LINCOLN PIPESTONE RURAL WATER SYSTEM

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**MEETING MINUTES**

**June 30, 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, May 19, 2014, starting at 6:00 P.m. Chairman Frank Engels called the meeting to order with Commissioners Rod Spronk, Joe Weber, Norris Peterson, Jerry Lonneman, Mitch Kling, Jan Moen, Brent Feikema, Earl DeWilde and Bill Ufkin were present with Ken Buysse being absent. Also present were Board Attorney, Ron Schramel and DGR Engineer, Darin Schriever. CEO, Mark Johnson, and Field Superintendents, Shawn Nelson and Tom Muller, and Operations Manager, Jason Overby.

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

**Minutes:** M/S/P-U Weber/Lonneman to approve the Board minutes of May 19, 2014 and the Special Meeting of June 17, 2014.

**Treasurer's Report:** The CEO presented the Balance sheet, Revenue Statistics and the Cash and Investments reports. Then he handed out an Income statement which showed the actual income and expenses through May 31 and then projected an estimate for December 31. He highlighted the areas that are projecting adversely in brown and that are projecting positively in green. Discussion ensued about factors that are and could affect the water sales revenues, i.e. crop spraying, wet year, less livestock. The question about whether large users are down or up also for small users, the same. The CEO will report on this later. M/S/P-U Moen/Ufkin to accept the Treasurer’s report.

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

* DeWild Grant Reckert and Associates Company: General Services # 152 = $ 11,276.74

New Water Source Development – ppe #71 = $12,168.00.

* Schramel: General Legal Services = $3,081.2
* Carollo Invoice # 0131970 = $3,909.85 when the final report is presented.
* US Bank- Yellow Medicine County Bond Series 2008 = $98,365.01
* Us Bank- Lincoln County Bond Series 2012 = $9,400.00
* Leggette, Brashears & Graham, Inc. Invoice # 201405251 = $1,557.54
* Dakota Supply Group Invoice # 8586897 = $ 18,729.08
* Dakota Supply Group Invoice # 8688002 = $ 8,661.81
* Prairie Winds Construction, LLC Invoice # 131 = $ 5,225.00

**Attorney’s Report:** Nothing to report.

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

**New Water Development:**

• **Cities of Madison/Dawson:** Nothing to report.

• **City of Clarkfield:** Nothing new to report.

• **Red Rock Rural WS:** Nothing new to report.

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

• **New User Requests:** 57 new user requests have been reviewed since January 1; 34 are residential only; 22 are livestock or commercial and one camp ground totaling 121,500 gallons per day peak and 80,000 gpd average. Discussion then followed as to when new hookups should be required to loop. Several scenarios were presented. One dealt with a livestock addition that caused existing customers to go from above 20 psi peak day to less than that. Another involved a house where the floods had taken out the homeowner’s well and there is a significant amount of line to be laid to the homeowner from the existing main and the looping would add over two miles. The Minnesota regulations require that 20 psi be maintained at all times even at peak conditions to customers. Accordingly the Board is of the consensus that under those type circumstances that the new customer will need to pay for those costs so as to maintain the integrity of the system to existing customers.

• **Holland permit:** PCA continues to process the permit application for modification of the discharge permit to include the Biottta process and discontinue the RO. There are regular conference calls with Pam Meier of the PCA. The PCA is having a little difficulty internally trying to determine how to issue the interim permit limits (which they know would be out of compliance) for the RO system during construction.

• **RO system maintenance/ Operations:** The RO for continued use will require membrane replacement and general maintenance, i.e. instrument repairs. Overby reported the cost to replace membranes has been reported to be $60,000 per skid including pre filters. Even working to keep the RO operational without membrane replacement will still require the pre-filters at a cost of about $5,000. The current filters are 70% efficient vs. the maximum of 80% efficiency requiring more energy to run at the same rate. Without the RO Jay Stuefen has reported that he could produce approximately 1 million gallons per day from the low nitrate wells.

* **Lewis and Clark:** Nothing new to report.
* **South End Water Situation:** Whereupon, Schriever presented a table which summarized hydraulic modeling as to using OCRWS and L&C water when it becomes available. This covered the territories of Verdi South, Holland, Chandler Tower and Rushmore Tower and Worthington. At peak day demand with Worthington getting ½ million gallons per day there is a demand of 2431 gpm and source capacity with Holland w/o the RO can provide 2639 gpm and the Hydraulic model shaows that only an effective 2397 gpm can be delivered with Holland dropping from 1 to .81 mgd and Verdi South from ½ to 0.35 mgd. Thus there 0.35 mgd left over per the hydraulic modeling which requires Leota to pump west. The balance point is at the Edgerton Pump Station. The model maximized L&C and OCRWS waters; maximized Lismore north pumping and accounts for 0.5 mgd flowing to Worthington.

• **CIP/ Preliminary Engineering Report/ER:**

 **Holland WTP:** Well # 2 needs to be replace. Schriever presented a letter from David Hume which Leggette, Brashears & Graham has quoted an estimated $11,700 (hourly) for certain professional hydrologist services for this replacement.

 **Verdi:** Then a table for various new well completion alternatives was reviewed. This table outlined full, reduced and bare minimum capacities with a breakdown of these for connecting each well and the cost of the east mile of piping. Discussion ensued as to which alternative looks best in relation to accomplishments and budget. Alternative 2 part A seemed the most likely as it did not over budget and has some flexibility for the future. But this matter is to be work out in light of funding alternatives and grants and other priorities to be determined to be done per the capital improvement program. The High Service Pump Station needs to be improved. Looking at the options, this could range from $100,000 to $250,000. There needs to be a little more field work and study of this project to determine what is best. The storage tank has been inspected and has been found to be in fair shape such that it does not need to be replaced at this time.

 **Tyler to Lynd:** There is not much that can be done here as all the small lines that would aid the flow in this area have already been placed into service and now it is a matter of adding a larger transmission main to aid this area. It was discussed about Red Rock Rural Water System’s hookup and how it is affecting the flow and pressures in this area and what is the actual agreement with Red Rock. The CEO reported that he had not found any formal agreement with Red Rock either in the minutes or other documents.

 **SCADA Improvements:** The SCADA needs to be updated at Holland and is a higher priority that needs to be done soon. The SCADA in the north also needs to be replaced.

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

* **General:** Nothing to report.
* **RD Funding:** Megan Gernentz wants LPRW to prioritize its projects and RD will review the top ones. The full Phase 1 Archeological Report (field study) must be done for the PER/ER and before loan/grant closing. The Phase 1A (paper/records study) has been done. Schriever presented a copy of the contract for $12,720 and covers the Tyler to Lynd pipeline and miscellaneous distribution improvements. It was noted that a procedure will need to be developed for Internal User Expansion line extensions. M/S/P-U King/Ufkin to authorize signing the contract with Stemper for the Phase 1 Archeological Report.
* **Regional Water Development Report:** Nothing to report.

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

**Tom Muller** – The exceptional rains and resultant flooding of the last few weeks have caused LPRW to have to replace two stream crossings, a 4” near Rod Spronk’s farm and an 8” at Edgerton. These had to be re-bored under emergency conditions. Most customers were back fed from looping and thus only a few customers were out of water for a short period of time. Larger new hookup services of greater distance than a mile are being installed by contract while shorter ones are being installed by the LPRW crews. Currently he has 4 household to hookup.

**Shawn Nelson** – The city of Canby wants to know if LPRW wants to have an interconnection. It was pointed out that there may already be an emergency interconnection contract. The CEO will verify this. Then Nelson presented the Falconer hookup issue. This hookup has been bounced around for some time due to determining if it should be handled by RRRWS or LPRW. Other submittals show that there is a need to loop a 2” main and add a PRV in that loop to aid the new hookup and to alleviate existing low pressure issues. This is different than the previous scenarios in that the below 20 psi are pre-existing to the hookup request. Nelson felt that LPRW should pay for this looping. Upon questioning it was found that the adding of customers in this particular low pressure area had been done without an Engineering review. Also one customer in another area has run out of water. It is the consensus of the Board to have Nelson check with the low pressure customers to see if they want to participate in the cost of this looping main and prv to alleviate their low pressure problems. Also any other new hookups should cost share on this looping and prv too.

**Jason Overby** – A group of 4th to 12th grade science teachers taking continuing education visited the Holland plant to learn about soil and water issues and the Lewis and Clark impact on Southwest Minnesota. Overby was helped by Jay Stuefen and the CEO in this presentation. The Wellhead protection program is underway and that the tritium results show that the Burr waters are old water and the wells are not syphoning water away from Lake Cochrane. The Water Resources Committee will need to meet with Aaron Meyer and give guidance on what LPRW will do as to incentive programs. Whereupon Weber related that he had followed up as to the Hurd request and found that Hurd is wanting to do the RIM program without LPRW incentives as soon as he can renew the CRP program. Also a Hurd relative has bought land adjacent to Hurd and wants to do the same without LPRW incentives but must own this land one year before qualifying for the RIM program. Weber pointed out that it may be that LPRW does not need to give incentives and there is now an existing law that is starting to be enforced that requires land owners to maintain a 50 foot grass strip along streams. This in itself may be enough incentive for Ag land owners to apply for RIM and CRP monies without anything further from LPRW.

**CEO’s Report:**

* **Municipal Advisor:** RBC Wealth Management has related that the Federal rules have changed so that funds related to bond issues and reserve accounts, etc. will require that financial advice must now be given by a Municipal Advisor and not just any advisor. RBC has required a letter be signed acknowledging this to the company. MAGIC Fund has been contacted but it has not required the same.
* **Lewis and Clark Payback MN Agreement:** Currently Lewis and Clark is seeking to sign agreements with the State of Minnesota to utilize the $22 Million Cash Bond. Although this money is not legally required to be paid back, Troy Larson is seeking to incorporate in the agreement a provision that L&C will eventually repay this money with Federal monies. This type provision should help L&C assure the other states that should L&C receive funding from them that L&C will treat them fairly too and repay any grant dollars too from future Federal Funding. The CEO pointed out that it would be better to have those dollars repaid to either LPRW or the JPB than the state so that those funds could be used for other needed water projects in this area no matter how far in the future these funds would be returned. It is advantageous to seek to have this codified into law at this time so that these returned funds would not have to be resought and fought for in the future. And this matter should be pursued now while it is fresh on the minds of the Governor and Legislature where these funds are coming from and that water is and will remain a critical need in Southwest Minnesota and at LPRW. Lonneman pointed out that these funds should return to LPRW because it has had to expend monies already to get OCRWS water while having to wait on L&C water. There may be opportunity to bring this matter up at the July 21st meeting Representative Rod Hamilton is handling. M/S/P-U Ufkin/Kling to request L&C to route any Federal monies for repaying the State of Minnesota for the $22 Million Cash Bond through the Joint Powers Board.
* **Budget:** The CEO pass out for information purposes and for the planned committee meetings on July 21st a projection of the income and expenses through the year 2017.
* **Membership Fee/ User Agreement Extended to Secondary Landowners:** Currently LPRW does not charge a fee to successive landowners receiving ownership through title transfers and which have an accompanying existing rural hookup. Nor do these successive landowners have a contract that personally obligates them to pay for water bills and LPRW can only move against the land for this recovery, a much more tedious process. Schramel pointed out it is more legally advantageous to have such and with such these landowners are acknowledging that they agree to conform to the rules and regulations of LPRW. The CEO related the successive landowners include title transfers to children, trusts, llc’s anything recording land title transfer at the court house. When it was recommended that the fee be the same as the original fee it was pointed out that the original fee included covering Engineering analysis associated with the hookup. Whereupon Lonneman advised it should be $100 to be fair. M/S/P-U Lonneman/Weber to approve requiring for a Secondary Landowner acquiring ownership via title transfer to effectuate their LPRW membership in that they sign a Transfer Fee/User Agreement that the fee be set at $100 per each hookup and is nonrefundable.
* **MDH Wellhead Protection Letter:** The Minnesota Department of Health has sent a letter acknowledging that it has approved the plan amendment extension of the Well Head Protection plan and it is to be submitted by December 29, 2017. Although the letter granted LPRW eligibility for the protection plan implementation strategies listed on LPRW’s submitted form, the letter went further to state that landowners in the drinking water supply management areas may not be eligible to receive funding from the Reinvest in Minnesota Program. This is of concern as LPRW is wanting to use this program currently to protect the wellfields. The CEO will be sending a letter of concern and a request of explanation.

**Committee Reports:**

• **Executive Committee:** The minutes of the June 4th meeting was reviewed and Ufkin suggested a modification which the CEO will do make whereupon it was accepted by consensus of the Board. The meeting of this committee is July 21st at 8:00 pm.

• **Personnel Committee:** Moen had sent out the minutes of the June 18th meeting and she said the meeting with the CEO resulted in a very positive review. The Board accepted these minutes by consensus. The next meeting will be held July 21st at 7:00 pm.

• **Water Resources & Equipment Committee:** The next meeting is set for July 21st at 7:00 pm.

• **Budget and Finance Committee:** The next meeting is set for July 21st at 6:00 pm/.

• **Joint Powers Board:**  Nothing to report.

• **MRWA Director:**  Nothing to report.

**Other:**

**County Board Meetings:** The CEO presented the schedule for presenting the annual audit to the county boards.

**Board Vacancy:** The CEO reported that he only had one applicant to fill the position of Norris Peterson when he retires, Mr. Randy Kraus. Kraus is well known to the Board members and has a strong background that will aid LPRW. Peterson and Engels related that they had talked to another potential applicant and Peterson will get in touch with him and report to the CEO the interest of this person. Accordingly, if there are more than one applicant then there will need to be a meeting with the Executive Committee; otherwise the CEO is to invite Mr. Kraus to the July 28th meeting.

**Public Comment:** None.

**Adjournment:** M/S/P-U Moen/Kling to adjourn at 10:00 pm. The next regularly scheduled meeting is set for Monday, July 28, 2014 at 6:00 pm.

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