

## **MINUTES OF MUNICIPAL UTILITIES BOARD MEETING**

**Monday, November 27<sup>th</sup>, 2017**

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, November 27<sup>th</sup>, 2017 at 12:00 p.m. with President Dustin Padgett presiding.

Board members present: Dustin Padgett, Mike Luken, John Holley, Greg Solum and Dave Strait. Liaison Member of City Council Glen Vilhauer, absent. Staff members present: Steve Lehner, Todd Chambers, Adam Karst, Jeff DeVille, Doug Enstad, Rich Schmidt, Mark Meier, Mark Haider, Kevin Kruiter, Sheila Mennenga, Stephanie Ries, Lisa Pahl and Interim City Attorney Vince Foley. Press Dan Crisler, Public Opinion Newspaper.

### **ITEM 6993**

Motion by Luken with second by Strait to approve the Agenda. Motion carried.

### **ITEM 6994**

Motion by Holley with second by Strait to approve Minutes of regular meeting on October 30<sup>th</sup>, 2017 and approving Special Session minutes November 21<sup>st</sup>, 2017, with correction to Item 6987 adding that Board Member Solum recused himself from the discussion on Codington Clark Electric Service Territory Agreement. Motion carried.

### **ITEM 6995**

Karst presented information on rates as outlined and presented at the Special Session Board Meeting, overall change on Electric Rates will increase by 1%, Water Rates by 4% and Natural Gas rates will have no change. All changes are effective with the January 2018 readings to be billed February 1, 2018. Motion by Holley with second by Solum to approve utility rates for 2018. Motion carried unanimously upon roll call vote.

### **ITEM 6996**

Motion by Luken with second by Strait to approve Resolution #6996, a resolution providing for the salaries of Watertown Municipal Utilities employees for the period commencing January 1, 2018. Motion carried unanimously upon roll call vote.

### **RESOLUTION #6996**

#### **A RESOLUTION PROVIDING FOR THE SALARIES OF WATERTOWN MUNICIPAL UTILITIES EMPLOYEES FOR THE PERIOD COMMENCING JANUARY 1, 2018**

**WHEREAS** the Municipal Utilities Department employs public employees; and

**WHEREAS** the Municipal Utilities Department thru its Board, desires to formally establish 2018 compensation rates for all exempt employees and non-exempt employees; and

**WHEREAS** the Municipal Utilities Board with previous Board action at the December 28, 2015 Board Meeting thru Item #6722 authorized a three-year Contract with the IBEW Local 426 Union thus making the year 2018 the Third year of the contract; and

**WHEREAS** the Municipal Utilities Board has discussed and reviewed Staff salaries and recommends an increase of 2.7% for Twelve Staff positions including General Manager, Director of Operations, Director of Administration, Electric Superintendent, Gas Superintendent, Water Superintendent, Engineering Technician Superintendent, Customer Service/Billing/Collections Supervisor, Purchasing/Facilities/Accounting Supervisor, Human Resources/Risk Coordinator, Information Systems Supervisor, Administrative Assistant/Board Secretary; and

**NOW THEREFORE BE IT RESOLVED** by the Watertown Municipal Utilities Department to establish the following rates:

Hourly Rate (unless specified) as of January 1, 2018

Electric Department: B Benson 42.71; S Catlette 36.83; T Chambers 10,878/mo; J Determan 40.00; D Enstad 8,634/mo; D Frost 22.14; D Gollnick 39.29; M Gollnick 22.14; B Hansen 39.29; A Jonnes 39.29; A Karst 10,090/mo; B Keiser 30.16; K Kruiter 6,553/mo; M Meier 6,859/mo; D Meseberg 39.29; S Myers 23.49; L Pahl 25.38; M Pederson 39.29; D Peterson 22.14; R Renelt 36.83; B Ripley 24.36; S Ronke 31.18; J Rudebusch 32.24; T Schafer 39.29; A Schultz 25.86; J Stanley 39.29; R Suttan 30.16; L Tolley 39.29; Steve Witte 35.93.

Water Department: G Brown 23.12; C Craig 31.48; J DeVille 7,630/mo; C Forman 29.97; B Gubka 31.48; D Kraemer 29.97; J Kudrna 31.48; B Lueders 32.54; R Mack 29.97; M McLaughlin 29.97; M McNamara 34.17; S Mennenga 6,173/mo; A Mitchell 27.42; T Peterson 28.45; S Ries 6,341/mo; T Starr \$29.97; S Struss 31.75; L Sutton 31.48.

Gas Department: M Andrews 35.93; D Brage 32.73; J Burns 40.19; A Erickson 37.01; M Haider 6,111/mo; K Hills 16.59; C Kranz 37.01; S Lehner 14,142/mo; J Lunde 37.01; T Pahl 30.80; T Remale 31.75; M Rost 22.14; K Roth 27.84; R Schmidt 8,525/mo; B Warborg 39.99.

#### **ITEM 6997**

Motion by Strait with second by Solum to approve the proposed budget for 2018 including operating budget and capital budget and also the proposed projects for Electric, Water and Gas Departments that were discussed at the November Special Session Board Meeting. Motion carried upon roll call vote with Board Member Holley voting no and the other Board members voting yes.

11/27/2017

|  | <b>BUDGET<br/>2018</b> |
|--|------------------------|
| OPERATING REVENUES:                                      |                        |
| ELECTRIC SALES   | 30,475,916             |
| WATER SALES  | 5,906,401              |
| GAS SALES  | 8,220,991              |
| <b>TOTAL OPERATING REVENUES</b>                          | <b>44,603,308</b>      |
| OPERATING EXPENSES:                                      |                        |
| PURCHASED ELECTRICITY                                    | 19,089,925             |
| PURCHASED GAS  | 4,533,839              |
| OTHER PROD EXPENSES                                      | 1,575,428              |
| TRANS & DIST EXPENSES                                    | 7,882,253              |
| COMML & GEN EXPENSES                                     | 2,852,555              |
| DEPRECIATION & AMORT EXP                                 | 3,421,626              |
| <b>TOTAL OPERATING EXPENSES</b>                          | <b>39,355,626</b>      |
| <b>NET OPERATING INCOME(LOSS)</b>                        | <b>5,247,682</b>       |
| OTHER INCOME OR EXPENSES                                 |                        |
| INTEREST EXPENSE   | -446,418               |
| OTHER INCOME OR EXPENSE                                  | 557,118                |
| <b>TOTAL OTHER REVENUES</b>                              | <b>110,700</b>         |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>                    | <b>5,358,382</b>       |
| Transfer to City of Watertown                            | -1,246,812             |
| <b>Income (Loss) After Transfer to City of Watertown</b> | <b>4,111,570</b>       |

**WATERTOWN MUNICIPAL UTILITIES DEPARTMENT  
2018 BUDGET - COMBINED CAPITAL BUDGET AND APPLICATION OF CASH  
11/27/2017**

|   | <b>BUDGET<br/>2018</b> |
|---|------------------------|
| CASH APPLICATION:                             |                        |
| TOTAL CAPITAL ADDITIONS                       | 4,531,300              |
| WATER TREATMENT PLANT PRINCIPAL LOAN PAYMENTS | 1,208,223              |
| <b>TOTAL APPLICATION OF CASH</b>              | <b>5,739,523</b>       |

**ITEM 6998**

Motion by Holley second by Strait to approve the renewal of the Group Health Insurance Plan with Authorization for the General Manager to sign. Motion carried.

**ITEM 6999**

Motion by Holley with second by Luken to approve contract with Infrastructure design group, Inc. in the amount of \$64,996 for Design of Highway 212 Water Line Project with authorization for Board President to sign. Motion carried.

**ITEM 7000**

Motion by Holley with second by Luken to Authorize Water Service and Voluntary Annexation Agreement with Greg & Trisha Rieffenberger. Motion carried.

**ITEM 7001**

OPEN: Chambers and Holley updated the Board on the MRES Area Meeting they attended. Chambers said there will be no increase rates to us from MRES. Holley said the area meetings are very educational.

**ITEM 7002**

Chambers presented the Report on Operations and Projects: Electric Department, Projects Completed This Month: LATI Energy Class took a tour of our Substation. Engelstad Installed Primary per contract to Well Field and primary and secondary to Spies Corp Office per contract. Projects Starting Next Month: Installing Primary wire and transformers at Valley View addition. Gas Department, Projects Completed this Month: Installed 15 new gas services, one at Trav's Outfitter that was 500'. Projects in Progress: Working on OQ. Water Department, Projects Completed this Month: 2 main shut downs, 47 new taps, 3 hydrant maintenance. Projects in Progress: Low head and backwash pumps in side #1 clear well are being replaced. Engineering Tech Department, Projects Completed this Month: 164 One-Call locates Nov. 1<sup>st</sup> - 21<sup>st</sup>, 379 One-Call locates total October 2017, 7 emergency locates (5 private contractors and 2 WMU). Next Month: 40 One-Call locates in December.

**ITEM 7003**

Karst presented the report on Administration and Financial Statements: Purchasing, Accounting and Facilities, Projects Completed This Month: Crack sealing the parking lot has been completed. Projects in Progress: Started our annual physical inventory and 2018 WMU budget. Customer Service, Projects Completed this Month: 13,904 payments collected for a total of \$4,003,158 total of 53,553 services billed for a total of \$3,490,833. Human Resources/Risk Management, Organized training for office staff on hostile environment, active shooter and bomb threats in the workplace - training conducted by Watertown Police Department, Employees and their families participated in PACH for local school district. IT, Normal monthly IT maintenance and troubleshooting. Installing equipment for server upgrade.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$255,296 under budget for the Ten

months ending October 31<sup>st</sup>, 2017. Total Capital Additions are \$1,251,240 under budget for the ten months ending October 31<sup>st</sup>, 2017.

# ITEM 7004

Motion made by Strait with second by Luken to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Municipal Utilities Dept. Net Payroll for November 30<sup>th</sup>, 2017 Plus ACH Payroll Payments \$467,551.19. Info: M. Gollnick effective 11/15/2017 \$21.56/hr, S. Myers effective 10/21/2017 effective 22.87/hr, B. Ripley effective 11/16/2017 23.72/hr, K. Roth effective 10/21/2017 27.11/hr, term summer temps J. Zirbel effective 9/28/2017 and C. Fransen effective 10/20/2017.

| Name                               | Payable Description               | Payment Amount |
|------------------------------------|-----------------------------------|----------------|
| December 1, 2017                   |                                   |                |
| ADV. ENGINEERING & ENVIRON. SERV.  | I & C SYSTEM SERVICES             | \$1,628.78     |
| AFLAC                              | CANCER PT                         | \$2,007.64     |
| A-I COMPUTER SOLUTIONS             | SHIPPING                          | \$46.86        |
| AMERICAN ENGINEERING TESTING INC   | WATER SAMPLES                     | \$109.00       |
| AMERICAN WATER WORKS ASSN          | 2018 MEMBERSHIP DUES              | \$1,927.00     |
| A-OX WELDING SUPPLY INC            | SUPPLIES                          | \$398.17       |
| AUTO BODY SPECIALTIES              | SUPPLIES                          | \$222.05       |
| BENDIX IMAGING INC                 | SOFTWARE MAINTENANCE              | \$55.99        |
| BERNIE'S TELEPHONE & TECH          | PHONE SERVICE                     | \$206.25       |
| BORDER STATES ELECTRIC SUPPLY      | SUPPLIES                          | \$5,757.24     |
| BORNS GROUP                        | POSTAGE & MAILING                 | \$8,099.54     |
| BRAGE, DOUGLAS J                   | REIMBURSEMENT EXPENSE             | \$402.15       |
| BUREAU OF ADMINISTRATION           | STATE TELEPHONE NETWORK USAGE     | \$85.44        |
| CARRICO LAW PROFESSIONAL LLC       | LEGAL FEES                        | \$325.50       |
| CENTURY LINK                       | PHONE SERVICE                     | \$297.50       |
| CHAMBERS, TODD                     | REIMBURSEMENT EXPENSE             | \$517.92       |
| CHASE CARDMEMBER SERVICE           | CREDIT CARD                       | \$1,559.68     |
| CHEMCO SYSTEMS, LP                 | SUPPLIES                          | \$650.28       |
| CHILD SUPPORT PAYMENT CENTER       | Employee Deduction: Child Support | \$1,656.00     |
| CLIMATE SYSTEMS INC                | SUPPLIES                          | \$2,744.28     |
| CODINGTON CTY REGISTER OF DEEDS    | COPIES                            | \$37.00        |
| CODINGTON-CLARK ELECTRIC COOP. INC | WELLFIELD ELECTRIC SERVICE        | \$5,189.58     |
| CONNECTING POINT                   | HP SERVER FOR OFFICE              | \$2,837.75     |
| CORE & MAIN LP                     | SUPPLIES                          | \$1,053.50     |
| CREDIT COLLECTIONS BUREAU          | COLLECTIONS                       | \$218.96       |
| CRESCENT ELECTRIC SUPPLY CO        | SUPPLIES                          | \$190.76       |
| DAKOTA DATA SHRED                  | SHREDDING SERVICE                 | \$63.25        |
| DE VILLE, JEFF                     | REIMBURSEMENT EXPENSE             | \$1,491.84     |
| DGR ENGINEERING                    | ENGINEERING SERVICES              | \$2,380.00     |
| DSG DAKOTA SUPPLY GROUP            | SUPPLIES                          | \$4,985.43     |
| DUININCK INC                       | GRAVEL, DIRT & ROCK               | \$4,157.54     |
| ENGELSTAD ELECTRIC COMPANY         | SUPPLIES & LABOR                  | \$7,332.51     |
| ERICKSON, AARON                    | REIMBURSEMENT EXPENSE             | \$298.30       |
| FARNAMS GENUINE PARTS              | SUPPLIES                          | \$662.20       |
| FASTENAL COMPANY                   | SUPPLIES                          | \$72.13        |
| FORMAN, CHRIS                      | REIMBURSEMENT EXPENSE             | \$845.51       |
| GACKE ENTERPRISES                  | PER BID-LIME SLUDGE REMOVAL       | \$44,215.20    |
| GAS PRODUCTS SALES, INC            | SUPPLIES                          | \$708.79       |
| GCR TIRE CENTER                    | SUPPLIES                          | \$410.16       |
| GRAINGER                           | SUPPLIES                          | \$23.90        |
| GREAT WESTERN BANK                 | TASC MED                          | \$6,504.66     |

|                                    |                                |             |
|------------------------------------|--------------------------------|-------------|
| GROEBNER                           | SUPPLIES                       | \$77.92     |
| HAWKINS, INC.                      | BULK FLOURIDE                  | \$2,870.12  |
| IBEW LOCAL 426                     | UNION DUES                     | \$3,203.00  |
| INTERSTATE ALL BATTERY CENTER      | SUPPLIES                       | \$195.04    |
| J H LARSON COMPANY                 | SUPPLIES                       | \$710.54    |
| JURGENS PRINTING INC               | SUPPLIES                       | \$59.00     |
| KOONS GAS MEASUREMENT              | METER                          | \$5,071.59  |
| KRUITER, KEVIN                     | REIMBURSEMENT EXPENSE          | \$122.05    |
| LAKE AREA TECH INSTITUTE           | ENERGY INCENTIVE REBATE        | \$4,491.90  |
| LEHNER, STEVE                      | REIMBURSEMENT EXPENSE          | \$208.14    |
| LOCATORS & SUPPLIES INC            | SUPPLIES                       | \$4,379.57  |
| LUKONEN'S TOOL SERVICE INC         | SUPPLIES                       | \$250.00    |
| M & T FIRE & SAFETY INC            | SUPPLIES                       | \$138.50    |
| MAC'S INC                          | SUPPLIES                       | \$154.44    |
| MAHOWALD'S HARDWARE & RENTAL       | SUPPLIES                       | \$23.45     |
| MARCO INC                          | COPIER PRINTS                  | \$366.16    |
| MC KEEVER INC                      | SUPPLIES                       | \$323.22    |
| MEGGER                             | SUPPLIES                       | \$478.60    |
| MENARDS INC                        | SUPPLIES                       | \$168.11    |
| MENNENGA, SHEILA                   | REIMBURSEMENT EXPENSE          | \$122.51    |
| MET LIFE                           | LIFE INSURANCE                 | \$1,264.90  |
| MIDCONTINENT COMMUNICATIONS        | INTERNET SERVICE               | \$165.00    |
| MILBANK WINWATER WORKS             | SUPPLIES                       | \$2,263.30  |
| MISSOURI RIVER ENERGY SERVICES     | INFRARED INSPECTION & TESTING  | \$972.00    |
| MISSOURI RIVER ENERGY SERVICES     | REGISTRATION FEES              | \$198.00    |
| MUNICIPAL UTILITIES - PC           | PETTY CASH                     | \$366.51    |
| MUNICIPAL UTILITIES-NSF CHECK ACCO | REIMBURSE NSF FUND             | \$620.80    |
| MUNICIPAL UTILITIES-REFUND ACCT    | REFUNDS OF CREDITS ON ACCOUNTS | \$13,074.92 |
| NESD SHRM                          | 2018 MEMBERSHIP DUES           | \$60.00     |
| NORTHWEST PIPE FITTINGS INC        | SUPPLIES                       | \$421.98    |
| O'REILLY AUTOMOTIVE INC            | SUPPLIES                       | \$193.74    |
| PEDERSON, MIKE                     | REIMBURSEMENT EXPENSE          | \$88.52     |
| PETE LIEN & SONS                   | BULK LIME                      | \$10,244.56 |
| PRAXAIR DISTRIBUTION INC           | CYLINDER RENTAL                | \$143.95    |
| PRINCIPAL FINANCIAL GROUP          | DENTAL INSURANCE               | \$1,074.95  |
| PRO LINE INC                       | SUPPLIES                       | \$331.79    |
| REDLINGER BROS PLUMBING & HEATING  | SUPPLIES                       | \$30.56     |
| RESCO                              | SUPPLIES                       | \$4,437.40  |
| RIES, STEPHANIE                    | REIMBURSEMENT EXPENSE          | \$1,391.56  |
| RONKE, SHANE                       | REIMBURSEMENT EXPENSE          | \$141.00    |
| ROTH, KEENAN M                     | REIMBURSEMENT EXPENSE          | \$197.44    |
| RUNNING'S SUPPLY INC               | SUPPLIES                       | \$108.26    |
| SCHMIDT, RICHARD                   | REIMBURSEMENT EXPENSE          | \$305.60    |
| SCHWEITZER ENGINEERING             | SUPPLIES                       | \$73.00     |
| SD GOVERN. HUMAN RES. ASSOC.       | 2018 MEMBERSHIP DUES           | \$25.00     |
| SD MUNICIPAL ELECTRIC ASSN         | 2018 MEMBERSHIP DUES           | \$22,985.00 |
| SD ONE CALL                        | LOCATES                        | \$463.05    |
| SERVICEMASTER                      | JANITORIAL SERVICE             | \$3,740.00  |
| SHERWIN WILLIAMS CO                | SUPPLIES                       | \$229.66    |
| SIOUX VALLEY CO-OP                 | FUEL, SUPPLIES                 | \$6,271.10  |
| SPEE-DEE DELIVERY SERVICE INC      | SUPPLIES                       | \$71.53     |
| SPIES CORPORATION                  | ENERGY INCENTIVE REBATE        | \$502.20    |
| STAN HOUSTON EQUIP CO              | SUPPLIES                       | \$2,049.95  |
| STAR LAUNDRY INC                   | SUPPLIES                       | \$455.75    |
| STARR, TANNER E                    | REIMBURSEMENT EXPENSE          | \$1,293.76  |
| STUART C IRBY CO                   | SUPPLIES                       | \$1,917.59  |
| STURDEVANTS AUTO PARTS             | SUPPLIES                       | \$238.46    |
| TAC SERVICES LLC                   | LAWN SERVICE                   | \$1,495.00  |
| TEREX SERVICES                     | SUPPLIES                       | \$309.60    |
| TITAN MACHINERY- WTN               | SUPPLIES                       | \$198.01    |

|                                 |                                     |                     |
|---------------------------------|-------------------------------------|---------------------|
| TYLER BUSINESS FORMS            | OFFICE SUPPLIES                     | \$147.11            |
| ULINE INC                       | SUPPLIES                            | \$379.91            |
| UPPER BIG SIOUX RIVER WATERSHED | 2017 PLEDGE                         | \$50,000.00         |
| USA BLUEBOOK                    | SUPPLIES                            | \$118.91            |
| UTILITY SERVICE CO., INC        | 6TH AV PLANT CLEAR WELL ROOF REPAIR | \$47,500.00         |
| VISION SERVICE PLAN (VSP) (CA)  | VISION INSURANCE                    | \$358.47            |
| WALMART COMMUNITY               | SUPPLIES                            | \$40.98             |
| WATERTOWN DEVELOPMENT COMPANY   | INDUSTRIAL DEVELOPMENT EXPENSE      | \$8,690.00          |
| WATERTOWN FORD CHRYSLER         | SUPPLIES                            | \$37.98             |
| WATERTOWN PUBLIC OPINION        | PUBLISHINGS                         | \$390.45            |
| WATERTOWN UNITED WAY            | United Way                          | \$446.00            |
| WATERTOWN WHOLESALE             | SUPPLIES                            | \$842.23            |
| WEISMANTEL RENT-ALL             | SUPPLIES                            | \$350.00            |
| WESCO DISTRIBUTION INC          | SUPPLIES                            | \$3,502.00          |
| TOTAL                           |                                     | <u>\$329,009.54</u> |

Total November 2017 329,009.54; Transfer to City's General Fund 101,864, Muni Utilities Electric Water Gas 43,781.00; Northern Natural Gas 2,273.20; Missouri River Energy Services Power 1,573,664.69; BP Canada Energy Marketing Natural Gas 260,656.50; Dept. of Revenue Sales/Excise Tax 154,125.22; CPEP Natural Gas 22,519.95, City Finance Office Garbage Sewer 405,170.59.

### ITEM 7005

Board set date of Wednesday, December 27<sup>th</sup>, 2017 at Noon for December Board Meeting due to the Holiday.

Motion by Luken with second by Solum to adjourn. Motion carried.

The Watertown Municipal Utilities Department 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 27<sup>th</sup>, day of November, 2017

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

Lisa Pahl  
Executive Secretary  
Municipal Utilities Board

Dustin Padgett  
Board President  
Municipal Utilities Department