

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

**Monday, July 29<sup>th</sup>, 2019**

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, July 29<sup>th</sup>, 2019 at 12:00 p.m. with President Mike Luken presiding.

Board members present: Mike Luken, John Holley, Greg Solum, Lisa Carrico and Chris Carter. Board Liaison, member of City Council, Glen Vilhauer was absent. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Jeff DeVille, Doug Enstad, Mark Haider, Mark Meier, Kevin Kruiter, Sheila Mennenga, Stephanie Ries, Lisa Pahl and Attorney Vince Foley. Press Don Egert, KXLG Radio, Dan Crisler, Public Opinion Newspaper. Guest, Mayor Sara Caron.

### **ITEM 7226**

Motion by Carter with second by Carrico to approve the Agenda with the removal of item 8. Motion carried.

### **ITEM 7227**

Motion by Carter with second by Holley to approve Minutes of regular meeting on June 26<sup>th</sup>, 2019. Motion carried.

### **ITEM 7228**

This being the time and place set forth for public hearing on Integrated Resource Plan, President Luken declared the public hearing to be opened for information and discussion on the purpose of Integrated Resource Plan. Luken requested comments from the public. Upon hearing no comments, Luken closed the public hearing. Motion by Carrico with second by Holley to adopt resolution for Integrated Resource Plan. Motion carried unanimously on roll call vote.

### **RESOLUTION No. 7229**

#### **RESOLUTION PROVIDING FOR THE ADOPTION OF AN INTEGRATED RESOURCE PLAN (IRP) AS REQUIRED BY WESTERN AREA POWER ADMINISTRATION TO COMPLY WITH LONG-TERM POWER SUPPLY AGREEMENT**

**WHEREAS** the Watertown Municipal Utilities purchases a significant portion of its power supply from the Western Area Power Administration (Western); and

**WHEREAS** Western has recently published its Energy Planning and Management Program Rules specifying the requirements for preparing and filing an Integrated Resource Plan (IRP); and

**WHEREAS** the Municipal Utility staff has prepared an IRP Summary Report describing the IRP process used and the information and assumption used to develop the IRP; and

**WHEREAS** our customers were informed of our IRP and resulting Action Plans through various means including a public meeting where public questions and comments were encouraged; and

**WHEREAS** any public comments received have been addressed in order to strengthen the Utility's Integrated Resource Plan; and

**WHEREAS** the IRP Summary Report included 5-year and 2-year action plans outlining actions to be taken by the Watertown Municipal Utilities during the next several years

**NOW THEREFORE BE IT RESOLVED** by the Watertown Municipal Utilities as follows:

That the "Integrated Resource Plan Summary Report for the Watertown Municipal Utilities dated September 1, 2019 shall be approved for filing with Western under the Energy Planning and Management Program"

Dated at Watertown, South Dakota, this 29<sup>th</sup> Day of July 2019

WATERTOWN MUNICIPAL UTILITIES

**ITEM 7229**

Motion by Carter with second by Solum to adopt resolution of the execution of documents with the Western Area Power Administration: Roles and Duties related to Transmission Operating Services - Contract 19-UGPR-01; and Transmission Operator Procedure.

**RESOLUTION No. 7230**

**RESOLUTION AUTHORIZING THE EXECUTION OF THE FOLLOWING DOCUMENTS WITH THE  
WESTERN AREA POWER ADMINISTRATION: ROLES AND DUTIES RELATED TO TRANSMISSION  
OPERATING SERVICES - CONTRACT  
19-UGPR-01; AND TRANSMISSION OPERATOR PROCEDURE**

**WHEREAS** Watertown Municipal Utilities ("Watertown") installed metering at its substations to eliminate Western Area Power Administration ("WAPA") meters requiring newly executed documents; and

**WHEREAS** Watertown is an owner of Bulk System Facilities (BES Facilities) and/or the owner of certain other transmission facilities in the Transmission Operator Procedure ("TOP"), as defined within contract 19-UGPR-01, and all such facilities are hereinafter called the "Project Facilities" which are located in WAPA's transmission operator footprint; and

**WHEREAS** Watertown may own BES Facilities located within the Midwest Reliability Organization ("MRO") footprint, resulting in the need for WMU to comply with certain North American Electric Reliability Corporation (NERC) Reliability Standards; and

**WHEREAS** WAPA has been designated a Transmission Operator (TOP) in the NERC Compliance Registry located within the MRO footprint; and

**WHEREAS** Watertown has requested WAPA to be the designated TOP for the Project Facilities; and

**WHEREAS** these contracts are the clarify certain NERC obligations as they pertain to WAPA as a TOP and Watertown as an owner of BES Facilities; and

**WHEREAS** Watertown and WAPA desire to enter into new agreements providing for continued operation of Watertown's BES Facilities; and

**NOW THEREFORE BE IT RESOLVED** by Watertown that contract 19-UGPR-01 and the Transmission Operator Procedures be signed and executed by the Board President in the form presented

Dated at Watertown, South Dakota, this 29<sup>th</sup> day of July 2019

WATERTOWN MUNICIPAL UTILITIES

#### **ITEM 7230**

Open: a) Lehner gave a summer study update. This first meeting on Senate Bill 66 was held in Pierre on Thursday, July 25, 2019. Senator Solano opened up with an introduction and outline for the meeting. Chris Nelson of the PUC gave a history of the PUC and what the PUC's interaction is with the various groups. This first meeting was a fact finding mission. The various groups gave presentations on annexations in their areas. With other speakers as well. This was followed by questions by the committee. They set Aug. 28 for the next Summer Study Meeting. Four meetings are allowed for this summer study. It is unsure if all four will need to be held. b) Bert gave an update on the G.O.E.D Grant Application. He found out two major things. You need to apply for a grant before a project has started or materials bought and that it needs to show job growth. First District went to Sioux Falls to talk about the grants for the Substation and Gas Project. The Substation project has already started so we will not be able to get a grant for this. The Gas project is not tied to any job growth, not that it can't be, but we will need to look into this further before a decision is made. Note: Luken sits on the G.O.E.D. Grant Committee.

#### **ITEM 7231**

Magstadt presented the Report on Operations and Projects: The Electric Department, Projects Completed this Month: Finished terminating the cable by County Fair, Senior Center, Palace Apartments and by Watertown Wholesale.

Magstadt included before and after pictures of the Alley Platform removal behind the Senior Center. Gas Department, Projects in Progress: Contractor finished installing 6" pipe underneath the river for the new 212 bridge. Pictures were shown of the 212 gas line covered with a foot or so of water after the rain, Replaced the damaged 4" that was hit by the contractor with new 6". Water Department, Projects Completed this Month: Magstadt showed a video of the water main leak in front of Ramkota. Engineering Tech Department: Projects Completed this month: Finished GPS and photo shooting of Lake Kampeska and Lake Pelican for future flooding that may occur. 15<sup>th</sup> Ave. Substation Project: Contractors showed up on site July 15. Magstadt showed pictures of the drilling machine, the piers, conduit and feeder cables and overhead pictures that showed the transformer foundation.

### **ITEM 7232**

Karst presented the Report on Administration & Financial Statements. Purchasing, Accounting and Facilities, Projects in Progress: Ordering & receiving for upcoming projects. Upcoming Projects: Getting quotes for the painting the Dryvit siding which had the hail damage. Customer Service: 14,024 payments for \$4,058,764 and 54,638 Services billed for \$4,163,423. Human Resources/Risk Management: Completed South Dakota Public Assurance Alliance annual property and liability insurance renewal. WMU's total premium for General Liability, Auto, Property and Equipment Breakdown increased 6% from \$215,026 to \$227,787, Property increased 18% due to settlement of 2017 hail storm damage claim, equipment breakdown decreased 4% and General Liability increased 2%. New employees Neil Frost, Apprentice Water Plant Operator, Morgan Rue, Apprentice Customer Service Rep. I, Kobe Kettwig Electric Department Summer Temp. IT: Karst thanked Haider for working over the weekend and migrating the email system over to new system. Normal monthly IT maintenance and troubleshooting.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$1,373,490 over budget for the six months ending June 30<sup>th</sup>, 2019. Total Capital Additions are \$1,696,114 under budget for the six months ending June 30<sup>th</sup>, 2019.

### **ITEM 7233**

Motion made by Carter with second by Holley to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for July 2019 Plus ACH Payroll Payments \$513,096.27. Info: New: N. Frost, 21.05/hr. effective 7/15/2019, Summer Temp: K. Kettwig, 11.00/hr. effective 7/8/2019.

Name	Payable Description	Payment Amount
<b>August 1, 2019</b>		
ACTIVE HEATING INC	ENERGY INCENTIVE REBATE	\$500.00
ADVANCED ENGINEERING & ENVIRONMENTAL SERVICES	BRINE TREATMENT ENHANCEMENTS	\$5,618.18
AFLAC	CANCER PT	\$1,718.52
A-OX WELDING SUPPLY INC	SUPPLIES	\$754.90
AQUA-PURE INC	SODIUM TRIPOLYPHOSPHATE	\$6,105.00

ARGUS LEADER MEDIA	SUBSCRIPTION	\$413.05
BATTERIES UNLIMITED INC	SUPPLIES	\$28.00
BERG-JOHNSON ASSOCIATES, INC	CHLORINE ANALYZER	\$4,566.45
BORDER STATES ELECTRIC SUPPLY	ELBOW KIT	\$62,546.74
BORNS GROUP	POSTAGE & MAILING	\$8,650.80
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$54.13
BURNS, JERRY	REIMBURSEMENT EXPENSE	\$147.19
C A TURNER	SUPPLIES	\$567.71
CENTURY LINK	PHONE SERVICE	\$297.69
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$5,711.38
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CLARK ENGINEERING CORP	HWY 212 WATER MAIN REPLACEMENT	\$3,082.50
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$6,873.43
CONSULTING ENGINEERS GROUP INC	SUBSTATION ENGINEERING FEES	\$6,495.00
CORE & MAIN LP	FLOW IMPROVEMENTS TO AIRPORT	\$18,163.74
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$40.47
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$685.11
DAKOTA DATA SHRED	SHREDDING SERVICE	\$68.45
DAKOTA DRILLERS	INSTALL LINE TO PREVENT FREEZING	\$3,990.00
DEPARTMENT OF HEALTH	WATER SAMPLES	\$911.00
DGR ENGINEERING	REVENUE METERING RELOCATION	\$1,286.50
DIAMOND VOGEL PAINT CENTER	SUPPLIES	\$80.59
DK DIESEL INJECTION INC	REBUILD ENGINE- UNIT 11	\$17,633.80
DSG DAKOTA SUPPLY GROUP	SECONDARY PEDESTALS	\$7,164.96
DUININCK INC	GRAVEL AND ROCK	\$2,082.89
EFRAIMSON ELECTRIC INC	STREET LIGHT INSTALLATION	\$25,915.20
ELEMENT MATERIALS TECHNOLOGY	PIPE WELD QUALIFICATION	\$450.00
ENERGY ECONOMICS INC	REPAIR & CALIBRATE METER	\$545.35
ENGELSTAD ELECTRIC COMPANY	BORING GAS LINE	\$3,110.29
ERICKSON, AARON	REIMBURSEMENT EXPENSE	\$1,000.00
ETHANOL PRODUCTS LLC	BULK CO2	\$3,435.96
FARNAMS GENUINE PARTS	SUPPLIES	\$567.93
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$240.00
FEDERAL EXPRESS CORP	SHIPPING	\$117.58
GCR TIRE CENTER	SERVICE	\$98.34
GOLLNICK, MELANIE	REIMBURSEMENT EXPENSE	\$47.23
GRAINGER	SUPPLIES	\$50.80
GROEBNER	METER LOOPS	\$19,765.65
HEATH CONSULTANTS INC	SUPPLIES	\$408.90
IBEW LOCAL 426	UNION DUES	\$2,978.00
INFRASTRUCTURE DESIGN GROUP, INC.	HWY 212 WATER MAIN ENGINEERI. SERV.	\$21,535.16
INTERSTATE ALL BATTERY CENTER	BATTERIES	\$217.00
J H LARSON COMPANY	CRIMP TOOL	\$11,762.92
JOSEPH MEDANICH	ASPHALT REPAIR	\$15,306.15
KAN HUSTON ASSOCIATES LLC	GAS RATE STUDY PROGRESS PMT	\$9,950.00
KARST, ADAM	REIMBURSEMENT EXPENSE	\$244.00
L MARQUARDT ELECTRIC INC	MAINTENANCE OF UNDERGROUND LINES	\$694.21
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$561.34
LIFT PRO EQUIP CO	SUPPLIES	\$300.40
LOCATORS & SUPPLIES INC	SUPPLIES	\$343.96
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$70.76
LYLE SIGNS INC	GAS SIGNS	\$1,316.94
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$251.77
MAC'S HARDWARE	SUPPLIES	\$95.81
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$479.62
MARCO	COPIER LEASE	\$298.68
MC KEEVER INC	SUPPLIES	\$287.68
MEIER, MARK	REIMBURSEMENT EXPENSE	\$53.94
MENARDS INC	SUPPLIES	\$488.57
MET LIFE	LIFE INSURANCE	\$1,358.52
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$207.72

MIKE LANTSBERGER	ENERGY INCENTIVE REBATE	\$78.00
MILBANK COMMUNICATIONS INC	SERVICE	\$132.12
MILBANK WINWATER WORKS	SUPPLIES	\$3,817.61
MINNESOTA MUNICIPAL UTILITIES ASSN	SAFETY PROGRAM	\$8,695.00
MUELLER CO	SUPPLIES	\$2,357.36
MUNICIPAL UTILITIES - PC	PETTY CASH	\$243.59
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$315.86
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$13,653.89
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$2,136.12
NORTHWESTERN ENERGY	SERVICE RIGHTS PAYABLE	\$2,807.70
NOVA FIRE PROTECTION INC	ANNUAL INSPECTION	\$150.00
OFFICE PEEPS	SUPPLIES	\$358.04
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$313.62
OVERHEAD DOOR CO OF WTN	SUPPLIES	\$29.75
OWEN PROPERTIES	ENERGY INCENTIVE REBATE	\$550.00
PETE LIEN & SONS	BULK LIME AS PER BID	\$17,342.64
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$166.19
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,181.75
PRINT 'EM NOW INC	OFFICE SUPPLIES	\$53.00
PRO LINE INC	SUPPLIES	\$369.45
PROBEWELL LAB INC	SERVICE	\$525.00
REDLINGER, MARK	REIMBURSEMENT EXPENSE	\$196.29
RELIABANK DAKOTA	TASC MED	\$7,133.60
RESCO	SUPPLIES	\$11,646.08
ROBERT GJERDINGEN	DEPOSIT REFUND	\$5,000.00
RON'S SAW SALES	SERVICE	\$154.10
ROTH, KEENAN M	REIMBURSEMENT EXPENSE	\$343.68
RUNNING'S SUPPLY INC	SUPPLIES	\$1,312.34
SANFORD HEALTH OCCUPATIONAL MEDICINE	SCREENS	\$351.00
SD ONE CALL	LOCATES	\$712.95
SD PUBLIC ASSURANCE ALLIANCE	GEN LIAB/PROP INS 2019-20	\$227,786.53
SDSU FOUNDATION ACCT #70507	DONATION	\$400.00
SDWWA	TRAINING EXPENSE	\$520.00
SERVICEMASTER	JANITORIAL SERVICE	\$4,120.00
SHIRTS IN THE WORKS	SUPPLIES	\$1,356.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$6,953.95
STAN HOUSTON EQUIP CO	EXCAVATOR RENTAL	\$725.00
STAR LAUNDRY INC	RUG SERVICE	\$406.18
STILLSON DRYWALL INC	REPAIR EIFS ON BUILDING	\$1,938.00
STURDEVANTS AUTO PARTS	SUPPLIES	\$229.71
TAC SERVICES LLC	MAY & JUNE LAWN SERVICE	\$2,820.00
THE ELECTRIC COMPANY OF SD	GAS MAIN REROUTE	\$47,908.25
THEIN WELL	MAINTENANCE OF WELL #35	\$10,631.09
TIKKA CONSTRUCTION	ENERGY INCENTIVE REBATE	\$58.50
TITAN MACHINERY- WTN	SERVICE	\$7,750.43
TYNDALE COMPANY INC	SAFETY CLOTHING	\$9.95
ULTRA, INC.	LADDERS FOR WATER PLANT TANKS	\$10,625.00
UPS	SHIPPING	\$427.21
USA BLUEBOOK	FLUORIDE REAGENT	\$177.80
VESSCO INC	POLYMER PUMPS	\$10,776.35
WATERTOWN BOX CORP	SUPPLIES	\$73.00
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PARK & REC	TROLLEY RENTAL	\$146.55
WATERTOWN PUBLIC OPINION	PUBLISHINGS & ADVERTISEMENT	\$1,616.05
WATERTOWN UNITED WAY	United Way	\$447.50
WESCO DISTRIBUTION INC	COPPER WIRE	\$19,476.10
ZEP SALES AND SERVICE	SUPPLIES	\$158.99
	<b>TOTAL</b>	<b><u>\$739,899.43</u></b>

Total August 2019, 739,899.43; Transfer to City's General Fund 105,979, Qtrly US Bank - 413,660.20, Muni Utilities Electric Water Gas 50,358.80; Missouri River Energy Services Power 2,011,065.11; BP Canada Energy Marketing Natural Gas 96,339.00; Dept. of Revenue Sales/Excise Tax 177,638.82; CPEP Natural Gas 6,649.50, City Finance Office Garbage Sewer 413,921.48.

**ITEM 7234**

Lehner noted that Luken has been reappointed to the Board by Mayor Caron for another five years. Lehner requested reorganization of the Board. Motion by Luken second by Carrico to appoint John Holley as President and Greg Solum as Vice President. Motion carried.

Board President Holley appointed the committee, they are as follows:

Rates & Transfers	Chris Carter and Greg Solum
Wages & Personnel	Lisa Carrico and Greg Solum
Production & Distribution	Lisa Carrico and Chris Carter
Buildings & Equipment	Mike Luken and Lisa Carrico
Inventory Control	Greg Solum and Mike Luken
Finance: All with John Holley as Chairman	First named member to be Chairman of Committee

Pursuant to SDCL 1-25-2(3) Luken moved with second by Carrico to move to Executive Session for discussion of consulting with attorney on contractual and legal matters. The Board does not expect to take action when they reconvene to regular session. Motion carried.

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

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

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 July, 2019.

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

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Lisa Pahl  
Board Secretary  
Municipal Utilities Board

John Holley  
Board President  
Municipal Utilities Board