

LINCOLN PIPESTONE RURAL WATER SYSTEM

East Highway 14, P.O. Box 188, Lake Benton, MN 56149

(507) 368-4248 or (800) 462-0309 fax (507) 368-4573 email: lprw@itctel.com

Meeting Minutes

February 23, 2015

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 February 23 2015, starting at 10:00 a.m. Chairman Frank Engels called the meeting to order with Commissioners Earl DeWilde, Jerry Lonneman, Randy Kraus, Bill Ufkin , Brent Feikema, Joe Weber, Rod Spronk and Jan Moen being present and with Ken Buysse and Mitch Kling absent. Also present were Board Attorney Ron Schramel, CEO Mark Johnson, Field Superintendents Tom Muller and Shawn Nelson, Operations Manager Jason Overby and Enterprise Technician Jodi Greer present with DGR Engineer Darin Schreiver arriving late. Jamie Mays of Utility Group Service also joined the meeting.

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

Minutes: M/S/P-U Feikema/Weber to approve the Regular Board minute and the read minutes of both the Personnel Committee Meeting of February 23, 2015 and the CEO will correct small incidental typos to the regular minutes.

Meet with Jamie Mays of Utility Service Group on Well Rehab Work: Mays introduces himself and his company stating USG started as a Tank Maintenance service company and now services over 6,000 tanks. That service is based upon a higher fee for the first 3 to 5 years where tanks need to be repainted and then a lower fee annually. They inspect the tanks more visually annually and then every two or three years will do a more thorough inspection. However, he was here to talk about well rehabilitation work. He related that his company uses a patented method licensed to them that involves CO2 injected under pressure. They also use other traditional methods in conjunction with this method when needed. This method is an energetic method using a dual plunger to agitate water through portions of the screen in and out of the well intake area. This is the method USG used at Brookings Municipal Utilities (BMU) where they rehabbed 9 wells. Some of the wells gained 164% and others only 15% increase in specific capacity production. From their work to increase capacities for wells BMU now only has to run one pump at their north plant saving energy from having to run two or three pumps and saved the well field. LPRW staff have personally verified with BMU these results.

The cost for LPRW is based on 10 wells for a ten years with a contract per each well for \$7,300 per year with buyout provisions and after four years a not to exceed inflation provision of 5% per annum. As part of the contract USG will annually test the wells for performance and proactive further rehab work. USG maintains and replaces pumps and motors but not the casings and electrical or for any lightening damage. Lonneman determined that at 5% per annum that the price would be \$81,000 per well over the 10 years. Currently LPRW has averaged \$64,000 annually over the last 6 years for all wells and \$20,000 average annually for Burr. New wells and non-used wells and wells that have not shown production degradation over the years will not be rehabbed under this proposal LPRW staff have identified the 6 production wells at Holland and the four production well at Verdi which are 35 years old as being candidates for this program. Rasmussen had sent in the question whether LPRW should try only one Verdi well and if it did not improve from treatment then not to add the other Verdi wells. Mays related that LPRW should contract for all Verdi wells and if the first does not improve then the other contracts would be rescinded. Mays agreed that the inflation factor be tied to the Consumer Price Index with a 5% maximum. Upon other questioning and answers M/S/P-U Ufkin/DeWilde to accept the contract for the 10 wells with Schramel to approve the exact contract language.

Treasurer's Report: M/S/P-U Lonneman/Feikema to approve the Treasurer's report. The CEO presented the income statement and noted that there are matters in transition with the audit going on. Thus one temporary account which was out of order will be adjusted by the auditor. He then related that the budget software does not allow for entries above 6 digits for income and related those values verbally. As to income he had adjusted out of the budget the June rate increase for more normal comparisons and related those figures accordingly.

Pending Bills: The CEO presented the bills to be paid. M/S/P-U Ufkin/Moen to approve the payment of the bills.

The bills to be paid are as follows:

- DeWild, Grant, Rechert and Associates Company: General Services Invoice #160 = \$ 5,759.81; and New Water Development ppe - #79= \$ 2,484.80.
- Schramel General Legal Services =\$ 5,285.72.
- Bovee Scope 2 Wellhead Protection Plan Services Invoice = \$ 2,600.00.
- HD Supply Meters Invoice # D443237= \$ 13,338.00.
- Ervin Well Company, Inc. Holland Well # 3 Invoice # 380 = \$9,564.44.
- Wenck Topeka Shiner Invoice # 11500120 = \$2,471.85.

Attorney's Report:

- **Selling Water to Iowa Customers:** The Minnesota laws governing selling water out of state are the same as the Minnesota basin of original transfer and only Two Million gallons per day average over 30 days per permit is allowed. Thus it can be done but then Iowa's law would control as to construction and water quality standards which should not be difficult to meet. However, under the immediate circumstance the issue is moot as the Iowa customer will tie into OCRWS in Iowa as it is more cost effective per Muller.

Engineer's Report: Schriever presented the following:

- **Dawson and Madison:** DGR is taking a preliminary look at developing a new LPRW Dawson Regional water supply east of Dawson consisting of consisting of new wells and a lime softening WTP. Water would be delivered to Madison, Dawson, Montevideo, Clarkfield, Granite Falls and LPRW. Water quality benefits would be significant from both a drinking water perspective and wastewater perspective.
- **Clarkfield:** RD reported that the PER submitted by Clarkfield's Engineers indicates that a connection to LPRW is the preferred alternative. Clarkfield's Engineers requested a peak day service of 205,000 gpd, or 145 gpm in 24 hours. To make a full commitment, LPRW will need to make capacity improvements in or to this area.
- **Bluegrass Proteins (near Dawson):** a meeting with Bluegrass Proteins was held on February 20 to discuss potential cooperation with water. There appears to be some interest on their part, so further investigation is merited. The discussions went from can LPRW buy water from the factory to can LPRW produce and sell them water and how the facilities would be upgraded and maintained, etc. Bluegrass has sufficient waste ponds to handle any reject waters and has on staff a Class "A" operator for water/wastewater. It was left with Bluegrass to get with its corporate headquarters about how it wants to proceed and get back to LPRW.
- **RRRWS:** Potential Joint Project: RRRWS continues with their water exploration efforts. Red Rock is concerned over LPRW wanting to serve Heron Lake. The Board is of the consensus this matter needs to be discussed with Red Rock. Also there could be a chance for LPRW to sell water in this area to Red Rock. The CEO related that there is already a meeting scheduled at St. Cloud with Red Rock.
- **Lewis and Clark:** DGR has been considering potential ways to use the Lewis & Clark supply. Schriever supplied a source and demand summary. From this summary he had calculated potential city customers' peak water use and then looked at the current and future demands on the Holland and OCRWS service areas. Currently Holland and OCRWS in overdraw of the permit produce 3.7 MGD and have a 2014 peak day demand of 3.7 MGD. In the future without Worthington, with LPRW taking from OCRWS only at the agreement amount and adding Lewis and Clark there is 4.0 MGD available and a demand with the potential city customers along with Pipestone there is 3.6 MGD needed which leaves only 0.4 MGD for other growth. Schriever is of

the opinion there will be no spare water after Lewis and Clark becomes available to LPRW.

Discussion ensued about what can Lewis and Clark do to help Holland and how far can Holland can carry water without the RO system and no new water treatment plant. Lewis and Clark after significant comments from staff and Schriever can supply back toward Edgerton on a partial basis from Chandler. It would take \$10 Million dollars to put in the class and size pipe and pumps to move the Lewis and Clark water against the design grain of the Holland distribution system. In the alternative if LPRW tied into Lewis and Clark at east Magnolia to avoid digging through rock, moved water through the Kenneth area and other low pressure problem areas up toward the Holland plant the cost for pipe and pumps is about \$ 6 Million.

The cost to produce Holland with the RO system is about the same cost to purchase water from OCRWS or \$1.36/1000 gallons.

- **New Users Requests:** Son D farms, 110-43-07 (half mile into Iowa near Ellsworth) has requested water. This lies in Iowa and within the OCRWS service area. Should LPRW serve there LPRW would need to get construction permits and meet other Iowa requirements. In the alternative LPRW could set the meter at the Iowa state line and sell the water there.

- **Holland Permit:** Meyer of the MPCA noted that the project cannot be placed on the PPL until legislative language is changed to allow it; the proposed change is in process. Assuming the language is changed then LPRW could be placed on the PPL and potentially could receive PSIG funding. We should know more in the next few months.

- **CIP Program:** Adjustments will be made based on RD comments.

- **RD Funding:** RD has provided PER review comments and discussed them with us directly at a meeting in Marshall on January 22nd. Additional information is needed for several items: DGR will make it a priority to provide the required responses. RD requested responses by March 1st. The RD national pooling fund deadline is May 1st.

Generally speaking, a maximum of \$3-5 Million projects are easier for RD to manage, so they would like to prioritize projects accordingly on an annual basis.

- **LPRW 100 Mile Project- “LP 100 – 100 Miles for 100 Years”:** DGR is developing a preliminary concept of transmission facilities along the east side of the system from Dawson to the L&C connection point. The system would be able to transfer water in either direction and would tie-in to significant existing facilities such a Chandler Tower, Minneota Tower, Russell area, etc. The piping and pump system would be designed so that the piping can carry water in a dual fashion but not override local pressures so tie-ins and hookups can be effectuated all along the way without undue expense. Lonneman related that if Lewis and Clark has no extra water to be moved through it and the cost is prohibitive for LPRW to fund itself that this is a

candidate project for the State Bonding bill once Lewis and Clark has been acquired at Worthington.

Regional Water Development Report:

- **Bluegrass Proteins/Clarkfield:** This was discussed previously. The next move is to get together with their corporate headquarters and come up with an offer and the LPRW would analyze the offer. This must be a win-win for both entities.
- **Lewis and Clark:** Discussed above.
- **Rock County:** Engels, Lonneman and Weber and the LPRW managers met with Kyle Oldre, County Administrator; Brent Hoffman, RCRWS Manager, three of their County Commissioners, a RCRWS Commissioner and Darin Schriever DGR Engineer for both LPRW and RCRWS. The meeting was only informational for each to learn about each other's system and needs and how each could help one another and was very cordial. Water rates and hookup fees and philosophies about fees. RCRWS utilizes pits and has a remote water meter reading system. As there had been was no discussion of any unification of systems Weber said he asked their Commissioners if they were happy with the way things were going and they were.

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

- **Tom Muller:** Muller reported the Jasper area is now being served by Verdi so as to help the Holland aquifer. He has permission from OCRWS to run any extra water he can through Lismore and Chandler into the Chandler area to test what Lewis and Clark may be able to do when it becomes available. He is working on meter change outs and valve exercising as well as easements. Spronk asked which meters are being changed out house or pits. Nelson related that the pits are done only in the summer.
- **Shawn Nelson:** Nelson stated that the staff has been considering installing only pits for new hookups. The cost is about the same but would save on potential lawsuits and provide better remote read access. Overby stated this really protects the employees, resolves liability issues and the gray areas as to repair and maintenance issues.
- **Jason Overby:** Wenck Engineering is due to do its next biological testing report on the Topeka Shiner in 2016.
- **Jodi Greer:** Greer related that Connie Bressler and she are working on getting the Paymentus payment system started. Marcos sent their IT engineer to do a no cost review of the LPRW computer systems and to give a write-up what is needed and what needs to be fixed. This will help LPRW decide what it needs to do for long term IT service.

CEO Report:

- **St. Cloud – Adopt Expenditure Resolution for Meals and Expenditures:** The CEO stated he needed a resolution that would allow him to pay for the expected higher costs for meals and associated expenditures related to the annual MRWA conference than the reimbursement policy normally allows. M/S/P-U Lonneman/Weber to authorize the CEO to cover the higher costs of meals and associated expenditures related to the attendance at the MRWA annual conference in St. Cloud.
- **MPCA Response Letter:** The CEO presented his response letter which had been reviewed by Schramel for the Board's acceptance as to an expeditious timeline to eliminate the RO reject waters discharge. The Board was of a consensus to approve that the letter be sent.
- **AWWA Conference – Send Jason Overby:** The CEO recommended that Overby be allowed to attend the AWWA annual conference to be held in Anaheim, CA in early June. He related Overby would gain valuable training from this technical conference in favor of LPRW. M/S/P-U Moen/Weber to approve Overby going to the AWWA conference in Anaheim, CA in June, 2015.
- **New Staff Committees and Assignments:** The CEO presented a list of committees and assigned staff which emulates the Board's committees. The CEO believes this will help management to make better decisions and develop better employer-employee relations by having them involved in more critical decision making. Spronk related it would be good to have the committee members attend the Board Committee meetings for their input except when a matter is of a confidential nature.

Committee Reports:

- **Executive Committee:** Nothing more to discuss.
- **Personnel Committee: February 23rd Recommendations:** There was nothing further to report that the minutes had not covered and there were no recommendations to be acted upon.
- **Water Resources Committee - DNR Meeting 2-19-2015:** Per those who attended the meeting with the DNR reported there were no negatives from both the MN DNR and the SD DeNR. The SD DeNR last year had passed on its concerns as to Burr and Lake Cochrane but its enforcement people had taken no action as the data was very obscure and there is a state line jurisdictional problem as well. The MN DNR felt all the aquifers were managed well and related that their levels are trending well despite low rainfall levels. Weber recommended that the CEO give handouts next year but his reporting was good. Weber stated that the Water Resource Committee needs to meet February 26th at 10:00 am along with Randy Kraus to review the contract with Mike Moeller and what program and base needs to be signed up for with the Pipestone

SWCD, conservation matters and discuss the resetting the priorities for the PER in light of DGR's presentation today.

- **Budget and Finance Committee:** Nothing to report. Spronk wants to see the Audit done by March and that the CEO contact Matt Taubert to assure it is completed timely.
- **Joint Powers Board Representative- Lewis and Clark Bond Bill/ Legislative Testifying 2-3-2015:** This matter has been discussed above.

Other Business:

- **Sign Letter to Senators/Representatives Re: Lewis and Clark Bond:** The CEO presented a letter addressed to the Senators/Representatives on the State Water Board Commission for the LPRW Board Members signatures to thank them for their support for the Lewis and Clark Bonding bill.
- **Dave Hume's, LBG, Proposal for Desk Top Study for Well sites near Holland:** Then the CEO presented the LBG proposal for conducting a desk top study for locating potential shallow wells at \$5,000.00 and Deep wells at \$4,000.00 or a combined study for \$8,000.00. The CEO stated that since the Holland aquifer is impacted by the drought and ever increasing number of irrigators that LPRW should spread its water volume risks and water quality risks over more aquifers nearby the Holland Plant and take advantage of existing distribution infrastructure which is the most costly component of the LPRW system. The Board is of a consensus to table the matter for a month and have the LPRW employees explore what they can find from previous explorations by LPRW and its consultants first and report back to the Board their findings.
- **Truck Bids:** The bids for trading trucks were presented as to two bidders. The Board was of the consensus to broaden the bids. Overby related these bids are time sensitive. M/S/P-U Buysse/Feikema to have the CEO seek more truck bids and accept the best bid and report back to the Board at the next meeting.
- **Rental Agreement with Mike Moeller:** The time for the Moeller agreement is set to expire and he wants to continue to rent these lands. This matter needs to be reviewed by the Water Resources Committee as to setting the rents and programs for these lands consistent with the current county rent rates, conservation practices and well head preservation goals of LPRW and not be divergent from what LPRW is seeking others do in their land use practices. The staff Water Resources Committee should also attend the Water Resources Committee Meeting (already set above) for their input on this matter and Wellhead protection matters. Overby reminded the Board that he has sought and gotten a \$10,000.00 grant that needs to be used for conservation efforts and until it is spent LPRW cannot apply for other similar grants. M/S/P-U Lonneman/Spronk to approve that the grant money be spent where it can most wisely be used.

- **Thomas Electric Bid:** Overby reported Steve Lovre had taken bids as to electrical work to install quick connect generator hookups both for safety and efficient operations especially during times of emergencies. Engels stated that Rural Electrics would install certain electrical equipment and that could reduce the bid. Lovre is to check into any Rural Electrical aid for any bid adjustments and accordingly to what he finds proceed with accepting the bid.

Public Comment: None

Adjournment: M/S/P-U Lonneman/Kraus to adjourn at 3:25 p.m. The next meeting will be held Monday, March 30, 2105 at 10:00 a.m. at the main office in Lake Benton.

_____, Janice Moen, Secretary.