

WATERTOWN MUNICIPAL UTILITIES

GENERAL POLICIES

INDEX

(Updated December 31, 2018)

- 
1. BOARD COMMITTEES
  2. MEETINGS
  3. PUBLICATION OF PROCEEDING
  4. DEPOSITS, DISCONNECT AND RECONNECT CHARGES
  5. REAL PROPERTY
  6. BIDDING POLICY
  7. ORIGINAL POLICY STATEMENT
  8. MEMBERSHIP AUTHORIZATIONS
  9. TRANSFERS TO CITY GENERAL FUND
  10. INDUSTRIAL DEVELOPMENT
  11. BILL STUFFERS
  12. SOUTH DAKOTA RETIREMENT SYSTEM
  13. MAILING LISTS
  14. COLLECTIVE BARGAINING UNIT
  15. CIVIL SERVICE
  16. COLLECTION OF DELINQUENT ACCOUNTS
  17. EMPLOYEE SOLICITATIONS & PAYROLL DEDUCTION
  18. INSURANCE POLICY
  19. TRAVEL EXPENSES
  20. OFFICE CASH POLICY

WATERTOWN MUNICIPAL UTILITIES

GENERAL POLICIES

INDEX CONTINUED

-----

- 21. FEDERAL SURPLUS PROPERTY
- 22. AUTHORIZATION FOR GENERAL MANAGER TO SIGN EASEMENTS  
AND BOARD APPROVED DOCUMENTS
- 23. BUDGET BILLING AND AUTOMATIC BANK PAYMENTS
- 24. UTILITY DEPOSIT REFUND ACCOUNT
- 25. RATES AND PENALTIES
- 26. AMERICANS WITH DISABILITIES ACT
- 27. FSA - 125 ACCOUNT
- 28. FIXED ASSETS
- 29. STREET OPENINGS AND CROSSINGS
- 30. METER OR SERVICE TAMPERING
- 31. MOVING OF FACILITIES
- 32. ACCESS TO METERS AND OTHER FACILITIES
- 33. FAMILY & MEDICAL LEAVE POLICY
- 34. PERFORMANCE APPRAISAL POLICY
- 35. RATE STABILIZATION FUND
- 36. RETURNED CHECK PICKUP ACCOUNT

WATERTOWN MUNICIPAL UTILITIES

GENERAL POLICIES

INDEX CONTINUED

- 
37. CELLULAR PHONES
38. GAS CONTRACTS
39. CONFLICT OF INTEREST POLICY
40. MUTUAL AID AGREEMENTS
41. MUNICIPAL UTILITIES CREDIT CARD
42. EMPLOYEE MANUAL
43. STORM CONTINGENCY FUND
44. REMOTE METER READING DEVICES
45. UTILITY BILL PAYMENTS BY CUSTOMER'S CREDIT CARD
46. TRANSFERS OF CERTAIN UNPAID AND/OR DELINQUENT  
UTILITY ACCOUNTS
47. MINIMUM CASH RESERVE POLICY
48. ASSET DISPOSAL POLICY
49. ATTACHMENTS
- SOUTH DAKOTA BID BOOKLET
  - WATERTOWN MUNICIPAL UTILITIES RATE SCHEDULE
  - CITY STREET LIGHT BILLING RATE SCHEDULE
  - EQUIPMENT AND SERVICE RATE SCHEDULE
  - SCHEDULE OF FEES
  - ORIGINAL ORDINANCE CREATING MUNICIPAL UTILITIES  
DEPARTMENT
  - ORIGINAL POLICY STATEMENT
  - CURRENT MUNICIPAL UTILITIES ORDINANCES  
TITLE 20 OF WATERTOWN CITY ORDINANCES

WATERTOWN MUNICIPAL UTILITIES  
BOARD POLICIES

-----

1. BOARD COMMITTEES (5888)

1.1 The following are designated as the standing committees for the Municipal Utilities Board:

- a) Rates and Transfers (2 members)
- b) Wages and Personnel (2 members)
- c) Production and Distribution (2 members)
- d) Buildings and Equipment (2 members)
- e) Inventory Control (2 members)
- f) Finance (Board as a whole)

1.2 An assigned member of a committee may designate an alternate Board Member to be their representative at a Committee Meeting if the assigned member is unable to attend.

2. MEETINGS (16-6149)

2.1 Special meetings may be called by the President of the Municipal Utilities Board at any time upon 24 hours notice.

2.1 A majority of the Board members shall constitute a quorum for the transaction of business; and a member shall be deemed present at a meeting if, upon the taking of the roll, they appear in person or participate in the meeting telephonically or other electronic means approved by the Board. A quorum may be established by any combination of members present, in person or participating telephonically or by other electronic means.

3. PUBLICATION OF PROCEEDINGS (37-124-157-686-3772)

3.1 All minutes and other proceedings of Municipal Utilities Board meetings shall be published in accordance with state law.

3.2 The Watertown Public Opinion is designated as the official newspaper for publication.

4. DEPOSITS, DISCONNECT AND RECONNECT CHARGES (68-78-87-1945-2712-3983-5695-5888-6335-6465-6595, 6890)

- 4.1 Amounts are set for deposits, disconnect charges and reconnect charges as shown in the WMU - Schedule of Fees.

Deposits are refunded after one year of non-delinquent history.

Disconnect charges are per service call.

Reconnect charges are per service call.

The disconnect and reconnect charge applies to shutting off or reconnecting a service or services to stop the monthly charge for one or more billing cycles where the owner is temporarily not using the service. The charges for disconnect and reconnect service calls do not apply when the customer moves in or out of different locations.

A charge will be billed to either disconnect or reconnect service when a line crew is required to perform the work.

- 4.2 Commercial and Industrial deposits shall be set at the estimated amount for the highest 60 days of service. Deposits will be refunded after one year of non-delinquent history.

- 4.3 All customers who have not established one year of non-delinquent history will be required to make a deposit, either as a new customer, or as an existing customer with an additional location.

- 4.4 Commercial and Industrial customers may submit a one year bond in lieu of a deposit.

- 4.5 Notwithstanding any other contrary provision or policy, the General Manager, or his designee may, upon learning any commercial, industrial or business intends to cease operations within Watertown, require sufficient security deposit to ensure payment. In lieu of requiring a security deposit, the General Manager, or his designee, may require the customer to pay for utility services in advance of receiving them. Any such pre-payment will be in an amount equal to the customer's average monthly bill during the last twelve (12) month rolling period and up to three (3) months of pre-payment may be required. In the event the General Manager elects to require additional security, he shall notify the account holder of that decision in writing via first-class mail to the same address where the account is located. Such notification will advise the account holder they have the right to file a written notice of appeal with the General Manager within seven (7) days of the date of the written notice. In the event a

notice of appeal is filed, a hearing will be held by the Rates and Transfers Committee of the Municipal Utility Board within seven (7) days of the receipt of the notice of appeal. All decisions of the Rates and Transfers Committee are final with no right of appeal therefrom. In the event no notice of appeal is filed by account holder, the General Manager shall require the deposit or prepayment be provided within ten (10) days from the date of the original notice. Failure of any account holder to provide the required deposit or prepayment may result in the interruption or termination of service.

- 4.6 Contractor cash deposits may be required in an amount to be determined by the General Manager or his designee. Deposits will be refunded to the Contractor after the return of all temporary meters supplied to the Contractor and payment in full for all utility service rendered at the construction site.
- 4.7 Contractors may submit a Contractor Payment Bond in lieu of a cash deposit in an amount to be determined by the General Manager or his designee. A Payment Bond will be cancelled only upon return of all temporary meters supplied to the Contractor and payment in full for all utility service rendered at the construction site.
- 4.8 Hydrant meter rental deposit will be required for all meters as shown in the WMU - Schedule of Fees. Deposits will be refunded after the return of all temporary meters supplied, payment in full for all utility service rendered and if applicable any damages to the meter.

5. REAL PROPERTY (71)

---

- 5.1 Real property acquired and held for use by the Watertown Municipal Utilities shall be held in the name of the City of Watertown.

6. BIDDING POLICY (138-4187)

---

- 6.1 The Municipal Utilities Board shall conduct all bidding and contract award in accordance with state law. A current copy of the South Dakota Local Government Guide for Acquisitions, Disposals, and Exchanges is included with these policies.
- 6.2 In accordance with state law, the Watertown Municipal Utilities may purchase gasoline, oil, curbing, etc.,

needed at the price obtained by the City of Watertown pursuant to bids which the City accepted for such supplies.

- 6.3 In reference to repairs of equipment for which the estimated price is greater than \$5,000, the Watertown Municipal Utilities shall obtain a written quote from the service provider. If the dollar value on the written quote is acceptable to the Department Manager, then a Purchase Order shall be written and sent to the appropriate service provider, before the work begins.

7. ORIGINAL POLICY STATEMENT (153)

This section has been moved in its entirety to be an attachment to Item 50

8. MEMBERSHIP AUTHORIZATIONS (424-457-1661-1665-1669-1763-1785-2237-2578-2579-3459-4778-5695)

- 8.1 The Municipal Utilities Board authorizes membership in the following industry and supply organizations:

- a) American Water Works Association
- b) Midwest Energy Association
- c) Missouri River Energy Services
- d) American Public Power Association
- e) South Dakota Municipal Power Agency
- f) South Dakota Municipal League
- g) South Dakota Municipal Electric Association
- h) South Dakota One Call System
- i) South Dakota Safety Council
- j) National Safety Council
- k) Midwest Region Gas Task Force Association
- l) Minnesota Municipal Utilities Association
- m) American Public Gas Association
- n) Watertown Area Chamber of Commerce

9. TRANSFERS TO CITY GENERAL FUND (492-860-934-2517-3896-4202-4319-4869-5525-5683-5785-6099-6335)

- 9.1 The Watertown Municipal Utilities contributes an annual amount to the City of Watertown's general fund. This amount is a flat amount and is negotiated annually between the City of Watertown and the Municipal Utilities Board.

10. INDUSTRIAL DEVELOPMENT (588-593-1090-1095-1111-1250-1258-  
1402-4303-5001-5583-6335)

10.1 The Watertown Municipal Utilities shall participate in Watertown Development Company and shall help fund the program at the rate of \$8,690 monthly plus \$50,000 annually.

11. BILL STUFFERS (788)

11.1 It is the policy of the Watertown Municipal Utilities not to include any bill stuffers, advertising, or other promotional material provided by a private business to be sent out with utility billings. At the discretion of the General Manager, bill stuffers from units of government, school districts, or similar agencies may be allowed as long as there is no additional cost to the Watertown Municipal Utilities.

12. SOUTH DAKOTA RETIREMENT SYSTEM (956)

12.1 Membership in the South Dakota Retirement System is authorized by the Municipal Utilities Board.

13. MAILING LISTS (960-3448-5695)

13.1 The Watertown Municipal Utilities shall not provide or sell mailing lists of its customers to any person or organization.

13.2 No information will be given out on any customer or their account, unless requested by law enforcement, unless required by law, or with the written permission of the customer.

14. COLLECTIVE BARGAINING UNIT (1381-1390-1404-1408-1409-  
1410-1525-1664-1786)

14.1 The International Brotherhood of Electrical Workers (IBEW) Local No. 426 is recognized as the bargaining unit for Watertown Municipal Utilities Operating and Clerical employees.



15. CIVIL SERVICE (1415-2838-2846-2864)

15.1 Employment of Watertown Municipal Utilities personnel is exempt from City Civil Service.

16. COLLECTIONS OF DELINQUENT ACCOUNTS (1429-2099-2809-3193-3268-3273-5139-5584-6335)

16.1 The Watertown Municipal Utilities shall fairly and without discrimination administer a policy for payment of utility services. The following shall be the guidelines used:

a) In accordance with City Ordinance 20.0113, any delinquent account must be paid before a customer is reconnected at a new location. This policy shall apply to all customers both residential and commercial.

b) Bills not paid by the 10th of the month shall be assessed a 5% Late Penalty Charge.

c) Approximately fifteen (15) days after receipt of utility bill, a disconnect notice will be sent. Notice sent will read as follows:

Our records indicate payment for your utility account has not been received. The amount of the bill plus a late payment charge is shown above. To save time and assure proper credit, please send or bring the top portion of this statement with your remittance. This is the final request for payment. If your bill remains unpaid as of 8:00 AM on the above disconnect date, you will be charged a delinquent service fee, and your service will be disconnected on that date. (Date to be approximately the 28th of current month).

d) A Delinquent Service Fee shall be charged to any account that remains unpaid as of 8:00 AM on the disconnect date. The fee amount is shown in the WMU - Schedule of Fees.

16.2 After an account has been disconnected for at least two business days with no payment, it is finalled out. A final bill is sent to the last known address.

16.3 If the account is not paid, then three monthly notices are sent advising that it will be turned over to collections if not paid in full.

16.4 After the above notices, unpaid accounts are handled as follows:

a) If the customer can be located, the customer may be taken to small claims court regardless of the amount owed. If the customer cannot be located, the account will be turned over to collections.

b) Accounts over \$2,000.00 are referred to an attorney representing Watertown Municipal Utilities for collections.

16.5 In accordance with recommendation by the State Department of Legislative Audit, after seven years of no activity, all unpaid accounts are removed from Accounts Receivable records by Municipal Utilities Board action.

16.6 In accordance with recommendation by the State Department of Legislative Audit, all finalised bankruptcies are removed from Accounts Receivable records by Municipal Utilities Board action.

16.7 With the exception of bankruptcies, records of all unpaid accounts are retained and the account is collected before any service can be obtained from the Watertown Municipal Utilities.

17. EMPLOYEE SOLICITATIONS & PAYROLL DEDUCTIONS (1585)

17.1 It is the policy of the Municipal Utility Board not to allow employee solicitation during working hours nor approve payroll deduction on any employee solicitations, unless such payroll deduction meets the City of Watertown requirements for same.

18. INSURANCE POLICY (1786-4571-4696-5585)

18.1 The Municipal Utilities Board authorizes the purchase of group term life insurance in the amount of \$250,000 each, for the General Manager, Director of Operations and Director of Administration, who travel extensively on utility business and in connection with service on committees not directly related to Utility functions but in which the Watertown Utilities Department has an interest.

19. TRAVEL EXPENSES (1788-5296-5737-5973)

- 19.1 Meal allowance for personnel of the Watertown Municipal Utilities or Municipal Utility Board members traveling in or out of state on Utility business shall be established at the same rate as State employees are reimbursed by the State. Payments shall follow IRS reimbursement regulations.
- 19.2 Mileage reimbursement rate for personnel of the Watertown Municipal Utilities or Municipal Utility Board Members traveling on Utility business shall be at the Federal Rate. The employee is required to maintain automobile liability insurance for bodily injury in a minimum amount of \$100,000 per person and \$300,000 per accident, property damage coverage in a minimum amount of \$100,000 per accident, and medical payments coverage in a minimum amount of \$2,000 per person.
- 19.3 The General Manager shall be authorized to approve travel expenses for Board Members and Utility personnel if such expenses are within the annual budget. The Board will be kept advised of travel thru Department Reports at monthly Board Meetings.

20. OFFICE CASH POLICY (1847-1899-2759)

- 20.1 The Municipal Utilities Board authorizes an audited cash change fund with a base amount of \$3,000.00 for the purpose of providing cash change for the counter and drive-up window, postage, shipping, and other miscellaneous small expenses.
- 20.2 The Utilities cash change fund will be secured in a locked box in the vault. Access to and dispensing of any cash will be through Director of Administration or his designee.
- 20.3 All monies at the counter, drive-up window and vault will be cashed up and balanced on a daily basis, with deposits made in the proper financial institution.
- 20.4 Change may be made between counter and drive-up window with any two office employees to verify each others transaction of the proper currency.
- 20.5 No employee shall conduct their own money transaction such as making change, payment of utility bill or cashing checks. Personal financial transactions must be done with another office employee present to carry out that transaction.

20.6 The payment of money must be placed in the proper cash drawer along with the cashier's stub or proper receipt of payment and transaction of such shall be entered in the computer immediately. All checks, cashier's stub or proper receipt shall be initialed by person receiving same.

20.7 Any deviation of the policies set forth shall be reported to management immediately.

21. FEDERAL SURPLUS PROPERTY (2147-5682)

21.1 The Watertown Municipal Utilities is authorized to purchase federal surplus property. The General Manager is designated as the Authorized Official, and the Director of Operations, Director of Administration and the Purchasing, Facilities and Accounting Supervisor are designated as Additional Authorized Representatives for the purchase of federal surplus property.

22. AUTHORIZATION FOR GENERAL MANAGER TO SIGN EASEMENTS AND BOARD APPROVED DOCUMENTS (2367-2510)

22.1 The General Manager is authorized to sign easements and Municipal Utilities Board approved documents.

23. BUDGET BILLING AND AUTOMATIC BANK PAYMENTS (2548)

23.1 The Municipal Utilities Board authorizes the availability of Budget Billing and Automatic Bank Payment programs for utility bill payments.

24. UTILITY DEPOSIT REFUND ACCOUNT (2804-2901-5431-6238)

24.1 The Municipal Utilities Board authorizes an audited utility deposit refund checking account with a base amount of \$15,000.00 to eliminate the requirement of including the large number of refunds in the normal monthly bills for Board approval.

25. RATES AND PENALTIES (3520-5139)

25.1 The approved rates in effect for all services, as they change from time to time, will be used to calculate the utility bills. The utility bill is due upon receipt and if not paid by the due date, add 5% to the net amount. Failure to receive such bill shall not entitle Customer to deduct penalty. The Department shall have the right to include any appropriate sales or franchise taxes in its billings. A current copy of all rates shall be included with these policies.

25.2 Bills not paid by the 10th of the month shall be assessed a 5% Late Penalty Charge.

26. AMERICANS WITH DISABILITIES ACT (3673-3709-5695-6768)

26.1 The Municipal Utilities Board recognizes the Americans with Disabilities Act as amended by the Americans with Disabilities Act Amendment Act (ADAAA) and appoints the HR & Risk Coordinator as its ADA Coordinator.

27. FSA-125 ACCOUNT (3741-3925-4148-4889-5003-6335)

27.1 The Municipal Utilities Board authorizes an audited FSA-125 checking account with a base amount of \$12,000.00 for tax exempt employee contributions for health care and child care under the Department's 125 Cafeteria Plan.

27.2 The Municipal Utilities Board authorizes to pay a monthly fee for participants in the Plan. The fee is set annually by the Plan's Administrator.

28. FIXED ASSETS (3821-5279)

28.1 The level at which individual items are to be carried on the Department's Fixed Asset listing is set at a value of \$5,000.00 or greater.

29. STREET OPENINGS AND CROSSINGS

29.1 It shall be the Policy of the Watertown Municipal Utilities that all openings and crossings on streets and roads are reported to the Municipal Utilities Dispatcher immediately. Openings shall be reported to the Police Emergency Services and the Street Department so they can relay that information as necessary.

30. METER OR SERVICE TAMPERING (3979-5903)

- 30.1 In accordance with City Ordinance 20.0107, no one other than authorized personnel may tamper with any meter, seal, or service, turn any service off or on, or otherwise attempt to interfere with the proper measurement and procurement of any service.
- 30.2 The Municipal Utilities Board sets the fine at \$200 plus court costs for meter tampering or other violations of City Ordinance 20.0107.
- 30.3 Notwithstanding any other policy or ordinance, the General Manager or his designee may, upon learning any meter or service has been tampered with and that service has been procured without making payment therefore, determine the total amount of service procured without regard to passage of time, and seek payment in full in a manner or proceeding to be determined by the General Manager.

31. MOVING OF FACILITIES (5903)

- 31.1 In accordance with City Ordinance 20.0117, any person requesting the moving of Watertown Municipal Utilities facilities shall be responsible for the cost of such re-location. The Utilities may request a bond in an amount sufficient to cover the cost of such relocation.
- 31.2 Watertown Municipal Utilities Gas Department facilities will be moved, held or adjusted if our facilities are in conflict with the final placement of the new facilities. A minimum of 48 hours notice is required so the Gas Department can obtain locates in accordance with state law. Gas department facilities will not be relocated for Contractor convenience.

When gas facilities are requested to be relocated by the City of Watertown for projects, the Gas Department shall not charge for perpendicular main and service lines crossing up to two inch in size. Cost of relocation of facilities two inch and larger shall be at the expense of the City of Watertown.

The main lines from the Town Border Station to the District Regulator Stations shall not be moved. These lines are eight and ten inches in size.

Relocation cost associated with Gas Mains and Services that are parallel with a Construction Project will be up to the discretion of the Watertown Municipal Utilities.

32. ACCESS TO METERS AND OTHER FACILITIES

32.1 In accordance with City Ordinance 20.0202(4), Watertown Municipal Utilities shall have the right to enter the premises of the Customer at all reasonable times for the purpose of inspecting, locating, repairing, or removing equipment used in connection with its service, for discontinuing such service, and for the purpose of reading meters or other task necessary for the operation of the Utilities. Customers shall provide for safe access to facilities on his or her property.

33. FAMILY & MEDICAL LEAVE POLICY (3978)

33.1 In accordance with federal law, the Municipal Utilities Board adopts a Family & Medical Leave Policy.

34. PERFORMANCE APPRAISAL POLICY (4230)

34.1 The Municipal Utilities Board adopts an Employee Performance Appraisal Policy for annual review of employees.

35. RATE STABILIZATION FUND (4546)

35.1 A Rate Stabilization Fund is authorized by the Board for the purpose of accumulating funds to be used in lieu of rate increases where higher costs incurred are deemed to be temporary rather than permanent.

36. RETURNED CHECK PICKUP ACCOUNT (4746)

36.1 The Municipal Utilities Board authorizes an audited Returned Check Pickup Account in the amount of \$10,000 for the purpose of picking up returned checks from the banks. Amounts would be re-deposited in the account when collected, or vouchered for replacement if uncollectable.

37. CELLULAR PHONES (4964-4971-5040-5500-5622-5729-5737, 6768 )

37.1 The Municipal Utilities Board authorizes a stipend of \$30.00 per month for certain employees using his/her personal cellular phone for work purposes. The General Manager, Directors, department heads, foreman and engineering technicians qualify for the stipend. Payments shall follow IRS reimbursement regulations.

38. GAS CONTRACTS (5062-5606)

38.1 The General Manager of the Watertown Municipal Utilities or Director of Operations is authorized to sign any Exhibit A to base contract for sale and purchase of natural gas and purchasing of natural gas call options within contract term limits from BP Canada.

39. CONFLICT OF INTEREST POLICY (5392)

39.1 The Municipal Utilities Board adopts a Conflict of Interest Policy.

40. MUTUAL AID AGREEMENTS (5401-5618)

40.1 The Municipal Utilities Board authorizes entering into the South Dakota Municipal Electric Association Mutual Aid Agreement for assistance during disasters.

40.2 The Municipal Utilities Board authorizes entering into the South Dakota Water & Wastewater Mutual Aid Assistance Agreement for assistance during disasters.

41. MUNICIPAL UTILITIES CREDIT CARD (5432)

41.1 The Municipal Utilities Board authorizes a credit card account not exceeding \$10,000 to be used for approved travel expenses and internet purchases.

42. EMPLOYEE MANUAL (5457-6116)

42.1 The Municipal Utilities Board adopts an Employee Manual

43. STORM CONTINGENCY FUND (5646)



43.1 A Storm Contingency Fund is authorized by the Municipal Utility Board for the purpose of accumulating funds to be used in the event of a storm emergency or natural disaster.

44. REMOTE METER READING DEVICES (5695-6335)

44.1 The Watertown Municipal Utilities shall use remote reading devices at its discretion for the purpose of obtaining a meter reading to facilitate easier meter reading and less inconvenience to the Customer. The Department shall attempt to check the remote reading devices on an annual basis to compare the reading with the actual meter. If the remote reading device shall malfunction and not correspond with the actual meter reading, the remote reading device shall be repaired or replaced, and the billing shall be adjusted to the actual meter reading, with such billing adjustment not to exceed one year.

45. UTILITY BILL PAYMENTS BY CUSTOMER'S CREDIT CARD (5695)

45.1 The Municipal Utilities Board authorizes contracting for a payment service program where customers may pay their utility bill with an approved credit card by paying a service charge to the contracting company, effective January 1, 2009.

46. TRANSFERS OF CERTAIN UNPAID AND/OR DELINQUENT UTILITY ACCOUNTS (5888)

46.1 The General Manager, or his designee, shall have authority to transfer any unpaid and/or delinquent utility account balance from a commercial, industrial or business account to an individual utility account when, in his judgment, the best interests of the Watertown Municipal Utilities requires such transfer; and the individual to whom the balance will be transferred is liable on the account.

In the event the General Manager elects to transfer an account balance, he shall notify the individual account holder of that decision in writing via first-class mail to the same address where the balance will be transferred.

Such notification will advise the account holder they have, within seven (7) days of the date of the written notice, the right to file a written notice of appeal with

the General Manager. In the event a notice of appeal is filed, a hearing will be held by the Rates and Transfers Committee of the Utility Board within seven (7) days of the receipt of the notice of appeal. All decisions of the Rates and Transfers Committee are final with no right of appeal therefrom.

In the event no notice of appeal is filed by account holder as described herein, the General Manager shall establish a method of payment of the account balance in accordance with established Utility Board policies.

47. MINIMUM CASH RESERVE POLICY

(6030-6465,6890)

---

47.1 To help ensure financial stability, timely completion of capital improvements and enable the utility to meet requirements for large unexpected expenditures, a minimum cash reserve policy has been established. Minimum cash reserves attempt to quantify the minimum amount the utility should keep in reserves, however the actual cash reserves may vary substantially above the minimum and are dependent upon several risk factors for the utility. The decision to hold more than the established minimum cash reserves will be based on the assessments of uncertainties and other financial policies such as the financial risk facing the utilities, rate setting policies, variability in expenses, debt policies and future capital improvements needed by the utility.

The adequacy of the cash reserves may be reviewed internally each year, and if appropriate, revised based on the following guidelines identified in the five risk areas listed below.

**1. Operations and Maintenance Risk**

**Working Capital Lag** - Timing differences exist between when expenses are incurred and revenues are received from customers. Establishing a minimum cash reserve helps ensure cash exists to pay expenses in a timely manner. The cash reserve policy will include 12.3% of annual operating expenses excluding depreciation expense and power supply expenditures. 12.3% was derived assuming a 45-day lag between billing and payment receipt from customers (45 days / 365 days = 12.3%).

## 2. Supply Risk

The electric department's cash reserve minimum for this risk area will be calculated by taking the maximum month power supply costs times 1.5 to convert the 30-day power supply costs to 45 days for the lag between billing and payment receipt from customers.

The gas department's cash reserve minimum for this risk area will be calculated by taking the maximum month gas supply costs times 2 to convert the 30-day gas supply costs to 60 days for the lag between billing and payment receipt from customers.

The water department's cash reserve minimum for this risk area will be calculated by taking the maximum month water supply costs times 1.5 to convert the 30-day water supply costs to 45 days for the lag between billing and payment receipt from customers.

## 3. Historical Investment Risk

Catastrophic events may occur that require substantial investments to replace damaged assets. The utility will ensure adequate cash reserves exist to replace the assets in a timely fashion.

The cash reserve minimum for this risk area will include a percentage of the historical investment in assets as recorded in the financial statements. The typical range set aside under this category is 1 - 3%. The percent to the minimum cash reserves is dependent on the age of the assets in service and the level of risk of catastrophic events.

The following table represents determination of the risk factor:

### Risk Table

Depreciation Percent	0-49%	
1.0%		
Depreciation Percent	50-55%	2.0%
Depreciation Percent	Over 55%	3.0%

#### 4. Debt Service Risk

The cash reserve minimum for this risk area will include 25-100% of the current portion of debt service depending on the timing of payments. Watertown makes loan payments quarterly, so a 25% risk factor was assessed.

#### 5. Five Year Capital Plan Risk

Some capital improvements are funded through debt issuances and some through cash reserves. The establishment of a minimum cash reserve level helps to ensure timely replacement or construction of assets.

The cash reserve minimum for this risk area will include 20% of the five year capital improvement program less any improvements funded through the issuance of debt.

It is important to emphasize this is a recommended minimum cash reserve guideline. Actual cash reserves may vary substantially above the minimum and are dependent on the life cycle of assets, future capital plans, rate setting policies, and debt policies. The cash reserve calculations will be reviewed annually as part of the budget process. If certain events occur that result in cash reserves falling below the minimum cash reserve levels, the Municipal Utilities Board may take action to restore cash reserves to the minimum levels over an appropriate timeline.

---

The purpose of this policy is to establish uniform guidelines for the disposition of Composite Assets, Individual Unit Assets, Inventory Items and Solid Waste of the Watertown Municipal Utilities. Any disposal will be in accordance with the S.D.C.L. Title 6 "Local Government" and S.D.C.L. Chapter 34A-6 "Solid Waste Management".

#### **Classes of Assets Covered by this Policy**

"Composite Assets" groups of related assets depreciated as a whole rather than individually; e.g., meters, poles, power lines, mains

"Individual Unit Assets" items listed individually on the Depreciation Schedule

"Obsolete Inventory Items" items held in inventory that are of no use to the Department

### **Reasons for Asset Disposal Under this Policy**

Assets may be disposed of pursuant to this policy for the following reasons:

- Trade-In
- Obsolescence
- Non-compliance with industry standard
- Unable to repair
- Damaged
- Junk

### **Disposal Options**

Assets covered by this policy may be disposed of by any of the following methods:

- Transfer to City Department/Governmental Agency
- Trade-In
- Sell at City Surplus Sale
- Sell as scrap to Recycling Center
- Make available to the public
- Watertown Regional Landfill
- Abandon in place

### **Disposal of Solid Waste as defined in S.D.C.L. §34A-6-1.3(17)**

The General Manager or their designee is hereby authorized to dispose of any solid waste in accordance with S.D.C.L. §34A-6-63.1 by entering into contracts, based on competitive quotes, and receiving such price and conditions as are most advantageous to the Board.

### **Report of Asset Disposition**

The General Manager or their designee shall provide the Municipal Utilities Board an "Asset Disposal Report" and "Solid Waste Disposal Report" summarizing the disposition of all items disposed of pursuant to this policy. Both reports shall be

provided annually during the January monthly meeting of the Municipal Utilities Board unless sooner requested by the Board.

49. ATTACHMENTS (6335, 6890)

---

On following pages

January 30, 2017

EQUIPMENT AND SERVICE RATE SCHEDULE\*

---

Digger Derrick Truck-----	\$ 150.00/hour
Bucket Truck-----	140.00/hour
Trencher (Ride on)-----	75.00/hour
Trencher (Large with Frost Chain)-----	100.00/hour
Plow/Trencher small-----	50.00/hour
3-wheel Trencher-----	40.00/hour
Backhoe-----	80.00/hour
Utility Box Pickup-----	60.00/hour
300 Amp Welder (used for thawing)-----	40.00/hour
Steamer (used for thawing)-----	40.00/hour
Service Pickup or Van-----	35.00/hour
Small Dump Truck-----	50.00/hour
Large Dump Truck -----	100.00/hour
Air Compressor (with hammer)-----	40.00/hour
Fork Lift-----	45.00/hour
Water Pumps-----	15.00/hour
Vacuum Unit-----	65.00/hour
Skid Steer -----	70.00/hour
Light Tower/Generator -----	20.00/hour
Water Hydrant Meter Rental -----	75.00/month Plus Water Consumption

\*NOTE: Labor shall be billed at their regular or overtime rate, whichever is applicable, plus 45% in addition to equipment rate. One hour minimum for both operator and/or equipment during normal work hours.

Gas Service Call Charges:      Normal business hours      75.00/hour +  
transportation.

All Departments:

Outside normal business hours, a two (2) hour minimum will be charged which covers the first two (2) hours labor, transportation charge will be added. Additional time will be billed at the applicable rate plus overhead.

Except for Gas Service Call charges, all labor shall be billed at the regular or overtime rate, whichever is applicable, plus 45%.

All materials shall be billed at Watertown Municipal Utilities cost plus 25%.

Except in emergencies, the Watertown Municipal Utilities does not rent or lend out barricades, cones, signs or other similar equipment.



**Watertown Municipal Utilities - Schedule of Fees****(December 31, 2018)**

<b>Section</b>		<b>Board Action</b>	<b>Fee</b>
	<b>General Policy Fees</b>		
4.1	Residential Deposits Non-Heating	11/30/2018	\$100
4.1	Residential Deposits Heating	11/30/2018	\$250
4.1	Disconnect Charges per service call	11/30/2018	\$35
4.1	Reconnect Charges per service call	11/30/2018	\$35
4.1	Disconnect charges when linecrew is required	1/26/2015	\$125
4.1	Reconnect charges when linecrew is required	1/26/2015	\$125
4.8	Hydrant meter rental deposit - under 3 inch	2/25/2013	\$150
4.8	Hydrant meter rental deposit - 3 inch and larger	2/25/2013	\$1,000
16.1	Delinquent Service Fee	11/30/2018	\$35
	<b>Electric Department Policy Fees</b>		
8.1	Residential Service Connection Fee - up to 200 amps	1/1/2018	\$175
8.1	Residential Service Connection Fee - over 200 amps	1/1/2018	\$350
8.1	Commercial Service Connection Fee - Single Phase	1/1/2018	\$580
8.1	Commercial Service Connection Fee - Three Phase	1/1/2018	\$1,400
9.1	Temporary Service Connection	5/31/2011	\$100
9.1	Cost per pole for temporary extension	9/29/2008	\$100
10.1	Set Security Light Pole - Cost Per Pole	9/29/2008	\$100
10.2	Cost per Foot for Installation of Security Light Wire	12/27/1961	\$1
13.3	House move minimum deposit	5/31/2011	\$500
13.3	House move minimum deposit local contractor	2/25/2013	\$250
18.1	Distributed Generation Application Review Fee	6/28/2010	\$100
	<b>Water Department Policy Fees</b>		
8.1	Water connection fee when lot is 15,000 ft <sup>2</sup> or less	4/28/2008	\$990
8.1	When lot area is greater than 15,000 ft <sup>2</sup> additional cost/ft <sup>2</sup> up to 10 acres	4/28/2008	\$0.024
8.2	Water connection fee for Side-By-Side per unit charge	12/27/1999	\$990
8.3	Water connection fee for single dwelling home converted to duplex	11/25/2013	\$200
8.4	Basic water system charge	4/28/2008	\$990
8.4	Additional unit charge	11/25/2013	\$200
9.2	Total credit to run water to avoid frozen water service line	2/22/1982	\$15
12.1	Fire System charge per hydrant	1/1/2018	\$121
	<b>Gas Department Policy Fees</b>		
8.6	Transportation Service Surcharge for volumes supplied by the Department cost/CCF	7/26/2010	\$0.20

- 8.1 The people of Watertown by their majority vote authorized the establishment of a Municipal Utilities Board to manage the Electric, Heat, Gas, and Water Utilities. No directives were given to the Board as to policy in such utility management, so it becomes the function and obligation of the Municipal Utilities Board to formulate and make known its adopted policy for the operation of those Utilities.
- 8.2 Municipal operation of utilities exists for the purpose of providing electric, gas, and water services at rates no more than average provided in comparable cities of the State, and preferably lower, along with adequate service, economy of operation and fairness both to the user and the taxpayer.
- 8.3 The Municipal Utilities Board in its study of the expansion needs of the Electric Department, has determined that adequate reserve funds are now available for the foreseeable capital requirements of the next five years. The Board concludes that no additional cash reserve should be accumulated by this Department. The Board further determines that first consideration be now given to reduction and adjustments in the electric rate structure. It will be the policy of this Board that after such rate adjustments, all electric department funds above what are required for operating expenses and reserves for depreciation, will be transferred to the general fund of the City, at dates and in amounts to be fixed January 1 of the year of transfer. The Municipal Utilities Board must decline to indicate where or how such transferred surplus funds will be used. The governing body of the City as the elected representative of the people, and accountable to them, must determine the use of such transferred funds.
- 8.4 Any major capital expenditure not now foreseen, such as additional generation, should be financed by revenue bonds, after receiving the approval of the voters of Watertown. In this manner, long term plant improvements may be spread over a longer period, with no group of electric users paying an unjust portion of such expenditures.
- 8.5 It is the opinion of this Board that a consolidation of operation within one location as recommended by the State Department of Audits, is to be desired and should be effected as soon as practicable. The economies of operation that such consolidation would bring about by better inventory controls, maintenance of equipment, storage of materials, and personnel supervision will justify the capital outlay necessary to bring about such consolidation.
- 8.6 The Board further concludes that in the matter of wages and salaries of Utilities employees, that attention must be given to local wage levels as well as those of the industry.