

Lincoln Pipestone Rural Water

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Meeting Minutes

January 29th, 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, January 29th, 2018, starting at 10:00am. Chairman Earl DeWilde called the meeting to order with Commissioners Ken Buysse, Bill Ufkin, Rod Spronk (Via Facetime), Brent Feikema, 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, Enterprise Technician Jodi Greer, Field Superintendent Tom Muller and General Manager Jason Overby. Jan Moen, absent.

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

Minutes: *M/S Ufkin/Kraus to approve minutes from the December 2017 Board Meeting. Motion carried.*

Capacity Variance Hearing: The following case, and LPRW Board decision(s), were documented:

Petitioner: Grant Post

Request: That the monthly allotted usage at this site be increased from 50,000 gallons to 100,000 gallons, due to a change in operation that happened in the middle of 2016.

Findings: Mr. and Mrs. Grant Post were present at the hearing. This is a pre-2006 hookup, therefore the board-approved formula applies. Recommendation is to deny request for an increase in capacity usage limit; and for the limit to remain at 50,000 gallons per month. Mr. Post explained that the Post's had lost the availability of pasture land resulting in livestock being relocated to home site, which led to increase in water usage at this location in 2016.

M/S Ufkin/Weber to utilize monthly usage data from the last six (6) months of 2016 to establish a new baseline capacity limit of 100,000 gallons per month for this account, due to hardship/loss of pasture lands resulting in livestock being relocated to home site causing an increase in water usage. Motion carried.

Kling described a situation with a customer having their private well freeze up.

M/S Ufkin/Lonneman to authorize the GM to have the sole discretion to waive overage penalties without board authorization. Motion carried.

Engineer's Report: Darin Schriever presented the Engineering Report.

CIP Program:

Priority #1: Nothing to report

Priority #2:

- Edgerton PS/R SCADA Upgrades

M/S Buysse/Feikema to approve payment to AE2S for PPE#1 in the amount of \$29,440. Motioned carried.

- Meter Replacement/AMR System

M/S Feikema/Weber to approve Change Order #1 (change in conduit and seals for endpoints) with Metering Technology Solutions for a deduction of \$6,240. Motion carried.

M/S Engels/Kling to approve payment to Metering & Technology Solutions for PPE#1 in the amount of \$167,754.89. Motion carried.

Ufkin inquired about availability of water from the Verdi wellfield now that SD wells have been operational for a year. Directed to engineering to determine what additional water is now available for production. Schriever will assemble a study scope for consideration at the next board meeting.

Holland WTP:

M/S Lonneman/Kling to approve Change Order #1 (no underdrain nozzles needed to be replaced) with KHC Construction for a deduction of \$450.00. Motion carried.

M/S Feikema/Buysse to approve payment to KHC Construction for PPE#2 in the amount of \$42,976.24. Motion carried.

Comprehensive Tank Maintenance Plan:

M/S Buysse/Engels to approve the 2018 annual Comprehensive Tank Maintenance work plan. Motion carried.

Lewis & Clark RWS:

Lonneman reported that Carstensen Contracting Inc. will continue to dig this week (on MN Segment 3-B) but then will be done until March. City of Worthington should be on-line at the same time LPRW will be. Worthington will use L&C water and their own source.

Operations Report: January Operations Report was presented. Greer reported on number of large user requests in the Burr service area. GM inquired about winter service installations and asked if the board was aware of any existing policies in place that

addresses construction during the winter months. The board was not aware of any established policies.

GM noted that Lincoln County and the Minnesota FSA State Committee waived 100% of liquidated damages, calculated at \$3,529.32, for termination of CRP contracts #11521 and #11522. Weber asked Kraus about CRP availability/signups in 2018. Kraus stated that CRP signups will likely open in April.

GM shared memo from Mike Moeller that all CRP payments on land he rented from LPRW has been donated to two non-profit organizations: Kiwanis Toy Drive for the Needy, and the Pipestone County Food Shelf.

Manager's Report: December Manager's Report was presented.

Attorney's Report: Schramel reported that the December 27th, 2018 Assessment Hearing held at Lyon County Courthouse went very well.

Treasurer's Report: Kinner presented the Treasurer's Report.

Kinner explained outstanding payments to customers/vendors that were still tracked. Individual cases were researched and new payments reissued accordingly.

Regarding the audit process, Abdo, Eick and Meyers (auditing firm) were on site Jan. 24-25. Everything went very well; and LPRW should expect a report by the March meeting.

LPRW does not currently have a capitalization threshold for capital assets. Kinner recommended to the Board to establish a capitalization threshold of \$5,000.00.

M/S Weber/Engels to establish a \$5,000 capitalization threshold on capitalization of assets. Motion carried.

Funds have been transferred from held accounts with local bank to PFA (4M), leaving unused accounts open. Kinner recommended to the Board to close the existed unused accounts with First Security Bank.

M/S Weber/Lonneman to authorize the GM to close the four (4) accounts (Dependent Care Account, Short-term Asset Account, Long-Term Asset/Tank Account, and 2015-16 Bond Account) with First Security Bank – Lake Benton. Motion carried.

M/S Lonneman/Feikema to approve Treasurer's Report, as presented. Motion carried.

Paid Bills:

M/S Ufkin/Buysse to approve payment on checks #1700 through #1879, as listed. Motion carried.

Pending Bills:

- DeWild Grant Reckert and Associates Company:
 - General Services Invoice PPE #195 = \$3,897.50

- 2016 Improvements Project (Priority 2), PPE #21 = \$16,683.25
- Dawson Water Source PPE #9 = \$3,699.00
- North Area Water Source PPE #1 = \$7,334.00
- CTMP Invoice #00227555 = \$1,947.00
- Schramel Law Office:
 - General Services = \$6,689.11
 - Priority 2 = \$1,207.50
- Northland Trust Services
 - Nobles County Bonds 2013A = \$178,978.13
 - 2017A Bond = \$135,422.45
- NAPA (materials for PR 2-AMR project) = \$2,455.13
- Berntsen (Trimble R1 GPS Receiver, 2 units) = \$5,000.00

M/S Engels/Kraus to approve paying the pending bills, as presented. Motion carried.

The Board requested a summary page of Pending Bills be included in board packet.

Discussion regarding acquisition of project materials, particularly the pressure reducing valves (PRV's), which have been sole-sourced within the project but having costs above \$100,000 for 450 units. RD has approved sole-sourcing of PRV's for this system based on reasonable justification. However, due to costs exceeding the \$100,000 threshold, Schramel noted that MN state bidding laws and regulations must be followed and that LPRW would be required to publicly bid item(s) exceeding the \$100,000 threshold.

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Minutes of the December 27th P.C. meeting were emailed to all Board Members.

M/S Ufkin/Kling to approve the minutes from the December 27, 2017 meeting with staff. Motion carried.

Kling stated that the meetings with staff went very well this year.

- **Budget and Finance Committee:** Nothing to report.
- **Water Resources and Equipment Committee:** Nothing to report.
- **Joint Powers Board Representative:** Nothing to report.

Break for Lunch – noon to 12:45pm

Other Business:

- GM discussed Lewis & Clark RWS meeting that he and Commissioner Lonneman had attended last week. The meeting topic focused on L&C water rate structure.

- DNR Walk-In-Access Agreement.

M/S Engels/Feikema to approve the Walk-In-Access agreement with DNR for three parcels in Lincoln County. Motion carried.

- Payment Service Network, Inc. Service Agreement.

M/S Lonneman/Buysse to approve the service agreement with PSN. Motion withdrawn.

Further discussion on charges/fees identified at bottom of PSN Fee Schedule. Greer will verify with PSN the charges/fees applied.

M/S Kling/Lonneman to approve the agreement with PSN once we receive clarification on the credit card fee. Motion carried.

- Billing statement itemization. GM explained possible confusion from customers if MDH customer service connection fee is segregated from the current base rate. GM recommended leaving the MDH fee as part of the base and rescind that portion from November 2106 Board motion.

M/S Ufkin/Kraus to rescind that portion of the November 2016 Board motion that describes itemizing out the MDH customer service connection fee. Motion carried.

- OCRWS Second Amendment to Water Purchase Agreement.

M/S Engels/Feikema to approve the Second Amendment to the Water Purchase Agreement with OCRWS. Motion carried.

- MRWA annual meeting was discussed. Ufkin would like to make sure that we have a breakfast with the other rural water systems while we are there. Red Rock Rural Water will host the breakfast this year.

- Minnesota Government Agency Finance Group.

M/S Lonneman/Feikema to appoint Jan Moen as the representative for the Minnesota Government Agency Finance Group, and Bill Ufkin as the alternative. Motion carried.

Public Comment: No public comments.

Adjournment: *M/S Feikema/Buysse to adjourn board meeting at 1:45 pm.*

Respectfully Submitted,

LPRW Board Chair