schramel described all requirements needed prior to June 30th deadline; including engineering specs, court order for bonding, and multi-county Joint Powers Agreement. Schramel requested a resolution to be passed for authorized signatures.

M/S/P – U Lonneman/Kraus to authorize Board Chair and Vice-Chair to sign for all Priority 1 and 2 project documents.

- **L&C Regional Water System** – Banner investigated possible ways to lower overall project costs, including a fixed cost between an 8” and 16” for the 3.5 mile service connection. Consensus was to proceed with current bid arrangement of paying difference between the two pipe sizes. L&C planning to advertise for Magnolia service connection by mid-February.
- **RRRW:**
 - Update on Linstrom water source.
 - LPRW-RRRW Interconnect near Lakefield. Schriever provided preliminary connection costs: Option A (80 gpm) and Option B (150 gpm). A booster was recommended in both options to maintain pressure to Worthington. Concern over cost, location and O&M responsibility of meter station. In comparison, LRPW’s Worthington meter stations were approximately \$40,000 each. Location most likely on our end of the new 10-mile extension. Schriever recommended LPRW control booster (SCADA).

M/S/P – U Lonneman/Engels to proceed with providing RRRW both Options (A & B).

Note: Board requested that Options A & B to be incorporated in the minutes. (See attached). Consideration be given to establishing a WR&E Committee meeting between Feb 11 (RRRW Board Meeting) and LPRW’s February board meeting.

- LPRW-RRRW Boundary. Weber discussed the unserved area around Heron Lake/Brewster/Lakefield area. DGR had previously done modeling for build-out in this area. Schriever will provided this earlier information.
- Bluegrass Dairy – Nothing to report
- Tank Maintenance – Tabled discussion.

- City of Edgerton – Schriever presented Edgerton cost estimate. Lonneman mentioned possibly dropping capacity charge, and charging \$600,000 for an “emergency interconnect”. Problems were identified with keeping lines fresh when not in use, and that there is no guarantee water will be available and in a timely fashion during emergencies. Direction was given to Interim-CEO to provide cost estimate, with the removal of six-mile pipe segment, to City of Edgerton and relay issues with having an interconnect.
- LPRW Op & Cont. Meeting – Schriever noted he will not be able to attend, but Nathan Brandenburg will attend in his absence.

Field Superintendents’/Enterprise Technician’s Reports:

- **Tom Muller:** Iowa Lakes Regional Water System Boundary – Muller requested a territory map to identify boundary location of ILRWS in relation to a recent 6600-head service request. Schramel noted boundary requirements relating to USDA loans. Priority 1: Approximately 1/3 of the easements for internal loops have been signed. Priority 2: Magnolia-Edgerton line easements are being prepped. Field staff assessing inventory.
- **Shawn Nelson:** Field staff putting in meters; cleaning contact basin at Burr WTP; and working with new hire, Joshua Gums. MMU (ADM) has ramped up water use.
- **Jodi Greer:** Paymentus is now live. Lodging is secured for MRWA Conference. A conference itinerary for board/staff will be created; including possible meetings with USDA-RD, RRRW and Dr. Michael Kiefer.

Interim-CEO Report:

- Recap of financial status (debt service) of SD property that was purchased.
- LCCMR Grant proposal update – first round of revisions complete, eliminating references to CRP, RIM, taxes and 1031 land exchanges.
- Heron Lake/Lakefield – both cities have contacted LPRW twice. Both have been directed to RRRW.
- Safety Program – still in beginning stages with progress going very well.
- Well Field update – Holland production wells have level monitors incorporated. Marshall (MMU) increasing purchases.
- Wellhead Protection Program – LBG and MDH have completed their reviews for Burr delineation and vulnerability assessment (Part 1), and are ready for approval. Recommendation to approve Part 1.

M/S/P – U Lonneman/Spronk to approve Part 1 (Burr Well Field Delineation, Drinking Water Supply Management Area, and DWSMA Vulnerability Assessment) of the Wellhead Protection Plan, as presented.

- LRPW Operations and Contingency Meeting is scheduled for February 18, 2016 at 10:00 a.m. at the Country House Supper Club.

Meeting with Dr. Michael Monroe Kiefer, (Professional Speaker/Industrial Psychologist)

- Topics of discussion: organization structure, board-employee relations, management, team-building.

Treasurer’s Report: The Interim CEO presented the Treasurer’s report. Included in the report a new form listing all “paid” invoices for the preceding month.

M/S/P – U Buysse/Kling to approve the Treasurer’s report, as presented.

Attorney’s Report: Recommendation to approve Joint Powers Agreement between the 10 counties for Priority 1 project.

M/S/P – U Kling/DeWilde to approve the Joint Powers Agreement between the counties served by Lincoln Pipestone Rural Water System to guarantee General Obligation Bonds (for Priority 1 Project).

Schramel provided opinion on the refunding of Yellow Medicine G.O. Revenue Bond. Options included taking a reduced payment versus shortening the bond term length.

M/S/P – Spronk/Lonneman, with Kling opposing, to take level payment method (versus early payoff) for refunding Yellow Medicine G.O. Revenue Bond.

Schramel then recommended approving the resolution provided by bond counsel relating to the refunding of the Pipestone Co G.O. Revenue Bond.

M/S/P – Engels/Kling to approve the Resolution regarding the Issuance, Sale and Delivery of General Obligation Water Revenue Refunding Bonds, Series 2016A of Pipestone County, Minnesota.

House Closing (located at 505 Lakeview St., Lake Benton, MN5 56149) – closing to occur on January 26, 2016.

Schramel also provided background information regarding Gov. Dayton’s’ proposed funding initiative, and its relationship to LPRW’s PSIG funding.

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Report (verbal) from Personnel Committee meeting held prior to board meeting. Discussion regarding pay scales/qualifiers.

M/S/P – U Lonneman/Kraus to back pay shortfall to Roger Rasmussen for 2015 due to a clerical error on pay scale chart.

M/S/P – U Engels/Lonneman to approve the recommendation of the Personnel Committee to the extension of pay scales from 30 years to 40 years; and to back pay Jay Stuefen for those years of service attained.

Discussion on Ron Carr's tools (regarded as personal property). Board requested an itemized list of those tools that Carr contributed at time of hire.

- **Water Resources and Equipment Committee:** DeWilde recapped the meeting with RRRW held on 1/14/16. Topics of discussion included: RRRW buying capacity from LPRW in Lakefield area; possibility of RRRW selling water to LPRW at Balaton connection; and the unserved areas between system boundaries.
- **Budget and Finance Committee:** Spronk inquired as to discrepancy of interest rates on bond payment.
- **Joint Powers Board Representative:** Lonneman relay issues (leaks) that Carstensen Contracting is having on MN-2 segment of L&C mainline project; and stated that the City of Luverne should have water by March 14th.

Other Business:

- **LPRW 2016 Committee Appointments:** To add Engels to Executive Committee.

M/S/P – U Lonneman/Kraus to approve the Resolution Concerning Tort Liability.

M/S/P – U DeWilde/Engels to approve the Resolution Extending Workers Compensation Coverage to the LPRW Board of Commissioners.

Public Comment: None

Adjournment: M/S/P – U Lonneman/DeWilde to adjourn meeting at 4:34 p.m. The next regular Board Meeting will be Monday, February 29, 2016 at 10:00 a.m.

Janice Moen, Secretary

**Lincoln Pipestone Rural Water
January 20, 2016**

**RRRWS Lakefield Area Service Connection
PRELIMINARY Cost Estimate
Option A: 80 gpm**

Description	Quantity	Unit Cost	Extended Cost
Construction Cost			
6" Class 250 SDR 17 PVC Pipe, per l.f.	52,800	\$ 9.75	\$ 514,800
6" Class 200 SDR 21 PVC Pipe, per l.f.	-	\$ 8.80	\$ -
Valves, Crossings, Tie-ins, etc. (% of pipe)		35%	\$ 180,180
Booster/Meter Station	1	\$ 175,000	\$ 175,000
Sub-total - Construction:			\$ 870,000
Other Project Costs - Engineering, Legal, Permits, Easements, etc. (% of construction)		30%	\$ 261,000
Pro-Rated share of existing 6" (8 miles of Cl.200)	40%	\$ 502,000	\$ 200,800
Capacity Charge, per gpd	115,000	\$ 7.50	\$ 862,500
Total Connection Fee:			\$ 2,194,300

**Lincoln Pipestone Rural Water
January 20, 2016**

**RRRWS Lakefield Area Service Connection
PRELIMINARY Cost Estimate
Option B: 150 gpm**

Description	Quantity	Unit Cost	Extended Cost
Construction Cost			
6" Class 250 SDR 17 PVC Pipe, per l.f.	52,800	\$ 9.75	\$ 514,800
6" Class 200 SDR 21 PVC Pipe, per l.f.	-	\$ 8.80	\$ -
Valves, Crossings, Tie-ins, etc. (% of pipe)		35%	\$ 180,180
Booster/Meter Station	1	\$ 175,000	\$ 175,000
Sub-total - Construction:			\$ 870,000
Other Project Costs - Engineering, Legal, Permits, Easements, etc. (% of construction)		30%	\$ 261,000
Pro-Rated share of existing 6" (8 miles of Cl.200)	75%	\$ 502,000	\$ 376,500
Capacity Charge, per gpd	215,000	\$ 7.50	\$ 1,612,500
Total Connection Fee:			\$ 3,120,000