

Rural Water District No. 1
Ellsworth County, Kansas a/k/a Post Rock Rural Water District
Special Board Meeting Minutes
December 19, 2023

At 6:40 pm Chairman Bland called the meeting to order and called for roll call.

Directors present at roll call: Director Bland, Director Wehrman, Director Griffith, Director Christy, Director Robbins, Director Larson, and Director Dolezal. Director Teppe was absent.

Staff present: Jon Wright, Angela Naegele, and Roxanne Stevenson

Others present: Leslee Rivarola (consultant), John Reimer (Viking Industrial Painting) and Rick Penner (Viking Industrial Painting)

Chairman Bland requested public comment. There was none.

Chairman Bland called for a motion to approve the agenda. Director Dolezal motioned to approve the agenda as presented. Director Wehrman seconded the motion. All members present voted in favor of the motion.

Chairman Bland called for a motion to approve the minutes from the November 21, 2023 board meeting. Director Griffith motioned to approve the minutes as presented. Director Robbins seconded the motion. All members present voted in favor of the motion.

Chairman Bland called for a motion to approve the special board meeting minutes from December 8, 2023. Director Griffith motioned to approve the minutes as presented. Director Dolezal seconded the motion. All members present voted in favor of the motion.

Chairman Bland invited Viking Industrial Painting to make a presentation on the inspection Viking Industrial Painting performed for Towers 3, 4 and 6 for the District. Mr. Reimer gave an overview of the company and the work they perform. Mr. Reimer described the inspection work their company performed on behalf of the District. Mr. Reimer presented his inspection results and improvements they recommend be completed on the District's facilities they inspected. Mr. Reimer provided a presentation with photos and descriptions of the suggested improvements. Discussion followed. Mr. Penner provided information on security and painting. Discussion followed. Mr. Reimer provided an estimate of cost for the improvements that were recommended of approximately \$150,000 for the three tanks inspected. Discussion followed. Mr. Reimer and Mr. Penner shared they could split the work over a few years and could work with the Board on structuring repairs. Discussion followed with Mr. Wright and the Board regarding the other tanks that need inspected. Discussion followed with the Board and Mr. Wright taking no action and agreeing to follow up with Mr. Reimer and Mr. Penner.

At 7:31 pm Director Griffith left the meeting.

At 7:40 pm Mr. Reimer and Mr. Penner left the meeting.

Chairman Bland called for the expense report. Discussion and questions followed on a couple of items. Director Dolezal motioned to pay the bills presented in an amount not to exceed \$165,371.81. Director Wehrman seconded the motion. All members present voted in favor of the motion.

Chairman Bland called for the Workers' Compensation item on the agenda. Mr. Wright asked for Ms. Stevenson to provide a brief overview. Mr. Wright and Ms. Stevenson provided an overview and pointed out the coverage term is something to look at in the quotes provided. Director Larson motioned to remain with the current provider. Director Christy seconded the motion. All members present voted in favor.

Chairman Bland called for the General Managers report. Mr. Wright presented options on water rate increases with a plan to raise rates over the next several years. Discussion followed regarding rates, expenses that the District has incurred, and the need to cover the District's ongoing expenses to treat and supply water. Discussion followed regarding setting a rate for just one year to evaluate expenses. Inflation has been a significant driver of costs and expenses to the District. Discussion followed among the Board to set a rate increase for one year and let the Board the following year determine what to set the rate for the following year to respond to the District's needs and inflation and expenses. The Board discussed a one time increase in rates for retail and wholesale customers to be effective in 2024. The Board also discussed the importance of covering expenses including capital needs of the District including improvements in distribution and the water treatment plant. Discussion about communication on a rate increase followed. Director Christy motioned to increase water rates across all categories of water users by 10% in 2024 and for staff to bring a Resolution to increase water rates to the January meeting. Director Larson seconded the motion. All members present voted in favor. Discussion followed that staff will bring back a Resolution for Water Rates at the January meeting and a communication plan for customers.

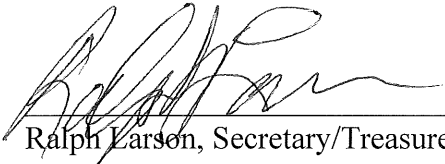
Mr. Wright discussed Gorham's wholesale water purchase agreement and their water usage over the last few years. Mr. Wright discussed the importance of having shorter contract terms more favorable to the District and setting minimum and maximums that reflect the water used. Director Christy inquired about establishing a flow rate instead of a minimum and maximum. Mr. Wright said he was going to communicate with Gorham. Mr. Wright inquired about the term for the contract. Discussion regarding a shorter term since there is no capital investment being amortized followed. Discussion regarding wholesale contracts and terms followed.

Mr. Wright provided an update on other activities and work at the District. Discussion followed. Mr. Wright also provided an update on a conditional offer he made for an employee to begin work with the District. Discussion followed. Chairman Bland discussed wages at other employers, including Great Plains. Discussion followed regarding compensation and benefits. Director Wehrman inquired about AMRs. Ms. Naegele provided an update and said 305 were downloaded and 23 were installed since the last board meeting. Of those 148 are installed in

Saline County. One of the new employees, Barry Heinitz has already installed several AMRs. Discussion followed about animals damaging lids and other District equipment including pack rats and squirrels, etc. Mr. Wright indicated he had no need for an executive session. Mr. Wright did indicate he's considering adding a part-time employee to assist in the office to ensure cross training and staffing availability. Discussion followed.

At 8:43 pm Chairman Bland called for a motion to adjourn. Director Dolezal motioned to adjourn. Director Robbins seconded the motion. All members present voted in favor of the motion.

Respectfully Submitted:



Ralph Larson, Secretary/Treasurer

1-24-24

Date