



AGENDA  
REGULAR BOARD MEETING  
November 18, 2019  
5:00 p.m.

1. **Agenda Review**
2. **Old Business**
3. **Approval of Consent Agenda Items**
  - a. Regular Board minutes dated October 28, 2019
  - b. Board Member vouchers for the month of October
  - c. Payment Vouchers dated October 23, 2019 to November 12, 2019
  - d. Sanitary Sewer Extension – Clear Vision Addition (City of Hermantown)
4. **New Business Items for Discussion and Approval**
  - a. Approval of Changes to Investment Policy
  - b. Approval of Obsolete Inventory
  - c. Approval of Hermantown Interceptor Replacement Phase 1 – Professional Services
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  
November 18, 2019  
5:00 p.m.

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

Board Members Absent: Loren Lilly

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

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

Member Thomsen called the meeting to order at 5:00 p.m.

**1. Approval of Consent Agenda Items**

- a. Regular Board minutes dated October 28, 2019
- b. Board Member vouchers for the month of October
- c. Payment Vouchers dated October 23, 2019 to November 12, 2019
- d. Sanitary Sewer Extension – Clear Vision Addition (City of Hermantown)

MOTION: Member Ness to approve the Consent Agenda Items

SECOND: Member Janke

DISCUSSION: None

RESULT: The motion passed unanimously

**2. New Business Items for Discussion and Approval**

**a. Approval of Changes to Investment Policy**

Cathy Remington reviewed the Investment Policy changes. WLSSD's current investment choices come from Wells Fargo Securities LLC, Piper Jaffray, and the League of Minnesota Cities – 4M Fund; Wells Fargo and Piper Jaffray typically offer the same investment opportunities, and the League of MN Cities – 4M Fund has other investment opportunities.

A broker which WLSSD successfully worked with for a number of years, approached staff about the possibility of adding the firm Morton Capital Markets LLC, as an authorized depository. The investments would be held in safekeeping with US Bank, similar to the arrangement with Piper Jaffray.

**The Committee of the Whole recommends that the WLSSD Board approve the revisions to the Investment Policy adding Morton Capital Markets LLC and an authorized depository.**

MOTION: Member Manderfeld to approve the revisions to the Investment Policy adding Morton Capital Markets LLC as an authorized depository

SECOND: Member Janke

DISCUSSION: None

RESULT: The motion passed unanimously

b. **Approval of Obsolete Inventory**

Cathy Remington reviewed the Obsolete Inventory. WLSSD staff reviewed obsolete inventory parts in stock that were never used or not used in several years; including cryogenic oxygen plant parts and associated equipment, and parts for the pre 2015 boilers.

The obsolete inventory and old boiler parts will be listed on Public Surplus for sale. The cryogenic oxygen plant parts will be offered for sale, at discounted pricing, to WLSSD's previous O2 contractor and other wastewater plants with cryogenic oxygen production systems; anything that is left will be sold on Public Surplus. Public Surplus is required for disposal of items but does not recoup a lot of the value of the items.

The total identified inventory is \$417,000; staff will do a final review of the list to ensure no useable items are removed. The write off will not be attributed to Wastewater or Solid Waste areas but will show up on audited financial statements in Non-Operating Expense section.

**The Committee of the Whole recommends that the WLSSD Board approve write off of an amount not to exceed \$400,000 for 2019.**

MOTION: Member Podratz to approve the obsolete inventory write off of an amount not to exceed \$400,000 for 2019

SECOND: Member Boe

DISCUSSION: None

RESULT: The motion passed unanimously

c. **Approval of Hermantown Interceptor Replacement Phase 1 – Professional Services Recommendation**

Carrie Clement presented the recommendation. In 2019, WLSSD hired Short Elliot Hendrickson (SEH) to evaluate the upper sections of the Hermantown and Lakeside Interceptors for rehabilitation or replacement. While significant condition defects were present in both areas, the corrugated metal pipe on the Hermantown interceptor presented additional challenges due to its proximity to Miller Trunk Highway, commercial development and surface water tributaries. The decision was made to focus on the upper portion of the Lakeside interceptor in 2019 and schedule replacement of the upper portion of the Hermantown Interceptor in 2020. The size of the replacement pipe will be designed to accommodate anticipated future flows from upstream areas including Hermantown, Pike Lake, Rice Lake and portions of Duluth.

The 2019 project reviewed proposals from three qualified firms (Brown and Caldwell, CDM Smith and Short Elliott Hendrickson) to provide design services. Short Elliott Hendrickson (SEH) was selected to provide the requested professional engineering services. A significant amount of work was completed as part of the 2019 project evaluation by SEH, and they were requested to propose on this phase of the project.

SEH's proposal includes a detailed scope of work and fee proposal to provide professional engineering services including coordination of the project design, development of project drawings and specifications. Construction phase services will be requested and awarded when the project is bid.

**The Committee of the Whole recommends that the WLSSD Board authorize entering into a contract with Short, Elliott Hendrickson, Inc. for design phase engineering services associated with the Hermantown Interceptor Replacement (Phase 1) Project.**

MOTION: Member Aird to authorize entering into a contract with Short, Elliott Hendrickson, Inc. for design phase engineering services associated with the Hermantown Interceptor Replacement (Phase 1) Project

SECOND: Member Boe

DISCUSSION: None

RESULT: The motion passed unanimously

**3. Committee Reports**

- a. *Committee of the Whole* – the minutes from the November meeting were reviewed; the next meeting is scheduled for Monday December 16<sup>th</sup> at 4:15 p.m.
- b. *Finance* - there was no meeting in November and no meeting is scheduled for December

- c. *Operations* – there was no meeting in November and no meeting is scheduled for December
- d. *Personnel* – there was no meeting in November and no meeting is scheduled for December
- e. *Legislative* – there was no meeting in November and no meeting is scheduled for December
- f. *Planning/Solid Waste* – there was no meeting in November and no meeting is scheduled for December
- g. *Board Governance* – there was no meeting in November and no meeting is scheduled for December
- h. *Board Member Comments* – none

#### 4. **Executive Director Reporting**

##### a. **Communications**

Marianne Bohren reviewed the communications for the month of October.

**Article** from duluthnewstribune.com entitled: “DEA to hold drug take-back event in Duluth”

**Article** from Moose Lake Star Gazette entitled: Lake property owners fighting high water levels”

**Tweet** from @MMBCcommunications regarding Legislators visit to WLSSD

##### b. **Monthly Financials**

Cathy Remington reviewed the financials for the month of October.

###### ***Revenues***

Total Wastewater Operating Revenues thru October were \$966,690 over budget or 104%; Industrial Revenues thru October were \$633,925 over budget or 105%; Operating Investment Earnings were \$134,191 over budget or 288%; Hauled Waste was \$158,410 over budget or 189%; Biosolids was \$596 under budget or 98%; Capacity Availability Fee was \$41,204 over budget or 115%; Other Miscellaneous revenues were \$444 under budget.

###### ***Wastewater Loadings***

BOD is at 76,224 lbs/day which is 2,119 lbs/day under budget and TSS is at 46,676 lbs/day which is 8,435 lbs/day over budget thru October.

###### ***Expenses***

Total Wastewater O&M Expenses thru October were \$618,595 under budget or 95%.

###### ***Direct Department***

Direct Department Expenses thru October were \$521,173 under budget or 93%

Key areas to highlight: Payroll - \$46,284 under budget or 98%; Natural Gas - \$7,744 over budget or 109%; Electricity – \$442,034 under budget or 82%; Diesel - \$964 under budget or 101%; Repairs/Cleaning Interceptors - \$186,416 under budget or 8%; Contract Services – \$28,731 over budget or 144%; Supplies - \$12,681 under budget or 89%; Grants to Governmental Units - \$12,375 under budget or 25%; Program Development - \$10,209 under budget or 18%; Chemicals - \$138,316 over budget or 112%. Chemicals include: Sodium Hypochlorite/Bisulfite - \$12,884 over (103%); Polymers - \$105,647 over (118%); Ferric - \$29,190 over (130%); Defoamant - \$5,954 under (81%); Liquid Oxygen - \$0; Other Chemicals - \$3,451 under (87%)

***Allocated Department Expenses***

Total Allocated Department Expenses thru October were \$97,422 under budget or 98%.

***Capital Investment Earnings***

The Capital Investment Earnings are \$108,231 over budget or 253%.

***Capital Fund***

The Capital Fund Transfer is 100% year to date.

***Debt Service***

Debt Service Investment Earnings are \$192,272 over budget or 233%.

***Debt Service Transfer***

Debt service transfer is 100% year to date.

***Operations Revenue, Expense, and Surplus Summary***

The Wastewater Operations Revenue are \$966,690 over budget thru October. Expenses are \$618,595 under budget; Capital/Debt Service Earnings are \$300,503 over budget; Capital/Debt Service Transfers are at budget. The actual wastewater surplus thru October is \$1,807,196.

***Operations Fund Balance***

The Wastewater Operations Fund Balance was at \$12,072,795 or 2 ¾ times the minimum targeted goal as of October 31, 2019. (Goal 25% or better of 2020 budgeted O&M expenses - \$4,171,565)

***Capital Fund Reserve Balance***

The Wastewater Capital Fund Reserve was \$7,589,764 or \$5.22 million in excess of the minimum targeted goal as of October 31, 2019. (Goal \$1,000,000 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 2020-2027) was at 218% as of October 31, 2019. (Goal 120% or better)

## **Solid Waste**

### ***Revenues***

Total Solid Waste Operating Revenues thru October were \$158,619 over budget or 102%.

Transfer Station - \$65,405 over budget or 102%; Hauler Collected Fees (SWMF) - \$8,947 under budget or 100%; Material Recovery Center - \$91,694 over budget or 120%; Yard Waste/Organics - \$30,339 under budget or 79%; Household Hazardous Waste - \$14,757 over budget or 108%; Operating Investment Earnings - \$26,255 over budget or 363%; Miscellaneous - \$206 under budget or 100%.

### ***Expenses***

Total Solid Waste O&M Expenses thru October were \$85,344 under budget or 99%.

### ***Direct Department***

Direct Department Expenses thru October were \$71,556 under budget or 99%.

Key areas to highlight: Payroll - \$1,666 under budget or 100%; Electricity - \$6,751 under budget or 68%; Solid Waste Disposal - \$28,632 under budget or 99%; Contract Services - \$19,654 over budget or 103%; Supplies - \$881 under budget or 98%; Public Information - \$1,243 over budget or 101%; Rent-Equipment - \$2,829 over budget or 110%; Copying and Printing - \$3,895 under budget or 86%; Grants to Governmental Units - \$32,660 under budget or 81%; and Program Development - \$8,375 under budget or 74%.

### ***Allocated Department***

Allocated Department Expenses were \$13,788 under budget or 99% thru October.

### ***Capital Fund***

Capital Investment earnings - \$12,143 over budget or 197%; Capital Transfers - YTD 99%.

### ***Solid Waste Summary***

Total Solid Waste Operating Revenues are \$158,619 over budget thru October. Total Solid Waste Expenses are \$85,344 under budget. Capital transfers are \$3,947 under budget and Capital earnings \$12,143 over budget. The actual solid waste surplus thru October is \$77,668.

### ***Operations Fund Balance***

The Solid Waste Operations Fund Balance was at \$2,505,891 or 1 ¾ times the minimum targeted goal as of October 31, 2019 (Goal 25% or better of 2020 budgeted non-Transfer Station O&M expenses - \$1,319,275)

***Capital Fund Reserve Balance***

The Solid Waste Capital Fund Reserve was at \$900,013 or 1 ½ times the minimum targeted goal as of October 31, 2019. (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 \$387,525 or 2 ½ times the minimum targeted goal as of October 31, 2019. (Goal \$150,000 or better)

***WLSSD Incentive Progress***

*Safety, Health and Wellness*

Total earned for October - \$35; total earned year to date - \$420; potential earning for 2019 - \$490.

*Environmental and Community Stewardship*

Total earned for October - \$5; total earned year to date - \$50; potential earning for 2019 - \$500.

*Operational Excellence*

Total earned if year ended in October - \$105; potential earning for 2019 - \$305.

*Fiscal Responsibility*

Total earned if year ended in October - \$450; potential earning for 2019 - \$450.

***Incentive Plan Summary***

The actual total earned year-to-date is \$470; YTD if year ended in October was \$1,445; the potential earning for 2019 is \$1,745.

c. **NPDES**

Joe Mayasich reviewed the NPDES for October. Both the BOD and TSS limits were met for the month of October. The permit-specified mercury daily maximum and monthly average limits were both met; however, only the daily maximum internal goal was met. The disinfection season is done. The concentration- and mass-based limits for phosphorus were both met in October. There were no sewage releases in October.

5. **Legal Counsel** – no report

6. **Executive Session** – none



The meeting adjourned at 5:22 p.m.

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Recording Secretary

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Board Chair

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Board Secretary