

**MINUTES OF MUNICIPAL UTILITIES BOARD MEETING**

**Monday, November 29, 2021**

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, November 29<sup>th</sup>, 2021 at 12:00 p.m. with President Lisa Carrico presiding.

Board members present: Lisa Carrico via Zoom, present were Chris Carter, Mike Luken, Dan Brenden and Rich Thomas. Board Liaison, member of City Council, Mike Danforth, absent. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Wayne Lovelis, John Lunde, Brian Benson, Mark Haider, Mark Meier, Kevin Krüter, Sheila Mennenga, Gina Brown, Lisa Pahl and Attorney Vince Foley. Media Steve Jurrens, KXLG Radio and Guest Troy Hieb of William Neale & Co. PC.

**ITEM 7615**

Motion by Carter with second by Luken to approve the agenda. Motion carried.

**ITEM 7616**

Motion by Thomas with second by Brenden to approve minutes of regular Board Meeting on October 25<sup>th</sup>, 2021 and Special Session Board Meeting held November 5<sup>th</sup>, 2021. Motion carried.

**ITEM 7617**

Public Comment - Lehner announced that Board Liaison Mike Danforth was out because of back surgery and Mike wanted the Board to know why he was absent.

**ITEM 7618**

Presentation by Troy Hieb of William Neale & Co P.C. for the 2020 audit. There was no audit finding related to Watertown Municipal Utilities to be included in the schedule of current audit findings and questioned costs. Motion by Luken with second by Carter to accept 2020 audit as presented. Motion carried.

**ITEM 7619**

Motion by Brenden with second by Carter to approve renewal of Group Health Insurance Plan for 2022 as outlined and presented at the November 5 Special Session Board Meeting. Motion carried.

**ITEM 7620**

Karst presented information on rates as outlined and presented at the November 5<sup>th</sup> Special Session Board Meeting, overall change on Water Rates will increase by 5%, with no change to Gas rates. Electric had a few adjustments to the LED street and security lighting. In 2022 the developer's cost will go to 40% of the cost of new water main extensions and other associated infrastructure. Residential lot connection will go from \$1040 to \$1,090 and the oversized lot's fee per square foot will go from \$0.0304 to \$0.0368. All changes are effective with the January 2022 readings to be billed February 1, 2022. Karst noted the city is raising garbage rates by \$1.00 for January 1, 2022 billing. Motion by Luken with second by Thomas to approve utility rates for 2022. Motion carried unanimously upon roll call vote.

**ITEM 7621**

Motion by Thomas with second by Carrico to approve the 2022 budget, including operating budget and capital budget as presented at the November 5<sup>th</sup> Special Session Board Meeting. Motion carried unanimously upon roll call vote.

**WATERTOWN MUNICIPAL UTILITIES DEPARTMENT  
2022 BUDGET - COMBINED STATEMENT OF REVENUES AND EXPENSES  
11/29/2021**

	<b>BUDGET 2022</b>
<b>OPERATING REVENUES:</b>	
ELECTRIC SALES	30,779,615
WATER SALES	6,830,611
GAS SALES	9,186,844
TRANSMISSION REVENUE	727,584
PUBLIC FIRE PROTECTION CHARGE	261,252
REVENUE FROM WATER TAPPING FEES	118,500
OTHER INCOME	176,237
<b>TOTAL OPERATING REVENUES</b>	<b>48,080,643</b>
 <b>OPERATING EXPENSES:</b>	
PURCHASED ELECTRICITY	18,358,452
PURCHASED GAS	5,700,856
OTHER PROD EXPENSES	1,911,176
TRANS & DIST EXPENSES	8,812,286
COMML & GEN EXPENSES	2,973,666
DEPRECIATION & AMORT EXP	3,103,784
<b>TOTAL OPERATING EXPENSES</b>	<b>40,860,219</b>
 <b>NET OPERATING INCOME(LOSS)</b>	 <b>7,220,424</b>
 <b>OTHER INCOME OR EXPENSES</b>	
INTEREST EXPENSE	-114,827
INTEREST INCOME	105,000
<b>TOTAL NON-OPERATING REVENUES</b>	<b>-9,827</b>

INCOME (LOSS) BEFORE TRANSFERS	7,210,597
CAPITAL CONTRIBUTIONS / AID TO CONSTRUCTION	12,000
WATER MAIN AID TO CONSTRUCTION	1,338,000
TRANSFER TO CITY OF WATERTOWN'S GENERAL FUND	-1,376,100
<b>INCOME (LOSS) AFTER TRANSFER TO CITY OF WATERTOWN</b>	<b><u>7,184,497</u></b>

**WATERTOWN MUNICIPAL UTILITIES DEPARTMENT  
2022 BUDGET - COMBINED CAPITAL BUDGET AND APPLICATION OF CASH  
11/29/2021**

	<b>BUDGET</b>
	<b><u>2022</u></b>
CASH APPLICATION:	
TOTAL CAPITAL ADDITIONS	9,369,836
REQUIRED WATER TREATMENT PLANT PRINCIPAL LOAN PAYMENT	<u>1,415,000</u>
TOTAL APPLICATION OF CASH	<b><u>10,784,836</u></b>

**ITEM 7622**

Motion by Carter with second by Thomas to approve resolution agreement with IBEW. Motion carried unanimously upon roll call vote.

**RESOLUTION 7621  
A RESOLUTION APPROVING THE SETTLEMENT  
OF THE COLLECTIVE BARGAINING  
NEGOTIATIONS BETWEEN WATERTOWN MUNICIPAL UTILITIES,  
A DEPARTMENT OF THE CITY OF WATERTOWN, SOUTH DAKOTA AND  
LOCAL 426 OF THE INTERNATIONAL BROTHERHOOD OF  
ELECTRICAL WORKERS, AFL-CIO**

**WHEREAS** Watertown Municipal Utilities, a department of the City of Watertown, employs public employees represented by public employee unions, and,

**WHEREAS** such public employees have the right to designate representatives for the purpose of meeting and negotiating a collective bargaining agreement with Watertown Municipal Utilities, a department of the City of Watertown, pursuant to *S.D.C.L. Chapter 3-18*, and,

**WHEREAS** Watertown Municipal Utilities, a department of the City of Watertown, and representatives of Local 426 of the International Brotherhood of Electrical Workers, AFL-CIO, have conducted extensive collective bargaining negotiations, and, in good faith, have reached a settlement on all terms of an Agreement which, upon passage of this Resolution, shall take effect on January 1, 2022 and will expire on December 31, 2024;  
**NOW, THEREFORE, BE IT RESOLVED** by Watertown Municipal Utilities, a department of the City of Watertown, acting by and through its

Board, that the Agreement between Watertown Municipal Utilities and Local 426 of the International Brotherhood of Electrical Workers, AFL-CIO, is hereby approved and shall be executed by the President of the Municipal Utilities Board on behalf of Watertown Municipal Utilities, a department of the City of Watertown, and a copy of said Agreement shall be maintained on file at Watertown Municipal Utilities.

**ITEM 7623**

Motion by Carter with second by Brenden to authorize a call for bids for: a) Janitorial Service b) Installation of Water Main c) Installation of Gas Main. Motion carried.

**ITEM 7624**

Motion by Luken with second by Thomas to authorize an addendum to the Fiber Optic Lease with the City of Watertown. There were 3 locations added to exhibit A on the lease. Motion carried.

**ITEM 7625**

This being the time and place set for consideration of bids, the following were presented. Bids for Plastic Pipe, Trace Wire, Hydrants, Water Pipe and Water Main fittings and valves. These bids were opened Tuesday, November 23<sup>rd</sup>, 2021, at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

PLASTIC PIPE: One bid was received and upon review and recommendation by Magstadt, motion by Luken with second by Carter to award bid to low valid bidder, to Border States Supply, Sioux Falls, SD, for a total of \$56,565.00. Motion carried.

TRACE WIRE: One Bid was received and upon review and recommendation by Magstadt, motion by Luken with second by Brenden to award bid to low valid bidder, Border States Supply, Sioux Falls, SD for a total of \$35,200.00. Motion carried.

HYDRANTS: Two bids were received and upon review and recommendation by Magstadt, motion by Carter with second by Thomas to award bid to valid bidder Ferguson Waterworks, Fargo, ND for a total of \$87,570.00. Low bidder Core and Main, Sioux Falls, SD was rejected because they could not give a firm delivery date. Motion carried.

WATER PIPE: Two bids were received and upon review and recommendation by Magstadt, motion by Luken with second by Thomas to award bid to valid bidders, to Milbank Winwater Works, Milbank, SD for a total of \$1,238,637.40. Motion carried.

WATER MAIN FITTINGS & VALVES: Three bids were received and upon review and recommendation by Magstadt, motion by Luken with second by Carter to award bid to low valid bidder to Ferguson Waterworks, Fargo, ND for a total of \$243,831.00 domestic material and \$14,449.98 import material. Low bidder Core and Main, Sioux Falls, SD was rejected because they could not give a firm delivery date. Motion carried.

**ITEM 7626**

Magstadt presented the Report on Operations and Projects. Electric, Projects Completed this Month: We had 4 outages since the last report for a total of 58 unscheduled power outages in 2021, terminated and energized new primary and secondary for the NW uptown alley project, Uptown Sub Switchgear Buss Upgrade 1200 amps to 2000 amps complete. Gas Department, Repaired gas leak at 1325 9<sup>th</sup> Ave SE, Installed Main at Harmony Hill, Stony Point and Valley View, put the filter system in at Terex. Water Department, Installed 66 residential taps, well maintenance on #34, #39, #32 and #36 complete at Rauville well field. Engineering Tech Department, 294 locates November 1<sup>st</sup> - 22<sup>nd</sup>, 2-21 and 405 one-call locates October, 2021, 7 new emergency locates (5 private contractor and 2 WMU).

**ITEM 7627**

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects in Progress: Starting on physical inventory, clean up and arranging warehouse yard for inventory and winter. Customer Service, Projects Completed this Month: 13,723 Payments collected for a total of \$4,196,156 and 55,310 services billed for a total of \$3,756,367. Human Resources/Risk Management: Prepared open enrollment materials for 2022, Completed union negotiations and working with IBEW staff to update contract language and wage data. IT: Cybersecurity, working on items from the assessment. Normal monthly IT maintenance and troubleshooting along with Website Stats and top 10 webpages visited.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$883,807 below budget for the ten months ending October 31<sup>st</sup>, 2021. Total Capital Additions are \$2,724,736 under budget for the ten months ending October 31<sup>st</sup>, 2021.

**ITEM 7628**

Motion made by Carter with second by Thomas to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for November 2021 Plus ACH Payroll Payments \$562,178.66. Add: Uriel Araiza 24.57/hr. effective 11/8/2021, Change: C. Brenden 24.57/hr. effective 11/3/2021, C. Mohrmann 21.98/hr. effective 11/17/2021.

Name

Payable Description

Payment Amount

DECEMBER 1, 2021		
ABC EMBROIDERY	SERVICE	\$14.85
ACTIVE HEATING INC	ENERGY INCENTIVE REBATE	\$400.00
AFLAC	CANCER PT	\$1,752.09
AMARIL UNIFORM COMPANY	SAFETY CLOTHING	\$848.60
A-OX WELDING SUPPLY INC	SUPPLIES	\$230.37
AP & SONS CONSTRUCTION INC	NEW MAIN - AIRPORT	\$226,999.91
AUTO BODY SPECIALTIES	SUPPLIES	\$383.40
AUTO VALUE WATERTOWN	SUPPLIES	\$346.27
BENDIX IMAGING INC	SUPPLIES	\$49.99
BENSON, BRIAN	REIMBURSEMENT EXPENSE	\$66.08
BORDER STATES ELECTRIC SUPPLY	FAULT INDICATORS	\$19,572.49
BORNS GROUP	POSTAGE & MAILING	\$9,126.30
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$123.13
C & J DAKOTA TRANSMISSION	ENERGY INCENTIVE REBATE	\$2,342.79
CASHWAY LUMBER INC	SUPPLIES	\$58.20
CENTRAL MOLONEY INC.	TRANSFORMERS AS PER BID	\$15,064.00
CENTURY LINK	PHONE SERVICE	\$314.54
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$6,072.60
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$5,690.88
CONNECTING POINT	NETWORK HARDWARE	\$6,559.32
CONSULTING ENGINEERS GROUP INC	UPTOWN SUB SERVICE	\$20,298.21
CORE & MAIN LP	SUPPLIES	\$387.31
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$228.58
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$790.33
DAKOTA DATA SHRED	SHREDDING SERVICE	\$69.62
DAKOTA UNDERGROUND CONSTRUCTION LLC	INSTALLATION OF UNDERGROUND	\$32,797.50
DEPARTMENT OF HEALTH	WATER SAMPLES	\$457.00
DETERMAN, JEFF	REIMBURSEMENT EXPENSE	\$606.97
DSG DAKOTA SUPPLY GROUP	SECONDARY PEDESTALS	\$4,383.46
DTN, LLC	SUBSCRIPTION	\$536.00
DUININCK INC	ASPHALT REPAIR	\$17,529.53
ELEMENT MATERIALS TECHNOLOGY	WELDER QUALIFICATION	\$225.00
ENERGY ECONOMICS INC	SERVICE	\$911.21
ENERGY LABORATORIES INC	SERVICE	\$416.00
ENGELSTAD ELECTRIC COMPANY	INSTALLATION OF UNDERGROUND	\$131,506.36
ERICKSON, AARON	REIMBURSEMENT EXPENSE	\$56.00
ETHANOL PRODUCTS LLC	BULK CO2	\$1,060.44
FARNAMS GENUINE PARTS	SUPPLIES	\$282.16
FEDERAL EXPRESS CORP	SERVICE	\$32.08
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$352.21
FOLEY AND FOLEY LAW OFFICE, PC	SEPTEMBER-OCTOBER LEGAL FEES	\$4,401.54
GRAINGER	SUPPLIES	\$795.11
GROEBNER	SUPPLIES	\$3,474.43
H & W CONTRACTING LLC	VALLEY VIEW 3RD & 4TH ADDITION	\$218,183.00
HAIDER, MARK	REIMBURSEMENT EXPENSE	\$267.48
HARRIS COMPUTER SYSTEMS	2022 SOFTWARE MAINTENANCE	\$57,661.57
HUMAN SERVICE AGENCY	EAP SERVICES	\$45.00
IBEW LOCAL 426	UNION DUES	\$3,167.00
IDEAL ENERGY LLC	ENERGY INCENTIVE REBATE	\$43,411.51
J H LARSON COMPANY	SUPPLIES	\$1,072.60
JOSEPH MEDANICH	ASPHALT REPAIR	\$12,710.23
KARST, ADAM	REIMBURSEMENT EXPENSE	\$200.00
KOEHN, STEVEN	REIMBURSEMENT EXPENSE	\$1,500.00
KOONS GAS MEASUREMENT	METERS PER BID	\$40,938.35
KRUITER, KEVIN	REIMBURSEMENT EXPENSE	\$1,670.82
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$124.32
LINDE GAS & EQUIPMENT INC.	CYLINDER RENTAL	\$192.07
LOVELIS, WAYNE	REIMBURSEMENT EXPENSE	\$50.40
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$2,696.10
MACK, ROBIN	REIMBURSEMENT EXPENSE	\$113.50
MAC'S HARDWARE	SUPPLIES	\$711.59
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$74.48
MARCO	COPIER LEASE	\$445.89
MATHESON TRI-GAS INC	SUPPLIES	\$194.31
MCKEEVER INC	SUPPLIES	\$196.65
MENARDS INC	SUPPLIES	\$276.46
MESEBERG, DAVID	REIMBURSEMENT EXPENSE	\$88.65
MET LIFE	LIFE INSURANCE	\$1,260.77
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$224.54
MID-WEST ELECTRIC CONSUMERS ASSN	REGISTRATION EXPENSE	\$365.00
MILBANK WINWATER WORKS	SUPPLIES	\$6,883.00
MISSOURI RIVER ENERGY SERVICES	SERVICE	\$1,925.00
MUELLER CO	SUPPLIES	\$517.79
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$452.74
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$2,330.33
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$11,095.67
NELSON TECHNOLOGIES INC	SERVICE: WATERBATH HEATER	\$6,950.00
NORTHERN TRUCK EQUIP CORP	SUPPLIES	\$567.89
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$977.28
OFFICE PEEPS	SUPPLIES	\$227.74

OLSON, CINDY	REIMBURSEMENT EXPENSE	\$342.45
PETE LIEN & SONS	BULK LIME	\$21,769.73
PHEASANTLAND INDUSTRIES	SAFETY CLOTHING	\$157.25
POMP'S TIRE SERVICE, INC.	SUPPLIES	\$1,455.31
PRECO INC	SUPPLIES	\$181.83
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,014.25
RC FIRST AID	SUPPLIES	\$192.00
RELIABANK DAKOTA	FLEX MED	\$7,816.74
RESCO	SUPPLIES	\$1,518.06
RODENBURG LAW FIRM	EMPLOYEE DEDUCTION	\$150.00
ROI ENERGY INVEST, LLC	ENERGY INCENTIVE REBATE	\$2,360.00
RONKE, SHANE	REIMBURSEMENT EXPENSE	\$2,942.62
RON'S SAW SALES	SUPPLIES	\$719.15
ROTH, KEENAN M	REIMBURSEMENT EXPENSE	\$136.32
RUNNING'S SUPPLY INC	SUPPLIES	\$272.81
S & P GLOBAL PLATTS	2022 SUBSCRIPTION	\$6,341.45
SANFORD WATERTOWN OCCUPATIONAL MEDICINE	SCREENS	\$508.00
SD ONE CALL	LOCATES	\$437.85
SEIM, ANGELA	REIMBURSEMENT EXPENSE	\$525.65
SERVICEMASTER OF WATERTOWN	JANITORIAL SERVICE	\$4,120.00
SHERMCO INDUSTRIES, INC.	UPTOWN SWITCHGEAR UPGRADE	\$81,859.00
SHERWIN WILLIAMS CO	SUPPLIES	\$38.84
SHIRTS IN THE WORKS	SUPPLIES	\$415.10
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$7,522.05
SPEE-DEE DELIVERY SERVICE INC	SERVICE	\$135.80
STAN HOUSTON EQUIP CO	RENTAL	\$260.00
STAR LAUNDRY INC	SERVICE	\$720.07
STARR, TANNER E	REIMBURSEMENT EXPENSE	\$35.00
STUART C IRBY CO	SUPPLIES	\$1,590.00
TITAN MACHINERY- WTN	SUPPLIES	\$632.19
TRAV'S OUTFITTER	SAFETY CLOTHING	\$414.00
TYNDALE COMPANY INC	SAFETY CLOTHING	\$611.95
USA BLUEBOOK	SUPPLIES	\$1,323.34
VERIFIED CREDENTIALS	SERVICE	\$108.96
WALMART COMMUNITY	SUPPLIES	\$73.12
WARD, MARK	REIMBURSEMENT EXPENSE	\$3,000.00
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$896.91
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$413.40
WATERTOWN UNITED WAY	United Way	\$370.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$544.10
WESCO DISTRIBUTION INC	WIRE AS PER BID	\$83,012.63
WILTECH INC	FIBER ROUTE SPLICING/TERMINATING	\$28,848.00
ZEP SALES AND SERVICE	SUPPLIES	\$302.27
	TOTAL	\$1,212,910.79

Total November 2021 \$1,212,910.79; Transfer to City's General Fund \$131,095.33, Muni Utilities Electric Water Gas \$43,950.60; Missouri River Energy Services Power \$1,457,689.77; BP Canada Energy Marketing Natural Gas \$75,581.10; Dept. of Revenue Sales/Excise Tax \$156,002.63; CPEP #3 Natural Gas \$47,332.35, CPEP #4 Natural Gas \$97,291.56, Sequent Energy Mgmt. Natural Gas \$172,012.80, Northern Border Pipeline Natural Gas Tap \$90,066.19 City Finance Office Garbage/Sewer \$518,570.24.

### ITEM 7629

Pursuant to SDCL 1-25-2(3) Luken moved with second by Thomas to move to Executive Session for discussion of contractual matters. The Board does expect to take-action when they reconvene to regular session. Motion carried.

President Carrico declared Executive Session done and they reconvened to regular session. No action was taken.

Motion by Carter with second by Thomas to adjourn. Motion carried unanimously upon roll call vote.

The Watertown Municipal Utilities does not discriminate in employment opportunities or provision of services on-the basis of race, color, religion, sex, national origin, age, disability, or any other characteristic protected by law.

Dated at Watertown, South Dakota this 29<sup>th</sup>, day of November, 2021.

ATTEST: \_\_\_\_\_

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Lisa Pahl  
Board Secretary  
Municipal Utilities Board

Lisa Carrico  
Board President  
Municipal Utilities Department