

Lincoln Pipestone Rural Water

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Meeting Minutes

June 27, 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, June 27, 2016, starting at 6:00pm. Chairman Joe Weber called the meeting to order with Commissioners Ken Buysse, Randy Kraus, Brent Feikema, Rod Spronk, Bill Ufkin, Jerry Lonneman, Jan Moen, and Frank Engels present. Absent was Commissioners Earl DeWilde and Mitch Kling. Also present were Board Attorney Ron Schramel, DGR Engineer Darin Schriever, Field Superintendents Tom Muller and Shawn Nelson, Enterprise Technician Jodi Greer, and General Manager Jason Overby.

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

Minutes: *M/S Ufkin/Feikema to approve minutes from the May 2016 Board Meeting, Budget & Finance Committee Meeting Minutes (6/6/16), and the Water Resource Committee Meeting Minutes (6/20/16), as presented. Motion carried.*

2015 Audit Report: Matt Taubert presented 2015 Audit. The audit is reported as clean and unqualified; with no issues of non-compliance with management.

M/S Buysee/Moen to approve the 2015 Audit, as presented. Motion carried.

Interim Financing for Priority 2 - George Eilertson: George Eilertson (Northland Securities) discussed interim financing via conventional bond markets as an option for Priority 2 CIP projects.

M/S Spronk/Ufkin to proceed with interim financing through Pipestone County for Priority 2 construction utilizing Northland Securities, rather than Minnesota Rural Water Finance Authority. Motion carried.

Operations Report: June Operations Report was presented. Additional discussion included the following:

- Priority 2 – having issues obtaining easements along Magnolia ML, particularly on the South end. Schramel discussed condemnation as an option to consider. Eleven (11) of the 46 easements need along this route have been signed.

M/S/P – U Moen/Engels to allow legal (Schramel) to pursue condemnation, if necessary, on critical parcels along the Magnolia-Edgerton pipeline.

- Update on Option-to-Purchase agreements (Verdi DWSMA) provide by Muller.

Manager's Report: June Manager's Report was presented. Other items discussed included:

- City of Ghent – city exceeded Peak Daily Capacity (71,200 gpd) by 5,623 gpd on April 29th, establishing a new Peak Daily Capacity of 76,823 gpd. The newly established Peak Daily Capacity was again exceeded on June 21st with a recorded total of 81,560 gpd. Per contract, separate invoices will be sent to the City of Ghent for \$42,172.50 (5,623 gpd increase on 4/29/16) and \$35,527.50 (4,737 gpd increase on 6/21/16) based on current bulk capacity rates of \$7.50 per gallon.

M/S Spronk/Ufkin to proceed with sending invoices for both occurrences to the City of Ghent for exceedance of contracted peak daily capacities. Motion carried.

Engineer's Report: Schriever presented Engineering Report.

- **CIP Program**

- Priority #1:**

- Part 1 (Source & Control Upgrade) – Progress update. Recommendation for Board action on PPE #2, and CO #2 for additional well development.

M/S Engels/Feikema to approve Ellingson Companies Change Order #2 for Priority 1 – Part 1, for the amount of \$20,133.00. Motion carried.

M/S Buysee/Kraus to approve Ellingson Companies PPE #2 for Priority 1 – Part 1, for the amount of \$451,869.32. Motion carried.

- Part 2 (Distribution Improvements) – Progress update. Recommendation for Board action on PPE #3; and CO #1 for easements, tie-ins and pipe quantity adjustments.

M/S Lonneman/Kraus to approve Hulstein Excavating Change Order #1 for Priority 1 – Part 2, for the (reduced) amount of -\$7,249.30. Motion carried.

M/S Ufkin/Feikema to approve Hulstein Excavating PPE #3 for Priority 1 – Part 2, for the amount of \$277,247.81. Motion carried.

Priority #2: Schriever reviewed bid results for the Magnolia-Edgerton pipeline project (6/23/16). Engineers estimate was \$4,014,000. Low bid was \$3,074,406. Recommended Board action to award Magnolia-Edgerton pipeline contract to Winter Brothers Underground of Sioux Falls, SD, subject to agency concurrence.

M/S Engels/Buysee to award the Magnolia-Edgerton pipeline project to Winter Brothers Underground, contingent upon USDA-RD and MPCA approval and General Obligation Bond authorization from Judge Bush for the project. Motion carried.

Schriever reviewed bid results for the Edgerton PS/R project (6/23/16). Engineers estimate was \$1,984,000. Low bid was \$1,966,000. Recommended Board action to award Edgerton PS/R contract to KHC Construction of Marshall, MN, subject to agency concurrence.

M/S Moen/Buysee to award the Edgerton PS/R project to KHC Construction, contingent upon USDA-RD and MPCA approval and General Obligation Bond authorization from Judge Bush for the project. Motion carried.

SCADA upgrades – a draft Request for Proposal (RFP) for controls/programming has been developed and under review by USDA-RD.

Comprehensive Tank Maintenance – Quotes received for inspection service for Minneota Tower and Rushmore Tower. Recommend accepting quote from Liquid Engineering for \$7,500.00 plus repairs as needed.

M/S Spronk/Lonneman to accept quote from Liquid Engineering for \$7,500.00 plus repairs, as needed, for the inspection services for the Minneota Tower and Rushmore Tower. Motion carried.

M/S Engels/Feikema to proceed with advertising for the Hendricks Tower & Ivanhoe Tower recoating project. Motion carried.

Attorney's Report:

- Bonding for Priority 2 – JPA was approved by all 10 counties. Bond hearing set for June 29, 2016 for the issuance of Priority 2 GO bonds.
- Board reappointments for 2017: all 10 counties approved reappointment for Frank Engels, Janice Moen and Brent Feikema for 4-year terms.

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

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

Pending Bills:

- DeWild Grant Reckert and Associates Company:
 - General Services Invoice #176 = \$347.00
 - 2014-2015 Improvements Project – Priority 1, PPE #13 = \$21,499.58
 - 2016 Improvements Project – Priority 2, PPE #2 = \$55,478.92
- Schramel Law Office:

- General Services = \$2,630.00
- 2015 Expansion Project – Priority 1 = \$4,592.73
- 2015 Expansion Project – Priority 2 = \$1,360.00

M/S Ufkin/Lonneman to approve paying the listed bills from DGR and Schramel Law Office, as presented. Motion carried.

- Yellow Medicine Co GO Bond, Series 2008

M/S Feikema/Buysee to approve paying Yellow Medicine County GO Revenue Bond, Series 2008 for \$92,558.76. Motion carried.

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Personnel Committee:** Nothing to report.
- **Budget and Finance Committee:** Recommendations were provided to full board for consideration.

M/S Engels/Kraus to discontinue pursuit of refinancing of existing USDA-RD loans (2010, 2011A and 2011B), as recommended by B&F Committee. Motion carried.

M/S Lonneman/Feikema to increase Wrongful Acts by Employees coverage from \$500,000/year to \$1,000,000/year for the approximate additional cost of \$256.00/year. Motion carried.

- **Water Resources and Equipment Committee:** Recommendations were provided to full board for consideration.

M/S Ufkin/Feikema to apply the \$0.25/1,000 gallons increase in OCRWS rates to all municipalities served by OCRWS; and to inform Worthington Public Utilities that LPRW will pass on the \$0.50/1,000 gallons overage charge starting January 1, 2018. Roll call vote: three (3) Ayes (Moen, Ufkin and Feikema), five (5) Nays (Engels, Kraus, Spronk, Lonneman and Buysee). Motion failed.

M/S Lonneman/Spronk to apply the \$0.25/1,000 gallons increase in OCRWS rates to Worthington Public Utilities; and to inform Worthington Public Utilities that LPRW will pass on the \$0.50/1,000 gallons overage charge starting January 1, 2018, or whenever the overage charge is applied by OCRWS. Motion carried.

M/S Lonneman/Feikema to provide Marshall Municipal Utilities with 2-year notification of termination of current water contract; with intent to renegotiate a new contract. Motion carried.

M/S Buysee/Moen to enact a moratorium on all new non-residential hookups served by the Burr water source with board authorization to proceed. Seven (7) Ayes, one (1) Nay (Spronk opposing). Motion carried.

M/S Ufkin/Engels to apply a \$5.00/1,000 gallons surcharge for any month for which usage exceeds listed capacity purchased by individual account. Motion carried.

M/S Ufkin/Engels to charge full price for pits and all associated materials for new service installations and relocations with existing services; excludes labor costs on service relocations. Motion carried.

- **Joint Powers Board Representative:** Nothing to report.

Other Business:

- 2016 LPRW Local Water Supply Plan.

M/S Spronk/Engels to adopt the 2016 LPRW Water Supply Plan, as presented. Motion carried.

Public Comment: No public comments.

Adjournment: *M/S Engels/Feikema to adjourn board meeting at 10:51 pm.*

Respectfully Submitted,

Janice Moen, LPRW Board Secretary