

JOINT POWERS WATER BOARD MINUTES
Regular Meeting of
February 27, 2006
6:00 PM JPWT Plant Board Room

6:00 PM **Call to Order** by Chairperson Joyce Paullin

Board Members Present: Jerry Zachman, Joe Hagerty, Don Peterson, Gerhardt Kottke, John Vetsch

Board Members Absent: None

Staff Present: Chris Catlin, H.R. Green, Kelly Browning, Veolia Water NA, Shelly Keyes, Veolia Water NA

Staff Absent: None

BROWNING REQUESTED THE ADDITION OF ITEM 7C, WATER TREATMENT PLANT BACKWASH SLUDGE, TO THE AGENDA UNDER NEW BUSINESS. MOTION BY PETERSON, SECOND BY HAGERTY TO ADOPT THE AMENDED AGENDA. MOTION CARRIED UNANIMOUSLY.

There was no one present under the **Citizen Forum**.

MOTION BY PETERSON, SECOND BY ZACHMAN, TO APPROVE THE MINUTES OF THE JANUARY 23, 2006 REGULAR MEETING. MOTION CARRIED, WITH VETSCH ABSTAINING.

MOTION BY PETERSON, SECOND BY KOTTKE, TO APPROVE THE CONSENT AGENDA AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

There was no **Unfinished Business**.

Under **New Business**, Steve McDonald of Abdo, Eick & Meyers presented the 2005 audits. McDonald explained the audit of the WAC fees consisted of a review of connections from October 1, 2003 through December 31, 2005. Each city had a few missed connections or payments made at incorrect rates, but McDonald felt there was no intention to underreport amounts due to JPWB. Hanover City Engineer Mike Nielson is still reviewing the connections associated with the Hanover Elementary School Expansion and the additional amount owed to JPWB has yet to be determined. Keyes added the additional amounts due from St. Michael and Albertville had already been received. McDonald noted that city staff at each member city was very helpful and procedures are now in place for accurate reporting in the future.

McDonald also reviewed the management letter for the regular 2005 audit, noting the only reportable condition was segregation of duties. McDonald explained the situation is common in offices with limited staffing. McDonald also noted that GASB 40 requirements regarding deposits and investments were implemented in addition to GASB 34. He pointed out activity on investment accounts needs to be completely reconciled each month and that this has improved since last year. McDonald explained the cash position remains consistent, with an operating margin between 38-40% annually. The healthy cash flow is important to maintain in order to continue paying down the bond debt incurred in 2005.

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Hagerty commented the audit seemed to be finished quicker than last year and McDonald attributed the timeline to efficient work by staff, along with the additional audit being completed by other staff in his office. MOTION BY PETERSON, SECOND BY HAGERTY TO APPROVE THE RECEIPT OF THE 2005 AUDITS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In other **New Business**, Browning presented the Veolia Water 2005 budget reconciliation. Browning explained the Repair and Maintenance, Chemical and Utility accounts are reimbursable and overages are actual costs with no profit or overhead included. The Joint Powers budget includes a contingency for those line items which increase in direct proportion to water usage. New plant/start-up related costs were separated out since they're not routine or recurring, and considerable cost savings were achieved by having plant staff perform some start-up work instead of bidding. Browning also stated the bottom line was that the JPWB was within \$2,000 of budget for the year. MOTION BY PETERSON, SECOND BY KOTTKE TO APPROVE THE 2005 VEOLIA WATER BUDGET RECONCILIATION. MOTION CARRIED UNANIMOUSLY.

Additional **New Business** included discussion of sludge disposal alternatives for the water plant. Browning explained that backwash water sludge generated by the expanded water plant needs a method of disposal which is fair and cost-effective as well as acceptable to all parties. Board Members felt the most reasonable option was to dispose of the sludge in proportion to each city's water consumption. Browning noted that Albertville, St. Michael and herself all had differing opinions on how to address the issue and would like each city to offer feedback. Browning added both St. Michael and Albertville staff had very good points in favor of their respective opinions. Browning requested Board Members direct staff to present sludge disposal options to each city, which could then be reviewed by City Councils and staff for further discussion at the March meeting. Board Members agreed by general consensus.

Under **Engineering**, Catlin recommended payment of Pay Estimate Number Thirteen for \$35,776.05 to Rice Lake Construction. MOTION BY PETERSON, SECOND BY HAGERTY TO APPROVE PAY ESTIMATE #13 IN THE AMOUNT AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Under **Operations/Office**, there were no items to discuss.

MOTION BY PETERSON, SECOND BY KOTTKE TO APPROVE THE LIST OF CLAIMS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

MOTION BY HAGERTY, SECOND BY ZACHMAN TO ADJOURN AT 6:29 P.M. MOTION CARRIED UNANIMOUSLY.

Recording Secretary