

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, January 28th, 2019

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, January 28th, 2019 at 12:00 p.m. with President Mike Luken presiding.

Board members present: Mike Luken, John Holley, Lisa Carrico and Chris Carter. Board Member Greg Solum absent. Board Liaison, member of City Council, Glen Vilhauer. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Jeff DeVille, Doug Enstad, John Lunde, Mark Meier, Mark Haider, Kevin Kruiter, Sheila Mennenga, Stephanie Ries, Darcy Frost and Lisa Pahl. Press Dan Crisler, Watertown Public Opinion, Guest Mayor Sara Caron.

ITEM 7158

Motion by Holley with second by Carter to approve the Agenda. Motion carried.

ITEM 7159

Motion by Holley with second by Carrico to approve Consent Agenda, which gives authorization for the General Manager to sign annual contracts for the following items, Motion carried.

CONTRACTS SIGNED ANNUALLY BY GENERAL MANAGER

- a) First District Association of Local Governments
- b) HVAC Maintenance
- c) Lawn Care
- d) Monitor Contract for Fire Alarm System
- e) Fire Protection System Inspection
- f) Authorization for Staff to Open Bids
- g) SCADA Maintenance Agreements
- h) MMUA Safety Management Program
- i) Telvent, DTN
- j) Geotek Engineering & Testing Services Inc.
- k) Change Orders up to \$5,000 for Construction Projects and Equipment during 2019
- l) Midcontinent Communications
- m) State Health Lab Contract

ITEM 7160

Public Comment: Board Liaison Glen Vilhauer asked Mayor Caron to give an update to the Board on the Airport situation. Mayor Caron said since California Pacific stopped service here in Watertown the D.O.T has been collecting bids and will collect bids until Wednesday, January 30th, 2019 then the Airport Board will meet. They will make recommendations to the City

Council and then the Council makes recommendation to the D.O.T. The Mayor hopes at Mondays City Council meeting they will be able to agree on a recommendation to present to the D.O.T.

ITEM 7161

Motion by Carrico with second by Carter to approve Minutes of regular meeting on December 31st, 2018. Motion carried.

ITEM 7162

Motion by Holley with second by Carter to authorize to call for bids for 15th Ave Substation General Construction and 15th Ave Substation Dirt Work. Motion carried.

ITEM 7163

Karst presented the 2018 Fixed Asset Report & Solid Waste Disposal Report according to Policy Section #49. This report included removal of 118 poles, removal of 15,390 feet of overhead wire, abandoned 2,300 feet of underground wire, retired 4,218 KVA of line transformers, retired 127 electric meters, removed 6 Street lights, traded 1 Can Am 4 X 4 with snow blade, Transferred to the City 1 2005 Ford F150 Pickup, sold at City Surplus Action 1 Designjet Printer T1100PS and 261.3 feet of Chain Link Fence, Removed 10 Circuit Breakers at Uptown Sub, retired 93 water meters, abandoned 101 feet of water main, retired 27 service connections, removed or replaced 10 hydrants, traded 1 2011 Can Am 4 x 4 with snow blade and 1 Super Jet Vac and Sold at City Surplus Action 1 Designjet printer T1100PS, Abandoned 2,172 feet of services, Retired 59 meters, abandoned 1,340 feet of main, Traded 1 2011 Can Am 4 x 4 w/Snow blade, Transferred to the City 1 2005 Ford F Series Pickup, sold at City Surplus Action 1 1981 Caterpillar V80D Forklift, 1 Designjet Printer T1100PS and 128.7 feet of chain link fence, Sold to the City 1 2002 Case 580M Backhoe.

ITEM 7164

Karst started discussion on the request for Banking Proposals. Karst said eight Banking Proposals were sent out and four were received back. Karst recommended to continue combined banking with the City and award the proposal to Reliabank. Karst will bring a 5 year contract with the option of a one-time 5 year extension to the Board for approval in February. The recommendation came from analyzing the estimated income per year based off the interest earned and fees charged.

ITEM 7165

Lehner gave an overview of the Senate Bill 66, which is promoting an Electric Territory Freeze. Lehner discussed the issues behind the bill and talked about some of Codrington Clark Electric Cooperatives media comments. Lehner said the Cooperative isn't telling the whole story to the media. Such

as, A 2 MW customer required by law to bid service, in fact it's the customer's choice, and 600 acres being taking by us through annexation. Lehner looked back at annexation records from the city dating back to 1913 and noted that annexed territory has only happened four times since 2005 and in that time frame Watertown Municipal Utilities annexed 316 acres. Watertown Municipal Utility rates drive Economic Development. The Utilities did multiple commercial rate comparisons that show we are 50-60% cheaper than Codington Clark Electric Coop. Lehner said that both sides are still in negotiations so fate of the SB 66 is yet to be determined.

ITEM 7166

This being the time and place set for consideration of bids, the following were presented. Bid for 15th Ave Substation Shelter Aisle Switchgear. The bid was opened January 22, 2019 at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board. Bids for Janitorial, Transformers, Wire, Install URD Primary and Secondary, Electric Service Installation and Lime Sludge Removal. These bids were opened Thursday, January 24th, 2019 at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

15TH AVE SUBSTATION SHELTER AISLE SWITCHGEAR: Three bids were received and upon review and recommendation by Magstadt, motion by Carrico with second by Carter to award bid to low valid bidder, AZZ, Fulton, MO for total of \$741,668. Note: Eaton did not meet specifications. Motion carried.

JANITORIAL: One bid was received and upon review and recommendation by Karst, motion by Holley with second by Carrico to award bid to low valid bidder, ServiceMaster of Watertown, Watertown, SD, for a total of \$152,440 for a three year one month contract. Motion carried.

TRANSFORMERS: Five bids were received and upon review and recommendation by Magstadt, motion by Carter with second by Carrico to award bid to low valid bidders, Item 1, 4 and 5 to RESCO, Moorhead, MN for a total of \$20,046, Item 2 to Stuart C Irby, Eagan, MN for a total of \$48,360, Items 3, 6, 7, 8, 9, 10 and 11 to Dakota Supply Group, Sioux Falls, SD for a total of \$229,454. Motion carried.

WIRE: Eight bids were received and upon review and recommendation by Magstadt, motion by Carter with second by Carrico to award bid to low valid bidders, Item 1 and 2 to WESCO, Sioux City, IA for total of \$176,300, Items 3 to RESCO, Moorhead, MN for \$99,975, Item 4 to Border States Electric, Sioux Falls, SD for a total of \$14,700, Item 5 to Stuart C Irby, Eagan, MN for a total of \$10,232, Item 6 to Graybar, Sioux Falls, SD for a total of \$4,801.20. Motion carried.

INSTALL URD PRIMARY AND SECONDARY: Two bids were received and upon review and recommendation by Magstadt, motion by Carter with second by Holley to award bid to low valid bidder, Engelstad Electric, Watertown, SD for \$375,232. Motion carried.

ELECTRIC SERVICE INSTALLATION: Two bids were received and upon review and recommendation by Magstadt, motion by Holley with second by Carrico to award bid to low valid bidder, Dakota Underground, Lake Norden, SD for \$71,350.00. Motion carried.

LIME SLUDGE REMOVAL: One bid was received and upon review and recommendation by Magstadt, motion by Holley with second by Carter to accept bid from Gacke Enterprises, Canton, SD for \$6.50 price per yard. Motion carried.

ITEM 7167

Motion by Carter with second by Carrico to authorize to return check of unsuccessful bidder. Motion carried.

ITEM 7168

Open: Lehner presented the bill stuffer Kindergarten Screening. Lehner also gave the Board an invite to attend the AWWA Conference June 9 - 12 in Denver, CO and the APPA Conference June 9 - 12 Austin, TX.

ITEM 7169

Magstadt presented the Report on Operations and Projects: Gas: Update on the extreme weather conditions. Requesting to remind customers to keep gas meters and fire hydrants cleared of snow. Electric, Projects Completed this Month: 6 employees went to Juts, Maintenance on a 3 phase line between Hwy 81 and the old middle school, Projects Starting Next Month: Design of transformer and Switchgear for Terex. Water, Projects Completed this Month: Two main breaks this season, crack in the 6" cast iron main on 1st St NW, Projects Starting Next Month: Doing annual maintenance on side #2. Engineering Tech: Prepared Maps and Data for Electric Territory, Diagrams for Bids and Keeping up on GIS requirements. 15th Ave Substation: Sending out bids, Tentative date for energizing - February 2020.

ITEM 7170

Karst presented the report on Administration and Financial Statements: Purchasing, Accounting and Facilities, Projects Completed This Month: Rod, Brian and Andy were recertified on their spray applicators license. Projects in Progress: Ordering, receiving and stocking material. Upcoming Projects: Received check for the hail damage claim from 2017. Customer Service: 14,148 payments for \$4,640,351 and 53,715 Services billed for \$4,699,341. Human Resources/Risk Management: Year-end processing. IT: 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 \$1,196,345 above budget for the Twelve months ending December 31st, 2018. Total Capital Additions are \$750,308 under budget for the Twelve months ending December 31st, 2018.

ITEM 7171

Motion made by Carter with second by Carrico to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for January 2019 Plus ACH Payroll Payments \$495,930.73.

Name	Payable Description	Payment Amount
February 1, 2019		
ABC EMBROIDERY	SERVICE	\$297.00
ACTIVE HEATING INC	REPAIR DEHUMIDIFIERS	\$4,997.92
ADVANCE PRODUCTS & SYSTEMS, LLC	SUPPLIES	\$64.61
ADVANCED ENGINEERING & ENVIRONMENTAL SERVICES	I&C SYSTEM SERVICES	\$456.00
AFLAC	CANCER PT	\$1,964.57
A-OX WELDING SUPPLY INC	5 YEAR CYLINDER LEASE	\$1,105.05
AP & SONS CONSTRUCTION INC	BORING- HWY 212	\$5,712.00
AQUA-PURE INC	BULK ALUMINUM SULFATE	\$7,632.90
AUSTIN, HINDERAKER, HOPPER, STRAIT & BENSON LLP	LEGAL FEES	\$900.00
BATTERIES UNLIMITED INC	SUPPLIES	\$66.00
BENDIX IMAGING INC	OFFICE SUPPLIES	\$66.99
BIG SIOUX WATER FESTIVAL	CONTRIBUTION	\$1,250.00
BNSF RAILWAY COMPANY	APPLICATION FEE	\$800.00
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$38,841.66
BORNS GROUP	POSTAGE & MAILING	\$7,823.06
BTE CORPORATION	2019 SUPPORT CONTRACT	\$2,450.00
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$50.33
CASHWAY LUMBER INC	SUPPLIES	\$127.51
CENTURY LINK	PHONE SERVICE	\$297.88
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$5,161.47
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DED.: CHILD SUPPORT	\$850.00
CITY OF WATERTOWN	2018 OPEB REPORT	\$3,950.00
COD.-CLARK ELECTRIC COOP. INC	WELLFIELD ELECTRIC SERVICE	\$4,838.40
CONCRETE DAKOTA REDI-MIX INC	SUPPLIES	\$203.25
CONNECTING POINT	SOFTWARE SERVICE RENEWAL	\$3,348.50
CONSULTING ENGINEERS GROUP INC	SUBSTATION ENGINEER FEES	\$15,488.75
CORE & MAIN LP	SUPPLIES	\$578.72
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$202.34
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$224.41
DAKOTA DATA SHRED	SHREDDING SERVICE	\$66.40
DENR	2019 ENVIRONMENTAL FEE	\$50.00
DEPARTMENT OF HEALTH	WATER SAMPLES	\$442.00
DETERMAN, JEFF	REIMBURSEMENT EXPENSE	\$222.00
DEVILLE, JEFF	REIMBURSEMENT EXPENSE	\$240.01
DGR ENGINEERING	REVENUE METERING RELOCATION	\$435.00
DSG DAKOTA SUPPLY GROUP	PIPE	\$3,591.61
ENDERSON, MARSHA	REIMBURSEMENT EXPENSE	\$94.76
ENERGY WORLDNET, INC	OQ COMPLIANCE RENEWAL	\$3,911.00
ENSTAD, DOUG	REIMBURSEMENT EXPENSE	\$214.16
ETHANOL PRODUCTS LLC	BULK CO2	\$803.22
FARNAMS GENUINE PARTS	SUPPLIES	\$291.79
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$167.00
FASTENAL COMPANY	SUPPLIES	\$1,046.72
FIRST DIST. ASSN OF LOCAL GOVTS	2019 GIS WEBSITE	\$1,500.00
FOLEY AND FOLEY LAW OFFICE, PC	LEGAL SERVICES	\$200.00
GCR TIRE CENTER	SUPPLIES	\$333.28
GRAINGER	SUPPLIES	\$345.42
GREAT WESTERN BANK	TASC MED	\$8,134.90

GROEBNER	SUPPLIES	\$40.62
HEATH CONSULTANTS INC	SUPPLIES	\$545.42
IBEW LOCAL 426	UNION DUES	\$3,006.00
INDELCO PLASTICS CORPORATION	SUPPLIES	\$472.17
J H LARSON COMPANY	SUPPLIES	\$4,094.58
JONNES, ALEX	REIMBURSEMENT EXPENSE	\$52.00
KARST, ADAM	REIMBURSEMENT EXPENSE	\$258.00
KOONS GAS MEASUREMENT	SUPPLIES	\$1,428.40
KRANZ, CHAD	REIMBURSEMENT EXPENSE	\$77.00
KRUITER, KEVIN	REIMBURSEMENT EXPENSE	\$753.01
LAKE CITY FIRE EQUIPMENT LLC	FIRE EXTINGUISHER	\$328.27
LATI	CDL TEST	\$90.00
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$168.10
LOCATORS & SUPPLIES INC	SUPPLIES	\$2,199.90
LUKEN, MIKE	REIMBURSEMENT EXPENSE	\$25.72
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$113.65
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$511.32
MAC'S HARDWARE	SUPPLIES	\$401.61
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$510.22
MARCO	COPIER LEASE	\$327.77
MARK M STROHFUS	SUPPLIES	\$75.00
MATHESON TRI-GAS INC	SUPPLIES	\$303.59
MC KEEVER INC	SUPPLIES	\$91.03
MENARDS INC	SUPPLIES	\$700.05
MENNENGA, SHEILA	REIMBURSEMENT EXPENSE	\$50.00
MESEBERG, DAVID	REIMBURSEMENT EXPENSE	\$968.27
MET LIFE	LIFE INSURANCE	\$1,393.80
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$174.19
MINN. MUNICIPAL UTILITIES ASSN	SAFETY PROGRAM	\$8,200.00
MISSOURI RIVER ENERGY SERVICES	MOTOR BEARING SURVEY	\$900.88
MITCHELL, ANGIE	REIMBURSEMENT EXPENSE	\$50.00
MONITOR TECHNOLOGIES LLC	SUPPLIES	\$439.93
MOTION INDUSTRIES	SUPPLIES	\$96.47
MUELLER CO	SUPPLIES	\$2,112.08
MUNICIPAL UTILITIES - PC	PETTY CASH	\$650.66
MUNICIPAL UTILIT-NSF CHECK ACCO	REIMBURSE NSF FUND	\$1,076.30
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCTS	\$4,898.55
NORTHWEST PIPE FITTINGS INC	WATER METER SWIVEL NUTS	\$7,535.99
NORTHWESTERN ENERGY	SERVICE RIGHTS PAYABLE	\$3,050.06
OFFICE OF ENERGY ASSISTANCE	REIMBURSE ENERGY ASSISTANCE	\$89.61
OFFICE PEEPS	SUPPLIES	\$759.58
OLSON, GARY	REIMBURSEMENT EXPENSE	\$105.00
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$47.44
PETE LIEN & SONS	BULK LIME PER BID	\$12,072.36
PETERSON, DELORES	REIMBURSEMENT EXPENSE	\$188.00
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$158.95
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,239.92
PRINT 'EM NOW INC	SUPPLIES	\$147.10
RESCO	SUPPLIES	\$5,881.83
RIPLEY, BRETT	REIMBURSEMENT EXPENSE	\$170.46
RONKE, SHANE	REIMBURSEMENT EXPENSE	\$205.00
RSM US LLP	IT SERVICES	\$600.00
RUDEBUSCH, JAMES	REIMBURSEMENT EXPENSE	\$52.00
RUNNING'S SUPPLY INC	SUPPLIES	\$264.95
SANFORD HEALTH OCCUP. MEDICINE	SCREENS	\$331.00
SCHAFER, TRENT	REIMBURSEMENT EXPENSE	\$52.00
SCHULTZ, ANDY	REIMBURSEMENT EXPENSE	\$33.00
SD FEDERAL PROPERTY AGENCY	SUPPLIES	\$45.35
SD ONE CALL	LOCATES	\$50.40
SDWWA	TRAINING EXPENSE	\$210.00

SERVICEMASTER	JANITORIAL SERVICE	\$3,740.00
SIGN PRO	SUPPLIES	\$226.80
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$4,523.68
SOLUM, GREG	REIMBURSEMENT EXPENSE	\$157.97
STAN HOUSTON EQUIP CO	SUPPLIES	\$349.08
STANDBY SYSTEMS INC	SUPPLIES	\$91.77
STAR LAUNDRY INC	SUPPLIES	\$687.65
STUART C IRBY CO	CURRENT TRANSFORMER	\$1,836.00
STURDEVANTS AUTO PARTS	SUPPLIES	\$151.38
T & R ELECTRIC SUPPLY COMPANY INC	SUPPLIES	\$1,220.00
TEREX SERVICES	SUPPLIES	\$195.86
TITAN MACHINERY-SF	SERVICE	\$1,792.85
TRAV'S OUTFITTER	SAFETY CLOTHING	\$115.00
TYLER BUSINESS FORMS	OFFICE SUPPLIES	\$277.64
TYNDALE COMPANY INC	SAFETY CLOTHING	\$135.95
UPS	SHIPPING	\$24.89
USA BLUEBOOK	SUPPLIES	\$693.98
WALMART COMMUNITY	SUPPLIES	\$128.80
WATERTOWN DEVELOP. COMPANY	INDUSTRIAL DEVELOP. EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$929.86
WATERTOWN UNITED WAY	United Way	\$547.50
WATERTOWN WHOLESALE	SUPPLIES	\$803.56
WAYTEK INC	SUPPLIES	\$474.94
WEG TRANSFORMERS USA LLC	15TH AVE SUBSTATION	\$128,257.90
WESCO DISTRIBUTION INC	SUPPLIES	\$5,003.60
WINSUPPLY OF WATERTOWN	SUPPLIES	\$55.37
WITTE, STEVE	REIMBURSEMENT EXPENSE	\$52.00
	TOTAL	\$363,877.18

Total January 2019, 363,877.18; Transfer to City's General Fund 105,979, Qtrly US Bank - 413,660.20, Muni Utilities Electric Water Gas 43,357.80; Missouri River Energy Services Power 1,971,312.82; BP Canada Energy Marketing Natural Gas 857,038.92; Dept. of Revenue Sales/Excise Tax 220,686.37; CPEP Natural Gas 170,771.25, City Finance Office Garbage Sewer 393,126.75.

ITEM 7172

Board set date of Thursday, February 28th, 2019 at noon for February Board Meeting.

ITEM 7173

Pursuant to SDCL 1-25-2(3) Carrico moved with second by Carter 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 Luken declared Executive Session done and they reconvened to regular session.

Motion by Carrico with second by Holley to allow General Manager to execute agreements with Sequent Energy Management for a portion of its firm natural

gas supply on Northern Border Pipeline ("NBPL") from November 1st, 2019 through October 31st, 2024 given successful reference checks, proper execution of a NASBE agreement along with successful credit application that meets Watertown Municipal Utility's needs. 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.

Motion by Carter with second by Holley to adjourn. Motion carried.

Dated at Watertown, South Dakota this 28th, day of January, 2019.

ATTEST: _____

Lisa Pahl
Board Secretary
Municipal Utilities Board

Michael Luken
Board President
Municipal Utilities Department