

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

**Monday, March 30<sup>th</sup>, 2015**

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, March 30<sup>th</sup>, 2015 at 12:00 p.m. with President Wayne Schultz presiding.

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

### **ITEM 6613**

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

### **ITEM 6614**

Motion by Wight with second by Padgett to approve minutes of the regular Board Meeting on February 27<sup>th</sup>, 2015 with change to Item 6607 to read as follows: TRENCHER: Two vendors provided bids and upon review and recommendation by Chambers, motion by Luken with second by Schultz to reject low bidder Ditch Witch of SD that did not meet specifications and award bid to low valid bidder Vermeer Equipment of SD from Tea, SD Option #1 with trade \$107,402. Motion carried.

### **ITEM 6615**

Motion by Luken second by Wight to approve Board President to sign Resolution #6615. Motion carried.

## **RESOLUTION PROVIDING FOR THE PREPAYMENT OF A PORTION OF THE OUTSTANDING PRINCIPAL BALANCE OF THE WATER SYSTEM REVENUE BOND SERIES 2008**

**WHEREAS** the Utilities Board adopted Resolution No. 5632 on April 28, 2008 establishing a water rate surcharge and amendment to the rate schedule applicable to users of the City's drinking water system to assist in the financing of substantial improvements to the system; and

**WHEREAS** in order to pay a portion of the cost of the improvements to the drinking water system, the City, on October 31, 2008, issued its Water System Revenue Bond in the principal amount of \$23,760,000 to the South Dakota Conservancy District and entered into a Loan Agreement dated October 31, 2008 with the South Dakota Conservancy District providing for an administrative expense surcharge as well as quarterly principal and interest payments; and

**WHEREAS** the water rate surcharge has generated and continues to generate funds in excess of the amounts necessary to pay the administrative expense surcharge as well as the principal and interest on the Bond; and

**WHEREAS** the terms of the Water System Revenue Bond allow for prepayment of outstanding principal with the written consent of the South Dakota Conservancy District; and

**WHEREAS** the Utilities Board has been advised that the South Dakota Conservancy District has provided its written consent to allow for such prepayment

**NOW, THEREFORE, BE IT RESOLVED** by the Watertown Municipal Utilities Board that the General Manager of Watertown Municipal Utilities is authorized and directed to transfer the sum of \$500,000 (Five Hundred Thousand Dollars) from water rate surcharge fund to the First National Bank in Sioux Falls to prepay that amount of the outstanding principal balance of the Water System Revenue Bonds Series 2008.

**ITEM 6616**

Motion by Padgett with second by Wight to authorize to advertise for Bid for a Contractor to complete substation work. Motion carried.

**ITEM 6617**

Motion by Padgett with second by Strait to award bid for Engineering Services to DeWild Grant Reckert and Associates Company, d/b/a DGR Engineering for a Revenue Metering Study in which an analysis will be done on the congestion and losses. They will determine what the cost would be to move our meters to the distribution level and see what the payback would be. These agreements will not exceed \$15,000 and will be signed by the General Manager. Motion carried.

**ITEM 6618**

Lehner started discussion on three agreements in relation to offering WMU's 115KV transmission into Southwest Power Pool (SPP). This will be presented to the Board in the April Board Meeting.

**ITEM 6619**

Lehner brought to the attention of the Board a lease agreement with MRES and the City. This goes along with the other discussions on the Southwest Power Pool. The lease will be brought back to the Board at the next meeting for consideration.

**ITEM 6620**

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

The bids were opened Thursday, March 26<sup>th</sup>, 2015 at 1:30 PM by Municipal Utilities Department Staff as authorized by the Board.

PEBBLE LIME: Two vendors provided bids and upon review and recommendation by Chambers, motion by Wight with second by Schultz to award bid to low valid bidders to Pete Lien and Sons, Rapid City, SD for \$139.95 per ton. Motion carried.

SOLAR SALT: One vendor provided bids and upon review and recommendation by Chambers, motion by Luken with second by Wight to award bid to low valid bidder North American Salt, Compass Minerals of Overland, KS for \$182.00 Per Ton. Motion carried.

#### **ITEM 6621**

There was discussion with the Wage and Personnel Committee on setting a date for the General Managers performance review.

#### **ITEM 6622**

Open: Lehner presented the two bill stuffers, Living Safely with Natural Gas and Residential Hazardous Waste Disposal. Lehner also extended an invite to the Board to the BISCO luncheon on April 20<sup>th</sup> at the Ramkota Event Center and the MRES Annual Meeting May 6<sup>th</sup>-7<sup>th</sup> in Sioux Falls. Lehner updated the Board on the Midwest Electric Consumers Association meeting that took place in Washington D.C. The meeting is where rural electric and municipalities can meet with legislative leaders and present issues. The main issues were with hydropower which is where 35% of our power comes from.

#### **ITEM 6623**

Chambers presented the report on Operations and Projects: Electric Department, Projects in Progress: Pre-construction meetings with wire installation and service installation contractors, Terminated underground primary wire on roundabout and removed existing overhead line in intersection. Projects Starting Next Month: Rejected pole replacement contractor could start pole replacement (weather permitting). Gas Department, Projects Completed this Month: 2015 business leak survey is completed, below ground valve maintenance is 30% completed. Projects Starting Next Month: Summer construction. Water Department, Projects Completed this Month: 13 total Main Breaks for the season. Projects in Progress: Start to replace leaking chlorine lines and storage tanks. Projects to Start Next Month: Drain side #2 upflow and start on the maintenance of its equipment. Engineering Tech Department: Projects Completed this Month: 61 One-Call locates March. 1 - March 25<sup>th</sup>, 2015, 13 One-Call locates total February, 2015, 6 emergency locates. Next Month: Average 500 One-Call locates in April.

#### **ITEM 6624**

Karst presented the report on Administration and Financial Statements: Purchasing, Accounting and Facilities, Projects in Progress: Completed

initial information for the MRES transmission cost recovery report for the SPP market. Projects in Progress: Finalizing 2014 year end and 2014 Financial Audit is in progress, State Sales and Excise Tax Audit in progress, Working with Todd Architects on a plan for an addition to our current warehouse for additional parking for vehicle and equipment. Customer Service: Projects Completed this Month: 13,408 payments collected for a total of \$5,160,665; Total of 51,904 services billed for a total of \$4,949,479, Major Projects in Progress: 185 new ACH customers from March bill stuffer. Human Resources/Risk Management: Attended APPA Business & Finance Conference Planning session in Washington DC. Retirement: John Killoran, effective 3/20/2015 36 years, Promoted Steve Witte to Apprentice Lineman, effective 3/9/2015, Doug Brage to Apprentice Equipment Operator, transition date TBD, Tim Pahl to Apprentice Warehouse Person, transition date TBD, Apprentice Water Plant Operator position has been posted internally until 4/1/2015. IT: Installed new Itron handhelds, 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 \$63,804 under budget for the second month ending February 28<sup>th</sup>, 2015. Total Capital Additions are \$105,498 over budget for the second month ending February 28<sup>th</sup>, 2015.

### ITEM 6625

Motion made by Strait with second by Luken to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Municipal Utilities Dept Net Payroll for March, 2015 Plus ACH Payroll Payments 366,506.47. Info: T.Schafer 36.38 effective 2/21/2015, L. Tolley 36.38 effective 2/21/2015, S. Witte 24.72 effective 3/9/2015, T.Pahl 19.92 effective 2/28/2015, T. Peterson 19.92 effective 3/8/2015.

April 1, 2015

Name	Payable Description	Payment Amount
ABC EMBROIDERY	EMBROIDERY	\$48.65
AFLAC	CANCER PT	\$2,036.68
ALPS INC	SUPPLIES	\$349.90
AMERICAN LEGION	SUPPLIES	\$160.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$235.45
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$35.26
AUTO BODY SPECIALTIES	SUPPLIES	\$70.23
	FIRE ALARM SYSTEM ANNUAL	
AUTOMATIC BUILDING CONTROLS	CHECKOUT	\$693.00
BENDIX IMAGING INC	SUPPLIES	\$313.96
BISCO	MEMBERSHIP DUES	\$300.00
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$7,026.59
BORNS GROUP	POSTAGE & MAILING	\$8,384.94
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$98.14
CARTNEY BEARING & SUPPLY	SUPPLIES	\$79.45
CENTURY LINK	CELL PHONE SERVICE	\$310.52
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$1,259.96
CHILD SUPPORT PAYMENT CENTER	Child Support - Case #247392027A	\$275.00
CITY OF WATERTOWN	OPEB REPORT	\$3,750.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	ELECTRIC SERVICE-WELLFIELD	\$4,327.10
CONNECTING POINT	SUPPLIES	\$270.50
CONSULTING ENGINEERS GROUP INC	TRANSFORMER CHANGE	\$3,150.00
CREDIT BUREAU OF WATERTOWN INC	COLLECTIONS	\$1,593.65
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$67.80

CROCKER'S COLLISION CENTER	REFINISH TOOL BOX	\$490.00
CUTTING TECHNOLOGIES	ENERGY INCENTIVE REBATE	\$1,330.00
DAKOTA BODIES INC	SUPPLIES	\$488.44
DAKOTA DATA SHRED	SHREDDING SERVICE	\$89.56
DAKOTA RIGGERS & TOOL	SUPPLIES-ROPE	\$161.49
DE VILLE, JEFF	REIMBURSEMENT EXPENSES	\$843.30
DEPARTMENT OF REVENUE	WATER SAMPLES	\$852.00
DOCKTERS ELECTRIC INC	ENERGY INCENTIVE REBATE	\$5,400.00
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$2,168.78
ENERGY LABORATORIES INC	SAMPLES	\$940.00
ETHANOL PRODUCTS LLC	SUPPLIES	\$1,384.86
F J MC LAUGHLIN CO.	Rock and Gravel	\$2,190.17
FARNAMS GENUINE PARTS	SUPPLIES	\$439.81
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$124.00
FASTENAL COMPANY	SUPPLIES	\$507.90
G & L DISTRIBUTING, INC	SUPPLIES	\$267.00
GAS PRODUCTS SALES	SUPPLIES	\$1,923.94
GCR TIRE CENTER	SUPPLIES	\$132.12
GLASS PRODUCTS INC	SUPPLIES/SERVICE	\$459.00
GREAT WESTERN BANK	TASC MED	\$6,391.35
GROEBNER	SUPPLIES	\$487.67
HD SUPPLY WATERWORKS, LTD	SUPPLIES	\$33.13
IBEW LOCAL 426	UNION DUES	\$3,241.25
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$96.99
J H LARSON COMPANY	SUPPLIES	\$535.62
JOHN CRANE INC	SUPPLIES	\$1,154.34
KEY CONTRACTING INC	POLE REPLACEMENT PROJECT	\$24,400.00
LAKE CITY FIRE EQUIPMENT LLC	EXTINGUISHER MAINTENANCE	\$46.27
LATI	REGISTRATION	\$99.00
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$514.24
LOCATORS & SUPPLIES INC	SUPPLIES	\$1,358.65
M & T FIRE & SAFETY INC	SUPPLIES	\$18.00
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$165.51
MAC'S INC	SUPPLIES	\$54.55
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$59.86
MARCO INC	MAINTENANCE AGREEMENT	\$252.63
MARCO INC	MAINTENANCE AGREEMENT	\$58.37
MATHESON TRI-GAS INC	SUPPLIES	\$81.44
MATHISON COMPANY	SUPPLIES	\$217.44
MC KEEVER INC	SUPPLIES	\$257.67
MEL DAHLE TIRE CO	SUPPLIES	\$124.00
MENARDS INC	SUPPLIES	\$946.03
MENNENGA, SHEILA	REIMBURSEMENT EXPENSES	\$851.14
MESA PRODUCTS INC	SUPPLIES	\$3,658.42
MET LIFE	LIFE INSURANCE	\$1,129.34
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MIDWEST AUTOMOTIVE INC	SUPPLIES	\$389.97
MOFFATT PRODUCTS	ENERGY INCENTIVE REBATE	\$3,045.00
MUELLER CO	SUPPLIES	\$4,883.06
MUNICIPAL UTILITIES - PC	PETTY CASH	\$573.87
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #18750-1	\$278.00
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$4,163.32
NEW YORK LIFE INS.	LIFE INSURANCE	\$106.00
NORTHWEST LINEMAN COLLEGE	TRAINING	\$534.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,481.95
OFFICE PEEPS	SUPPLIES	\$565.67
PETE LIEN & SONS	BULK LIME	\$12,243.12
PIPELINE ASSN FOR PUBLIC AWARENESS	PUBLIC AWARENESS DUES	\$785.00
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$135.79
RESCO	SUPPLIES	\$9,926.75
RON'S SAW SHOP	SUPPLIES	\$943.88
RUNNING'S SUPPLY INC	SUPPLIES	\$285.72
SD ONE CALL	LOCATES	\$15.75
SD PUBLIC UTILITIES COMMISSION	SD PUC PIPELINE CONFERENCE	\$210.00

SDRS SPECIAL PAY PLAN	401a SICK	\$26,587.48
SECOND STREET STATION	CALL BEFORE YOU DIG BANQUET	\$2,342.12
SERVICEMASTER	JANITORIAL SERVICE	\$3,288.00
SEVERN TRENT WATER PURIFICATION, INC	SUPPLIES	\$447.57
SHI INTERNATIONAL CORP	SYMANTEC AV UPGRADE	\$1,664.45
SOUTH DAKOTA SHRM	REGISTRATION	\$209.00
STANDARD PUMP INC	SUPPLIES	\$445.00
STAR LAUNDRY INC	SERVICE	\$638.88
STEVE'S WORLD	SERVICE & SUPPLIES	\$280.50
STUART C IRBY CO	SUPPLIES	\$1,208.90
STURDEVANTS AUTO PARTS	SUPPLIES	\$326.48
TECHNOLOGY FOR ENERGY CORPORATION	SYSTEM RECALIBRATION	\$1,023.05
TEREX	ANNUAL TRUCK INSPECTION #27	\$5,210.64
TRAV'S OUTFITTER	SUPPLIES	\$180.00
TSCHAKERT, MERLE	BUILDING LEASE	\$100.00
TYNDALE COMPANY INC	SUPPLIES	\$224.95
UPS	SHIPPING	\$495.48
US PLASTICS CORP	SUPPLIES	\$268.36
USA BLUE BOOK	SUPPLIES	\$565.19
VAN BERGEN & MARKSON INC.	SUPPLIES	\$102.74
VESSCO INC	SUPPLIES	\$1,236.26
VISION SERVICE PLAN (VSP) (CA)	VISION INSURANCE	\$497.10
WALMART COMMUNITY	SUPPLIES	\$48.89
WATERTOWN AREA CHAMBER OF COMMERCE	DUES	\$470.68
WATERTOWN DEVELOPMENT	2015 PLEDGE	\$50,000.00
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$433.55
WATERTOWN UNITED WAY	United Way	\$414.00
WATERTOWN WHOLESALE	SUPPLIES	\$773.58
WELD IT ALL	SUPPLIES	\$360.00
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$66,526.01
WESCO DISTRIBUTION INC	SUPPLIES	\$5,813.55
WW TIRE SERVICE INC	SUPPLIES	\$698.00
YRC FREIGHT	SKD TRENCHER CHAIN	\$397.87
ZEP SALES AND SERVICE	SUPPLIES	\$741.79

<b>Total</b>	<b>\$324,643.98</b>
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Total February, 2015 324,643.98; Transfer to City's General Fund 99,865; Muni Utilities Electric Water Gas 48,104.47; Northern Natural Gas 6,068.55; Missouri River Energy Services Power 1,911,883.58; BP Canada Energy Marketing Natural Gas 913,572.29; Dept of Revenue Sales/Excise Tax 219,402.38; CPEP Natural Gas 102,632.95, City Finance Office Garbage Sewer 378,718.32.

### **ITEM 6626**

Motion by Wight with second by Strait 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 30<sup>th</sup> day of March, 2015

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

Lisa Pahl  
Executive Secretary  
Municipal Utilities Board

Wayne Schultz  
Board President  
Municipal Utilities Department