LINCOLN PIPESTONE RURAL WATER SYSTEM

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**Meeting Minutes**

**October 27, 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, October 27, 2014 starting at 7:00 p.m. Chairman Frank Engels called the meeting to order with Commissioners Rod Spronk, Joe Weber, Norris Peterson, Earl DeWilde, Mitch Kling, Janice Moen, Brent Feikema, Ken Buysse and Jerry Lonneman with Bill Ufkin absent. Also present were Board Attorney Ron Schramel, DGR Engineer Darin Schriever, CEO Mark Johnson, Field Superintendents Tom Muller and Shawn Nelson, and Operations Manager Jason Overby. Also joining the meeting at 7:30 p.m. were MPCA Engineer Pam Meyer and MPCA Engineer Staff Abrams Peterson.

**Agenda:** M/S/P-U. Peterson/DeWilde to approve the agenda.

**Minutes:** M/S/P-U Spronk/Buysse to approve the minutes as presented.

**Treasurer's Report:** M/S/P-U Lonneman/Feikema to approve the Treasurer's report. The CEO presented that the revenues were picking up due to higher summer usage and that the production electric costs are down percentage wise versus the sales 75% and 79%, respectively, when it is expected they should have a stronger per cent correlation. Well maintenance expense will be going up significantly next month due to a previously approved bill being paid late.

**Pending Bills:** The CEO presented the bills to be paid. M/S/P-U Feikema/Moen to approve the payment of the bills. The CEO noted that the Lewis and Clark bill included LPRW's pro rata lobbyist billing. Lonneman noted this is down from previous years as the lobbying efforts have not been effective in the earmark congress and with the administration.

The bills to be paid are as follows:

* DeWild, Grant, Rechert and Associates Company: General Services Invoice #156 = $ 3,152.30. And New Water Development pope - #75 = $ 507.50
* Schramel General Legal Services =$ 3,273.52
* Lewis and Clark for lobbying charges= $ 5,858.00
* Meulebroeck & Taubert for audit and spreadsheet services = $ 12,500.00
* W. T. Lawn Service, LLC for seeding (Cap X reimbursable), Invoice # 56= $ 47,788.20
* Crop Damage: Ray Rennick (CapX reimbursable) = $ 6,138.00
* Jeffers Dray Line Inc.:

 Boring for Boerboom truck wash Invoice # 10737 = $ 1,560.00

 Boring for T. Boerboom Hog Farm Invoice # 10732 = $ 1,040.00

 Boring for Ralco/Falconer Driveway Invoice # 10842 = $ 1,200.00

 Boring for Ralco/Falconer Ellsborough Township Invoice # 10776 = $ 960.00

 Boring for Ralco/Falconer, Dnr Road Crossing Invoice # 10806 = $ 780.00

 Boring for Ralco/Falconer, Balaton Hog Barn Invoice # 10756 = $ 4,020.00

* USDA:

 Loan 91-24 = $ 465,562.50

 Loan 91-26 = $ 259,530.00

 Loan 91-28 = $ 218,800.00

 Loan 91-29 = $ 38,732.50

**Attorney's Report:** Schramel reported that the re-appointments of Buysse and DeWilde and the appointment of Randy Kraus to fill the vacancy of Norris Peterson at the end of this year have been made and approved by the 10 counties andapproved by Judge Bush. Assessments will be presented to Judge Bush on December 17th. Engels related that Kraus should be encouraged and paid to attend the next two meetings to help him know the current issues.

**Meet with MPCA:** Pam Meyer of the MPCA presented that the MPCA is working to facilitate language changes to the Point Source Implementation Grant Statute to be presented to the legislature during next year's session. Should the language be adopted then the Biottta facility would qualify for being considered but would then need to qualify under its own merits for priority ranking for funding. LPRW should make application to get this facility on the list in March although the legislation would still be under consideration. Accordingly if accepted, any funding would be available July 1st and it would need to be spent on the project within 3 to 5 years. LPRW would be responsible for funding the remainder of the project costs that the grant does not cover. There is no full funding even with collation of RD funding grants. MPCA does not administer the funding as that is done by the Public Facilities Agency. There are no funds to buy out the old facilities which still have some 25 years of debt service remaining. Spronk asked what if no legislation passes? Meyer stated that the NPDES permit needs to still go forward and LPRW needs to be making progress to eliminate the reject discharge. Schramel asked who ultimately decides if LPRW is moving forward? Meyer stated that trying to find funding is due diligence and MPCA makes the determination. Meyer had pointed out that Biottta has a reject that might be able to be discharged directly. However, Schriever related that the Biottta discharge is not a large volume; and that the existing basins can handle this volume; otherwise it is not costly to build more basins. Meyer pointed out that only certain components are eligible for funding, Meyer holds that the increase in production volume would normally not be funded but this increase should be overlooked in that the elimination of the reject is of prime importance and the increased production is only incidental to solving the problem. MPCA will submit the legislation to certain legislators who regularly introduce their legislative issues and bills. Abrams Peterson had no comments. MPCA will keep LPRW in the loop as things progress. The CEO and MPCA will communicate next week.

**Engineer's Report:** Schriever presented:

* **Dawson and Madison:** that there is nothing to report.
* **Clarkfield:** Clarkfield's Engineers, Bollig, Inc., met with LPRW's representatives on October 3rd to discuss potential service to Clarkfield. They are in the process of studying water needs and intend to provide an amount of water needed so LPRW can evaluate the alternatives.
* **Montevideo:** The city may have excess water to sell. Cost to cross the river ranges from $150,000.00 to $250,000.00. Water quality looks better than Dawson's. Arrangements should be made to gather more information.
* **RRRWS:** RRRWS continues with their water exploration efforts. Preliminary results along the Des Moines River area south of Dovray and east of Avoca have been positive but more study is needed.
* **Lewis and Clark:** Nothing new to report.
* **New Users Requests:** DGR continues to provide hydraulic analyses for new user requests.
* **Holland Permit:** MPCA provided a letter dated October 23 indicating their approval of the Biottta process as it relates to the discharge of backwash water from the process to the existing ponds. A draft permit has been developed but it will still need to go through the normal permitting process (including a public comment period) for approval.
* **CIP Program:** Nothing to report.
* **RD Funding:** RD has begun the process of reviewing the PER, including the Biottta portion. The review process (including responses to comments and requests for additional information) is expected to take a few months due to the size of the project and complexity of LPRW.
* **Chandler Tower:** Cleaning, inspection and touch-up (CIT) was performed on October 15th. DGR recommends that both the inside and outside of the tank be reprinted in the next two years. Plan on painting the tank in 2016.

**Field Superintendent's/ Operations Manager's/ and Enterprise Technician's Reports:**

* **Tom Muller:** Muller reported that 4 services currently are to be hooked up by the LPRW staff. 6 services are left to be done, but the contractor will not be available until after Thanksgiving.
* **Shawn Nelson:** The location for the Ghent Farm Service Coop has been established. But the City has failed to communicate with LPRW and thus nothing has gone forward as to the City's meter being relocated.
* **Jason Overby:** The Pritchetts have backed out altogether from doing the Rim program and land swap with LPRW. Weber stated that the CRP program has not been funded currently though it could be funded at any time. This has been related to Hess and will delay acquiring this land and could affect Hess being able to buy the land he desires.
* **Jodi Greer:** reported that Paymentus is the only credit card service that can handle LPRW's type of billing system. Hawley, Texas which uses similar billing to LPRW has used Paymentus for a year without any problems. Paymentus charges $2.95/ $200.00 billing. The credit card convenience should be looked at for the small rural water customer and not the large user which would use checks to make payments and avoid the high credit card the multiple fees under this plan. Paymentus does not charge LPRW for the setup of this system. Paymentus handles all the credit card processing and LPRW is then paid the water portion of the bill, daily. M/S/P-U Spronk/Weber to approve using Paymentus for receiving credit card payments.

**CEO's Report:**

* **MPCA:**  Previously discussed above.
* **RD- Funding Options-Biottta Priority:** The funding options and collation had been previously discussed with the MPCA and the Biottta project has been incorporated by Megan Gernentz as a priority under the PER to be reviewed currently.
* **South Dakota Managers Meeting in Pierre SD:** The CEO related that he felt he would get some good training by attendance at this meeting as well as build good relations with other South Dakota Managers. Martin Jarrett, General Manager of Big Sioux had recommended previously to the Board he attend this meeting. M/S/P-U Spronk/Weber to approve the CEO's attendance at the South Dakota Managers Meeting.
* **Osceola:** The CEO related that in a phone conservation recently with the Doug Westerman, manager for Osceola that LPRW had pushed Osceola to its capacity limits this year. Further Osceola has had a rate study done by DGR and that not immediately but by 2019 the rates LPRW should pay for 1000 gallons water news to be in the order of $1.70 to $ 1.80. Lonneman was concerned that there may not be water for new hog hookups with water going to Worthington. It is pointed out that Worthington is hooked up on an emergency basis and that rural water has a duty to first serve rural water customers who hookup permanently. Also there may be other ways to move water into this service area.

**Committee Reports:**

* **Executive Committee:** The CEO stated that there are several legislative issues that needed to be reviewed for recommended action to the full board and the possibility of meeting with Senator Dahms on certain water issues since he has been appointed to the new Water Conservation Committee of the legislature. The meeting was set for Monday, November 3rd at 6:00 p.m. Also the CEO wants to have Lonneman in attendance as he is most familiar with the Lewis and Clark and Joint Powers Board issues. And with Weber's permission, the CEO wants to cover the Montevideo matter here rather than have a separate meeting with the Water Resources Committee on this single matter. With the meeting being set so soon, the CEO will not have time to prepare and bring his analysis on the Extra Capacity Charges issue.
* **Personnel Committee:** Moen presented that the committee had been presented with the problem that the work hours had been changed and that was problematic to the employees. The CEO stated this was his efforts to make the work day coincide more favorably with customers returning from their work so also to do meter verification. However, he had agreed to roll back the hours partially so as to start work in the daylight hours during winter and with the understanding that the superintendents would rotate crew members to take once-in-a-while evening shifts to verify meters when customers are at home. He reserved that if the meter verification starts to lag behind that he will reset the hours back. Also, Moen related that the committee had been approached through proper channels that the on-call pay policy should be looked at to pay the crew an "on call" stipend. After meeting the committee thinks the current policy of giving the on call personnel 4 hours off with pay is satisfactory and should not be changed.
* **Water Resources Committee:** These matters had been addressed previously.
* **Budget and Finance Committee:** These matters will be discussed later on the agenda.
* **Joint Powers Board Representative:** Lonneman related that he had voted as directed in LPRW's effort to be a team player with the other members of Lewis and Clark and that the vote to help fund Iowa construction had gone 15 to 4 in favor of the funding. Worthington and Luverne had voted in favor while Rock County voted against this funding. Sioux Falls also had voted against the funding. Still the funding could fail for a number of reasons, i.e. if Sioux Falls wins in arbitration in December or if Sioux Falls funds its requirement via its true up costs; or if the Feds do not put in $8,000,000.00; or if at the time of letting bids the members reject the bids. So this is a long way from happening.

**Other Business:**

* **Consider and Adopt an Operations and CIP Budget for 2015:** The CEO presented the Budget and Finances approved budget as recommended for the full Board's consideration. The CEO stated there are some small rounding errors but that the budget is solid and recommends its approval. The budget is based on getting $6,000.00 up front cash monies for the first capacity fee as to every hookup and is also based on a 5% across the board water rate increase. M/S/P-U Lonneman/Peterson to approve with the small rounding errors to be corrected.
* **Adopt a water rate reflective of the 2015 Budget:** the CEO presented a 5% rate table reflective of supporting the adopted 2015 budget just passed.
* **Consider charging cash as to the first capacity charge as opposed to allowing it to be assessed:** The CEO presented that the prepay hookups this year will not cover the expenses of the assessed hookups as has been the case last year. LPRW has been reviewing the costs more closely. He recommends that the Board adopt a policy to charge cash for the first capacity associated with a hookup yet allow the construction portion, any extra construction and any extra capacity charges be assessed. Currently capacity charges are $6,000.00 for each 50,000 gallons per month water usage. Accordingly, if adopted every hookup next year would pay in cash a minimum of $6,000.00. Kling asked if that would be charged to a household hookup. The CEO replied yes as it would be for all hookup small or large. Kling related that that would be hard on some families and could deter people wanting to hookup. Schramel related that this is one way to answer Judge Bush who warned last year that he wanted LPRW to justify its fully assessing hookups and burdening existing customers to hookup these customers. It was pointed out by the CEO that he had to decide on an amount adequate to be paid up front to help pay all hookup costs from those hooking up while not deterring hookups. He knows Red Rock Rural Water System charges $4,000.00 for hookups. He has requested that this cash policy be applied to the capacity charge as that is the most flexible incoming monies to LPRW as it can be placed in the general funds and under the operations budget. M/S/P DeWilde/Buysse with Kling against collectively to approve adopting a 5 % across the board water rate increase for 2015 to be effective on the June, 2015 usage payable July 1st and thereafter and also to approve charging for the first capacity charge in cash to begin January 1, 2015. Kling voted against the cash payment requirement for the first capacity charge as he felt this would be a hardship on families with limited income to get hooked up on rural water.

**Public Comment:** None

**Adjournment:** M/S/P-U Kling/Feikema to adjourn at 9:45 p.m. The next meeting will be held Monday, November 24, 2014 at 10:00 a.m. at the main office in Lake Benton. Spronk stated he will not be at the next meeting.

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