

DULUTH PUBLIC UTILITIES COMMISSION

Tuesday, September 15, 2015

City Council Chambers

AGENDA

1. Roll call
2. Approval of previous meeting minutes
3. New business:
 - 3.1 Report on Annual Stormwater Public Meeting - discussion only (Sellner)
 - 3.2 Use of County tax-forfeit parcels for stormwater pollution remediation - discussion only (Sellner)
 - 3.3 2016 fee schedule - discussion only (resolution in October)
 - Return authority for two fees back to Council:
 - Sewer Connection - Property not Previously Assessed (per foot of frontage; varies depending on lot size)
 - Water Connection - Property not Previously Assessed (per foot of frontage; varies depending on lot size)
 - 3.4 Stormwater utility discussion
 - 3.5 Budget discussion
 - 3.6 15PUC-006 - RESOLUTION APPROVING AND RECOMMENDING 2016 UTILITY BUDGET.
 - 3.7 DPUC OneDrive (SkyDrive)
4. Updates from staff
5. Upcoming Council actions
6. Commissioner questions or comments
7. Preview of upcoming business

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
July 21, 2015

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

Members Absent: Councilor Jennifer Julsrud, Jim Ramnes

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

Call to Order: The meeting was called to order at 5:15 p.m. by President Prusak.

Approval of previous meeting minutes

New business:

15PUC-005 - RESOLUTION AMENDING WATER CUSTOMER CATEGORY C/I 6 EFFECTIVE WITH METER READINGS AFTER AUGUST 12, 2015 TO INCLUDE MUNICIPAL GOLF COURSE IRRIGATION.

Jim Benning explained that prior to the 2012 flood Enger Golf Course took water from portions of Coffee Creek that were dammed up on their property to create a pond. After the flood, the dam blew out and the DNR did not allow it to be rebuilt. The most cost-effective source of water would be city water, which would supplement wells and natural precipitation. After some discussion, commissioners voted unanimously to approve resolution 15PUC-005.

Updates from staff

Eric Shaffer reported that the 12" gas main project has begun. The water and gas replacement project at 26th Ave W is advancing slowly. Much work has been done on the gas blanket contract already and it will probably be slowing down. The 36" water main project on 4th Street has started. Lift Station 8 will start in August. Jim Benning reported that WLSSD has estimated a 2.6% increase in treatment charges in 2016.

Upcoming Council actions

Jim Benning mentioned a few upcoming items, including a resolution for water main installation on Hwy 23 as part of a MNDOT project and a resolution confirming the assessment rolls for the Riverside project. Minor revisions were made to the illicit discharge ordinance, and it will go to Council soon.

Commissioner questions or comments

President Prusak inquired about the work going on at Woodland and 21st. Jim Benning explained that the concrete intersection is being replaced, and the road will be redone up to Kent Road and then from about Calvary Road to Martin Road.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, September 15, 2015, at 5:15 p.m. in City Council Chambers. The Commission will discuss stormwater pollution remediation and Commissioner Sellner will report on the Annual Stormwater Public Meeting that was held in June. The Commission will also need to discuss the water fund sometime this fall.

Adjournment: The meeting was adjourned at 5:38 p.m.

Application for State Deed for Tax-Forfeited Land

In _____ County

Type of Acquisition

- Checkboxes for Purchase, Conditional Use Deed, School Forest Deed, Remove Blight/Afford. Housing, Failure to convey to city or association, Acquisition Authorized by other statute or Special Law, Conservation-related usage, Replacement for Lost/Destroyed Deed, Repurchase, and Release (State Agencies only).

Correction

Is this application intended to correct a previous deed? Yes (Complete this section) No (Skip this section)
State deed number of original deed:
Information being corrected: Grantee's name Legal description Other:
Was this state deed recorded? Yes No
Recording Date: Recording Number:
(If the state deed was not recorded, please return the original state deed with this application.)

Applicant (Grantee)

Name(s) of applicant(s)
Address of applicant Phone Number of applicant
City State Zip Code

Property Information

Ownership Please check the appropriate box below:
Single ownership Co-ownership: joint tenancy Co-ownership: tenancy in common Co-ownership: other
Date of auditor's certificate of forfeiture Date tax-forfeited land was sold (if applicable)
Date purchase price was paid in full (if applicable) Purchase price (if applicable)
Legal description of property: (Please email longer legals to: state.deeds.mdor@state.mn.us) All or part of the described real property is Registered (Torrens)

Wells Please check the appropriate box below:
There are one or more wells on this property. There are no wells on this property. No change since last well certificate.
(If wells disclosure certificate has been electronically filed, please list WDC number:)

Wetland Certification
The wetland certification form has been completed and attached to this application.

Replacement

Complete this section only if "Replacement for Lost/Destroyed Deed" is selected above as the type of acquisition.
The applicant is (check the appropriate box): the grantee named in the original deed the grantee's successor
If the applicant is the grantee's successor, please state the name of the grantee in the original deed (otherwise leave blank):
Date that unrecorded state deed was issued State Deed Number (if known)
Attach a statement of reasons in support of allegation that said deed has been lost or destroyed before it was recorded (please be specific).

Certifications

All applications require the signature of the county auditor below. Applications for Replacement Deeds will also require the additional signature of the applicant as well.

Please provide the information below as it corresponds to the type of acquisition selected on the front of the form.

Blight/Affordable Housing	<p>Auditor to complete this section only if "Remove Blight/Afford. Housing" is selected above as the type of acquisition.</p> <p>The County Board, or its delegate, of _____ County, Minnesota, has reviewed the application of _____ dated _____, 20____, for the conveyance of certain tax-forfeited land described therein. The county board has determined that: (1) a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market or the reduced price will lead to the development of affordable housing; and (2) the governmental subdivision or state agency has documented its specific plans for correcting the blighted conditions or developing affordable housing and the specific law or laws that empower it to acquire real property in furtherance of the plans.</p>
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Conservation	<p>Auditor to complete this section only if "Conservation-related usage" is selected above as the type of acquisition.</p> <p>The County Board, or its delegate, of _____ County, Minnesota, has reviewed the application of _____ dated _____, 20____, for the conveyance of certain tax-forfeited land described therein. The county board has determined that a sale at a reduced price is in the public interest for (select one):</p> <ul style="list-style-type: none"> ___ (1) creation or preservation of wetlands; or ___ (2) drainage or storage of storm water under a storm water management plan; or ___ (3) preservation, or restoration and preservation, of the land in its natural state.
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Failure to Convey	<p>Auditor to complete this section only if "Failure to convey to city or association" is selected above as the type of acquisition.</p> <p>The County Board, or its delegate, of _____ County, Minnesota, has reviewed the application of _____, a (check one) <input type="checkbox"/> governmental subdivision / <input type="checkbox"/> common interest community, dated _____, 20____, for the free conveyance, due to a prior failure to convey which was duly certified, of certain tax-forfeited land described therein, and recommends that this application be granted.</p>
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Use Deed	<p>Auditor to complete this section only if "Conditional Use Deed" is selected above as the type of acquisition.</p> <p>The County Board, or its delegate, of _____ County, Minnesota, has reviewed the application of _____ dated _____, 20____, for the conveyance for an authorized public use of certain tax-forfeited land described therein, and recommends that this application be granted.</p>
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School Forest	<p>Auditor to complete this section only if "School Forest Deed" is selected above as the type of acquisition.</p> <p>The County Board, or its delegate, of _____ County, Minnesota, and the Commissioner of Natural Resources, has reviewed the application of _____ dated _____, 20____ for the conveyance for a school forest of certain tax-forfeited land described therein, and recommends that this application be granted.</p>
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Replacement	<p>Auditor to complete this section only if "Replacement for Lost/Destroyed Deed" is selected above as the type of acquisition.</p> <p>The property described herein was duly bid in for the state for taxes payable in the year _____, delinquent _____; and became forfeited to the State of Minnesota on the _____ day of _____, _____.</p>
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Sign Here	<p>I certify that the above information is true and correct, the county board has taken the official action required under Minn. Stat. § 270C.88, and that therefore conveyance by state deed of the real property described above should be executed by the Commissioner of Revenue to the above named applicant(s) as required by Minnesota Statutes, Chapter 282.</p> <p>Signature of county auditor _____ County _____</p> <p>Date of signature of county auditor _____</p> <p>Applicant signature (Replacement Deed only) _____</p> <p>Date of applicant signature (Replacement Deed only) _____</p>
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(seal)

Fees Set by DPUC	2015 Fee
FOG Program - Failure to Maintain Records - per day	\$100.00
FOG Program - Noncompliance - Maximum Penalty - per month	\$1,000.00
Gas Furnace Comfort Policy Fee - DCC - annual	\$190.00
Gas Furnace Comfort Policy Fee - Electronic Ignition - Annual	\$178.00
Gas Furnace Comfort Policy Fee - Standing Pilot - Annual	\$166.00
Gas Furnace/Appliance Service - Midnight to 8:00 a.m. - 1st hour OR No show fee	\$165.00
Gas Furnace/Appliance Service - Midnight to 8:00 a.m. - Each additional 15 minutes	\$41.25
Gas Furnace/Appliance Service - Weekdays - 4:30 p.m. to Midnight - 1st 1/2 hour OR no show fee	\$110.00
Gas Furnace/Appliance Service - Weekdays - 4:30 p.m. to Midnight - Each additional 15 minutes	\$27.50
Gas Furnace/Appliance Service - Weekdays - 8:00 a.m. to 4:30 p.m. - 1st 1/2 hour OR no show fee	\$55.00
Gas Furnace/Appliance Service - Weekdays - 8:00 a.m. to 4:30 p.m. - Each additional 15 minutes	\$27.50
Gas Furnace/Appliance Service - Weekends and Holidays - 4:00 p.m. to Midnight - 1st 1/2 hour OR No Show Fee	\$110.00
Gas Furnace/Appliance Service - Weekends and Holidays - 4:00 p.m. to Midnight - Each additional 15 minutes	\$27.50
Gas Furnace/Appliance Service - Weekends and Holidays - 8:00 a.m. to 4:00 p.m. - 1st 1/2 hour OR No Show Fee	\$110.00
Gas Furnace/Appliance Service - Weekends and Holidays - 8:00 a.m. to 4:00 p.m. - Each additional 15 minutes	\$27.50
Gas Furnace/Appliance Service - Weekends and Holidays - Midnight to 8:00 a.m. - 1st 1/2 hour OR no show fee	\$165.00
Gas Furnace/Appliance Service - Weekends and Holidays - Midnight to 8:00 a.m. - Each additional 15 minutes	\$41.25
I&I Noninspection/noncompliance Surcharge - per month	\$250.00
Point of Sale - Inspection Fee - Sump Pump Already in Place or Not Required	\$105.00
Point of Sale - Inspection Fee - Sump Pump Installation Required	\$205.00
Point of Sale - Noncompliance surcharge - per month	\$250.00
Sewer Connection - Property not Previously Assessed (per foot of frontage; varies depending on lot size)	\$90.00
Violations/Noncompliance/Credit Service Charge - Dispatch of Service Vehicle	\$55.00
Violations/Noncompliance/Credit Service Charge - Restoration of Service - Weekdays between 12:00 a.m.-8:00 a.m.	\$160.00
Violations/Noncompliance/Credit Service Charge - Restoration of Service - Weekdays between 4:30 p.m.-12:00 a.m.	\$80.00
Violations/Noncompliance/Credit Service Charge - Restoration of Service - Weekdays between 8:00 a.m.-4:30 p.m.	\$55.00
Violations/Noncompliance/Credit Service Charge - Restoration of Service - Weekends and Holidays	\$160.00
Water and Gas - Shut Off or Turn On - Minimum Charge	\$55.00
Water and Gas Service Construction Permit - Special inspection fee - minimum	\$25.00
Water Connection - Property not Previously Assessed (per foot of frontage; varies depending on lot size)	\$90.00
Water Hydrant, Use of	\$210.00
Water Service - Tapping Fee (1" or less)	\$385.00
Water Service - Thawing - Equipment Fee - per water service	\$60.00
Water Service - Thawing - Minimum Fee - per water service	\$525.00

eff
OCT 25, 2009

PUBLIC WORKS AND UTILITIES COMMITTEE

09-044-0

ORDINANCE NO. 9994

AN ORDINANCE ESTABLISHING METHOD OF DETERMINING WATER, GAS AND SEWER FEES IN LIEU OF ASSESSMENT, AMENDING CHAPTERS 43 AND 48 OF THE CODE.

CITY PROPOSAL:

The city of Duluth does ordain:

Section 1. That Section 43-56 of the Duluth City Code, 1959, as amended, is hereby amended to read as follows:

Sec. 43-56. Connection permit--application; fee.

Any person desiring to make connection to a sanitary sewer to serve land not previously assessed for a direct special benefit conferred by the construction of such sewer shall apply to the director for a ~~connection permit to so connect said property,~~ and shall accompany his application with a description of the land proposed to be served. The director shall have the authority to approve or disapprove said connection. The director's decision to disapprove any such application may be appealed in writing to the special assessment board within ten days of said decision by filing the same in the office of the director. The amount of the fee the applicant is required to pay shall be determined by application of the rate established in accordance with Section 43-56.1 below ~~forward such application to the special assessment board along with a recommendation for the amount of the connection fee which should be charged in such case. In developing such recommendation, the director shall consider the then current average or typical front foot cost for the construction of a sanitary sewer lateral. The special assessment board shall determine the appropriate connection fee to be charged in each case based upon the recommendations of the director. If not satisfied with the amount of the connection fee, the applicant may appeal to the city council for a final~~

~~determination of such matter.~~ Any person making application for a sewer connection pursuant to this Section shall either elect to pay the established ~~connection~~ fee in lieu of assessment in full immediately, in which case such fee should be delivered to the director; prior to issuance of the connection permit; or to pay such ~~connection~~ fee in lieu of assessment over a period of 15 years, in which case payment of such fee and interest shall be made in the same manner as is provided for the payment of deferred assessments under Section 68 of the City Charter. In those cases where a person elects to pay the ~~connection~~ fee in lieu of assessment over a period of 15 years, he shall be required to execute an agreement, acceptable in form to the city attorney, which shall be recorded by such person against the property to which the sewer connection is made, and which shall bind the applicant and future owners of such property to pay the unpaid balance of the ~~connection-fee~~ in lieu of assessment.

Section 2. That Chapter 43 of the Duluth City Code, 1959, as amended, is hereby amended by the addition of a new Section 43-56.1 which reads as follows:

Sec. 43-56.1. Fee in lieu of assessment fee rate--established.

The special assessment board shall from time to time establish the sewer fee in lieu of assessment to be charged to applicants applying for a connection under Section 43-56 above on a per front foot basis, which fee shall then be applicable for the remainder of the calendar year in which it is established unless subsequently modified by the board as herein provided for. In establishing such fee in lieu of assessment, the board shall take into account the then current average or typical front foot cost for the construction of a sanitary sewer main. Nothing to the contrary in the foregoing withstanding, the board may amend said fee established with regard

to any year upon a determination by the board that the previously established fee does not accurately reflect the city's current costs for construction of such sewer mains. Upon approval of the sewer fee in lieu of assessment by the board, it shall cause notice thereof to be filed with the city council. Any person wishing to contest the fee so established may appeal to the council within 30 days of such filing. The determination of the council shall be final.

Section 3. That Section 48-222 of the Duluth City Code, 1959, as amended, is hereby amended to read as follows:

Sec. 48-222. Charge in lieu of assessment for connection to water and gas mains.

Any person desiring to make a connection to a water or gas main to serve land not previously assessed for a direct special benefit conferred by the construction of such water or gas main shall apply to the office of the director of public works and utilities or his or her designee, hereinafter referred to as the director, for a permit to so connect said property ~~water and gas engineer for a connection permit,~~ and shall accompany his application with a description of the land proposed to be served. The director shall have the authority to approve or disapprove said connection. The director's decision to disapprove any such application may be appealed in writing to the special assessment board within ten days of said decision by filing the same in the office of the director. The amount of the fee in lieu of assessment the applicant is required to pay shall be determined by application of the rate established in accordance with Section 48-223 below ~~engineer shall forward such application to the special assessment board along with a recommendation for the amount of the connection fee which should be charged in such case. In developing such~~

~~recommendation the engineer shall consider the then current average or typical front foot cost for the construction of a water or gas main. The special assessment board shall determine the appropriate connection fee to be charged in each case based upon the recommendation of the water and gas engineer. If not satisfied with the amount of the connection fee, the applicant may appeal the city council for a final determination of such matter. Such connection fee shall not include the street service charge, which shall be billed separately. Any person making application for a water or gas connection pursuant to this Section shall either elect to pay the established connection fee in lieu of assessment in full immediately, in which case such fee should be delivered to the director water and gas engineer prior to issuance of the connection permit; or to pay such connection fee in lieu of assessment over a period of 15 years, in which case payment of such fee and interest shall be made in the same manner as is provided for the payment of deferred assessments under Section 68 of the City Charter. In those cases where a person elects to pay the connection fee in lieu of assessment over a period of 15 years, he shall be required to execute an agreement, acceptable in form to the city attorney, which shall be recorded against the property to which the water or gas connection is made, and which shall bind the applicant and the future owners of such property to pay the unpaid balance of the connection fee in lieu of assessment.~~

Upon compliance by an applicant with the provisions of this Section, the director ~~water and gas engineer~~ shall issue a connection permit; provided, however, that the director ~~such engineer~~ shall deny the issuance of such permit if he or she ~~the special assessment board~~ determines that water or gas service might

reasonably be provided to the property by a public extension of the water or gas system or if the granting of such permit would encourage development of property which cannot be economically served by other utilities or by improved public access. A decision on the part of the special assessment board to deny issuance of a connection permit may be appealed by the applicant to the city council.

For connections to existing gas mains where the property to be served has not been previously assessed, in lieu of the procedure set forth in this section, the applicant for connection may pay for said connection as provided for in the gas main extension program developed pursuant to Section 48-214 of this Chapter.

Section 4. That Chapter 48 of the Duluth City Code, 1959, as amended, is hereby amended by the addition of a new Section 48-223 which read as follows:

Sec. 48-223. Fee in lieu of assessment--establishment.

The special assessment board shall from time to time establish the water fee in lieu of assessment and the gas fee in lieu of assessment to be charged to applicants applying for a connection under Section 48-222 above on a per front foot basis, which fee shall then be applicable for the remainder of the calendar year in which it is established unless subsequently modified by the board as herein provided for. In establishing the fee in lieu of assessment, the board shall take into account the then current average or typical front foot cost for the construction of water and gas mains. Nothing to the contrary in the foregoing withstanding, the board may amend either or both of the fees established with regard to any year upon a determination by the board that the previously established fee does not accurately reflect the city's current costs for construction of such water or gas mains. Upon approval of any fee

in lieu of assessment by the board, it shall cause notice thereof to be filed with the city council. Any person wishing to contest the fee so established may appeal to the council within 30 days of such filing. The determination of the council shall be final.

Section 5. This ordinance shall take effect 30 days from and after its passage and publication.

Approved:

Department Director

Approved as to form:

Attorney

PW&U/ATTY REA:blj 8/13/2009

Approved for presentation to council:

Chief Administrative Officer

Approved:

Auditor

STATEMENT OF PURPOSE: This ordinance clarifies and streamlines portions of the city's Water and Gas Code and its Sewer Code by changing terminology applicable to fees charged to properties for which connections to existing mains are being sought but which have not previously paid their share of the cost of constructing those mains and by regularizing the process of determining those costs and of charging or assessing them to the benefitted property.

The first change is a change of terminology. The Code presently refers to the fees for connecting to a previously constructed water, sewer or gas main that the subject property did not contribute to as "connection fees" when in fact the city has required those property owners to pay a fee intended to represent their fair share of the cost of original construction, discounted over time. In common utility parlance, the term, "connection fee," refers to the cost of the actual connection itself. Thus the amendment substitutes the phrase, "fee in lieu of assessment" to more accurately represent what is being required.

The other major change is to conform our process to more closely follow our actual practice. Normally the special assessment board approves a rate for such "connections" on an annual basis; but to follow the strict letter of the Code, each connection is required to be submitted to and approved by the board, which they do mechanically at the previously approved rate.

The proposed amendment would modify the process to follow the actual practice by allowing the board to set the rates for such connections and then allowing the director of public works and utilities to approve the actual connects. If there was a reason for the director to deny an application for specified reasons, he or she could do so, but that determination could be appealed to the board.

**WATER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2015 THRU 2017**

08/14/15

	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Projected 2017
Unrestricted Cash (including Debt Serv. Res.)	1,021,940	703,500	500,253	701,300	560,200
Revenues:					
Metered Water Sales (4810)	10,524,394	11,048,300	10,682,600	10,709,800	10,709,800
Water Sales for Resale (4811)	1,308,121	1,308,300	1,232,100	1,256,200	1,256,200
Fixed Rate Charges (4831)	2,385,423	2,395,100	2,400,000	2,405,200	2,405,200
Misc. Operating Revenue	321,458	266,000	145,000	139,000	139,000
Non-Operating Revenues	93,397	41,200	183,500	181,600	181,600
Total Revenues	14,632,793	15,058,900	14,643,200	14,691,800	14,691,800
Other Sources of Cash:					
Due from Other Funds	2,726	-	30,500	-	-
Special Assessment Principal	137,330	149,300	137,300	137,300	137,300
Accrual Cash Flow Adjustments	354,941	-	-	-	-
Total Additions to Cash	15,127,791	15,208,200	14,811,000	14,829,100	14,829,100
Expenses:					
Salaries	3,547,669	3,625,100	3,472,500	3,586,100	3,586,100
Benefits	1,435,031	1,434,200	1,389,200	1,423,800	1,423,800
Retiree Insurance & OPEB - Benefits (5135)	528,653	550,600	545,900	552,600	552,600
Retiree Insurance & OPEB - Transfers (5700-60)	120,000	104,000	104,000	68,000	68,000
Supplies	1,359,759	1,375,600	1,264,200	1,417,900	1,417,900
Other Services and Charges	1,320,199	1,266,100	1,237,800	1,350,200	1,236,200
Utilities	1,307,206	1,249,900	1,242,700	1,255,200	1,255,200
Transfers	233,656	340,200	226,200	222,900	222,900
Improvements Non-Capital (5535)	247,873	62,500	32,900	-	55,000
Debt Service - Interest Expense (5611)	176,934	198,600	188,600	170,300	142,800
Fiscal Fees	7,069	600	500	500	500
AMRS Lease Interest Payment (5614)	92,441	84,500	84,500	76,300	67,800
Total Expenses	10,376,488	10,291,900	9,789,000	10,123,800	10,028,800
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	1,352,732	1,835,000	3,030,100	2,859,700	3,135,000
Infrastructure Replacement (5536)	1,917,676	-	1,600	-	-
Capital Equipment Purchases (5580)	313,466	292,900	288,000	320,000	292,800
Total Expenses and Capital	13,960,362	12,419,800	13,108,700	13,303,500	13,456,600
Other Uses of Cash:					
Due to Other Funds	112,338	-	23,300	-	-
Interfund Loan Payables	-	-	-	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Net Project Timing Adjustments	-	-	-	-	-
Bond Principal Payments	1,373,010	1,548,700	1,548,700	1,574,400	1,463,500
AMRS Lease Principal Payments	203,767	211,600	211,600	219,700	228,100
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	15,649,477	14,180,100	14,892,300	15,097,600	15,148,200
Current Year Surplus / (Deficit)	(521,687)	1,028,100	(81,300)	(268,500)	(319,100)
Estimated Year End Cash Balance	500,253	1,731,600	418,953	432,800	241,100
Budget Reduction Needed		-	282,347	127,400	318,300
Estimated Cash After Budget Reduction		1,731,600	701,300	560,200	559,400
Total Reserve Needed (February Debt Payment Due)		701,300	701,300	560,200	559,400

**GAS FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2015 TO 2017**

08/25/15

	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Projected 2017
Unrestricted Cash (including Debt Serv. Res.)	3,597,279	4,885,680	6,035,675	5,245,775	3,960,675
Revenues:					
Metered Gas Revenues:					
Variable Rate	52,261,472	43,042,500	35,915,000	36,053,500	36,053,500
Fixed Rate	3,821,629	3,852,800	3,845,000	3,875,800	3,875,800
Misc. Operating Revenue	2,207,307	1,512,600	1,326,500	1,526,000	1,526,000
Non-Operating Revenues	235,832	95,900	123,200	127,200	127,200
Total Revenues	58,526,240	48,503,800	41,209,700	41,582,500	41,582,500
Other Sources of Cash:					
Due from Other Funds	10,449	-	42,200	-	-
Interfund Loan Receivable	-	-	-	-	-
Energy Fund Loan Repayment	150,000	150,000	150,000	150,000	150,000
Special Assessment Principal	20,963	30,400	12,000	21,000	21,000
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Additions to Cash	58,707,652	48,684,200	41,413,900	41,753,500	41,753,500
Expenses:					
Salaries	4,396,448	4,558,800	4,185,600	4,887,500	4,887,500
Benefits	1,761,407	1,772,500	1,702,100	1,970,800	1,970,800
Retiree Insurance & OPEB - Benefits (5135)	896,001	912,100	881,200	891,200	891,200
Retiree Insurance & OPEB - Transfers (5700-60)	103,000	38,000	38,000	-	-
Supplies	1,015,130	991,200	967,500	973,000	973,000
Natural Gas Purchases	38,271,381	30,737,100	22,763,600	24,422,000	24,422,000
Other Services and Charges	1,719,367	1,696,500	1,714,300	1,557,800	1,557,800
In Lieu of Tax	2,832,296	4,027,100	4,080,300	2,876,000	2,901,900
Utilities	49,369	36,400	46,300	38,000	38,000
Transfers	134,716	59,000	152,800	160,700	160,700
Improvements Non-Capital (5535)	101,211	57,500	54,200	60,000	120,000
Debt Service - Interest Expense (5611)	151,368	136,100	149,000	84,200	55,300
Fiscal Fees	613	600	600	600	600
AMRS Lease Interest Payment (5614)	84,738	77,500	77,500	69,900	77,500
Total Expenses	51,517,044	45,100,400	36,813,000	37,991,700	38,056,300
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	3,024,878	5,600,000	3,342,600	3,675,000	4,014,500
Capital Equipment Purchases (5580)	303,732	321,700	240,600	300,500	260,000
Total Expenses and Capital	54,845,653	51,022,100	40,396,200	41,967,200	42,330,800
Other Uses of Cash:					
Due to Other Funds	28,972	-	45,700	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Net Project Timing Adjustments	-	-	-	-	-
Bond Principal Payments	896,019	923,000	1,568,000	870,000	902,900
AMRS Lease Principal Payments	186,786	193,900	193,900	201,400	209,100
Debt Called	-	-	-	-	-
Accrual Cash Flow Adjustments	311,826	-	-	-	-
Total Deductions to Cash	56,269,257	52,139,000	42,203,800	43,038,600	43,442,800
Current Year Surplus / (Deficit)	2,438,395	(3,454,800)	(789,900)	(1,285,100)	(1,689,300)
Estimated Year End Cash Balance	6,035,675	1,430,880	5,245,775	3,960,675	2,271,375
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction		1,430,880	5,245,775	3,960,675	2,271,375
Total Reserve Needed (February Debt Payment Due)		1,148,700	1,055,800	1,075,700	636,900

**SANITARY SEWER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2015 THRU 2017**

08/25/15

	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Projected 2017
Unrestricted Cash (including Debt Serv. Res.)	2,319,393	2,819,793	2,762,772	1,615,600	2,034,000
Revenues:					
Metered Revenue:					
Variable Revenue	15,651,943	16,584,200	16,501,700	16,893,600	16,893,600
Fixed Revenue	1,923,176	1,922,300	1,922,400	1,923,100	1,923,100
Misc. Operating Revenue	86,155	175,700	200,800	200,600	200,600
Non-Operating Revenues (excluding Capital Grants)	188,904	32,900	81,800	58,900	58,900
Total Revenues	17,850,177	18,715,100	18,706,700	19,076,200	19,076,200
Other Sources of Cash:					
Due from Other Funds	77,861	-	30,700	-	-
Special Assessment Principal	193,357	137,200	193,400	193,400	193,400
Accrual Cash Flow Adjustments	142,375	-	-	-	-
Total Additions to Cash	18,263,770	18,852,300	18,930,800	19,269,600	19,269,600
Expenses:					
Salaries	2,105,607	2,279,100	2,107,700	2,275,800	2,275,800
Benefits	870,462	902,800	857,200	927,600	927,600
Retiree Insurance & OPEB - Benefits (5135)	188,228	198,700	185,600	187,200	187,200
Retiree Insurance & OPEB - Transfers (5700-60)	161,000	-	-	-	-
Supplies	429,038	345,000	281,000	363,600	363,600
Other Services and Charges	898,992	859,800	796,700	813,000	803,000
WLSSD Treatment Charges	8,229,318	8,609,500	8,782,400	8,702,700	8,789,700
WLSSD Testing	217,982	218,800	218,800	218,800	218,800
SSO Grants and Improvements	800,184	1,088,000	309,200	450,000	450,000
Utilities	140,656	120,500	95,700	122,700	122,700
Transfers	71,732	79,000	152,800	160,500	160,500
Improvements Non-Capital (5535)	53,323	112,500	70,900	50,000	55,000
Debt Service - Interest Expense (5611)	302,949	277,000	277,600	242,500	202,800
Fiscal Fees	8,731	2,400	2,100	2,100	2,100
AMRS Lease Interest Payment (5614)	79,602	72,800	72,800	65,700	58,400
Total Expenses	14,557,805	15,165,900	14,210,500	14,582,200	14,617,200
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	387,214	2,290,000	3,511,200	2,000,000	2,200,000
Infrastructure Replacement (5536)	743,566	-	-	-	-
Capital Equipment Purchases (5580)	159,693	329,800	349,400	240,300	408,300
Total Expenses and Capital	15,848,278	17,785,700	18,071,100	16,822,500	17,225,500
Other Uses of Cash:					
Due to Other Funds	52,853	-	24,000	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Net Project Timing Adjustments	-	-	-	-	-
Infrastructure System Replacement Fund	24,964	51,500	128,600	76,800	76,800
Bond Principal Payments	1,718,830	1,869,300	1,874,700	1,762,800	1,758,600
AMRS Lease Principal Payments	175,466	182,200	182,200	189,100	196,400
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	17,820,391	19,888,700	20,280,600	18,851,200	19,257,300
Current Year Surplus / (Deficit)	443,379	(1,036,400)	(1,349,800)	418,400	12,300
Estimated Year End Cash Balance	2,762,772	1,783,393	1,412,972	2,034,000	2,046,300
Budget Reduction Needed		-	202,628	-	-
Estimated Cash After Budget Reduction		1,783,393	1,615,600	2,034,000	2,046,300
Total Reserve Needed (February Debt Payment Due)		1,628,100	1,615,600	1,586,000	1,496,800

CLEAN WATER FUND
 CASH PROJECTION - DRAFT BUDGET
 PROJECTED 2015 THRU 2017

08/04/15

	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Projected 2017
Unrestricted Cash (including Debt Serv. Res.)	369,715	113,515	50,874	342,874	695,474
Revenues:					
Clean Water Surcharge	1,824,158	1,828,000	1,829,200	1,832,100	1,832,100
Misc. Operating Revenue	17,995	15,000	11,000	8,000	8,000
Non-Operating Revenues (excluding Capital Grants)	3,925	300	400	600	600
Total Revenues	1,846,078	1,843,300	1,840,600	1,840,700	1,840,700
Other Sources of Cash:					
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Additions to Cash	1,846,078	1,843,300	1,840,600	1,840,700	1,840,700
Expenses:					
Supplies	-	-	-	-	-
Other Services and Charges	5,910	10,400	9,900	8,400	8,400
Grants & Awards	687,667	500,000	162,400	200,000	200,000
Transfers	3,407	-	-	-	-
Improvements Non-Capital (5535)	-	-	-	-	-
Debt Service - Interest Expense (5611)	177,857	175,700	174,100	158,800	143,100
Total Expenses	874,841	686,100	346,400	367,200	351,500
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	-	-	-	-	-
Infrastructure Replacement (5536)	-	-	-	-	-
Capital Equipment Purchases (5580)	-	-	-	-	-
Total Expenses and Capital	874,841	686,100	346,400	367,200	351,500
Other Uses of Cash:					
Budget Carry-Over for Encumbrances	-	-	-	-	-
Bond Principal Payments	1,109,027	1,122,200	1,202,200	1,120,900	1,137,400
Accrual Cash Flow Adjustments	181,050	-	-	-	-
Total Deductions to Cash	2,164,918	1,808,300	1,548,600	1,488,100	1,488,900
Current Year Surplus / (Deficit)	(318,840)	35,000	292,000	352,600	351,800
Estimated Year End Cash Balance	50,874	148,515	342,874	695,474	1,047,274
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction		148,515	342,874	695,474	1,047,274
Total Reserve Needed (February Debt Payment Due)		93,000	92,400	85,100	77,100

STORMWATER FUND
 CASH PROJECTION - DRAFT BUDGET
 PROJECTED 2015 THRU 2017

08/25/15

	Actual 2014	Budget 2015	Projected 2015	Budget 2016	Projected 2017
Unrestricted Cash (including Debt Serv. Res.)	2,524,850	1,938,650	2,083,144	989,944	252,900
Revenues:					
Stormwater Revenue	4,583,257	4,700,000	4,686,000	4,690,100	4,690,100
Misc. Operating Revenue	44,576	18,500	26,500	26,500	26,500
Non-Operating Revenues (excluding Capital Grants)	88,023	5,900	12,400	11,800	11,800
Total Revenues	4,715,855	4,724,400	4,724,900	4,728,400	4,728,400
Other Sources of Cash:					
Due from Other Funds	171,237	-	68,900	-	-
Special Assessment Principal	565	600	600	600	600
Accrual Cash Flow Adjustments	12,127	-	-	-	-
Total Additions to Cash	4,899,784	4,725,000	4,794,400	4,729,000	4,729,000
Expenses:					
Salaries	1,579,727	1,648,800	1,585,300	1,735,300	1,735,300
Benefits	634,088	660,800	630,700	697,600	697,600
Retiree Insurance & OPEB - Benefits (5135)	10,290	10,900	10,300	10,300	10,300
Retiree Insurance & OPEB - Transfers (5700-60)	121,000	100,000	100,000	91,000	91,000
Supplies	298,302	280,200	295,800	296,700	296,700
Other Services and Charges	510,992	699,900	635,200	662,600	647,600
Utilities	24,223	26,200	22,000	26,700	26,700
Transfers	570,602	484,000	540,500	548,300	548,300
Improvements Non-Capital (5535)	133,868	257,500	171,400	265,000	225,000
Debt Service - Interest Expense (5611)	53,516	49,700	49,700	43,000	35,600
Fiscal Fees	438	400	400	400	400
Total Expenses	3,937,045	4,218,400	4,041,300	4,376,900	4,314,500
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	973,697	940,000	1,275,900	1,225,000	625,000
Capital Equipment Purchases (5580)	171,376	299,700	332,200	181,800	202,400
Total Expenses and Capital	5,082,118	5,458,100	5,649,400	5,783,700	5,141,900
Other Uses of Cash:					
Due to Other Funds	48,963	-	19,400	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Net Project Timing Adjustments	-	-	-	-	-
Bond Principal Payments	210,409	218,800	218,800	224,700	233,100
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	5,341,490	5,676,900	5,887,600	6,008,400	5,375,000
Current Year Surplus / (Deficit)	(441,705)	(951,900)	(1,093,200)	(1,279,400)	(646,000)
Estimated Year End Cash Balance	2,083,144	986,750	989,944	(289,456)	(393,100)
Budget Reduction Needed		-	-	542,356	650,400
Estimated Cash After Budget Reduction		986,750	989,944	252,900	257,300
Total Reserve Needed (February Debt Payment Due)		247,900	247,900	252,900	257,300

Misc. Notes to Budget 2016 Utility Cash Projection Worksheets

REVENUES

1. Misc. Operating Revenue - The table below describes those lines rolled up into the Budgeted 2016 Miscellaneous Operating Revenue subtotals. Amounts can vary significantly by Fund. Some lines are unique to specific Funds.

Acct	Description	2016 Comments
4800	Meter Repair Revenue	Water only (\$30K) includes tapping fees, burst services
4801	Off/On Charge	Water and Gas (\$28K each)
4802	Interest Earned - Customer Accts	Range from \$12K (Storm) to \$120K (Gas)
4805	Reimbursements	All Funds - Employee time spent on Union business, sales tax refunds, other misc. reimbursements Gas only payments (\$220K) for sale of excess pipeline capacity (aka "Asset Management" agreement) Sanitary Sewer only (\$27K) Hermantown Sanitary Sewer agreement
4809	Miscellaneous Operating Revenue	NSF fees, fuel tax refunds, misc. other payments Gas only penalties for gas hits
4818	Servicing Appliances	Gas only (\$340K)
4819	Comfort Policy Revenue	Gas only (\$415K)
4827	Gas – Interruptible Transport	Gas only (\$326K)
4834	Fond du Lac Grinder Pump Surcharge	Sanitary Sewer only (\$11,600)
4836	I & I Surcharge	Clean Water only (\$8K) non-compliance charges
4839	Point of Sale Inspection Fee	Sanitary Sewer only (\$100K)
4851	Interest – Other Sources	Special Assessment Interest. Range of \$500 (Storm) to \$5K (Water)
4170-01	Miscellaneous Permits & Licenses	Stormwater only (\$10K) erosion control and stormwater management permits
4636-02	Sale of Materials Scrap	Range of \$1,000 (Gas) to \$14K (Water)
4730-20	Interfund Transfer in from Special Revenue Funds	Water only (\$135K) Note: Previously in Acct 4807 Water Tower Lease

2. Non-Operating Revenues - The table below shows detail descriptions of the types of lines rolled up into Non-Operating Revenue subtotals. Amounts can vary significantly by Fund and year.

Acct	Description	2016 Comments
4806	Connection Fees	Water and Sanitary Sewer Fees in Lieu of Assessment and Water Hydrant connection fees.
4829	Two-Tier Gas Rate	Gas only (\$64K)
4850	Earnings on Investments	Total for all Funds \$8,000
4853	Gain/Loss-Sale of Fixed Assets	Proceeds from sale of used vehicles/equipment
4854	Utility Assessments	Range of \$0 (Storm) to \$35K (Sanitary)

4230	PERA Aid	Annual amount for Water (\$16,919), Gas (\$23,365) and Sanitary Sewer (\$8,283) per old State Statute
4730-50	Transfers In From Enterprise Funds	Reimbursement from Street Lighting and Street System Maintenance funds for share of costs for monthly billing. Total for all Funds \$74,500

EXPENSES

1. Debt Service

a. Total Debt Service expense - lines below need to be totaled in each Fund.

Under *Expenses*: Debt Service – Interest Expense (5611), plus
 AMRS* Lease Interest Payment (5614), plus
 Under *Other Uses of Cash*: Bond Principal Payments, plus
AMRS Lease Principal Payments
= Total Debt Service

*AMRS is the Automated Meter Reading System. Applies to Water, Gas and Sanitary Sewer Funds.

b. Total Reserve Needed (page bottom) - The dollar amount listed is for reference only and intended as a minimum target for cash. It is the total of the February interest plus principal debt service payments due.

2. Retiree Insurance and OPEB (Other Post Employment Benefits) – Consist of two distinct payments.

5135 Benefits – payments during the current year for retiree health benefits
 5700-60 Transfers – a contribution for future retiree health care costs (Water and Stormwater only)

3. In Lieu of Tax (Gas only) – Payment to the General Fund based on a calculation of 7.0% of the previous year’s gross operating revenue.

4. Utilities – Costs for paying Department utility expenses at the Garfield PW&U facility, the Lakewood Water Treatment Plant, Water pumping stations, Gas regulator stations and Sanitary Sewer lift stations. The single largest expense is approximately \$1.1M in the Water fund for electricity to pump water. For comparison, the electricity for Sanitary lift stations and SSO tanks is budgeted at \$80K for 2016.

5. SSO Grants and Improvements (Sanitary Sewer only) – Grants to customers to disconnect foundation drains and reduce clean water in the sanitary system; also known as the Inflow & Infiltration “sump pump grants”.

6. Grants and Awards (Clean Water only) – Grants to customers to repair private Sanitary Sewer service lines; also known as the “lateral line grants”.

7. Transfers - Account 5700-10 Interfund Transfers Out To General Fund

a. Detail descriptions for \$ amounts budgeted by Fund are below:

Fund	Acct	2016 Description	\$ Amount
Water	5700-10	Annual street patching and sidewalk repairs	\$166,000
	5700-10	Transfer for Applications Administrator and Janitors	\$56,900
		Water Subtotal =	\$222,900

Transfers (cont'd)			
Gas	5700-10	Annual street patching and sidewalk repairs	\$103,800
	5700-10	Transfer for Applications Administrator and Janitors	\$56,900
		Gas Subtotal =	\$160,700
Sanitary Sewer	5700-10	Annual street patching and sidewalk repairs	\$103,700
	5700-10	Transfer for Applications Administrator and Janitors	\$56,800
		Sanitary Sewer Subtotal =	\$160,500
Stormwater	5700-10	Annual street patching and sidewalk repairs	\$41,500
	5700-10	Transfer for Applications Administrator and Janitors	\$56,800
	5700-10	Transfer for estimated Street Sweeping costs	\$450,000
		Stormwater Subtotal =	\$548,300

b. Other General Fund Transfers – There are other expenses charged to the Utilities that result in a transfer of \$ to the General Fund. These are referred to as transfers during discussion, but are not labeled as “transfers” by budget book account name. These costs are included in the “Other Services and Charges” expense category on the Cash Projection Worksheets.

Fund	Cost Allocation (Acct 5493)	Hydrant Maintenance (Acct 5457)
Water	\$385,300	\$30,000
Gas	\$491,300	n/a
Sanitary Sewer	\$308,000	n/a
Stormwater	\$151,800	n/a
<i>Total</i>	<i>\$1,336,400</i>	<i>\$30,000</i>

c. Self-Insurance Fund – Budgeted costs for Worker’s Compensation and General Liability are based on an actual three year average. The exception is a \$60,000 per year contribution by the Gas Fund for General Liability even though no claims are reported. These costs are included in the “Other Services and Charges” expense category on the Cash Projection Worksheets.

Fund	Worker’s Compensation (Acct 5151)	General Liability (Acct 5360)
Water	\$44,800	\$95,500
Gas	\$56,500	\$62,700
Sanitary	\$25,700	(\$18,400)
Stormwater	\$12,000	\$9,200
<i>Total</i>	<i>\$139,000</i>	<i>\$149,000</i>

8. Infrastructure System Replacement Fund (Sanitary Sewer only) – Located under “Other Uses of Cash”, this amount is a required annual deposit based on those projects funded by Minnesota Public Facilities Authority (PFA) loans. Funds are restricted to future rehabilitation or replacement of the sanitary sewer system.

RESOLUTION NO. 15PUC-006

**RESOLUTION APPROVING AND RECOMMENDING 2016
UTILITY BUDGET.**

WHEREAS, pursuant to 2-186 (d) of the Duluth City Code, 1959, as amended, the Duluth Public Utilities Commission (the "DPUC") is charged with approving and recommending to the Duluth City Council the annual budget for the City's water utility, natural gas utility, sanitary sewer utility and the stormwater utility; and

WHEREAS, the DPUC has reviewed the attached budget for said utilities for the year 2016 and determined that it is reasonable and appropriate to meet the needs of the respective utilities, of the City and of the customers of the utilities.

RESOLVED, that the DPUC hereby approves and recommends to the City Council that it approve the attached budget for the City's water utility, natural gas utility, sanitary sewer utility and stormwater utility for the budget year 2016.

Approved by the DPUC:

(date)

Submitted to City Council:
(where appropriate)

(date)

ATTEST:

Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE:

The purpose of this resolution is to approve and recommend to the City Council the attached 2016 budget for the City's water utility, natural gas utility, sanitary sewer utility and stormwater utility.