

DULUTH PUBLIC UTILITIES COMMISSION

Meeting Minutes September 14, 2011

Members Present: Councilor Patrick Boyle, John Bruggeman, Councilor Jay Fosle, Patrick Huston, Jennifer Julsrud, Linda Sellner

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

Members Absent: Councilor Daniel Hartman

Call to Order: The meeting was called to order at 5:22 p.m. by President Julsrud.

Approval of previous meeting minutes

Old business:

Community education phase

City staff put together a list of locations for the ten community meetings. The media tour of the water plant is scheduled for 10:00 a.m., September 26th. Staff will arrange the dates for the meetings. Commissioners will discuss who will attend each meeting via e-mail over the next few weeks. President Julsrud requested that staff put together a breakdown of what goes into the water bill.

New business:

Updates from staff

Staff is in the process of preparing the 2012 budget. The utility presentation to the council is November 10th. Commissioners are encouraged to attend. The budget does not look good. Staff is working to trim capital projects and operating costs. In the future, the commission will need to look at the revenues side. Commissioner Bruggeman inquired about making the WLSSD charges a pass-through. The commission had discussed putting this on the bill. Jim Benning advised that the commission wait until the final budget numbers were available. President Julsrud inquired about the retiree insurance and OPEB benefits and transfers on the cash flow statements. Staff explained that these are to pay for current benefits and to build up the future retiree benefits fund. Utilities staff believed they were funding only the utility portion but recently found out that the utilities have been funding the entire City.

Commissioner Bruggeman inquired about the West Duluth Reservoir. It will cost an estimated \$5M to repair the roof. The rest of the tank is in good shape according to the structural engineers that inspected it. Staff is planning to put a permanent fence around the reservoir to keep people off of it.

Eric Shaffer reported that the bids for cured-in-place lining in Basin 2 came in at \$1.4M. \$1.1M will be funded by grant.

Howard Jacobson provided an amended draft of the third party damages ordinance. The majority of commissioners agreed that there should be no penalty for the first incident and a \$750 penalty for the 2nd incident. The penalty will double for every incident thereafter. The commission also agreed that Section 7 regarding confidentiality of data was not necessary. The commission voted to recommend this ordinance to the council. Councilors Boyle and Fosle offered to co-sponsor this ordinance along with Councilor Hartman. Bob Asleson will draft up the ordinance with these revisions for further review at the next meeting.

Commissioner Sellner asked how the utilities would be affected by New Page filing for bankruptcy. Jim Benning said that they are not in arrears for their utilities. Bob Asleson explained that they filed for Chapter 11 reorganization, not Chapter 7 dissolution. They will continue to operate and pay their bills during this transition. If they were to shut down, we

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

would not have to provide water to them. However, we would have to make up for their portion of fixed costs, so it would probably result in a rate increase for the remaining rate payers.

Upcoming Council actions

Commissioner Bruggeman asked about Stauber's proposed resolution to amend the I/I guidelines. The guidelines are being amended. The amendments will make it easier for residents to appeal. They will also include some clarifications. The end results should work for both sides. Bob Asleson will create a sister resolution for the corresponding fees. This will go to council in October or November.

Agenda for next meeting

The next meeting will be on Wednesday, October 12, 2011, at 5:15 p.m. in the Mayor's Reception Room, City Hall Room 404. The commission will review the third party damages ordinance and continue to discuss the community education phase.

Adjournment: The meeting was adjourned at 6:20 p.m.

A recording of this meeting is available upon request.