

Hisega Meadows Water, Inc.
Board of Directors Meeting – December 10, 2018 @ 6:30 PM
Johnson Siding Fire Dept.

Present: Randy Smart (2021); Rick Schurger, V-Pres. (2019); Craig Fischer, Treas. (2020); Ron Gordon, Director (2020); Penny Kaiser, Sec. (2019), Scott Licht-Manager/Water Operator, Larry Deibert, Bookkeeper/transcriber

Absent: None

Guests: None

Randy called the meeting to order at 6:30 PM.

Operator/Manager's Report: NOVEMBER 2018 MANAGER/OPERATOR REPORT

11-1-18 Water sample @ Jack Sander's Residence

11-13 thru 11-20-18 Dwight Back washed

11-16-18 A customer called & said they did not have any water. After checking the reservoirs and flushing a nearby hydrant, I found a valve inside the house on the house side of the meter was turned off. I turned on the valve and that corrected the problem.

11-17-18 Josh Schmidt @ 10251 Big Piney Road called and said there was water leaking into his basement. I shut his curb-stop off and the leak stopped. I left a wrench on the valve so he could turn the water off at night.

11-18-18 called SD One call for cable locations and called Sage Water Works.

11-14-18 Signed up a new water customer. Harvey Bosch purchased the house at 10405 Cedarwood Ct. Something came up that is preventing him from moving in. He has it listed for sale by a Realtor and will pay the \$85.00 minimum until a new owner moves in.

11-21-18 SD Rural Water came with their listening device but could not find the location of the leak. They took the meter out and installed a gauge on the line and the pressure dropped to zero when the curb-stop was shut off. Dug up where Quinn Construction hooked up to Schmidt's service line and found no leak.

11-23-18 Found the leak coming from under the basement slab. Alan Sage drilled a 2 1/2" hole thru the floor in a closet on the North wall and installed a new line. He had a plumber come out and relocated the meter from a bedroom in the house with new plumbing to the old meter location.

11-27-18 only pumped 20,200 gallons.

11-30-18 Put sign on mailbox requesting that water customers not turn around in private driveways after dropping off their water payment.

Pump lost prime a number of times in November. We will probably have to open up the intake gallery next spring and replace the foot valve.

Donations: I have donated a 50' Fire hose with nozzle to Hisega Meadows Water. I also have donated a 4-drawer lateral legal-size file cabinet also. I will need some help getting it from my shop to the pit. I also donated an hour of bobcat time for the Pioneer Ave. road repair last month.

Solar controls are working good at the Big Piney Reservoir. The Minuteman uninterrupted Power supply for the former controls is no longer needed there or at the pit and can be considered surplus property. The new cost is \$54.95 + tax. I would be happy to purchase it from Hisega Meadows Water for \$58.52 should the Board agree.

Ron made motion to give Scot the Power Supply; Craig seconded the motion since the Power Supply is no longer needed. Motion approved unanimously.

Pumped 865,767 gallons in November.

Bookkeeper's Report: Rick made a motion to approve the Treasurer's Report; Ron seconded. Motion carried unanimously. Larry clarified the balance sheet for the USDA needs to be reviewed and updated prior to June 30, 2019.

The 2017/2018 HMWI tax return has been prepared & submitted by James Postma; cost \$559.12. Craig made a motion to approve payment of James Postma's invoice; Penny seconded the motion. Motion passed unanimously.

Minutes: The November 12, 2018 minutes were reviewed. Penny made motion to approve the minutes; Rick seconded. Minutes were approved unanimously.

Old Business:

Remote Reading Water Meters:

Larry submitted a summary of the discussion held with Craig Fischer-HMWI Board Member, Bill Lass – Senior Planner of B.H. Council of Local Governments and Andy Bruels - DENR on December 7, 2018 concerning the possibility of DENR providing a Grant/Loan for the purchase of Remote reading water meters. The summary is attached to these minutes.

Summit Road Signs Cost: Scot contacted Contractors Supply, Inc. (CSI) of Rapid City about the cost to purchase the signs required by the County when doing excavation in County ROW. Scot recommended getting the following items: 6 – Type III Barriers; High Intensity (8' long): \$197 each (\$1182); 2 – Marathon - Reflective "Road Closed Ahead" roll up signs (36"): \$132 each (\$264); 2 – Single Spring Screw Lock Sign Stand: \$217 each (\$434); Total cost of \$1880 plus the cost of 2 – Road Closed signs to attach to barricade: waiting for price quote. Ron made a motion to approve purchase of all items up to a maximum of \$3,000. Rick seconded the motion. Motion approved unanimously. CSI would place the order when they get a large enough order to ship.

Solar Lights for Storage Unit/Building: BH Electric will charge \$1,020 to hook-up the power to the pole near the storage shed on Lindsey Dr. since there is no transformer on the pole; the meter socket may need to be changed out. Rick made a motion to make the connection; seconded by Ron. Motion passed unanimously.

By-Laws Committee:

Craig provided the following proposed changes to the By-Laws (the portion to be deleted is in green and the portion to be added is in red):

- 1) Article VIII – MEETING OF MEMBERS - Section 5- Vote: Each member shall be entitled to one (1) vote per lot, on each issue to be voted on. All questions shall be decided by a vote of the majority of the members voting therein in person, except as otherwise provided by law, the Articles of Incorporation or these laws. **Voting by proxy shall be allowed.**
Proposed Change: **Voting by proxy is only allowed on ballots approved by the HMWI Board.**

Ron made motion to recommend the above By-Laws change at the annual members meeting at the end of June 2019. Rick seconded the motion. Motion was approved unanimously.

2) Article XIV – CONTRACTS, LOANS and DEPOSITS

Proposed Addition to the By-Laws:

Section 4 – EXPENDITURES:

Expenditures on any non-repair items greater than \$10,000 (ten thousand dollars) must be approved by the membership.

Ron made motion to recommend the above By-Laws change at the annual members meeting at the end of June 2019. Craig seconded the motion. Motion was approved unanimously.

Permit for Utility Installation or Excavation Within the Public Right-of-Ways: Penny discussed with Mike Lieby about getting a “Surety Bond” through our insurance company for approx. \$200/year that would provide the necessary bonding to perform excavation work within the County ROW. Mike said we would be able to proceed with repairing a water leak without approval from the County if the leak occurs during the week-end as long as HMWI would contact the County the next business day. Randy will contact our insurance company about adding this to our coverage. Larry will send contact info to Randy. Contact info: First Western Insurance – Kathy Johnson 605-348-9800 x4032 kathy.johnson@FirstWesternInsurance.com or Lisa Engravallo-Ferguson 605-348-9800 x4005; lisa.engravallo@FirstWesternInsurance.com

New Business:

SD Association of Rural Water Systems Election:

The Board decided to cast HMWI’s one vote for SD Rural Water System director for “Jim Ackerman”

Alan Sage Invoice: Randy raised a question about Alan Sage’s fee of \$275 to bring his backhoe to the area; “is \$275 a reasonable cost or is it high?” The consensus of the Board members is that Sage’s price is reasonable. Penny made motion to pay Sage’s invoice; Craig seconded. Motion passed unanimously. Randy suggested that Scot create a form that would be signed by the home owner authorizing a contractor working with HMWI to perform the necessary water line repair work on their property.

Randy passed out a copy of a HMWI letter-head; Scot will have a print company prepare a ream of paper with the letter-head.

Being no further business, Ron made a motion to adjourn; seconded by Rick. Meeting adjourned at 7:50 PM

The next regular board meeting will be 6:30 PM, Monday, January 14, 2019 at the JSFSD.

Respectfully submitted,

Larry Deibert, Transcriber

Summary of Discussions with Bill Lass & Andy Bruels

From: William Lass <wlass@tie.net>

Sent: Wednesday, October 3, 2018 10:49 AM

Subject: RE: Grant/Loan Money

From Bill Lass:

I had a chance to visit with DENR regarding your project inquiry. There is probably a bit more to the story than just a simple answer on this but I thought I'd get the main points down in writing and then we may want to follow-up with a phone call also at some point.

So, I visited with Andy Bruels of the DENR this morning and described your project proposal and cost to him. He stated that based upon your figures (\$54,300 for 200 meters), you are most likely just referencing the meter cost with no inclusion of engineering costs or costs for installation of the meters. If you wish to pursue DENR funding, **you are required to have an engineer involved.**

Questions from HMWI: The first comment is the one that raises the most questions:

1)How exactly would an engineer be utilized in a project to replace old meters with remote read meters? We have spoken with "Core & Main," the same firm that provides the remote reading meters for the city of Rapid City. Core & Main have provided a cost of \$53,500 for 200 meters similar to the meters in use by the city of Rapid City. One of the HMWI Board members works for the City water department, which is where we are getting some of our information from.

Response from Andy: The Engineer would put together an Engineering Report that would outline the need for the Project, lay out several different types of remote reading meters, determine the need of installing expansion tanks, determine if all present meter installations are up to code and what it will take to bring each up to code.

2)What type of engineer would we be working with? Could you name 2 or 3 local firms that might have the expertise that DENR would be looking for?

Response from Andy: Any general contractor working in water/waste water field would be able to provide the service needed. He mentioned that Ron Banks (HMWI Engineer on the previous two upgrades is working with "Inter-State" a local Engineering firm.

Some other engineering firm from the phone book: AE2 S; American Technical Services, Inc.; KJL; Ferber Engineering Co.; FMG Inc.; Hermanson Egge Engineering Inc.; Mitchell Kertzman, PE; Mainline Contracting; Timothy Mordhorst; Power Engineers; Skyline Engineering, LLC; Tetra Tech Inc.; & West Plains Engineering

3)Does DENR have some ballpark amount for the engineering costs associated with a water association with 196 meters?

Response from Andy: You can expect an Engineering fee of around 15% of the project. Andy understands that the Engineering Report will add significantly to the cost of a project but need to ensure that everything is done properly when they are providing the funding. HMWI can do the project cheaper without having an Engineer on the project but DENR would not be able to provide any funding.

From Bill Lass: Furthermore, DENR will typically require that you hire someone qualified to perform the installation although rare exceptions to this may be allowed if you can demonstrate to the DENR that you have qualified personnel who will be doing the installation.

1)What are the requirements that would show we have a qualified person to do the meter installation? Does it need to be a licensed plumber to complete the installations?

Response from Andy: It is not mandatory that it be a licensed plumber but a licensed plumber would be familiar with all the local codes and would know if an expansion tank is necessary. If the installation costs would be greater than \$53,000, the installation would need to be bid. The type of meter would be noted in the report and would not need to be bid.

From Bill Lass: At any rate, by the time you factor in the costs for an engineer plus the costs for paying for the installation, your cost estimate will undoubtedly be significantly higher. Andy said he currently has several water meter projects on the State Water Plan and the costs include: \$250,000 for 200 meters, \$470,000 for 330 meters, and \$340,000 for 220 meters.

1)The first thought after seeing the costs for the above 3 projects is "would it be less expensive to our association, to absorb the cost of changing out the meters for \$110,000(HMWI estimate to purchase meters and other equipment plus the installation) than to accept a 50%/50% loan/grant from DENR, which would still cost us \$125k to \$170k based on receiving a 50% grant? I mention this so you can show us where our thinking is off-base.

Response from Andy: Andy said he would not argue that the project could probably be completed at a lower cost without having DENR involved; there is a lot of overhead involved with the DENR requirements.

The reason for the widely varying costs can be attributed to several factors: 1) the meters could be of the type that require someone driving past the homes; 2) the project could have several towers that gather the info and forward it to one central location; 3) the project could require a majority of the homes needing pressure tanks installed or other more involved plumbing updates.

From Bill Lass: If you do wish to pursue DENR funding, the first step in the process would be for your engineer to prepare an engineering report. Once that report is complete, we would need to submit a State Water Plan Application for the project. Only after the State Water Plan application is submitted, can we then apply for DENR funding. The most likely funding application would be a Drinking Water State Revolving Loan Fund application.

1)What is the approx. time frame for the above-mentioned steps to be completed? It could take 2-3 months just to select a qualified engineer. I'm guessing it would take 1-2months for the engineering report. Submitting a State Water Plan Application might take another 1-2 months. If I remember correctly, the time frame to have DENR review our application and approve the funding was at least a minimum of 3 months.

Response from Andy: The selection of an Engineer could occur quickly depending on how fast the Board moved in selecting an Engineering firm. Andy stated that a possible time-table would be to submit the Engineering Report by May 1; Submit the State Water Plan Application by July 1; DENR Board award by Sept. 30. The actual start of the meter install could start shortly after the award. The three underlined dates are specific DENR dates that are fixed.

END OF QUESTIONS & COMMENTS!

From Bill Lass: Because Pennington County is not a member of our organization, it is now our policy to charge a fee for certain types of assistance for entities in the County. Therefore, once we'd get to the funding application stage, we would need to enter into a contract with you to put together the funding application. Assuming this ends up being the Clean Water SRF Application, the approximate cost would be **\$2,000.00**. If for some reason, a different type of funding application (other than SRF application) is pursued, the price may be different. Anyway, you do not have to worry about this now and we will help with the *pre-funding* application activities (including putting together the State Water Plan application) for no cost. But I just wanted to be up-front with you so you are not surprised down the road