

**DULUTH PUBLIC UTILITIES COMMISSION**  
**Meeting Minutes**  
**January 19, 2016**

**Members Present:** Councilor Zack Filipovich, Rob Prusak, Jim Ramnes, Linda Sellner, Councilor Joel Sipress, Jason Thorsell

**Members Absent:** none

**Staff Present:** Bob Asleson, Jim Benning, Liz Bieter, Leanna Gilbert, Howard Jacobson, Eric Shaffer, Glenn Strid

**Call to Order:** The meeting was called to order at 5:18 p.m. by President Prusak.

**Approval of previous meeting minutes**

The agenda was amended at the request of Councilor Sipress to move the election of officers ahead of the water utility discussion.

**Old business:**

**Utility appeal procedures:**

**General**

The proposed amendments were tabled at the previous meeting so that staff could ask the City Clerk if they needed record of utility appeals. They do not need these records. Commissioner Filipovich motioned to approve the proposed changes and the motion was approved unanimously.

**Cold weather**

At the previous meeting, commissioners requested alternatives for implementing the cold weather rule in our City Code. Bob Asleson submitted the following two options. There is an inconsistency between our City Code and state statute regarding restoration of service during the appeal process, and this inconsistency is addressed in both options.

**16-0cold O - AN ORDINANCE ADOPTING SPECIAL PROCEDURES PERTAINING TO TERMINATION OF NATURAL GAS SERVICE DURING THE COLD WEATHER RULE PERIOD, AMENDING ARTICLE XV OF CHAPTER 48 OF THE DULUTH CITY CODE, 1959, AS AMENDED TO ADD A NEW SECTION 48-239.1. (Option #1)**

This first option adopts the state statute by reference.

**16-0cold-1 O - AN ORDINANCE ADOPTING SPECIAL PROCEDURES PERTAINING TO TERMINATION OF NATURAL GAS SERVICE DURING THE COLD WEATHER RULE PERIOD, AMENDING ARTICLE XV OF CHAPTER 48 OF THE DULUTH CITY CODE, 1959, AS AMENDED TO ADD A NEW SECTION 48-239.1. (Option #2)**

This second option includes the text of the state statute in the City code.

After some discussion and clarification that notifications are sent out annually about the cold weather rule and information is available on the website, Vice President Ramnes motioned to adopt 16-0cold O (option #1) and that option was approved unanimously.

**16PUC-001 - RESOLUTION OF THE DULUTH PUBLIC UTILITIES COMMISSION RECOMMENDING THAT THE CITY OF DULUTH ADOPT SECTION 48-239.1 OF THE CITY CODE CLARIFYING THE APPLICATION OF THE STATE'S COLD WEATHER RULE.**

Commissioner Sipress motioned to approve 16PUC-001 and the resolution was unanimously approved.

**16PUC-002 - RESOLUTION OF THE DULUTH PUBLIC UTILITIES COMMISSION RECOMMENDING THAT THE CITY OF DULUTH AMEND SECTION 48-27 OF THE CITY CODE AUTHORIZING AUGMENTED CHARGES FOR UNAUTHORIZED TURNING ON OF WATER OR GAS SERVICE.**

After the discussion at the previous meeting, Bob Asleson drafted a suggested ordinance authorizing charges for the unauthorized turning on of services. The drafted ordinance authorizes charges of three times the normal volume rate for actual or estimated product stolen in addition to a penalty per occurrence.

**16-0Valve O - AN ORDINANCE AUTHORIZING A PENALTY FOR UNAUTHORIZED TURNING ON OF WATER OR GAS SERVICE AMENDING SECTION 48-27 OF THE DULUTH CITY CODE, 1959, AS AMENDED.**

After some discussion, Commissioner Filipovich motioned to amend the proposed ordinance to strike out "three times" in part (b) of Section 1 and the amendment was unanimously approved. Commissioners also agreed that part (c) of Section 1 should be clarified regarding the legality of progressive penalties.

**New business:**

**Election of officers**

Commissioner Sipress nominated Commissioner Prusak for President. Commissioner Ramnes nominated Commissioner Thorsell for Vice President. These nominations were then unanimously approved.

**Water utility discussion**

Eric Shaffer stated that the water utility is below where we would like it to be per the estimated cash balances that were shown in the budget and it will get worse by the end of 2016. Also, water main replacements have to follow street projects. Superior Street construction is planned to begin in 2017 instead of 2018, resulting in higher expenditures in 2017 than originally anticipated. In addition to that, contract negotiations will likely include a wage increase for AFSCME employees. Staff has not put together any numbers yet but will likely recommend a 3-6% rate increase in the near future in addition to cutting or moving back capital projects. The adopted budget, estimated cash balances, and a 3-6% rate increase would not include the replacement of the 42" main as discussed in previous meetings. Staff will look at the water model once the program is up and running and research other options besides replacement this summer. Staff will find the information regarding the last water rate increase and class changes as requested by Commissioner Sellner and put together some numbers.

**Updates from staff**

Eric Shaffer reported that Lift Station 8 is the only project still going. They ran the new pumps today to test them. It should be operational this week or next. Engineering staff are designing things for next summer. Jim Benning stated that the first batch of letters for the bleeder list was sent out. This is a preventive measure against frozen services. There have only been a couple of frozen services so far this winter. A second set of letters will be sent once the frost gets a little deeper. If the frost goes really deep, then a third set will be sent out.

**Upcoming Council actions**

There is a resolution appointing Em Westerlund to the Duluth Public Utilities Commission. There are two resolutions for water treatment chemicals, aluminum sulfate and sodium hydroxide. Jim Benning will be sending out a memo to City Council with information about these chemicals. Commissioner Sellner asked if there had been any repercussions regarding the sale of aluminum sulfate at exorbitant prices. Jim Benning answered that we are part of a class action lawsuit that is ongoing.

**Commissioner questions or comments**

Commissioner Sellner referenced a press release from a few months ago regarding the wrap up of the 4<sup>th</sup> Street water main project and the lining of a small section of main. Eric Shaffer stated that one section of 24" pipe was lined and two sections were open cut. Commissioner Sellner inquired about plans for further water main replacement on 4<sup>th</sup> Street. Eric Shaffer answered that from 16<sup>th</sup> Avenue East to Wallace there is a 6" main that will be pipe burst to an 8" main. Portions that have rock will not be pipe burst. From 12<sup>th</sup> Avenue East to 6<sup>th</sup> Avenue East there is a 6" main that will be replaced with a 24" main. This will all be open cut.

Commissioner Sellner mentioned that she has been unable to meet with Planning about tax forfeit properties so far. She plans to talk to them soon in part because of the flood recovery grant that the City has applied for. She will bring a resolution to the Commission soon regarding cost-free ways to get tax forfeit properties along streams put into conservation. This resolution would be a recommendation for City Council, as they are an entity that has legal rights to get tax forfeit properties.

Commissioner Filipovich announced that Em Westerlund will be replacing Jen Julsrud on the Commission. She is also the Public Works and Utilities Committee chair this year.

President Prusak inquired about the water model that Eric Shaffer had mentioned earlier. Eric Shaffer stated that the model had been discussed a few months ago and would help us decide whether the size of the 42" main was appropriate. The water model will be done by the same company that did the gas model. The model should be ready to use in August, and then staff can determine what size the main needs to be to get water into the city.

**Preview of upcoming business**

The next regular meeting is scheduled for Tuesday, February 16, 2016, at 5:15 p.m. in City Council Chambers. More information will be presented regarding the water utility. Commissioner Sellner may have some information to discuss in February or March.

**Adjournment:** The meeting was adjourned at 6:36 p.m.