

DULUTH PUBLIC UTILITIES COMMISSION

Meeting Minutes

June 8, 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, Eric Schlacks, Eric Shaffer, Glenn Strid

Members Absent: Councilor Daniel Hartman

Call to Order: The meeting was called to order at 5:21 p.m. by President Julsrud.

Approval of previous meeting minutes

Old business:

2-tier gas rate- Fond du Lac and northern expansion

City staff explained the prepared resolutions that would create the Fond du Lac and northern expansion programs. Because Section 48-214 which controls the creation of special programs to encourage the extension of the utilities was missed in the transfer of powers to the DPUC, City Council still has control over the decision to create these programs. The commission does have the power to set the corresponding rates. All commissioners present voted in favor of recommending the Fond du Lac expansion to the City Council. All but Commissioner Sellner voted in favor of recommending the northern expansion. All commissioners also voted to recommend that the ordinance transferring power to the commission be amended to include the above mentioned responsibilities. City staff recommended the commission wait until after the programs go through to amend the ordinance.

Commissioner Fosle inquired whether the PILOT for these areas would be the same as it is for everything else. City staff said that it would be. The estimated PILOT from the northern expansion would be about \$47,000 per year, and Fond du Lac area PILOT would be about \$2,000 per year. The total PILOT for last year was \$3.5M, which is 7% of gas sold. Commissioner Fosle suggested using part of this to fix water mains.

Eric Shaffer's draft presentation

Eric Shaffer went over his draft presentation and answered questions from commissioners. Commission Fosle suggested we find out what the PILOT is being spent on and use some of it along with the \$3.21 of the clean water surcharge that is set to expire in January of 2012 to fix water mains without having to raise anybody's rates. The City's Finance Director would be the best person to ask about where the PILOT money goes. Bob Asleson explained that the money goes into the general fund pool, which is an undesignated pot of money, and goes to pay regular expenses. This amount would have to be made up somewhere or some things would have to be cut. Commissioner Fosle would like to bring this to the City Council. Bob Asleson explained that the commission could request that the City find a way to dedicate a certain amount of money for water mains each year and suggest where they might look for the money. A councilor could bring this as a resolution to City Council.

New business:

Timeline for public education

The goal of the public education phase is to give the public full disclosure about what we are currently dealing with. This is also an opportunity to allow them to participate and give input. President Julsrud suggested using a number of sources, including media, surveys, and possibly a narrative story of Duluth's water system or trailer. Commissioners and staff discussed various ways to advertise and the corresponding costs. Commissioner Boyle suggested holding a special meeting or press conference to present Eric Shaffer's water needs presentation after the next regular meeting. Commissioners agreed to have the special meeting on Wednesday, July 20th, unless City staff is not ready by that date.

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

City staff will look into putting a video together. Eric Shaffer's presentation will be sent out to commissioners prior to the July meeting for any final edits.

Vice President Huston asked what the plan was for implementation of what we want to accomplish. Should the conservation and capital rates be implemented at the same time? All but Commissioner Fosle agreed to vote on the conservation rate by the end of the November meeting, to vote on the capital plan by the end of the January meeting, and to have the rate changes go into effect on the same date.

Updates from staff

City staff is working on contingency plans for if the state shuts down on July 1st. Some utility projects have state or federal funding.

Eric Shaffer reported that the project on Superior Street will be done before Grandma's Marathon. They will be starting to set pieces onto the water tower on Arlington Road. The new Highland Pump Station should be up and running around the week of the 20th.

Commissioner Fosle asked how the water overflow tanks were coming. Eric Shaffer reported that the tank in Canal Park is moving right along. Jim Benning said that the WLSSD tank on Polk Street could be impacted by the state shutdown.

Upcoming Council actions

There are a lot of high dollar resolutions on the agenda, but not many are related to the utilities. There are some bridge, road, and neighborhood improvements. The Riverside project is a \$7M project. If we get state money this year, we will start this project. Otherwise, we will do it next year. The bridge money is bridge bond money, which is partly municipal state aid money.

Agenda for next meeting

The next meeting will be on Wednesday, July 13, 2011, at 5:15 p.m. in the Mayor's Reception Room, City Hall Room 404. The commission will discuss the water presentation and the upcoming press conference.

Adjournment: The meeting was adjourned at 6:54 p.m.

A recording of this meeting is available upon request.