LINCOLN PIPESTONE RURAL WATER SYSTEM

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**MEETING MINUTES**

**August 25, 2014**

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, August 25, 2014, starting at 6:00 p.m. Chairman Frank Engels called the meeting to order with Commissioners Rod Spronk, Joe Weber, Norris Peterson, Jerry Lonneman, Mitch Kling, Jan Moen, Brent Feikema, and Ken Buysse were present with Earl Dewilde and Bill Ufkin being absent. Also present were Board Attorney, Ron Schramel, DGR Engineer, Darin Schriever, CEO, Mark Johnson, and Field Superintendent, Shawn Nelson, and Operations Manager, Jason Overby. Tom Muller, Field Superintendent was absent. Big Sioux Manager, Martin Jarrett, joined the meeting at 7:00 pm.

**Agenda:** M/S/P-U Buysse/Lonneman to approve the agenda.

**Minutes:** M/S/P-U Weber/Feikema to approve the Board minutes of July 28; 2014, the Personnel Committee Minutes of August 21, 2014; and to approve both the written minutes of August 18, 2014 and verbal summary of minutes of August 25, 2014, as presented by Weber, for the two joint meetings of Water Resources and Equipment Committee and the Budget and Finance Committee.

From the Personnel Committee minutes there were two recommendations. The first is to apply the cost savings of the reduced Health Insurance Premium for next year to each of the Health Savings Accounts of the Employees being paid pro rata throughout the year without requiring employee participation to receive this contribution, with Glen Grant and Karen Petersen getting equal amounts as the rest of the employees. The CEO stated he is for certain reasons ineligible to receive this contribution but is satisfied that the others will get this. This amounts to $882 each for the year. M/S/P-U Kling/Buyssee to approve this recommendation as stated.

The second recommendation was as to the need of the CEO to get continuing legal education (CLE) to retain his Tennessee Attorney’s license. The CEO needs 15 hours annually but must get 7 of those hours in person. Normal seminars are 6 hours long and thus to get 7 hours could extend into two days. There is value in the CEO getting this type training as many legal matters can be more universal than just to a specific state. The CEO prefers not to use vacation for this and feels this training is already authorized per policy but wants to clarify the matter and offer that his travel time and cost; and his cost for the seminar would be at his expense. M/S/P-U Buysse/Feikema to approve the CEO to get his in person CLE training without use of vacation time but that the expense of the seminar and travel time and cost will be his to bare.

**Treasurer's Report:** The CEO presented the Balance sheet, Revenue Statistics and the Cash and Investments reports. He then updated his expectations that revenues are increasing and actual expenses are in line. He noted that one expense had increased about $3,000 monthly as to the Biglow pump station since it had to be activated to service Worthington with more water. M/S/P-U Kling/Norris to approve the Treasurer’s report.

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**Pending Bills:** M/S/P-U Lonneman/Feikema to approve the following bills for payment:

* DeWild Grant Reckert and Associates Company: General Services # 154 = $ 3,284.50.

New Water Source Development – ppe #73 = $ 272.22.

* Schramel: General Legal Services = $ 2,204.00.
* C&K Construction: Bovanoe service = $ 14,598.00; Son D Farms service = $21,292.00; Loop Line for service = $12,532.00; Road Project Hwy 36 = $ 12,790.00; Todd Boerboom service = $ 13,174.00’; Paula Boerboom = $ 3,480.00; and Richter service = $ 4,460.00.
* Ervin Well Service: Invoice #12: Burr Well #7 = $ 15,823.64.
* MidWest Boring, LLC: Borings for Jessen, Dezeeuw, Putnam and Jacobs = $ 9500.00
* RDO Equipment Co.: Backhoe work Invoice # W10156 = $9,099.54.
* T E Underground, LLC: Boring for Richter, Invoice # 1791 = $ 4,530.00

**Meet with Martin Jarrett as to the Joint Project of LPRW and Big Sioux:** Jarrett, an experienced Geologist of 35 years and Manager of the Big Sioux Community Water System (BSCWS), presented the Drilling report and his findings on exploration of the water resources of the Big Sioux CWS Egan Well Field. The history of the area and why it is considered a viable site to investigate for water resources was explained. The well site has both shallow and deep aquifers. The well site is protected and buffered from contaminant sources on the far side of the Big Sioux River by the flow of the Big Sioux River. Also there is drought protection from the deeper wells but the water quality is lesser. The area is susceptible to flooding and thus the wells are raised and bermed. Big Sioux has over the course of time developed and implemented a conservation program within and about the well field site having land or placing lands it bought into conservation practices. For higher nitrogen removal it takes a CRP rest time of several years to reduce the Nitrogen levels. Distance from corn fields reduce nitrogen levels. Iron and Manganese in this area varies. Where you expect to find nitrogen you do and the same for iron and manganese as related to land use. Test sites across the Big Sioux River did not check out so good and other River areas are not so good. The area close to a waste site is too much risk. The test results show that there is a potential of 2 mgd from this well field. The Board members asked some questions and then Engels thanked him for his report.

**Attorney’s Report:** Schramel stated he had nothing to share.

**Engineer’s Report:** Schriever, thereupon presented his report as follows:

**New Water Development:**

• **Cities of Madison/Dawson/Clarkfield:** Nothing to report.

• **Red Rock Rural WS Joint Potential Project:** Nothing new to report.

• **Big Sioux CWS:** As reported by Jarrett.

• **New User Requests:** DGR is continuing to provide Hydraulic analysis for new user requests which are fewer in number than normal.

• **Holland permit:** DGR provide review comments to the MPCA for the draft permit. The CEO provided a letter as well. No response from the MPCA received as yet.

* **Lewis and Clark:** Nothing new to report.

• **CIP/ Preliminary Engineering Report/ER:** DGR has been working with the CEO and the various committees to establish a priority plan and budget.

* **RD Funding:** Megan Gernentz wants LPRW to prioritize its projects and RD will review the top ones.
* **Lewis and Clark Report:** Nothing to report. Lonneman shared that there will be a presentation of how the Iowa State funding could impact the members per the ARCA should the state of Iowa and the members agree to the terms. It is unlikely Sioux Falls will participate and if need be would use its positive true up costs to offset this expense. The vote will be in October. The CEO stated he will attend so as to understand the cost to LPRW and its budget.
* **Miscellaneous System Improvements:** Nothing reported.

Schriever having given his report, Engels related that he had learned that Lincoln-Lyon Electric has a reimbursement policy for 3 phase lines where another customer attaches within 10 years. He would like a policy developed for review by the Executive Committee. The CEO will develop same.

Then Weber related that he would like to look at assessments vs. cash for hookups issue before next year’s hookups begin. The CEO and his staff will prepare an analysis of this.

**Field Superintendents’ Reports/ Program Administrator Technician’s Report:**

**Tom Muller** – Muller was absent.

**Shawn Nelson** – Per the last meeting, Berg and Jordan will be putting in the hookup and looping required at their expense. There is an issue with two co-renters as to crop damage and they stated they would not accept LPRW’s offer for crop damage. Nelson related the offer was generous as it included more acreage than actually damaged but still they would not accept it. They want land purchase price value.

**Jason Overby** – Overby has meet with FEMA and has presented all the data needed for reimbursement and that there are two forms of reimbursement. One for the actual damage and the other for preventative work; i.e. a non rip-rapped culvert is washed out. The actual damage reimbursement pays for the culvert. The preventative reimbursement cover any rip-rap laid to reduce/prevent this type damage in the future. The state also has a part in the reimbursement payments of about 25%. Then Overby presented that the Well Head Protection Plan requires a Scope 2 report. He shared that Terry Bovee who just retired from the MDH and did the reviews as to this work for the MDH is available to do this work privately and submitted a proposal to do such. His estimate is well within reason and ranges from $7830 to $8855 depending on certain factors. M/S/P-U Spronk/Norris to have Bovee do the Scope 2 work.

**CEO’s Report:**

* **Health Insurance Refund/Premium Drop:** This matter had been dealt with earlier.
* **Lawn Mower Contract Extension Offer:** Blom had offered a 5% discount for the next two years over his contract amount for this year if LPRW would extend his contract two more years. Schramel determined from the CEO that the annual value of the current contract exceeds $25,000 and must be rebid for next year but nothing would prevent that bid for being for multiple years.
* **Overtime/ Compensation Time:** The CEO shared that there is a substantial amount of compensation time due to the employees from the freeze up. It is manageable at this time and the affected employees are being reminded of this so if they want to use this time they need to plan it with their supervisors so that there will be sufficient staff on hand at all times. The current value of this time is about $22,000. The board members related that these employees did work and are due either the compensation time or the overtime pay.
* **Steve Lovre Education- Problem with Minnesota Ed Dept. and online SD training:** The Minnesota Department of Education will not allow Minnesota Residents to take online training with the Mitchell Vo Tech School in South Dakota as it has not paid applicable fees to the state of Minnesota. Both Overby and Lovre have discussed this with the officials at the Department. The CEO pointed out that Lovre had had opportunity to find this out earlier if he had been diligent to follow up on his education requirements for his position. Thus he will need to find other adequate schooling and in the mean-time he is delayed in achieving his full step position on his pay table and must endure these lesser steps until completing this schooling requirements.
* **Dave Maras and his Class D license:** Maras passed his Class D exam and has been reclassified in his pay table to reflect this status.
* **Dental Insurance:** The CEO related that he had gotten a quote for a Voluntary Group Plan. The premiums would be 100% paid by the participating voluntary employees and it takes at least 5 to make a group. This would not cost LPRW but because LPRW could offer it; it would bring lower premiums and more over all coverage to the employees than individual plans do and offering this would be a “feather in the cap” to LPRW before the employees. M/s/P-U Lonneman/Spronk to offer to the employees the Voluntary Dental Group Plan where it does not cost LPRW.

**Committee Reports:**

• **Executive Committee:** Nothing to report.

• **Personnel Committee:** Previously taken up.

• **Water Resources & Equipment Committee:** In addition to the other matters previously taken up Weber reported that the attendees of the Water Resources and Equipment Committee had agree to move forward with certain portions of the Verdi Well Field and Holland Well field Conservation Funding programs available through RIM and CRP. Discussions with Hess as to land at Verdi indicate that his aunt is willing to do a 1031 exchange and she is not looking at any boot money but wants dollars to dollars value and wants a certified appraiser to value the land. It was then discussed how LPRW would structure the deal so as to minimize costs to LPRW since the RIM payment would only cover part of the cost of the land and the CRP would trickle in over 10 to 15 years. Money would have to be borrowed and repaid from renting the land to someone who could receive CRP payments. Also Pheasants Forever could be called upon to either help or purchase the whole property. With this exchange Hess could buy better land and both Hess and LPRW would have win-win situation. LPRW needs to move forward and to do that it will need the direction of Schramel to investigate and advise how to structure a 1031 exchange and relate any consequences thereof as to taxes. M/S/P-U Spronk/Moen to hire an appraiser if LPRW needs one after Schramel’s legal review and advice on RIM payments and 1031 exchange tax consequences are determined. Further there is a consensus among the Board members to look at other properties too. The next meeting is set for September 22, 2014 at 6:00 pm.

• **Budget and Finance Committee:** The next meeting is set for September 22, 2014 at 6:00 pm.

• **Joint Powers Board:**  Nothing further to report.

• **MRWA Director:**  Nothing to report.

**Other:** None.

**Public Comment:** None.

**Adjournment:** M/S/P-U Kling/Lonneman to adjourn at 10:00 pm. The next regularly scheduled meeting is set for Monday, September 29, 2014 at 6:00 pm.

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