

**DULUTH/NORTH SHORE SANITARY DISTRICT
ORDINANCE NO. 3**

**AN ORDINANCE ESTABLISHING RATES AND CHARGES FOR THE
DULUTH/NORTH SHORE SANITARY DISTRICT**

The Board of Managers (the “Board”) of the Duluth/North Shore Sanitary District (the “District”) ordains as follows:

Section 1. Findings.

1.01 There are continuing and persistent issues of water quality in the Lake Superior watershed which need to be addressed through the provision of adequate public systems for the collection and treatment of wastewater.

1.02 The District was created for the purpose of promoting the public health and welfare by providing an adequate and efficient system and means of collecting, conveying, pumping, treating and disposing of domestic sewage and garbage and industrial wastes within the District and there is need throughout the territory of the District for the accomplishment of these purposes.

Section 2. Recitals.

2.01 The Board has adopted its Ordinance No. 1 creating a sewer utility (the “Utility”); regulating the use of public and private sewers; establishing methods for a sewer service charge system and a septage service charge system; and providing penalties for violations of the regulations therein defined.

2.02 The Board intends in this ordinance to set forth the actual rates and charges for the use and availability of the Utility, among other services.

2.03 Capitalized terms not otherwise defined in this ordinance have the meanings given in Ordinance No. 1 of the District.

Section 3. Assignment of CAF Units.

3.01 The Superintendent shall annually as of each January 1 determine Assigned CAF Units for each Non-residential User. Assigned CAF Units shall be updated annually for each Non-residential User using the Total Annual Metered Flow divided by 12.

3.02 A Residential User shall be assigned one CAF Unit.

3.03 A Non-residential User shall receive Assigned CAF Units based on the calculation of Total Annual Metered Flow on a per month basis, pursuant to Section 3.01, divided by one CAF Unit. In no event shall Assigned CAF Units be less than 1.0.

3.04 Determinations of CAF Units for uses by new Non-residential Users shall be defined in Appendix A of the CAF Manual. If the use by a new Non-residential User is not included in Appendix A of the CAF Manual, the Superintendent shall determine the Assigned CAF Units based on the Plumbing Waste Fixture Unit Values as defined in Appendix B of the CAF Manual. If the valuations in Appendix B are used, 17 Plumbing Waste Fixture Units shall be equivalent to one CAF Unit with no new Non-residential User being assigned less than one CAF Unit.

3.05 Fractional CAF Units over and above one CAF Unit shall be allowed, rounded to one decimal place.

Section 4. Monthly Charges. The District's Sewer Service Charge will be composed of the following:

A. *Base Charge*. A flat fee of \$66.00 per month per CAF Unit payable by each User. Base charges are payable year-around, for all customers.

B. *Volume Charge*.

(i) A charge of \$8.00 per thousand gallons of metered Excess Monthly Metered Flow is payable by Non-residential Users (effective 1/1/07).

(ii) A charge of \$0.008 per gallon of metered wastewater in excess of 7,900 gallons per month is payable by Metered Residential Users (effective 1/1/07).

C. *Extra Strength Charge*. The Extra Strength Charge will be payable by Users as follows:

(i) Users with Flow in excess of 200 mg/L of BOD shall be subject to an Extra Strength Charge of \$0.4035 per pound of BOD, or as determined from time to time by WLSSD.

(ii) Users with Flow in excess of 200 mg/L of TSS shall be subject to an Extra Strength Charge of \$0.5168 per pound of TSS, or as determined from time to time by WLSSD.

D. *Meter Reading Charge*. Each metered User shall pay a meter reading charge of \$5.00 per month.

Section 5. Annual Debt Service Charge. An annual Debt Service Charge will be imposed on each User representing each User's share of the annual debt service payments due on the District's outstanding indebtedness. The Debt Service Charge shall be allocated in its entirety to pay the long-term debt of the District. The Board shall send a separate billing once a year for the Debt Service Charge, which will be due by October 15th of each year. The Debt Service Charge to be imposed during calendar year 2007 shall be \$800.00 (effective 6/19/07).

Section 6. Sewer Access Charge or Connection Fee. The Connection Fee addresses the capital cost of that portion of the capacity of the Wastewater Treatment Facilities necessary to accommodate the anticipated Flow and Load from a new User. User class assignments for new Users will be determined by the Superintendent in accordance with the definitions provided in Ordinance No. 1. Connection Fees for each class of User are as follows and will include a 3% annual escalator, rounded up to the next whole dollar, beginning in calendar year 2008 (effective 6/19/07):

Customer Class	Connection Fee[1]
Residential	\$15,000.00
Non-residential per CAF Unit	\$15,000.00

[1] - Plus the actual installed cost of the grinder pump station, service lateral, and related costs. Estimated fees are payable prior to installing the grinder pump station and service lateral with adjustments made on the first payment of Sewer Service Charges. Non-residential Users expected to exhibit wastewater Load in excess of NDSW will be subject to additional fees to be determined by the District on a case by case basis. The Connection Fee does not include any Capacity Availability Fees or fees and charges for pipeline extensions or other services that are directly payable to WLSSD and/or the MPCA, as those fees and charges are amended from time to time.

Section 7. Other Fees.

7.01 License Fee. The license fee is a one-time fee payable upon application by a qualified contractor to install grinder pump stations, service laterals, or other components of the Wastewater Treatment Facilities. Such fee is \$250.00.

7.02 Permit Fee. The permit fee is a fee payable upon application for connection to the Wastewater Treatment Facilities. Such fee is \$350.00.

7.03 I & I Fees.

A. *I/I Inspection Fee.* The I/I Inspection Fee is a fee payable upon completion of the inspection required of each property owner prior to connection to the Wastewater Treatment Facilities. Such fee is \$100.00 per Service Connection.

B. *I/I Surcharge Fee.* The I/I Surcharge Fee is a fee payable to the District from property owners who refuse to allow for an I/I Inspection conducted by an Authorized Inspector, as provided for in Ordinance No. 1. Such fee is \$50 per month plus a meter reading fee of \$5 month until an I/I inspection is completed.

7.04 Late Payment Fee. Any payment required by this ordinance or Ordinance No. 1 which is made more than 30 days after the date due may, at the discretion of the Board, be subject to a late payment fee of not to exceed 6.00% per annum, or 1/2 of 1% per month.

7.05 Capacity Reservation Fee. A fee payable upon submission of an application for a Capacity Reservation pursuant to Ordinance No. 4 of the District. Such fee is \$66 per CAF Unit per month.

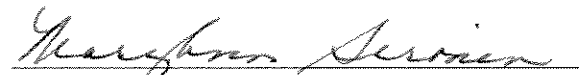
7.06 Ordinance Violation. Any Person who continues a violation of any of the District's ordinances beyond the time limit provided for in Ordinance No. 1 will be fined an amount not exceeding \$1,000.00, or such greater amount as may be permitted by State or federal law.

Adopted by the Board of Managers of the Duluth/North Shore Sanitary District, Saint Louis County, Minnesota on November 2, 2004, and amended on October 12, 2005, October 11, 2006, January 10, 2007, and June 19, 2007.



Chair

ATTEST:


Secretary