

DULUTH PUBLIC UTILITIES COMMISSION

Meeting Minutes

February 9, 2011

Members Present: Councilor Patrick Boyle, Councilor Jay Fosle, Councilor Daniel Hartman, Patrick Huston, Jennifer Vossen Julsrud, Linda Ross Sellner

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert, Howard Jacobson, Nick Petrangelo, Eric Schlacks, Eric Shaffer, Glenn Strid

Members Absent: John Bruggeman

Call to Order: The meeting was called to order at 5:20 p.m. by President Julsrud.

Approval of previous meeting minutes

Old business:

Stormwater utility budget

There were no questions about the stormwater utility.

New business:

Updates from staff

There are four active water main breaks: 57th Ave W, 40th Ave E & Pitt, 27th Ave W & Helm St, and Ebony. There was also one that shut down Arrowhead Road from Friday until Monday.

The City received a year-end adjustment letter from WLSSD. The City owes an additional \$38,254 for 2010. This amount will be divided by 12 and paid throughout 2011.

City staff provided a sample utility bill that shows both WLSSD charges and City sewer charges. Charges were split 50/50 in the example bill. City staff would calculate the actual percentages for the real bills. The total dollar amount does not change. They could also include a note explaining the new layout. Commissioners voted to accept the new layout with a note of clarification.

Upcoming Council actions

There are four resolutions authorizing application for PFA grants and loans on the agenda for the next Council meeting. Three of these are for grants only and one is for a loan. The loan is \$1.6 million for water for the Riverside project. The companion grant is for \$2.1 million for the sanitary sewer. Another grant is \$2.2 million for pumps and a new force main at the Dodge Street holding tank. The other grant is \$3.1 million for lining of the sanitary sewer in the Lakeside Lester Park neighborhood. These projects will be postponed if we do not receive the grant money. There are also contracts with Stack Brothers for relocation of a 16 inch gas main which will be reimbursed by MNDOT and with Lake Superior Consulting for inspection at Great Lakes Regulator Station \$56,000.

AE2S water cost of service study

Grant Meyer (AE2S) presented an overview of the water cost of service study and answered questions from commissioners. The biggest driver behind the study was probably the State requirement to have a conservation rate structure. The deadline is January 1, 2013. The cost of service study looks at how the cost of providing service compares to the amount paid by the different rate classes. The object is to assign costs to the appropriate customers. AE2S also did a revenue adequacy analysis to see if the City would be collecting enough revenues to cover expenses in different scenarios. Eric Shaffer provided a handout that showed the cost of borrowing money. Commissioners and staff discussed the amount of money needed to fix the infrastructure.

It is the mission of the Duluth Public Utilities Commission to ensure safe, reliable, efficient utilities services at reasonable rates.

Agenda for next meeting

The next meeting will be in City Hall Room 106A on Wednesday, March 9, 2011, at 5:15 p.m. The commission will discuss old business and then talk about conservation rates and capital. Commissioners would like a long-term plan for water. They would also like a recommendation from staff as to how much money is needed for capital projects.

Adjournment: The meeting was adjourned at 7:50 p.m.

A recording of this meeting is available upon request.