

LINCOLN PIPESTONE RURAL WATER SYSTEM

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Meeting Minutes September 28, 2015

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 September 28, 2015, starting at 7:00 p.m. Chairman Frank Engels called the meeting to order with Commissioners Earl DeWilde, Mitch Kling, Ken Buysse, Jerry Lonneman, Randy Kraus, Bill Ufkin, Brent Feikema, Rod Spronk, Jan Moen, and Joe Weber present. Also present were Board Attorney Ron Schramel, DGR Engineers Darin Schriever, CEO Mark Johnson, Field Superintendents Tom Muller and Shawn Nelson, Operations Manager Jason Overby and Enterprise Technician Jodi Greer present. Also joining the meeting was Todd Alderson. Kyle Krier came at 8:00 p.m.

Agenda: M/S/P – U DeWilde/Buysse to approve the agenda with changes. Mr. Alderson will be heard on his appeal following the minutes.

Minutes: M/S/P - U Feikema/Buysse to accept the August Board Minutes; and the Personnel Committee minutes as presented from 9-14-2015 and 9-22-2015.

Agenda Addition: Todd Alderson regarding Transfer Fee Charges Mr. Alderson, a current LPRW member, appeared before the Board expressing disagreement with the \$100.00 Transfer Fee on parcels with existing hook-ups. It was explained to Mr. Alderson the reasoning behind the Transfer Fee. M/S/P-U Kling/Moen to require that the transfer fee stand and be charged.

Treasurer's Report: The CEO presented the Treasurer's report and also bad debts. The bad debts amounted to \$189 and were beyond four years old. Several efforts have been made to collect on these debts, and have been deemed "uncollectable". M/S/P-U Weber/Kraus to approve classifying these accounts as uncollectible. Ufkin pointed out errors on the Revenue Report, which differed from the income statement. The CEO affirmed that the income statement is the reliable source. The Revenue Report will be investigated for correctness and will be reported on by next month. M/S/P-U Ufkin/Weber to accept all the Treasurer's Report with the exception of the Revenue Report.

Pending Bills: M/S/P – Ufkin/Feikema to approve paying the bills. Spronk asked if the C&K bill would be reimbursable. Nelson said it would be.

- DeWild, Grant, Rechert and Associates Company: General Services Invoice #167 = \$ 5,900.38; New Water Development ppe - #86= \$ 351.00; and 2014-2015 Improvements Project Invoice #4 = \$ 8,322.60.
- Schramel General Legal Services = \$ 3,337.60 and Expansion Project = \$1,899.40.
- T. E. Underground Invoice # 2194 = \$ 1,680.00.
- C&K Construction Invoice # 2139 = \$ 6,820.00.
- Marcos Service Contract, Account LP74 = \$ 9,000.00.
- Stemper and Associates Consulting Archaeologists, Project 577 = \$ 6,550.00.

Presentation: Kyle Krier, Pipestone SWCD regarding Participation for a Water Resources Technician 8:00 p.m. Krier was encouraged by Weber to explain more in depth the proposed Water Resources Technician position. This position, focusing on well head protection, would help cities and rural utilities in southwestern Minnesota. Krier thinks it is in the interest of LPRW to promote this position even if funding is not provided. Weber stated that LPRW has set aside funds like this before to help with its well head protection program. M/S/P-U Ufkin/DeWilde to support the Pipestone SWCD for establishing this position and to help fund it with \$2,000 annually.

Attorney's Report:

*Schramel stated that the 10 counties and the Lyon County Court have approved the re-appointment of Ufkin and Kling for another four year term.

*There will be a hearing before the Lyon County Court on October 21, 2015 at 3:00 p.m. regarding interim and permanent financing. This hearing will be different in that it is an internal project strictly supported by existing revenues with no new revenue stream.

*October 31, 2015 has been designated last day of the year for assessments. M/S/P-U Kling/Ufkin to designate October 31, 2015 as the cutoff date for assessing hookups this year.

Engineer's Report: Schriever presented:

- **Blue Grass Proteins:** Nothing to report.
- **RRRWS:** - Started the Lindstrom 30-day pump test last week.
 - Submitted their pre-application to RD last week for the Lakes area project.
 - The Jackson-Martin Phase 1 – awarded to Carstensen (C&K), about 125 services.
 - Phase 2 – Heron Lake, Alpha, and Dunnell; plus more rural users.
 - AMR – using Badger end-points; doing about 200 meters per year; funding themselves.
- **Service Area Boundary:** DGR has estimated water demands in various areas based on different boundary line locations. DGR has developed draft maps and tables and will arrange a meeting with LPRW staff to review.
- **Lewis and Clark:** Nothing New to report.
- **CIP Program:**
 - *Priority #1: 2014-2015 Improvement Projects.
 - Project Cost: \$4,539,000 (loan: \$3,108,000; grant: \$1,431,000).
 - Part 1 – Water Source and Control Upgrades (Verdi wells, Verdi and Holland well control upgrades, SCADA upgrades) – Plans and specifications have been submitted to RD and MDH for review. MDH review comments have been received. Still waiting for RD review comments.
 - Part 2- Miscellaneous Distribution System Improvements – design nearly complete.

*Priority #2 – 2016 Improvement Projects

- (Magnolia to Edgerton pipeline, rebuild Edgerton Pump Station and GSR, rebuild Verdi Pump Station and GSR, SCADA upgrades)
 - DGR will update PER/ER this fall. Potentially obtain RD funding by January or April 2016.
 - Expect 2.125% interest rate. RD has not determined any grant funding and that will depend on what is put into the project, collated with any PSIG grants and affordability. The question came up if RD will fund the AMR system under this priority. Schriever related he has presented it to Gernentz but is awaiting official word. If it is reasonably related to the Holland RO discharge issue then it should be able to be funded.
 - MN Public Finance Authority (PFA) has announced the draft Priority List (PPL) and Intended Use Plan (IUP). LPRW's application scored very well (36 of 297), and is well above last year's funding cutoff level. PSIG announcements have not yet been made.
 - Considering the addition of the automatic meter reading (AMR) system to the project.
 - Preliminary fieldwork for the Magnolia to Edgerton Pipeline project is mostly complete.
 - DGR is requesting authorization to proceed with the Magnolia to Edgerton pipe and Edgerton Booster Pump Station and Tank work. M/S/P-U Moen/Spronk to authorize DGR to proceed with the easements and design for the Magnolia to Edgerton Pipeline and the Edgerton Booster Station and Tank work.
- **Comprehensive Tank Maintenance Plan:** DGR has updated the elevated tank portion of the plan and has compared budget costs with the recent proposal from Utility Services. DGR will arrange a meeting with LPRW staff to review these comparisons.
 - **City of Pipestone:** Pipestone possibly looking for 300,000-400,000 gpd. LPRW's existing infrastructure does not provide ample amount of water – will likely need to construct a new 10" mainline from Edgerton PS.
 - **City of Edgerton:** Edgerton has expressed interest in establishing an emergency hookup; however, no formal request has been received.

Regional Water Development Report:

- **Bluegrass Dairies /Clarkfield:** Nothing more.
- **Lewis and Clark:** Lonneman reported that the new Lewis and Clark water rate will change from \$2.08 to \$2.00/1000 gallons for the minimum 25% of allocation and then from \$0.73 to \$0.68/1000 gallons for usage above the minimum allocation. The effective rate for customers using 100% of their allocation is \$0.99/1000 gallons. The reserve funds have gone up and should continue to go up during the next year. However none of these funds can be used for new construction. Lonneman also mentioned that Sibley, IA wants to meet with the CEO and any Board members and staff about their

allocation of water from Lewis and Clark. The Board is of a consensus that this meeting should be arranged for fact findings.

- **Osceola:** On September 10th, the CEO, Lonneman, Muller and Overby visited with Doug Westerman, General Manager, OCWRS, and let him know the intentions of LPRW as to future water purchases. It was explained that in mid-2017 when water is available to Adrian from Lewis and Clark that LPRW would purchase some 250,000 gallons per day less and then when Worthington ceases to purchase water from LPRW near the end of 2018, then LPRW would cease purchasing some 1,000,000 gallons per day more and take only about 400-450,000 gallons per day at that time. Westerman stated that he had previously notified the CEO of a rate hike and wanted to remind LPRW of the intention of OCRWS to raise rates but he has not formulated when and exactly how much at this time.

Field Superintendents'/ Operations Manager's/ and Enterprise Technician's Reports:

- **Tom Muller:** Five services still remain to be installed. His crews are working on a pump at Leota and are working to change out a capacitor and software to make two phase into three phase and install a VFD (variable frequency drive) to run the pump.
- **Shawn Nelson:** Finishing the last service on list for north service area. The 5” ML between Hendricks and Wilno had a leak. When trying to shut the main down for repairs, four valves in seven miles were found to be bad and had to be replaced. Spronk asked about whether LPRW had a valve exercise program and its progress. Nelson responded yes and that when there is a main break one finds out whether a valve works or not and this data is entered into the program records. Nelson also explained that he did not totally close large main valves only operated them to the extent needed to know if they are properly functioning.
- **Jason Overby:** Under Minnesota’s new rule on Fluoride, LPRW has reduced Fluoride use approximately 50% and therefore saving chemical costs considerably. In the transition to the new SCADA and server, a temporary patch will have to be put into place for the next 2-3 years until the full upgrade is made. This option will cost about \$6,000. The DNR/MDH required Water Emergency and Conservation Plan must be updated and completed before the Well Head Protection Plan can be approved. The Well Head Protection Plan Committee is working on compiling the contaminant data base for the various well fields. A letter went out last week to USG that LPRW is seeking to rescind the Verdi #2, 3, and 4 contracts. Aquifer levels were reported. At Burr WTP, we are switching aquifers for the fall rotation on October 1st and backing down Brookings-Deuel to 75 gpm. New hire, Joshua Gums, Water Operator, started with LPRW on September 21st.
- **Jodi Greer:** Greer pointed out the new conference phone in the Board room. Nine laptops will be ordered this month. The iPads/phones will be exchanged February 1st when the AT&T contract expires. The old iPads can be purchased at current, fair market value of \$169.00. Discussion arose about whether there was better service from AT&T or Verizon. Lonneman and Feikema noted that LPRW should check on pricing of

phones and services provided through the Lismore Coop, as their pricing might be competitive.

CEO Report:

- **Community of Verdi Request:** The CEO stated that Jeff Clipper, who is the acting representative for the Verdi community, desires that LPRW take over handling the community's water system. There are 20-24 customers served through 6,000 feet of water mains which had been installed by an LPRW employee at the time our system began. The Community pays about \$100.00 to \$150.00 monthly and has roughly \$30,000.00 collected which it would be willing to transfer that to LPRW. The staff are not in favor of this take over. The CEO stated that there is no other entity for this community to turn to. The CEO also stated that LPRW should only take over a community where 100% of the land owners would sign the transfer agreement and pay the transfer fee. In this case Verdi could pay that transfer fee from its reserves. **It was clarified that Verdi has not made a formal request.** M/S/- Ufkin/Buysse to open discussions and relate any offer is an all or none offer that would require 100% participation of the real property owners where these owners would have to sign and agree to the Transfer contract obligating their served property against any unpaid billing; where the Transfer fee currently \$100.00 is to be paid but is agreeable to pay this from the Verdi reserves and where the Verdi reserves are transferred to LPRW as a buy-in to the system and where there is an education program for the owners to give them opportunity to understand the LPRW billing structure and requirements and consequences. This motion failed on roll call vote 6-4 with DeWilde, Spronk, Weber, Kling, Lonneman and Kraus voting No and Moen, Buysse, Feikema and Ufkin voting Yes. The Board, via consensus, directed the CEO to talk with the Verdi Community with potential options from LPRW.
- **City of Pipestone:** Discussed previously.
- **Environmental and Natural Resources Trust Fund- October 1st Presentation:** The CEO will be traveling to St. Paul to present his application for grant funding monies to be used to purchase properties within the vulnerable areas of the Well Head Protection Plan. He will be heard at 1:15 p.m. Thursday in Room 5 of the State Office Building.

Committee Reports:

- **Executive Committee:** Nothing to report.
- **Water Resources and Equipment Committee:** Nothing to report.
- **Personnel Committee:**
 - Personnel Committee recommended that the CEO be given the authority to terminate employment. Lengthy discussion ensued regarding this recommendation. Engels asked the CEO to share his 14 point plan of action. M/S- Kling/Dewilde to approve to have the CEO be given the authority to terminate employment with the consultation of the Personnel Committee and the Personnel Committee unanimously

agrees. This motion passed on a roll call vote 7-3 with DeWilde, Spronk, Feikema, Moen, Kling, Kraus in favor and Weber, Ufkin and Lonneman against.

- The Personnel Committee had revisited the salaries in relation to the low inflation and had revised their recommendation from last month's meeting. The recommendation now is stay with current pay-tables including a step increase (without any cost of living raises) be followed rather than changing to new pay tables. The recommendation includes continuing to pay benefits as has been done in previous years with 100% of the health insurance premium paid. M/S/P-U Feikema/Kling to approve the recommendation of the Personnel Committee as to following the pay steps in the current pay tables; and paying the health insurance and other benefits as has been recommended by the Personnel Committee.

- Personnel Committee revisited recommendation for CEO salary increase. Concluded that no increase will occur for the CEO position.

- It was also recommended that Jared Beck be promoted to GIS/Water Resource Technician. MS/P-U Weber/Buysse to promote Jared Beck to the position of GIS/Water Resource Technician.

- Personnel Committee has set Dec 7th & 8th to meet with employees.

- **Budget and Finance Committee:** Nothing new to report.
- **Joint Powers Board Representative:** Nothing to report.

Other Business:

- **Salaries:** Previously discussed.
- **Budget:** This matter was deferred until next month.

Public Comment: None

Adjournment: M/S/P-U Ufkin/Lonneman to adjourn at 11:45 p.m. The next meeting will be held Monday, October 26, 2105 at 6:00 p.m. at the main office in Lake Benton.

_____, Janice Moen, Secretary.