

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, March 31st, 2025

The Municipal Utilities Board convened in regular session at the Watertown Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, March 31, 2025, at 12:00 p.m. with Board President Mike Luken presiding.

Board members present: Mike Luken, Dan Brenden, Rich Thomas, Charlie Larkin and Chris Carter. Board Liaison, member of City Council, Mike Danforth absent. Staff members present: Steve Lehner, Adam Karst, Bert Magstadt, Wayne Lovelis, Aaron Erickson, Brian Benson, Mark Meier, Dan LeVasseur, Cheryl Mack, Gina Brown, Lisa Pahl and Attorney Vince Foley. Guests: Steve Jurrens KXLG Radio and Roger Whittle, The Watertown Current.

ITEM 8170

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

ITEM 8171

Motion by Carter with second by Thomas to approve minutes of Regular Board Meeting from February 26th, 2025. Motion carried.

ITEM 8172

Public Comment - None

ITEM 8173

Motion by Carter with second by Brenden to accept the policy changes that were presented at the February 26, 2025, Board Meeting. The changes accepted are: General Policy, which included changes to 4.4, 4.9, 25.3, 30.2, and 36. The Schedule of Fee changes were to the residential non-heating and heating deposits and return payment fees. Handbook changes to sections 114, 201, 302, 304, 305, 307, and 603. Water Policy changes to 3.2, 8.5, 12.1, 14.1 - 14.4, 14.11-14.13, 15.2, and 15.3. All policies can be viewed on the Watertown Municipal Utilities website. Motion carried.

ITEM 8174

This being the time and place set for consideration of bids, the following was presented. Bid for Water Plant Storage Building. The bids were opened Thursday, March 27th, 2025, at 1:30 PM by the Watertown Municipal Utilities Staff as authorized by the Board.

Water Plant Storage Building: Three bids were received and upon review and recommendation by Magstadt, motion by Thomas with second by Brenden

to award bid to low valid bidder, Cashway Lumber, Inc., Watertown in the amount of \$199,900.00. Motion carried.

ITEM 8175

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

ITEM 8176

Motion by Carter with second by Brenden to authorize the Board President to sign Resolution #8176. Motion carried unanimously upon roll call vote.

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, legal and 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, 2024 the balance remaining in the surcharge fund was \$1,927,317.22 (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 2024, surcharge collections, or Borrower's Project Income, totaled \$2,450,426.84 and Borrower's Total Debt Service on project totaled \$1,554,996.25 with the difference being \$895,430.59;

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 \$895,430.59 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.

Dated at Watertown, South Dakota, this 31st day of March 2025

ITEM 8177

Motion by Thomas with second by Carter to approve McKinley Area electric overhead to underground project. Motion carried.

ITEM 8178

Open: Lehner presented the bill stuffers Living Safely with Natural Gas and Household Hazardous Waste. Board President Mike Luken attended the APPA Rally in Washington DC in February and the topics that were discussed on supply chain issues, tariffs, international trade and tax policies. The MRES group had 22 people there and they talked with 8 senators and 9 congresspeople. Rep. Dusty Johnson gave a tour of the capital.

ITEM 8179

Old Business: a) Reminder of MRES Annual Meeting May 7-8, 2025, in Sioux Falls. b) Karst presented the De-obligation letter to the SD DANR for the DWSRF #3 Wellfield.

ITEM 8180

Magstadt presented the Report on Operations and Projects. Electric Department, Projects Completed this Month: 10 outages for the month and 12 total outages for 2025, completed tree trimming. Gas Department Projects Completed this Month: Completed winter leak survey, leak surveyed the new NNG Pipeline, held the SD811 One Call Banquet at 2nd Street Station and heating contractor meeting. Water Department Projects Completed this Month: 8 water main breaks for a total of 14 for the winter season for 2025, Mark Wilson, Cole Brenden, and Logan Redlin passed their Class III Distribution exam, Wyatt Berner and Uriel Araiza passed their Class III Treatment exam, The Watertown Municipal Utilities Public Water System was granted the 2024 Certificate of Achievement from the South Dakota DANR. Engineering Tech, Projects Completed this Month: 115 one-call locates for March 1 to March 25, attended the one call meetings, compiled and mounted new map in lobby.

ITEM 8181

Karst presented the report on Administration and Financial Statements, Purchasing, Accounting and Facilities, Projects in Progress: Ordering, receiving, and stocking materials, reviewing inventory for upcoming 2025 construction projects. Customer Service Projects Completed this Month: Customer Service received a number of phone calls and feedback regarding the high utility bills. It was 34% colder than our January bills. The CSR's reminded customers of the \$13.06 increase of sewer and garbage charges, A total of 3,527 bills for March were mailed out incorrectly. Borns Group mailed the February bills instead. The error was corrected immediately by sending out the correct bills and a letter of explanation, Working on data cleanup in NorthStar and continued Tyler training. 15,497 Payments collected for a total of \$6,763,481 and 57,211 services billed for a total of \$6,720,884. Human Resources/Risk Management: Recruiting for Utility Systems Engineer and conducted salary research, working with LATC, Mitchell Tech, St. Cloud Tech, Northeast Technical School and local high schools to find students for summer internships, reviewing the need for backhoe and payload training, located UTV training, and preparing for weather awareness training. Information Systems Deploying 2025 budget items, finishing Windows 10 end of life upgrades, preparing systems for billing software 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 \$385,447 above budget for the two months ending February 28th, 2025. Total Capital Additions are \$73,876 over budget for two months ending February 28th, 2025.

ITEM 8182

Motion made by Carter with second by Brenden to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Watertown Municipal Utilities Net Payroll for March 2025 Plus ACH Payroll Payments \$668,491.94. Add: J. Deville 22.25/hr. effective 3/20/2025.

Name	Payable Description	Payment Amount
March 2025		
ABC EMBROIDERY	SERVICE	\$4.95
ADVANCED ENGINEERING AND ENVIRON. SERVICES, LLC	SERVICE - WTP SLAKER 1 & 3 CON. SYSTEM UPGRADE	\$14,501.21
AFLAC	ACCIDENT	\$1,702.31
AMERICAN WATER WORKS ASSN	MEMBERSHIP	\$504.00
APPLICANT PRO	SERVICE	\$472.00
AQUA-PURE INC	SODIUM TRIPOLYPHOSPHATE	\$7,525.00
AUTO VALUE WATERTOWN	SUPPLIES	\$728.68
BLUMIRA, INC.	SOFTWARE MAINTENANCE	\$455.67
BORDER STATES ELECTRIC SUPPLY	5 POSITION MODULES	\$16,219.53
BORNS GROUP	POSTAGE & MAILING	\$11,247.67
BRIAN'S GLASS & DOOR INC	SUPPLIES - UNIT 16	\$450.00
BURCHATZ CONSTRUCTION COMPANY INC	2025 CONCRETE PATCH WORK	\$2,815.11
CASHWAY LUMBER INC	ENERGY INCENTIVE REBATE	\$1,055.25
CENTER FOR INTERNET SECURITY, INC.	SOFTWARE MAINTENANCE	\$512.33
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$12,163.50
CHILD SUPPORT PAYMENT CENTER	EMPLOYEE DEDUCTION: CHILD SUPPORT	\$750.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	WELLFIELD ELECTRIC SERVICE	\$5,204.32
CONNECTING POINT	SOFTWARE MAINTENANCE	\$6,191.18
CORE & MAIN LP	SUPPLIES	\$5,272.05
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$321.68
DAKOTA DATA SHRED	SHREDDING SERVICE	\$94.51
DEPARTMENT OF HEALTH	WATER SAMPLES	\$1,167.00
DGR ENGINEERING	115 KV TRANS LINE REBUILD	\$6,447.50
DITCH WITCH OF SOUTH DAKOTA, INC	SUPPLIES	\$1,057.98
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$198.13
DTN, LLC	SUBSCRIPTION	\$579.92
DUININCK INC	CRUSHED CONCRETE, 3/4" ROCK	\$18,975.63
DUPONT ELECTRIC INC	ENERGY INCENTIVE REBATE	\$100.00
DUTTON-LAINSON COMPANY	WATER METERS & ERTS AS PER BID	\$154,914.90
DYNAMIC ENGINEERING	SUPPLIES	\$518.50
EAST RIVER ELEC POWER COOP	2025 SERVICE CONTRACT	\$8,100.00
ELEMENT MATERIALS TECHNOLOGY	WPQ TESTING	\$765.00
EMERGENT SAFETY SUPPLY	SUPPLIES	\$2,245.27
ENERGY ECONOMICS INC	SERVICE	\$808.21
ERICKSON, AARON	REIMBURSEMENT EXPENSE	\$54.00
ETHANOL PRODUCTS LLC	BULK CO2	\$2,587.26
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$190.37
FEDERAL EXPRESS CORP	SERVICE	\$42.62
FIDELITY SECURITY LIFE INSURANCE CO. (EYEMED)	VISION INSURANCE	\$175.51
FLAGSHOOTER LLC	SUPPLIES	\$2,498.38
FOLEY AND FOLEY LAW OFFICE, PC	FEBRUARY LEGAL FEES	\$1,357.50
FRANZ REPROGRAPHICS, INC.	SUPPLIES	\$1,040.56
GANNETT MEDIA CORP	PUBLISHINGS	\$862.14
GLASS PRODUCTS INC	SERVICE	\$525.00
GRAINGER	SUPPLIES	\$1,258.31
HAWKINS, INC.	AZONE 15	\$23,986.66
IBEW LOCAL 426	UNION DUES	\$4,305.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$88.85
J H LARSON COMPANY	SUPPLIES	\$782.96
JURGENS PRINTING INC	SUPPLIES	\$110.00
KOONS GAS MEASUREMENT	GAS METERS AS PER BID	\$45,349.80
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$194.30
LOCATORS & SUPPLIES INC	SUPPLIES	\$2,760.04
MACKSTEEL WAREHOUSE INC	ENERGY INCENTIVE REBATE	\$2,055.20
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$154.73
MACKSTEEL WAREHOUSE INC	ENERGY INCENTIVE REBATE	\$3,727.91
MAC'S HARDWARE	SUPPLIES	\$188.99
MAGSTADT, BERT	REIMBURSEMENT EXPENSE	\$1,769.76
MATHESON TRI-GAS INC	SUPPLIES	\$158.95
MCKEEVER INC	SUPPLIES	\$350.00
MENARDS INC	SUPPLIES	\$1,367.62
MET LIFE	LIFE INSURANCE	\$1,595.31
MIDCONTINENT COMMUNICATIONS	INTERNET, CABLE & PHONE SERVICE	\$1,893.83
MILBANK WINWATER WORKS	SUPPLIES	\$736.24
MISSOURI RIVER ENERGY SERVICES	MISC SCANNING- ELECTRIC	\$5,255.00
MUELLER CO	SUPPLIES	\$2,123.20
MUNICIPAL UTILITIES - PC	REPLENISH PETTY CASH	\$1,123.22
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$3,023.27
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$2,593.51
NAPA CENTRAL	SUPPLIES	\$515.64
NESD SHRM	TRAINING	\$280.00
NORTHERN TRUCK EQUIP CORP	SNOW PLOW	\$11,681.85

NORTHWEST PIPE FITTINGS INC	TAPPING SADDLES AS PER BID	\$23,986.99
NOVASPECT, INC.	REGULATORS	\$12,310.35
OFFICE PEEPS	SUPPLIES	\$817.19
PALMER WAHL INSTRUMENTS INC.	SUPPLIES	\$340.24
PAYMENTUS GROUP INC.	SERVICE	\$99.50
PETE LIEN & SONS	BULK LIIME	\$9,881.82
PIPELINE ASSN FOR PUBLIC AWARENESS	2025 ANNUAL DUES	\$715.00
POMP'S TIRE SERVICE, INC.	SERVICE	\$363.70
PRINCIPAL FINANCIAL GROUP	DENTAL INSURANCE	\$1,307.14
PRINT 'EM NOW INC	SUPPLIES	\$173.00
RELIABANK DAKOTA	FLEX DC	\$6,133.89
RODENBURG LAW FIRM	EMPLOYEE DEDUCTION	\$150.00
RON'S SAW SALES	SERVICE	\$286.25
RUNNING'S SUPPLY INC	SUPPLIES	\$907.16
SD MUNICIPAL LEAGUE	TRAINING	\$1,200.00
SD ONE CALL	LOCATES	\$42.00
SD PUBLIC ASSURANCE ALLIANCE	INSURANCE - 2025 CHEVY SILVERADO 3500HD	\$680.30
SD RETIREMENT SYSTEM	2024 ADDITIONAL CONTRIBUTIONS	\$4,003.58
SHARP AUTOMOTIVE	SUPPLIES	\$1,376.73
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$6,126.91
STAN HOUSTON EQUIP CO	SUPPLIES	\$159.05
STAR LAUNDRY	SERVICE	\$553.36
STUART C IRBY CO	SUPPLIES	\$1,972.00
TEREX USA, LLC	SERVICE - UNIT 39	\$8,716.40
TITAN MACHINERY - ABERDEEN	SUPPLIES	\$701.50
TITAN MACHINERY- WTN	SUPPLIES	\$735.00
TITAN MACHINERY-SF	SUPPLIES	\$869.33
TOSHIBA FINANCIAL SERVICES	COPIER LEASE	\$320.00
TRANSWEST TRUCK OF SIOUX FALLS	2025 FORD F350 UNIT 10 PER STATE BID	\$60,700.00
TRANSWEST TRUCK OF SIOUX FALLS	2025 FORD F550 UNIT 1 PER STATE BID	\$68,985.00
TRAV'S OUTFITTER	SAFETY CLOTHING	\$209.98
TYLER TECHNOLOGIES	ELECTRIC PACKAGE SUBSCRIPTION	\$17,305.00
USA BLUEBOOK	SUPPLIES	\$1,459.77
UTILITY TESTING SOLUTIONS LLC	DIELECTRIC TESTING	\$6,272.50
WATERTOWN DEVELOPMENT COMPANY	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN DEVELOPMENT COMPANY	2025 GROW WATERTOWN	\$60,000.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$77.90
WATERTOWN UNITED WAY	United Way	\$240.00
WATERTOWN WHOLESALE INC	SUPPLIES	\$158.95
WESCO DISTRIBUTION INC	WIRE AS PER BID	\$106,883.09
WW TIRE SERVICE INC	SERVICE	\$65.30

TOTAL

\$828,808.36

Total April 2025 \$828,808.36; Transfer to City's General Fund \$124,117.00, US Bank Bond Payment DW-1 \$905,121.25, US Bank Water Loan DW-2 Payment \$10,250.50, US Bank Water Loan DW-5 \$4,087.05, Muni Utilities Electric Water Gas \$54,401.63; Missouri River Energy Services Power \$2,200,864.41; BP Canada Energy Marketing Natural Gas \$363,367.01; Dept. of Revenue Sales/Excise Tax \$290,037.93; CPEP #3 Natural Gas \$181,106.10, CPEP #4 Natural Gas \$97,577.13, CPEP #5 Natural Gas \$433,447.28, CPEP #3 Hedge \$31,510.82, CPEP #4 Hedge -\$3,211.66, City Finance Office Garbage/Sewer \$805,381.31.

ITEM 8183

The Board set date of Thursday, May 29, 2025, at noon for May Board Meeting.

Pursuant to SDCL 1-25-2(3) Larkin moved with second by Thomas to move to Executive Session. Motion carried.

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

Motion by Larkin with second by Brenden 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 31st, day of March, 2025.

ATTEST: _____

Lisa Pahl
Board Secretary
Municipal Utilities Board

Michael Luken
Board President
Municipal Utilities Department

