Lincoln Pipestone RURAL WATER

*Clean, safe, affordable water for every generation.*

# STRATEGIC **PLAN**

2026-2031

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# A MESSAGE FROM THE BOARD

**Lincoln Pipestone Rural Water (LPRW) came into being in the late 1970s. Since the earliest days, we have been driven by a shared passion: the belief that safe, dependable water should be accessible to all, now and for generations yet to come. We understand the vital role that water plays in daily life, in agriculture, in public health, and in economic vitality. LPRW is not just an infrastructure project—it is a public trust. We are dedicated to operating LPRW in a way that balances service reliability, environmental care, and cost containment.**

***As the Board of Commissioners of LPRW, we take pride in our role as stewards of a mission in which we all believe deeply.***


Every county served by LPRW has a voice at the Board table, ensuring that local perspectives and priorities are included in decision-making. This structure is at the heart of our commitment to serving the region equitably and dependably. Our Board bears the responsibility of guiding the system's long-term direction, setting policies, overseeing financial and operational performance, and representing the collective interests of all our customers.

In early 2025, the Board made the decision to embark on a comprehensive strategic planning process. We recognized that, in a changing world—with evolving customer needs, shifting climate and hydrologic conditions, infrastructure aging, regulatory requirements, and financial pressures—it is imperative to chart a clear path forward rather than make decisions piecemeal. This strategic plan will help us align our investments, operations, and priorities over the coming years to remain resilient and effective.

A key principle of the Board in this process is that customer voices must guide us. As this plan was developed, we have been committed to listening—through surveys and meetings with stakeholders, as well as through day-to-day interactions with customers, staff in the field, and local officials. Your feedback, concerns, and ideas are not just input for the plan, they have provided essential data points that inform how we will prioritize projects, set rate structures, and allocate resources.

Finally, we emphasize the importance of long-term thinking. It is not sufficient to ensure affordability today if it undermines sustainability tomorrow. The infrastructure we build now, the reserves we maintain, the water resources we protect—all must be managed with an eye to future generations. Our goal is that rates remain fair and predictable, that expansions, upgrades, or replacements in the system are made prudently, and that LPRW remains financially sound over decades, not just year to year.

We look forward to working together to ensure that LPRW continues serving this region with excellence, integrity, and purpose. As stewards of this valuable resource, we will continue to listen to you and adjust the plan in the days ahead. Thank you for allowing us to serve you.

# WHO WE ARE

**Lincoln Pipestone Rural Water (LPRW) is a public water system established in 1978 under Minnesota Statute 116A. LPRW serves approximately 5,000 rural customers and 37 bulk municipal customers in 10 counties in southwestern Minnesota. The LPRW system has expanded over the years to include more than 3,400 miles of pipeline, multiple water sources and interconnections, and considerable infrastructure for maintaining the system. All of this has become necessary as demand for reliable, affordable, potable water has grown.**

**The 11-member Lincoln Pipestone Rural Water Board (Board) provides full control, operation and management of the LPRW system and its annual budget of nearly $8 million. Its members, serving four-year terms, represent each of LPRW's counties. Board members are interviewed regarding their interest in the organization, and then they are appointed to their seats by the District Court judge. Board members receive a modest fee for their service.**

## Our Vision

Our vision is to be a trusted public water system that sustains thriving families and a resilient local economy by reliably delivering clean, safe, and affordable water.

## Our Mission

Our mission is meeting the water needs of communities and farms in rural Minnesota with a focus on sustainability, innovation, and service excellence.

## Our Values

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|---|---|
| *Reliability* | We prioritize the delivery of water service without interruption now and in the years to come. |
| *Financial Responsibility* | We manage customer dollars prudently and work to ensure our rates are as affordable as possible. |
| *Safety* | We demonstrate commitment to the health and safety of employees, customers, and the public. |
| *Sustainability* | We protect resources for future generations with conservation, planning, and respect for the environment. |
| *Service excellence* | We provide high-quality customer service, consistently evolving to meet community needs and communicating our work with transparency. |
| *Professionalism* | We hold ourselves to the highest standards of competence and ethics. |

# PLANNING PROCESS AND ASSUMPTIONS

**Since its founding, LPRW has consistently evolved to meet the needs of its growing customer base and the requirements of the agricultural economy in southwestern Minnesota. LPRW provides excellent water services, having benefited over the years from robust stakeholder support, strong leadership from the Board, and dedicated, knowledgeable staff.**

## Rationale for Adopting a Comprehensive Planning Process

Throughout its 47 years, LPRW has engaged in various planning processes aimed at ensuring the system is prepared for the changing requirements of the region. However, there has not been an ongoing, consistent, strategic planning and execution process. In early 2025, the LPRW Board and its General Manager (GM) committed to adopting such a disciplined approach for the system in order to facilitate the achievement of the organization's mission and vision in the years ahead.

To begin the new process, the LPRW Board articulated the following aims:

- To pause and listen to stakeholder feedback in a structured manner, giving us insight into their current perceptions of LPRW's services and expectations around changing needs;
- To create an initial strategic plan that articulates a vision for the future that is actionable and supports intentional decision-making over time;
- To use the resulting plan as the framework for annual work plans that are practical, measurable, and financially feasible;
- To produce outcomes that align with the current and anticipated requirements of the service area; and
- To commit to an annual, systematic process of reviewing and updating our plans in light of changing needs and circumstances, thus positioning LPRW as a dynamic public asset worthy of enthusiastic ongoing support by its stakeholders.

To accomplish these aims, we:

- Met in an initial work session with key staff members, contractors, and a facilitator from the Minnesota Municipal Utilities Association (MMUA) to map out a process to achieve these goals;
- Conducted an anonymous electronic survey of ratepayers, staff, and other stakeholders;
- Met personally with key stakeholders;
- Reviewed data from a variety of sources including LPRW, MMUA, and external benchmarking organizations such as JD Power and Associates;
- Referred to the strategic plans and processes from related organizations in the utilities space including MMUA; and
- Surveyed available information related to the forces impacting water utilities in general and publicly owned water utilities in particular.

With all this information in mind, the Board and key staff members met in a subsequent multi-day planning session to determine the path forward that will best serve our stakeholders and strengthen our utility services in the coming five years or so.

# PLANNING ASSUMPTIONS

To create a long-term strategic plan for LPRW, the Board recognized that looking five or more years ahead requires some careful assumptions. While no one can predict the future with certainty, the Board considered several key factors that are likely to shape the way LPRW delivers safe, reliable, and affordable water to its customers and communities.

- **Changes in our service area.** One important assumption is related to how our communities may change over time. Will populations grow, shrink, or simply age in place? These shifts affect how much water people will need and where that demand will be. For planning purposes, the Board assumed that population in our current service area will grow only modestly. The system, however, could extend to serve additional customers and communities and should do so if there is sufficient support from those who would be served.

- **Infrastructure needs.** In order to operate a successful water system that delivers on our mission and vision statements, it is important to recognize that infrastructure is necessary. Over the planning period, our existing water infrastructure—pipes, pumps, equipment, and facilities—will continue to age and eventually need reinvestment. If it appears to make sense to expand into new service areas, infrastructure improvements will be a necessary consideration in whether and how to move forward.

  For planning purposes, we assume that all infrastructure costs need to be weighed in terms of their benefits to the maximum number of customers and their impact on overall cost of service when the cost of doing nothing, or deferring costs, is compared to the cost of the expenditure in any given period. Costs for materials, construction, and skilled labor are expected to rise at least as fast as inflation overall during the planning period.

- **Financial conditions.** Apart from the cost of infrastructure improvements, the most significant expenses LPRW experiences relate to its personnel. For planning purposes, we expect the cost of hiring and retaining skilled personnel to live and work within our service area—as well as the costs of a reasonable benefits package—will rise somewhat faster than the rate of inflation during the planning period.

  Rates and options for financing debt, the availability of grants and other forms of government funding, as well as the need to develop and maintain a prudent reserve are essential considerations in any plan. To the extent possible, the Board has taken these into account and will continue to do so as the plan is implemented.

  As affirmed in our vision statement, the Board will always prioritize delivering clean, safe, and affordable water, recognizing that external financial conditions may, at times, force difficult choices to ensure all three of those conditions are met.

- **External conditions.** The Board is cognizant that LPRW operates within a set of conditions that are largely outside of its control. Changing weather and drought patterns could affect water supply. State and federal rules for water quality and safety will continue to evolve, and political factors could impact on the availability of funding, both for the organization and for its customers. Contaminants that are unknown at this time could be revealed. Since most of these are both unknown and unknowable, the Board has made no specific allowances for them in this plan. Instead, it has assumed that the plan will need to be flexible and responsive to changing conditions.

By making these assumptions clear, the LPRW Board has striven to ensure the strategic plan is realistic, responsible, and prepared for the challenges ahead. As we do so, we assess our 2025 baseline circumstances (strengths, weaknesses, opportunities, and threats or SWOT) as follows.


## Strengths

- Our water is viewed favorably, and most customers rate it highly.
- We can access water from multiple sources to ensure demand needs are met, providing the system with redundancy and sustainability.
- Our organizational reputation is positive; we are perceived as a constructive force in the region.
- LPRW has a new facilities center for its operations and the capacity to support growth.
- LPRW is intentionally customer focused.
- Financially LPRW is strong, both in terms of our operational funding and our management of assets.
- Our workforce is experienced, skilled, dedicated, and able to adapt to change.
- Our leaders, including the Board and staff, are effective in their roles.

## Weaknesses

- Our system is large and spread out, creating logistical challenges and higher expenses to provide service and maintenance.
- A sizable portion of our infrastructure is aging, requiring higher maintenance or replacement to ensure uninterrupted service.
- The cost to replace infrastructure has risen significantly in recent years, and LPRW's resources will be stretched to meet the requirements of repair and/or replacement.
- We lack a plan for fully funding our depreciation, making asset replacement more challenging.
- Due to our size and location, the talent pool from which LPRW can draw is limited. We lack scalability and depth of resources in our workforce, something that is becoming more critical as more seasoned workers retire and generational knowledge transfer is required.

## Opportunities

- There is unmet need within our service territory and in adjoining areas, especially in small towns and certain agricultural operations. Hence, the system could grow in terms of the quantity of customers and level of their water demands. The territory LPRW serves could also expand.
- Grant funding is available to assist with the costs of certain initiatives that are necessary for the protection and improvement of the system.
- Technology solutions can be leveraged to improve the efficiency and reliability of the system as well as our customer service.
- Our customers are interested in LPRW, and we have good opportunities to provide them with information and education that will help them better optimize their use of the system.
- Because of our strong operating position, LPRW has time to plan and consider its options strategically. We are not in circumstances where we must make difficult decisions in a rushed manner.

# Threats

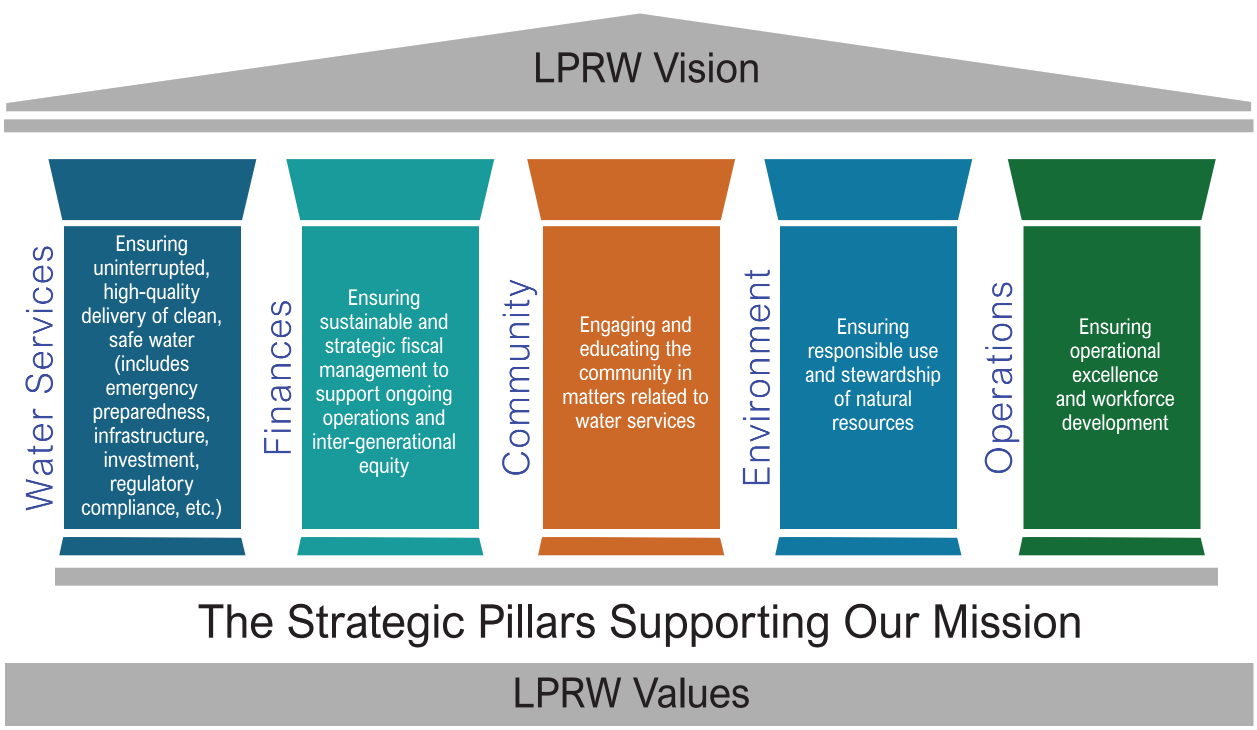
- Government mandates and new regulations, particularly those pertaining to the provision of water, could complicate operations and increase costs for customers.
- Changes to the economic profile of our region, particularly those in agriculture that would negatively affect demand for LPRW's water could impact the economic sustainability of the system over time.
- LPRW can work to mitigate the effects of meta-issues such as droughts, pollution of the water supply by actors outside our influence, economic recessions, inflation, and global events such as wars, pandemics, and the impact of trade policies on the infrastructure supply chain, but there is little we can do to prevent these phenomena.
- The aging workforce and challenges of attracting skilled workers to our area could negatively affect LPRW's ability to maintain a competent and complete staff.
- The disruptive changes that are occurring as parts of the US move toward the privatization of water utilities could have a negative effect on LPRW and how it is perceived. We do not believe privatization of the LPRW system would benefit our ratepayers over the long term.
- Unpredictable infrastructure failures due to system aging, vandalism, or accidents could negatively affect system stability and require unexpected capital expenditure.
- Bad actors who target utilities with physical and cyber-attacks present challenges for all water systems, but especially for those of our size and demographic profile.

# OUR STRATEGIC INTENT: A DYNAMIC PUBLIC ASSET

**This strategic plan is designed to ensure LPRW is behaving in a proactive manner with respect to its present operations and its anticipated future needs. In short, we aspire to strengthen the system as needs evolve and the profile of our service area changes due to shifting demographic patterns in our region, the actions of state and local government, local business decisions, and individual preferences.**

**Whatever may happen that is outside of our control, LPRW aims to be a dynamic public asset for southwestern Minnesota, providing a trusted public water system that sustains thriving families and a resilient local economy by reliably delivering clean, safe, and affordable water.**

The plan that follows will move us toward this vision. It is organized around five "pillars" of activity and intended results areas. These, we believe, are essentially timeless and represent the major components of any sound utility operation. They can be depicted as shown in the diagram below.



We also recognize that conditions change, and we must be able to respond to circumstances as they arise. It is our intention to fulfill this plan and to adjust it periodically to address emerging realities.

We provide the following principles to guide our decision-making between plan revisions and as we consider alternatives throughout the plan period.

- **Commitment to the reliable provision of clean, safe, affordable water through a publicly owned system** is the ultimate goal and responsibility of LPRW. Its leaders and staff must keep this principle at the forefront of all decisions, should educate the public about its operations and value, and should always approach LPRW's mission with an attitude of humility and gratitude for the privilege of sharing in this important work.
- **Growth should be embraced.** As our region evolves, LPRW welcomes the opportunity to meet the changing needs. We are committed to maintaining the flexibility required to meet rising demand and expand service where it benefits both our customers and the broader region. When considering service territory expansions, we will weigh the long-term value—balancing costs with benefits—to ensure responsible, forward-looking decisions that support sustainable growth and strengthen the communities we serve.
- **Our financial approach** must balance both short-term needs and long-term priorities. We prefer to be proactive in the repair, replacement, and expansion of utility infrastructure, even if that means incurring debt from time to time.
- **The water supply and natural environment** are resources we all share. Consequently, LPRW will pay attention to the impact its operations and future decisions may have on them and take pains to minimize any negative impact. Simultaneously, we will attend to the requirements of system reliability and cost. We will listen to our customers when these interests seem to collide and we have discretion over the paths that may be chosen.
- **Our employees** are valuable partners in the achievement of our goals and the delivery of the utility services on which our community depends. We will compensate them fairly, train, encourage, and help them to develop careers within our organization, and hold both them and ourselves to the highest standards of professional conduct.
- **Our relationship with key stakeholders** such as vendors and contractors should balance their needs and priorities with our own. We recognize that certain business decisions will always be, either due to necessity or preference, transactional in nature. However, we do not wish to operate with a purely transactional mindset with respect to our important relationships. When possible, practical, and in the best interests of our customers, LPRW will cultivate a shared future with key stakeholders.


# STRATEGIC PILLARS

Following are LPRW's objectives for the next five years. They are aspirational, and will be attained through the process of breaking the objectives down into specific, measurable, achievable, relevant, and timely (SMART) goals. These will be documented annually in the period's operating plan and supported by the approved budget.

## Uninterrupted, High-Quality Water Services (WS)

**LPRW recognizes that nothing else we do matters more to our customers than the delivery of reliable, affordable, and sustainable water services. Ensuring their uninterrupted access to high-quality water includes planning for access to the water supply, infrastructure investment, emergency preparedness, regulatory compliance, and other essential functions. LPRW's Strategic Plan sets the following goals for the next five years related to this goal.**

1. LPRW will move from a "reactive" to a "proactive" approach to system maintenance, strategically investing in infrastructure to meet future needs while balancing customer cost impacts in the short run against the long term cost of deferring these investments.
2. LPRW will develop and begin to execute a long-term (i.e., no less than five year, no greater than twenty year) plan for system redundancy and equipment replacement that also accounts for anticipated system growth.
3. LPRW will develop and document standard operating procedures for manual operation of the system in emergency circumstances, including those that may result from the activities of bad actors.
4. LPRW will strategically invest in water resources partnerships.
5. LPRW will develop and implement a system to stay current with the requirements of the Minnesota Pollution Control Agency, the Department of Natural Resource, the Minnesota Department of Health, and other regulatory agencies.

## Strategic and Sustainable Fiscal Management (FM)

**LPRW aims to be proactive with its resources, recognizing that all decisions are made on behalf of past and future customers. LPRW's Strategic Plan sets the following goals for the next five years related to ensuring strategic and sustainable fiscal management to support ongoing operations and inter-generational equity.**

1. LPRW will define the term "appropriate asset reserves" as it pertains to LPRW's operations and maintain accounts that ensure the system is adequately resourced.
2. LPRW will engage in strategic budgeting and fiscal management to ensure reserves are funded on an ongoing basis as defined in goal #1.
3. LPRW will develop and communicate a plan for financing future growth, including:
    a. Studying and developing recommendations related to maximizing system participation, with attention to overall affordability, the pricing structure and how it applies to different customer types, and circumstances such as overages.
    b. Giving preference to self-funded projects when such projects are feasible.
    c. Identifying new funding sources through grants and taking the actions necessary to obtain these funds.
4. LPRW will maintain maximum transparency regarding the system's finances with customers and staff.

## Engaging and Educating the Community (EC)

**LPRW will strive to operate in a manner where communication is perceived to be relevant, effective, frequent, and respectful. To that end, LPRW's Strategic Plan sets the following goals for the next five years related to engaging and educating the community in matters related to utility services.**

1. LPRW will develop and execute a comprehensive communication plan to increase transparency, convey information regarding LPRW services, and provide tactics customers can employ to influence usage and costs.
2. LPRW will increase its presence and involvement in community events to help educate stakeholders regarding water-related issues, grow brand awareness of the system, and foster an increase in the perceived value of hometown utility services vis-à-vis the alternatives.
3. LPRW will emphasize and foster positive relationships with employees and customers.

## Use and Stewardship of the Natural Environment (NE)

**Our natural environment is essential to the quality of life for the people who live and work in southwestern Minnesota. It is a public good, and LPRW recognizes the important role it plays in ensuring these resources are unharmed. LPRW's Strategic Plan sets the following goals for the next five years for ensuring responsible use and stewardship of natural resources.**

1. LPRW will operate in a manner that is 100% compliant with all environmental regulations, building strong relationships with regulatory agencies and working in partnership with them to meet standards.
2. LPRW will develop and maintain sound, high-quality data that is necessary for demonstrating compliance, benchmarking performance, and making appropriate adjustments to system procedures to ensure resources are being used appropriately.
3. LPRW will update its emergency response plan to identify needs, risks, and appropriate mitigations to minimize environmental harms even in the worst situations the system may experience.
4. LPRW will develop the resources necessary to address circumstances that may occur if water sources become contaminated.
5. LPRW will adopt a proactive stance toward the use of new technologies that may be helpful in protecting the environment such as using artificial intelligence for leak detection.

# Operational Excellence (OE)

**Behind the scenes, people, activities, and systems support the more visible work of running an effective water system. We recognize the important role these things play in our success, and our intent is to strengthen them as we work toward our larger objectives. LPRW's Strategic Plan sets the following goals for the next five years with the aim of ensuring operational excellence and workforce development.**

1. LPRW will create a workplace environment that fosters employee satisfaction, engagement, and well-being, leading to increased productivity, reduced turnover, and enhanced overall organizational performance by:
    a. Identifying current and future workforce gaps and creating a comprehensive strategy for investing in employee growth and succession planning through a robust training and development program that provides opportunities for continuous improvement, learning, and upskilling through both internal and external resources.
    b. Recognizing and rewarding excellence through regular feedback, competitive compensation and benefits, and appropriate public recognition to attract and retain the talented individuals who will help us achieve our vision while treating our customers with skill and respect.
2. LPRW will develop and fund a plan for the addition, maintenance, and replacement of the equipment, software, and supplies that are necessary to support business functions such as billing, customer service, website, cybersecurity, and related activities.
3. LPRW will adopt a comprehensive planning and reporting process that includes updating the strategic plan on a regular basis, approving an annual operating plan with timelines and deliverables that clearly advance the strategic objectives and support them with an appropriate budget, and provide accountability through quarterly reports.

# OPERATIONAL PLANNING, REPORTING AND ACCOUNTABILITY

## PLANNING

Each year in September, the LPRW Board and GM will review the organization's SWOT, strategic and operational progress. Over the next month, the strategic plan will be updated. Implications and priorities for operations will then be discussed with the LPRW Board in October.

Following updated and reaffirmed strategic direction from the Board, the GM and staff will create an annual operating plan. This plan will include SMART goals based on the operating priorities and strategic intent of the LPRW Board.

The annual budget will be developed to support the successful realization of the operating plan. Each year LPRW's Finance Committee will review the budget in November and provide feedback. The final draft of the operating plan and supporting budget will be referred to the Board for action at its December meeting.

## REPORTING

Quarterly staff reports to the LPRW Board will align with and reference the approved operating plan. Items requiring action by the Board will be placed on the agenda.

The GM will report to the Board on progress toward achieving each approved goal/deliverable in a report card prepared in advance of Board meetings in the months following the end of each quarter (April, July, October, and January).

Timelines and/or other details regarding achievement of the SMART goal(s) will be adjusted as needed when conditions require doing so.

SMART goals will not be fully discarded unless they are being replaced with another tactic that will achieve the strategic objective they support. Board action is required to alter or eliminate a strategic objective.

## STAFF ACCOUNTABILITY

Each year, employees work toward individual performance goals that support LPRW's objectives and aid in their own professional development.

Beginning in 2027, annual employee goals will align with the SMART goals in LPRW's operating plan, and we will foster an organizational culture that is consistent with LPRW's vision, mission, and values as described in the Strategic Plan.

Supervisors will provide ongoing feedback to employees in a manner determined by the GM. Our intent is to ensure that each LPRW team member feels fully connected to the organization's strategic path, knows how they uniquely contribute to achieving our goals, and are supported by the entirety of LPRW in carrying out their roles.

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Lincoln Pipestone RURAL WATER

*Clean, safe, affordable water for every generation.*