

Lincoln Pipestone Rural Water

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Meeting Minutes

November 27th, 2017

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 27th, 2017, starting at 10:00am. Chairman Joe Weber called the meeting to order with Commissioners Ken Buysse, Bill Ufkin, Rod Spronk, Brent Feikema, Jerry Lonneman, Earl DeWilde, Mitch Kling, Randy Kraus, Jan Moen, and Frank Engels present. Also present were Board Attorney Ron Schramel, Financial Advisor Nathan Kinner, Field Supervisor Shawn Nelson, Enterprise Technician Jodi Greer, and General Manager Jason Overby. Gary Crowley, Lyon County Commissioner also in attendance. DGR Engineer Darin Schriever absent.

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

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

Capacity Variance Hearing: The following cases, and LPRW Board decisions, were documented:

Petitioner: Mitchell Cox

Request: To appeal the capacity charge due to the fact that (party) was told of the anticipated gallons usage back in 1995.

Findings: Mr. Cox was present at the hearing. This is a pre-2006 account, so the board-approved formula is applied resulting in a capacity limit of 200,000 gallons/month. Recommendation is to deny Party's request for variance from current Capacity Unit Policy.

M/S Engels/Moen to accept the GM's recommendation to deny the request for variance, and to offer the party the opportunity to purchase up to two additional capacity units at the rate of \$6,000 per capacity unit. This offer is available until May 31, 2018. Motion carried.

Petitioner: Lyle Dubbeldee

Request: A variance for another 50,000 gallons per month at regular base pay.

Findings: Mr. Dubbeldee was present at the hearing. There was a change in business operation in 2015 due to financial hardship. Recommendation is to acknowledge change

in monthly usage stemming from a change in business operation due to financial hardship during the 2015-16 analysis period; establishing a capacity limit of 100,000 gallons/month.

M/S Ufkin/Kraus to approve the request to increase capacity limit to 100,000 gallons/month as a result of change in business operations due to financial hardship in 2015. Motion carried.

Petitioner: Brandon Gruis

Request: To consider using water usage from last 10 months.

Findings: Mr. Gruis and his father were present at the hearing. GM recommendation is to utilize board-approved formula on 2017 monthly usage data; due to changing operations at location during 2015-2016 analysis period. After some discussion it was recommended by legal counsel that we must treat everyone the same and there was no case for hardship.

M/S Ufkin/DeWilde to deny the request for variance, but to offer Gruis the opportunity to purchase up to two (2) additional capacity charges at \$6,000 per capacity unit until May 31, 2018. Roll call vote: two (2) in favor, eight (8) opposed, one (1) abstained. Motion failed.

M/S Moen/Feikema to deny request for variance from capacity unit policy, per advice from legal advice. Roll call vote: six (6) in favor, four (4) opposed, one (1) abstained. Motion carried.

Petitioner: Toni Bullerman

Request: To consider using water usage from 2017.

Findings: Mrs. Bullerman was not present at the hearing. LPRW has documentation of transfer of ownership, dated December 2015. However, no signed documentation on record showing "Capacity Charges" Acknowledgement Sheet from customer. GM recommendation is to utilize board-approved formula on 2017 monthly usage data. Muller stated that he had met with Mike Bullerman in the past and had reviewed the costs associated with additional capacities.

M/S Engels/Buysse to deny request for variance from capacity unit policy, per advice from legal counsel. Motion carried.

Petitioner: Lorang Bros.

Request: To consider researching (water usage) from years further back; due to change in operation during the 2015-2016 analysis period.

Findings: No representation from Lorang Bros. at hearing. Lonneman explained family hardship due to vehicle accident and the loss of a barn from fire. In consideration of change in operations, water usage data was reviewed during 2013-2014.

Recommendation is to accept Party's recommendation and utilize 2013-2014 usage data to show full livestock operation at this location. Based on board-approved formula applied to 2013-14 monthly water usage data, the capacity limit should be established at 150,000 gallons/month.

M/S Engels/Kling to accept the GM's recommendation utilizing 2013-14 monthly usage data with the board-approved formula, based on hardship stemming from a vehicle accident and loss of a barn from fire. The capacity limit for this account is to be 150,000 gallons per month. Motion carried.

Petitioner: Paul Schutte

Request: Due to a new meter installed in March of 2015 reporting higher monthly usage than previously from faulty meter, Party seeks to have usage based on 2016/2017; or would like old meter back.

Findings: Mr. Schutte was not present at hearing. The new meter deployed at Mr. Schutte service reads accurate water usage; potentially showing higher monthly than with the old mechanical style meter. Recommendation is to deny request for variance from capacity unit policy. Capacity limit shall remain at 50,000 gallons/month for this account.

M/S Lonneman/Engels to accept GM recommendation to deny request for variance from current capacity unit policy. Motion carried.

Break at 11:55am

Reconvene at 12:43pm

Engineer's Report: GM presented Engineering Report in the absence of engineer.

CIP Program:

- Priority #1: Nothing to report
- Priority #2:
 - a. Magnolia to Edgerton Pipeline Project (Winter Brothers Underground) - Completed

- b. Edgerton Pump Station and GSRs Project (KHC Construction)

M/S Spronk/Kraus to approve payment to KHC for PPE #12 (Final) in the amount of \$19,969.21, pending RD concurrence and completion of final punch list items. Motion carried.

- c. Edgerton PS SCADA Integration -

AE2S Pre-construction conference is scheduled for November 28th.

Comprehensive Tank Maintenance Plan (CTMP):

GM working with DGR in 2018 Work Plan. Lynd Tank and four concrete GSRs are scheduled for work. Engels inquired about the tank mixer for Lynd Tank and deployment before winter. GM stated that DGR is searching options and prices.

Operations Report: October Operations Report was presented.

Nelson reported that one more water service is scheduled for installation.

Muller reported nine leaks fixed in November; and one more water service scheduled for installation.

Weber asked about the new service installation at Henrik Krol (located at Honey Corner). Nelson described the constraints with the installation and Mr. Krol's decision to move to the meter pit location three times until a final location was determined.

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

LPRW experiencing some issues with a landowner along the City of Dawson connection pipeline.

MMU request letter for reduced volumetric reduction was highlighted. Water Resource-Equipment Committee will meet to discuss further.

Discussion regarding Precision Consulting, a communications vendor that has equipment on the Minneota Tower. Vendor has not made any annual payments. An invoice for all required back-payments will be sent. An original signed document has not been located.

M/S Ufkin/Lonneman to ratify the tower lease contract dated October 1, 2013 with Precision Consulting Services, Inc. for communications equipment and use of space on the Minneota Tower. Motion carried.

Attorney's Report:

Schramel will present final assessment report at the December 2017 Board Meeting.

December 27th, 2017 is the Assessment Hearing date at Lyon County Courthouse.

Election of board officers will be held at the December board meeting.

Land closing on the Halbersma Estate property is Friday, December 1st, 2017. Weber suggested generating a press release to media outlets right away; possibly scheduling a January recognition event/photo session inviting project stakeholders, regional politicians, LCCMR staff and LPRW staff.

Badger AMR Service Agreement: Contract has been reviewed by legal. Not all of the language changes LPRW requested were accepted. Schramel will contact Badger attorney to try and come to an agreement that will be advantageous for both parties.

Break at 2:20pm

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

The Halbersma land acquisition will be shown as equity as a non-exchange transaction on the balance sheet.

M/S Lonneman/Buysse to approve the Treasurer's report, as presented. Motion carried.

FY2018 preliminary budget was reviewed. Discussed budgetary assumptions, as well as water rate increases, new users, and allocation for new position. Kinner will have the final version at the December Board Meeting.

Pending Bills:

- DeWild Grant Reckert and Associates Company:
 - General Services Invoice #193 = \$3,704.00
 - 2016 Improvements Project – Priority 2, PPE #19 = \$16,756.22
 - Dawson Water Source PPE #7 = \$2,579.00
 - Comprehensive Tank Maintenance Plan. Invoice #00226680 = \$118.00
- Schramel Law Office:
 - General Services = \$2,813.10
 - Priority 2 = \$1,480.41
- Pipestone Co GO Refunding Bond 2016A (Northland Trust) = \$495.00
- Pipestone Co GO Refunding Bond 2010A (Northland Trust) = \$105,391.25
- Nobles Co GO Crossover Bond 2012A (Northland Trust) = \$151,438.75

- Lincoln Co GO Refunding Bond 2013A (Bond Trust Services Corp.) = \$366,617.50
- Yellow Medicine Co Refunding Bond 2008 (US Bank) = \$89,058.76 + \$4,469,058.76*

*Note: \$4,469,058.76 to be paid from account escrow

- RUS Bond Payments
 - Loan Code 91-24 = \$456,437.50
 - Loan Code 91-26 = \$259,460.00
 - Loan Code 91-28 = \$218,990.00
 - Loan Code 91-29 = \$38,367.50
 - Loan Code 91-31 = \$120,925.68

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

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Personnel Committee met prior to October board meeting. Minutes were emailed directly to Board members for review.

M/S Engels/Spronk to approve the minutes of the October 30th Personnel Committee Meeting. Motion carried.

Personnel Committee will meet with interested staff members on December 27th, 2017.

- **Budget and Finance Committee:** Spronk reviewed minutes from the November 20th Budget and Finance Committee Meeting.

M/S Buysse/Feikema to approve the minutes. Motion carried.

M/S Moen/Engels to approve the B-F Committee's recommendation for a \$0.05 increase applied to all tiers of the retail water rates, and a \$0.10 increase to municipal water rates; which will generate an estimated \$48,200 in revenue for the second half of 2018. Motion carried.

- **Water Resources and Equipment Committee:** Nothing to report. Will schedule a committee meeting in early December.
- **Joint Powers Board:** Nothing to report.

Other Business:

- December Board Meeting start time.

M/S Lonneman/DeWilde to have the December board meeting time changed to start at 9:00 am. Motion carried.

Public Comment: No public comments.

Adjournment: *M/S Ufkin/Feikema to adjourn the November board meeting at 3:31 pm. Motion carried.*

Respectfully Submitted,

Janice Moen, LPRW Board Secretary