

**MINUTES OF MUNICIPAL UTILITIES BOARD MEETING**

**Monday, November 27, 2023**

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, November 27<sup>th</sup>, 2023, at 12:00 p.m. with President Chris Carter presiding.

Board members present: Chris Carter, Mike Luken, Dan Brenden, Rich Thomas and Charlie Larkin. Board Liaison, member of City Council, Mike Danforth absent. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, John Lunde, Brian Benson, Mark Meier, Kevin Krutter, Dan LeVasseur, Sheila Mennenga, Gina Brown, Lisa Pahl and Attorney Vince Foley. Media Roger Whittle, KXLG Radio and Guest City Manager Amanda Mack and City Attorney Lisa Carrico.

**ITEM 7945**

Motion by Thomas with second by Larkin to approve the agenda with changes by moving Item 16 Executive Session after approval of the agenda. Motion carried.

**ITEM 7946**

Pursuant to SDCL 1-25-2 (3) Luken moved with second by Brenden to move to Executive Session. The Board does not expect to take-action when they reconvene to the regular session. Motion carried.

President Carter declared Executive Session done and they reconvened to regular session. No action was taken. City Manager Amanda Mack and City Attorney Lisa Carrico exited the meeting.

**ITEM 7947**

Motion by Thomas with second by Larkin to approve minutes of regular Board Meeting on October 30<sup>th</sup>, 2023, and Special Session Board Meeting held November 22<sup>nd</sup>, 2023. Motion carried.

**ITEM 7948**

Public Comment - None

**ITEM 7949**

Karst presented information on rates as outlined and presented at the November 22<sup>nd</sup> Special Session Board Meeting, overall change on Residential Electric Rates will increase by 1%, Water Rates will increase by 3% and no increase in Natural Gas Rates. All changes are effective with the January

2024 readings to be billed February 1, 2024. Motion by Luken and second by Brenden. Motion carried unanimously upon roll call vote.

**ITEM 7950**

Motion by Thomas with second by Brenden to approve the 2024 budget, including operating budget and capital budget as presented at the November 22<sup>nd</sup> Special Session Board Meeting. Motion carried unanimously upon roll call vote.

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT  
 2024 BUDGET - COMBINED STATEMENT OF REVENUES AND EXPENSES  
 11/27/2023

	BUDGET 2024
OPERATING REVENUES:	
ELECTRIC SALES	32,518,730
WATER SALES	7,964,807
GAS SALES	12,633,951
TRANSMISSION REVENUE	853,752
PUBLIC FIRE PROTECTION CHARGE	335,656
REVENUE FROM WATER TAPPING FEES	161,470
OTHER INCOME	261,607
TOTAL OPERATING REVENUES	54,729,973
OPERATING EXPENSES:	
PURCHASED ELECTRICITY	19,686,518
PURCHASED GAS	6,791,277
OTHER PROD EXPENSES	2,083,397
TRANS & DIST EXPENSES	9,949,295
COMML & GEN EXPENSES	3,170,837
DEPRECIATION & AMORT EXP	3,451,130
TOTAL OPERATING EXPENSES	45,132,454
NET OPERATING INCOME(LOSS)	9,597,519
OTHER INCOME OR EXPENSES	
INTEREST EXPENSE	(80,272)
INTEREST INCOME	1,628,850
TOTAL NON-OPERATING REVENUES	1,548,578
INCOME (LOSS) BEFORE TRANSFERS	11,146,097
CAPITAL CONTRIBUTIONS/AID TO CONSTRUCTION	0
WATER MAIN AID TO CONSTRUCTION	916,000
FEDERAL GRANT REVENUE	1,462,500
TRANSFER TO CITY OF WATERTOWN'S GENERAL FUND	(1,446,000)
INCOME (LOSS) AFTER TRANSFER TO CITY OF WATERTOWN	12,078,597

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT  
2024 BUDGET - COMBINED CAPITAL BUDGET AND APPLICATION OF CASH  
11/27/2023

	<u>BUDGET</u>
	<u>2024</u>
CASH APPLICATION:	
TOTAL CAPITAL ADDITIONS	8,922,875
REQUIRED WATER TREATMENT PLANT PRINCIPAL LOAN PAYMENT	1,445,000
REIMBURSE WATER SRF PROJECTS	(5,575,000)
WATER SRF PROJECTS	5,575,000
TOTAL APPLICATION OF CASH	<u>10,367,875</u>

**ITEM 7951**

Motion by Luken with second by Brenden to approve General Manager to sign agreement with HDR Engineering for Water Projects. Motion carried.

**ITEM 7952**

This being the time and place set for consideration of bids, the following were presented. Bids for 3<sup>rd</sup> Ave NW Watermain Replacement and Water Treatment Plant Equipment Replacement. These bids were opened Tuesday, November 21<sup>st</sup>, 2023, at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

3<sup>rd</sup> Ave NW Watermain Replacement: Three bids were received and upon review and recommendation by Magstadt, motion by Larkin with second by Brenden to award bid to low valid bidder, contingent on SD DENR approval, Duininck, Inc., Prinsburg, MN, for a total of \$1,058,319.66. Motion carried.

Water Treatment Plant Equipment Replacement: Two Bids were received and upon review and recommendation by Magstadt, motion by Thomas with second by Larken to award bid to low valid bidder, contingent on SD DENR approval, Rice Lake, Golden, CO, for a total of \$899,600.00. Motion carried.

**ITEM 7953**

Open: a) Bill Stuffer - Codington County Connects. B) Missouri River Energy Services Area Meetings. President Carter went to the Sioux Falls Area Meeting and General Manager Lehner went to the Alexandria Area Meeting. Matt Schull, President & CEO gave an overview of the MRES Strategic Planning Priorities, Deb Birgen, VP of Government Relations gave regulator updates, Terry Wolf, VP of Power Supply & Operations spoke on Resource Planning and Transmission, Chris Olson, VP & Chief Financial Officer went over the 2024 budget, Tim Blodgett, VP of Member Services &

Communications, Amy Collins, Member Programs Coordinator and Marcy Douglas, Leadership Development & Strategic Planning Manager talked on Federal Grants, Member Retail Research, Cybersecurity, School Programs and Scholarships and the Ambassador Program.

#### **ITEM 7954**

New Business: Board Member Larkin shared that he received an email from an area contractor asking why licensed contractors cannot shut off gas equipment on weekends/holidays for equipment replacement. He had a customer wait all weekend without hot water so they wouldn't have to pay an after hour fee. Operations Director Magstadt sympathized with the situation but said the law is federal and the utilities do not have authority to make changes to federal law.

#### **ITEM 7955**

Magstadt presented the Report on Operations and Projects. Electric, Projects Completed this Month: We had 7 outages this month for a total of 61 unscheduled power outages in 2023, Christmas decorations are up, MRES turning their power plant off for 6-8 week maintenance. Gas Department, 98% done with their leak survey, finishing up on the services. Water Department, One water main break on Thanksgiving. Engineering, finishing up locating and will start updating maps.

#### **ITEM 7956**

Karst presented the report on Administration and Financial Statements, Karst thanked the staff for their work in preparing the budget. Purchasing, Accounting and Facilities, Projects in Progress: Preparing for winter snowfall. Upcoming Projects: preparing for 2023 physical inventory. Customer Service, Projects Completed this Month: 15,109 Payments collected for a total of \$5,348,928 and 56,773 services billed for a total of \$4,366,488. Human Resources/Risk Management: Completed open enrollment materials for 2024, Helping out Watertown Development Company establish HR policies and procedures. Information Systems Cybersecurity: Reviewing and assessing DSU audit, 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 \$3,826,105 above budget for the ten months ending October 31<sup>st</sup>, 2023. Total Capital Additions are \$8,635,880 under budget for the ten months ending October 31<sup>st</sup>,2023.

#### **ITEM 7957**

Motion made by Mike with second by Larkin to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for November 2023 Plus ACH Payroll Payments \$625,656.03.

Name	Payable Description	Payment Amount
DECEMBER 1, 2023		
ABC EMBROIDERY	SERVICE	\$19.80
ACTIVE HEATING INC	SERVICE	\$534.95
ADV. ENGINEERING AND ENVIRONMENTAL SERVICES, LLC	WTP EQUIPMENT REPLACEMENT	\$29,931.55
AFLAC	CANCER PT	\$1,449.67
AMARIL UNIFORM COMPANY	SAFETY CLOTHING	\$1,513.20
ANDOR INC	ENERGY INCENTIVE REBATE	\$200.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$291.02
ARKEMA INC.	ODORANT	\$20,835.30
AUTO VALUE WATERTOWN	SUPPLIES	\$317.41
BENDIX IMAGING INC	SUPPLIES	\$812.92
BORDER STATES ELECTRIC SUPPLY	TRANSFORMERS AS PER BID	\$116,071.47
BORNS GROUP	POSTAGE & MAILING	\$10,960.17
BRIAN'S GLASS & DOOR INC	SERVICE	\$150.17
BURCHATZ CONSTRUCTION COMPANY INC	CONCRETE SLAB, SERVICES	\$29,200.05
BUREAU OF ADMINISTRATION	STATE TELE. NETWORK USAGE	\$108.76
BUTLER MACHINERY CO	SUPPLIES	\$523.92
CENTURY LINK	PHONE SERVICE	\$315.87
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$7,052.07
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DED.: CHILD SUPPORT	\$750.00
CITY OF WATERTOWN	2023 OPEB VALUATION	\$1,850.00
CODINGTON COUNTY REGISTER OF DEEDS	EASEMENT	\$30.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$5,484.96
CONNECTING POINT	SERVICE	\$1,847.40
CONTROL EQUIPMENT SALES, INC	SUPPLIES	\$3,306.72
CORE & MAIN LP	WATER PIPE & FITTINGS AS PER BID	\$127,149.86
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$180.44
DAKOTA DATA SHRED	SHREDDING SERVICE	\$78.21
DAKOTA RIGGERS & TOOL	SUPPLIES	\$17.70
DEPARTMENT OF HEALTH	WATER SAMPLES	\$517.00
DITCH WITCH OF SOUTH DAKOTA, INC	SERVICE	\$2,041.08
DSG DAKOTA SUPPLY GROUP	TRANSFORMERS	\$71,356.86
DTN, LLC	SUBSCRIPTION	\$546.00
DUININCK INC	2023 NEIGHBORHOOD ST. PROJECT	\$205,830.00
ENERGY WORLDNET, INC	SERVICE	\$2,830.00
ENGELSTAD ELECTRIC COMPANY	UNDERGROUND SERVICE	\$116,511.05
ETHANOL PRODUCTS LLC	BULK CO2	\$2,724.36
EVOLUTION POWERSPORTS	SERVICE	\$1,165.29
EXHAUST PROS	SUPPLIES	\$388.52
FASTENAL COMPANY	SUPPLIES	\$676.82
FEDERAL EXPRESS CORP	SERVICE	\$26.07
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$146.07
FOLEY AND FOLEY LAW OFFICE, PC	OCTOBER LEGAL FEES	\$300.00
GRAF SIGN PRO OF WATERTOWN LLC	SUPPLIES	\$200.00
GRAINGER	SUPPLIES	\$849.86
GRAYBAR ELECTRIC CO INC	SUPPLIES	\$2,017.80
IBEW LOCAL 426	UNION DUES	\$4,053.00
INNOVYZE	2024 SUBSCRIPTION	\$3,726.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$735.20
J H LARSON COMPANY	SUPPLIES	\$1,197.07
JOHNSON FEED, INC	BULK SOLAR CRYSTALS	\$5,835.05
JORGENSON & OLSON ASPHALT MAINTENANCE, LLC	UTILITY PATCHES	\$737.00

KOONS GAS MEASUREMENT	SUPPLIES	\$2,674.97
KRUITER, KEVIN	REIMBURSEMENT EXPENSE	\$183.09
LEVASSEUR, DAN	REIMBURSEMENT EXPENSE	\$131.00
LINDE GAS & EQUIPMENT INC.	CYLINDER RENTAL	\$212.01
LOVELIS, WAYNE	REIMBURSEMENT EXPENSE	\$24.24
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$1,866.59
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$637.87
MAC'S HARDWARE	SUPPLIES	\$131.35
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$1,731.12
MATHESON TRI-GAS INC	SUPPLIES	\$306.34
MCKEEVER INC	SUPPLIES	\$385.00
MENARDS INC	SUPPLIES	\$1,088.35
MENNENGA, SHEILA	REIMBURSEMENT EXPENSE	\$376.48
MET LIFE	LIFE INSURANCE	\$1,508.16
METERING & TECHNOLOGY SOLUTIONS	WATER METERS AS PER BID	\$75,542.00
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$183.39
MIDWEST AUTOMOTIVE INC	TOPPPER - UNIT 34	\$5,914.00
MILBANK WINWATER WORKS	SUPPLIES	\$896.30
MINNESOTA MUNICIPAL UTILITIES ASSN	SAFETY PROGRAM	\$9,712.50
MINSAIT ACS, INC.	SCADA UPGRADE	\$4,117.59
MISSOURI RIVER ENERGY SERVICES	TRAINING EXPENSE	\$225.00
MUELLER CO	SUPPLIES	\$1,991.45
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$71.33
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$2,087.90
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCTS.	\$8,970.78
MUNICIPAL UTILITIES-TERM LIFE PAY	TERM LIFE	\$242.40
NAPA CENTRAL	SUPPLIES	\$926.13
NORTHERN TRUCK EQUIP CORP	SUPPLIES	\$365.00
NYBERG'S ACE	SUPPLIES	\$59.99
OFFICE PEEPS	SUPPLIES	\$1,486.13
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$98.11
PAYMENTUS GROUP INC.	SERVICE	\$69.65
PETE LIEN & SONS	BULK LIME	\$26,206.99
PIPEHORN LOCATING TECHNOLOGY	SUPPLIES	\$659.00
POMP'S TIRE SERVICE, INC.	SUPPLIES	\$1,998.40
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,189.77
PRINT 'EM NOW INC	SUPPLIES	\$833.00
PRO LINE INC	SUPPLIES	\$299.54
RC FIRST AID	SUPPLIES	\$55.50
RELIABANK DAKOTA	FLEX MED	\$7,092.64
RESCO	SUPPLIES	\$5,346.63
ROBERT E. LEE	MOWING SERVICE	\$5,100.00
RODENBURG LAW FIRM	EMPLOYEE DEDUCTION	\$150.00
RUNNING'S SUPPLY INC	SUPPLIES	\$126.10
S & P GLOBAL PLATTS	2024 SUBSCRIPTION	\$7,145.00
SANFORD WATERTOWN OCCUPATIONAL MEDICINE	SERVICE	\$462.00
SD ONE CALL	LOCATES	\$435.75
SERVICEMASTER OF WATERTOWN	JANITORIAL SERVICE	\$4,120.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$10,187.31
SPEE-DEE DELIVERY SERVICE INC	SERVICE	\$108.27
STAR LAUNDRY	SERVICE	\$560.51
STROMSETH DIRT WORKS LLC	SUPPLIES	\$352.00
STUART C IRBY CO	TRANSFORMERS AS PER BID	\$127,899.31

T & M AUTOBODY INC	SUPPLIES	\$680.00
T & R ELECTRIC SUPPLY COMPANY INC	SERVICE	\$1,676.50
TITAN MACHINERY- WTN	SERVICE	\$2,989.04
TOSHIBA FINANCIAL SERVICES	COPIER LEASE	\$320.00
TRAV'S OUTFITTER	SAFETY CLOTHING	\$1,135.00
TRILOGY CONSULTING, LLC	WATER RATE STUDY	\$2,770.96
TSP, INC.	SERVICE	\$2,036.83
TYNDALE COMPANY INC	SAFETY CLOTHING	\$1,048.95
US PLASTIC CORP	SUPPLIES	\$261.09
WATERTOWN AREA CHAMBER OF COMMERCE	SUPPLIES	\$300.00
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXP.	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$237.96
WATERTOWN UNITED WAY	United Way	\$263.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$158.20
WESCO DISTRIBUTION INC	LED STREET LIGHTS	\$36,476.95
WILSON BOHANNAN COMPANY	SUPPLIES	\$2,466.10
WW TIRE SERVICE INC	SERVICE - UNIT 1	\$6,150.00
	<b>TOTAL</b>	<b><u>\$1,177,598.21</u></b>

Total November 2023, \$1,177,598.21; Transfer to City's General Fund \$118,125, Muni Utilities Electric Water Gas \$46,207.59; Missouri River Energy Services Power \$1,546,386.99; BP Canada Energy Marketing Natural Gas \$57,514.65; Dept. of Revenue Sales/Excise Tax \$170,553.30; CPEP #3 Natural Gas \$21,303.98, CPEP #4 Natural Gas \$31,857.15, CPEP #5 Natural Gas \$52,904.60, CPEP #3 Hedge Natural Gas \$50,061.60, Sequent Energy Mgmt. Natural Gas \$29,571.00. City Finance Office Garbage/Sewer \$615,832.34.

#### **ITEM 7958**

The Board set date of Thursday, December 28, 2023, at noon for the December Board Meeting.

Motion by Larkin with second by Thomas 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 27<sup>th</sup>, day of November, 2023.

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

Lisa Pahl  
Board Secretary  
Municipal Utilities Board

Christine Carter  
Board President  
Municipal Utilities Department