

JOINT POWERS WATER BOARD MINUTES
Regular Meeting of
March 24th, 2008
6:00 PM JPWT Plant Board Room

6:00 PM **Call to Order** by Ron Klecker

Board Members Present: Joyce Paullin, Ron Klecker, Joe Marx, Gerhardt Kottke, John Vetsch and Joe Hagerty for Jerry Zachman

Board Members Absent: Jerry Zachman

Staff Present: Chris Larson H.R. Green, Kelly Daleiden and Shelly Keyes, Veolia Water NA

Staff Absent: None

Joe Marx requested the addition of Item 7A4 regarding Wells and Irrigation under Engineering. MOTION BY MARX, SECOND BY PAULLIN TO ADOPT THE AMENDED AGENDA. MOTION CARRIED UNANIMOUSLY.

MOTION BY PAULLIN, SECOND BY VETSCH, TO APPROVE THE MINUTES OF THE FEBRUARY 25th, 2008, REGULAR MEETING. MOTION CARRIED UNANIMOUSLY.

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

There was no **Unfinished Business**.

In **New Business**, Andy Berg of Abdo, Eick & Meyers presented the 2007 audit. Berg's discussion of the Management Letter included four reportable conditions. New audit reporting standards require auditors who draft financial statements as part of regular audit services to inform clients of the risk of misstatements occurring. Berg added the condition is not unusual for small governmental organizations.

Limited segregation of duties is also common in small offices and Berg noted that office staff has already implemented procedures to minimize risk of errors. Keyes added she developed adjustment and wire transfer reports for the chairperson to sign monthly, and Daleiden now opens, reviews, and signs off on bank statements. Vetsch asked if the Board should consider hiring a local accounting firm to review financial statements on a regular basis. Berg noted the additional implemented controls would be a more cost effective way to reduce risk. Discussion followed. Keyes agreed to contact local accounting firms for quotes. Other conditions reported were journal entry adjustments for cash with fiscal agents and interest on certificate of deposits along with annual updates of broker certification.

Berg continued with discussion of the Operations and Cash Position Summary. Operating revenue increased over the past three years, while non-operating revenue, which consists mainly of connection fees, decreased from 2006 due to the slow housing market. Marx inquired about annual differences in non-operating revenue and Berg explained that some connection revenue from 2005 was not collected until 2006. Additional discussion followed. MOTION BY PAULLIN, SECOND BY KOTTKE TO APPROVE THE 2007 AUDIT AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In other **New Business**, Daleiden presented the Veolia Water 2007 budget reconciliation. Daleiden explained Repair & Maintenance, Chemical and Utility accounts are reimbursable and any overages are actual costs with no profit or overhead included. Each year, the approved Joint Powers budget includes a contingency for those line items which increase in direct proportion to water usage. Daleiden explained that peaks in 2007 water demand, due to the hot, dry summer,

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affected electrical usage significantly. Chemical prices increased mid-year and repair/maintenance requirements increased due to aging equipment. Daleiden added overages were offset by the 13 percent additional water sales generated in 2007. Discussion followed. MOTION BY MARX, SECOND BY PAULLIN TO ACCEPT THE 2007 VEOLIA RECONCILIATION AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In additional **New Business**, Keyes requested Board Members approve base fees for oversize water meters as follows: four inch diameter at \$268.13 per quarter, six inch diameter at \$339.18 per quarter, and eight inch diameter at \$373.10 per quarter. The rate study completed in 2007 did not address any meters over three inches in diameter. Keyes added there are a few properties within the system with four and six inch meters. The base fees, combined with the flat commodity rate of \$2.25 per 1,000 gallons, follow the annual 3.5 percent increase based on the Construction Cost Index. MOTION BY VETSCH, SECOND BY PAULLIN TO APPROVE BASE FEES FOR OVERSIZE WATER METERS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

Other **New Business** included discussion of electronic radio transmitter (ERT) conversions in St. Michael and Hanover. Five hundred properties remain to be converted, and Keyes explained staff is scheduling as many as possible throughout this year in an effort to finish the project. Software and website upgrades are planned along with the conversions to increase accuracy of customer billing and provide customer convenience for payment options. Discussion regarding monthly billing and payment options followed. No action required by the Board at this time.

Board Members also reviewed a customer request for a second waiver of late fees. Staff presented feedback received from other Minnesota cities regarding late fees. Fifteen cities had the exact same policy as Joint Powers, which allows staff to waive one late fee and requires further approval for other waivers. Nine cities were more stringent and allowed only one waiver with no option to appeal to city council. Five cities allowed one waiver per year. Staff confirmed Xcel Energy and Minnegasco do not allow any late fee waivers for non-receipt of bill or payments not received from customers. Discussion followed regarding mail service and payment options available to customers. MOTION BY HAGERTY, SECOND BY KLECKER TO DENY ADDITIONAL WAIVER OF LATE FEES AS PER JPWB POLICY. MOTION CARRIED UNANIMOUSLY.

Under **Engineering**, Chris Larson of H.R. Green presented the Final Pay Estimate of \$25,228.42 to Traut Wells for Well 9 and recommended payment. MOTION BY MARX, SECOND BY PAULLIN TO APPROVE WELL 9 FINAL PAY ESTIMATE AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

In other **Engineering**, Larson updated Board Members on the Aquifer Storage and Recovery (ASR) Project. Larson explained the EPA will begin the 30-day public comment period in late March and then issue the ASR pilot test permit after any issues are resolved. Once the permit is issued, two ASR pilot cycles will begin. Cycle One will consist of storage and recovery of approximately 300,000 gallons of water and Cycle Two will consist of approximately 2 to 5 million gallons. After completion of pilot testing, the application process for the permanent ASR permit will begin. In addition to the EPA requirements, a variance by the Minnesota Department of Health requires a 72-hour pump test which will begin March 31, 2008. No action required by the Board.

Larson also requested Board approval to purchase and place 100 cubic yards of topsoil for Richard Johnson's property which will be affected by the March 31st test pumping. Water from the test

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pumping will be discharged across Mr. Johnson's property to Gonz Lake. Discussion followed. MOTION BY MARX, SECOND BY PAULLIN TO APPROVE PURCHASE AND PLACEMENT OF TOPSOIL FOR RICHARD JOHNSON. MOTION CARRIED UNANIMOUSLY.

Marx requested discussion of customer irrigation wells within the Joint Powers water system. Daleiden explained that customers are allowed to install irrigation wells as long as their property is not in the wellhead protection area. Customers must apply for a DNR permit and then have Joint Powers staff inspect the well to verify there are no cross-connections to the Joint Powers system.

Under **Operations/Office**, there was nothing to report.

MOTION BY PAULLIN, SECOND BY MARX TO APPROVE THE LIST OF CLAIMS AS PRESENTED. MOTION CARRIED UNANIMOUSLY.

MOTION BY PAULLIN, SECOND BY KOTTKE TO ADJOURN AT 7:25 PM. MOTION CARRIED UNANIMOUSLY.

Recording Secretary