

Duluth/North Shore Sanitary District – Board of Managers

Meeting # 138 7:00 A.M. July 19, 2011

French River Lutheran Church

Board Members Present: Katie Kuettel, Scott Smith, Angela Braud, Kevin Bovee, Dean Korri
Board Members Absent: None
Others Present: John Bowen, John Fischer, Eric Appelwick, Becky McNamara, Mia Thibodeau, Bob Entzion, Larry Herman, Kathleen Herman, Todd Schnorr, Mike Appelwick, Jim Bakken

1. The meeting was called to order at 7:04 am.
2. **Approve agenda:**
 - I. **K. Bovee** presented an amendment to move Knife River numbers under Old Business to item number six on the agenda, KRLSD. **Motion** to approve Agenda as amended by **S. Smith**. Second by **K. Kuettel**. Motion passed unanimously.
3. **Minutes:**
 - I. **Motion** to approve minutes from meeting #136 by **K. Kuettel**. Second by **S. Smith**. Motion passed unanimously. **Motion** to approve minutes from meeting #137 by **K. Kuettel**. Second by **S. Smith**. Motion passed unanimously.
4. **Public Comment / Input:**
 - I. **L. and K. Herman** of 1141 Old North Shore Rd presented their experience with the new sewer hookup process. They started the permit process with both D/NSSD and Duluth Township in October 2010. **J. Kessler** met with **J. Mason** and **E. Appelwick** to address the permit numbers. **L. Herman** mistakenly sent his D/NSSD permit via mail to the wrong location which caused a delay. On May 13, **L. and K. Herman** sent in their payment of \$21,054.00 to **J. Mason** to complete the permit process. **L. and K. Herman** expected **J. Mason** was going to arrange for the survey and the review. **L. Herman** made arrangements with Country Trucking and Excavating for the sewer installation. **L. and K. Herman** and Mike from Country Trucking and Excavating then realized that a special tank was needed and the Country Trucking and Excavating was required to be bonded with D/NSSD before any work could begin. Due to the government shutdown, Mike was not able to post a bond with D/NSSD further delaying the project. **K. Herman** stated she would like to see a simpler process for the sewer installation. **K. Bovee** asked if the process between Duluth Township and D/NSSD had been resolved. **E. Appelwick** stated he met with **J. Mason** and **J. Kessler** to discuss the proper series of events. The process is to issue a permit number from D/NSSD for Duluth Township's permit. **E. Appelwick** met onsite with **L. Herman** approximately two weeks prior to the meeting to discuss the process of the installation and spoke with Mike of Country Trucking and Excavating about the bond. **M. Thibodeau** stated the Board must approve the contractor's application before construction can begin. **J. Bowen** stated the application for the contractor is on the website. **L. and K. Herman** stated the application on the website printed out as an unreadable document. **L. and K. Herman** would like to move into their home and not have to wait for another month for the approvals and suggest an easier to read permit. **K. Bovee** stated D/NSSD could make the permit process easier. **B. McNamara** stated that she will look into a short form application and full application and place them on the website. **K. Kuettel** stated the contractor could have been approved if they were bonded. **J. Bowen** discussed the process of how a contractor is to be reviewed by the District Engineer. **M. Thibodeau** stated the application has to be approved by the Board. The application requires documentation of a bond, certificate of insurance, before Board Approval. **L. Herman** asked if Country Trucking and Excavating was approved. **E. Appelwick** stated no, not at this time. **E. Appelwick** discussed developing a check off

list with the Operations Committee that the homeowner and District can follow during a new sewer installation. **K. Bovee** discussed the delay of the Herman's sewer installation due to the government shut down and that approvals may have to wait until the next meeting. **S. Smith** asked if the Board could tentatively approve the contractor if all of the obligations were met before the next meeting. **M. Thibodeau** stated the Board could contingently approve the contractor subject to them having the correct bond and correct certificates of insurance. **Motion** to approve Country Trucking and Excavating contingent upon the satisfaction of the Attorney and the Engineer by **S. Smith**. Second by **K. Kuettel**. Motion passed unanimously. **M. Thibodeau** noted they have received the drawing and legal description for 1141 Old North Shore Rd and will begin the easement process.

5. **Communications / Correspondence:**

- I. **S. Smith** stated the IRS is performing an audit of 2008. The agent is located in the Duluth Federal Building and contacted **S. Smith** to receive permission from a Board Member to speak with D/NSSD vendors. **M. Thibodeau** said the agent was looking for 1099s from 2008 and NTS was looking into the issue. **S. Smith** stated this would have fallen into NTS at that time. **B. McNamara** said that the only vendor to receive a 1099 would be the Attorney. **E. Appelwick** will look into it.

6. **Knife River Larson Sanitary District (KRLSD):**

- I. **B. McNamara** explained the process in which to come up with the proposed formula which was the most transparent and supportable method of allocating costs equitably to Knife River. The District's Engineer and Operator have reviewed their costs that attribute to the mainline portion of D/NSSD. **B. McNamara** explained the formula handout. Flow is based off the WLSSD flows and 23% of the allocated costs are designated to Knife River. Depreciation was removed from the calculation and it was replaced with the ten cents per one thousand gallons set forth by the PFA. This is set aside for significant repairs and replacements as the system ages. The actual amount billed to Knife River for the year of 2008 was \$11,268.00 and the 2011 budget is \$18,760. The current rate is \$2.68/1000 gallons and the proposed rate is \$5.21/1000 gallon or a fixed \$3,000 per month with an annual look back. The mainline costs will be updated throughout the year so Knife River can know what the allocations they can expect. **S. Smith** asked **B. Entzion** Knife River Chairman, who in Knife River would D/NSSD send the reports to. **B. Entzion** said; send the reports to him as the chairman. **B. Entzion** asked for clarification on the annual gap, **B. McNamara** clarified the annual gap. **B. Entzion** asked about the breakdown of costs associated with the mainline. **B. McNamara** said that, NTS has a monthly routine cost. The time associated with mainline will be reviewed by NTS. The other costs associated with the mainline will be reviewed on a monthly invoiced basis. Ayres was also asked to look into their routine mainline costs. **J. Anklam**, in previous conversations, stated approximately 25% of their costs are associated with the mainline. Both NTS and Ayres felt that they were low estimates. **B. Entzion** asked what the accounting and billing was for the prior three years for the allowable costs. **B. McNamara** stated it is everything that is not related to billing services, the billing services are to the users and not as part of the mainline. The new formula is more descriptive approach versus the more narrow approach in the past years. **K. Bovee** stated that the formula was derived with input from the Rates and Charges Committee and legal advice from the Attorneys. **B. McNamara** stated as the financial stress increases with both entities, she wanted to verify the approach to the formula was supportable and equitable. **D. Korri** asked for final clarification on the prior year gaps and **B. McNamara**, **K. Bovee** and **S. Smith** responded respectively. **S. Smith** stated the Rates and Charges Committee recommends the new formula to the Board as it accurately reflects the costs supporting the mainline at a rate of \$5.21/1000gallons with quarterly updates. **Motion** to adopt a rate of \$5.21/1000gallons for Knife River beginning January 1, 2012 with a yearly review of the annual gap and an option of a fixed \$3,000 per month by **S. Smith**. Second by **D. Korri**. Motion passed unanimously. **B.**

McNamara stated the approved rate for 2011 will remain in effect for the remainder of the year. The new rate will take effect in 2012. **K. Bovee** said the first gap review will be in 2013.

7. **Treasurer's Report: Scott Smith**

- I. **S. Smith:** Ayres invoices have been figured out and the PFA payment was due this month.
- II. Payment of Bills: **Motion** by **S. Smith**. To pay the May bills as presented. Second by **K. Kuettel**. Motion passed unanimously. Discussion by **K. Kuettel**: the question was asked to **J. Bakken** about charge rates. **J. Bakken** stated the rates are local from their Duluth location.
- III. **K. Kuettel** asked that the minutes reflect the accounts receivable though delinquent account to the District at dollar amount of \$36,561.00 that has been certified to taxes. **B. McNamara** stated D/NSSD will be receiving past due monies as part of the first has payment from St. Louis County, therefore adjusting the delinquent account balance.
- IV. **S. Smith** asked if there was going to be a delay with the audit because of the government shutdown. **B. McNamara** said that, D/NSSD received a letter stating the audit will be affected and will not start until they are back working.

8. **Legal Issues: Fryberger, Mia Thibodeau**

- I. **M. Thibodeau** discussed two bylaw updates: Best efforts to maintain representation on the Board, two members from the City of Duluth, two from the Town of Duluth and one from Town of Lakewood. The second change allows for non-Board members to be on committees by Board approval. **K. Kuettel** made **Motion** to approve the amendments as presented. Second by **S. Smith**. Motion passed unanimously.
- II. **M. Thibodeau** discussed the changes to the FOG notice to the commercial users. The change was made and the letter will be E-mailed to the Board. **K. Bovee** asked if there was a deadline for the letter. **E. Appelwick** stated there didn't appear to be a deadline, however specific facility specific information per each customer need to be added to the letter before it could be sent. **K. Kuettel** stated the intent was for the letter to be sent after the last sampling results with the historical data.
- III. **M. Thibodeau** stated she had not received a response back from a letter sent to Mr. Nisswandt.

9. **Engineer's Report: Ayres and Associates, J. Bakken**

- I. **J. Bakken** stated the legal description and map for 1141 Old North Shore Rd has been completed and sent to the Attorney. The as-built drawings for the Highway 61 line relocation have been completed. **D. Korri** asked if a close up detail of the project location had been completed and if pictures had been taken. **J. Bakken** stated he will check with **E. Blasing**.

10. **Operations Committee: John Bowen**

- I. **J. Bowen** stated D/NSSD went over the capacity allocation with WLSSD again last month. The capacity allocation is averaged over the whole year. D/NSSD is averaging 66,000 gallons per day. Our current allocation is 73,000 gallons per day.
- II. **D. Korri** stated the Operations Committee would like to meet with NTS and Ayres in the near future.

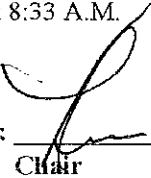
- III. **J. Bowen** discussed starting to think about the query section of the database with **T. Schnorr** and **E. Appelwick**. Also discussed was the start of the maintenance database. **J. Bowen** mentioned it was already approved with a budget of \$1000. **B. McNamara** is going to E-mail a copy of the proposals for the database to the Board and NTS.

11. **Operations Report: NTS, Eric Appelwick**

- I. **E. Appelwick** discussed his phone conversations with Northland Constructors regarding the existing bond release request from them. With several phone calls, it appears a Mr. Nathan Fox, Northland Constructors, is the person that called **J. Mason** to discuss the bond. **E. Appelwick** left a message with Mr. Fox regarding the issue. Northern Shores Town Homes would like to turn sewer service on at unit #8 because it is their model unit. NTS has made two attempts to exercise the curbstop without success; the valve is inoperable at this time. **M. Thibodeau** asked about the structure that is installed at the Northern Shores Town Homes and about the valve operation. **E. Appelwick** responded with a new installation, the infrastructure is installed but the control box is left off, the gate valve in the tank is closed and the curbstop is also closed. They are not opened until service is ready for operation. **M. Thibodeau** discussed finding out who owns the Northern Shore Town Homes because of outstanding debt that is owed to D/NSSD. **B. McNamara** is going to E-mail the past due information to **E. Appelwick** for discussion with the town home association owner.
- II. **E. Appelwick** spoke about the request from the Mr. and Mrs. Ayd of 5860 North Shore Drive to move the control box from its present location to a new location thirteen feet east of their home. Mrs. Ayd would like to move the control box out of the view of the lake. **E. Appelwick** stated the length of the pump wires is a concern and he will work with the homeowner on the options. The homeowner will pay for all costs associated with the move. **M. Thibodeau** stated a letter should be sent to the homeowners. **E. Appelwick** will draft the letter to be sent to **M. Thibodeau** for review before sending it in the mail. **D. Korri** asked if a splice or something associated with the control box move were to go bad after time, who is responsible for the repair? **E. Appelwick** stated there are underground splices that are approved. Agate Electric would be responsible for the move and electrical wiring.
- III. **E. Appelwick** discussed an annual renewal of the contractors' application to verify their applications are up to date. **B. McNamara** stated many of the contractors insurances automatically get sent to her office on annual basis. **S. Smith** asked how much the application fee is. **E. Appelwick** responded there is no application fee, simply an installation fee. Therefore is no cost to the contractors. **M. Thibodeau** will draft a policy regarding the annual review of contractors' applications.
- IV. **E. Appelwick** discussed the yearly routine maintenance and that NTS will be utilizing other employees in the operations group. The first third of the system will be inspected starting near the retention tank ending near the McQuade Rd.

12. **New Business:** None.
13. **Old Business:** None.
14. **Other:** None.
15. **Adjourn:** Motion to adjourn meeting by **K. Bovee**. Second by **K. Kuettel**. Motion passed unanimously at 8:33 A.M.

Minutes Approved by:

 9.20.11
Chair Date

 9/20/2011
Secretary Date

Next Meeting Date: The next meeting will be held at 7:00 am at French River Lutheran Church on August 16, 2011.

Minutes taken by: Eric Appelwick
DNSSD Mtg # 138, 071911, Minutes