

# **Lincoln Pipestone Rural Water**

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## **Board Meeting Minutes**

**November 28th, 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, November 28th, 2016, starting at 10:00am. Chairman Joe Weber called the meeting to order with Commissioners Ken Buysse, Randy Kraus, Brent Feikema, Rod Spronk, Earl DeWilde, Mitch Kling, Jan Moen, Jerry Lonneman and Frank Engels present. Absent was Commissioner Bill Ufkin. Also present were Board Attorney Ron Schramel, DGR Engineer Darin Schriever, Financial Advisor Nathan Kinner, Field Superintendents Tom Muller and Shawn Nelson, Enterprise Technician Jodi Greer, and General Manager Jason Overby.

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

**Minutes:** *M/S Kraus/Buysse to approve the October 2016 Board Meeting Minutes; and Budget & Finance Committee Meeting Minutes (11/22/16). Motion carried.*

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

- **CIP Program**

- Priority #1: (Source Water/Controls) On-site walk through is planned. Recommended approval of PPE #7, subject to RD concurrence.

*M/S Lonneman/Engels to approve payment to Ellingson Companies (Priority 1 – Part 1) for PPE #7 in the amount of \$110,259.99. Motion carried.*

- Priority #2: (Magnolia ML) Schriever recommended approval of CO #2 with Winter Brothers and PPE #2, subject to RD concurrence.

*M/S Buysse/Moen to approve Winter Brothers Change Order #2 (Priority 2), in the amount of \$19,625.00. Motion carried.*

*M/S Spronk/Feikema to approve payment to Winter Brothers (Priority 2) for PPE #2 in the amount of \$1,024,164.08. Motion carried.*

- Priority #2: (Edgerton PS/R) Schriever recommended approval of KHC PPE #4, subject to RD concurrence.

*M/S Feikema/Kraus to approve payment to KHC (Priority 2) for PPE #4 in the amount of \$342,858.20. Motion carried.*

- **Hendricks Tower/Ivanhoe Tower Recoat Project**

*M/S Kling/Engels to approve payment to K&W Coatings for PPE #1 in the amount of \$116,375.00. Motion carried.*

**Public Discussion:** [Brinkmeyer Barns] Mr. and Mrs. Matt Brinkmeyer came to discuss building two 2400-head hog barns to be located in Section 33, Fountain Prairie TWP of Pipestone County; and to utilize manure generated from this site to land-apply within LPRW's DWSMA. The proposed barn site is located approximately ½ mile distance from the identified Holland aquifer 10-year capture zone; as well as being situated within a highly vulnerable area of our wellfield. Manure storage will be in-ground cement pit. Brinkmeyer noted that soil profile consists of 2' of black soil, followed by 1'-1.5' of clay, then sands/gravels; with water 4' below surface. Spronk questioned where the manure will go because LPRW does not want it on the ground in that area. Brinkmeyer also plans on digging own wells, with no plans to connect to rural water.

Brinkmeyer inquired as to how hard the board will push back on this. The board expressed concerns about the high nitrates that already exist within the Holland aquifer. GM reiterated that the location is within a highly vulnerable area – describing water table levels in this area being extremely close to surface; the fact that LPRW treats for nitrates and the fact that the treatment for nitrates (Reverse Osmosis) is eventually going away – further elevating nitrate concerns and sustainability of existing wells. Kling stated that he would be afraid to put something up that big in that area that could affect the drinking water. Schramel recommended that Brinkmeyer check with MPCA.

Brinkmeyer stated he will start with the MPCA and go from there. He will also check into getting a variance to possible build in a different location.

Brinkmeyer left the meeting and the board held further discussion on the issue. Schramel stated that the board needed to go on record that LPRW be opposed of the construction of these barns at this location within our wellfield.

**Operations Report:** November Operations Report was presented.

**Manager's Report:** November Manager's Report was presented. Further discussion on City of Ghent's proposed city tower locations and two leaks that occurred at city meter pit. City will be billed for leak repairs on city-owned pipe infrastructure.

**Attorney's Report:** Final closing on the Pritchett land purchase occurred 11/22/16. LPRW now owns the following property: 2.24 acres in the SW ¼ of Section 30 & the west 114.26 acres in the NW ¼ of Section 31, T109N-R46W (Verdi TWP), Lincoln County, MN. Final settlement on this property totaled \$815,709.00. The closing on the smaller, adjacent property will occur by the end of the year.

Assessment Hearing is scheduled for December 28, 2016 at the Lyon Co. Courthouse. Schramel gave a recap of hookups in 2016: total of 44 service connections, of which 14 pre-paid the entire connection costs and 30 service connections will be assessed. Schramel suggested Board to consider capping the total amount of assessment

*Reminder:* Election of officers will be held at December board meeting.

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

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Kinner presented the FY2017 Budget. Assumptions included: 10¢ increase for all user groups for last half of FY2017, and 5¢/yr. increase, thereafter; and 25 small and 1 large user added annually for growth.

Spronk reviewed B&F Committee Meeting Minutes.

Kraus discussed CRP sign-up eligibilities. Kraus suggested offering to enroll Pritchett land into CRP by October 1. Kraus suggested open bidding to rent tillable acres for one year. Schramel recommended not to offer exclusive hunting rights on the lands that are leased.

***M/S Spronk/Kling to enroll existing tillable land on the newly acquired parcel (Pritchett) into CRP by the effective October 1, 2017 signup deadline; and to place those tillable acres for open bidding to rent for one (1) year, with the requirement to remove stover prior to enrolling into CRP. Motion carried.***

***M/S Lonneman/Engels to place existing CRP contracts (#13-2975, 31.1 acres expiring in 2027; and #09-2687, 29.6 acres expiring in 2019) on the newly purchased Pritchett land for open bidding to rent. Motion carried.***

***M/S Spronk/Feikema to increase water rates \$0.10/1,000 gallons/month for all users (small rural, large rural and municipal) beginning July 1, 2017. Motion carried.***

***M/S Kling/Kraus to move funds from existing General Account(s) to a newly created Short-Term Asset (STA) account in the amount of \$100,000 to be available January 1, 2017; and to fund \$26,250 monthly beginning January 1, 2017. Motion carried.***

***M/S Buysse/Engels to create a Long-Term Asset (LTA) account, and to fund this LTA account at a rate of \$15,000 per month beginning January 1, 2017, which totals \$180,000 annually. Motion carried.***

***M/S Lonneman/Moen to segregate base rate increase of \$4.95 that was instituted beginning July 1, 2016; and place in a Restricted Account designated for future CIP Priority 1 and Priority 2 bond payments. This will also include the subsequent \$2.00 (2017) base rate increase and \$2.00 (2018) base rate increase. Motion carried.***

***M/S Kling/Spronk to pass the monthly service charges relating to the Automatic Meter Reading (AMR) system on to LPRW customers after customer deployment; and to***

*itemize those AMR monthly charges, along with the MDH customer service connection fees on the monthly billing statement. 8 in favor, 1 opposed (Kling). Motion carried.*

*M/S Engels/Feikema to approve the FY 2017 Budget. Motion carried.*

Pending Bills:

- DeWild Grant Reckert and Associates Company:
  - General Services Invoice #181 = \$2,740.00
  - 2014-2015 Improvements Project – Priority 1, PPE #18 = \$4,251.30
  - 2016 Improvements Project – Priority 2, PPE #7 = \$20,051.61
  - Hendricks/Ivanhoe Tank Painting - \$5,942.38
- Schramel Law Office:
  - General Services = \$3,446.00
  - 2015 Expansion Project – Priority 2 = \$256.00

Lincoln County Bond Payment = \$359,967.50

Northland Trust Services Inc.:

Pipestone Co. \$1,080,000 GO Revenue Bond, Series 2016A = \$495.00

Pipestone Co. \$1,685,000 GO Revenue Bond, Series 2010A = \$106,517.50

Nobles Co. \$1,595,000 GO Rev. Crossover Bond, Series 2012A = \$152,838.75

USDA-RD Loans = \$463,000.00, \$259,220.00, \$219,330.00, and \$37,822.50

*M/S Lonneman/Kraus to approve pending bills including listed bond payments and USDA-RD Loan payments. Motion carried.*

#### **Committee Reports:**

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Committee meeting scheduled for November 30, 2016.
- **Budget and Finance Committee:** Previously discussed during Treasurer's Report.
- **Water Resources and Equipment Committee:** Committee meeting scheduled for December 1, 2016.
- **Joint Powers Board Representative:** Nothing to report.

#### **Other Business:**

- Verdi-SD Land Lease Amendment:

*M/S Engels/Spronk to approve the amended Verdi-SD Land Lease Agreement with Heath Houselog. Motion carried.*

- On-Site Storage Policy:

*M/S DeWilde/Engels to approve the On-Site Storage Policy, with change in language to include “24-hour peak usage”. 8 in favor, 1 opposed (Lonneman). Motion carried.*

Kling questioned why LPRW is forcing customers to have on-site storage.

- Jonathan Olson Letter and Mike Boerboom Letter – Letters to the Board requesting service connections to new livestock facilities in Lyon County. Board had previously (June 2016 Board Meeting) instituted a moratorium on any new non-residential hookups in the Burr Service Area. LPRW Board has determined that no additional large user hookups to occur within the Burr Service Area until a new water source is found. The board will issue a response to these requests.

*M/S Engels/DeWilde to amend the existing moratorium on all new non-residential hookups in the Burr Service Area to also include not permitting any capacity expansion with existing users in the Burr Service Area without board approval. Existing customer peak usage will be established by calculating the average for the highest peak month for each of the last 3 years (2014, 2015, and 2016). 7 in favor, 2 opposed (Spronk and Lonneman). Motion carried.*

- LPRW Employee Right to Know Policy Manual – GM presented this manual, outlining the purpose and application. Safety Committee members finalized this OSHA-required document. Management to approve and present to staff members.
- 2017 Board Schedule:

*M/S Engels/DeWilde to leave the schedule the same. Roll Call Vote - 5 in favor (Moen, Engels, DeWilde, Feikema and Kraus), 5 opposed (Lonneman, Kling, Spronk, Buysse and Weber). Motion failed.*

*M/S Lonneman/Kling to start board meeting at 10am for the months of January, February, March, November and December; between 4pm-6pm (to be determined 3 days prior to meeting) for the months of April, May and October; and 5pm for the months of June, July, August and September. 8 in favor, 1 opposed (Engels). Motion carried.*

**Public Comment:** No public comments.

**Adjournment:** *M/S Lonneman/Feikema to adjourn board meeting at 3:57 pm.*

Respectfully Submitted,

Janice Moen, LPRW Board Secretary