

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, January 30th, 2017

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, January 30th, 2017 at 12:00 p.m. with President Dave Strait presiding.

Board members present: Dave Strait, Dustin Padgett, John Holley, Mike Luken and Greg Solum. Board Liaison, member of City Council, Glen Vilhauer. Staff members present: Steve Lehner, Todd Chambers, Adam Karst, Jeff DeVille, Doug Enstad, Rich Schmidt, Mark Meier, Mark Haider, Kevin Kruiter, Stephanie Ries, Justin Goetz and Lisa Pahl. Guest Lisa Carrico, Carrico Law Prof. LLC, Press Dan Crisler, Public Opinion Newspaper and Don Egert, KXLG Radio.

ITEM 6881

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

ITEM 6882

Motion by Luken with second by Padgett to approve Consent Agenda, which gives authorization to Declare as Surplus and authorization for the General Manager to sign annual contracts for the following items: Motion carried.

1. DECLARE AS SURPLUS

- a) Recoat and Repaint 1M-JH Larson
- b) Water Plant side #1 & #2 - 4 air compressors
- c) Unit #2 Water Dept utility box pickup 1FTSX21568EA79747
- d) 3 Low head side #1 pumps Water Plant
- e) Filter reclaim pump side #1 Water Plant
- f) Filter reclaim pump side #2 Water Plant
- g) Filter backwash pump side #1 Water Plant
- h) Pipeline Current Mapper - Gas Department
- i) 11-15 Kv Breakers Uptown Substation
- j) Substation batteries - Uptown Substation
- k) Chain link fencing

2. CONTRACTS SIGNED ANNUALLY BY GENERAL MANAGER

- a) First District Association of Local Governments
- b) HVAC Maintenance
- c) Lawn Care
- d) Group Health Insurance
- e) Monitor Contract for Fire Alarm System
- f) Fire Protection System Inspection
- g) Authorization for Staff to Open Bids
- h) SCADA Maintenance Agreements
- i) MMUA Safety Management Program

- j) GlobalView Software Inc.
- k) Right of First Refusal with Northern Natural Gas
- l) Geotek Engineering & Testing Services, Inc.
- m) Change Orders up to \$5,000 for Construction Projects
And Equipment Purchases During 2017

ITEM 6883

Motion by Luken with second by Solum to approve Minutes of regular meeting on December 27th, 2016. Motion carried.

ITEM 6884

Lehner wanted discussion on Utility Service Contracts. He explained further about Item 6750 in the February 29th, 2016 minutes. He wanted to expand on that and let the Board know the six contracts that were signed and approved last February renew annually and go for multiple years into the future. Lehner handed out a matrix showing what is included in these contracts.

ITEM 6885

Motion by Luken with second by Padgett to approve Resolution #6885 to implement the modified approach to asset management for all water storage tanks with authorization for Board President to sign. Note that this does not include the 3 Million Gallon Concrete Reservoir. Motion carried unanimously upon roll call vote.

**RESOLUTION
RESOLUTION OF THE BOARD OF DIRECTORS OF
WATERTOWN MUNICIPAL UTILITIES**

WHEREAS, Watertown Municipal Utilities ("WMU") has water storage tanks which are infrastructure assets;

WHEREAS the Board of Directors has determined that preserving the value of these assets is in the best interest of WMU;

WHEREAS WMU has incorporated in its water storage tank maintenance contracts an asset management system to manage these assets;

NOW, THEREFORE LET IT BE RESOLVED, that WMU desires to transition to the Modified Approach for Infrastructure Assets for all of its water storage tanks, as allowed in GASB Statement 34.

FURTHER RESOLVED, that any actions taken prior to the date hereof by WMU or any authorized officer thereof acting in his capacity as an officer of WMU relating to the transition to the Modified Approach for Infrastructure Assets are hereby ratified and approved.

ITEM 6886

Motion by Luken with second by Padgett to approve Resolution #6886 to establish the minimum condition level acceptable for water storage tanks with authorization for Board president to sign. Note that this does not include the 3 Million Gallon Concrete Reservoir. Motion carried unanimously upon roll call vote.

**RESOLUTION
RESOLUTION OF THE BOARD OF DIRECTORS OF
WATERTOWN MUNICIPAL UTILITIES**

WHEREAS, Watertown Municipal Utilities ("WMU") has water storage tanks which are infrastructure assets;

WHEREAS the Board of Directors has determined that preserving the value of these assets is in the best interest of WMU;

WHEREAS WMU has incorporated in its water storage tank maintenance contracts an asset management system to manage these assets;

WHEREAS the Board of Directors or their designees have consulted with water storage tank industry experts on assessing the infrastructure condition of these assets;

NOW, THEREFORE LET IT BE RESOLVED, that WMU has established the minimum condition level acceptable for any one water storage tank in the system at a satisfactory level as determined by Utility Service Group's asset management system.

FURTHER RESOLVED, that any actions taken prior to the date hereof by WMU or any authorized officer thereof acting in his capacity as an officer of WMU relating to the transition to the Modified Approach for Infrastructure Assets are hereby ratified and approved.

ITEM 6887

Motion by Luken with second by Holley to approve the proposal and authorize General Manager to sign proposal with Utility Service Co., Inc. for concrete repair and interior roof repair only. Motion carried.

ITEM 6888

This being the time and place set for consideration of bids, the following were presented. Bids for Transformers, Wire, Installation of URD Primary and Secondary, Electric Service Installation and Lime Sludge Removal. The bids were opened Thursday, January 26th, 2017 at 1:30 PM by Municipal Utilities Department Staff as authorized by the Board.

TRANSFORMERS: Four bids were received and upon review and recommendation by Chambers, motion by Padgett with second by Holley to award bid to low valid bidders, Items 2 and 3 to Dakota Supply Group, Sioux Falls, SD, for a total of \$76,424.00. Items 1 and 5 to Stuart C. Irby Egan, MN for total of \$20,081.00 and Items 4, 6, 7 and 8 to WESCO, Sioux City, IA for total of \$130,421.00. Item 8 low bidder was Dakota Supply Group but they did not meet bid specifications. Motion carried.

WIRE: Six bids were received and upon review and recommendation by Chambers, motion by Solum with second by Holley to award bid to low valid bidders, Item IV to Border States Supply, Sioux Falls, SD for \$22,400.00, Item II to Dakota Supply Group, Sioux Falls, SD for a total of \$18,351.50, Item III to Stuart C. Irby for \$3,610.00, Item I to WESCO, Sioux City, IA for \$133,424.00. We will not be going with Alternate Items I and II. They use a different type of installation and it's not cost effective at this time. Motion carried

INSTALL URD PRIMARY AND SECONDARY: Three bids were received and upon review and recommendation by Chambers, motion by Luken with second by Holley to award bid to low valid bidder, Engelstad Electric, Watertown, SD for \$341,130.00. Motion carried.

ELECTRIC SERVICE INSTALLATION: Two bids were received and upon review and recommendation by Chambers, motion by Luken with second by Holley to award bid to low valid bidder, Dakota Underground, Lake Norden, SD for \$59,350.00. Motion carried.

LIME SLUDGE REMOVAL: One bid was received and upon review and recommendation by Chambers, motion by Luken with second by Holley to accept bid from Gacke Enterprises, Canton, SD for \$6.40 price per yard. Motion carried.

ITEM 6889

Karst presented the 2016 Fixed Asset Report & Solid Waste Disposal Report according to Policy Section #49. This report included removal of 105 poles, removal of 20,675 feet of overhead wire, abandoned 19,019 feet of underground wire, retired 4,923 KVA of line transformers, retired 113 electric meters, removed 36 street lights, retired 63 water meters, abandoned 5,622 feet of water main, abandoned 95 water service connections, removed or replaced 25 hydrants, abandoned 4,483 feet of gas services, retired 286 gas meter and abandoned 2,658 feet of main.

ITEM 6890

Motion by Luken with second by Holley to approve the General and Gas Policy changes as presented in the December 27th, 2016 Board Meeting. General Policy which included revisions to section 4.5 and rewriting most of chapter 47 Financial Reserve Policy. Changes to the Gas Policy by adjusting hourly rates to chapter 49 attachment Equipment and Service Rate Schedule. Also changes to Gas Policy section 3.5 by adding a word and in section 9.1 adding some language regarding service installation. Motion carried.

ITEM 6891

Open: Lehner presented the bill stuffer Holiday Solid Waste Collection Reminder. Lehner also invited the Board to the AWWA Conference in Philadelphia, PA on June 11-14.

ITEM 6892

Board President Strait asked if any Board Member had questions on the Report on Operations as presented in the Board Packet. There were no questions.

Board President Strait asked if any Board Member had questions on the Report on Administration and Financials as presented in the Board Packet. There were no questions.

ITEM 6893

Motion made by Luken with second by Solum to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Municipal Utilities Dept. Net Payroll for January 2017 Plus ACH Payroll Payments \$512,923.52.

Name	Payable Description	Payment Amount
February 1, 2017		
ABC EMBROIDERY	SERVICE	\$586.90
ACTIVE HEATING INC	ENERGY INCENTIVE REBATE	\$100.00
AFLAC	CANCER PT	\$2,346.52
A-OX WELDING SUPPLY INC	CYLINDER RENTAL	\$18.25
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$318.60
AUTOMATIC BUILDING CONTROLS	SERVICE	\$216.33
BACK SPIN LLC	ENERGY INCENTIVE REBATE	\$918.00
BASCOM-TURNER INSTRUMENTS INC.	SERVICE	\$282.00
BATTERIES UNLIMITED INC	SUPPLIES	\$40.00
BENDIX IMAGING INC	SUPPLIES	\$108.99
BENSON, BRIAN	REIMBURSEMENT EXPENSES	\$42.00
BERNIE'S TELEPHONE & TECH	SERVICE	\$187.50
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$5,760.66
BORNS GROUP	POSTAGE & MAILING	\$7,628.92
BTE CORPORATION	SUPPORT CONTRACT	\$2,450.00
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$70.41
BURNS, JERRY	REIMBURSEMENT EXPENSES	\$37.50
CASHWAY LUMBER INC	SUPPLIES	\$61.33
CATLETTE,STEPHEN	REIMBURSEMENT EXPENSES	\$42.00
CENTURY LINK	CELL PHONE SERVICE	\$283.90
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$1,520.62
CHILD SUPPORT PAYMENT CENTER	Child Support - Case # 322244010A	\$1,931.00
CITY OF WATERTOWN	WATER MAIN	\$61,609.98
CODINGTON COUNTY MAINTENANCE	ENERGY INCENTIVE REBATE	\$3,800.00
CODINGTON COUNTY REGISTER OF DEEDS	COPIES, EASEMENTS	\$67.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$5,316.70
COMPASS MINERALS	SUPPLIES	\$4,656.90
CONNECTING POINT	COMPUTERS, SUPPLIES	\$15,081.50
CREDIT COLLECTIONS BUREAU	COLLECTIONS #25244/#25245	\$201.22
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$939.36
CUSTOM IMAGE CORVETTES	ENERGY INCENTIVE REBATE	\$1,765.00

DAKOTA DATA SHRED	SHREDDING SERVICE	\$63.25
DE NORA WATER TECHNOLOGIES	SUPPLIES	\$541.81
DE VILLE, JEFF	REIMBURSEMENT EXPENSES	\$59.02
DEPARTMENT OF REVENUE	WATER SAMPLES	\$427.00
DLT SOLUTIONS, LLC	MAINTENANCE PLAN	\$2,986.92
DUININCK INC	SUPPLIES	\$641.71
DUPONT ELECTRIC INC	ENERGY INCENTIVE REBATE	\$1,775.00
ENSTAD, DOUG	REIMBURSEMENT EXPENSES	\$59.00
ERICKSON, AARON	REIMBURSEMENT EXPENSES	\$802.61
ETHANOL PRODUCTS LLC	SUPPLIES	\$1,982.73
EVOLUTION POWERSPORTS	GENERATOR	\$999.00
FARNAMS GENUINE PARTS	SUPPLIES	\$274.62
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$842.00
FASTENAL COMPANY	SUPPLIES	\$944.56
FLOORS & MORE	SUPPLIES	\$420.00
GCR TIRE CENTER	SUPPLIES	\$760.74
GLACIAL LAKES ENERGY LLC	ENERGY INCENTIVE REBATE	\$1,464.59
GRAINGER	SUPPLIES	\$67.08
GRAY CONSTRUCTION CO INC	WAREHOUSE ADDITION	\$134,908.50
GREAT WESTERN BANK	TASC MED	\$6,673.06
HAWKINS, INC.	SUPPLIES	\$2,119.32
HEATH CONSULTANTS INC	SUPPLIES	\$406.69
HOBBY LOBBY	ENERGY INCENTIVE REBATE	\$4,375.00
IBEW LOCAL 426	UNION DUES	\$3,288.00
INGERSOLL RAND COMPANY	SUPPLIES	\$471.38
INNOVYZE	SUBSCRIPTION	\$2,500.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$151.50
J H LARSON COMPANY	SUPPLIES	\$1,853.37
KUNKEL, DEANNA	REIMBURSEMENT EXPENSES	\$207.54
LAKE CITY FIRE EQUIPMENT LLC	EXTINGUISHER MAINTENANCE	\$103.25
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$59.56
LOCATORS & SUPPLIES INC	SUPPLIES	\$28,781.12
M & T FIRE & SAFETY INC	SUPPLIES	\$186.00
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$224.40
MAC'S INC	SUPPLIES	\$364.83
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$61.85
MARCO INC	COPIER PRINTS	\$279.10
MATHESON TRI-GAS INC	SUPPLIES	\$90.46
MC KEEVER INC	SUPPLIES	\$227.66
MENARDS INC	SUPPLIES	\$1,440.79
MESEBERG, DAVID	REIMBURSEMENT EXPENSES	\$42.00
MET LIFE	LIFE INSURANCE	\$1,267.66
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MILBANK WINWATER WORKS	SUPPLIES	\$298.68
MINNESOTA MUNICIPAL UTILITIES ASSN	1ST QTR SAFETY MANAGEMENT PROGRAM	\$7,125.00
MITCHELL, ANGIE	REIMBURSEMENT EXPENSES	\$74.00
MUELLER CO	SUPPLIES	\$904.12
MUNICIPAL UTILITIES - PC	PETTY CASH	\$1,120.76
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #125-3	\$829.03
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$7,403.83
NORTHWEST LINEMAN COLLEGE	TRAINING	\$560.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$2,663.20
NORTHWESTERN ENERGY	SERVICE RIGHTS PAYABLE 9/23/16-12/23/16	\$3,017.05
OFFICE PEEPS	SUPPLIES	\$379.64
OVERHEAD DOOR CO OF WTN	SUPPLIES	\$180.00
PEDERSON, MIKE	REIMBURSEMENT EXPENSES	\$758.03
PETE LIEN & SONS	BULK LIME	\$18,161.25
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$138.55
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,023.97
PRINT 'EM NOW INC	SUPPLIES	\$92.00

PRO LINE INC	SUPPLIES	\$1,066.84
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$42.72
RESCO	SUPPLIES	\$10,105.80
RONKE, SHANE	REIMBURSEMENT EXPENSES	\$669.34
RON'S SAW SALES	SUPPLIES	\$64.32
RUNNING'S SUPPLY INC	SUPPLIES	\$1,844.32
SANFORD HEALTH OCCUPATIONAL MEDICINE CLINIC	SCREENINGS	\$234.00
SCHAEFFER MFG CO	SUPPLIES	\$472.32
SD DEPT OF TRANSPORTATION	HWY 81 ST LIGHTS AID TO CONST	\$32,194.00
SD ONE CALL	LOCATES	\$73.50
SD PUBLIC ASSURANCE ALLIANCE	WAREHOUSE ADDITION INSURANCE	\$608.66
SERVICEMASTER	JANITORIAL SERVICE	\$3,600.00
SHERMAN CANVAS	SERVICE	\$820.00
SHERWIN WILLIAMS CO	SUPPLIES	\$125.54
SHOREVIEW PROPERTIES LLC	ENERGY INCENTIVE REBATE	\$1,606.00
SIGN PRO	SERVICE	\$50.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$5,707.26
STAN HOUSTON EQUIP CO	SUPPLIES	\$159.00
STANLEY, JUSTIN	REIMBURSEMENT EXPENSES	\$42.00
STAR LAUNDRY INC	SUPPLIES	\$380.69
STUART C IRBY CO	SUPPLIES	\$987.01
STURDEVANTS AUTO PARTS	SUPPLIES	\$252.64
SUTTEN, RODNEY N	REIMBURSEMENT EXPENSES	\$1,404.48
TEREX SERVICES	SUPPLIES	\$507.09
TITAN MACHINERY- WTN	SERVICE	\$1,272.27
TRAV'S OUTFITTER	SUPPLIES	\$6,516.00
TYNDALE COMPANY INC	SUPPLIES	\$2,730.95
UPS	SHIPPING	\$176.66
USA BLUEBOOK	SUPPLIES	\$589.79
UTILITY FINANCIAL SOLUTIONS LLC	FINANCIAL RESERVE STUDY	\$10,985.10
VISION SERVICE PLAN (VSP) (CA)	VISION INSURANCE	\$376.03
WALMART COMMUNITY	SUPPLIES	\$81.98
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$363.77
WATERTOWN UNITED WAY	United Way	\$456.00
WATERTOWN WHOLESALE	SUPPLIES	\$687.32
WESCO DISTRIBUTION INC	SUPPLIES	\$3,615.00
WIGHT, ERNIE	REIMBURSEMENT EXPENSES	\$78.74
WW TIRE SERVICE INC	SUPPLIES	\$2,690.00
ZEP SALES AND SERVICE	SUPPLIES	\$420.76
	TOTAL	\$471,165.78

Total January 2017 471,165.78; Transfer to City's General Fund 101,864, Qtrly First Nat'l Bank - SF 413,660.20, Muni Utilities Electric Water Gas 45,662.34; Northern Natural Gas 6,061.20; Missouri River Energy Services Power 2,232,713.01; BP Canada Energy Marketing Natural Gas 762,611.48; Dept. of Revenue Sales/Excise Tax 240,840.46; CPEP Natural Gas 102,462.75, City Finance Office Garbage Sewer 391,930.06.

ITEM 6894

Pursuant to SDCL 1-25-2(3) Luken moved with second by Solum to move to Executive Session for consulting with attorney on contractual matters and

pending litigation. The Board does not expect to take action when they reconvene to regular session. Motion carried.

President Strait declared Executive Session done and they reconvened to regular session.

Motion by Luken with second by Padgett 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 30th, day of January, 2017

ATTEST: _____

Lisa Pahl
Executive Secretary
Municipal Utilities Board

Dave Strait
Board President
Municipal Utilities Department