

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, March 28th, 2016

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, March 28th, 2016 at 12:00 p.m. with President Ernie Wight presiding.

Board members present: Ernie Wight, Dave Strait, Mike Luken, Dustin Padgett and John Holley. Board Liaison, member of City Council, Glen Vilhauer. Staff members present: Steve Lehner, Todd Chambers, Adam Karst, Rich Schmidt, Jeff DeVille, Doug Enstad, Mark Haider, Mark Meier, Kevin Kruiter, Stephanie Ries, Sheila Mennenga and Lisa Pahl. Press Aaron Matson, Public Opinion Newspaper, Don Eggert KXLG radio.

ITEM 6760

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

ITEM 6761

Motion by Luken with second by Holley to approve Minutes of regular meeting on February 29th, 2016. Motion carried.

ITEM 6762

Motion by Strait second by Luken to approve rescinding the bid award for the dump truck for the water department that was approved last month under Item #6752 at the February 29th, 2016 Board Meeting and give authorization to rebid. After the bid was approved it was found that the Dump Truck did not have the required axle forward design and therefore bid did not meet specifications and was rejected. Motion carried.

ITEM 6763

Motion by Strait second by Padgett to approve Board President to sign Resolution #6763. 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 6764

Motion by Luken second by Holley for authorization to call for bids for Carbon Dioxide and Water Meters for Water Department. Motion carried.

ITEM 6765

Motion by Strait second by Luken to authorize the General Manager to sign product quotation and purchase a 2016 S650 T4 Bobcat Skid-Steer from Bobcat, West Fargo, ND through the National Joint Powers Alliance Contract #042815-CEC for a total cost of \$45,476.70. Motion carried.

ITEM 6766

Motion by Luken second by Holley to authorize the purchase of a 2016 Chevrolet Tahoe from Jerry's Chevrolet of Beresford, Beresford, SD through the State Contract #16868 for a total cost of \$40,096.00. Motion carried.

ITEM 6767

Motion by Padgett second by Strait to authorize the General Manager to sign Change Order #1 with Paradigm Enterprises Inc. in the amount of \$18,331.00 for the Substation Improvement project for additional work and material required for both Uptown and Pelican Substations. Motion carried.

ITEM 6768

Motion by Strait second by Luken to approve the policy changes and employee manual changes that were outlined in the January and February 2016 Board Meetings. Motion carried.

ITEM 6769

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

24th, 2016 at 1:30 PM by Municipal Utilities Department Staff as authorized by the Board.

SOLAR SALT: No bids were received, therefore bid law allows us to negotiate a price as long as it meets specs. Motion by Holley with second by Strait to except a negotiated contract with North American Salt, Compass Minerals, Overland Park, KS for a price of \$190.00 per ton. Motion carried.

Pebble Lime: Two bids were received and upon review and recommendation by Chambers, motion by Holley with second by Padgett to award bid to low valid bidder, Pete Lien & Sons, Rapid City, SD awarded on price per ton of \$145.00. Motion carried.

ITEM 6770

Open: Lehner presented the bill stuffer, Living Safely with Natural Gas and Residential hazardous Waste Disposal. Lehner invited the Board to the Missouri River Energy Service's Annual Meeting May 11-12 in Sioux Falls. Lehner updated the Board on his Midwest Electric Consumer Association Meetings he attended. The first day they had a group of speakers. A couple of those speakers were Chairman Tony Clark of FERC and Sue Kelly of APPA. The second day they visited the staffers of the South Dakota Representatives in Washington. Lehner learned that Western Area Power Administration's drought adder is going to be paid off this year and there will be a decrease in our rates. He said they are working towards getting the best decrease they can. Also, an invite was extended for the Board to go to the Laramie River Station Grayrocks Dam & Reservoir tour August 24-25, 2016. Board Liaison Vilhauer wanted to express his thanks to Karst for his Overview of Operations he presented at the early March City Council Meeting. He wanted to also update the Board on the status of the closing of South Broadway. He said that if it was going to be brought to a vote, the petitions had to be in by 5pm that evening, then be validated.

ITEM 6771

Chambers presented the Report on Operations and Projects: Electric Department, Projects Completed This Month: Pre-construction meetings with wire installation and service installation contractors, Digital infrared scanning of overhead lines, substations and underground equipment by MRES. Projects in Progress: Working on a plan to relocate poles for GLE rail loop, Installing primary loop Hwy 81 & 10th Ave to 12th Ave joint construction project with Gas Department gas line relocation. Gas Department, Projects Completed this Month: Business leak survey is completed, Call Before you Dig banquet was held at Second Street Station - 82 attendees. Projects in Progress: The summer construction season has started, the first project the gas department has started is relocating the 4" steel gas main along North Highway 81 from the west side to the east side. Water Department, Projects Completed this Month: Set the new tanks into the chlorine room. Projects to start Next Month: Highway 81 main replacement. Engineering Tech Department, Projects Completed this Month: 150 One-Call locates March 1st - 24th, 18 One-Call locates total February, 2016, 1 Emergency Locate (private contractor). Next Month: Average 500 One-Call locates in April.

ITEM 6772

Karst presented the report on Administration and Financial Statements: Purchasing, Accounting and Facilities, Projects Completed This Month: William Neale & Co. is close to completing WMU's portion of the 2015 financial statement audit. There are no issues to report. Warehouse addition update, Geotek Engineering completed their soil tests. Our soil at the location tested is not good for compaction. They proposed we evaluate taking some of our good soil from the south side of the railroad bed to use for compaction. We have removed some of the trees ahead of construction. The stumps will be removed by the contractor who the bid is awarded to. Todd Architects sent out bid packets on March 24th, 2016 to interested parties and the public notice will be in the paper the first week of April. The bid opening will be April 19, 2016 at 10:00 AM, Our plan is to award the bid at the April 25th, Board Meeting. Customer Service, Projects Completed this Month: 13,789 payments collected for a total of \$4,996,523 total of 52,442 services billed for a total of \$4,656,832 Projects Starting Next Month: Re-evaluate budget bill accounts. Human Resources/Risk Management, Distributed 2016 - 2018 IBEW union contracts to all employees, Retirement Steve Foster, Meter Reader, effective 4/1/2016 - 26 years (no replacement due to technology to currently read meters - duties to be absorbed by Customer Service/Meter Reader and rotating night men from Gas and Electric Departments, also Dan Voight, Gas Serviceman will be retiring as of 6/20/2016 - 33 years. This job will be posted in house right away. 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 \$103,059.00 under budget compared to the budget for the two months ending February 29th, 2016. Total Capital Additions are \$1,230,490.00 under budget for the two months ending February 29th, 2016.

ITEM 6773

Motion made by Luken 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 31st, 2016 Plus ACH Payroll Payments \$377,000.95. Steve Witte 28.85 effective 3/9/2016.

Name	Payable Description	Payment Amount
4/1/2016		
ABC EMBROIDERY	SERVICE	\$14.85
AFLAC	CANCER PT	\$2,105.34
ALLDATA	SUBSCRIPTION	\$1,500.00
A-OX WELDING SUPPLY INC	CYLINDER RENTAL	\$18.66
BATTERIES UNLIMITED INC	SUPPLIES	\$50.40
BENDIX IMAGING INC	SUPPLIES	\$139.99
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$13,721.66
BORNS GROUP	POSTAGE & MAILING	\$8,500.41
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$72.85
CARTNEY BEARING & SUPPLY	SUPPLIES	\$31.43
CASHWAY LUMBER INC	SUPPLIES	\$298.57
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$338.58
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$5,901.49
CHILD SUPPORT PAYMENT CENTER	Child Support - Case #247392027A	\$275.00
CLEVELAND INSTRUMENT CORPORATION	SERVICE	\$665.00
CODINGTON-CLARK ELECTRIC COOP. INC	WELLFIELD ELECTRIC SERVICE	\$3,175.68
CONNECTING POINT	SERVICE	\$1,157.50
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$82.74
DAKOTA DATA SHRED	SHREDDING SERVICE	\$63.25
DAKOTA PUMP & CONTROL CO	SUPPLIES	\$122.07

DAKOTA RIGGERS & TOOL	SUPPLIES	\$126.18
DE VILLE, JEFF	REIMBURSEMENT EXPENSES	\$1,809.16
DEPARTMENT OF REVENUE	WATER SAMPLES	\$427.00
DORALES FOOTWEAR & FASHIONS	ENERGY INCENTIVE REBATE	\$660.00
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$551.64
EAST RIVER ELEC POWER COOP	ANNUAL SERVICE AGREE. & SWITCHING SCHOOL	\$8,100.00
ENERGY LABORATORIES INC	WATER TESTING	\$912.00
ETHANOL PRODUCTS LLC	CO2	\$1,318.25
FARNAMS GENUINE PARTS	SUPPLIES	\$1,816.72
FASTENAL COMPANY	SUPPLIES	\$2,260.64
FLAGSHOOTER LLC	SUPPLIES	\$451.04
GEOTEK ENGINEERING & TESTING SERVI	SOIL TEST SERVICES	\$2,565.00
GREAT WESTERN BANK	TASC MED	\$6,699.32
GROEBNER	SUPPLIES	\$18,726.06
HAWKINS, INC.	SUPPLIES	\$3,524.73
HEIG, H G	REIMBURSEMENT EXPENSES	\$763.29
HKL DEVELOPMENT LLC	ENERGY INCENTIVE REBATE	\$6,910.00
HOSANNA LUTHERAN CHURCH	ENERGY INCENTIVE REBATE	\$1,057.00
HUBBELL ELECTRIC HEATER COMPANY	SUPPLIES	\$4,976.45
HUMAN SERVICE AGENCY	HSA SERVICES	\$225.00
IBEW LOCAL 426	UNION DUES	\$3,392.00
INDELCO PLASTICS CORPORATION	SUPPLIES	\$2,294.95
J H LARSON COMPANY	SUPPLIES	\$712.85
JURGENS PRINTING & COPY CENTER INC	SUPPLIES	\$59.00
KLM ENGINEERING, INC	INSPECTION SERVICES	\$1,360.00
LAKE AREA DOOR INC	SUPPLIES	\$699.57
LAKE AREA TECH INSTITUTE	ENERGY INCENTIVE REBATE	\$1,000.00
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$299.22
LOCATORS & SUPPLIES INC	SUPPLIES	\$1,227.80
LONGWORTH, DAVID W	ENERGY INCENTIVE REBATE	\$1,492.00
MACK, ROBIN	REIMBURSEMENT EXPENSES	\$1,000.00
MAC'S INC	SUPPLIES	\$380.13
MARCO INC	INTERNET SERVICE	\$344.34
MATHISON COMPANY	SUPPLIES	\$494.38
MC KEEVER INC	SUPPLIES	\$258.67
MENARDS INC	SUPPLIES	\$1,425.32
MET LIFE	LIFE INSURANCE	\$1,223.09
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MILBANK WINWATER WORKS	SUPPLIES	\$38.00
MUELLER CO	SUPPLIES	\$12.26
MUNICIPAL UTILITIES - PC	PETTY CASH	\$535.86
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #15101-3	\$51.39
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$13,998.60
NEW YORK LIFE INS.	LIFE INSURANCE	\$106.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,410.89
NOVASPECT, INC.	SUPPLIES	\$854.00
OFFICE PEEPS	SUPPLIES	\$1,319.39
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$899.12
PARADIGM ENTERPRISES INC	SUBSTATION UPGRADE	\$62,407.70
PEDERSON TRAVEL SERVICE	ENERGY INCENTIVE REBATE	\$450.00
PETE LIEN & SONS	BULK LIME	\$9,803.50
PIPELINE ASSN FOR PUBLIC AWARENESS	SPONSORSHIP	\$360.00
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$138.58
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$851.56
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$1,592.82
RESCO	TRANSFORMERS AS PER BID	\$30,265.40
RUNNING'S SUPPLY INC	SUPPLIES	\$357.59
SANFORD WTN OCCUPATIONAL MEDICINE	DRUG SCREENING	\$285.00
SCHAEFFER OIL	SUPPLIES	\$2,183.50
SCHMIDT, RICHARD	REIMBURSEMENT EXPENSES	\$94.50
SD ONE CALL	LOCATES	\$21.00
SERVICEMASTER	JANITORIAL SERVICE	\$3,600.00
SHEEHAN TRAILERS	TRAILER	\$3,000.00
SIGN PRO	SUPPLIES	\$67.50
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$2,891.07
STAN HOUSTON EQUIP CO	SUPPLIES	\$287.98
STAR LAUNDRY INC	SUPPLIES	\$369.76
STEVE'S WORLD	SUPPLIES	\$56.25
STUART C IRBY CO	SUPPLIES	\$5,182.00
STURDEVANTS AUTO PARTS	SUPPLIES	\$321.63
T & M AUTOBODY INC	SERVICE	\$1,666.00
TEREX SERVICES	SUPPLIES	\$1,009.26
TITAN MACHINERY- WTN	SERVICE	\$714.34
TITAN MACHINERY-SF	SUPPLIES	\$54.82
TODD ARCHITECTS LTD	BUILDING ADDITION PROPOSAL	\$1,995.00
UPS	SHIPPING	\$523.10
UTILITY SERVICE CO., INC	WATER TOWER MAINTENANCE	\$123,390.00
VISION SERVICE PLAN (VSP) (CA)	VISION INSURANCE	\$435.29
WALMART COMMUNITY	SUPPLIES	\$50.54
WATERTOWN DEVELOPMENT	2016 FOCUS IV PLEDGE	\$50,000.00
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$334.55
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$497.46
WATERTOWN UNITED WAY	United Way	\$383.50
WATERTOWN WHOLESALE	SUPPLIES	\$556.65
WEISMANTEL RENTALL	SUPPLIES	\$295.00
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$63,875.81

WILSON BOHANNAN COMPANY
WORTHINGTON INDUSTRIES
ZEP SALES AND SERVICE

SUPPLIES
ENERGY INCENTIVE REBATE
SUPPLIES

\$1,058.68
\$1,128.70
\$156.52

TOTAL

\$520,511.34

Total March 2016 520,511.34; Transfer to City's General Fund 99,865, Muni Utilities Electric Water Gas 37,168.85; Northern Natural Gas 6,061.20; Missouri River Energy Services Power 1,875,857.35; BP Canada Energy Marketing Natural Gas 630,210.43; Dept. of Revenue Sales/Excise Tax 204,367.50; CPEP Natural Gas 78,349.66, City Finance Office Garbage Sewer 383,245.43.

ITEM 6774

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

The Watertown Municipal Utilities Department 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.

Dated at Watertown, South Dakota this 28th day of March, 2016

ATTEST: _____

Lisa Pahl
Executive Secretary
Municipal Utilities Board

Ernie Wight
Board President
Municipal Utilities Department