

**MINUTES OF MUNICIPAL UTILITIES BOARD MEETING**

**Monday, March 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, March 27, 2023, at 12:00 p.m. with President Lisa Carrico presiding.

Board members present: Lisa Carrico, Chris Carter, Mike Luken, Dan Brenden and Rich Thomas. Board Member elect Charlie Larkin. Board Liaison, member of City Council, Mike Danforth. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Wayne Lovelis, John Lunde, Brian Benson, Mark Meier, Kevin Krüter, Dan LeVasseur, Sheila Mennenga, Gina Brown, and Attorney Vince Foley. Media Steve Jurrens, KXLG Radio and Michelle Kakacek Watertown Development Company.

**ITEM 7839**

Motion by Luken with second by Carrico to approve the agenda with a change by adding Item 10(i) authorize to return checks of unsuccessful bidders. Motion carried.

**ITEM 7840**

Motion by Carrico with second by Luken to approve the minutes of Regular Board Meeting from February 27, 2023. Motion carried.

**ITEM 7841**

Public Comment - None

**ITEM 7842**

Shpigler Group gave a AMI Presentation. They talked about a Utility Modernization Strategy, Smart Grid, and Potential Opportunity findings.

**ITEM 7843**

Motion by Thomas with second by Brenden to accept the policy changes that were presented on February 27, 2023, Board Meeting. The accepted changes were to the following: General Policy, which included changes to 28 and the Schedule of Fee changes. Changes to the Employee Personnel Manual, verbiage changes were made to 307 and 505. Changes to the electric which included 6.2 and 6.6, Water removed 13 and changes to 6.4, 15.3, 15.10, 15.17, 16.1 and 16.7, Gas 2.1, 2.4, 2.8 and 2.9. All policies can be viewed on the Watertown Municipal Utilities website. Motion carried.

**ITEM 7844**

Motion by Luken second by Carter to authorize Board President to sign Resolution #7844. Motion carried unanimously upon roll call vote.

RESOLUTION NO. 7844

RESOLUTION OF THE CITY OF WATERTOWN, SOUTH DAKOTA MUNICIPAL UTILITIES BOARD TO APPROVE THE USE OF EXCESS WATER SYSTEM SURCHARGE FUNDS TO PAY CERTAIN EXPENSES OF OPERATING AND MAINTAINING IMPROVEMENTS PREVIOUSLY FINANCED THROUGH THE ISSUANCE OF A BOND SECURED BY THE SURCHARGE

WHEREAS, in 2008 the City of Watertown Municipal Utilities Board (the "Utilities Board") undertook a project to make substantial improvements to the City's drinking water system; and

WHEREAS, in contemplation of financing such improvements, on April 28, 2008, the Utilities Board adopted Resolution No. 5632 (the "Surcharge Resolution") to approve an amendment to the rate schedule applicable to users of the City's drinking water system, including the adoption of a surcharge pursuant to SDCL 9-40-15 (the "Act") to be pledged as security for and to be used as the source of repayment for such financing; and

WHEREAS, in order to pay for a portion of the cost of the improvements to the drinking water system and associated costs, including engineering costs, legal2008, financing costs, and other related costs, the City on October 31, 2008 issued its Water System Revenue Bond in the principal amount of \$23,760,000 (the "Bond") to the South Dakota Conservancy District and in connection with the issuance of the Bond, the City entered into a Loan Agreement dated October 31, 2008 (the "Loan Agreement") with the South Dakota Conservancy District; and

WHEREAS, the surcharge has generated and continues to generate funds in excess of the amounts necessary to pay principal and interest on the Bond, and as a result, after paying principal and interest on the Bond, as of December 31, 2022, the balance remaining in the surcharge fund was \$1,989,076.17 (the "Excess Surcharge Funds"); and

WHEREAS, as required by the Loan Agreement, the surcharge rate currently in effect is reasonably expected to generate during each calendar year not less than 115% of the principal and interest due on the Bond during such year; and

WHEREAS, it has been proposed that some of the Excess Surcharge Funds be used to pay a portion of the expenses of operating and maintaining the improvements financed with the proceeds of the Bond; and

WHEREAS, the Surcharge Resolution contemplates the use of Excess Surcharge Funds for other purposes as permitted under the Act, and the Act permits the surcharge to be used for the services of the facilities financed with the proceeds of the Bond; and

WHEREAS, the Utilities Board has been advised by the City's bond counsel that the Loan Agreement does not prohibit the use of surcharge revenues to pay expenses of operating and maintaining the improvements financed with the proceeds of the Bond if adequate provision has been made for the timely payment of principal and interest on the Bond and the City has otherwise complied with the terms of the Loan Agreement; and

WHEREAS, the Utilities Board has determined that it is in the best interests of the City and the users of the City's drinking water system to use a portion of the Excess Surcharge Funds for the payment of a portion of the expenses of operating and maintaining the improvements financed with the proceeds of the Bond; and

WHEREAS, during calendar year 2022, surcharge collections, or Borrower's Project Income, totaled \$2,515,402.04 and Borrower's Total Debt Service on project totaled \$1,558,212.50 with the difference being \$957,189.54;

NOW, THEREFORE, BE IT RESOLVED by the City of Watertown Municipal Utilities Board, as follows:

1. The General Manager of Watertown Municipal Utilities is authorized and directed to transfer the sum of \$957,189.54 from the DWSRF Loan #1 Surcharge Fund to the DWSRF Loan #1 O&M Fund and to use such funds to pay a portion of the expense to be incurred during each calendar year for operating and maintaining the improvements financed with the proceeds of the Bond.

2. In preparation of the Annual Certification of Compliance with Rate Covenant, the Excess Surcharge Funds transferred in 1. above will not be subtracted from or added to Borrower's Project Income for any calendar year.

**ITEM 7845**

WATER RATE STUDY: Three proposals were received and upon review and recommendation by Karst with motion by Thomas with second by Brenden to award proposal to Trilogy Consulting LLC, Oconomowoc, WI for a total of \$15,380. Motion carried.

**ITEM 7846**

2023 COPIER/PRINTER LEASE: Two proposals were received and upon review and recommendation by Karst with motion by Luken with second by Carter to award a 5 year lease to A & B Business Solutions, Watertown, SD for an estimated total of \$6,545 per year. Motion carried.

**ITEM 7847**

This being the time and place set for consideration of bids, the following were presented. Bids for Natural Gas Meters, Wire, Transformers, Solar Salt,

Pebble Lime, Water Fittings, Water Meters and Water Leak Detector Equipment. These bids were opened Wednesday, March 22, 2023, at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

NATURAL GAS METERS: One quote was received and upon review and recommendation by Magstadt, motion by Carter with second by Luken to reject bidder KGM, Tonganoxie, KS, for not meeting bidding laws and will negotiate with vendors per SD CL5-18A-5 (9) because no valid bids were received. Motion carried.

WIRE: Two Bids were received and upon review and recommendation by Magstadt, motion by Brenden with second by Carter to award Item 1 & 2 to low valid bidder WESCO, Sioux City, IA for a total of \$434,400.00 and rejecting Item 3 due to low valid bidder not meeting specs and long lead time. Motion carried.

TRANSFORMERS: Two bids and One quote were received and upon review and recommendation by Magstadt, motion by Thomas with second by Luken to award Item 1 & 2 to low valid bidder Wesco, Sioux City, IA for \$141,180.00 and Item 4 to Dakota Supply Group, Sioux Falls, SD for \$45,470.97. No bids for Item 3 and will negotiate with vendors per SD CL5-18A-5 (9) because no valid bids were received. Motion carried.

SOLAR SALT: One bid was received and upon review and recommendation by Magstadt, motion by Brenden with second by Carter to award bid to low valid bidder, to Johnson Feed, Rapid City, SD for a total of \$235.00 per ton. Motion carried.

PEBBLE LIME: Three bids were received and upon review and recommendation by Magstadt, motion by Carter with second by Brenden to award bid to low valid bidder Pete Lien, Rapid City, SD for a total of \$180.99 per ton. Motion carried.

WATER FITTINGS: Three Bids were received and upon review and recommendation by Magstadt, motion by Luken with second by Thomas to award bid to low valid bidder Milbank Winwater Works, Milbank, SD for \$110,910.74. Motion carried.

WATER METERS: Three bids were received and upon review and recommendation by Magstadt, motion by Brenden with second by Carter to award bid Items 1,2,3 and 7 to low valid bidder Dutton-Lainson, Hastings, NE \$258,945.00 and Items 4, 5 and 6 to low valid bidder Metering Technology Solutions, Burnsville, MN for \$179,828.60. Motion carried.

LEAK DETECTOR EQUIPMENT: Two bids were received and upon review and recommendation by Magstadt, motion by Carter with second by Brenden to award bid to low valid bidder Leak Locators, Belgrade, MT for \$28,417.00. Motion carried.

Motion by Luken with second by Carter to authorize General Manger to return checks to unsuccessful bidders. Motion carried.

**ITEM 7848**

Open: Lehner presented the Two bill stuffers a) Kindergarten Round up b) Household Hazardous Waste. Karst presented the bill stuffer c) WMU Customer Service Survey. Lehner also gave an invitation for the Board to attend the MRES 58<sup>th</sup> Annual Meeting May 10-11, 2023, in Sioux Falls.

**ITEM 7849**

Magstadt presented the Report on Operations and Projects. Electric: No outages for the month, yearly total at 4, completed tree trimming, removed 18 trees this year. Gas Department: Completed annual regulator station maintenance, digging out various meters around the lake, we asked our customers to please dig out gas meters to keep the weight of the snow off the meters so the piping doesn't crack and cause a leak. Water Department: Congratulations to Joey Settje for passing his Class 3 Water Distribution Exam, one water main break in March bringing the 2023 total to 7 and winter season to 11. Engineering Tech: Finished up preliminary construction drawings for Mellette project, finishing updating all our utility maps.

**ITEM 7850**

Karst presented the report on Administration and Financial Statements, Project completion report for FEMA has been signed and completed. Purchasing, Accounting and Facilities, Projects in Progress: Working on the bid for a new roof on the operation building plan on going out for bids in April and approving in May. Upcoming Projects: Working on Water Rate Study. Customer Service, Projects Completed this Month: 14,283 Payments collected for a total of \$7,650,032 and 55,774 services billed for a total of \$5,842,452. Human Resources/Risk Management: Interviewed for summer temporary positions. IT: Water Treatment Plant Scada Upgrade, 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 \$814,644 above budget for the second month ending February 28, 2023. Total Capital Additions are \$461,204 below budget for the second month ending February 28, 2023.

**ITEM 7851**

Motion made by Luken with second by Carrico to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for March 2023 Plus ACH Payroll Payments \$591,849.62. Change: L. Redlin 30.15/hr. effective 3/13/2023, J. Settje 36.54/hr. effective 2/23/2023.

Name	Payable Description	Payment Amount
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APRIL 3, 2023

ABC EMBROIDERY	SAFETY CLOTHING	\$64.35
ABC LOCK & KEY	SERVICE	\$80.00
ADVANCED ENG. AND ENVIRONMENTAL SERVICES, LLC	WTP SCADA SYSTEM UPGRADE	\$27,997.80
AFLAC	CANCER PT	\$1,449.67
AMARIL UNIFORM COMPANY	SAFETY CLOTHING	\$1,079.23
AMERICAN WATER WORKS ASSN	MEMBERSHIP	\$466.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$410.97
AP & SONS CONSTRUCTION INC	SERVICE - HARMONY HILL	\$253,750.00
AQUA-PURE INC	SUPPLIES	\$1,470.50
ARAIZA, URIEL	REIMBURSEMENT EXPENSE	\$400.00
AUSTIN, STRAIT, BENSON, THOLE AND KOEHN, LLP	JANUARY LEGAL FEES	\$260.00
AUTO VALUE WATERTOWN	SUPPLIES	\$125.69
AUTOMATIC BUILDING CONTROLS	SERVICE, SUPPLIES	\$999.00
BENDIX IMAGING INC	SUPPLIES	\$130.98
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$3,406.92
BORNS GROUP	POSTAGE & MAILING	\$11,007.17
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$162.44
CENTER FOR INTERNET SECURITY, INC.	SUPPLIES	\$600.00
CENTURY LINK	PHONE SERVICE	\$315.11
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$2,254.17
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CITY OF WATERTOWN	2022 OPEB VALUATION	\$3,950.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$4,618.64
CONNECTING POINT	SCADA UPGRADE	\$7,413.15
CONSULTING ENGINEERS GROUP INC	2022 LONG RANGE PLAN	\$11,720.00
COUNTY FAIR FOOD STORE	SUPPLIES	\$39.80
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$136.07
DEPARTMENT OF HEALTH	WATER SAMPLES	\$972.00
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$1,689.19
DTN, LLC	SUBSCRIPTION	\$546.00
EAGLE EYE POWER SOLUTIONS LLC	SUBST. BATTERY TESTING EQUIP.	\$9,409.43
EDM INTERNATIONAL, INC.	SERVICE	\$290.00
ELECTRIC MOTORS & MOORE INC	SUPPLIES	\$502.00
ENERGY ECONOMICS INC	METER PROVER	\$48,750.00
ENVIRONMENTAL SYSTEMS RESEARCH INSTITUTE, INC	ANNUAL SUBSCRIPTION	\$6,510.00
ETHANOL PRODUCTS LLC	BULK CO2	\$1,750.56
FASTENAL COMPANY	SUPPLIES	\$30.55
FEDERAL EXPRESS CORP	SERVICE	\$21.27
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$146.07
FOLEY AND FOLEY LAW OFFICE, PC	FEBRUARY LEGAL FEES	\$1,515.00
FRANZ REPROGRAPHICS, INC.	SUPPLIES	\$405.24
GRAINGER	SUPPLIES	\$632.64
IBEW LOCAL 426	UNION DUES	\$3,943.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$106.20
JOHNSON CONTROLS INC	SERVICE	\$436.97
KEROTEST MANUFACTURING CORP	VALVES	\$4,180.67
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$160.48
LINDE GAS & EQUIPMENT INC.	CYLINDER RENTAL	\$217.47
LUNDE, JOHN	REIMBURSEMENT EXPENSE	\$588.38
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$562.14
MAC'S HARDWARE	SUPPLIES	\$422.67
MARCO	COPIER LEASE	\$631.44
MATHESON TRI-GAS INC	SUPPLIES	\$212.86
MCKEEVER INC	SUPPLIES	\$350.00
MEIER, MARK	REIMBURSEMENT EXPENSE	\$1,692.30
MENARDS INC	SUPPLIES	\$788.91
MENNENGA, SHEILA	REIMBURSEMENT EXPENSE	\$518.00
MESEBERG, DAVID	REIMBURSEMENT EXPENSE	\$27.52

MET LIFE	LIFE INSURANCE	\$1,487.60
METERING & TECHNOLOGY SOLUTIONS	SUPPLIES	\$1,635.87
MIDCONTINENT COMMUNICATIONS	INTERNET & CABLE SERVICE	\$183.39
MILBANK WINWATER WORKS	TAPPING SADDLES AS PER BID	\$24,148.40
MISSOURI RIVER ENERGY SERVICES	INFRARED INSPECTION SERVICE	\$4,759.60
MUELLER CO	SUPPLIES	\$1,489.50
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$559.57
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$5,189.31
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$6,027.86
NAPA CENTRAL	SUPPLIES	\$347.35
NOVASPECT, INC.	REGULATORS PER BID	\$19,280.53
OFFICE PEEPS	SUPPLIES	\$5,842.62
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$158.58
PAYMENTUS GROUP INC.	SERVICE	\$39.80
PETE LIEN & SONS	BULK LIME	\$17,255.87
POMP'S TIRE SERVICE, INC.	SUPPLIES	\$1,209.91
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,189.77
PRINT 'EM NOW INC	SUPPLIES	\$30.00
RC FIRST AID	SUPPLIES	\$150.00
RELIABANK DAKOTA	FLEX DC	\$6,773.89
RESCO	SUPPLIES	\$1,024.80
RODENBURG LAW FIRM	EMPLOYEE DEDUCTION	\$150.00
RON'S SAW SALES	SUPPLIES	\$1,424.97
RUNNING'S SUPPLY INC	SUPPLIES	\$540.26
SCHAEFFER MFG CO	SUPPLIES	\$746.40
SCHWEITZER ENGINEERING	SUPPLIES	\$177.87
SD ONE CALL	LOCATES	\$17.85
SEARS WELDING	SUPPLIES	\$85.00
SERVICEMASTER OF WATERTOWN	JANITORIAL SERVICE	\$4,120.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$6,109.38
STAR LAUNDRY	SERVICE	\$597.47
STUART C IRBY CO	SUPPLIES	\$2,060.93
SUBSURFACE SOLUTIONS	SUBSCRIPTION	\$360.00
TECHNOLOGY FOR ENERGY CORPORATION	SUPPLIES	\$1,804.31
TEREX USA, LLC	SUPPLIES	\$1,286.00
TERRY-DURIN CO.	SUPPLIES	\$3,795.50
TITAN MACHINERY- WTN	SERVICE - UNIT 28	\$5,491.64
TITAN MACHINERY-SF	SUPPLIES	\$852.71
TRAV'S OUTFITTER	SAFETY CLOTHING	\$6,511.00
ULINE INC	DESKS	\$3,686.64
USA BLUEBOOK	SUPPLIES	\$1,837.67
WALMART	SUPPLIES	\$380.60
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$326.68
WATERTOWN UNITED WAY	United Way	\$263.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$204.10
WESCO DISTRIBUTION INC	LED LIGHTS AS PER BID	\$67,901.28
WW GOETSCH	SUPPLIES	\$695.96
WW TIRE SERVICE INC	SUPPLIES	\$706.00
	TOTAL	\$642,674.06

Total March 2023 \$642,674.06; US Bank Nat'l Assoc. \$1,493,068.75 Transfer to City's General Fund \$118,125.00, Muni Utilities Electric Water Gas \$46,604.96; Missouri River Energy Services Power \$1,931,314.01; BP Canada Energy Marketing Natural Gas \$349,965.84; Dept. of Revenue Sales/Excise Tax \$269,907.17; CPEP #3 Natural Gas \$295,539.30, CPEP #4 Natural Gas

\$154,291.20, CPEP #5 Natural Gas \$416,307.03, City Finance Office Garbage/Sewer \$594,033.46.

**ITEM 7852**

Carrico turned the meeting over to General Manager Steve Lehner and Lehner noted that Charlie Larkin was appointed by Mayor Reid Holien for a five-year term on the Board. Lehner presented resolution of appreciation to outgoing Board Member Lisa Carrico.

Motion by Luken with second by Carter to approve the resolution for Lisa Carrico. Motion carried unanimously upon roll call vote.

RESOLUTION OF APPRECIATION FOR  
**LISA CARRICO**  
WATERTOWN MUNICIPAL UTILITY BOARD  
JULY 2018 TO MARCH 2023

WHEREAS, Lisa Carrico was first appointed in July 2018 to the Watertown Municipal Utilities Board by the Mayor and City Council of the City of Watertown, South Dakota, and

WHEREAS, Lisa Carrico has held a five year term of distinguished service working for and in the best interest of the Municipal Utilities Department and the Municipal Utilities Board, and

WHEREAS, Lisa Carrico has served as president of the Board working willingly and untiringly for the betterment of the Municipal Utilities Department and the City of Watertown, South Dakota, therefore

BE IT RESOLVED, that the Members of the Municipal Utilities Board and the entire Municipal Utilities Department, take this means to express their deep appreciation and gratitude to Lisa Carrico for giving of her time and talents in service to the community, and especially her service to the direction and management of the Municipal Utilities Department of the City of Watertown, by her willingness to serve as a Member of the Municipal Utilities Board, and

BE IT FURTHER RESOLVED, that Lisa Carrico's friendliness and pleasant personality, as well as her business insight and dedication to the business of the Municipal Utilities Department, is recognized and appreciated. Dated this 27<sup>th</sup> day of March 2023.

**ITEM 7853**

Lehner requested reorganization of the Board. Motion by Larkin with second by Thomas to appoint Chris Carter as President and Mike Luken as Vice President. Motion carried.



The Board set date of Friday, April 28, 2023, at noon for April Board Meeting.

Motion by Thomas with second by Luken 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 March 2023.

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

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Lisa Pahl  
Board Secretary  
Municipal Utilities Board

Christine Carter  
Board President  
Municipal Utilities Department