

# **MINUTES OF MUNICIPAL UTILITIES BOARD MEETING**

**Monday, March 31, 2014**

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday March 31, 2014 at Noon with President Mike Luken presiding.

Board members present: Mike Luken, Dustin Padgett, Dave Strait and Ernie Wight. Absent Board Member Wayne Schultz. Present 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 6481**

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

## **ITEM 6482**

Motion by Padgett with second by Wight to approve minutes of the regular Board meeting on February 27<sup>th</sup>, 2014. Motion carried.

## **ITEM 6483**

Motion by Strait second by Padgett to authorize General Manager to sign an agreement with Dave Berg Consulting LLC to conduct a natural gas cost of service and rate design study. Motion carried.

## **ITEM 6484**

Motion by Padgett second by Wight to authorize Board President to sign an agreement with the Watertown Police Department to mount an antenna on the Mellette Water tower. Motion carried.

## **ITEM 6485**

Motion by Padgett second by Strait to authorize calling for bid for a Line Heater for the Gas Department. Motion carried.

## **ITEM 6486**

Motion by Wight second by Padgett to authorize calling for bid for Carbon Dioxide for the Water Department. Motion carried.

## **ITEM 6487**

This being the time and place set for consideration of bids, the following were presented. Bids for Water Meters, Salt and Pebble Lime for the Water

Department. The bids were opened Thursday, March 27<sup>th</sup>, 2014 at 1:30 PM by Municipal Utilities Department Staff as authorized by the Board.

WATER METERS: Three bids were received and upon review and recommendation by Chambers, motion by Strait with second by Padgett to award bid to low valid bidders Dakota Supply of Sioux Falls, SD for 170, 60W ITRON Pit Erts for \$11,044.90. Metering Technology Solutions, Burnsville, MN was awarded the remaining items for a total of \$35,660.00. Motion carried.

SALT: One bid was received and upon review and recommendation by Chambers, motion by Strait with second by Wight to award bid to low valid bidder, North American Salt for \$158.00 per ton. Motion carried.

PEBBLE LIME: Three bids were received and upon review and recommendation by Chambers, motion by Wight with second by Strait to award bid to low valid bidder Pete Lien, Rapid City, SD for a price of \$145.63 per ton. Motion carried.

#### **ITEM 6488**

Open: Bill stuffers were presented by Lehner they were Living Safely with Natural Gas and the Budget Billing Flyer. Also, an invitation was giving to the Board to attend the MRES Annual Meeting May 7<sup>th</sup> and 8<sup>th</sup> and the BISCO lunch on April 17<sup>th</sup>. Lehner attended the Midwest Electric Consumers Association meeting in Washington DC and he was elected to the MECA Board. There was discussion on the EPA restrictions on Coal Plants.

#### **ITEM 6489**

Old Business: For informational purposes Lehner told the Board that the Meester Water Service and Voluntary Annexation Agreement that the board president signed in April 2012 was never signed by Meester's and now they want to move ahead with this agreement and cannot find the paper work. So Lehner told the Board that we would have another copy signed by the board president and have the Meester's sign the new paper work to move forward.

#### **ITEM 6490**

New Business: Lehner shared a press release from Missouri River Energy Services. The MRES board met and chose Ames Construction, Burnsville, MN as the general contractor for the Red Rock Hydro Electric Project that is near Pella, IA.

#### **ITEM 6491**

Chambers presented the report on Operations and Projects: Electric Department, Projects in Progress: Tree trimming, Removal of customer Consert meters. Projects starting next month: Infrared thermo scanning of overhead lines, substations and underground equipment by MRES, Engelstad Electric installing primary and secondary wire per contract, Key Contracting starting 3<sup>rd</sup> Avenue overhead rebuild project per contract. Gas Department, Projects Completed this Month: Loaded 2 propane trucks to

finish emptying out our tanks, Finished business leak survey. Projects in Progress: Preparing for 5 days of annual inspection by state and federal pipeline inspectors. Water Department, Projects Completed this Month: 20 Main breaks for the season, 85 calls for frozen lines. Projects to Start Next Month: Replacing the pumps and motors for wells #10 and 3B. Engineering Tech Department: Projects Completed this Month: 37 One-Call locates March 1-26th, 2014, 28 One-Call locates total February, 2014, 15 Emergency locates (10 private contractors & 5 Watertown Utilities), Next Month: Between 150-500 One-Call Locates in April.

**ITEM 6492**

Karst presented the report on Administration and Financial Statements: Building/Grounds and Purchasing, Projects in Progress: Kevin attended his final session of First Line Supervision, New Unit #8 (4WD Pickup) for the water plant was put into service. Projects in Progress: Purchasing items for projects scheduled for the 2014 construction season, Mechanic is servicing and inspecting the trenchers getting them ready for the construction season. Office, Projects Completed This Month: 13,346 Payments collected with a total of \$5,389,201; Total of 51,325 services billed for a total of \$5,504,241. Projects in Progress: 2013 financial statement audit and preparing for Billing Software upgrade starting next month. Human Resources/Risk Management, Attended APPA Business & Finance Conference Planning session in Washington DC, Preparing for interview process for summer temp positions, Preparing for drug testing program audit by Office of Pipeline Safety. Information Systems, Current Projects: Installing and setting up new hardware and software, Installing Northstar billing servers for upgrade, Installed new Itron handhelds.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$579,837 under budget for the two months ending February, 2014. The unfavorable variance was mostly due to the higher priced natural gas purchases. Natural Gas prices were really expensive due to extreme cold and constraints on the pipeline. Discussion was held regarding transferring funds from the Rate Stabilization Fund to the Working Fund Reserve to offset the extreme cost change. The Utilities Board approved transferring the amount to recover excess costs in order to maintain stable rates for our customers. The preliminary amount was \$1,064,007 for February and March Natural Gas purchases. Total Capital Additions is \$70,055 under budget for the two months ending February, 2014.

**ITEM 6493**

Motion made by Strait with second by Padgett to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Municipal Utilities Dept Net Payroll for March, 2014 Plus ACH Payroll Payments 348,933.03 Info: T. Schafer 30.67/hr Effective 2/27/2014.

Name	Payable Description	Payment Amount
April 1, 2014		

ACTIVE HEATING INC	EXHAUST FAN REPAIR	\$981.12
ADVANCE ENGINEERING CORP	SUPPLIES	\$529.74
ADVANCED ENGINEERING & ENVIRONMENTAL	WATER TREATMENT PLANT SUPPLIES	\$5,722.24
AFLAC	CANCER PT	\$2,173.71
A-OX WELDING SUPPLY INC	SUPPLIES	\$108.40
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$192.60
AQUA-PURE INC	SUPPLIES	\$9,000.00
AUTOMATIC BUILDING CONTROLS	ANNUAL FIRE ALARM SYSTEM CHECK	\$386.10
AVANTI FEDERAL CREDIT UNION	CREDIT UNION	\$15,907.53
BENDIX IMAGING INC	SUPPLIES	\$139.99
BENSON, BRIAN	REIMBURSEMENT EXPENSES	\$83.00
BIG SIOUX WATER FESTIVAL	ANNUAL DONATION	\$1,250.00
BISCO	MEMBERSHIP	\$300.00
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$26,098.41
BORNS GROUP	POSTAGE & MAILING	\$8,186.57
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USE	\$57.07
CARQUEST #2197	SUPPLIES	\$312.47
CARTNEY BEARING & SUPPLY	SUPPLIES	\$62.00
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$308.64
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$1,285.57
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	ELECTRIC SERVICE - NEW WELLFIELD	\$5,062.94
CONNECTING POINT	HARDWARE UPGRADE	\$7,748.00
CONSULTING ENGINEERS GROUP INC	ENGINEERING SERVICES	\$6,570.00
CREDIT BUREAU OF WATERTOWN INC	COLLECTIONS	\$1,530.93
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$801.24
CUSTOM FABRICATORS INC	ENERGY INCENTIVE REBATE	\$425.00
DAKOTA DATA SHRED	SHREDDING SERVICE	\$61.18
DAYS INN	ENERGY INCENTIVE REBATE	\$1,043.41
DE VILLE, JEFF	REIMBURSEMENT EXPENSES	\$992.11
DEPARTMENT OF REVENUE	WATER SAMPLES	\$377.00
DETERMAN, JEFF	REIMBURSEMENT EXPENSES	\$61.00
DIAMOND VOGEL PAINT CENTER	SUPPLIES	\$11.25
DITCH WITCH OF SOUTH DAKOTA, INC	TRENCHER PER BID	\$30,230.00
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$5,245.51
DUECO INC	SERVICE WORK #24	\$2,067.48
DUPONT ELECTRIC INC	ENERGY INCENTIVE REBATE	\$11,305.00
ELECTRIC MOTORS & MOORE INC	SUPPLIES	\$527.00
ELEMENT MATERIALS TECHNOLOGY	PIPE WELD QUALIFICATION	\$225.00
ENERGY LABORATORIES INC	SUPPLIES	\$1,120.00
F J MC LAUGHLIN CO.	GRAVEL, ROCK	\$5,648.04
FARNAMS GENUINE PARTS	SUPPLIES	\$523.63
FASTENAL COMPANY	SUPPLIES	\$742.47
G & H DISTRIBUTING INC	SUPPLIES	\$1,114.76
G & R CONTROLS INC.	MAINTENANCE	\$801.53
GAS PRODUCTS SALES	GAS METER ERTS	\$18,238.87
GREAT WESTERN BANK	TASC MED	\$6,634.29
GROEBNER	SUPPLIES	\$698.50
GROUND SPECIALTIES INC	THAW UNIT	\$2,820.00
H R GREEN	BRINE DISPOSAL STUDY	\$1,040.04
HACH COMPANY	SUPPLIES	\$672.94
HAWKINS, INC.	SUPPLIES	\$3,215.52
HD SUPPLY WATERWORKS, LTD	SUPPLIES	\$4,543.91
IBEW LOCAL 426	UNION DUES	\$3,285.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$126.59
J H LARSON COMPANY	SUPPLIES	\$6,715.99
JELLIS WELDING & REPAIR	SUPPLIES	\$325.01

KARST, ADAM	REIMBURSEMENT EXPENSES	\$248.36
KRUITER, KEVIN	REIMBURSEMENT EXPENSES	\$83.00
LARRY'S LUMBER INC	ENERGY INCENTIVE REBATE	\$1,538.26
LAWRENCE, CASEY	ENERGY INCENTIVE REBATE	\$1,575.00
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$322.40
LOCATORS & SUPPLIES INC	SUPPLIES	\$1,947.20
LUKONEN'S TOOL SERVICE INC	SUPPLIES	\$145.20
M & T FIRE & SAFETY INC	SUPPLIES	\$122.50
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$221.72
MAC'S INC	SUPPLIES	\$840.39
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$124.09
MARCO INC	MAINTENANCE AGREEMENT	\$236.10
MARCO INC	MAINTENANCE AGREEMENT	\$75.24
MATHISON COMPANY	SUPPLIES	\$495.48
MC KEEVER INC	SUPPLIES	\$227.66
MEGGER	SUPPLIES	\$1,293.61
MENARDS INC	SUPPLIES	\$1,473.79
MENNENGA, SHEILA	REIMBURSEMENT EXPENSES	\$698.79
MESA PRODUCTS INC	SUPPLIES	\$4,674.90
MET LIFE	LIFE INSURANCE	\$1,092.73
METERING AND TECHNOLOGY SOLUTIONS	SUPPLIES	\$698.74
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MIDWEST ENERGY ASSOCIATION	SUBSCRIPTIONS/LICENSES	\$870.00
MIDWEST UNDERGROUND SUPPLY	SUPPLIES	\$336.90
MILBANK WINWATER WORKS	SUPPLIES	\$2,482.74
MINNESOTA MUNICIPAL UTILITIES ASSN	WEBINARS	\$735.00
MUELLER CO	SUPPLIES	\$216.22
MUNICIPAL UTILITIES - PC	PETTY CASH	\$510.92
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #15069-16	\$1,370.08
MUNICIPAL UTILITIES-REFUND ACCT	REF. OVERPAYMENT OF FINAL BILLS	\$1,884.19
NEW YORK LIFE INS.	LIFE INSURANCE	\$181.00
NORTHWEST LINEMAN COLLEGE	TRAINING PROGRAM	\$1,012.00
NOVASPECT, INC.	REGULATORS	\$4,246.38
OFFICE PEEPS	OFFICE SUPPLIES	\$869.86
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$963.90
PETE LIEN & SONS	SUPPLIES	\$11,663.60
PIPELINE ASSN FOR PUBLIC AWARENESS	PUBLIC AWARENESS DUES	\$740.00
PRAIRIE LAKES HEALTH CARE SYSTEM	ENERGY INCENTIVE REBATE	\$2,511.50
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$128.21
PRINT-EM-NOW INC	SUPPLIES	\$496.00
PRO LINE INC	SUPPLIES	\$148.84
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$14.32
RESCO	SUPPLIES	\$6,551.46
RON'S SAW SHOP	SUPPLIES	\$202.81
RUNNING'S SUPPLY INC	SUPPLIES	\$923.92
SANFORD WATERTOWN OCCUPATIONAL MEDICINE	SCREENINGS	\$319.00
SCHMIDT, RICHARD	REIMBURSEMENT EXPENSES	\$52.64
SD DENR	FUTURE USE PERMIT NO. 5862-3	\$125.00
SD FEDERAL PROPERTY AGENCY	SUPPLIES	\$175.00
SECOND STREET STATION	CALL B4 U DIG BANQUET	\$2,297.93
SENSIT TECHNOLOGIES INC	SUPPLIES	\$270.00
SERVICEMASTER	JANITORIAL SERVICE	\$3,120.00
SEVERN TRENT SERVICES	SUPPLIES	\$763.66
SHERWIN WILLIAMS CO	SUPPLIES	\$4,018.49
SIGN PRO	SUPPLIES	\$375.00
STAR LAUNDRY INC	SUPPLIES	\$586.50

STEVE'S WORLD	SUPPLIES	\$18.91
STUART C IRBY CO	SUPPLIES	\$44,334.08
STURDEVANTS AUTO PARTS	SUPPLIES	\$138.78
T & R ELECTRIC CO	SUPPLIES	\$2,140.00
TITAN MACHINERY- WTN	SUPPLIES	\$91.27
TITAN MACHINERY-SF	LIGHT PLANT	\$8,553.00
TITAN MACHINERY-SF	INSPECTIONS	\$1,660.00
TRACTOR SUPPLY CO	SUPPLIES	\$61.90
TRAV'S OUTFITTER	SUPPLIES	\$1,030.00
TSCHAKERT, MERLE	CARQUEST BUILDING LEASE	\$100.00
TYNDALE COMPANY INC	SUPPLIES	\$2,767.37
UPS	SHIPPING	\$576.70
USA BLUEBOOK	SUPPLIES	\$1,409.98
WALMART COMMUNITY	SUPPLIES	\$71.91
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOP. EXPENSE	\$8,690.00
WATERTOWN FORD CHRYSLER	TRUCK PER BID UNIT# 8	\$24,048.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$522.44
WATERTOWN PUBLIC OPINION	SUBSCRIPTION	\$134.19
WATERTOWN PUBLIC OPINION	SUBSCRIPTION	\$134.20
WATERTOWN UNITED WAY	UNITED WAY	\$359.50
WATERTOWN WHOLESALE	SUPPLIES	\$160.00
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$65,097.89
WHEELCO	SUPPLIES	\$101.22
ZEP SALES AND SERVICE	SUPPLIES	\$715.30
	TOTAL	\$437,956.17

Total March, 2014 437,956.17; Transfer to City's General Fund 95,700; Muni Utilities Electric Water Gas 46,280.70; Northern Natural Gas 6,061.20; Missouri River Energy Services Power 1,857,081.25; BP Canada Energy Marketing Natural gas 1,404,265.50; Dept of Revenue Sales/Excise Tax 249,198.70; CPEP Natural Gas 269,760.05, City Finance Office Garbage Sewer 383,201.23.

#### **ITEM 6494**

Motion by Strait with second by Padgett 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 31<sup>st</sup> day of March, 2014

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

\_\_\_\_\_

Lisa Pahl

Michael V. Luken

Executive Secretary

President

Municipal Utilities Board

Municipal Utilities Board