

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, November 25, 2013

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday November 25, 2013 at Noon with President Mike Luken presiding.

Board members present: Mike Luken, Wayne Schultz, Ernie Wight, Dave Strait, Dustin Padgett, and Board Liaison Member of City Council Don Roby. Staff Members present: Steve Lehner, Todd Chambers, Adam Karst, Jeff DeVille, Doug Enstad, Rich Schmidt, Mark Meier, Mark Haider, Kevin Kruiter, Sheila Mennenga, Stephanie Ries, Lisa Pahl and Stanton Fox. Press: Don Eggert, KXLG Radio.

ITEM 6430

Motion by Strait with second by Schultz to approve the Agenda with change to Item 17 by moving it to item 4. Motion carried.

ITEM 6431

Motion by Wight with second by Padgett to approve minutes of the regular Board meeting on October 28, 2013 and Special Session Board Meeting Held on November 21, 2013. Motion carried.

ITEM 6432

Pursuant to SDCL 1-25-2(4) Schultz moved with second by Padgett to move to Executive Session for discussion of contractual matters and pending litigation. No action expected after Executive Session. Motion carried.

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

ITEM 6433

Lehner talked about the shortage of propane. The Municipal Utilities Department has 110,000 gallons of propane. He was asked to off load that surplus to help the community. Lehner told the Board that our Peak Shaving Plant is not in use right now, there may be a time in the future we may need that plant again, but it would need to be updated. Motion by Padgett with second by Strait to declare propane as surplus and authorize General Manager to enter into an agreement prepared by our attorney to sell that propane. Motion carried unanimously upon roll call vote.

ITEM 6434

Motion by Padgett with second by Strait to approve agreement with HR Green for MIEX Brine Waste Disposal Study and to have Board President sign. Motion carried.

ITEM 6435

Motion by Wight with second by Padgett to approve final change order with Preload, regarding the 3 million gallon water tank and have Board President sign. Motion carried.

ITEM 6436

Motion by Strait second by Wight to approve renewal of Group Health Insurance Plan. The renewal premiums are less than 3%. Motion carried.

ITEM 6437

Motion by Schultz with second by Padgett to approve water policy changes as outlined and presented at the Special Session Board Meeting on November 21, 2013. Motion carried unanimously upon roll call vote.

ITEM 6438

Karst presented information on rates: as outlined and presented at the Special Session Board Meeting overall change on Electric Rates will increase by 3% as recommended in the Missouri River Energy Service's Electric Rate Study. The Electric Department will also implement a seasonal rate structure as suggested by the Missouri River Energy Service's Electric Rate Study. Gas rates will decrease 4% except for Interruptible Gas Rate will decrease by 1.5%, with no change in Water rates, except for those over 30,000 Cu. Ft from \$2.14 to \$2.24. All changes are effective with the January 2014 readings to be billed February 1, 2014. Motion by Strait with second by Schultz to approve utility rates for 2014. Motion carried unanimously upon roll call vote.

ITEM 6439

Karst presented the proposed budget for 2014 with the revisions discussed during the last Special Session Board Meeting. Motion by Strait with second by Padgett to adopt the 2014 budget as follows. Motion carried unanimously upon roll call vote.

**WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
COMBINED STATEMENT OF REVENUES AND EXPENSES
11/21/2013**

**BUDGET
2014**

OPERATING REVENUES:

ELECTRIC SALES	26,820,896
WATER SALES	4,907,630
GAS SALES	10,723,033
TOTAL OPERATING REVENUES	42,451,559

OPERATING EXPENSES:

PURCHASED ELECTRICITY	19,806,495
PURCHASED GAS	5,305,431
OTHER PROD EXPENSES	1,389,050
TRANS & DIST EXPENSES	3,932,465
COMML & GEN EXPENSES	2,354,136
DEPRECIATION	3,936,725
TOTAL OPERATING EXPENSES	36,724,301

NET OPER INCOME(DEFICIT) 5,727,258

OTHER INCOME OR EXPENSES

INTEREST INCOME	36,000
INTEREST EXPENSE	-672,794
OTHER INC OR EXPENSE	479,393
NET INCOME(DEFICIT)	5,569,856

Less Transfer to the City of Watertown's General Fund -1,148,400

Donation to City of Watertown - Kampeska Filt Plant

Net Income After the Transfer to the City 4,421,456

**WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
2014 BUDGET COMBINED CAPITAL BUDGET, BOND RETIREMENTS
AND TRANSFERS TO CITY GENERAL FUND
11/25/2013**

BUDGET

2014

CASH APPLICATION:

TOTAL CAPITAL ADDITIONS	5,935,605
WTR TRTMNT PLANT PRINCIPAL LOAN PMTS	981,847
GAS CALL PURCHASE	300,000
TOTAL APPLICATION OF CASH	7,217,452

ITEM 6440

Open: Lehner presented the Frequently Asked Questions Insert which is going to be sent out with the December Statements to answer questions asked in the 2013 Customer Services Survey. Lehner invited the board to the APPA Legislative Rally being held in March in Washington, DC.

ITEM 6441

Chambers presented report on Operations and Projects: Electric Department, Projects Completed this Month: Energized transformer at Ethanol Plant for 600 HP motor, Installed primary at East Woods addition, Prairie View Addition and at new KXLG radio station, Terminated primary and installing transformer at Bramble Park Zoo and at Pheasant Ridge to Dakota Bodies. Projects in Progress: Installing primary at Pheasant Ridge for Watertown Development spec. building and terminating primary and installing 3 transformers at Titan Machinery. Projects Starting Next Month: Installing primary at John Deere and Installing Christmas decorations and banners. Gas Department, Projects Completed this Month: Installed new services to Titan Machinery. Projects in Progress: Finishing summer construction before freeze up. Water Department, Projects Completed this Month: Made 6 new service taps and did hydrant maintenance. Projects to Start Next Month: Drain up flow on Side #1 to do annual maintenance. Engineering Tech Department: Projects Completed this Month: 221 One-Call locates November 1 - 21st, 2013. 567 One-Call locates total for October, 2013, 7 Emergency locates (5 private contractors & 2 Watertown Utilities). Projects in Progress: Locate Midcontinent Fiber Project (Sharp motors area). Next Month: Average 45 one-call locates in December.

ITEM 6442

Karst presented report on Administration and Financial Statements: Building/Grounds and Purchasing, Projects Completed: Kevin attended First Line Supervision seminar put on by MMUA in Plymouth, MN, Kevin attended the Safety & Loss Control Training Conference in Mitchell, SD. Projects in Progress: Working on 2014 budget. Projects to start next month: Taking our 2013 physical inventory. Office, Projects Completed This Month: 13,378 Payments collected with a total of \$3,942,948.82; Total of 51,574 services billed for a total of \$3,571,106.70; Human Resources/Risk Management: Prepared open enrollment documents and presented insurance renewal/flex information to employees, completed salary survey for staff positions, completed new hire orientation/training for Steve Witte - Warehouse Apprentice.

Statements of revenue and expenses and Capital Additions were presented to the Board for review. Year to date net income is \$1,295,741 over Budget for the ten months ending October 31, 2013. Total Capital Additions is \$802,368 under budget thru October 31, 2013.

ITEM 6443

Motion made by Strait with second by Schultz to approve the following verified Salary claims and bills. Motion carried unanimously upon roll call vote. Total Municipal Utilities Dept Net Payroll for November, 2013 Plus ACH Payroll Payments 373,225.52. Info: Steve Witte 17.44/hr.

Name	Payable Description	Payment Amount
December 2, 2013		
AFLAC	CANCER PT	\$1,954.47
A-OX WELDING SUPPLY INC	SUPPLIES	\$132.50
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$18.01
AVANTI FEDERAL CREDIT UNION	CREDIT UNION	\$15,882.53

BENDIX IMAGING INC	SUPPLIES	\$385.95
BENSON, BRIAN	REIMBURSEMENT EXPENSES	\$83.00
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$18,123.06
BORNS GROUP	POSTAGE & MAILING	\$7,185.39
BRIAN'S GLASS & DOOR INC	SUPPLIES	\$100.00
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$90.23
BUSINESS TELEPHONE CO INC	TELEPHONE MAINTENANCE	\$105.36
CARQUEST #2197	SUPPLIES	\$218.58
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$1,336.58
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$3,027.70
CODINGTON COUNTY REGISTER OF DEEDS	EASEMENT	\$78.00
CODINGTON-CLARK ELECTRIC COOP.	ELECTRIC SERVICE-NEW WELLFIELD	\$5,484.76
CONNECTING POINT	SUPPLIES	\$805.00
CONCERT INC	SUPPORT & MAINTENANCE FEE	\$860.00
COTEAU SHOPPER	PUBLISHINGS	\$70.20
COUNTY FAIR FOOD STORE	SUPPLIES	\$12.80
CREDIT BUREAU OF WATERTOWN INC	COLLECTIONS	\$914.37
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$1,586.82
CROCKER'S COLLISION CENTER	REPAIR	\$112.50
D & M ENTERTAINMENT	ENERGY INCENTIVE REBATE	\$390.00
DAKOTA DATA SHRED	SHREDDING SERVICE	\$59.90
DAKOTA PUMP & CONTROL CO	SUPPLIES	\$5,826.00
DAKOTA TUBE INC	ENERGY INCENTIVE REBATE	\$2,700.00
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$13,311.28
DUECO INC	SUPPLIES	\$2,150.80
E & M LAWN CARE	LAWN CARE	\$405.00
ENERGY ECONOMICS INC	METER REPAIR	\$478.61
ENGELSTAD ELECTRIC COMPANY	BORING	\$7,610.40
ENSTAD, DOUG	REIMBURSEMENT EXPENSE	\$19.78
ETHANOL PRODUCTS LLC	SUPPLIES	\$1,487.80
FARNAMS GENUINE PARTS	SUPPLIES	\$219.76
FASTENAL COMPANY	SUPPLIES	\$22.87
GLACIAL LAKES EROSION CONTROL	SUPPLIES	\$204.00
GRAINGER	SUPPLIES	\$537.00
GREAT WESTERN BANK	TASC MED	\$5,879.65
GROEBNER & ASSOCIATES INC	SUPPLIES	\$6,766.61
HAWKINS, INC.	SUPPLIES	\$2,314.20
HD SUPPLY WATERWORKS	SUPPLIES	\$1,714.60
IBEW LOCAL 426	UNION DUES	\$3,000.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$554.23
J H LARSON COMPANY	SUPPLIES	\$2,764.00
JMS PRECISION INC	ENERGY INCENTIVE REBATE	\$510.00
KRUITER, KEVIN	REIMBURSEMENT EXPENSES	\$83.00
LATI	ENERGY INCENTIVE REBATE	\$10,470.00
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$303.94
LOCATORS & SUPPLIES INC	SUPPLIES	\$1,954.51
LUKONEN'S TOOL SERVICE INC	SUPPLIES	\$161.80
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$149.76
MAC'S INC	SUPPLIES	\$203.24
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$28.99
MARCO INC	MAINTENANCE AGREEMENT	\$37.37
MARCO INC	MAINTENANCE AGREEMENT	\$254.75
MC KEEVER INC	SUPPLIES	\$142.66
MEL DAHLE TIRE CO	SUPPLIES	\$348.00
MENARDS INC	SUPPLIES	\$510.45
MET LIFE	LIFE INSURANCE	\$1,037.62
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MID-WEST ELECTRIC CONSUMERS ASSN	2013 ANNUAL MEETING REGISTRATION	\$315.00
MIDWEST ENERGY ASSOCIATION	DISTRIBUTION DUES	\$3,258.00
MILBANK COMMUNICATIONS INC	SUPPLIES	\$607.71
MILBANK WINWATER WORKS	SUPPLIES	\$2,952.97
MUNICIPAL UTILITIES - PC	PETTY CASH	\$546.90
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #15176-29	\$580.94
MUNICIPAL UTILITIES-REFUND ACCT	REFUND OVERPAYMENT OF FINAL BILLS	\$5,475.49

NEW YORK LIFE INS.	LIFE INSURANCE	\$181.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,652.34
OFFICE PEEPS	SUPPLIES	\$1,140.90
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$55.96
PETE LIEN & SONS	SUPPLIES	\$11,532.47
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$124.75
PRELOAD INC	3 MG RESERVOIR REPLACEMENT	\$235,232.82
PRINT-EM-NOW INC	SUPPLIES	\$136.00
PRO LINE INC	SUPPLIES	\$185.31
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$36.99
RESCO	SUPPLIES	\$6,151.62
RIES, STEPHANIE	REIMBURSEMENT EXPENSES	\$269.70
RON'S SAW SHOP	SUPPLIES	\$299.94
RUNNING'S SUPPLY INC	SUPPLIES	\$35.73
SANFORD WATERTOWN OCCUPATIONAL MED	OCTOBER 2013 SCREENINGS	\$274.00
SCHAEFFER MANUFACTURING COMPANY	SUPPLIES	\$1,086.01
SCHMIDT, RICHARD	REIMBURSEMENT EXPENSES	\$419.03
SD ELECTRICAL COUNCIL	2014 MEMBERSHIP DUES	\$40.00
SD ONE CALL	LOCATES	\$595.35
SENSIT TECHNOLOGIES INC	SUPPLIES	\$247.60
SERVICEMASTER	JANITORIAL SERVICE	\$3,120.00
SHARP AUTOMOTIVE	SUPPLIES	\$74.35
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$9,639.34
SIOUX VALLEY GREENHOUSES	LANDSCAPING	\$647.70
STAR LAUNDRY INC	RUG RENTAL	\$270.78
STUART C IRBY CO	SUPPLIES	\$2,037.50
STURDEVANTS AUTO PARTS	SUPPLIES	\$75.61
T & R ELECTRIC CO	TRANSFORMER	\$250.00
TAECKER PLUMBING & HEATING	SUPPLIES	\$34.52
TITAN MACHINERY- WTN	SUPPLIES	\$303.48
TRACTOR SUPPLY CO	SUPPLIES	\$32.98
TYLER BUSINESS FORMS	SUPPLIES	\$90.15
UPS	SHIPPING	\$163.89
USA BLUEBOOK	SUPPLIES	\$258.87
VERIFICATIONS INC	APPLICANT VERIFICATIONS	\$113.35
WALMART COMMUNITY	SUPPLIES	\$293.24
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$63.33
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$1,281.27
WATERTOWN UNITED WAY	United Way	\$351.00
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$66,461.13
WESCO DISTRIBUTION INC	SUPPLIES	\$2,304.90
WILSON BOHANNAN COMPANY	SUPPLIES	\$716.66
ZEP SALES AND SERVICE	SUPPLIES	\$299.76
Total		\$504,293.73

Total November, 2013 504,293.73; Transfer to City's General Fund 95,700; Muni Utilities Electric Water Gas 40,085.37; Northern Natural Gas 2,273.20; Missouri River Energy Services Power 1,262,439.08; BP Canada Energy Marketing Natural gas 248,665.00; Dept of Revenue Sales/Excise Tax 144,483.39; CPEP Natural Gas 30,453.63, City Finance Office Garbage Sewer 385,745.18.

Motion by Strait with second by Wight to adjourn. Motion carried.

The Watertown Municipal Utilities Department does not discriminate in employment opportunities or provision of services basis of race, color,

religion, sex, national origin, age, disability, or any other characteristic protected by law.

Dated at Watertown, South Dakota this 25th day of November, 2013

ATTEST: _____

Lisa Pahl

Michael V. Luken

Executive Secretary

President

Municipal Utilities Board

Municipal Utilities Board