

Duluth/North Shore Sanitary District – Board of Managers
Meeting # 97

Date: February 13, 2008

Board Members Present: Kevin Bovee, John Bowen, Dean Korri, Katie Kuettel & Scott Smith

Board Members Absent: None

Others Present: Mia Petersen, Missy Kesanen, Jim Anklam, John Kessler, John Fischer, Lars Fladmark, Becky McNamara, Dan Nitz, Carrie Torgeson and Dale Krueger

Minutes to: Jim Anklam, Eric Appelwick, Mike Appelwick, Dan Belden, Bruce Berg, Kevin Bovee, John Bowen, Clare Carpenter, Dave, Chura, Jeff Cook, City of Duluth, Duluth City Council, Duluth Township, Lars Fladmark, Jane Gilbert-Howard, Scott Harder, Duane Herold, Laurie Johnson, Al Katz, John Kessler, Lakewood Township, Don McTavish, Mel Olson, David Pierson, John Schifsky, Dick Sigel, Mary Ann Sironen, Mary Frances Skala, Scott Smith, Kurt Soderberg, George Sundstrom, Carol Surine and Nelson Thomas

Minutes by: Missy Kesanen

Item	Discussion	Conclusion/Actions
Roll Call	A quorum of Board Members is present.	
Agenda	Motion by K. Kuettel and seconded by K. Bovee to approve the agenda with the addition of Debt Service (Payoff). Unanimously approved.	
Minutes	Motion by S. Smith and seconded by K. Bovee to approve the Previous Meeting minutes with the provision to be fully reviewed at the next meeting. Unanimously approved.	
District Updates	E. Appelwick hired Carrie Torgeson part-time to help out in the Duluth office and she will take over attending the monthly meetings and typing the minutes for Missy Kesanen. She will eventually take over the billing and receivables also.	
Public Comments – John Fischer gave an update. He received correspondence from Senator Baak's office. Legislation was sent in for a million and a half dollars. There is an alternative bill in the works and he has received some paperwork that needs to be filled out. M. Petersen from Fryberger will look at it. He also was given some information from Senator Klobuchar's office on non-government grants.		
New Business	<p><u>Election of Officers</u> K. Kuettel and K. Bovee met and discussed the Board positions and gave their recommendations: Officers for 2008 Chair – Kevin Bovee Secretary – Katie Kuettel Treasurer – Scott Smith Vice Chair – Dean Korri Board Member – John Bowen Motion by K. Bovee and seconded by S. Smith to accept the nominations as presented. Unanimously approved. Motion by S. Smith and seconded by K. Bovee to approve the slate of Officers. Unanimously approved. K. Bovee thanked Lars Fladmark for his many years of service.</p> <p><u>Meeting Times and Dates</u> S. Smith suggested that the dates and times be kept the same as usual, the second Wednesday of each month at 7 am at the French River Lutheran Church. March 12, April 9, May 14, June 11, July 9, August 13, September 10, October 8, November 12 and December 10. Motion by S. Smith and seconded by D. Korri to approved meeting dates and times. Unanimously approved. K. Kuettel asked if the date could be changed to the third Wednesday of each month due to the timing of receiving the Monthly Reports from B. McNamara. B. McNamara said that the reports should be received no later than the Monday before the monthly meetings. D. Korri asked if there could be the possibility of changing the date and or time from month to month if there was a conflict. K. Bovee asked whether or not they could still meet at the church. L. Fladmark said that the lock box combination could be given out to the Board Members and or NTS so that they can gain access to the keys.</p> <p><u>Dodges Log Lodges</u></p>	

	<p>Dale Krueger, owner of Dodges Log Lodges was in attendance to speak to the Board. He explained that they are working on trying to sell units on “fractional shares” which would amount to possibly 24 new owners, but that the property would still be maintained as a resort and that they would not be adding any new units because the site prohibits the addition of any other grinder stations. He also added that the Association would have strict rules as to ownership and that the Association would insist that all bills be paid. E. Appelwick had contacted him previously and explained that the Ordinance might require each unit to have a separate grinder station. Mr. Krueger requested that separate grinder stations not be required. S. Smith said that others have come to the Board with similar requests and the Board stood by the Ordinance. He also suggested the Board should get some legal advice before proceeding. J. Anklam of Ayres gave his recommendations. He explained that the system would be able to handle the flow if laundry facilities were to be installed. L. Fladmark gave his scenario of how to handle this situation. They would need to pay the \$15,000.00 connection fee and each of the 6 units would pay the monthly sewer fee of \$66.00. The Association would become liable for maintenance at their cost if repairs were needed. There still would only be one \$800.00 Debt Service Charge per year. He feels that this should be treated as a new enterprise. J. Bowen feels that Mr. Krueger is being upfront and honest and that Duluth Township Zoning has no concerns with his request. M. Petersen said that in the Mr. Krueger’s declaration, the Association would be responsible for a customer not paying their fees. The current Ordinance is unclear at this time regarding whether a separate building sewer is required where there is a change in ownership form. Under Ordinance 1 it states that each building have its own hook up, but the District can waive that, which they already have with Dodges Log Lodges current setup. She said that the Board could amend the ordinance to address this type of situation in the future on a case by case basis. How to handle the billing would be another issue. S. Smith said that the Board needs to get more background information and treat as 7 separate units (the 6 units plus the house). S. Smith also asked what would prohibit one owner from buying out the other three and move in full time. Mr. Krueger said that he can reject any offer and that the Association would try to deter this. Mr. Krueger would like to know the Boards decision as soon as possible. Motion by S. Smith and seconded by J. Bowen to approve the recording of the CIC and not require additional Service Connections for each building based on 1) representations by the owner that it will not result in a change to the sewage flow and 2) the recommendations of Ayres and NTS. Unanimously approved. K. Bovee asked for a committee to form (Rates and Charges) to work with M. Petersen of Fryberger to come up with a recommendation for how to handle the billing and report back at the March meeting. Motion by K. Kuettel and seconded by J. Bowen to approve the Rates and Charges committee to come up with a recommendation. Unanimously approved. M. Kesanen will get the billing and assessment information to the committee.</p>
Legal Issues	<ol style="list-style-type: none"> 1. M. Petersen explained that a DNSSD customer sent in payment for the 2008 Debt Service Charge and M. Kesanen requested that an amended Property Tax Statement be requested from the Auditor. M. Petersen will type up a Certificate of Payment to be signed by the Board. This can be handled on an individual basis. 2. The question of “Pay-off” of the Debt Service Charge was brought up. Because of the variability of the yearly fee, something like this would be impossible to do. 3. The Insurance renewal for the Public Officials and Officers Liability needs a signature.
Engineer’s Report	<ul style="list-style-type: none"> • Pressure Sustaining Valve/Air Relief Valve: During diversion to the tank, there is no back pressure so the flow meter does not function properly which gives erroneous data. E. Appelwick then needs to prepare a report to submit. With the installation of the pressure sustaining valve/air relief valve the problem would be corrected. The cost to purchase and install is approximately \$7,500.00 to \$9,500.00. E. Appelwick would like to have installed by Shelton in March. Motion by S. Smith and seconded by K. Kuettel to approve the purchase and installation of the two valves not to exceed \$10,000.00. Unanimously approved.
Operations Report	<p>Dan Nitz of NTS distributed the Superintendent Report to the Board.</p> <ol style="list-style-type: none"> 1. E. Appelwick has been watching the Lighthouse Restaurant’s flow numbers due to the restaurant experiencing siphoning from their location to pump station #2. In-line vents have been installed and once business picks up he will be able to tell if this was successful in correcting the problem. 2. The WLSSD I/I report is due March 1st. E. Appelwick will be submitting to Ayres the week of February 18th. The “Flat Charge” fee from WLSSD is currently \$3,013.00 per month. E. Appelwick has not talked with anyone at WLSSD, but will need to by the next meeting.
Treasurer’s	<p>The Request to Pay Outstanding Invoices packet was distributed. Two checks will be held until more</p>

Report	<p>information is received: Gopher State One Call – annual user fee. D. Nitz will have E. Appelwick look into this fee. WLSSD – “flat rate charge” of \$3,013.00. E. Appelwick will also need to check into.</p> <p>Motion by S. Smith and seconded by K. Kuettel to approved payment of all listed invoices with the exception of the two as noted. Unanimously approved. A new signature card request needs to be made by S. Smith. He will pick up the forms from North Shore Bank of Commerce. B. McNamara distributed and discussed the 2008 Preliminary Cash Flow monthly report. She discussed the option of a “sweep” account where dollars would be transferred automatically out of the primary account and be deposited into a “ghost” account to gain interest. The interest rate is estimated at approximately 3 to 3-1/2%. If a check comes through the dollars are transferred back to the primary account. She reported that the Operating Fund Account will need to maintain a minimum balance of \$18,000.00, which should not pose a problem. B. McNamara requested that the accounts be authorized. She was also told that the District has FDIC Insurance in excess of \$100,000.00 at any given moment. To meet the long term Capital Replacement Dollars the District would need to transfer \$1,200.00 between the Debt Service Account and the Operating Account. The Auditor would like Board approval before any transfers are made. B. McNamara requested that the Board give “Standing Authorization” to transfer these dollars. Motion by K. Kuettel and seconded by S. Smith to approve the recommendation of the “sweep” accounts. Unanimously approved. Motion by S. Smith and seconded by K. Bovee to give “Standing Authorization” to transfer funds from the Debt Service Account to the Operating Account to meet the Capital Replacement requirements. Unanimously approved. B. McNamara also gave her recommendation of a reduction of user fees from \$66.00 to \$56.00 based on the 2008 Preliminary Cash Flow. S. Smith stated that if a permanent solution to the Ryan Road problem were to be addressed, the costs could be between \$40,000.00 and \$70,000.00. The Rates and Charges Committee will discuss this further and bring their recommendation to the March meeting. K. Kuettel said that she would help write the notice that would go out with the bills. B. McNamara said that she doesn’t feel she needs to be present at every meeting. She will provide very descriptive information with her monthly reports and try to have this information sent to the Board on Sunday or Monday before each meeting. She also requested she get access to all current assessment status numbers. L. Fladmark gave her information that he had.</p>
<p>Communications/Correspondence Capacity Availability Fee – Rate Structure for 2008. Flyers were passed out.</p>	
<p>Meeting adjourned at 9:30 a.m. The next meeting is at 0700 at French River Lutheran Church on March 12, 2008.</p>	

Approved (date): _____

Chair

Secretary