

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Thursday, November 29, 2012

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Thursday November 29, 2012 at Noon with President Dustin Padgett presiding.

Board members present: Dustin Padgett, Wayne Schultz, Ernie Wight, Mike Luken; Dave Strait. Liaison Member of City Council Bruce Buhler. Staff Members present: Steve Lehner, Adam Karst, Todd Chambers, Jeff DeVille, Rich Schmidt, Doug Enstad, Mark Meier, Mark Haider, Kevin Kruiter, Stephanie Ries, Sheila Mennenga, Lisa Pahl, Stanton Fox. Press: Don Egert, KXLG Radio.

ITEM 6296

Motion by Strait with second by Luken to approve the Agenda with the following removed, Item 5: Resolution of Methodology for the Transfer of Funds to the City's General Fund. Motion carried.

ITEM 6297

Motion by Luken with second by Wight to approve minutes of the regular Board meeting on October 29, 2012 and minutes of the Special Session Finance Committee Board Meeting on November 20, 2012. Motion carried.

ITEM 6298

Lehner clarified a typo in the draft revision of the Union Contract under article 15 titled Insurance and Retirement. He also thanked the Personnel Committee for all their work in the negotiation process.

RESOLUTION

A RESOLUTION APPROVING THE SETTLEMENT OF THE COLLECTIVE BARGAINING NEGOTIATIONS BETWEEN THE CITY OF WATERTOWN, SOUTH DAKOTA AND LOCAL 426 OF THE INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, AFL-CIO

WHEREAS the Municipal Utilities Department of the City of Watertown employs public employees represented by public employee unions, and, **WHEREAS** such public employees have the right to designate representatives for the purpose of meeting and negotiating a collective bargaining agreement with the Municipal Utilities Department of the City of Watertown pursuant to *S.D.C.L. Chapter 3-18*, and, **WHEREAS** the Municipal Utilities Department of the City of Watertown and representatives of the Local 426, International Brotherhood of Electrical Workers, AFL-CIO, have conducted extensive collective bargaining negotiations, and, in good faith, have reached a settlement on all terms of an Agreement which, upon passage of this Resolution, shall take effect, on January 1, 2013 and which will expire on December 31, 2015; **NOW, THEREFORE, BE IT RESOLVED** by the Municipal Utilities Department of the City of Watertown, acting by and through its Board, that the Agreement between the City of Watertown and Local 426 of the International

Brotherhood of Electrical Workers, AFL-CIO, is hereby approved, and shall be executed by the President of the Municipal Utilities Board on behalf of the Municipal Utilities Department of the City of Watertown, and a copy of said Agreement shall be maintained on file in the Municipal Utilities Department.

Motion by Luken with second by Schultz to approve resolution agreement with IBEW. Motion carried unanimously upon roll call vote.

ITEM 6299

Lehner presented the increases in the three benefit plan options for Health Insurance coverage. Option 1 went up 5.7%, Option 2 went up 4.9% and Option 3 went up 3.7%. Motion by Wight with second by Luken to approve renewal of the group health insurance plan with Wellmark Blue Cross Blue Shield. Motion carried.

ITEM 6300

Karst presented information on rates: Electric Rates would increase by 3% and Gas rates would decrease 4% with no change in Water rates. An updated rate sheet with all rate class changes were presented to the Board. All changes are effective with the January 2013 readings to be billed February 1, 2013. Motion by Strait with second by Schultz to approve utility rates for 2013. Motion carried.

ITEM 6301

Karst presented the proposed budget for 2013 with the revisions discussed during the last Finance Committee Special Session Board Meeting. Motion by Strait with second by Wight to adopt the 2013 budget as follows. Motion carried unanimously upon roll call vote.

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
COMBINED STATEMENT OF REVENUES AND EXPENSES
BUDGET 2013

Operating Revenues	TOTAL
Electric Sales	25,509,753
Water Sales	4,727,296
Gas Sales	10,879,427
<hr/> Total Operating Revenues	<hr/> 41,116,476

Operating Expenses

Purchased Electricity	18,678,823
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Purchased Gas	5,586,458
Other Production Expense	1,488,971
Transmission & Distribution Expense	3,955,629
Commercial & General Expense	2,054,524
Depreciation & Amortization	3,788,753
<u>Total Operating Expenses</u>	<u>35,553,158</u>
Net Operating Income (Deficit)	5,563,318
Other Income or Expenses	
Interest Income	35,247
Interest Expense	-704,066
Other Income or Expense	444,795
<u>Net Income (Deficit)</u>	<u>5,339,294</u>
Less Transfer to the City of Watertown's General Fund	-1,148,400
<u>Net Income after the Transfer to the City</u>	<u>4,190,894</u>

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT

COMBINED CAPITAL BUDGET AND

LOAN PRINCIPAL PAYMENTS

BUDGET 2013

Cash Application	TOTAL
Total Capital Additions	5,188,439
<u>Water Treatment Plant Loan Principal Payments</u>	<u>950,574</u>

Additional information regarding this budget is available for review at the Municipal Utilities Department office during normal working hours.

ITEM 6302

Lehner presented a Voluntary Annexation Agreement for the School Board and the New Transportation facility to be served by the new water main installed along 19th Street. Motion by Strait with second by Schultz to approve Water Service and Voluntary Annexation Agreement with the Watertown School District to serve water outside city limits. Motion carried

ITEM 6303

Lehner presented the Single Stream Recycling Flyer going out in the bills. Also, he invited anyone from the Board to attend the APPA Legislative Rally conference in Washington DC being held in March.

ITEM 6304

Chambers presented report on Operations and Projects: Electric Department, Projects Completed this Month: Installed primary wire and transformer and energized service to Fire Station Addition and A-Tech. Installed primary wire and transformer at Farm Credit Service new building, Qdoba Mexican Restaurant, Year-Round-Brown, Willow Creek Plaza and Fed Ex new building. Installed primary wire at Prairie Hills development and Installed wire to Watertown Development Building Pheasant Ridge. Projects Starting Next Month: Tree trimming and overhead line maintenance. Gas Department, Projects Completed this Month: Installed or removed 39 meter sets, Installed 25 new gas services, Installed 5 fuel runs, Installed a conduit at the Wal-Mart TBS for SCADA and power. Projects In Progress: Operator Qualifications training and rebuilding and testing of residential gas meters. Summary of 2012 Construction Season: Installed 3,540 feet of plastic gas main and Installed 23,200 feet of steel gas main. New TBS completed. Water Department, Projects Completed this Month: 11 new taps, 4 replacement taps, 2 main breaks 6" C.I. Main Break at 3rd St. & 5th Ave. NE and also found a crack in the main west of the previous repair, Transferred all of the MIEX resin out of contractor basins to tanks for storage until we need it next summer. Projects in Progress: Do annual inspection on all of the fire hydrants. Engineering Tech Department, Projects Completed this Month: 208 One-Call locates Nov. 1 to 26th, 2012. 498 One-Call locates total October, 2012, 7 emergency locates 5 private and 2 Watertown Utilities. Projects Starting Next Month: Average 40 One-Call locates in December, Continue drafting plans for 2013 projects and continue updating utility Distribution Maps.

ITEM 6305

Karst presented report on Administration and Financial Statements: Building/Grounds and Purchasing, Projects Completed This Month: Burchatz

Construction has finished with the last of our concrete repairs. Projects in Progress: Working on list of safety issues that Safety Benefits compiled after they were here for our property valuation in September and Starting 2012 physical inventory on 12/3/12. Projects to Start Next Month: Having discussions on what projects need to be carried over to 2013 or have been completed and need to be closed out. Office, Projects Completed This Month: 13,352 Payments collected with a total of \$3,845,396, Total of 51,198 services billed for a total of \$3,501,337; Human Resources/Risk Management: Completed data and wage comparisons for union negotiations and updated union contract language, Began open enrollment process for insurance and flex benefits and attended Safety Benefits Annual Conference in Pierre. Information Systems, Current Projects: Consort Demand Side Management - We had a Consort Meeting on November 1st with 11 customers attending.

Statements of revenue and expenses were presented to the Board for review. Year to date net income is \$760,510 under budget due to a warmer winter than average and the donation of the Kampeska Filtration Plant.

ITEM 6306

Motion made by Luken with second by Schultz to approve the following verified Salary claims and bills. Motion carried unanimously upon roll call vote. Total Municipal Utilities Dept Net Payroll for November, 2012 Plus ACH Payroll Payments \$335,577.01.

December 3, 2012

Name	Payable Description	Payment Amount
ACTIVE HEATING INC	HEATING MAINTENANCE	\$771.26
AFLAC	CANCER PT	\$1,995.82
AMERICAN WATER WORKS ASSOCIATION	MEMBERSHIP DUES	\$1,615.00
AVANTI FEDERAL CREDIT UNION	CREDIT UNION	\$17,252.61
BENSON, BRIAN	REIMBURSEMENT EXPENSES	\$108.00
BEST BUSINESS PRODUCTS INC TX	COPIER LEASE	\$139.01
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$11,659.73
BORNS GROUP	POSTAGE & MAILING	\$6,866.69
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$114.03
CARQUEST #2197	BATTERIES, SUPPLIES	\$106.47
CARTNEY BEARING & SUPPLY	SUPPLIES	\$77.70
CERTIFIED LABORATORIES	SUPPLIES	\$1,620.75
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$449.89
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$3,620.03
CODINGTON COUNTY REGISTER OF DEEDS	EASEMENTS	\$43.00
CODINGTON-CLARK ELECTRIC COOPERATIVE INC	ELECTRIC SERVICE-NEW WELLFIELD	\$5,622.37
CREDIT BUREAU OF WATERTOWN INC	COLLECTIONS	\$1,037.95
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$2,065.75
DAKOTA DATA SHRED	SHREDDING SERVICE	\$57.05
DE VILLE, JEFF	REIMBURSEMENT EXPENSES	\$48.84
DEL-MAR UPHOLSTERY	REPAIRS	\$75.00

DEPARTMENT OF REVENUE	WATER SAMPLES	\$1,563.00
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$16,148.83
E & M LAWN CARE AND SNOW REMOVAL	LAWN SERVICE	\$175.00
ELECTRIC MOTORS & MOORE INC	SUPPLIES	\$125.00
ENERSYS INC.	SUBSTATION MAINTENANCE	\$3,500.00
F J MC LAUGHLIN CO.	SUPPLIES	\$4,970.77
FARNAMS GENUINE PARTS	PARTS, SUPPLIES	\$426.99
FASTENAL COMPANY	SUPPLIES	\$309.55
FORRER SUPPLY CO INC	METER CONNECTIONS	\$1,976.15
GREAT WESTERN BANK	TASC MED	\$6,397.17
GROEBNER & ASSOCIATES INC	SUPPLIES	\$5,410.98
HAWKINS, INC.	WATER TREATMENT CHEMICALS	\$3,244.03
HD SUPPLY WATERWORKS	GATE VALVES, SUPPLIES	\$16,186.03
HIGHWAY 81 WELDING	SUPPLIES	\$56.19
HUMAN SERVICE AGENCY	EAP SERVICES	\$180.00
IBEW LOCAL 426	UNION DUES	\$2,758.00
INTERSTATE BATTERIES	BATTERIES	\$69.97
J H LARSON COMPANY	SUPPLIES	\$11,411.00
KEVIN KRUITER	REIMBURSEMENT EXPENSES	\$108.00
LAKE CITY FIRE EQUIPMENT LLC	FIRE EXTINGUISHER MAINTENANCE	\$33.50
LANDMARK STRUCTURES	MELLETT WATER TOWER	\$5,000.00
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$248.99
LUKONEN'S TOOL SERVICE INC	TOOLS, SUPPLIES	\$439.95
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$16.42
MAC'S INC	SUPPLIES	\$377.45
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$20.97
MARCO INC	MAINTENANCE AGREEMENT	\$130.50
MC KEEVER'S VENDING	SUPPLIES	\$302.60
MEL DAHLE TIRE CO	TIRES, SUPPLIES	\$743.00
MENARDS INC	SUPPLIES	\$350.65
MENNENGA, SHEILA	REIMBURSEMENT EXPENSES	\$23.00
MET LIFE	LIFE INSURANCE	\$933.32
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MIDWEST BUSINESS CONDOS LLC	ENERGY INCENTIVE REBATE	\$3,080.00
MIDWEST UNDERGROUND SUPPLY	PARTS, SUPPLIES	\$736.46
MILBANK COMMUNICATIONS INC	LICENSE APPLICATION CHANGE	\$75.00
MILBANK WINWATER WORKS	SUPPLIES	\$1,709.86
MINNESOTA MUNICIPAL UTILITIES ASSN	TRANSFORMER SCHOOL REGISTRATION	\$1,320.00
MUELLER CO	SUPPLIES	\$103.81
MUNICIPAL UTILITIES - PC	PETTY CASH, SUPPLIES	\$603.75
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND	\$312.73
MUNICIPAL UTILITIES-REFUND ACCT	REFUND OVERPAYMENT OF FINAL BILLS	\$2,796.25
NARDINI FIRE EQUIPMENT CO INC	ALARM SYSTEM INSPECTION	\$320.00
NEW YORK LIFE INS.	LIFE INSURANCE	\$196.00
NORTH AMERICAN SALT COMPANY	WATER TREATMENT SUPPLIES	\$3,979.95
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,373.65
NOVA FIRE PROTECTION INC	SPRINKLER HEAD REPLACEMENT	\$759.00
OFFICE MAX CONTRACT INC	OFFICE SUPPLIES	\$91.98

OFFICE PEEPS	OFFICE SUPPLIES	\$867.60
ONYX EMS LLC	ENERGY INCENTIVE REBATE	\$23,490.00
PADGETT, DUSTIN	REIMBURSEMENT EXPENSES	\$111.00
PETE LIEN & SONS	WATER TREATMENT SUPPLIES	\$11,922.96
PLATTS	SUBSCRIPTION	\$4,845.00
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$115.65
PRINT-EM-NOW INC	SUPPLIES	\$219.00
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$89.12
RESCO	TRANSFORMERS	\$76,483.12
RIES, STEPHANIE	REIMBURSEMENT EXPENSES	\$260.78
RON'S SAW SHOP	SUPPLIES	\$104.31
RUNNING'S SUPPLY INC	SUPPLIES	\$656.48
SD MUNICIPAL ELECTRIC ASSN	MEMBERSHIP DUES	\$22,228.00
SD ONE CALL	LOCATES	\$522.90
SERVICEMASTER	JANITORIAL SERVICE	\$3,320.00
SEVERN TRENT WATER PURIFICATION INC	WATER TREATMENT PLANT REPAIRS	\$3,600.00
SHERMAN CANVAS	SUPPLIES	\$30.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$9,239.51
SIOUX VALLEY GREENHOUSES	SUPPLIES	\$89.55
STAR LAUNDRY INC	RUG SERVICE	\$345.63
STEVE'S WORLD	CYLINDER REPAIR	\$97.50
STUART C IRBY CO	SUPPLIES	\$371.28
STURDEVANTS AUTO PARTS	AUTO PARTS, SUPPLIES	\$181.82
TELESCADA	SCADA MAINTENANCE	\$4,277.83
TRAV'S OUTFITTER	SUPPLIES	\$99.98
TW SERVICES INC	TRANSFORMER DISPOSAL	\$100.80
TYLER TECHNOLOGIES	OFFICE SUPPLIES	\$112.91
TYNDALE COMPANY INC	SUPPLIES	\$640.95
UPS	SHIPPING	\$501.84
WALMART COMMUNITY	SUPPLIES	\$58.90
WATERTOWN CO-OP ELEVATOR ASSN	SUPPLIES	\$300.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$74.82
WATERTOWN IND DEV FOCUS WTN	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$401.10
WATERTOWN UNITED WAY	United Way	\$359.00
WATERTOWN WHOLESALE	SUPPLIES	\$463.41
WATERTOWN WINNELSON CO	SUPPLIES	\$99.51
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$64,159.04
WESCO DISTRIBUTION INC	SUPPLIES	\$1,780.54
WILLIAM NEALE & CO., PC	2011 AUDIT	\$8,952.00
ZEP MANUFACTURING CO	SUPPLIES	\$121.65
	Total	\$406,932.89

Total October, 2012 406,932.89; Transfer to City General Fund 101,533.00;
Muni Utilities Electric Water Gas 43,036.52; Northern Natural Gas

2,273.20; Missouri River Energy Services Power 1,234,816.63; BP Canada Energy Marketing Natural gas 319,107.60; Dept of Revenue Sales/Excise Tax 141,166.50; CPEP Natural Gas 25,306.85, City Finance Office Garbage Sewer 378,649.20.

ITEM 6307

Pursuant to SDCL 1-25-2(3)(4) Luken moved with second by Schultz to move to Executive Session for discussion of contractual matters with no action anticipated. Motion carried.

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

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

The Watertown Municipal Utilities Department does not discriminate against the handicapped in employment or admission or access to its programs and activities or the provision of services.

Dated at Watertown, South Dakota this 29th day of November, 2012

ATTEST: _____

Lisa Pahl

Dustin J. Padgett

Executive Secretary

President

Municipal Utilities Board

Municipal Utilities Board