

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, October 28, 2013

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday October 28, 2013 at Noon with President Mike Luken presiding.

Board members present: Mike Luken, Wayne Schultz, Ernie Wight, Dave Strait, Dustin Padgett, and Board Liaison Member of City Council Don Roby. Staff Members present: Steve Lehner, Todd Chambers, Adam Karst, Jeff DeVille, Doug Enstad, Rich Schmidt, Mark Meier, Mark Haider, Kevin Kruiter, Sheila Mennenga, Stephanie Ries, Lisa Pahl and Stanton Fox. Press: Don Eggert, KXLG Radio. Guests Tim Miller of Missouri River Energy Services, Terry Nelson of CHS, and Ralph Nelson of Watertown CO-OP.

ITEM 6416

Motion by Schultz with second by Wight to approve the Agenda. Motion carried.

ITEM 6417

Motion by Strait with second by Padgett to approve minutes of the regular Board meeting on September 30, 2013. Motion carried.

ITEM 6418

Tim Miller, Missouri River Energy Services, presented results of the Electric Rate Study which included energy requirements, energy usage, operating cost, cost of service, proposed rates and reserves. Comparison of current and proposed rates with surrounding towns, utility providers: Watertown Municipal Utilities is consistent with remaining as the lowest electric energy provider based on the survey. MRES plans to increase its rates to Municipal Utilities by 5.5% in 2014. Recommendations from MRES to the Board were for Municipal Utilities to initiate an overall 3% increase in electric rates, introduction of new electric service connection fees to defray a portion of the costs of installing service to new customers. The rate study included an option for seasonal rates. No action required at this time.

ITEM 6419

Open: Lehner asked the Board if we could go to item number 8 on the agenda so that the guests could speak instead of wait through another lengthy presentation. Board agreed. Lehner introduced Terry Nelson of CHS and Ralph Nelson of Watertown Co-op. The Nelson's came before the board requesting that the Watertown Municipal Utilities make an exception to our normal hook-up policy so that they could be able to hook up multiple lines to one 6" line because of some additions they are making to their companies. They noted both companies were under a LLC and stated their cost to connect additional services to the utilities water main was

estimated at \$120,000. Terry Nelson also said that this would be a back-up service because they probably will be digging a well. The Board agreed to move this to executive session and get back to these individuals.

ITEM 6420

Board President Luken directed us back to item number 5 on the agenda. Karst presented report on the Biennial Customer Service Survey. A total of 13,561 surveys were mailed out with 1,385 surveys being returned for a return rate of 10.2%. Improvements were indicated in several areas; Municipal Utilities was able to contact the majority of customers that requested a response to the survey. The results of the survey along with a FAQ section are posted on Municipal Utilities website at www.watertownmu.com. A FAQ insert will be included in the December or January bills.

ITEM 6421

Board set date of Thursday, November 21, 2013 at 7am in the Municipal Utilities Board Room for a Special Board Meeting primarily to discuss 2014 budget.

ITEM 6422

Motion made by Wight with second by Strait to approve General Manager to sign an Electric Long Range Plan Study with Consulting Engineers Group, Inc. (CEG). Motion carried unanimously upon roll call vote.

Open: Chambers discussed the Missouri River Energy Services area meeting he attended with Board Member Schultz. MRES staff discussed several items such as Rates, Laramie River Station & the haze rule, WAPA extending service agreements, the construction of the Red Rock Hydro Plant, Coordination Demand Response (CDR) Program.

ITEM 6423

Chambers presented report on Operations and Projects: Electric Department, Projects Completed this Month: Installed 9000 feet of primary at Coop-Elevator on 20 Ave SW, Installed 2000 KVA transformer at the Hospital, Installed transformer at Ethanol Plant for 600 HP motor. Projects In Progress: Installing primary at East Woods Addition, Installing primary at Prairie View Addition, Installing primary at new KXLG radio station, Terminating primary and installing transformer at Bramble Park Zoo. Projects Starting Next Month: Installing primary at Pheasant Ridge to Dakota Bodies, Installing primary and 3 transformers at Titian, Installing primary and transformers at CHS Liquid Fertilizer Plant, Installing primary and transformers at CO-OP Liquid Fertilizer Distribution Building. Gas Department, Projects Completed this Month: Installed 1200' of 4" main in Prairie View Addition by WMU distribution crew, Installed 2100' of 2" main in Prairie View and Eastwood's Addition by WMU distribution crew. Projects in Progress: Finishing summer construction before freeze up. Water Department, Projects Completed this Month: Made 9 4x1 PVC taps on

the new 4" private main at 1207 -6th Ave. NW, Made 8 6x1 PVC taps on new main 27th St. NE in Prairie View Addition, Filled the new 3 million gallon water tank and put it into service on October 11th, Pressure washed domes at Mellette and 14th Ave towers to remove the vulture droppings. Projects to Start Next Month: Getting equipment ready for winter. Engineering Tech Department: Projects Completed this Month: 443 One-Call locates October 1 - 23rd, 2013. 423 One-Call locates total for September, 2013, 11 Emergency locates (3 private contractors & 8 Watertown Utilities). Next Month: Average 240 one-call locates in November.

ITEM 6424

Karst presented report on Administration and Financial Statements: Building/Grounds and Purchasing, Projects Completed: Mulcahy successfully got the boiler that we have been having problems with back into operation, Doug Heaton retired from the warehouse department, hired Steve Witte to start on 10/28/2013. Projects in Progress: Training Steve on the various duties as the new Apprentice Warehouseman. Office, Projects Completed This Month: 13,594 Payments collected with a total of \$3,863,651.52; Total of 51,569 services billed for a total of \$3,748,548.57; Major Projects in Progress: Working on the initial Budget and rates for 2014 to present to the board in November. Human Resources/Risk Management: Reviewing health insurance renewal/preparing for open enrollment for 2014. Information systems web pages viewed was up due to the employment opportunity.

Statements of revenue and expenses and Capital Additions were presented to the Board for review. Year to date net income is \$1,070,165 over Budget for the nine months ending September 30, 2013. Total Capital Additions is \$585,789 under budget thru September 30, 2013.

ITEM 6425

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 October, 2013 Plus ACH Payroll Payments 345,487.38.

Name	Payable Description	Payment Amount
NOV. 1, 2013		
ADV. ENGINEERING & ENVIRON. SRVS	WATER TREATMENT PLANT I & C SRVS	\$495.00
AFLAC	CANCER PT	\$2,032.29
AMERICAN WATER WORKS ASSOC.	2014 MEMBERSHIP DUES	\$1,656.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$512.27
AP & SONS CONSTRUCTION INC	2013 LIME REMOVAL	\$7,179.06
APGA	MEMBERSHIP DUES	\$6,538.88
AVANTI FEDERAL CREDIT UNION	CREDIT UNION	\$15,902.53
BENDIX IMAGING INC	SUPPLIES	\$271.97
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$21,175.86
BORNS GROUP	POSTAGE & MAILING	\$7,152.73
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$76.05
CARQUEST #2197	SUPPLIES	\$121.37
CERTIFIED LABORATORIES	SUPPLIES	\$149.10
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$841.07
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$1,109.01
CODINGTON COUNTY REGISTER OF DEEDS	EASEMENT	\$67.00
CODINGTON-CLARK ELECTRIC COOP. INC	ELECTRIC SERVICE NEW WELLFIELD	\$5,947.24

CREDIT BUREAU OF WATERTOWN INC	COLLECTIONS	\$531.29
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$2,737.62
CUMMINS CENTRAL POWER LLC	GENERATOR REPAIR	\$944.67
DAKOTA DATA SHRED	SHREDDING SERVICE	\$59.90
DAKOTA TERRITORIES CO INC.	SIGNAGE	\$4,000.00
DE VILLE, JEFF	REIMBURSEMENT EXPENSES	\$72.89
DEPARTMENT OF REVENUE	WATER SAMPLES	\$403.00
DIAMOND VOGEL PAINT CENTER	SUPPLIES	\$69.88
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$12,899.89
E & M LAWN CARE	LAWN SERVICE	\$965.00
ENGELSTAD ELECTRIC COMPANY	3 PHASE PRIMARY	\$41,033.82
ETHANOL PRODUCTS LLC	SUPPLIES	\$1,419.00
FARNAMS GENUINE PARTS	SUPPLIES	\$610.95
FASTENAL COMPANY	SUPPLIES	\$1,013.84
FIBERGLASS SPECIALTIES INC	ELECTRICAL BOX REPAIR	\$125.00
G & R CONTROLS INC.	MAINTENANCE AGREEMENT	\$2,932.66
GCR TIRE CENTER	SUPPLIES	\$31.00
GLOBAL VIEW SOFTWARE INC.	EXCHANGE FEES	\$450.00
GRAINGER	SUPPLIES	\$308.56
GREAT WESTERN BANK	TASC MED	\$5,879.65
GROEBNER & ASSOCIATES INC	SUPPLIES	\$780.13
H R GREEN	3 MG WATER RESERVOIR REPLACE.	\$4,292.00
HAIDER, MARK	REIMBURSEMENT EXPENSES	\$1,140.63
HAWKINS, INC.	WATER SUPPLIES	\$3,494.16
HD SUPPLY WATERWORKS	SUPPLIES	\$1,903.20
IBEW LOCAL 426	UNION DUES	\$3,034.22
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$43.98
J H LARSON COMPANY	SUPPLIES	\$3,651.00
KARST, ADAM	REIMBURSEMENT EXPENSES	\$1,198.12
KEROTEST MANUFACTURING CORP	SUPPLIES	\$4,102.48
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$218.62
LOCATORS & SUPPLIES INC	SUPPLIES	\$306.18
LUKONEN'S TOOL SERVICE INC	SUPPLIES	\$240.90
M & T FIRE & SAFETY INC	SUPPLIES	\$99.50
MAC'S INC	SUPPLIES	\$277.81
MAHOWALD'S HARDWARE & RENTAL	SUPPLIES	\$102.07
MARCO INC	MAINTENANCE AGREEMENT	\$37.37
MARCO INC	MAINTENANCE AGREEMENT	\$236.85
MC KEEVER INC	SUPPLIES	\$62.02
MEL DAHLE TIRE CO	SUPPLIES	\$735.80
MENARDS INC	SUPPLIES	\$407.89
MENNENGA, SHEILA	REIMBURSEMENT EXPENSES	\$781.98
MET LIFE	LIFE INSURANCE	\$1,015.02
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MILBANK WINWATER WORKS	SUPPLIES	\$3,999.93
MINNESOTA MUNICIPAL UTILITIES ASSN	SAFETY MANAGEMENT PROGRAM	\$9,005.00
MISSOURI RIVER ENERGY SERVICES	ULTRASONIC INSPECTION SRVS	\$1,499.30
MITCHELL INSTRUMENT COMPANY INC	SUPPLIES	\$164.49
MUNICIPAL UTILITIES - PC	PETTY CASH	\$437.12
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #251-3	\$103.99
MUNICIPAL UTILITIES-REFUND ACCT	REFUND OVERPAYMENT OF FINAL BILL	\$4,062.11
MUNICIPAL UTILITIES-TERM LIFE PAY	TERM LIFE	\$1,156.20
NEW YORK LIFE INS.	LIFE INSURANCE	\$196.00
NORTHEAST TECHNICAL HIGH SCHOOL	ENERGY INCENTIVE REBATE	\$2,720.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$4,555.96
OFFICE PEEPS	OFFICE SUPPLIES	\$310.32
PETE LIEN & SONS	SUPPLIES	\$11,879.82
PIPELINE ASSN FOR PUBLIC AWARENESS	ANN. DUES, MAILINGS, MEETING	\$575.00
PLATTS	SUBSCRIPTION	\$5,015.00
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$128.21
PRELOAD INC	3 MG RESERVOIR REPLACEMENT	\$127,559.85
PRINT-EM-NOW INC	SUPPLIES	\$196.00
PROCESS PRODUCTS & SERVICE CO.	SUPPLIES	\$568.15
RESCO	SUPPLIES	\$20,733.21

RUNNING'S SUPPLY INC	SUPPLIES	\$1,116.50
SAFETY BENEFITS INC	CONFERENCE REGISTRATION	\$195.00
SAFETYCAL INC	SUPPLIES	\$721.42
SCHAEFFER MANUFACTURING CO.	SUPPLIES	\$148.15
SCHAEFFER MANUFACTURING CO.	SUPPLIES	\$1,318.60
SCHMIDT, RICHARD	REIMBURSEMENT EXPENSES	\$197.27
SD ONE CALL	LOCATES	\$444.15
SDRS SPECIAL PAY PLAN	401a VAC	\$25,651.45
SERVICEMASTER	JANITORIAL SERVICE	\$3,120.00
SHARP AUTOMOTIVE	SUPPLIES	\$87.08
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$7,747.70
SIOUX VALLEY GREENHOUSES	STUMP REMOVAL	\$1,929.20
STAR LAUNDRY INC	RUG SERVICE	\$330.95
STUART C IRBY CO	SUPPLIES	\$2,463.60
STURDEVANTS AUTO PARTS	SUPPLIES	\$107.46
TECH PRODUCTS INC	SUPPLIES	\$63.18
TOOL TIME	TRACTOR MOWER RENTAL	\$225.00
UPS	SUPPLIES	\$8.77
USA BLUEBOOK	SUPPLIES	\$561.56
UTILITIES PLUS ENERGY SRVS INC	C.B. TESTING @ PELICAN SUBSTATION	\$8,551.04
WALGREEN CO #10007	ENERGY INCENTIVE REBATE	\$1,097.25
WALMART COMMUNITY	SUPPLIES	\$44.97
WATERTOWN CO-OP ELEVATOR ASSN	SUPPLIES	\$310.50
WATERTOWN DEVELOPMENT CO.	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$347.50
WATERTOWN UNITED WAY	United Way	\$351.00
WATERTOWN WHOLESALE	SUPPLIES	\$557.03
WATERTOWN WINNELSON CO	SUPPLIES	\$101.27
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$65,369.47
WESCO DISTRIBUTION INC	SUPPLIES	\$1,741.60
WESTERN AREA POWER ADMIN.	ANNUAL MAINTENANCE	\$3,000.00
WW TIRE SERVICE INC	SUPPLIES	\$2,274.00
TOTAL		<u>\$509,721.31</u>

Total October, 2013 509,721.31; Transfer to City's General Fund 95,700; Muni Utilities Electric Water Gas 57,026.05; Northern Natural Gas 2,273.20; Missouri River Energy Services Power 1,403,404.52; BP Canada Energy Marketing Natural gas 131,360.00; Dept of Revenue Sales/Excise Tax 143,201.49; CPEP Natural Gas 12,868.28, First Nat'l Bank-SF SRF Loan 413,660.20, City Finance Office Garbage Sewer 386,076.34.

Pursuant to SDCL 1-25-2(3) Strait moved with second by Padgett to move to Executive Session for discussion of contractual matters and pending litigation. No action expected after Executive Session. Motion carried.

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

Motion by Padgett with second by Wight to adjourn. Motion carried.

The Watertown Municipal Utilities Department does not discriminate in employment opportunities or provision of services basis of race, color, religion, sex, national origin, age, disability, or any other characteristic protected by law.

Dated at Watertown, South Dakota this 28th day of October, 2013

ATTEST: _____

Lisa Pahl

Michael V. Luken

Executive Secretary

President

Municipal Utilities Board

Municipal Utilities Board