

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Friday September 28, 2012

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Friday September 28, 2012 at Noon with President Dustin Padgett presiding.

Board members present: Dustin Padgett, Wayne Schultz, Ernie Wight, and Dave Strait. Mike Luken absent. Liaison Member of City Council Bruce Buhler absent. Staff Members present: Steve Lehner, Adam Karst, Todd Chambers, Doug Enstad, Mark Haider, Kevin Kruiter, Stephanie Ries, Sheila Mennenga, Lisa Pahl, Stanton Fox. Press: Don Egert, KXLG Radio. Guest Dawn Horner of HR Green.

ITEM 6271

Motion by Strait with second by Schultz to approve the Agenda with the following to be removed: Item 4: Report & Acceptance of 2011 Audit. Motion carried.

ITEM 6272

Motion by Strait with second by Schultz to approve minutes of regular meeting on August 27, 2012. Motion carried.

ITEM 6273

This being the time and place set for consideration of bids, the following were presented. Bids were opened Tuesday, September 25, 2012 at 2:00 PM by the Municipal Utilities Department Staff as authorized by the Board.

Three Million Gallon Reservoir Replacement: DN Tanks, Gurnee, IL, \$2,278,167.00 and Preload Inc. Hauppauge, NY, \$2,191,020.00. All bidders submitted a 10% Bond as bid Security. Upon review from Dawn of HR Green and recommendation by Lehner, Strait moved with second by Wight to award bid to low valid bidder Preload Inc. Motion carried.

ITEM 6274

Lehner presented information on establishing the electric rate for annexed customers previously located in another utility's service territory. He went over the Territory Law, SDCL 49-34A-50 regarding the 25% fee payable to NorthWestern Energy. Motion by Strait second by Schultz to approve Resolution 6274. Motion carried unanimously upon roll call vote.

RESOLUTION 6274

ADOPTING

RESOLUTION ESTABLISHING THE ELECTRIC RATE FOR CUSTOMER LOCATED IN ANOTHER UTILITY'S SERVICE TERRITORY

WHEREAS the City of Watertown annexed 1101 41st Street SE on or about March 6, 2012, which is now known as the Titan Addition; and

WHEREAS the South Dakota Public Utilities Commission has determined that the Titan Addition is located within the electric service territory of NorthWestern Energy; and

WHEREAS Watertown Municipal Utilities has agreed to provide the Titan Addition with electric service notwithstanding the fact that it is located in NorthWestern's service territory; and

WHEREAS SDCL 49-34A-50 requires Watertown Municipal Utilities to pay, as compensation to NorthWestern Energy for service rights, an annual amount equal to the sum of twenty-five percent (25%) of the gross revenues received from power sales to the Titan Addition for a period of seven (7) years

NOW, THEREFORE, BE IT RESOLVED by the Municipal Utility Board, that the electric rate charged to the Titan Addition shall be twenty-five percent (25%) higher than the rate charged other electric customers for a period of seven (7) years.

Dated at Watertown, South Dakota this 28th day of September 2012.

ITEM 6275

Karst presented report of unclaimed property to be reported to the State. Motion by Strait second by Schultz. Motion carried.

ITEM 6276

Lehner presented the bill stuffer Living Safely with Natural Gas. Chambers gave an update on the Missouri River Energy Services (MRES) state legislative meeting. MRES introduced themselves to the legislators and then they discussed the resources MRES has to offer such as Wind, Hydro, Nuclear and Natural Gas. Information on the MRES Rebate incentive program was given. They discussed legislative concerns with the Open Meeting Laws and Feed in Tariff. Lehner discussed the upcoming Annual MRES area meetings being held in North Dakota, Minnesota, South Dakota and Iowa. He invited the Board to attend any one of the meetings.

ITEM 6277

Chambers presented report on Operations and Projects: Electric Department, Projects Completed this Month: Terminated wire and installed transformer at First Baptist Church and Bob Fox farm, Changed switches at the Glacial Lakes Energy during ethanol plant shut down. Projects Starting Next Month: Installing primary wire and transformers at Farm Credit Services, Fire Station Addition, Garage Rental units 12 Ave and 14 St SE, Qdoba Mexican Restaurant, Year-Round-Brown, Fed Ex's new building. Gas Department, Projects Completed this Month: Installed offsets in the gas main so the sewer contractor can finish at the intersection of Hwy 212 and 20, Installed gas main in KAK addition. Projects In Progress: 95% done with this year's residential leak survey, Installing SCADA into the new town border station. Water Department, Projects Completed this Month: 4 new taps, 2 replacement taps, 3 hydrants replaced, Checked drawdown water levels at the Rauville Well Field and Conifer well fields to verify we are not drawing any of them down to the level of the screen. The wells are performing good. Engineering Tech Department, Projects Completed this Month: 402 One-Call locates Sept. 1 - 25th, 2012, 472 One-Call locates total August, 2012. 9 emergency locates 1 private and 8 Watertown Utilities. Stake & Locate Gas and Electric extensions for KAK addition, Stake & Locate Electric 42nd St W, Stake & Locate Sandy Shore Electric Project, Stake & Locate Fox Farm Grain Dryer Project, Stake & Locate DK Diesel Electric Project, Stake & Locate 1200 4th Ave SW Electric

Replacement, Stake & Locate Titan Addition. Projects Starting Next Month: Average 420 One-Call locates in October. Stake & Locate Water Main Projects, Stake & Locate Misc. Gas & Electric Projects.

Chambers went over results of the Consort Pilot Energy Management Survey we sent out. We had a 73% return we sent out 94 surveys and 69 responded.

ITEM 6278

Karst presented report on Administration and Financial Statements: Building/Grounds and Purchasing, Projects Completed This Month: Redlinger's replaced the circulator pump on one of our boilers, Worked with representatives from SD Public Assurance Alliance, our new property insurance carrier. They identified all of our properties listed on our statement of values and will provide us with a report listing any discrepancies or suggestions. Projects in Progress: Working with Brandon Davis on extending the berm around Pelican sub and doing dirt work to have this hydro-seeded this fall. Continuing to see how we could use M-Files in our departments. Projects to start next Month: Blowing out our sprinkler systems on WMU properties, 2013 Budget items to get quotes on. Office, Projects Completed this Month: 13,492 Payments collected with a total of \$3,908,112, Total of 51,042 services billed for a total of \$3,608,968; Current and Future Projects: Implementation of the new document management system, Attended the APPA Business and Financial Conference in Memphis, TN. Next month we will be working on the Budget and rates for 2013 to present to the board in November.

Human Resources/Risk Management: Facilitated inspection with SD Public Assurance Alliance for new property/liability insurance carrier. Created Wage and Benefit survey which has been sent to other public utilities for market comparisons, Created Tyler On-Line training instructions and assisted Adam with creating a Document Management System Power Point presentation for the APPA Business Conference, Beginning review of Union Contract language/recommendations for new contract.

Information Systems: Current Projects, Attended the APPA Business and Financial Conference in Memphis, TN. Website Statistics 1,126 visits, 573 new visitors, 553 returning visitors, 3,929 page views.

Statements of revenue and expenses were presented to the Board for review. Year to date net income is \$1,172,342 below budget due to a warmer winter than average and the donation of the Kampeska Filtration Plant.

ITEM 6279

Motion made by Strait 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 September, 2012 Plus ACH Payroll Payments \$344,588.52. Info: S. Catlette 23.49/hr; D. Frost 13.72/hr; Trent Schafer 23.77/hr; Chris Forman 18.23/hr; New: Mark McLaughlin 15.51/hr.

Oct, 1 2012

Name	Payable Description	Payment Amount
ADVANCED ENGINEERING & ENVIRONMENT	WATER SYSTEM IMPROVEMENTS	\$ 161.57
AFLAC	CANCER PT	\$ 1,995.82
AVANTI FEDERAL CREDIT UNION	CREDIT UNION	\$ 16,982.61
BENDIX IMAGING INC	OFFICE SUPPLIES	\$ 420.96
BEST BUSINESS PRODUCTS INC TX	COPIER LEASE	\$ 139.01
BLOCK EXCAVATING CO.	EXCAVATING FOR WATER LEAK	\$ 1,989.80
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$ 34,072.40
BORNS GROUP	POSTAGE & MAILING	\$ 6,898.26
BURCHATZ CONSTRUCTION COMPANY INC	CEMENT REPAIR	\$ 892.86
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$ 135.22
CARQUEST #2197	BATTERY	\$ 84.41
CARTNEY BEARING & SUPPLY	SUPPLIES	\$ 127.42
CATLETTE,STEPHEN	REIMBURSEMENT EXPENSES	\$ 75.00
CHAMBERS, TODD	REIMBURSEMENT EXPENSE	\$ 111.01
CHASE CARDMEMBER SERVICE	CREDIT CARD CHARGES	\$ 1,117.89
CLIMATE SYSTEMS INC	SUPPLIES	\$ 342.92
CODINGTON COUNTY REGISTER OF DEEDS	COPIES	\$ 5.00
CODINGTON-CLARK ELECTRIC COOP. INC	ELECTRIC SERVICE - NEW WELLFIELD	\$ 7,657.51
CONNECTING POINT	NEW BACKUP SERVER	\$ 8,184.00
COUNTY FAIR FOOD STORE	SUPPLIES	\$ 15.12
CREDIT BUREAU OF WATERTOWN INC	COLLECTIONS	\$ 851.18
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$ 1,571.56
DAKOTA DATA SHRED	SHREDDING SERVICE	\$ 114.10
DAVES CONSTRUCTION INC	BORING AUDITORIUM LOOP	\$ 134,022.02
DE VILLE, JEFF	REIMBURSEMENT EXPENSE	\$ 1,479.81
DENNIS SUPPLY COMPANY	SUPPLIES	\$ 242.50
DIAMOND VOGEL PAINT CENTER	SUPPLIES	\$ 178.25
DSG DAKOTA SUPPLY GROUP	MAGNETOFLOW METER	\$ 9,025.67
E & M LAWN CARE AND SNOW REMOVAL	LAWN SERVICE	\$ 1,710.00
ELEMENT MATERIALS TECHNOLOGY	GAS WELD QUALIFICATION	\$ 210.00
ENERGY ECONOMICS INC	GAS METER REPAIR	\$ 696.79
ENGELSTAD ELECTRIC COMPANY	INSTALLATION OF UNDERGROUND	\$ 13,453.06
ENSTAD, DOUG	REIMBURSEMENT EXPENSE	\$ 34.82
ETHANOL PRODUCTS LLC	CO2	\$ 2,108.46
EXCELL DIAMOND SUNSHINE INDUSTRIAL	SUPPLIES	\$ 159.00
F J MC LAUGHLIN CO.	SUPPLIES	\$ 1,483.40
FARNAMS GENUINE PARTS	SUPPLIES	\$ 220.56
FASTENAL COMPANY	SUPPLIES	\$ 178.07
FIBERGLASS SPECIALTIES INC	REPAIR ELECTRICAL BOX BASEMENT	\$ 425.00
FRANKLIN PRESS INC	NATURAL GAS INSERTS	\$ 3,217.55
GRAINGER	SUPPLIES	\$ 91.45
GREAT WESTERN BANK	TASC MED	\$ 6,397.17
GROEBNER & ASSOCIATES INC	GAS PARTS, SUPPLIES	\$ 3,500.46
H R GREEN	ENGINEERING SVS FOR 3 MIL GAL WATER RESER.	\$ 18,171.67

HAWKINS, INC.	CHEMICALS, SUPPLIES	\$	2,138.11
HD SUPPLY WATERWORKS	WATER METERS	\$	5,197.62
HUMAN SERVICE AGENCY	EAP SERVICES	\$	90.00
HY-VEE FOODS	SAFETY PICNIC	\$	506.23
IBEW LOCAL 426	UNION DUES	\$	2,715.00
INTERSTATE BATTERIES	BATTERIES	\$	43.98
J H LARSON COMPANY	ELECTRICAL SUPPLIES	\$	6,430.91
KARST, ADAM	REIMBURSEMENT EXPENSE	\$	89.00
LAKE CITY FIRE EQUIPMENT LLC	FIRE EXTINGUISHER MAINTENANCE	\$	546.93
LEHNER, STEVE	REIMBURSEMENT EXPENSE	\$	505.43
LUKONEN'S TOOL SERVICE INC	TOOLS, SUPPLIES	\$	213.00
M & T FIRE & SAFETY INC	SUPPLIES	\$	101.00
MACKSTEEL WAREHOUSE INC	SUPPLIES	\$	232.50
MAC'S INC	PALLET RACKING	\$	246.59
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$	53.90
MARCO INC	DOCUMENT MANAGEMENT SYSTEM	\$	32,076.82
MC KEEVER'S VENDING	SUPPLIES	\$	138.56
MEL DAHLE TIRE CO	TIRE REPAIR	\$	34.00
MENARDS INC	SUPPLIES	\$	518.81
MET LIFE	LIFE INSURANCE	\$	934.62
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$	105.00
MINNESOTA MUNICIPAL UTILITIES ASSN	FIRSTLINE SUPERVISION REGIS. TRAINING	\$	1,665.00
MUELLER WATER PRODUCTS INC	SLIDE VALVE GATE	\$	323.92
MUNICIPAL UTILITIES	PETTY CASH, SUPPLIES	\$	249.35
MUNICIPAL UTILITIES-REFUND ACCT	REFUND OVERPAYMENT OF FINAL BILLS	\$	10,656.99
MUTH ELECTRIC INC	PILOT PROGRAM INSALLATION	\$	2,266.30
NEW YORK LIFE INS.	LIFE INSURANCE	\$	196.00
NORTH AMERICAN SALT COMPANY	WATER TREATMENT PLANT SUPPLIES	\$	8,000.72
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$	64.23
NOVA FIRE PROTECTION INC	ANNUAL INSPECTION	\$	150.00
OFFICE MAX CONTRACT INC	SUPPLIES	\$	134.95
OFFICE PEEPS	OFFICE SUPPLIES	\$	891.43
O'REILLY AUTOMOTIVE INC	AUTO PARTS AND SUPPLIES	\$	47.98
PETE LIEN & SONS	LIME, SUPPLIES	\$	23,896.68
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$	118.84
PRECISION REPORTING	TRANSCRIPT	\$	60.60
PRISTINE WATER SOLUTIONS	WATER TREATMENT SUPPLIES	\$	6,912.00
PRUNTY CONSTRUCTION INC	HWY 20-212 INTERSECTION WATER MAIN	\$	14,777.93
RESCO	SUPPLIES	\$	5,137.17
RIDDLE'S JEWELRY	ENERGY INCENTIVE REBATE	\$	1,380.00
ROBINSON, BRIAN	REIMBURSEMENT EXPENSES	\$	97.00
RUNNING'S SUPPLY INC	SUPPLIES	\$	41.99
SANFORD WATERTOWN OCCUPATIONAL MED	SCREENINGS	\$	219.00
SCHAEFFER MANUFACTURING COMPANY	SHOP SUPPLIES	\$	1,154.85
SCHUCHARD'S WESTSIDE GMC	ENERGY INCENTIVE REBATE	\$	1,068.00
SD ONE CALL	LOCATES	\$	495.60
SD PUBLIC ASSURANCE ALLIANCE	PROPERTY INSURANCE	\$	35.00
SENSIT TECHNOLOGIES INC	GAS SUPPLIES	\$	239.39

SERVICEMASTER	JANITORIAL SERVICE	\$	3,320.00
SIGN PRO	SUPPLIES	\$	48.00
SIOUX FALLS CONSTRUCTION CO.	REUND	\$	7,929.27
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$	9,593.26
SIOUX VALLEY GREENHOUSES	MELLETT SPRINKLER SYSTEM	\$	3,570.00
STANLEY, JUSTIN	REIMBURSEMENT EXPENSES	\$	97.00
STAR LAUNDRY INC	RUG SERVICE, SUPPLIES	\$	339.98
STATE TREASURER	UNCLAIMED PROPERTY FOR 2012	\$	1,295.18
STROMSETH CONSTRUCTION	LIME SLUDGE REMOVAL PER BID	\$	26,317.65
STUART C IRBY CO	SWITCHES, SUPPLIES	\$	5,129.48
STURDEVANTS AUTO PARTS	SUPPLIES	\$	148.00
SWANSON FLO-SYSTEMS CO.	SUPPLIES	\$	392.76
T & R ELECTRIC CO	TRANSFORMERS	\$	25,595.00
TITAN MACHINERY-SF	SUPPLIES	\$	203.37
TOLLEY, LANCE	REIMBURSEMENT EXPENSES	\$	97.00
UPPER BIG SIOUX RIVER WATERSHED PR	UPPER BIG SIOUX RIVER WATERSHED PROJ.	\$	90,000.00
UPS	SHIPPING	\$	174.24
USA BLUEBOOK	SURGE PROTECTIVE DEVICE	\$	277.86
VERIFICATIONS INC	APPLICANT VERIFICATIONS	\$	100.20
WARKENTHIEN, TODD	ENERGY INCENTIVE REBATE	\$	2,310.00
WATERTOWN CO-OP ELEVATOR ASSN	SUPPLIES	\$	40.78
WATERTOWN IND DEV FOCUS WTN	INDUSTRIAL DEVELOPMENT EXPENSE	\$	8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$	727.60
WATERTOWN UNITED WAY	United Way	\$	359.00
WATERTOWN WHOLESALE	SUPPLIES	\$	408.91
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$	65,992.37
WESCO DISTRIBUTION INC	SUPPLIES	\$	185.48
TOTAL		\$	667,492.66

Total September, 2012 667,492.66; Transfer to City General Fund 101,533.00; Muni Utilities Electric Water Gas 56,705.70; Northern Natural Gas 2,273.20; Missouri River Energy Services Power 2,032,677.29; BP Canada Energy Marketing Natural gas 115,163.90; Dept of Revenue Sales/Excise Tax 136,971.89; CPEP Natural Gas 9,389.75, City Finance Office Garbage Sewer 391,091.66

Motion by Strait with second by Wight 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 28th day of September, 2012

ATTEST: _____

Lisa Pahl

Executive Secretary

Municipal Utilities Board

Dustin J. Padgett

President

Municipal Utilities Board