

LEAVENWORTH WATER DEPARTMENT

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS

HELD ON JUNE 25, 2013

A regular meeting of the Board of Directors of the Leavenworth Water Department was held at 6:59 PM on Tuesday, June 25, 2013 at the Leavenworth Water Department located at 601 Cherokee, Leavenworth, Kansas 66048.

ATTENDANCE

Directors in Attendance

Michael Bogner, Chairman
Greg Kaaz, Vice Chairman
Teresa Wood, Assistant Secretary
Richard Gervasini, Secretary

Directors Absent (Excused)

Howard Kirk, Member

Staff in Attendance

John Kaufman, Department Manager
Jeff Arnold, Water Treatments Plants Manager
Gary Simanowitz, South Plant Superintendent
Dennis Baragary, Sr., Distribution Manager

Others in Attendance

JR Reilly - Reilly Insurance

CALL TO ORDER

Chairman Bogner called the meeting to order noting that a quorum was present.

REQUESTS, COMMENTS, PETITIONS BY MEMBERS OF THE PUBLIC

None

BOARD MEMBER ITEMS OUTSIDE OF EXECUTIVE SESSION

Director Kaaz:

1. Under the new Personal and Family Protection Act, a new "No Fire Arm" sign is not needed if no sign currently exists.
 2. New items to be included in the Consent Agenda for each board meeting should on the next board meeting agenda.
 3. Bank signature cards need to be updated.
 4. Would like to address the check printing, signing, and limit control policy at the next board meeting.
 5. Requested additional investment detail be available at the next board meeting.
-

MINUTES

Upon motion of Director Wood, seconded by Director Kaaz, it was...

RESOLVED (No. 14216), that the minutes of the June 10, 2013 Board

Meeting are hereby approved.

**CONSIDERATION OF
INSURANCE OVERAGE AND
PROPOSAL FROM
CINCINNATI INSURANCE
COMPANY**

Upon motion of Director Gervasini, seconded by Director Kaaz, unanimously adopted, it was ...

RESOLVED (No. 14217), that the Board approved the insurance coverage with Cincinnati Insurance Company in the amount of \$134,640, of which \$4,835 covers directors and officers insurance (2nd year of a 2-year coverage through CNA), and with a 3-year lock on the premium for umbrella coverage of general liability, property, and equipment; automobile and workmen's compensation coverages are rated each year.

**CONSIDERATION OF
PAYROLL DISBURSEMENTS**

Upon motion of Director Kaaz, seconded by Director Wood, and unanimously adopted, it was

RESOLVED (No. 14218), that the regular payroll for the period ending June 30, 2013 amounting to gross pay of \$75,398.15 (composed of Federal Tax Withheld - \$7,616.15; FICA Withheld - \$5,488.24; State Tax Withheld - \$2,519.78; KPERS Withheld - \$3,227.29; P.E.D.C. - \$2,954.83; Insurance - \$1,966.85; United Way - \$98.75; EQ-Flex - \$3,244.42; Misc. - \$265.00; Garnishment \$755.00 and Direct Deposits - \$47,261.84, and including the following overtime amounts: Distribution - 22.50 hours @ \$667.16; North Plant - 4.0 hours @ \$121.50; South Plant - 4.0 hours @ \$121.62 be approved and disbursements made from the Revenue Fund for their respective amounts.

**CONSIDERATION OF SPECIAL
CLAIMS AND SPECIAL /
SPECIAL CLAIMS**

Upon motion of Director Kaaz, seconded by Director Wood, unanimously adopted, it was ...

RESOLVED (No. 14219), that the Board approved the Special Claims \$321,539.26, and the Special/Special Claims as follows: SASI \$562.33, Leavenworth Times \$136.00, Ten Penny Restaurant \$465.00, and Lesia Hegeman \$350.00; and, the checks be drawn on the Revenue Fund for their respective amounts.

**CONSIDERATION OF MAY
FINANCIAL STATEMENT AND
INVESTMENT REPORT**

Upon motion of Director Wood, seconded by Director Kaaz, unanimously adopted, it was ...

RESOLVED (No. 14219), that the Board approved the May 2013 Financial Statements.

**PRESENTATION OF DRAFT
2014 BUDGET AND CIP
ASSUMPTIONS**

1. 2014-2023 Budget Plan
2. 2014 Budget

Water Treatment

1. O & M Basis: Average 2008-2012 water usage at each plant; 2 cases:
 - a. Demand remains flat

- b. Demand increases linearly by an additional 1.5 MGD beginning in 2014 to 2023.
2. Assume 2% inflation for 2013 and 2014 and 4% inflation for the remaining years
3. Staff: factor in retirements and staffing needs; training
4. CIP Basis: scheduled replacements with a 10% unknown; no plant upgrades or expansion in 2013 or 2014; 2015-2022 plant upgrades and expansion to be addressed in integrated resource plan (study)
5. Maintain CIP costs at or below 2013 budget

Water Distribution

1. O & M Basis: Average 2008-2012 main breaks, etc. in terms of costs.
2. All radio read meters installed in 2013; factor in replacement batteries
3. Assume 2% inflation for 2013 and 2014 and 4% inflation for the remaining years
4. Staff: factor in retirements and staffing needs; training
5. CIP Basis: scheduled replacements with a 10% unknown
6. Maintain CIP costs at or below 2013 budget; maximize use of pipe bursting

Product

1. Computer Spreadsheets
2. Narrative – Word documents

System Master Plan

1. Ultimate service area and water demand
2. System model
3. Diversions and treatment systems
4. Water Rights
5. Storage facilities
6. Distribution system
7. Administration and staffing
8. Financial Plan

Strategic Plan

Address how we achieve the master plan in terms of customer service, staffing and training, management roles and responsibilities, Board roles and responsibilities, stewardship of assets, water sales, public relations, etc.

Integrated Resource Plan

To address regulatory and technical changes in the water-service industry that could impact our service area by developing and implementing an IRP. An IRP is narrow in scope to address the level of system reliability we want to provide to customers, new facility needs, water-quality issues, technology upgrades, and the operations and maintenance direction for our treatment and distribution systems. Technology upgrades will impact water treatment, distribution, and customer service.

Financial Plan

1. Forecast monthly and annual income assuming 2% rate increase
2. Examine various funding options

Human Relations Update

1. **South Plant Operator Position.** South Plant Assistant Superintendent, Mike Dominick, is currently scheduled to retire on January 1, 2014. The most qualified person to replace Mike is South Plant Lead Operator, Neil Seichepine. Neil has been taking classes leading to a degree in water treatment technology. Nick Kowalewski is a likely replacement for Neil in the Lead Operator position. This staff transition will free up an operator position at the South Plant, which is being advertised in the local newspaper.
2. **Customer Service Position.** About 160 resumes were received for the open customer service position. Following telephone interviews, five candidates were interviewed face-to-face in the office. Helpful interview questions were provided by HRS. A background check will be performed on one or more of the candidates prior to making an employment offer.
3. **Job Descriptions.** Job Descriptions are being prepared for each position in the Water Department.
4. **Other HR Tasks.** The following is a status report on the completion of other HR tasks:
 - *New I-9 Forms.* This task is completed.
 - *Performance Review Forms and Training.* This task is in progress with Management and should be completed by the end of June. Alternative evaluation forms were provided by HRS for consideration by management.
 - *Personnel Manual.* A draft was prepared by HRS and is being reviewed by staff. A final draft will be prepared and will be sent to the Board for consideration by the second meeting in July.
 - *New Employee Orientation Program.* This HRS task is scheduled for completion by September 1st.
 - *Management Training for Supervisors.* HRS will complete this task by the end of October.
 - *OSHA 300 Report.* HRS is working on this task in cooperation with Management. Completion is forecast by the end of June.
 - *Safety Training and Manual.* HRS is working on this task in cooperation with Management. Completion is forecast by the end of October.

A copy of the recent HRS invoice is attached, which identifies tasks accomplished in support of Water Department HR needs.

Director Bogner remarked that the Water Department should consider employing a full time HR/IT person.

Software and Computers

According to Microsoft, the following is a summary of End-of-Life Support, which will affect the Water Department’s plan for computer and software replacement. While in Florida this week, Lesia Hegeman will determine where or not our existing HTE accounting system and print commands will be compatible with Windows 7 and/or 8. According to Microsoft, Office 2013 will not operate with Windows XP.

Product	Mainstream Support End Date	Extended Support End Date	Service Pack Support End Date
Windows XP Professional	4/14/2009	4/8/2014	8/30/2005
Windows 7 Professional	1/13/2015	1/14/2020	4/9/2013
Windows 8 Pro	10/30/2012	1/9/2018	1/10/2023

The Water Department’s IT consultant, Mark Olesen, will be invited to a future board meeting to review the Water Department’s computer system and security operations.

Presentation of Draft Policy and Procedures

This task is in progress. Working drafts were presented and described at the Board meeting for later review and comment by the Board. Action by the Board was not requested at this time and will be offered for consideration at a board meeting in late July or August.

PROJECTS UPDATE

Disinfection Byproduct Monitoring Data

Sample Location	HAA5		THM	
	µg/L	% of MCL	µg/L	% of MCL
925 Shawnee	30.0	50.00%	58	72.50%
2906 S. 4th Street	8.6	14.33%	22	27.50%
WPT2 5540 Eisenhower	9.0	15.00%	22	27.50%
4925 S 4th Street	8.0	13.33%	20	25.00%
WPT1 2004 Spruce	29.0	48.33%	58	72.50%
326 Walnut	25.0	41.67%	57	71.25%
1031 Metropolitan Ave.	27.0	45.00%	55	68.75%
WPT2 2012 10th Ave.	9.2	15.33%	27	33.75%
Averages	18.2	30.38%	39.9	49.84%
MCL (LRAA)*	60.0		80	

* LRAA is locational running annual average.

Water Diversion and Treatment Projects

1. Stage 2 Disinfection Byproduct (DBP) Study

Water samples were collected on June 4th for Trihalomethane (THM) and Haloacetic Acid (HAA5) disinfection byproduct analyses. This sample round was the first “live” test of the planned pH adjustment to 11.0 at the North Plant during the spring runoff to reduce THM and HAA5 values. At this time of year, THM and HAA5 they would normally be high due to elevated soluble organic compounds in the river. Our objective was to reduce THM and HAA5 concentrations to less than 80% of the respective maximum contaminant levels (MCL). The test results were favorable and are summarized below.

These test results indicate that pH adjustment to 11.0 during lime-softening treatment substantially reduced the formation of disinfection byproducts when soluble organics in the Missouri River would be normally high -- during the spring runoff and other periods of high river flow (stage). These data further indicate that costly disinfection process modifications at the North Plant will not be necessary to reduce the formation of disinfection byproducts and ensure compliance with the new Stage 2 Disinfection Byproduct Rule. The plan to adjust the pH was recommended by Black and Veatch and the Water Treatment Management Staff.

2. Well Field Access Road Reconstruction

Road reconstruction was completed on June 13th. Two new power poles will be installed in the next few days by Capital Electric to replace two power poles that were lost during the flood. A few remaining items need to be removed including some large boulders, debris, and a 55-gallon barrel of unknown contents. The Water Department is working with Chuck Magaha and the Fire Department on how to best to remove the orphan barrel.

3. Radial Collector Well Feasibility Study

A Black & Veatch feasibility study proposal is being reviewed by Water Department staff.

4. Southern Star Gas Line Installation

Black & Veatch is working to complete its assessment report by incorporating Water Department comments. A conference call is scheduled with Black & Veatch and SSGC's consultant, Hatch Mott MacDonald, on Monday, June 24th to discuss the report findings and the project schedule.

5. Lime Residuals Disposal

There is nothing new to report at this time.

6. Well Cleaning RFP

There is nothing new to report at this time.

7. South Plant VFD Study

There is nothing new to report at this time.

8. Backup Generators

There is nothing new to report at this time.

9. Booster Pump Station VFD Installation

The final VFD installation is underway. Complete operation cannot occur until the instrumentation upgrades are complete. Instrumentation install is expected to begin in the next few days.

10. North Plant Head Gate

The incorrectly sized head gate is expected to be installed this fall while the plant is shut down.

Water Distribution Projects

1. Shawnee Street Main Replacement

Replacement of the 1882 6-inch cast iron water main between 3rd and 4th Streets began on June 17th. The old water main will be replaced with 8-inch HDPE pipe by pipe bursting. This block is forecast to be completed by the end of June. The Water Department is working with local businesses, US Post Office, residences, and City personnel to minimize impacts. Pipe bursting is scheduled for Friday, June 21st.

Replacement of the water main will continue along Shawnee from 3rd Street to Esplanade and along Esplanade to Delaware after the pipe replacement between 3rd and 4th Streets. A coordination effort is underway to avoid having a negative impact on the City Sidewalk Sale scheduled to occur July 11th thru 13th.

2. Delaware Street (from 13th Street to 16th Street)

A plan and profile design has been completed. The project will replace and relocate about 1,800 feet of deteriorated 2-inch diameter cast iron pipe with 8-inch HDPE pipe. An additional 100 feet of main will be installed to establish better water circulation from the west; and, 300 feet of main will be installed to continue the stubs installed to the north along 15th Street and 14th Street. The new main will be constructed on the north side of the right-of-way. Two new fire hydrants will also be installed.

The planned method of construction is horizontal directional drilling to reduce land disturbance and restoration costs and to minimize impacts on local residents. An option to open cut trench the project will be included in the bid documents, as requested by the Board. The project will be advertised on Drexel as soon as specifications, including criteria for open-cut, can be developed.

3. 16th and Choctaw Water Main

Approximately 350 feet of new 2-inch HDPE pipe will be installed to replace a deteriorated ¾-inch galvanized-steel water line and provide service for a planned new single-family residence and two potential residences.

A larger pipe, possibly 6 inch or 8 inch, could be considered in the future during the replacement of the existing 1-inch galvanized pipe along 16th Street. Cost and sizing along 16th Street would have to consider potential residential growth south and west of 16th and Choctaw. No growth is currently forecast at this time.

This project will be bid as an additional option to the Delaware Street project. Due to the similarities and close proximity of the projects a cost savings is expected by combining this project with the larger Delaware project.

4. 3rd Street at Three-Mile Creek

This project involves suspending pipe from the bridge to replace the pipe removed when the Three-Mile Creek trail was

installed. A review of the structural analysis completed by BG Consultants will occur.

5. KDOT Facility (16490 Springdale Road)

This project is pending a response from RWD-5 concerning supplying additional water to the KDOT facility. A request was made by KDOT to the Water Department for a new line capable of providing fire protection and sufficient capacity for a new KDOT wash-bay facility. RWD-5 currently provides water service to this KDOT property, while the adjoining property (also owned by KDOT) is served by the Water Department.

6. 16th Street (from Santa Fe to Thornton Street)

This project is planned for later this year and may be considered with the 17th and Thornton project.

7. 17th and Thornton 6-Inch Water Main

This project would best be undertaken in the fall when less overgrowth exists and the stream flows are minimal.

8. Miami Street (from 8th Street to 10th Street)

There is nothing new to report at this time.

9. Franklin Street (from Ohio to Kansas)

There is nothing new to report at this time.

10. Stove Factory Lofts Water Mains and Hydrants (Brownfield Project)

A meeting between the Water Department, Fire Department, and the developer's engineering consultant, ASM, was held at the Water Department office on June 18th. Fire protection plans for buildings E and F were reviewed. The remaining building plans are not yet complete.

Water service to the apartment development calls for replacement of an existing domestic tap on a 10-inch water main beneath 2nd Street with a 10-inch by 8-inch tee that will serve the project on both sides of 2nd Street. This will prevent having to re-excavate and connect for the new building planned for the east side of 2nd Street.

The Fire Department requested that four existing hydrants around the complex east of 2nd Street remain and that the two fire hydrants on the south side of the property be moved away from the building for better access. An old 4-inch cast iron water main from the 10-inch water main beneath 2nd Street to the southeast hydrant needs to be replaced with a 6-inch or 8-inch water main. This can be accomplished by pipe bursting. The line would then be extended and the hydrant moved into a parking island east of the current location. Pipe material selection may be an issue due to the contaminated soils south of the property.

11. Radio-Read Meter Installations

Installation of new radio read meters are continuing.

12. GIS and Field Devices

There is nothing new to report at this time. (Planned for fall)

13. VA Water Main Connections and Metering

There is nothing new to report at this time, although major building renovation work is ongoing at the VA.

14. Shop Area Security Fence and Gates

There is nothing new to report at this time pending receipt of a new FEMA flood map.

City of Leavenworth Projects

1. City Animal Control Facility

A new water main is needed to provide water service to the City's new animal control facility near 3rd Street and Marion. Due to the previous site uses and potential for contaminated soil, a decision was made to install polyethylene encased 8-inch ductile iron pipe (DIP) with Nitrile gaskets. This will conform to AWWA standards. Test pits revealed the existence of shallow landfill waste and black organic soil. The Water Department has an inventory of about 130 feet of 8-inch DIP that can be used for the project. The additional pipe, nitrile gaskets and stainless steel fittings have been ordered.

Management is waiting for written confirmation that the City will convey the southwestern portion of its property to a public right-of-way so that the water main can be installed west of the planned animal control facility. The City began construction work during the first week of June. A meeting with City staff on the project is scheduled for July 3rd.

2. 2nd Avenue and Limit Street Bridge Replacement and Road Realignment

Easements for construction and operation of the new 12-inch transmission line are being defined. Construction work has not been scheduled.

3. Limit Street Bridge Replacement at 16th Street and Road Widening from 15th to 20th Street

All Water Department infrastructure relocation and replacement work is complete. Costs will be tabulated and an invoice will be sent to the City for its share of the project cost. Project initiation by the City's contractor has been delayed by AT&T.

4. 2nd Street Bridge Replacement

There is nothing new to report at this time.

5. Storm Sewer Upgrade, Curb, and Sidewalk 2nd Street Bridge Replacement from 13th St. Terrace to 17th Street

There is nothing new to report at this time.

6. City Sidewalk and Street Overlay Projects

There is nothing new to report at this time.

7. New - Storm Water Repairs and Improvements - 5th Ave and Prospect

This project is to repair and/or replace the storm drainage

system in the intersection. The project may include drainage-way stabilization and possible realignment. Design plans are anticipated in the fall. Impacts on Water Department water distribution infrastructure are not yet known, and will be assessed upon receipt of the design plans.

8. New - Storm Water Repairs and Improvements - 18th Street North of Spruce

A project description is not yet available and a schedule for design work is not known. Impacts on Water Department water distribution infrastructure will be assessed upon receipt of the design plans.

9. New - Ottawa 12th to 13th (settlement problem)

A project description is not yet available and a schedule for design work is not known. Impacts on Water Department water distribution infrastructure will be assessed upon receipt of the design plans.

10. New - Marion and Girard (collapsed arch)

Buried utility relocations are anticipated where the utility lines are located over the collapsed arch. City construction work is forecast in 2017. The impacts on Water Department infrastructure are not yet known.

Developer Projects

1. Fairfield Inn - 4th and Metropolitan

There is nothing new to report at this time.

2. New - Hampton (Hilton) Inn- 4th and Choctaw

A new Hampton Inn is forecast to be constructed at the southwest corner of 4th and Choctaw. The developer's engineer will forward plans to utilities.

**GENERAL MANAGER'S
REPORT**

Government Affairs

- 1. Lan-Del & RWD-8 Transmission Mains.** According to Ellis Edmonds, Chairman of RWD-8, the Lan-Del Rural Water District Board declined to sell to RWD-8 a portion of its 16-inch transmission line that is located along 4H Road and within RWD-8's water service area. During the drought of 2012, only 20% of the pipeline capacity was used by Lan-Del. The transmission line would allow RWD-8 to serve future customers in its water service area west of Desoto Road, including the planned new Lansing high school. The high school sight was recently annexed by the City of Lansing. Lan-Del also declined the Water Department's offer to purchase the district's 16-inch diameter transmission along 4H Road, which the Water Department helped to fund in 2008 by more than 17% of the construction cost. Water Department ownership of the water transmission main would have ensured long-term water service to both Lan-Del and RWD-8 and reduced new infrastructure costs to both Lan-Del and RWD-8. Lan-Del needs to relocate a water main along Desoto Road because of a City of Lansing road improvement project, and RWD-8 needs to construct a new

water main to serve the new high school. As of this date, I have not spoken with Lan-Del's General Counsel, David van Parys, to confirm these two decisions and to better understand Lan-Del's reasoning. Both Lan-Del and RWD-8 purchase wholesale water from the Water Department. RWD-8 is now proceeding with plans to construct its own 12-inch water main along 4H Road (across the street from Lan-Del's transmission main) to supply water to the new Lansing High School and future residential development west of Desoto Road. The rural water district is also requesting that the Water Department contribute about \$100K to the new pipeline construction project.

2. **RWD-8 Service Contract Renewal.** The water service agreement with RWD-8 expired in 2006 and needs to be renewed. A copy of the expired agreement and other related agreements are attached.
3. **Kansas Public Water Supply Loan Fund (KPWSLF).** The Kansas Department of Health and Environment (KDHE) will conduct a public hearing on June 28th at 2:00 PM in Topeka to describe the intended use of available funds for the KPWSLF, as the program year starts on July 1, 2013. The hearing is intended to give the public an opportunity to comment on how the KPWSLF uses available funding. Municipality attendance is not required for project consideration. A copy of the draft 2014 Intended Use Plan is attached, which includes the following Leavenworth Water Department projects and cost allocations:
 - a. Radial collector well -- \$5M
 - b. Backup generators -- \$5M
 - c. Water main extension to serve regional customers -- \$1.5M

Community Relations

1. **Consumer Confidence Report.** The Water Department completed the publication and public notice requirements for the 2013 Consumer Confidence Report. The required documentation was submitted to KDHE.
2. **Draft Southern Star Easement.** The attorney for Southern Star Gas Pipeline, Inc., Mark Lockett, forwarded an easement agreement, plat, temporary construction workspace agreement, and construction workspace plan to the Water Department, Mike Crow, and the City for consideration. These documents are attached and are being reviewed by Water Department staff.

Legislation and Regulation Update

1. **Missouri River Municipal and Industrial Water Storage Reallocation Study.** The Corps is developing a municipal and industrial (M & I) water storage and reallocation study of the Missouri River pursuant to Section 216 of the 1970 Flood Control Act. The study is to systemically and comprehensively examine whether some amount of the storage included in the U.S. Army Corps of Engineers' six mainstem Missouri River reservoirs for authorized project purposes may be allocated solely to M & I water supply. The study will also examine the

effects of such a reallocation on the authorized purposes and operations of the mainstem reservoirs. The study area will include the six mainstem reservoirs and the Missouri River proper from Fort Peck Reservoir (Fort Peck, Mont.) to St. Louis, Mo.

The Corps is in the process of completing three concurrent actions that will impact M & I water-supply users throughout the Missouri River basin. Those actions include:

- A. **The Surplus Water Reports and Environmental Assessments** (pursuant to Section 6, Flood Control Act of 1944). In May 2010, the Assistant Secretary of the Army for Civil Works (ASA (CW)) directed the Corps to complete six surplus water reports, one for each of the Missouri River Mainstem reservoirs. The Garrison Dam/Lake Sakakawea Surplus Water Report was the first to be distributed for public comment and was finalized on July 18, 2012. The remaining five surplus water reports were released to the public in draft form Aug. 7, 2012. The draft reports indicate that some amount of surplus water can be made available for a period of up to 10 years for municipal and industrial use without adversely affecting existing lawful uses of the water. In the reports, the Corps identified current and projected municipal and industrial withdrawals from each reservoir and provided an estimated price to be charged under the surplus water agreements. The Flood Control Act authorizes the Corps to enter into surplus water agreements with municipal and industrial water users. The surplus water studies, when complete, will allow the Corps to enter into temporary, short-term agreements (in this case, for up to 10 years) for the use of surplus water.
- B. **The Water Reallocation Study** (pursuant to the Water Supply Act of 1958). In May 2010, the ASA (CW) also directed the Corps to complete a Reallocation Study for the Missouri River Mainstem Reservoir system. The Reallocation Study began in June 2012 and will systemically and comprehensively examine whether some amount of the storage included in the Corps Missouri River Mainstem reservoirs may be permanently allocated to municipal and industrial water supply. The study will also examine the effects of the reallocation on the authorized purposes and operation of the reservoirs. One of the key differences between the Surplus Water Reports and the Reallocation Study is that the Reallocation Study, when complete, will allow the Corps to enter into water storage agreements on a permanent basis. During public meetings held August 20 to 29, 2012, the Corps gathered information from the public regarding their views on pertinent information the Corps should consider as it shapes the study and outlines variables to be considered. The Corps will use that information to organize the study. The next phase includes the development of a Reallocation Feasibility Report. The

draft of this report will be shared with the public during an open public comment period. Those comments will be considered in the development of a final version of the report. The final report will be provided to the ASA (CW) for approval. Once approved, the Corps will be able to enter into permanent water storage agreements with municipal and industrial water users.

- C. **Administrative Procedures Act Rulemaking** (pursuant to the Administrative Procedures Act of 1946). Responding to concerns raised during the Missouri River Mainstem Reservoir Surplus Water studies, the ASA (CW) directed the Corps to pursue notice and comment rulemaking in accordance with the Administrative Procedure Act to establish a nationwide policy for pricing surplus water uses under Section 6 of the 1944 Flood Control Act. The eventual scope of the rulemaking will include pricing and may include other aspects of water supply policy to address current and future issues nationwide. The policy will be implemented as a nationwide policy for municipal and industrial water supply users who use surplus water from Corps reservoirs.

Rulemaking is forecast to be complete by the end of 2013. The financial impact of the M & I study to Missouri River water users below Gavins Point Dam has not been determined. The Water Department has prior appropriations (perfected water rights) on the Missouri River that date back to 1882 and 1938, and which predate the above-referenced statutes and upstream reservoir projects. Whatever the Corps does on the river, it must not cause injury to those rights. Other than flood control, the Water Department does not directly benefit from the reservoir projects. The flood control benefits also came into question during the floods of 1993 and 2011. Also attached is a copy of a comment letter from the Governor of South Dakota to the Omaha District of the Corps. The letter accurately highlights the relevant water-rights issues of the study.

As part of the Missouri River Reallocation Study, the Corps formed a Cooperating Agency Team with interested Tribes, State and Federal Agencies within the Missouri River Basin. Under the National Environmental Policy Act, a cooperating agency is a group of state, local government and other agencies with jurisdiction by law or special expertise related to an environmental study.

Forming a Cooperative Agency Team is encouraged as part of NEPA. The team is comprised of Federal, Tribal and State agencies that will provide input to the Corps throughout the course of the study. To date, twelve state agencies and four federal agencies have agreed to participate. Both the Corps and the public benefit from this enhanced agency coordination as it provides a forum to discuss relevant information early in the process and establishes a mechanism for addressing issues between the agencies.

The Corps plans to meet with the cooperating agency team during several important phases of the study to allow the team to provide timely input on study items in agencies' specific areas of expertise. For example, those Tribal departments and State agencies that are responsible for water rights may have more extensive knowledge of water use than the Corps and may be able to provide feedback on how realistic the water demand numbers are within the analysis. Representatives from States and Tribes that work in water development may also have insight into future water development projects. This information is critical in determining the overall demand for water in the system. The most recent Cooperating Agency Team meeting was held on June 19th.

At the meeting, the team was to review two critical components of the study: the current version of the water demand analysis and the amount of water that should be made available on an annual basis. These two products are to be the basic building blocks of a reallocation study. They lay out the economic principles of supply and demand - the amount of water needed by municipal and industrial water users (demand), versus the amount of water that can be yielded through storage at the federal reservoirs (supply).

In the demand analysis, the Corps determines what the existing water use in the study area is and forecasts a projected future water demand. The Corps contacted each of the States and Tribes in the basin in order to develop this information. In some instances, either the existing use or the future demand information was unavailable so the numbers will be projected through modeling. Once the demand has been established, the Corps will calculate how much storage from the reservoirs would be required in order to meet the existing and future needs.

The second item is the storage yield analysis. Yield is the amount of water that is physically provided to meet a demand, while storage is the amount of water held in the reservoir. This is not a one-to one ratio since over time there are periods of wet and dry years. To be able to provide a more reliable source of water, storage is needed to provide the required need through both wet and dry cycles. In the previously published Garrison Dam Surplus Water Reports, this ratio was determined to be 2.57. In other words, to produce 1 acre-foot of water, 2.57 acre-feet of storage would be required in the reservoir. The team will review the Corps' updated analysis of the anticipated amount of storage necessary to meet demand in the reallocation study.

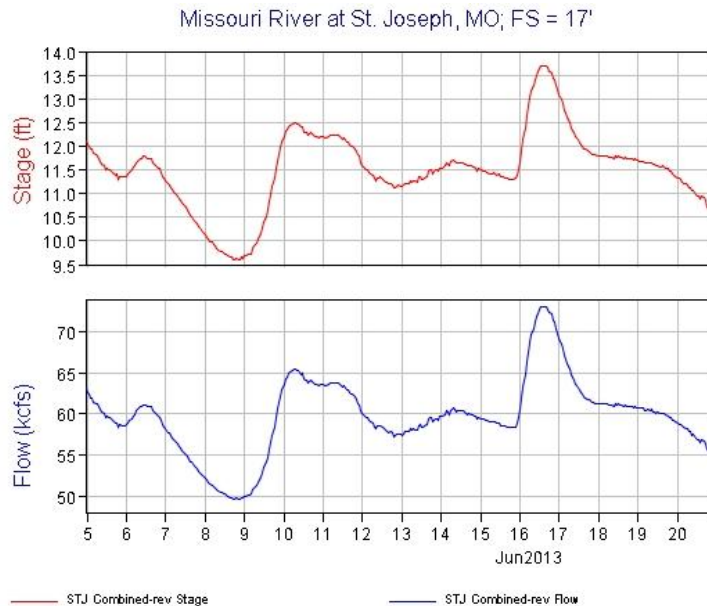
The preliminary results of these two items will be presented to the cooperating agency team on July 2nd and feedback will be incorporated before the analyses are used in the draft report. Additional Cooperative Agency Team meetings are planned as other components of the draft report are completed. Through this process, the Corps believes the draft report will incorporate the expertise of basin experts, provide a forum for transparent communication and ultimately provide the best product possible for public review next summer.

Water Treatment Plant Operations

During the first 19 days of June 2013, 84,892,200 gallons were pumped into the water-distribution system from both treatment plants. Demand ranged from about 3.77 MGD to 5.10 MGD and averaged nearly 4.47 MGD. The total volume of treated water pumped into the water distribution system from both water treatment plants from January 1st through June 19th of 2013 was 702,476,400 gallons, or about 4.13 MGD average for the 170-day period.

- a. **North Plant:** During the first 19 days of June, the North Plant produced 40,703,000 gallons and met about 48% of the total system demand by producing from 2.07 to 2.74 MGD and averaging about 2.14 MGD for the period.
- b. **South Plant:** During the first 19 days of June, the South Plant produced 44,189,200 gallons and met 52% of the total system demand by producing from 1.70 to 2.87 MGD and averaging nearly 2.33 MGD for the period.

The flow in the Missouri River at Leavenworth on June 21st was declining to about 55k cfs, as measured at St. Joseph, Missouri. Since the current discharge from Gavins Point Dam is about 23k cfs, then most of the remaining flow (32 cfs) at Leavenworth is from recent local rainfall and tributary flow into the Missouri River Basin below Gavins Point Dam and above Leavenworth.



Water Distribution Operations

Since the previous Board meeting on June 10, 2013 the following water-distribution activities occurred:

- a. New Water-Service Connections: none
- b. Service Kills, Relocations or Repairs: none
- c. Valves and Fire Hydrants (new and replacements): none

d. Waterline Breaks: one

2-inch (1)	4-inch (0)	6-inch (0)	8-inch (0)	10-inch (0)	12-inch (0)
1110 Pawnee St	none	none	none	none	none

e. Service Renewals without Main Replacements: none

a. Service Transfers to New Replacement Mains: none

f. Radio-Read Installations: 89

g. Large Meter Replacements: none

h. Meter Relocations: none

i. Main Replacements: none

ADJOURNMENT

There being no further business to come before the Board, Chairman Bogner adjourned the meeting.

Approved _____ 2013

Michael Bogner, Chairman

Richard Gervasini, Secretary