

Lincoln Pipestone Rural Water

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Meeting Minutes

May 22nd, 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, May 22nd, 2017, starting at 5:00 p.m. Chairman Joe Weber called the meeting to order with Commissioners Randy Kraus, Jerry Lonneman, Janice Moen, Brent Feikema, Rod Spronk, Bill Ufkin, Earl DeWilde, Ken Buysse and Frank Engels present. Also present were Board Attorney Ron Schramel, DGR Engineer Peter Baudhuin, Financial Advisor Nathan Kinner, Field Superintendents Shawn Nelson and Tom Muller, Enterprise Technician Jodi Greer, and General Manager Jason Overby. Commissioner Mitch Kling was absent.

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

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

Barbara Powell – Manager introduced Barbara Powell as newest member of LPRW staff. Barb's position is Water System Billing Clerk.

2016 Audit – Matt Taubert (Muelebroeck, Taubert & Co., PLLP)

M/S Ufkin/Engels to approve the 2016 Audit, as presented. Motion carried.

Engineer's Report: Peter Baudhuin presented the Engineering Report.

- **CIP Program**

Priority #1: Source Water & Controls

M/S Lonneman/Feikema to approve payment to Ellingson Drainage, Inc. for PPE No. 11 (Final) in the amount of \$102,360.64. Motion carried.

- Priority #2: Magnolia Mainline

M/S Spronk/Buysse to approve payment to Winter Brothers Underground for PPE No. 4 in the amount of \$245,541.27. Motion carried.

- Priority #2: Edgerton Pump Station/Reservoirs

M/S Spronk/Moen to approve KHC, Inc. request for Change Order No. 2 in the amount of \$6,770.05. Motion carried.

M/S Lonneman/Kraus to approve payment to KHC, Inc. for PPE No. 10 in the amount of \$53,594.71. Motion carried.

M/S Ufkin/Engels to table KHC, Inc. request for PPE No. 11 in the amount of \$90,570.88 until June board meeting. Motion carried.

M/S Engels/DeWilde to authorize GM to proceed with RFQ's and RFP's for a SCADA Integrator and report findings back to the board by the June meeting, if possible. Motion carried.

- **City of Avoca** – Preliminary Cost Estimate was presented. Board advised not to present Avoca with preliminary cost estimate. GM and engineering to review cost estimate and potential connection options.
- **City of Edgerton** – Four (4) cost estimate options have been generated per Edgerton's request. Edgerton will not be guaranteed Lewis and Clark RWS water. Financing is available at 5.9% interest, 30 yr loan and no penalties for early payoff. Ten percent (10%) of the cost will need to be collected 30 days prior to completion of the hookup, if City chooses to finance with LPRW. Schramel will draft a water purchase agreement. Questions were raised in regards to the "Pro-rated Share" line item on the cost estimates. The formula was revised and corrections was made to this line item.

M/S Engels/DeWilde to proceed with presenting the City of Edgerton the four (4) Preliminary Cost Estimates with corrections made to the "Pro-rated Share" line item on each; based on 236,000 gpd (100%) peak and 118,000 gpd (50%) peak from both the Edgerton wellfield connection point and LPRW's Edgerton Pump Station. Motion carried.

- **North Area Water Source** – Baudhuin reviewed the hydrogeology service proposals for north area water source. Two proposals were submitted – Carlson-McCain, and Leggette, Brashears & Graham, Inc.

M/S Spronk/DeWilde to accept the hydrogeology consulting services proposal from Leggette, Brashears & Graham, Inc., for the north area water source project. Motion carried.

- **Engineering Agreement** – Baudhuin reviewed DGR's Engineering Services Agreement for the North Area Water Source Project. Schramel recommended paragraph 5.1 (Mutual Waivers) to be removed from the contract document.

M/S Engels/Feikema to accept DGR's Engineering Services Agreement for the North Area Water Source Project, contingent upon the removal of Paragraph 5.1 (Mutual Waivers) from the contract document. Motion carried.

Operations Report: May Operations Report was presented. Further discussion included:

- Muller asked Board when LPRW should start using Lewis and Clark water. The board responded by stating as soon as it becomes available and feasible. GM added that LPRW needs to notify its constituents receiving L&C source water of chloramine disinfection method prior to utilizing this water source.

- LCCMR Project – Halbersma Property.

M/S Lonneman/Kraus for legal to proceed with the creation of a land purchase agreement for the Halbersma property that includes contingencies regarding the MnDNR approval of land appraisal, and LCCMR approval for project funding. Motion carried.

Manager's Report: May Manager's Report was presented. Further discussion included:

- Management discussed an error discovered on OCRWS charges to LPRW for water purchased. OCRWS's formula had water rates based on a per month, instead of a per day, causing LPRW to be overcharged by a total of \$61,059.50 for the months of January through April. This amount will be credited to our account.

Attorney's Report: Schramel provided progress update regarding County approvals of board term renewals. Schramel also stated that Charles Oppelt submitted payment in the amount of \$15,730.00 and signed all necessary documents for the final sale of the 2.24 acre parcel, as well as the conservation easement that will accompany this parcel.

Treasurer's Report: Kinner presented Treasurer's Report. Further discussion included:

- Analysis continues on non-expansion funds retained in LPRW's Restricted Account, and the ability for LPRW to reclaim those funds.
- Kinner to provide RFQ for 2017 Auditor for June board meeting.

M/S Feikema/Lonneman to accept the Treasurer's Report, as presented. Motion carried.

Pending Bills:

- DeWild, Grant, Reckert and Associates Company:
 - General Services Invoice #187 = \$4,281.00

- 2014-2015 Improvements Project – Priority 1, PPE #24 = \$1,763.00
- 2016 Improvements Project – Priority 2, PPE #13 = \$18,788.51
- Dawson Water Source – Project # 800920.00 = \$6,000.00
- Tank Maintenance:
 - CTMP – 2017 Work Plan, Project # 841301.00 = \$1,954.00
 - Hendricks/Ivanhoe Recoat Project PPE #9 = \$1,509.45
- Schramel Law Office:
 - General Services = \$2,725.60
- Lincoln County GO Bond, Series 2013A (Bond Trust Services Corp.) = \$21,617.50
- Pipestone County GO Bond, Series 2010A (Northland Trust Services, Inc.) = \$20,391.25

M/S Spronk/Buysse to approve paying the pending bills, as listed. Motion carried.

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Moen reviewed the minutes from the April 24th Personnel Committee Meeting. The following items were considered:
 - Recommended that the health insurance enrollment period for a new hire be reduced from 90 to 60 days after employment.

M/S Buysse/Kraus to approve health insurance to be offered to a new employee after 60 days of employment, and that this change in policy be reflective in the Employee Policy Handbook. Nine in favor, one opposed (Lonneman), and one absent (Kling). Motion carried.
 - Recommended that the starting wage for Water System Operator position be raised to \$15.25 per hour.

M/S Engels/Moen to approve raising the starting wage for the Water System Operator at \$15.25 per hour. Motion carried.

M/S Spronk/Feikema to approve the minutes of the April 24, 2017 Personnel Committee meeting. Motion carried.
- **Budget and Finance Committee:** Nothing to report.
- **Water Resources and Equipment Committee:** DeWilde reviewed the minutes from the WR&E Committee meeting on May 19, 2017. The following items were considered:

- Water Supply Agreement offer to MMU. MMU declined LPRW's offer of a 3-yr, 75 MGY agreement; while making payment to LPRW for \$56,250 for 100 MGY to carry through until April 30, 2018. MMU did provide a counter offer based on a 2-yr agreement for 75 MGY, and a one year notice to terminate; and suggested changing in contract start time to calendar year.

M/S Lonneman/Moen to recommend to reject the calendar change requests due to LPRW operational flexibility that current contract timelines provide in relation to Burr permit obligations; and to inform MMU of the need for additional resource information provided by MnDNR through their fen study, and LPRW's water exploration project in the North in preparation for a new agreement with MMU. Motion carried.

- Capacity Charges. Management reviewed the various notification letters to be sent to LPRW constituents. A language change was suggested for one letter type.

M/S Engels/DeWilde to approve the Capacity Unit letters, as written, to be sent out to LPRW customers. Motion carried.

Lonneman provided Board members with figures between a small water user and a large water user; and further discussed costs associated with electric power.

Lonneman requested the Budget & Finance Committee, along with LPRW's financial consultant, to analyze the effects of a \$15 per month increase to the base rate.

Other Business:

June 26, 2017 Board Meeting will start at 5:00pm.

Public Comment: None

Adjournment: *Meeting adjourned at 10:18pm*

Respectfully Submitted,

Janice Moen, LPRW Board Secretary