

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, January 30, 2023

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, January 30, 2023, at 12:00 p.m. with President Lisa Carrico presiding.

Board members present: Lisa Carrico, Chris Carter, Mike Luken and Rich Thomas. Board Member Dan Brenden Absent. Board Liaison, member of City Council, Mike Danforth. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Wayne Lovelis, Brian Benson, Mark Meier, Kevin Krutter, Dan LeVasseur, Sheila Mennenga, Gina Brown, Lisa Pahl and Attorney Vince Foley. Media Jen Pendley, KXLG Radio.

ITEM 7812

Motion by Luken with second by Carter to approve the agenda. Motion carried.

ITEM 7813

Motion by Carter with second by Thomas to approve the consent agenda, which gives the General Manager authorization to sign annual contracts. Motion carried.

- a) First District Association of Local Governments
- b) Lawn Care Services
- c) Monitor Contract for Fire Alarm System
- d) Fire Protection System Inspection
- e) Authorization for Staff to Open Bids
- f) SCADA Maintenance Agreement
- g) MMUA Safety Management Program
- h) Change Orders up to \$5,000 for Construction Projects and Equipment during 2023
- i) Water Main Installation Agreements by Developer
- j) Private Water Main Agreements
- k) Midcontinent Communications Agreement
- l) Northstar Cognos Reporting

ITEM 7814

Motion by Luken with second by Thomas to approve minutes of Regular Board Meeting on December 27th, 2022. Motion carried.

ITEM 7815

Public Comment - None

ITEM 7816

Motion by Thomas with second by Luken to approve Strategic Plan. Motion carried.

ITEM 7817

Motion by Luken with second by Carter to reject Residential Street Light Post bid from December's Board Minutes due to inaccuracy in bid from vendor. Motion carried.

ITEM 7818

Motion by Thomas with second by Carter to accept bid for Residential Street Light Post from Border States Electric, Sioux Falls, SD for the amount of \$32,697.00 contingent that they can meet original specs and it is in writing. Motion carried.

ITEM 7819

Motion by Carter with second by Luken to approve Resolution Recommending Declaration of official Intent of Reimburse. Motion carried unanimously upon roll call vote.

**RESOLUTION NO. 7819
RESOLUTION RECOMMENDING DECLARATION OF
OFFICIAL INTENT TO REIMBURSE
(Municipal Utilities Board)**

The City of Watertown Municipal Utilities Board (the "Board") of the City of Watertown recommends to the City Council (the "City Council") of the City of Watertown, South Dakota (the "City") as follows:

WHEREAS, the Board has determined that it is necessary to make certain modifications and improvements to the City's drinking water system (the "Water System") including those improvements described on Exhibit A hereto, and engage engineering and other consultants as necessary to develop specifications for such improvements and to analyze the feasibility thereof (the "Projects"),

NOW, THEREFORE, it is hereby:

RESOLVED, that it be recommended to the City Council to incur indebtedness and issue and sell the City's Drinking Water Surcharge Revenue Bond in the principal amount of \$4,857,300 (the "Well Field Bond") and Drinking Water Surcharge Revenue Bond in the principal amount of \$3,403,610 (the "Cast Iron Main Replacement Bond" and together with the Well Field Bond, the "Bonds"), the proceeds of which are to be used to pay for the costs of the Projects, and pay for all costs in connection with the issuance of the Bonds on a tax-exempt basis to finance costs of the Projects; and

FURTHER RESOLVED, that the reasonably expected source of funds to pay debt service on the tax-exempt bonds to be issued by the City for the aforementioned purposes consists of revenues from surcharges adopted pursuant to SDCL 9-40-15 to repay the principal of and interest on the Bonds; and

FURTHER RESOLVED, that the expenditures to be reimbursed include, but are not limited to, expenditures for equipment, construction, preliminary expenditures for planning, design, legal and consulting services and include staff costs reasonably allocable thereto; and

FURTHER RESOLVED, that it be recommended that the City Council adopt an official declaration of intent to reimburse pursuant to Treasury Reg. § 1.150-2 in the form of Exhibit B attached hereto; and

FURTHER RESOLVED, that Board staff be directed to transmit the Board's action and supporting documents to the City Council of the City of Watertown

EXHIBIT A

Project Description

Well Field Bond Project (DW-03; Estimated Bond Amount: \$4,857,300)

The development of a new well field to improve the quality of the City's treated water supply (Estimated Cost: \$6,939,000)

Cast Iron Replacement Bond Project (DW-04; Estimated Bond Amount: \$3,403,610)

The replacement of outdated cast iron water mains (Estimated Cost: \$4,862,300)

EXHIBIT B

[Form of] Reimbursement Resolution

RESOLUTION NO. _____

DECLARATION OF OFFICIAL INTENT TO REIMBURSE

A RESOLUTION BY THE CITY COUNCIL OF CITY OF WATERTOWN, SOUTH DAKOTA DECLARING ITS OFFICIAL INTENT TO REIMBURSE CERTAIN EXPENDITURES MADE BY THE CITY THROUGH THE ISSUANCE OF ITS DRINKING WATER SURCHARGE REVENUE BONDS

WHEREAS, the City Council of City of Watertown, South Dakota, (the "City") has determined that it is necessary to proceed with certain modifications and improvements to the City's drinking water system (the "Water System") including those improvements described on Exhibit A hereto, and engage engineering and other consultants as necessary to develop specifications for such improvements and to analyze the feasibility thereof (the "Projects"); and

WHEREAS, the City Council intends to impose drinking water surcharges on the users of the City's drinking water system, and to incur indebtedness and issue and sell the City's Drinking Water Surcharge Revenue Bond in the principal amount of \$4,857,300 (the "Well Field Bond") and Drinking Water Surcharge Revenue Bond in the principal amount of \$3,403,610 (the "Cast Iron Main Replacement Bond" and together with the Well Field Bond, the "Bonds") for the purpose of paying the costs of the Projects which are estimated to be \$11,801,300, (as shown on Exhibit A), and to pay all costs incurred in connection with the issuance of such Bonds; and

WHEREAS, the City desires to declare its official intent to reimburse itself for any costs of the Projects paid by the City prior to the issuance of the Bonds,

NOW, THEREFORE, BE IT RESOLVED that the City makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

1. As of the date hereof, the City reasonably expects to reimburse itself for the expenditures described in paragraph 2 below with proceeds of the Bonds.

2. The expenditures are for the costs of acquiring and constructing the Projects which were paid subsequent to sixty (60) days prior to the date hereof or which will be paid prior to the issuance of the Bonds from funds of the City.

3. The maximum principal amount of obligations expected to be issued for the Projects, including issuance costs, is \$8,260,910.

4. A reimbursement allocation of the expenditures described in Paragraph 2 above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Projects is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the City's use of the proceeds of the obligations to be issued for the Projects to reimburse the City for a capital expenditure made pursuant to this resolution.

5. The expenditures described in Paragraph 2 above are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Treas. Reg. §1.150-2(c)) under general Federal income tax principles as determined at the time the expenditure is paid.

6. All action of the Board, the City Council and/or any officers, agents and employees of the Board and the City consistent with the purposes and intent of this resolution, whether taken before or after the adoption hereof, are ratified, confirmed and adopted.

7. This Declaration of Official Intent to Reimburse shall be on file at the finance office located at 23 2nd Street, Watertown, SD 57201, and will be available for inspection by the public during its regular business hours from 7:00 a.m. to 5:00 p.m. Monday through Thursday, and 8:00 a.m. to 12:00 noon on Friday, all in accordance with the requirements of South Dakota law and the Treasury Regulations promulgated by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended. Such inspection may be made on any business day until the date of issuance of the Bonds.

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ITEM 7820

Karst presented the 2022 Fixed Asset Report & Solid Waste Disposal Report according to Policy Section #49. This report included removal of 12 poles, removal of 17,487 feet of overhead wire, abandoned 10,350 feet of underground wire, retired 5,119 KVA of line transformers, retired 164 electric meters, removed 71 streetlights, removed 1 uptown substation switchgear, removed 1 software maintenance - DLT Solutions. Retired 154 water meters, abandoned 6,785 feet of water main, retired 22 service connections, removed/replaced 13 hydrants, removed 1 software maintenance - DLT Solutions. Abandoned 2,571 feet of gas services, retired 83 gas meters, abandoned 5,688 feet of gas mains, removed 1 software maintenance - DLT Solutions, traded 1 2012 Ford Econoline Van, traded 1 2011 Ford E150 Econoline Van.

ITEM 7821

Motion by Carter with second by Thomas to approve proposal with CEG Engineering Services for installation of 115 Kv switch at Uptown Substation. Motion carried.

ITEM 7822

This being the time and place set for consideration of bids, the following were presented. Bids for Trucks, Installation of URD Primary and Secondary, Electric Service Install, Trencher, and Installation of Gas Mains. These bids were opened Thursday, January 26, 2023, at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

2- ½ TON CREW CAB TRUCKS: One bid was received and upon review and recommendation by Magstadt, motion by Thomas with second by Luken to reject bid for not meeting specs. Motion carried.

INSTALLATION OF URD PRIMARY AND SECONDARY: Two Bids were received and upon review and recommendation by Magstadt, motion by Carter with second by Luken to award bid to low valid bidder Engelstad Electric, Watertown, SD for a total of \$598,652.20. Motion carried.

INSTALLATION OF SERVICE WIRES: Two bids were received and upon review and recommendation by Magstadt, motion by Luken with second by Carter to award bid to low valid bidder Dakota Directional, Redfield, SD for a total of \$62,550.00. Motion carried.

TRENCHER: One bid was received and upon review and recommendation by Magstadt, motion by Luken with second by Thomas to award bid to low valid bidder, to Vermeer, Sioux Falls, SD for a total of \$223,118.61. Motion carried.

INSTALLATION OF GAS MAINS: Four bids were received and upon review and recommendation by Magstadt, motion by Luken with second by Carter to award

bid to low valid bidder NPL Construction, Lakeville, MN for a total of \$221,457.26. Motion carried.

ITEM 7823

Open: Lehner extended an invitation to the Board to the AWWA Conference in Toronto, CA, APPA Conference in Seattle, WA, and APGA Conference in Scottsdale, AZ.

ITEM 7824

Magstadt presented the Report on Operations and Projects. Electric, explained the WAPA bumps people had been experiencing from frost falling off the lines. Gas Department: Public Service Announcements have been airing on the radio stations in regard to digging out meters, vents and fire hydrants. Water Department, 2 water main breaks over the holiday. Engineering Tech: Working on plans and updating maps. Magstadt then went on to give an overview of each department's annual stats.

ITEM 7825

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects in Progress: Working on the bid for a new roof on the operation building, Purchasing of inventory items for 2023 construction season (long lead times). Customer Service, Projects Completed this Month: 14,043 Payments collected for a total of \$4,831,338 and 55,756 services billed for a total of \$5,680,620. Major Projects in Progress: Switched Credit Card Payment providers on 1/25/2023 from PSN to Paymentus. Human Resources/Risk Management: Promotion: Logan Redlin, Water Plant Operator, Class I to Apprentice Water Distribution & Maintenance, Step 2, New Employee Wyatt Berner, Water Plant Operator, effective 1/30/2023 - Wyatt was previously an intern for 3 summers at the Water Plant, Employees took part in the PACH (People Against Child Hunger), by packing over 500 lunch sacks for kids in the local school communities. Information Systems preparing for WTP Scada Upgrade, Cybersecurity by working on items from the assessment and investigating vulnerability notifications. Normal monthly IT maintenance and troubleshooting along with Website Stats and top 10 webpages visited.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$1,685,403 above budget for the twelve months ending December 31, 2022. Total Capital Additions are \$344,540 above budget for the twelve months ending December 31, 2022.

ITEM 7826

Motion made by Carter with second by Luken to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for January

2023 Plus ACH Payroll Payments \$650,322.05. Change: L. Redlin 30.15/hr. effective 1/18/2023, M. Rue 29.32/hr. effective 1/1/2023.

Name	Payable Description	Payment Amount
February 1, 2023		
ABC EMBROIDERY	SERVICE	\$48.15
ADVANCED ENGINEERING AND ENVIRONMENTAL SERVICES, LLC	3RD AVE NW WATERMAIN REPLACEMENT	\$19,306.75
AFLAC	CANCER PT	\$1,399.75
ANDOR INC	ENERGY INCENTIVE REBATE	\$100.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$47.07
AP & SONS CONSTRUCTION INC	SERVICE - HARMONY HILL	\$255,250.00
AQUA-PURE INC	SODIUM TRIPOLYPHOSPHATE	\$3,870.00
ARAIZA, URIEL	REIMBURSEMENT EXPENSE	\$362.93
AUTO VALUE WATERTOWN	SUPPLIES	\$826.66
AUTOMATIC BUILDING CONTROLS	SERVICE	\$463.27
BATTERIES UNLIMITED INC	SUPPLIES	\$700.00
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$53,102.69
BORNS GROUP	POSTAGE & MAILING	\$9,655.54
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$101.85
CARTNEY BEARING & SUPPLY	SUPPLIES	\$41.99
CENTURY LINK	PHONE SERVICE	\$314.35
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$3,721.02
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$1,647.68
CONNECTING POINT	SOFTWARE MAINTENANCE	\$793.90
CONSULTING ENGINEERS GROUP INC	SERVICE	\$6,000.00
CORE & MAIN LP	CORPORATION STOPS AS PER BID	\$28,795.21
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$24.55
DAKOTA DATA SHRED	SHREDDING SERVICE	\$73.44
DANR	2023 ENVIRONMENTAL FEE	\$50.00
DAVENPORT, EVANS, HURWITZ & SMITH, L.L.P.	DW-05 MELLETE MAIN REPLACEMENT	\$29,649.87
DEPARTMENT OF HEALTH	WATER SAMPLES	\$1,199.00
DEVILLE, JEFF	REIMBURSEMENT EXPENSE	\$135.59
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$1,541.70
DTN, LLC	SUBSCRIPTION	\$546.00
DUININCK INC	ROCK AND CRUSHED CONCRETE	\$4,560.47
DYNAMIC ENGINEERING	ENERGY INCENTIVE REBATE	\$2,668.14
ELECTRIC MOTORS & MOORE INC	SERVICE	\$157.50
ENDERSON, MARSHA	REIMBURSEMENT EXPENSE	\$219.40
ENERGY BUSINESS NETWORK, LLC	2023 SUBSCRIPTION	\$1,200.00
ENERGY WORLDNET, INC	OQ QUALIFICATION RENEWAL	\$3,615.00
ENGELSTAD ELECTRIC COMPANY	SERVICE	\$152.45
ETHANOL PRODUCTS LLC	BULK CO2	\$1,801.08
FEDERAL EXPRESS CORP	SERVICE	\$33.22
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$146.07
FOLEY AND FOLEY LAW OFFICE, PC	DECEMBER LEGAL FEES	\$367.50
FRONTIER PRECISION INC	COMMUNICATION EQUIPMENT	\$6,255.00
GAS PRODUCTS SALES, INC	REGULATORS	\$4,762.13
GRAINGER	SUPPLIES	\$84.01
GROEBNER	METER LOOPS	\$11,424.62
HACH COMPANY	SUPPLIES	\$136.59
IBEW LOCAL 426	UNION DUES	\$3,844.00
IMEG	SERVICE	\$540.00
INDUSTRIAL SALES COMPANY, INC	SUPPLIES	\$1,625.70
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$71.50
I-STATE TRUCK CENTER	SUPPLIES	\$170.37
J & J EARTHWORKS	HWY 212 WATERMAIN REPLACEMENT	\$226,303.82
J H LARSON COMPANY	SUPPLIES	\$262.96
JOHNSON CONTROLS INC	SERVICE	\$497.11

KOONS GAS MEASUREMENT	SUPPLIES	\$2,627.12
KRUITER, KEVIN	REIMBURSEMENT EXPENSE	\$429.86
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$46.01
LINDE GAS & EQUIPMENT INC.	CYLINDER RENTAL	\$212.01
LLOYD'S HEATING INC	SERVICE	\$225.00
LOCATORS & SUPPLIES INC	SUPPLIES	\$913.86
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$574.77
MAC'S HARDWARE	SUPPLIES	\$132.95
MARCO	COPIER LEASE	\$486.36
MATHESON TRI-GAS INC	SUPPLIES	\$231.82
MCKEEVER INC	SUPPLIES	\$228.00
MENARDS INC	SUPPLIES	\$1,052.86
MESEBERG, DAVID	REIMBURSEMENT EXPENSE	\$361.73
MET LIFE	LIFE INSURANCE	\$1,486.30
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$183.39
MILLERBERND MFG CO	LIGHT POLE BASES	\$4,794.00
MINNESOTA MUNICIPAL UTILITIES ASSN	SAFETY PROGRAM	\$9,474.75
MUELLER CO	SUPPLIES	\$2,555.05
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$620.13
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$378.96
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$13,821.42
NAPA CENTRAL	SUPPLIES	\$438.66
NELSON TECHNOLOGIES INC	SUPPLIES	\$585.62
NESD SHRM	MEMBERSHIP	\$75.00
NORTHERN TRUCK EQUIP CORP	SUPPLIES	\$1,504.36
NORTHSTAR SYSTEM BUILT	ENERGY INCENTIVE REBATE	\$772.20
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$4,043.68
OFFICE PEEPS	SUPPLIES	\$508.53
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$242.77
PETE LIEN & SONS	BULK LIME	\$19,110.59
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,189.77
RC FIRST AID	SUPPLIES	\$76.00
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$63.11
RELIABANK DAKOTA	2022 ANNUAL FLEX RECONCILIATION	\$98.85
RELIABANK DAKOTA	FLEX DC	\$6,773.89
RESCO	SUPPLIES	\$3,580.85
REVOLT ELECTRICAL SERVICES INC.	SERVICE - PELICAN SUB	\$2,495.00
RODENBURG LAW FIRM	EMPLOYEE DEDUCTION	\$150.00
RON'S SAW SALES	SUPPLIES	\$3,213.42
RUNNING'S SUPPLY INC	SUPPLIES	\$264.27
SD MUNICIPAL LEAGUE	TRAINING EXPENSE	\$60.00
SD ONE CALL	LOCATES	\$31.50
SERVICEMASTER OF WATERTOWN	JANITORIAL SERVICE	\$4,120.00
SHPIGLER CONSULTING	ELECTRIC ENGINEERING STUDY	\$9,800.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$8,313.42
STAR LAUNDRY	SERVICE	\$453.61
STUART C IRBY CO	SUPPLIES	\$4,440.08
TITAN MACHINERY-SF	SERVICE	\$2,190.27
TRAV'S OUTFITTER	SAFETY CLOTHING	\$765.00
TRUGREEN	SUPPLIES	\$882.00
TYNDALE COMPANY INC	SAFETY CLOTHING	\$800.85
USA BLUEBOOK	SUPPLIES	\$844.99
WALMART	SUPPLIES	\$53.88
WARD, MARK	REIMBURSEMENT EXPENSE	\$315.71
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$712.48
WATERTOWN PUBLIC OPINION	PUBLISHINGS & ADVERTISEMENTS	\$917.67
WATERTOWN UNITED WAY	United Way	\$263.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$423.00
WESCO DISTRIBUTION INC	SUPPLIES	\$4,158.80

WW TIRE SERVICE INC	SUPPLIES	\$2,572.00
ZEP SALES AND SERVICE	SUPPLIES	\$424.41
	TOTAL	\$828,673.19

Total February 2023 \$828,673.19; Transfer to City's General Fund \$118,125.00, Muni Utilities Electric Water Gas \$50,129.50; Missouri River Energy Services Power \$2,058,809.55; BP Canada Energy Marketing Natural Gas \$312,306.40; Dept. of Revenue Sales/Excise Tax \$306,173.29; CPEP #3 Natural Gas \$326,546.25, CPEP #4 Natural Gas \$195,757.25, CPEP #5 Natural Gas \$543,053.78, Sequent Energy Mgmt. Natural Gas \$227,425.00. City Finance Office Garbage/Sewer \$530,232.75.

ITEM 7827

Pursuant to SDCL 1-25-2(6d) Luken moved with second by Thomas to move to Executive Session. The Board does not expect to take-action when they reconvene to the regular session. Motion carried.

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

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

The Watertown Municipal Utilities 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 30th, day of January 2023.

ATTEST: _____

Lisa Pahl
Board Secretary
Municipal Utilities Board

Lisa Carrico
Board President
Municipal Utilities Department