

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, November 28th, 2016

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, November 28th, 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. Press Dan Crisler, Public Opinion Newspaper, Don Egert KXLG radio.

ITEM 6855

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

ITEM 6856

Motion by Luken with second by Padgett to approve Minutes of regular meeting on October 31st, 2016 and Special Session November 21st, 2016. Motion carried.

ITEM 6857

Karst presented information on rates as outlined and presented at the Special Session Board Meeting, overall change on Electric Rates will increase by 3% due to the 6% increase from Missouri River Energy Services and an 11% decrease from Western Area Power. Gas rates will decrease for residential and commercial by 8.5%. Water Rates will increase by 4%. With these changes the Utilities will still stay in the bottom third in our region for utility costs. All changes are effective with the January 2017 readings to be billed February 1, 2017. Motion by Holley with second by Luken to approve utility rates for 2017. Motion carried unanimously upon roll call vote.

ITEM 6858

Motion by Padgett with second by Solum to approve the proposed budget for 2017 including operating budget and capital budget and also the proposed projects for Electric, Water and Gas Departments that were discussed at the November Special Session Board Meeting. Motion carried unanimously upon roll call vote.

**WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
2017 BUDGET - COMBINED STATEMENT OF REVENUES AND EXPENSES
11/28/2016**

**BUDGET
2017**

OPERATING REVENUES:	
ELECTRIC SALES	30,538,010
WATER SALES	5,664,162
GAS SALES	8,588,685
TOTAL OPERATING REVENUES	44,790,857
OPERATING EXPENSES:	
PURCHASED ELECTRICITY	20,597,536
PURCHASED GAS	4,696,056
OTHER PROD EXPENSES	1,618,520
TRANS & DIST EXPENSES	7,594,554
COMML & GEN EXPENSES	2,547,438
DEPRECIATION & AMORT EXP	3,296,148
TOTAL OPERATING EXPENSES	40,350,252
NET OPERATING INCOME(LOSS)	4,440,605
OTHER INCOME OR EXPENSES	
INTEREST EXPENSE	-484,900
OTHER INCOME OR EXPENSE	614,760
TOTAL OTHER REVENUES	129,860
INCOME (LOSS) BEFORE TRANSFERS	4,570,465
Transfer to City of Watertown	-1,222,368
Income (Loss) After Transfer to City of Watertown	3,348,097

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
2017 BUDGET - COMBINED CAPITAL BUDGET AND APPLICATION OF CASH
11/28/2016

	BUDGET
	2017
CASH APPLICATION:	
TOTAL CAPITAL ADDITIONS	3,738,554
WATER TREATMENT PLANT PRINCIPAL LOAN PAYMENTS	1,160,313
TOTAL APPLICATION OF CASH	4,898,867

ITEM 6859

Motion by Luken second by Holley to approve the renewal of the Group Health Insurance Plan with Authorization for the General Manager to sign. A third plan was added that kept the premiums down but with higher deductibles. Motion carried.

ITEM 6860

Motion by Luken with second by Padgett to Declare as Surplus 2 Chlorine Tanks and Piping on side 3 of the Water Plant. Motion carried.

ITEM 6861

Motion by Holley with second by Luken to approve Communication Tower Leases with Brookings Municipal Utilities for the Mellette Tower, South Lake Tower and the Larson Tower. Motion carried.

ITEM 6862

OPEN: Lehner presented an invite to the Board to attend the APPA Legislative Rally March 7-9, 2016 in Washington DC. Also, an invite from MRES to tour the Gettysburg Battlefield, Military Park Museum and the Visitor Center. This would coincide with the rally trip.

Lehner presented the Bill Stuffer Holiday Solid Waste Collection Reminder.

ITEM 6863

Board set date of Tuesday, December 27th, 2016 at Noon for December Board Meeting due to the Holiday.

ITEM 6864

Chambers presented the Report on Operations and Projects: Electric Department, Projects Completed This Month: Re-energized 115 KV Transmission line after the line was relocated for GLE rail loop, Installed Christmas banners on Hwy 212, Installed Christmas decorations on Uptown intersections. Projects Starting Next Month: Take West Substation off line for maintenance of the transformer. Gas Department, Projects Completed this Month: Installed 23 new gas services. Summary of the 2016 Gas Construction Season: All gas services that were submitted have been completed, A total of 86 new services were installed, The total footage of new service lines added was 14,674 feet, A total of 55 gas services were relocated with a footage of 2,733 feet and a new gas mains installed for total of 6,402 feet. Water Department, Projects Completed this Month: 4 main shut downs, 4 new taps, 5 replacement tap, 1 hydrant maintenance, Laying up the MIEX system for the winter has been completed. Projects in Progress: Checking all of the hydrants in the system before winter. Engineering Tech Department, Projects Completed this Month: 212 One-Call locates Nov. 1st - 21st, 550 One-Call locates total October 2016, 3 emergency locates (3 private contractors and 0 WMU). Next Month: 35 One-Call locates in November, Begin 2017 Utility Project Plans, Begin Updating Utility Maps.

ITEM 6865

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

Warehouse Addition Update: Warehouse is 94% complete, Working on the 2017 budget, Preparing for our year end physical inventory. Customer Service, Projects Completed this Month: 14,030 payments collected for a total of \$3,966,396 total of 53,088 services billed for a total of \$3,560,194. Human Resources/Risk Management, Prepared and presented information on new health insurance plan options for 2017 a third plan option with lower premium but higher deductible was offered, Preparing open enrollment for 2017. 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 \$1,180,186 over budget compared to the budget for the ten months ending October 31st, 2016. Total Capital Additions are \$1,117,516 under budget for the ten months ending October 31st, 2016.

ITEM 6866

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 31st, 2016 Plus ACH Payroll Payments \$457,729.49. Info: A. Schultz effective 10/27/2016 21.65/hr., M. Andrews effective 11/7/2016 31.06/hr., T. Pahl effective 11/18/2016 26.42/hr.

Name	Payable Description	Payment Amount
December 1, 2016		
AASON ENGINEERING CO INC	WAREHOUSE ADDITION	\$301.00
ACTIVE HEATING INC	SERVICE	\$9,150.02
ADVANCED CONTROL SYSTEMS INC.	CONFIGURE SUBSTATION	\$10,000.00
ADVANCED ENGINEERING & ENV. SERV.	FIELD TESTING & MODEL CALIBRATION	\$4,621.25
AFLAC	CANCER PT	\$2,134.88
AMERICAN WATER WORKS ASSN	2017 MEMBERSHIP DUES	\$1,879.00
ANDOR INC	ENERGY INCENTIVE REBATE	\$600.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$727.80
AP & SONS CONSTRUCTION INC	SERVICE TO 19TH STREET MAIN	\$2,662.20
APGA	2017 MEMBERSHIP DUES	\$8,054.40
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$254.88
BENDIX IMAGING INC	SUPPLIES	\$337.96
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$30,485.37
BORNS GROUP	POSTAGE & MAILING	\$8,286.30
BURCHATZ CONSTRUCTION CO. INC	CONCRETE WORK	\$13,347.38
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$74.34
BURNS, JERRY	REIMBURSEMENT EXPENSES	\$116.68
CARRICO LAW PROF. LLC	LEGAL FEES	\$728.50
CARTNEY BEARING & SUPPLY	SUPPLIES	\$108.57
CENTURY LINK	CELL PHONE SERVICE	\$295.08
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$276.74
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$2,011.13
CHILD SUPPORT PAYMENT CENTER	Child Support - Case # 322244010A	\$1,931.00
CODINGTON COUNTY REGISTER OF DEEDS	COPIES, EASEMENT	\$36.00
CODINGTON-CLARK ELECTRIC COOP. INC	WELLFIELD ELECTRIC SERVICE	\$5,014.56
CONSULTING ENGINEERS GROUP INC	SERVICE	\$2,732.57
CREDIT COLLECTIONS BUREAU	COLLECTIONS CSF #25244 & CSF #25245	\$446.99
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$742.45

DAKOTA DATA SHRED	SHREDDING SERVICE	\$63.25
DAKOTA RIGGERS & TOOL	SUPPLIES	\$152.31
DEPARTMENT OF REVENUE	WATER SAMPLES	\$502.00
DIAMOND VOGEL PAINT CENTER	SUPPLIES	\$45.31
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$6,871.66
DUININCK INC	GRAVEL, ROCK	\$13,534.49
EACHEN INC	SERVICE	\$1,161.30
ELEMENT MATERIALS TECHNOLOGY	PIPE WELD QUALIFICATION	\$450.00
ENDERSON, MARSHA	REIMBURSEMENT EXPENSES	\$72.93
ENERGY ECONOMICS INC	METER REPAIR	\$517.50
ENERGY LABORATORIES INC	WATER TESTING	\$520.00
ENGELSTAD ELECTRIC COMPANY	SERVICE	\$61.22
FARNAMS GENUINE PARTS	SUPPLIES	\$880.63
FASTENAL COMPANY	SUPPLIES	\$632.88
GCR TIRE CENTER	SUPPLIES	\$2,140.22
GRAINGER	SUPPLIES	\$5,590.45
GREAT WESTERN BANK	TASC MED	\$6,614.42
GROEBNER	SUPPLIES	\$923.66
HACH COMPANY	SUPPLIES	\$6,733.84
HAWKINS, INC.	SUPPLIES	\$3,051.44
IBEW LOCAL 426	UNION DUES	\$3,160.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$111.92
IXOM	MIEX RESIN	\$107,102.25
J & J EARTHWORKS	HYDRANT REPLACEMENT	\$35,780.00
J H LARSON COMPANY	SUPPLIES	\$4,745.53
KRAEMER, DAN	REIMBURSEMENT EXPENSES	\$260.17
KUNKEL, DEANNA	REIMBURSEMENT EXPENSES	\$64.54
LARSON DATA COMMUNICATIONS	SERVICE	\$2,498.83
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$399.86
LOCATORS & SUPPLIES INC	SUPPLIES	\$455.76
LUKONEN'S TOOL SERVICE INC	SUPPLIES	\$246.25
LYLE SIGNS INC	SUPPLIES	\$297.50
M & T FIRE & SAFETY INC	SUPPLIES	\$115.50
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$68.61
MAC'S INC	SUPPLIES	\$78.89
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$26.91
MARCO INC	COPIER PRINTS	\$315.47
MC KEEVER INC	SUPPLIES	\$232.65
MC LAUGHLIN, MARK	REIMBURSEMENT EXPENSES	\$38.89
MENARDS INC	SUPPLIES	\$1,013.64
MENNENGA, SHEILA	REIMBURSEMENT EXPENSES	\$137.52
MERCURY INSTRUMENTS LLC	SUPPLIES	\$200.59
MET LIFE	LIFE INSURANCE	\$1,230.93
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MILBANK COMMUNICATIONS INC	SUPPLIES	\$272.18
MILBANK WINWATER WORKS	SUPPLIES	\$1,052.40
MINNESOTA MUNICIPAL UTILITIES ASSN	REGISTRATIONS	\$736.00
MITCHELL, ANGIE	REIMBURSEMENT EXPENSES	\$25.00
MOTION INDUSTRIES	SUPPLIES	\$226.33
MUELLER CO	SUPPLIES	\$247.57
MUNICIPAL UTILITIES - PC	PETTY CASH	\$318.83
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #11677-4	\$267.73
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$4,976.48
NELSON TECHNOLOGIES INC	SUPPLIES	\$7,449.09
NESD SHRM	REGISTRATIONS	\$80.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$2,622.42
OFFICE PEEPS	SUPPLIES	\$604.58
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$63.18
PETE LIEN & SONS	BULK LIME	\$18,249.70
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$138.55

PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$877.05
PRINT 'EM NOW INC	SUPPLIES	\$409.50
PRO LINE INC	PRESSURE WASHER	\$5,872.00
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$239.20
RESCO	SUPPLIES	\$11,142.35
RONKE, SHANE	REIMBURSEMENT EXPENSES	\$26.20
RON'S SAW SALES	SUPPLIES	\$208.92
ROTH, KEENAN M	REIMBURSEMENT EXPENSES	\$86.75
RUNNING'S SUPPLY INC	SUPPLIES	\$163.68
SAFETY BENEFITS INC	REGISTRATION	\$130.00
SCHAEFFER MFG CO	SUPPLIES	\$1,112.80
SCHAFER, TRENT	REIMBURSEMENT EXPENSES	\$2,000.00
SD ELECTRICAL COUNCIL	2017 MEMBERSHIP DUES	\$40.00
SD ONE CALL	LOCATES	\$603.75
SD PUBLIC ASSURANCE ALLIANCE	INSURANCE PREMIUM	\$736.22
SERVICEMASTER	JANITORIAL SERVICE	\$3,600.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$4,773.14
STAN HOUSTON EQUIP CO	SUPPLIES	\$91.75
STAR LAUNDRY INC	SUPPLIES	\$365.13
STUART C IRBY CO	SUPPLIES	\$530.28
STURDEVANTS AUTO PARTS	SUPPLIES	\$551.96
SUCCESS SIGNS LLC	SIGN RENTAL	\$220.00
TAC SERVICES LLC	LAWN SERVICE	\$1,330.00
TITAN MACHINERY- WTN	SUPPLIES	\$967.81
TOOL TIME RENTAL	RENTAL	\$218.00
TYLER BUSINESS FORMS	SUPPLIES	\$173.55
UPPER BIG SIOUX RIVER WATERSHED	2016 PLEDGE	\$50,000.00
UPS	SHIPPING	\$584.14
USA BLUE BOOK	SUPPLIES	\$490.30
UTILITY SERVICE CO., INC	WATER TOWER MAINTENANCE	\$35,562.00
VISION SERVICE PLAN (VSP) (CA)	VISION INSURANCE	\$435.29
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$301.50
WATERTOWN UNITED WAY	United Way	\$383.50
WATERTOWN WHOLESALE	SUPPLIES	\$174.25
WEISMANTEL RENT-ALL	RENTAL	\$255.00
WESCO DISTRIBUTION INC	SUPPLIES	\$4,027.05
WILTECH INC	SERVICE	\$4,617.35
	TOTAL	<u>\$495,884.23</u>

Total October 2016 495,884.23; Transfer to City's General Fund 99,865, Muni Utilities Electric Water Gas 39,715.88; Northern Natural Gas 2,273.20; Missouri River Energy Services Power 1,509,363.66; BP Canada Energy Marketing Natural Gas 317,632.73; Dept. of Revenue Sales/Excise Tax 155,035.70; CPEP Natural Gas 24,048.25, City Finance Office Garbage Sewer 386,096.40.

ITEM 6867

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 not 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 Luken with second by Padgett 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 November, 2016

ATTEST: _____

Lisa Pahl
Executive Secretary
Municipal Utilities Board

Dave Strait
Board President
Municipal Utilities Department