

Duluth/North Shore Sanitary District – Board of Managers
Meeting # 127

Date: August 17, 2010
Meeting called to order at: 7:05 am.
Board Members Present: Kevin Bovee, Dean Korri, Scott Smith, Katie Kuettel, John Bowen
Board Members Absent: None
Others Present: John Mason, Julie Lundholm, Mia Thibodeau, Jim Anklam, John Fischer, Mary Ann Sironen, Becky McNamara, John Kessler
Minutes To: Kevin Bovee, Dean Korri, Scott Smith, Katie Kuettel, John Bowen, Eric Applewick, John Mason, Mia Thibodeau, Jim Anklam, Mary Ann Sironen, Becky McNamara
Minutes By: Julie Lundholm

1. **Roll call:** all members present.
2. **Approve agenda:** motion to approve agenda as presented by **K. Kuettel**. Second by **S. Smith**. Motion passed unanimously.
3. **Minutes:** regular meeting # 126, July 20, 2010. No corrections. Motion to approve as written by **S. Smith**. Second by **K. Kuettel**. Motion passed unanimously.
4. **Public Comment:** none.
5. **Communication/Correspondence:**
 - A. **J. Anklam:** a thank you has been sent to the City of Duluth for the Grease Management Workshop.
 - B. **J. Mason:** a letter has been sent to Nokomis regarding the September 3rd quarter sampling. They will continue with grease management practices as current.
6. **Treasurer's Report:**
 - A. Payment of Bills: motion by **S. Smith** to pay bills as presented. Second by **K. Kuettel**. Motion passed unanimously.
 - B. Account Summary: balance in checking account is better than last month. **B. McNamara:** have received collections for user fees. Accounts receivable is higher than in past years; user fees are over \$25,000.00. They are more aggressively pursuing payment.
 - C. Financials: **B. McNamara:** July budget based on actual. **J. Bowen:** NTS should not have the same extraordinary expense impact as this year.
 - D. Bill back to Lars Fladmark: **B. McNamara:** two bill backs have been prepared, Lars Fladmark and Jesse Schomberg. All letters should be scanned and added to database.
7. **Rates and Charges Report:**
 - A. 2011 Proposed Budget: **S. Smith** asked **B. McNamara** to present the draft budget. **B. Namara:** two handouts, a formal approved budget for the auditors (without color),

and a 'converted to cash operating budget for 2011' (not finalized). It will require a significant increase in rates over last year to get to a 'budget neutral' status. With the figures shown, the current budget does not work. **S. Smith:** this needs a combination of reduced expenses (\$125,000.00 cap on routine and extraordinary expenses), higher rates (proposed \$70.00/month), and higher debt service fee (\$975.00/year).

Discussion points following:

- Question regarding commercial properties grease issue and the affect on the main line. More time is spent on commercial than residential accounts. Commercial users are a very small percentage of the total. Most are paying behind or not at all.
- Possibility of finding a business/utility consultant to review and identify inefficiencies.
- An open budget discussion with the users. Proposed date of October 19.
- Cost over-runs on the budget, not as much received in grants as expected. WLSSD has occasionally offered to provide an overview of operations for other users.
- Routine services current cost is \$165,000.00. Need to reduce to \$125,000.00. Extraordinary maintenance costs are not realistic with what should be budgeted for.
- Will be receiving money back pertaining to grease issue costs. Bill backs are being pursued. The capital repair fund is separate.
- Another meeting should be held to build a list of solutions. Some ideas include: ask consultants to charge less; reduce duplication of efforts; cut costs by having legal review only and not draft documents; have the district employ an on-site operator to respond to issues.
- Projected user fee to correct budget is \$79.25 per month. The deadline to submit the budget is September 7, 2010.

Motion by **K. Kuettel** to set rates for 2011 as follows: \$70.00/month user fee, \$925.00 debt service fee, and \$125,000.00 cap for routine and extraordinary expenses combined. Second by **S. Smith**. Vote: 4 approvals (**K. Kuettel, S. Smith, D. Korri, K. Bovee**), and 1 against (**J. Bowen**). Rates must be approved at the September meeting.

- B. 2011 Proposed Rates: \$70.00/month, \$925.00 2011 debt service fee, \$125,000.00 cap for routine and extraordinary expenses combined.
- C. NTS Request to Amend Budget (**E. Applewick's** request to consider all callouts as extraordinary): The Board has not received a reply. Motion by **S. Smith** that the budget does not allow the Board to honor that request at this time. Second by **J. Bowen**. Motion passed unanimously.

8. **New Business:** None.
9. **Legal Issues: Mia Thibodeau**
 - A. Review expiration of Board terms: **K. Kuettel** and **D. Korri**. Both agree to continue to serve.
 - B. Schultz Assessment – 5848 North Shore Drive: include the Lakeview Castle and Sherri Johnson. **J. Bowen** will check with WLSSD whether the change of use at Lakeview Castle would require a CAF evaluation by them.
10. **Engineer's Report: Jim Anklam**
 - A. 1159 Old North Shore Drive: the plugging has continued to be a problem. We believe the cause of the plugging is air trapped in the line that causes a blockage to develop. The air blockage was discussed with Ayres hydraulic engineer in the Eau Claire office. The recommendation was to install automatic air/vacuum relief valves. **J. Anklam** recommended installing one at an estimated cost of \$7,500.00. Motion by **J. Bowen** to install automatic air relief valve. Second by **S. Smith**. Motion passed unanimously.
 - B. 2250 Old North Shore Drive: the source of the plugging at this location is more difficult to determine. There is an air relief valve close to this address. Extremely low flow is also a factor. A larger pump was installed to blow out solids, but callouts are still occurring. It was considered to install a grinder station to isolate flow, but this would be very expensive and would include ownership issues. He will get back to the Board with a recommendation from Ayres.
11. **Operations Committee: John Bowen**
 - A. Flow: as evident on the graph, the flow follows rainfall amounts.
 - B. Abandonment (Change of Service) Policy: Board discussion regarding policy. The Board's consensus was to have the Operations Committee develop a procedure for a Service Status Change policy
 - C. Database: Still some issues with entries not being accepted, and navigation problems. He is working with Dan Welter from Tools for Business on solutions. **B. McNamara** said it would be better if we notified Dan at the time we have a problem; it would be easier to fix.
 - D. Web Page: it is working slowly. We need to be sure we don't lose the domain name.
12. **Operations Report: John Mason - NTS**
 - A. 2250 Old North Shore Drive: already discussed.
 - B. 1159 Old North Shore Drive: already discussed.
 - C. Knife River Numbers: the budget numbers have been revised. Shows an increase over last year. The biggest increase is due to pigging. Some of the costs of routine maintenance have been removed (mileage, etc.) Knife River needs to know what the proposed rates will be. Motion by **K. Kuettel** to charge Knife River \$2.68 per 1000 gallons for 2011 year. Second by **J. Bowen**. Motion passed unanimously. Question

of who notifies Knife River. **J. Mason** will ask **E. Applewick**.

- D. 7025 E. Superior Street: per correspondence received from the homeowner requesting a delayed deadline of May to resolve the deck problem – the homeowner still has done nothing. **M. Thibodeau** will draft a letter giving the homeowner until October 1, 2010 and will send it to **K. Bovee** for approval.
- E. Lift Station: WW Goetsch will do Lift Station #1 maintenance. This will cut costs.
- F. Yearly Maintenance: Lighthouse Power will do extra load testing on the generators.
- G. Routine Inspections: will be started this week. **B. McNamara** asked about commercial readings. **J. Mason** said he had them (hour readings) in a log book and will put them on the monthly spreadsheet. Hour readings are needed for all commercial customers to compare with well meters and city water meters for I&I.


13. Old Business:


- A. Mailing List for Minutes: **J. Mason** is finalizing a list and will forward when complete.
- B. Ricky Miles Johnson: this falls into a service status change.
- C. Todd Anderson Driveway: **K. Bovee** will talk to him.
- D. 7025 E. Superior St (deck over control panel): addressed under NTS Operations Report.
- E. Mary Ann Sironen: there is water leaking from the DNSSD portion of the line. Work is being done today. This was originally reported to the Board on June 6, 2008.

14. **Other:** Nothing.

15. **Adjourn:** Motion to adjourn meeting at 10:00 am by **K. Kuettel**. Second by **K. Bovee**. Motion passed unanimously.

Minutes Approved by:

 10/19/10
Chair Date

 10/19/2010
Secretary Date

Next Meeting Date: The next meeting will be held at 7:00 am at French River Lutheran Church on September 21, 2010.