



AGENDA – REVISED
REGULAR BOARD MEETING
November 28, 2022
5:00 p.m.

1. **Agenda Review**
2. **Old Business**
3. **Approval of Consent Agenda Items**
 - a. Regular Board minutes dated October 24, 2022
 - b. Special Board minutes dated November 14, 2022
 - c. Board Member vouchers for the month of October
 - d. Payment vouchers dated October 19, 2022 to November 21, 2022
4. **New Business Items for Discussion and Approval**
 - Finance
 - a. Approval of Next Generation Firewall Implementation – RFP #1456
 - b. Approval of Obsolete Inventory Write-Off
 - Other
 - c. Resolution 22-19; Acknowledging Ruth Janke
(materials to be distributed at the meeting)
5. **Committee Reports**
 - a. Committee of the Whole
 - b. Finance
 - c. Operations and Planning
 - d. Personnel
 - e. Legislative
 - f. Board Governance
 - g. 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 28, 2022
5:00 p.m.

Board Members Present: Jim Aird, Julene Boe, Ruth Janke, Loren Lily, Laura Ness, Marcia Podratz, Rob Schilling and Paul Thomsen

Board Members Absent: Dave Manderfeld

Staff Present: Marianne Bohren, Cathy Remington, Brandon Kohlts, Julie Macor, AJ Axtell, Grant Brown, Carrie Clement, and Amanda MacDonald

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

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

1. Approval of Consent Agenda Items

- a. Regular Board minutes dated October 24, 2022
- b. Special Board minutes dated November 14, 2022
- c. Board Member vouchers dated for the month of October
- d. Payment vouchers dated October 19, 2022 to November 21, 2022

MOTION: Member Podratz to approve the Consent Agenda Items

SECOND: Member Lilly

DISCUSSION: None

RESULT: The motion passed unanimously

2. New Business Items for Discussion and Approval

- a. **Approval of Next Generation Firewall Implementation – RFP #1456**
Grant Brown presented RFP #1456. WLSSD currently utilizes a Cisco Advanced Security Appliance (ASA) Firewall and Cisco Nexus Core Switch; Cisco has issued an End of Support notice for the Cisco ASA for June 16, 2023. Since the implementation of the Firewall and Core Switch in 2017, there have been many advancements in Firewall Technology that have led to Next Generation Firewalls (NGFW) that are able to inspect internet traffic more effectively and have led to more impactful inspections, Zero-Trust security, and improved Virtual Private Network (VPN) capabilities. These security improvements are critical for network protection moving forward.

WLSSD reached out to vendors to develop RFP 1456 to ensure accurate Bill of Materials (BOM) were included. The respondents are required to review the

existing system, implement the NGFW and Top of Rack switching, and provide support.

Two proposals were received from Citon Corporation and Heartland Business Systems. The project will be funded from the 2023 Capital Budget – IT Improvements and from Wastewater Discretionary Capital funds.

The Next Generation Firewall (NGFW) substantial completion date and go-live is June 1, 2023. The final Gap Analysis and software upgrade is to be completed between 6 to 9 months post go-live, pending a stable software release.

The Finance Committee recommends that the WLSSD Board authorize WLSSD staff to enter into an agreement with Citon Corporation to implement the Next Generation Firewall and Top of Rack Nexus Switching Project.

MOTION: Member Boe to authorize WLSSD staff to enter into an agreement with Citon Corporation to implement the Next Generation Firewall and Top of Rack Nexus Switching Project

SECOND: Member Thomsen

DISCUSSION: None

RESULT: The motion passed unanimously

b. Approval of Obsolete Inventory Write Off

Cathy Remington presented the write-off. WLSSD staff conducted a thorough review of inventory items to identify obsolete inventory that can be removed from stock. The last big review was conducted in 2019; at that time, staff committed to reviewing inventory on an annual basis and due to the COVID-19 pandemic this review was not completed in 2020 or 2021.

WLSSD staff is requesting approval to write off inventory in an amount not to exceed \$100,000 from the 2022 financials. Items will be offered for sale and will free up much needed space for active inventory.

The Finance Committee recommends that the WLSSD Board approve inventory write-off in an amount not to exceed \$100,000 for calendar year 2022.

MOTION: Member Thomsen to approve a write-off in an amount not to exceed \$100,000 for calendar year 2022

SECOND: Member Aird

DISCUSSION: None

RESULT: The motion passed unanimously

c. **Resolution 22-19; Acknowledging Ruth Janke**

Chair Ness recognized Ruth Janke for her many years of service on the WLSSD Board of Directors. Member Ness was first appointed by Carlton County in July of 2009. And in that time, Ruth served on the Operations, Legislative, and Personnel Committees; Ruth was Board Chair 2016 – 2018.

Ruth will be remembered for her commitment and dedication to protecting the environment, particularly in matters of comprehensive planning and wastewater management. Ruth also advocated for programs to meeting customer needs and protect Lake Superior and the St. Louis River.

The WLSSD Board, staff, and citizens of the District commends and expresses their gratitude and thanks to Ruth Janke for her dedicated service and leadership to the District.

MOTION: Member Aird to approve Resolution 22-19; Acknowledging Ruth Janke

SECOND: Member Podratz

DISCUSSION: None

RESULT: The motion passed with 8 ayes and 1 absent

3. **Committee Reports**

- a. *Committee of the Whole* – there was no meeting in November; there is a meeting scheduled for Monday, December 19th at 4:00 p.m.
- b. *Finance* – the minutes from the November meeting were reviewed; no meeting is scheduled for December.
- c. *Operations & Planning* – there was no meeting in November and no meeting is scheduled for December.
- d. *Personnel* – the minutes from the November meeting were reviewed; no meeting is scheduled for December.
- e. *Legislative* – a meeting is scheduled for November 29th; no meeting is scheduled for December.
- f. *Board Governance* – there was no meeting in November and no meeting is scheduled for December.
- g. *Board Member Comments* – Chair Ness thanked Member Janke for her years of service on the WLSSD Board of Directors.

4. Executive Director Reporting

a. Communications

Marianne Bohren reviewed the selected communications for November.

Article: NPR Investigations, entitled: “Recycling plastic is practically impossible – and the problem is getting worse”

WLSSD News Release “WLSSD to Host Collection Event for Unwanted Medication this Friday”

Notification: Rock Removal for the Carlton Pump Station Reconstruction Project

Obituary: The Honorable Judge Jeanne Hubert Sederberg, former WLSSD Board Member

Article: Fox21 Local News, entitled: “Rose Garden Has Enough Bagged Leaves, City Recommends Using WLSSD”

Article: Duluth News Tribune, entitled: “Duluth wastewater facility suffers equipment failure”

b. Monthly Financials

Cathy Remington reviewed the financials for the month of October.

Revenues

Total Wastewater Operating Revenues through October were \$2,493,299 over budget or 111%; Industrial Revenues through October were \$2,117,767 over budget or 118%; Operating Investment Earnings were \$60,233 over budget or 407%; Miscellaneous Revenue was \$315,299 over budget or 141%.

Miscellaneous revenue includes: Hauled Waste was \$64,476 over budget or 113%; Biosolids was \$862 under budget or 97%; Capacity Availability Fee was \$226,378 over budget or 190%; and Other Miscellaneous revenues were \$25,307 over budget.

Wastewater Loadings

BOD is at 73,531 lbs/day which is 11,567 lbs/day over budget and TSS is at 55,170 lbs/day which is 15,396 lbs/day over budget through October.

Expenses

Total Wastewater O&M Expenses through October were \$119,326 under budget or 99%.

Direct Department

Direct Department Expenses through October were \$253,207 over budget or 103%

Key Areas to Highlight: Payroll - \$83,708 under budget or 97%; Natural Gas - \$110,520 over budget or 197%; Electricity – \$462,308 over budget or 119%; Diesel - \$35,889 over budget or 148%; Water/Storm Water - \$1,838 over budget or 101%; Repairs/Cleaning Interceptors - \$82,269 under budget or 48%; Contract Services – \$185,500 under budget or 18%; Supplies - \$2,033 over budget or 102%; Grants to Governmental Units - \$12,600 under budget; Program Development - \$7,731 under budget or 20%; Chemicals - \$31,045 over budget or 102%. Chemicals include: Sodium Hypochlorite/Bisulfite - \$186,087 over budget or 140%; Polymers - \$58,900 under budget or 92%; Ferric - \$87,253 under budget or 69%; Defoamant - \$10,259 under budget 77%; Liquid Oxygen - \$6,244 over budget or 168%; Other Chemicals - \$4,874 under budget or 86%.

Allocated Department Expenses

Total Allocated Department Expenses through October were \$372,533 under budget or 94%.

Capital Investment Earnings

The Capital Investment Earnings are \$28,894 over budget or 264%.

Capital Fund

The Capital Fund Transfer is 100% year to date.

Debt Service

Debt Service Investment Earnings are \$86,966 over budget or 388%.

Debt Service Transfer

Debt service transfer is 100% year to date.

Operations Revenue, Expense, and Surplus Summary

The Wastewater Operations Revenue are \$2,493,299 over budget through October. Expenses are \$119,326 under budget; Capital/Debt Service Earnings are \$115,860 over budget; Capital/Debt Service Transfers are at budget. The actual wastewater surplus through October is \$1,654,695.

Operations Fund Balance

The Wastewater Operations Fund Balance was at \$17,210,211 or 3 ¼ times the minimum targeted goal as of October 31, 2022. (Goal 25% or better of 2023 budgeted O&M expenses - \$5,094,319)

Capital Fund Reserve Balance

The Wastewater Capital Fund Reserve was \$9,815,143 or \$7.39 million in excess of the minimum targeted goal as of October 31, 2022. (Goal \$1,000,000 plus highest annual WIF set aside of \$1,420,827)

Debt Service Adjusted Fund Balance

The Wastewater Debt Service Adjusted Fund Balance (including Georgia Pacific prepaid 2023-2027) was at 295% as of October 31, 2022. (Goal 120% or better)

Solid Waste***Revenues***

Total Solid Waste Operating Revenues through October were \$140,237 over budget or 102%.

Transfer Station - \$54,421 under budget or 99%; Hauler Collected Fees (SWMF) - \$127,049 over budget or 106%; Material Recovery Center - \$29,684 under budget or 95%; Yard Waste/Organics - \$83 over budget or 100%; Household Hazardous Waste - \$21,887 over budget or 110%; Operating Investment Earnings - \$9,930 over budget or 338%; Miscellaneous - \$65,393 over budget or 106%.

Expenses

Total Solid Waste O&M Expenses through October were \$126,383 over budget or 101%.

Direct Department

Direct Department Expenses through October were \$152,144 over budget or 102%.

Key Areas to Highlight: Payroll - \$34,056 under budget or 98%; Electricity - \$4,205 over budget or 124%; Natural Gas - \$489 over budget or 110%; Diesel - \$6,125 over budget or 159%; Solid Waste Disposal - \$263,921 over budget or 106%; Contract Services- \$22,368 under budget or 97%; Supplies - \$6,993 under budget or 86%; Public Information - \$23,937 under budget or 73%; Rent-Equipment – \$7,584 under budget or 81%; Land Lease – Duluth Airport Authority - \$364 over budget or 104%; Copying and Printing - \$3,049 under budget or 88%; Grants to Governmental Units - \$7,072 over budget or 104%; Program Development - \$23,780 under budget or 20%.

Allocated Department

Allocated Department Expenses were \$25,761 under budget or 98% through October.

Capital Fund

Capital Investment earnings - \$4,164 under budget or 67%; Capital Transfers – YTD 94%.

Solid Waste Summary

Total Solid Waste Operating Revenues are \$140,237 over budget through October. Total Solid Waste Expenses are \$126,383 over budget. Capital transfers are \$23,176 under budget and Capital earnings \$4,164 under budget. The actual solid waste deficit through October is \$407,018.

Operations Fund Balance

The Solid Waste Operations Fund Balance was at \$2,330,440 or 1 ½ times the minimum targeted goal as of October 31, 2022 (Goal 25% or better of 2023 budgeted non-Transfer Station O&M expenses - \$1,467,587)

Capital Fund Reserve Balance

The Solid Waste Capital Fund Reserve was at \$707,277 or 1 ¼ times the minimum-targeted goal as of October 31, 2022. (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 \$240,724 or 1 ½ times the minimum-targeted goal as of October 31, 2022. (Goal \$150,000 or better)

c. **NPDES**

Julie Macor presented the NPDES report for the month of October. Both the BOD and TSS limits were met for the month. The permit-specified mercury daily maximum and monthly average limits were met and internal goals were met in October. The disinfection season started in April and the bacteria limits were met for the month of October. The concentration and mass-based limits for phosphorus were both met in October. There were no sewage releases for the month; there have been 5 total reported by WLSSD through October.

5. Legal Counsel – no report

6. Executive Session – none

The meeting adjourned at 5:37 p.m.

Recording Secretary

Laura Ness, Board Chair

Julene Boe, Board Secretary