

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Monday, November 30th, 2015

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Monday, November 30th, 2015 at 12:00 p.m. with President Ernie Wight presiding.

Board members present: Ernie Wight, Dave Strait, Dustin Padgett, Mike Luken and John Holley. Board Liaison, member of City Council, Glen Vilhauer. Staff members present: Steve Lehner, Todd Chambers, Adam Karst, Jeff DeVille, Rich Schmidt, Doug Enstad, Mark Haider, Mark Meier, Kevin Kruiter, Stephanie Ries, Sheila Mennenga, Stanton Fox and Lisa Pahl. Guests Joni Livingston from MRES and Mayor Steve Thorson from the City of Watertown, Press: Wayne Hammond, Public Opinion.

ITEM 6708

Motion by Luken with second by Padgett to approve the Agenda. Motion carried.

ITEM 6709

Motion by Padgett with second by Holley to approve minutes of the regular Board Meeting held October 26th, 2015 and Special Session Board Meeting held November 18th, 2015. Motion carried.

ITEM 6710

Presentation given by Joni Livingston from Missouri River Energy Services. MRES is asking the Board for an Amendment to the S1 Agreement. Action will be taken at a future Board Meeting.

ITEM 6711

Karst presented information on rates as outlined and presented at the Special Session Board Meeting, overall change on Electric Rates will increase by 4% due to the 9% increase by Missouri River Energy Services last year, overall change on Water Rates will increase 4% and overall change on Gas Rates will decrease by 10%. With these changes the Utilities will still stay in the bottom third in our region for utility costs. All changes are effective with the January 2016 readings to be billed February 1, 2016. Motion by Strait with second by Padgett to approve utility rates for 2016. Motion carried.

ITEM 6712

Motion by Strait with second by Padgett to approve proposed budget for 2016 including operating budget and capital budget and also the proposed projects for Electric, Water and Gas Departments that were discussed at the November Special Session Board Meeting. Motion carried.

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
2016 BUDGET - COMBINED STATEMENT OF REVENUES AND EXPENSES
11/30/2015

	BUDGET
	2016
OPERATING REVENUES:	
ELECTRIC SALES	30,162,499
WATER SALES	5,290,735
GAS SALES	9,856,513
TOTAL OPERATING REVENUES	45,309,747
OPERATING EXPENSES:	
PURCHASED ELECTRICITY	20,900,821
PURCHASED GAS	5,088,427
OTHER PROD EXPENSES	1,594,303
TRANS & DIST EXPENSES	6,895,870
COMML & GEN EXPENSES	2,404,242
DEPRECIATION & AMORT EXP	3,372,909
TOTAL OPERATING EXPENSES	40,256,572
NET OPERATING INCOME(LOSS)	5,053,175
OTHER INCOME OR EXPENSES	
INTEREST INCOME	66,000
INTEREST EXPENSE	-547,469
OTHER INCOME OR EXPENSE	524,245
TOTAL NON-OPERATING REVENUES	42,776
INCOME (LOSS) BEFORE TRANSFERS	5,095,951
Transfer to City of Watertown	-1,198,400
Income (Loss) After Transfer to City of Watertown	3,897,551

WATERTOWN MUNICIPAL UTILITIES DEPARTMENT
2016 BUDGET - COMBINED CAPITAL BUDGET AND WATER
TREATMENT PLANT PRINCIPAL LOAN PAYMENTS
11/30/2015

	BUDGET
	2016
CASH APPLICATION	
TOTAL CAPITAL ADDITIONS	6,331,250
WATER TREATMENT PLANT PRINCIPAL LOAN PAYMENTS	1,658,620
TOTAL APPLICATION OF CASH	7,989,870

ITEM 6713

Motion by Luken second by Padgett to approve the renewal of the Group Health Insurance Plan. Changes in the plan will increase the deductible from \$1,000 to \$2,000, the Watertown Municipal Utilities will coinsure half of that. Motion carried.

ITEM 6714

OPEN: Chambers and Holley attended the Missouri River Energy Area Meetings. Some of the topics covered were the EPA mandates, Clean Power Plan, regional haze, 2016 budget, S1 rates and info on the Red Rock Hydropower Plant update.

Lehner presented an invite to the Board to attend the APPA Legislative Rally March 7-9, 2016 in Washington DC.

Karst presented the Bill Stuffers which included, ACH Forms and Online Account Access Info and the Rec Center Health Fair being held in January.

ITEM 6715

Chambers presented the Report on Operations and Projects: Electric Department, Projects Completed This Month: LATI energy class toured our Pelican Sub when the new transformer was being tested and assembled by the transformer manufacturer. Projects in Progress: Working with CEG on transformer change out at Uptown Sub and Transformer addition at the Pelican Sub, Installing Christmas decorations on Hwy 212. Projects Starting Next Month: Overhead Maintenance. Gas Department, Projects Completed this Month: Installed 30 new residential gas services. Projects in Progress: Finishing fall construction, Annual meter change outs. Water Department, Projects Completed this Month: 2 main breaks, 2 hydrant maintenance, 5 replacement taps, 3 new taps, 5 main shut downs, South Lake and 19th St towers have been painted and are back into service. Projects in Progress: Checking all of the hydrants in the system. Engineering Tech Department, Projects Completed this Month: 222 One-Call locates Nov. 1st - Nov. 24th, 2015, 499 One-Call locates total October, 2015, 10 Emergency locates (8 private contractor & 2 WMU). Next Month: Average 45 One-Call locates in December, Update gas and water Locating maps, Update gas service sheets.

ITEM 6716

Karst presented the report on Administration and Financial Statements: Purchasing, Accounting and Facilities, Upcoming Projects: Working on year end projects in accounting, getting ready for 2015 audit. Customer Service, Projects Completed this Month: 13,710 payments collected for a total of \$3,750,356 total of 52,666 services billed for a total of \$3,321,635. Human Resources/Risk Management, Finalized information for union negotiations, Prepared and presented information on new health insurance plan options for

2016, completing annual open enrollment 2016. IT, Current Projects: Working N-Sentinel network demo and MMU offsite backup proposal.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$162,152 over budget for the ten months ending October 31st, 2015, Total Capital Additions are \$2,207,414 under budget for the ten months ending October 31st, 2015. Info: T. Pahl 20.60 effective 10/24/2015.

ITEM 6717

Motion made by Strait with second by Luken to approve the following verified salary claims and bills. Motion carried unanimously upon roll call vote. Total Municipal Utilities Dept. Net Payroll for November 30th, 2015 Plus ACH Payroll Payments 413,418.76.

Name	Payable Description	Payment Amount
December 1, 2015		
ABC EMBROIDERY	SERVICE	\$18.95
ACTIVE HEATING INC	ENERGY INCENTIVE REBATE	\$600.00
ADVANTAGE RVS & CONVERSIONS	SUPPLIES	\$143.06
AFLAC	CANCER PT	\$2,105.80
A-OX WELDING SUPPLY INC	SUPPLIES	\$165.24
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$398.60
BARKLEY TRUCK LINES INC	CREDIT REFUND #2147-0	\$1,590.82
BATTERIES UNLIMITED INC	SUPPLIES	\$84.00
BECKWITH ELEC CO INC	SUPPLIES	\$222.43
BELL LUMBER & POLE CO	SUPPLIES	\$12,767.00
BENDIX IMAGING INC	SUPPLIES	\$209.98
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$11,290.24
BORNS GROUP	POSTAGE & MAILING	\$7,959.72
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$101.39
C A TURNER	SUPPLIES	\$270.18
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$1,927.81
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$2,027.09
CHEMCO SYSTEMS, LP	SUPPLIES	\$1,417.10
CHILD SUPPORT PAYMENT CENTER	Child Support - Case #247392027A	\$275.00
CLIMATE SYSTEMS INC	SUPPLIES	\$574.38
CODINGTON COUNTY REGISTER OF DEEDS	COPIES, EASEMENTS	\$64.00
CODINGTON-CLARK ELECTRIC CO-OP INC	WELLFIELD ELECTRIC SERVICE	\$5,730.10
COMPASS MINERALS	BULK SALT	\$4,550.00
CONSTRUCTION SIGNING CORPORATION	SIGNAGE	\$10,331.00
CONSULTING ENGINEERS GROUP INC	SERVICE	\$6,300.00
COUNTRY INN & SUITES	ENERGY INCENTIVE REBATE	\$4,200.00
CREDIT COLLECTIONS BUREAU	COLLECTIONS	\$206.84
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$553.99
DAKOTA DATA SHRED	SHREDDING SERVICE	\$63.25
DGR ENGINEERING	RECOATING OF TANKS	\$8,633.15
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$8,599.45
ELECTRIC MOTORS & MOORE INC	SUPPLIES	\$45.00
ELEMENT MATERIALS TECHNOLOGY	PIPE WELD QUALIFICATION	\$450.00
ENERGY ECONOMICS INC	METER REPAIR	\$405.81
ENGELSTAD ELECTRIC COMPANY	BORING SERVICE	\$1,102.04
F J MC LAUGHLIN CO.	ASPHALT REPAIR, GRAVEL, DIRT	\$2,996.52
FARNAMS GENUINE PARTS	SUPPLIES	\$1,084.97
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$1,420.00
FASTENAL COMPANY	SUPPLIES	\$455.95
GAS PRODUCTS SALES	SUPPLIES	\$18,907.64
GCR TIRE CENTER	SUPPLIES	\$1,886.00

GREAT WESTERN BANK	TASC MED	\$6,554.36
HACH COMPANY	SUPPLIES	\$907.77
HAWKINS, INC.	SUPPLIES	\$2,338.56
HD SUPPLY WATERWORKS, LTD	SUPPLIES	\$6,579.44
IBEW LOCAL 426	UNION DUES	\$3,402.00
INTERSTATE ALL BATTERY CENTER	SUPPLIES	\$194.59
J H LARSON COMPANY	SUPPLIES	\$2,807.25
KOONS GAS MEASUREMENT	SUPPLIES	\$139.02
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$414.83
LOCATORS & SUPPLIES INC	SUPPLIES	\$104.56
M & T FIRE & SAFETY INC	SUPPLIES	\$105.00
MAC'S INC	SUPPLIES	\$100.44
MAGUIRE IRON INC	RECOATING WATER TANKS	\$209,045.90
MARCO INC	MAINTENANCE AGREEMENT	\$304.47
MC KEEVER INC	SUPPLIES	\$149.10
MEL DAHLE TIRE CO	SUPPLIES	\$30.00
MENARDS INC	SUPPLIES	\$448.62
MENNENGA, SHEILA	REIMBURSEMENT EXPENSES	\$22.00
MET LIFE	LIFE INSURANCE	\$1,161.94
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MUNICIPAL UTILITIES - PC	PETTY CASH	\$455.54
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #2910-21	\$72.86
MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCOUNTS	\$10,480.19
MUTH ELECTRIC INC	SUPPLIES	\$382.16
NEW YORK LIFE INS.	LIFE INSURANCE	\$106.00
NIEMANN, STACIE	ENERGY INCENTIVE REBATE	\$350.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$3,687.12
OFFICE PEEPS	SUPPLIES	\$254.88
PARADIGM ENTERPRISES INC	SUBSTATION EXPANSION	\$281,670.30
PETE LIEN & SONS	BULK LIME	\$17,614.10
PLANT & FLANGED EQUIPMENT CO	SUPPLIES	\$127.18
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$134.85
REDLINGER BROS PLUMBING & HEATING	SUPPLIES	\$117.41
RESCO	SUPPLIES	\$5,228.55
RIES, STEPHANIE	REIMBURSEMENT EXPENSES	\$504.70
RON'S SAW SHOP	SUPPLIES	\$169.90
RUNNING'S SUPPLY INC	SUPPLIES	\$582.57
SAFETY BENEFITS INC	REGISTRATION	\$130.00
SANFORD WATERTOWN OCCUP. MEDICINE	SCREENS	\$319.00
SD ELECTRICAL COUNCIL	2016 MEMBERSHIP DUES	\$40.00
SD MUNICIPAL ELECTRIC ASSN	2016 MEMBERSHIP DUES	\$23,130.00
SD ONE CALL	LOCATES	\$542.85
SDML WORKERS COMP FUND	2016 WORKERS COMP RENEWAL	\$74,340.00
SERVICEMASTER	JANITORIAL SERVICE	\$3,120.00
SHERWIN WILLIAMS CO	SUPPLIES	\$309.53
SIGN PRO	SUPPLIES	\$900.00
SIOUX VALLEY CO-OP	FUEL, SUPPLIES	\$5,979.90
STAR LAUNDRY INC	SERVICE	\$410.68
STUART C IRBY CO	SUPPLIES	\$3,255.57
STURDEVANTS AUTO PARTS	SUPPLIES	\$82.60
TAC SERVICES LLC	LAWN SERVICE	\$265.00
TITAN MACHINERY- WTN	SUPPLIES	\$287.43
TRAV'S OUTFITTER	SUPPLIES	\$190.00
TRUCK CRANE SERVICE COMPANY	SERVICE	\$959.18
UPS	SHIPPING	\$343.53
US PLASTICS CORP	SUPPLIES	\$45.61
USA BLUE BOOK	SUPPLIES	\$414.01
VISION SERVICE PLAN (VSP) (CA)	VISION INSURANCE	\$508.07
WALMART COMMUNITY	SUPPLIES	\$39.81
WATERTOWN DEVELOPMENT CO.	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN MIDDLE SCHOOL	ENERGY INCENTIVE REBATE	\$60,085.00
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$350.70
WATERTOWN UNITED WAY	United Way	\$414.00
WATERTOWN WHOLESALE	SUPPLIES	\$588.45

WEATHERGARD ROOFING	SERVICE	\$2,692.80
WEISMANTEL RENT ALL	RENTAL	\$350.00
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$70,039.34
WESCO DISTRIBUTION INC	SUPPLIES	\$1,942.50
WILSON BOHANNAN COMPANY	SUPPLIES	\$1,056.09
WORTHINGTON INDUSTRIES	ENERGY INCENTIVE REBATE	\$1,278.15
WW TIRE SERVICE INC	SUPPLIES	\$3,080.76
	Total	<u>\$945,168.22</u>

Total November 2015 945,168.22; Transfer to City's General Fund 99,865, Muni Utilities Electric Water Gas 42,522.42; Northern Natural Gas 2,273.20; Missouri River Energy Services Power 1,345,319.44; BP Canada Energy Marketing Natural Gas 247,742.53; Dept. of Revenue Sales/Excise Tax 133,452.03; CPEP Natural Gas 22,137.88, City Finance Office Garbage Sewer 399,318.50.

ITEM 6718

Pursuant to SDCL 1-25-2(3) Luken moved with second by Strait to move to Executive Session for discussion of contractual matters and pending litigation. The Board does not expect to take action when they reconvene to regular session. Motion carried.

Board President declared Executive Session done and they reconvened to regular session. Motion by Padgett with second by Holley to adjourn. Motion carried.

The Watertown Municipal Utilities Department 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 30th day of November, 2015

ATTEST: _____

Lisa Pahl
Executive Secretary
Municipal Utilities Board

Ernie Wight
Board President
Municipal Utilities Department