

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

**Monday, October 31<sup>st</sup>, 2016**

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, October 31<sup>st</sup>, 2016 at 12:00 p.m. with President Dave Strait presiding.

Board members present: Dave Strait, Dustin Padgett, John Holley, Mike Luken and Greg Solum. Board Liaison, member of City Council, Glen Vilhauer. 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, Justin Goetz and Lisa Pahl. Guests: Lisa Carrico, Carrico Law Prof. LLC and Kevin Smith from Advanced Engineering and Environmental Service, Inc.

### **ITEM 6840**

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

### **ITEM 6841**

Motion by Luken with second by Padgett to approve Minutes of regular meeting on September 26<sup>th</sup>, 2016. Motion carried.

### **ITEM 6842**

Kevin Smith of Advanced Engineering and Environmental Services, Inc. (AE2S) presented results of the Water Rate Study which included a cost of service analysis, fire charge analysis, rate design, revenue adequacy, rate projections, rate recommendations and a regional comparison of a typical residential water bill with our current and proposed rates. Watertown Municipal Utilities is consistent with remaining as one of the lowest water providers in the region based on the comparison. Recommendations from AE2S to the Board were for Municipal Utilities to set targets and fund cash reserves, adopt recommended fixed rates charges for customers based on meter size, increase the water volumetric rate for 2017 by 5% for all users except Commercial, for which a 4% increase is recommended. Other recommendations were to evaluate the projected increases for 2018-2021 and adjust annually based on revenue requirements, increase the fire protection per hydrant charge to the City 10% annually and adopt an approach to index miscellaneous utility fees annually. No action required at this time.

### **ITEM 6843**

Motion by Luken with second by Solum to approve matching funds to the Upper Big Sioux for \$50,000 each year of 2016, 2017, and 2018. The funds are used for local match of EPA funds awarded by contract through DENR and signed in July of 2016. Motion carried.

**ITEM 6844**

Motion by Luken with second by Padgett to approve Change Order #3 with Reede Construction for quantity adjustments to the project on Highway 81. This addition is for \$9,298.37. Motion carried.

**ITEM 6845**

Finance Committee Meeting date was set for Monday, November 21<sup>st</sup>, 2016 at 7 a.m. in the Watertown Municipal Utilities Board Room.

**ITEM 6846**

Open: Lehner presented the bill stuffer, Public Water Notice.

Chambers gave a brief update on the Sioux Falls MRES Area Meeting that he and Holley attended. Things talked about were the Red Rock Hydro Electric Plant, the Pierre Solar Project and the Laramie River increasing costs.

**ITEM 6847**

Chambers presented the Report on Operations and Projects: Electric Department, Projects Completed This Month: Key Construction installed new overhead lines and removed old line for the Ethanol Plant rail loop, Switched 115 KV transmission line off between WAPA and Pelican sub to move lines for GLE rail loop. Projects in Progress: Relocating primary for addition at Dakota Butcher, Terminating 500 MCM feeder by West Substation. Gas Department, Projects Completed this Month: Installed or removed 80 meter sets, Made a 4" tap and installed a 4" service line to the new hospital project. Projects in Progress: Currently working to finish all of the remaining new services before freeze up. Water Department, Projects Completed this Month: 9 main shut downs, 8 new taps, 2 replacement tap, 10 inch main on South Broadway was put back into service from main lowering and casing installation for rail loop. Projects in Progress: Laying up the MIEIX system for the winter. Engineering Tech Department, Projects Completed this Month: 492 One-Call locates Oct. 1<sup>st</sup> - 26<sup>th</sup>, 434 One-Call locates total September 2016, 6 emergency locates (2 private contractors and 4 WMU). Next Month: 225 One-Call locates in November.

**ITEM 6848**

Karst presented the report on Administration and Financial Statements: Purchasing, Accounting and Facilities, Projects Completed This Month: Warehouse Addition Update: Warehouse all exterior work, asphalt, seeding, fence and building exterior projects with Gray Construction, Aason Eng. And Todd Architects. Installed steel wall liner on existing north warehouse wall, Currently working on electrical, fire protection, overhead doors,

painting and plumbing on the inside, 82% complete and we are on schedule to be complete by January 31<sup>st</sup>. Working on 2017 budget. Upcoming Projects: Preparing for physical inventory. Customer Service, Projects Completed this Month: 14,012 payments collected for a total of \$4,604,103 total of 53,197 services billed for a total of \$3,520,308. Human Resources/Risk Management, Continue to evaluate the South Dakota Public Assurance Alliance annual insurance renewal, Plan to meet with the City in December to review/discuss premium allocation, Received the Gold Loss Control/Safety Achievement Award from Safety Benefits at the Annual Safety Benefits Safety & Loss Control Awards Banquet, Reviewing health insurance renewal, 17% rate increase, Received quotes from Sanford and Avera Health plans - quotes are similar to current options, adding third plan option with lower premium but higher deductible/out-of-pocket, Prepared payroll and property insurance information for 2017 budget, Employees participated in PACH for local school district. 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 \$1,031,662 over budget compared to the budget for the nine months ending September 30<sup>th</sup>, 2016. Total Capital Additions are \$1,228,468 under budget for the nine months ending September 30<sup>th</sup>, 2016.

#### **ITEM 6849**

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 October 31<sup>st</sup>, 2016 Plus ACH Payroll Payments \$471,400.29.

<b>Name</b>	<b>Payable Description</b>	<b>Payment Amount</b>
November 1st, 2016		
AASON ENGINEERING CO INC	WAREHOUSE ADDITION	\$2,045.50
ADVANCED CONTROL SYSTEMS INC.	SUBSTATION CONTROLLER	\$19,154.55
ADVANCED ENGINEERING & ENVIRON. SERV.	WATER RATE STUDY	\$14,001.72
AFLAC	CANCER PT	\$2,134.88
AMERICAN ENGINEERING TESTING INC	TESTING	\$785.00
A-OX WELDING SUPPLY INC	CYLINDER RENTAL	\$18.66
APGA	SUBSCRIPTION	\$995.00
AQUA-PURE INC	SUPPLIES	\$7,125.00
BENDIX IMAGING INC	SUPPLIES	\$69.99
BENET PLACE	ENERGY INCENTIVE REBATE	\$1,731.00
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$12,739.80
BORNS GROUP	POSTAGE & MAILING	\$7,763.53
BRIAN'S GLASS & DOOR INC	SERVICE	\$50.00
BROWN, GINA L	REIMBURSEMENT EXPENSES	\$25.00
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$83.95
BURNS, JERRY	REIMBURSEMENT EXPENSES	\$151.16
CASHWAY LUMBER INC	SUPPLIES	\$250.40
CENTURY LINK	CELL PHONE SERVICE	\$310.72
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$1,205.12
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$1,572.83
CHILD SUPPORT PAYMENT CENTER	Child Support - Case # 322244010A	\$1,931.00
CLARK RURAL WATER SYSTEM INC.	SERVICE	\$64,158.08

CODINGTON COUNTY REGISTER OF DEEDS	EASEMENTS, COPIES	\$36.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$3,761.32
COMPASS MINERALS	SUPPLIES	\$4,818.40
CONNECTING POINT	SUPPLIES	\$367.95
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$392.93
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$280.52
CRESTONE BUILDERS INC	EXCISE TAX	\$48.18
DAKOTA AUTOMATION	ENERGY INCENTIVE REBATE	\$5,040.00
DAKOTA DATA SHRED	SHREDDING SERVICE	\$63.25
DE NORA WATER TECHNOLOGIES	SUPPLIES	\$55.79
DGR ENGINEERING	RECOATING S LAKE/19TH ST TANKS	\$40,536.35
DITCH WITCH OF SOUTH DAKOTA, INC	SUPPLIES	\$906.84
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$4,832.59
DUININCK INC	GRAVEL, ROCK, DIRT	\$9,247.84
EFRAMSON ELECTRIC INC	SINGLE PHASE PRIMARY	\$144,271.50
EMERSON PROCESS MGMT. REG. TECH. INC	SUPPLIES	\$6,499.19
ENDERSON, MARSHA	REIMBURSEMENT EXPENSE	\$60.93
ENERGY ECONOMICS INC	METER REPAIR	\$493.53
ETHANOL PRODUCTS LLC	SUPPLIES	\$1,685.13
F J MC LAUGHLIN CO.	GRAVEL, DIRT, ROCK	\$176.33
FARNAMS GENUINE PARTS	SUPPLIES	\$939.79
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$453.00
FASTENAL COMPANY	SUPPLIES	\$932.79
G & R CONTROLS INC.	PREVENTATIVE MAINT. SERVICE AGR.	\$3,050.01
GAS PRODUCTS SALES, INC	METERS	\$3,004.11
GCR TIRE CENTER	SUPPLIES	\$1,266.11
GRAY CONSTRUCTION CO INC	WAREHOUSE ADDITION	\$180,656.10
GREAT WESTERN BANK	TASC MED	\$6,614.42
GROEBNER	SUPPLIES	\$1,707.18
HAIDER, MARK	REIMBURSEMENT EXPENSES	\$1,003.58
HAWKINS, INC.	SUPPLIES	\$5,139.87
HENRY'S WATERWORKS INC	SUPPLIES	\$2,585.50
IBEW LOCAL 426	UNION DUES	\$3,160.00
IDEAL ENERGY, LLC	ENERGY INCENTIVE REBATE	\$8,910.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$145.91
I-STATE TRUCK CENTER	2017 DUMP TRUCK	\$98,492.57
J H LARSON COMPANY	SUPPLIES	\$2,571.15
JURGENS PRINTING & COPY CENTER INC	SUPPLIES	\$349.00
KARST, ADAM	REIMBURSEMENT EXPENSES	\$1,196.75
KOONS GAS MEASUREMENT	SUPPLIES	\$4,218.06
KRAEMER, DAN	REIMBURSEMENT EXPENSES	\$54.63
KUNKEL, DEANNA	REIMBURSEMENT EXPENSES	\$112.54
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$381.04
LOCATORS & SUPPLIES INC	SUPPLIES	\$1,229.20
LUKONEN'S TOOL SERVICE INC	SUPPLIES	\$289.35
LYLE SIGNS INC	SUPPLIES	\$430.70
M & T FIRE & SAFETY INC	SUPPLIES	\$38.00
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$34.05
MAC'S INC	SUPPLIES	\$304.50
MARCO INC	COPIER PRINTS	\$285.16
MC KEEVER INC	SUPPLIES	\$415.25
MEL DAHLE TIRE CO	SUPPLIES	\$32.00
MENARDS INC	SUPPLIES	\$716.42
MET LIFE	LIFE INSURANCE	\$1,226.91
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MID-WEST ELECTRIC CONSUMERS ASSN	2016 ANNUAL MEETING REGISTRATION	\$350.00
MILBANK WINWATER WORKS	SUPPLIES	\$725.54
MILLERBERND MFG CO	SUPPLIES	\$6,005.00
MINNESOTA MUNICIPAL UTILITIES ASSN	2016 4TH QTR SAFETY PROGRAM	\$7,125.00
MISSOURI RIVER ENERGY SERVICES	SPP FILING FEES	\$23,562.33

MISSOURI RIVER ENERGY SERVICES	REGISTRATION	\$50.00
MISSOURI RIVER ENERGY SERVICES	ENERGY INCENTIVE REBATE PROGRAM	\$301.00
MITCHELL, ANGIE	REIMBURSEMENT EXPENSES	\$38.25
MUELLER CO	SUPPLIES	\$5,209.48
MUNICIPAL UTILITIES - PC	PETTY CASH	\$288.41
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$4,681.09
MUNICIPAL UTILITIES-TERM LIFE PAY	TERM LIFE	\$1,180.80
NORTHWEST LINEMAN COLLEGE	TRAINING	\$560.00
NORTHWESTERN ENERGY	SERV. RIGHTS PAYABLE 6/23/16-9/23/16	\$2,786.01
OFFICE PEEPS	SUPPLIES	\$767.56
PEDERSON, MIKE	REIMBURSEMENT EXPENSES	\$399.60
PETE LIEN & SONS	BULK LIME	\$12,842.65
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$142.37
PRECISION TOOL INC.	ENERGY INCENTIVE REBATE	\$1,200.00
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$877.05
PRINT 'EM NOW INC	SUPPLIES	\$151.00
REDLIN ART CENTER	ENERGY INCENTIVE REBATE	\$13,140.00
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$39.14
REEDE CONSTRUCTION INC.	HWY 81 MAIN REPLACEMENT	\$17,037.59
RESCO	SUPPLIES	\$9,424.40
RONKE, SHANE	REIMBURSEMENT EXPENSES	\$27.07
ROTH, KEENAN M	REIMBURSEMENT EXPENSES	\$215.40
RUNNING'S SUPPLY INC	SUPPLIES	\$1,166.90
S & P GLOBAL PLATTS	SUBSCRIPTION	\$5,360.00
SANFORD HEALTH OCCUP. MEDICINE CLINIC	SCREENS	\$132.00
SD ONE CALL	LOCATES	\$484.05
SERVICEMASTER	JANITORIAL SERVICE	\$3,600.00
SIGN PRO	SUPPLIES	\$60.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$4,788.43
STAN HOUSTON EQUIP CO	SUPPLIES	\$375.00
STAR LAUNDRY INC	SUPPLIES	\$328.12
STONE OIL COMPANY INC.	ENERGY INCENTIVE REBATE	\$4,013.47
STUART C IRBY CO	SUPPLIES	\$2,451.00
STURDEVANTS AUTO PARTS	SUPPLIES	\$428.55
SUTTON, LEE	REIMBURSEMENT EXPENSES	\$689.42
TAC SERVICES LLC	LAWN SERVICE	\$1,705.00
TECH PRODUCTS INC	SUPPLIES	\$168.49
TEREX SERVICES	SUPPLIES	\$483.98
TODD ARCHITECTS LTD	WAREHOUSE ADDITION	\$9,476.60
TOOL TIME RENTAL	RENTAL	\$250.00
UPS	SHIPPING	\$357.28
US DEPT OF ENERGY WAPA	ANNUAL MAINTENANCE	\$3,000.00
USA BLUE BOOK	SUPPLIES	\$128.26
UTILITY SERVICE CO., INC	MAINTENANCE	\$29,117.00
VISION SERVICE PLAN (VSP) (CA)	VISION INSURANCE	\$435.29
WALMART COMMUNITY	SUPPLIES	\$46.02
WATERTOWN CO-OP ELEVATOR ASSN	SUPPLIES	\$154.10
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$200.53
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$463.65
WATERTOWN UNITED WAY	United Way	\$383.50
WATERTOWN WHOLESALE	SUPPLIES	\$487.42
WELD IT ALL	SUPPLIES	\$716.66
WESCO DISTRIBUTION INC	SUPPLIES	\$3,438.40
WILLIAM NEALE & CO., PC	2015 AUDIT	\$8,887.00
WILSON BOHANNAN COMPANY	SUPPLIES	\$1,070.93
	TOTAL	<b><u>\$896,591.90</u></b>

Total October 2016 896,591.90; Transfer to City's General Fund 99,865,Qtrly First Nat'l Bank - SF 413,660.20, Muni Utilities Electric Water Gas 64,968.02; Northern Natural Gas 2,273.20; Missouri River Energy Services Power 1,483,798.79; BP Canada Energy Marketing Natural Gas 73,466.30; Dept. of Revenue Sales/Excise Tax 150,255.22; CPEP Natural Gas 9,772.65, City Finance Office Garbage Sewer 431,255.80.

**ITEM 6850**

Pursuant to SDCL 1-25-2(3) Luken moved with second by Padgett to move to Executive Session for discussion of contractual matters and pending litigation. The Board does expect to take action when they reconvene to regular session. Motion carried.

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

Motion by Padgett with second by Luken 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 31<sup>st</sup>, day of October, 2016

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

\_\_\_\_\_

Lisa Pahl  
Executive Secretary  
Municipal Utilities Board

Dave Strait  
Board President  
Municipal Utilities Department