



AGENDA
REGULAR BOARD MEETING
April 23, 2018
5:00 p.m.

1. **Agenda Review**
2. **Old Business**
3. **Approval of Consent Agenda Items**
 - a. Regular Board minutes dated March 26, 2018
 - b. Board Member vouchers for the month of March
 - c. Payment vouchers dated March 21, 2018 to April 17, 2017
 - d. Appointment of WLSSD's "Responsible Authority" and "Compliance Official" as required by the Minnesota Government Data Practices Act
 - e. WLSSD's Data Access Policies and Procedures for Members of the Public as required by the Minnesota Government Data Practices Act
4. **New Business Items for Discussion and Approval**
 - Finance
 - a. Audit Exit
 - b. Approval of Cationic Emulsion Polyacrylamide (EPAM) Polymer Purchase Agreement, Bid #1373
 - c. Approval of Contract Electrical Assistance RFP #1378
 - Operations
 - d. Approval of Oxygen Supply and CHP Switchgear Improvements Project – Recommendation to Award Bid 1371, and Construction Phase Professional Services
 - Solid Waste
 - e. Transfer Station Scale Replacement RFP #1375
5. **Committee Reports**
 - a. Committee of the Whole
 - b. Finance
 - c. Operations
 - d. Personnel
 - e. Legislative
 - f. Planning/Solid Waste
 - g. Board Governance
 - h. Board Member Comments
6. **Executive Director Reporting**
 - a. Communications
 - b. Monthly Financials
 - c. NPDES
7. **Legal Counsel**
8. **Executive Session (staff excused)**



MINUTES
REGULAR BOARD MEETING
April 23, 2018
5:00 p.m.



Board Members Present: Dave Manderfeld, Loren Lilly, Jim Aird, Paul Thomsen, Ruth Janke, Archie Chelseth, Laura Ness, Marcia Podratz and Julene Boe

Staff Present: Marianne Bohren, Cathy Remington, Al Parrella, Carrie Clement, Joe Mayasich, Jack Ezell, Karen Anderson, and Amanda MacDonald

Legal Present: David Oberstar – Fryberger, Buchanan, Smith & Frederick

Guests Present: Doug Host – CliftonLarsonAllen

Chair Janke called the meeting to order at 5:00 p.m.

1. Approval of Consent Agenda Items

- a. Regular Board minutes dated March 26, 2018
- b. Board Member vouchers for the month of March
- c. Payment vouchers dated March 21, 2018 to April 17, 2018
- d. Appointment of WLSSD's "Responsible Authority" and "Compliance Official" as required by the Minnesota Government Data Practices Act
- e. WLSSD's Data Access Policies and Procedures for the Members of the Public as required by the Minnesota Government Data Practices Act

MOTION: Member Manderfeld to approve the Consent Agenda Items

SECOND: Member Aird

DISCUSSION: None

RESULT: The motion passed unanimously

2. New Business Items for Discussion and Approval

- a. Audit Exit
Doug Host from CliftonLarsonAllen presented the audit results. This is the sixth year that CliftonLarsonAllen performed the audit at WLSSD. For a week in February, a team from CliftonLarsonAllen was onsite to conduct the audit. There were no material weaknesses or significant deficiencies in 2017.

Mr. Host discussed the financial results of the audit. The total unrestricted cash & investments is \$20,848,143; decreases in unrestricted cash & investments primarily due to decrease in operating revenues. Mr. Host discussed the operating revenues and expenses. The revenues and expenses were consistent compared to

2016. Overall, WLSSD was \$1.6M over budget on operating revenue due to \$487,944 of more than expected revenues from wastewater treatment.

b. Approval of Cationic Emulsion Polyacrylamide (EPAM) Polymer Purchase Agreement, Bid #1373

Al Parrella discussed bid 1373. Cationic (positively charged) organic flocculent (EPAM Polymer) is used for the dewatering of anaerobically digested sludge in the District's two centrifuges. The polymer flocculates the sludge solids so that the solids will separate from the water in the centrifuge. The polymer is delivered on a bulk tanker truck every three – four weeks from the current manufacturing facility in Georgia. WLSSD contracted with SNF Polydyne for a period of one year on September 6, 2016 with the option of a 6 month extension; that extension expired in March 2018. SNF Polydyne proposed an additional 6 month extension with a price increase of 35%, WLSSD elected to go back out for bid due to this price increase.

In March 2018, WLSSD advertised for bids for EPAM; the products were tested on a bench scale and a full scale level to determine efficacy and dosage. The products tested were from SNF Polydyne and BSAF – represented by Hawkins.

The Finance Committee recommends awarding bid 1373 to SNF Polydyne for the purchase and delivery of EPAM, with the option of two (2) six month extensions.

MOTION: Member Podratz to award bid 1373 to SNF Polydyne for the purchase and delivery of EPAM, with the option of two (2) six month extensions

SECOND: Member Thomsen

DISCUSSION: None

RESULT: The motion passed unanimously

c. Approval of Contract Electrical Assistance RFP #1378

Al Parrella reviewed RFP 1378. As of 2014, the electrical department had a staff of nine: a supervisor, an electrical engineer, a planner, two master electricians, two journey level electricians, and two maintenance electricians. Due to attrition, the electrical department has an effective staff of five. The loss of staff has resulted in a significant backlog of corrective, preventative, and predictive work. WLSSD has been unable to fill the vacant position despite repeated attempts.

In March 2018, WLSSD sought quotes from electrical contractors to supply two journey level electricians for 40 hours per week.

On April 6th, WLSSD advertised for proposals to provide hourly journey level electricians to start June 4, 2018 and end no later than December 31, 2018. The

proposals were opened April 18th. In evaluating these proposals the District is assuming that the contractor will provide two Journey level electricians for 40 hours/week. The District also assumes that overtime of 4.0 hours per month and sixteen hours of work during holidays. The District further assumes that the contractor will provide its own electrical vehicle.

The Finance Committee recommends contracting with Hunt Electrical to provide contract electrical services to the WLSSD per RFP 1378 for the balance of 2018 (approximately 30 weeks).

MOTION: Member Manderfeld to approve contracting with Hunt Electrical to provide contract electrical services to the WLSSD per RFP 1378 for the balance of 2018 (approximately 30 weeks)

SECOND: Member Thomsen

DISCUSSION: Member Manderfeld thanked WLSSD staff for addressing his questions in regard to overtime assumptions.

RESULT: The motion passed unanimously

d. Approval of Oxygen Supply and CHP Switchgear Improvements Project – Recommendation to Award Bid 1371, and Construction Phase Professional Services

Carrie Clement discussed the recommendations. This project encompasses two critical issues with WLSSD facility infrastructure – the aging Cryogenic Oxygen Plant and the safety and reliability of the main electrical distribution at the plant.

Donohue and Associates and WLSSD developed an Oxygen Supply Facility Plan. The plan outlined the replacement of the two cryogenic oxygen plants with two 40-ton vacuum swing adsorption (VSA) plants, and improvements to the liquid oxygen (LOX) receiving, storage, piping and vaporization. District staff then requested that Donohue begin the design phase of the Oxygen Supply Improvements Project. As part of this phase, an RFP was issued to VSA manufacturers to submit proposals for the VSA equipment needed for this project. The intent of the RFP was to select a manufacturer to build the design around, and to have a manufacturer's cost to put into the general contractor's bid form; Air Products was the selected manufacturer. District staff also requested that Donohue investigate the Sale of Gas versus the Sale of Equipment with Air Products, Inc. In the sale of equipment arrangement, the District would own and operate the equipment; in the sale of gas arrangement, Air Products would own the equipment and sell the oxygen to WLSSD. It was determined to be in WLSSD's best interest to own and operate the VSA equipment.

In December 2017, WLSSD authorized Donohue to begin the design of the CHP Main Plant Switchgear replacement project. The main electrical distribution point

at the main plant is the 13.8kV main switchgear located in Building 2. Two separate electric utility services, from separate substations, supply the power to the switchgear. If utility power is lost to one of the mains, the breaker opens and the tie circuit breaker closed to restore power to the plant. The existing switchgear is over 40 years old and has open air contact circuit breakers and replacement parts for the circuit breaks are becoming hard to find resulting in the end of these switchgears useful life. In addition, multiple unit substations have a dual power feed that limits the ability to safely maintain the equipment and much of the cable is over 40 years old. All of these factors steadily increase the risk of major power outages.

WLSSD has a 2MW diesel standby generator and paralleling switchgear to supply emergency backup power to certain substations that are deemed critical. The future plans for WLSSD are to install CHP engine generators that will produce and supply electricity to WLSSD's electric grid. Updated switchgear equipment is required for the safe and reliable distribution of the new power source.

These two projects were combined into one set of bidding documents with the goal of reduced overhead costs due to economies of scale with one general contractor. Construction constraints and milestones are set for the two projects to execute successfully as one.

Bid documents were advertised on March 12, 2018 and three bids were received on April 12, 2018. The bid form included a base bid amount as well as two alternate bid items. Jamar Company was the low bidder for the base bid and both alternates.

Donohue has provided design and bidding phase engineering services for the Oxygen Supply and CHP Switchgear Improvements Project. District staff requested Donohue to submit a proposal for construction phase engineering services based on the scope of construction that is recommended for award. These services include administration of the construction contract, preconstruction and progress meetings, addressing contractor claims, recommending change orders, construction observation by a resident project representative, and development of final project documentation.

The Operations Committee recommends that the WLSSD Board award Bid 1371 to The Jamar Company and approve Construction Phase Professional Services to Donohue & Associates for the Oxygen Supply and CHP Switchgear Improvements Project.

MOTION: Member Thomsen to award Bid 1371 to The Jamar Company and approve Construction Phase Professional Services to Donohue & Associates for the Oxygen Supply and CHP Switchgear Improvements Project

SECOND: Member Chelseth

DISCUSSION: None

RESULT: The motion passed unanimously

e. **Approval of Transfer Station Scale Replacement RFP #1375**

Carrie Clement discussed the RFP. The transfer station scale has been in service since 1999 and accepts an average daily traffic volume of up to 300 vehicles, 6 days per week. In December 2017 the current transfer station scale was inoperable. WLSSD staff and Kennedy Scales Inc. were able to repair the scale and return it to service. The scale is at the end of its useful life and needs to be replaced.

WLSSD requested proposals for an equivalent scale with the ability to fit inside the existing foot print. One proposal was received from Kennedy Scales, Inc. The proposal includes removal of the existing scale, procurement and installation of a new Mettler-Toledo VTS231.

The Planning/Solid Waste Committee recommends that the WLSSD Board award the Transfer Station Scale Replacement, RFP 1375 to Kennedy Scales, Inc.

MOTION: Member Manderfeld to award the Transfer Station Scale Replacement, RFP 1375 to Kennedy Scales, Inc.

SECOND: Member Aird

DISCUSSION: None

RESULT: The motion passed unanimously

3. Committee Reports

- a. Committee of the Whole – there was no meeting in April and no meeting is scheduled for May
- b. Finance – the April meeting minutes were reviewed; the next meeting is scheduled for Wednesday, May 16th
- c. Operations – the April meeting minutes were reviewed; the next meeting is scheduled for Thursday, May 17th
- d. Personnel – there was not meeting in April and no meeting is scheduled for May
- e. Legislative – the April meeting minutes were reviewed; no meeting is scheduled for May
- f. Planning/Solid Waste – the April meeting minutes were reviewed; the next meeting is scheduled for Tuesday, May 15th
- g. Board Governance – there was no meeting in April and no meeting is scheduled for May
- h. Board Member Comments – none

4. **Executive Director Reporting**

a. **Communications**

Marianne Bohren reviewed the communications for the month of April.

Letter from Minnesota Pollution Control Agency re: 2017 Wastewater Treatment Facility Operational Award

Article from the Duluthian written by AJ Axtell, Environmental Program Coordinator, entitled: “Cutting the fluff out of film plastic recycling”

Tweet from Peggy Flanagan regarding her tour of WLSSD

Local View from Duluth News Tribune entitled: “Legislators looking to preempt locals on packaging, health, environment”

Bizz Buzz from Duluth News Tribune entitled: “Northland Human Resource Association announces 2018 Board of Directors”

Article from businessnorth.com entitled: “Northland Human Resource Association announces 2018 Board of Directors”

Letters from WLSSD to the City of Duluth and St. Louis County notifying them of renewal of MPCA Permit #SW-583 for operation of WLSSD Yard Waste/Compost Site

Letter from the MN Pollution Control Agency thanking Crystal Nicolai for her participation on the Wastewater Planning Committee

Article from kbjr6.com entitled: “WLSSD to collect unwanted medications for free”

Article from kdal610.com entitled: “WLSSD collecting unwanted medications”

b. **Monthly Financials**

Cathy Remington reviewed the financials for the month of March.

Revenues

Total Wastewater Operating Revenues thru March were \$99,995 over budget or 102%; Industrial Revenues thru March were \$80,512 over budget or 102% - includes \$11,472 Verso Bankruptcy Receipt; Operating Investment Earnings were \$18,533 over budget or 291%; Hauled Waste was \$13,418 over budget or 150%; Biosolids was \$3,369 over budget or 138% Capacity Availability Fee was \$11,601 under budget or 38%; Other Miscellaneous revenues were \$4,236 under budget.

Wastewater Loadings

BOD is at 81,509 lbs/day which is 3,481 lbs/day under budget and TSS is at 37,455 lbs/day which is 2,102 lbs/day under budget thru March.

Expenses

Total Wastewater O&M Expenses thru March were \$37,647 over budget or 101%.

Direct Department

Direct Department Expenses thru March were \$285,037 under budget or 87%.

Key area to highlight: Payroll - \$78,714 under budget or 92%; Natural Gas - \$3,388 under budget or 95%; Electricity – \$72,995 under budget or 90%; Diesel - \$2,376 over budget or 111%; Repairs/Cleaning Interceptors - \$32,812 under budget or 6%; Contract Services – \$36,493 under budget or 12%; Supplies - \$17,484 under budget or 50%; Program Development - \$4,000 under budget; Chemicals - \$30,372 under budget or 85%. Chemical expenses include: Sodium Hypochlorite/Bisulfite - \$1,638 over (131%); Polymers - \$17,191 under (88%); Ferric - \$2,243 over (109%); Defoamant - \$2,841 under (68%); Liquid Oxygen - \$7,500 under; Other Chemicals - \$6,721 under (33%).

Allocated Department Expenses

Total Allocated Department Expenses thru March were \$322,684 over budget or 119%.

Capital Investment Earnings

The Capital Investment Earnings are \$11,774 over budget or 216%.

Capital Fund

The Capital Fund Transfer is 100% year to date.

Debt Service

Debt Service Investment Earnings are \$17,826 over budget or 237%.

Debt Service Transfer

Debt service transfer is 100% year to date.

Operations Revenue, Expense, and Surplus Summary

The Wastewater Operations Revenue are \$99,995 over budget thru March. Expenses are \$37,647 over budget; Capital/Debt Service Earnings are \$37,195 over budget; Capital/Debt Service Transfers are at budget. The actual wastewater deficit thru March is \$123,126.

Operations Fund Balance

The Wastewater Operations Fund Balance was at \$10,746,750 or 2 ½ times the minimum targeted goal as of March 31, 2018. (Goal 25% or better of 2018 budgeted O&M expenses - \$4,004,073)

Capital Fund Reserve Balance

The Wastewater Capital Fund Reserve was \$4,940,628 (includes a \$2.1 million deduction for the Scanlon Interceptor) or \$2.73 million in excess of the minimum targeted goal as of March 31, 2018. (Goal \$1,000,000 or better plus highest annual WIF set aside of \$1,367,847)

Debt Service Adjusted Fund Balance

The Wastewater Debt Service Adjusted Fund Balance (including Georgia Pacific prepaid 2018-2027) was at 223% as of March 31, 2018. (Goal 120% or better)

Solid Waste

Revenues

Total Solid Waste Operating Revenues thru March were \$93,756 over budget or 105%.

Transfer Station - \$18,950 over budget or 102%; Hauler Collected Fees (SWMF) - \$66,492 over budget or 112%; Material Recovery Center - \$1,854 under budget or 98%; Yard Waste/Organics - \$6,071 over budget; Household Hazardous Waste - \$409 over budget or 109%; Operating Investment Earnings - \$3,486 over budget or 332%; Miscellaneous - \$202 over budget or 100%.

Expenses

Total Solid Waste O&M Expenses thru March were \$78,144 under budget or 96%.

Direct Department

Direct Department Expenses thru March were \$103,341 under budget or 94%.

Key areas to highlight: Payroll - \$41,846 over budget or 90%; Solid Waste Disposal - \$12,516 over budget or 101%; Contract Services- \$23,074 under budget or 82%; Supplies - \$9,319 under budget or 45%; Public Information - \$9,053 under budget or 63%; Rent Equipment - \$7,367 under budget or 24%; Program Development - \$10,162 under budget or 23%.

Allocated Department

Allocated Department Expenses were \$25,197 under budget or 106% thru March.

Capital Fund

Capital Investment earnings - \$1,586 over budget or 190%; Capital Transfers – YTD 100%.

Operations Fund Balance

The Solid Waste Operations Fund Balance was at \$2,199,512 or 1 ¾ times the minimum targeted goal as of March 31, 2018 (Goal 25% or better of 2018 budgeted non-Transfer Station O&M expenses - \$1,184,775)

Capital Fund Reserve Balance

The Solid Waste Capital Fund Reserve was at \$751,351 or 1 ¼ times the minimum targeted goal as of March 31, 2018. (Goal \$550,000 or better)

Solid Waste Debt Service Fund

There is no Solid Waste Debt and thus there are no Solid Waste Debt Service Funds.

Transfer Station Fund Balance

The Transfer Station Reserve Fund balance was at \$266,740 or 1 ¾ times the minimum targeted goal as of March 31, 2018. (Goal \$150,000 or better)

Solid Waste Summary

Total Solid Waste Operating Revenues are \$93,756 over budget thru March. Total Solid Waste Expenses are \$78,144 under budget. Capital transfers are \$159 under budget and Capital earnings \$1,586 over budget. The actual solid waste surplus thru March is \$5,079.

c. NPDES

Joe Mayasich reviewed the NPDES report for March. Both the BOD and TSS limits were met for the month of March. Both the mercury daily maximum and monthly average permit-specified limits were met. The disinfection season will start April 1st. The mass-based and concentration-based limits for phosphorus were both met. There were no sewage releases in March.

5. Legal Counsel – no report

6. Executive Session – none

The meeting adjourned at 5:41 p.m.

Recording Secretary

Board Chair

Board Secretary