

MINUTES OF MUNICIPAL UTILITIES BOARD MEETING

Friday, February 27th, 2015

The Municipal Utilities Board convened in regular session at the Municipal Utilities Board Room 901 Fourth Avenue SW Watertown SD on Friday, February 27th, 2015 at 12:00 p.m. with President Wayne Schultz presiding. Meeting was available to watch via our twitter feed on our homepage.

Board members present: Wayne Schultz and Ernie Wight, via teleconference, Mike Luken, Dustin Padgett and Board Member Dave Strait was absent. Board Liaison, member of City Council, Don Roby. Staff members present: Steve Lehner, Todd Chambers, Adam Karst, Jeff DeVille, Rich Schmidt, Doug Enstad, Mark Meier, Mark Haider, Kevin Kruiter, Stephanie Ries, Sheila Mennenga, Stanton Fox and Lisa Pahl. Press: Kayla Prasek, Public Opinion, Guests: Chip Premus, Fire Prevention Officer with the City of Watertown and Attorney John Wiles on behalf of Michael Alama.

ITEM 6602

Board President Schultz called meeting to order. Schultz was attending via teleconference so he asked Board Member Padgett to take over as interim president and run the meeting, which Padgett agreed.

Motion by Luken with second by Schultz to approve the Agenda with a change by moving Item 8 Open to Item 4. Motion carried unanimously upon roll call vote.

ITEM 6603

Motion by Luken with second by Schultz to approve minutes of the regular Board Meeting on January 26th, 2015. Motion carried unanimously upon roll call vote.

ITEM 6604

Open: Lehner introduced Attorney John Wiles and Fire Prevention Officer Chip Premus to the Board. Lehner said the two gentlemen wanted to address the Board with regards to Michael Alamas' request for water service outside city limits for Big Shot Fireworks.

a) Attorney John Wiles asked to speak to the Board on behalf of Michael Alama owner of Big Shot Fireworks. Wiles requested that the Board change Municipal Utilities Policy #7 by letting Alama hook up to city water at his new proposed fireworks building on Hwy 212, which is now out of city limits. Wiles stated that Alama's insurance company said the fire sprinkler system would not work properly if not hooked up to city water. It would be very expensive for Alama to have a fire sprinkler system on rural water. Chip Premus on behalf of the Watertown Fire and Rescue also read a letter supporting Big Shot Fireworks request to hook up to city water for safety concerns. The Board heard the request and will talk about it in executive session.

b) Karst presented the bill stuffers

1. Utility rate comparison, which shows Watertown having the lowest utility rates in the area, 20% below average.
2. Automatic Bank Payment Form promoting Automatic Banking (ACH), one-third of our payments come in automatically through bank accounts.

c) Lehner updated the Board on MRES/WAPA Southwest Power Pool Market (SPP)- Western Area Power is joining Southwest Power Pool Market and we will have three different agreements for the Board to look at and approve to recover additional transmission costs by offering our transmission lines into the market. Stanton will look the agreements over and we will bring them to the Board for approval.

ITEM 6605

Motion by Schultz with second by Luken for approval for General Manager to sign Appendix E - Certification of Compliance with Rate Covenant. Motion carried unanimously upon roll call vote.

ITEM 6606

Six proposals were received for engineering services for a 6" water main replacement on 3rd Ave. Upon Review and recommendations by Chambers, motion by Luken with second by Schultz for approval for General Manager to sign contract with Wenck Associates at \$54,355. Motion carried unanimously upon roll call vote.

ITEM 6607

This being the time and place set for consideration of bids, the following were presented. Bids for Wire, Transformers, Two Substation Transformers, Trencher, Installation of URD Primary and Secondary, Bucket Truck, URD Service Installation and Wood Pole Replacement all for the Electric Department. The bids were opened Tuesday, February 24th, 2015 at 1:30 PM by Municipal Utilities Department Staff as authorized by the Board.

WIRE: Six vendors provided bids and upon review and recommendation by Chambers, motion by Wight with second by Schultz to award bid to low valid bidders Item I to Border States Electric of Sioux Falls, SD \$24,570, Item II to WESCO of Sioux City, IA \$80,800, Item III and Item IV to Stuart C Irby of Eagan, MN Item III \$15,276 and Item IV \$4,320. Motion carried unanimously upon roll call vote.

TRANSFORMERS: Five vendors provided bids and upon review and recommendation by Chambers, motion by Luken with second by Wight to award bid to low valid bidders Item 8, 9, 10 to Dakota Supply Group of Sioux Falls, SD Item 8 \$32,416, Item 9 \$25,306, Item 10 \$16,478. Item 7, 11, 12 and 13 to RESCO Co. of Moorhead, MN Item 7 \$6,285, Item 11 \$20,828, Item 12 \$5,620 and Item 13 \$14,530. Item 1-6 to Stuart C Irby, Eagan, MN Item 1 \$5,892, Item 2 \$53,550, Item 3 \$26,740, Item 4 \$11,769, Item 5 \$20,825 and Item 6 \$30,114. Motion carried unanimously upon roll call vote.

TWO SUBSTATION TRANSFORMERS: Five vendors provided bids and upon review and recommendation by Chambers, motion by Schultz with second by Luken to award bid to low valid bidder WEG of Duluth, GA for 2-28MVA Transformers for \$1,100,000. Motion carried unanimously upon roll call vote.

TRENCHER: Two vendors provided bids and upon review and recommendation by Chambers, motion by Luken with second by Schultz to award bid to low valid bidder Vermeer Equipment of SD from Tea, SD Option #1 with trade \$107,402. Motion carried unanimously upon roll call vote. **Change in MARCH MINUTES*

INSTALLATION OF URD PRIMARY AND SECONDARY: Three vendors provided bids and upon review and recommendation by Chambers, motion by Luken with second by Wight to award bid to low valid bidder Efraimson Electric of Bryant, SD \$238,755. Motion carried unanimously upon roll call vote.

BUCKET TRUCK: One vendor provided bids and upon review and recommendation by Chambers, motion by Schultz with second by Luken to award bid to low valid bidder DUECO of Watertown, SD Option #1 with trade \$198,122. Motion carried unanimously upon roll call vote.

UNDERGROUND ELECTRIC SERVICE INSTALL: Three vendors provided bids and upon review and recommendation by Chambers, motion by Wight with second by Luken to award bid to low valid bidder Efraimson Electric, Bryant SD \$20,412.50. Motion carried unanimously upon roll call vote.

WOOD POLE REPLACEMENT: Three vendors provided bids and upon review and recommendation by Chambers, motion by Luken and second by Schultz to award bid to low valid bidder Highline Construction Inc, Paynesville, MN for \$104,675. Motion carried unanimously upon roll call vote.

ITEM 6608

Motion by Luken with second by Wight to return checks of unsuccessful bidders. Motion carried unanimously upon roll call vote.

ITEM 6609

Chambers presented the report on Operations and Projects: Electric Department, Projects in Progress: Terminating underground primary wire at Qwest Alley, Carquest Alley and Primary wire on Roundabout. Projects Starting Next Month: Infrared thermal scanning of overhead lines, substations and underground equipment by MRES. Gas Department, Projects Completed this Month: 95% of the 2015 business leak survey is completed. Projects in Progress: Rebuilding and testing of residential gas meters and maintenance on the construction equipment. Water Department, Projects Completed this Month: 9 total main breaks for the season, Filled and started side #1 upflow, drained the S Lake tower and the 19th St tower so DGR Engineering could inspect them in preparation for them to be painted. Projects to Start Next Month: Drain side #2 upflow and start on the maintenance of its equipment. Engineering Tech Department: Projects Completed this Month: 10 One-Call locates Feb. 1 - Feb. 24th, 2015, 34 One-

Call locates total January, 2015, 4 emergency locates. Next Month: Average 40 One-Call locates in March.

ITEM 6610

Karst presented the report on Administration and Financial Statements: Purchasing, Accounting and Facilities, Projects in Progress: ABC Controls completed inspection of our fire system controls, Rod Suttan and Brian Keiser attended spray applicator recertification course, Titan Machinery completed yearly inspections of backhoes. Projects in Progress: Purchasing long lead time materials for 2015, Working on the MRES transmission cost recovery report for the SPP market, Finalizing 2014 year end and preparing for 2014 Financial Audit in March, Preparing for state sales and excise tax audit in March. Customer Service: Projects Completed this Month: 13,479 payments collected for a total of \$4,937,137; Total of 51,835 services billed for a total of \$5,146,663. Human Resources/Risk Management: Held CPR/Basic First Aid training for all employees (required every 2 years), Organized motivational seminar, attitudes of excellence, which was held on Wednesday, February 18th. Retirement: John Killoran, effective 3/20/2015. IT: Normal monthly IT maintenance and troubleshooting.

Statements of Revenue and Expenses and Capital Additions were presented to the Board for review. Year to date net income is \$134,556 over budget for the first month ending January 31st, 2015. Total Capital Additions are \$15,614 over budget for the first month ending January 31st, 2015.

ITEM 6611

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 February, 2015 Plus ACH Payroll Payments 398,097.80. Info: S. Witte 25.15 as of 2/11/2015.

Name	Payable Description	Payment Amount
ABC EMBROIDERY	SERVICE	\$397.40
ADVANCE ENGINEERING CORP	SUPPLIES	\$555.24
ADVANCED ENGIN. & ENVIR.SERVICES	I & C System Services	\$102.00
AFLAC	CANCER PT	\$2,036.68
ALLDATA	2015 SUBSCRIPTION	\$1,500.00
A-OX WELDING SUPPLY INC	SUPPLIES	\$2,499.63
APPLIED INDUSTRIAL TECH INC	SUPPLIES	\$53.10
BATTERIES UNLIMITED	SUPPLIES	\$59.00
BENDIX IMAGING INC	SUPPLIES	\$136.98
BIG SIOUX WATER FESTIVAL	ANNUAL DONATION	\$1,250.00
BLACKBURN MFG COMPANY	SUPPLIES	\$2,381.33
BORDER STATES ELECTRIC SUPPLY	SUPPLIES	\$48,750.04
BORNS GROUP	POSTAGE & MAILING	\$7,433.00
BUREAU OF ADMINISTRATION	STATE TELEPHONE NETWORK USAGE	\$54.51
CARQUEST #2197	SUPPLIES	\$1,211.98
CARTNEY BEARING & SUPPLY	SUPPLIES	\$413.26
CHAMBERS, TODD	REIMBURSEMENT EXPENSES	\$24.15
CHASE CARDMEMBER SERVICE	CREDIT CARD	\$3,194.43

CHILD SUPPORT PAYMENT CENTER	Child Support - Case #247392027A	\$275.00
CODINGTON COUNTY AG BUILDING	ENERGY INCENTIVE REBATE	\$7,237.00
CODINGTON-CLARK ELECTRIC COOP. INC	ELECRC SERVICE-WELLFIELD	\$4,886.16
COMPASS MINERALS	SUPPLIES	\$4,040.06
CONNECTING POINT	HARDWARE & SOFTWARE FOR 2015	\$9,728.00
CONSULTING ENGINEERS GROUP INC	TRANSFORMER CHANGE	\$3,150.00
CREDIT BUREAU OF WATERTOWN INC	COLLECTIONS	\$711.30
CRESCENT ELECTRIC SUPPLY CO	SUPPLIES	\$280.50
CROCKER'S COLLISION CENTER	SERVICE	\$2,043.20
DAKOTA BODIES INC	SUPPLIES	\$290.00
DAKOTA DATA SHRED	SHREDDING SERVICE	\$63.25
DAKOTA RIGGERS & TOOL	SUPPLIES	\$442.49
DE VILLE, JEFF	REIMBURSEMENT EXPENSES	\$46.00
DEPARTMENT OF REVENUE	WATER SAMPLES	\$467.00
DITCH WITCH OF SOUTH DAKOTA, INC	TRENCHER PER BID	\$35,536.06
DSG DAKOTA SUPPLY GROUP	SUPPLIES	\$16,684.02
DUECO INC	SUPPLIES	\$2,433.18
ENGELSTAD ELECTRIC COMPANY	SERVICE	\$950.00
ENSTAD, DOUG	REIMBURSEMENT EXPENSES	\$84.00
FARNAMS GENUINE PARTS	SUPPLIES	\$392.62
FARWEST LINE SPECIALTIES, LLC	SUPPLIES	\$4,332.87
FASTENAL COMPANY	SUPPLIES	\$557.36
GAS PRODUCTS SALES	METER SUPPLIES	\$35,655.37
GCR TIRE CENTER	SUPPLIES	\$524.96
GLACIAL LAKES ENERGY LLC	ENERGY INCENTIVE REBATE	\$1,207.34
GREAT WESTERN BANK	TASC MED	\$6,391.35
GROEBNER	SUPPLIES	\$12,850.33
HARRIS COMPUTER SYSTEMS	SERVER MIGRATION	\$2,520.00
HAWKINS, INC.	SUPPLIES	\$5,181.00
HD SUPPLY WATERWORKS, LTD	SUPPLIES	\$4,120.35
HEATH CONSULTANTS INC	SUPPLIES	\$366.40
HIGHWAY 81 WELDING	SUPPLIES	\$39.74
IBEW LOCAL 426	UNION DUES	\$3,270.00
J H LARSON COMPANY	SUPPLIES	\$9,325.44
LATI FOUNDATION	ANNUAL SCHOLAR. FUND DRIVE CONT.	\$10,000.00
LEHNER, STEVE	REIMBURSEMENT EXPENSES	\$629.23
LOCATORS & SUPPLIES INC	SUPPLIES	\$129.35
M & T FIRE & SAFETY INC	SUPPLIES	\$671.75
MAC'S INC	SUPPLIES	\$98.13
MAHOWALD'S HARDWARE & RENTAL	RENTAL	\$72.97
MARCO INC	MAINTENANCE AGREEMENT	\$330.66
MARCO INC	MAINTENANCE AGREEMENT	\$45.50
MATHISON COMPANY	SUPPLIES	\$751.19
MC KEEVER INC	SUPPLIES	\$306.68
MENARDS INC	SUPPLIES	\$1,156.90
MENNENGA, SHEILA	REIMBURSEMENT EXPENSES	\$150.00
MESA PRODUCTS INC	SUPPLIES	\$3,254.29
MET LIFE	LIFE INSURANCE	\$1,130.64
METERING & TECHNOLOGY SOLUTIONS	SUPPLIES	\$531.88
MIDCONTINENT COMMUNICATIONS	INTERNET SERVICE	\$105.00
MINNESOTA MUNICIPAL UTILITIES ASSN	REGISTRATION	\$440.00
MINNESOTA RUBBER	ADD'L DEPOSIT REFUND	\$32,500.00
MUELLER CO	STOPPING MACHINE AND GATE VALVE	\$8,629.48
MUNICIPAL UTILITIES - PC	PETTY CASH	\$988.64
MUNICIPAL UTILITIES CREDIT CARD FU	MONTHLY GATEWAY FEES	\$71.40
MUNICIPAL UTILITIES-NSF CHECK ACCO	REIMBURSE NSF FUND #6586-4	\$4,066.02

MUNICIPAL UTILITIES-REFUND ACCT	REFUNDS OF CREDITS ON ACCTS	\$3,028.00
MUTH ELECTRIC INC	CHLORINE TANK REPLACEMENT	\$13,991.00
NEW YORK LIFE INS.	LIFE INSURANCE	\$106.00
NORTHWEST PIPE FITTINGS INC	SUPPLIES	\$1,608.36
OFFICE PEEPS	SUPPLIES	\$226.96
O'REILLY AUTOMOTIVE INC	SUPPLIES	\$267.37
PETE LIEN & SONS	SUPPLIES	\$16,338.23
PRAXAIR DISTRIBUTION INC	CYLINDER RENTAL	\$135.79
RESCO	SUPPLIES	\$7,570.30
RISING STAR HYDRAULICS INC	SUPPLIES	\$44.60
RON'S SAW SHOP	SUPPLIES	\$174.41
RUNNING'S SUPPLY INC	SUPPLIES	\$272.68
SANFORD WTN OCCUPATIONAL MEDICINE	SCREENINGS	\$55.00
SCHMIDT, RICHARD	REIMBURSEMENT EXPENSES	\$1,739.25
SD MUNICIPAL ELECTRIC ASSN	REGISTRATIONS	\$357.50
SD ONE CALL	LOCATES	\$37.80
SD RETIREMENT SYSTEM	ADDITIONAL CONTRIBUTIONS	\$2,605.57
SERVICEMASTER	JANITORIAL SERVICE	\$3,120.00
SHERWIN WILLIAMS CO	SUPPLIES	\$39.10
STAR LAUNDRY INC	SERVICE	\$361.10
STUART C IRBY CO	SUPPLIES	\$15,704.33
STURDEVANTS AUTO PARTS	SUPPLIES	\$339.18
TITAN MACHINERY-SF	INSPECTION	\$1,204.00
TRAV'S OUTFITTER	SUPPLIES	\$4,819.00
TSCHAKERT, MERLE	BUILDING LEASE	\$100.00
TYNDALE COMPANY INC	SUPPLIES	\$2,331.29
UPS	SHIPPING	\$506.11
USA BLUE BOOK	SUPPLIES	\$1,284.87
VERMEER HIGH PLAINS	SUPPLIES	\$328.07
VISION SERVICE PLAN (VSP) (CA)	VISION INSURANCE	\$497.10
WALMART COMMUNITY	SUPPLIES	\$113.90
WATERTOWN DEVELOPMENT CO.	INDUSTRIAL DEVELOPMENT EXPENSE	\$8,690.00
WATERTOWN FORD CHRYSLER	SUPPLIES	\$195.83
WATERTOWN PUBLIC OPINION	SUBSCRIPTION RENEWAL	\$134.20
WATERTOWN PUBLIC OPINION	SUBSCRIPTION RENEWAL	\$134.19
WATERTOWN PUBLIC OPINION	PUBLISHINGS	\$491.95
WATERTOWN UNITED WAY	United Way	\$414.00
WATERTOWN WHOLESALE	SUPPLIES	\$305.54
WATERTOWN WINNELSON CO	SUPPLIES	\$192.86
WEISMANTEL RENT ALL	RENTAL	\$385.00
WELLMARK BLUE CROSS/BLUE SHIELD	HEALTH INSURANCE	\$67,303.43
WESCO DISTRIBUTION INC	SUPPLIES	\$5,684.88
	TOTAL	\$477,433.54

Total January, 2015 477,433.54; Transfer to City's General Fund 99,865; Muni Utilities Electric Water Gas 44,519.24; Northern Natural Gas 6,061.20; Missouri River Energy Services Power 2,016,326.85; BP Canada Energy Marketing Natural Gas 950,431.14; Dept of Revenue Sales/Excise Tax 231,167.55; CPEP Natural Gas 134,073.45, City Finance Office Garbage Sewer 368,998.86.

ITEM 6612

Pursuant to SDCL 1-25-2(3) Luken moved with second by Schultz 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 unanimously upon roll call vote.

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

Motion by Luken with second by Schultz to adjourn. Motion carried unanimously upon roll call vote.

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 27th day of February, 2015

ATTEST: _____

Lisa Pahl
Executive Secretary
Municipal Utilities Board

Dustin Padgett
Board Member acting as
Interim President
Municipal Utilities Board