



MEETING AGENDA

Duluth Public Utilities Commission

August 20, 2019

- Roll call
- Approval of previous meeting minutes
- New business:
 - 2020 utilities budget discussion
- Updates from staff
- Upcoming Council actions
- Commissioner questions or comments
- Preview of upcoming business
- Known absences for future meetings

DULUTH PUBLIC UTILITIES COMMISSION
Meeting Minutes
May 21, 2019

Members Present: Councilor Arik Forsman, Howard Jacobson, Chris McIntosh, Rob Prusak, Carrie Ryan, Councilor Joel Sipress

Members Absent: Councilor Zack Filipovich

Staff Present: Bob Asleson, Leanna Gilbert, Eric Shaffer, Glenn Strid

Call to Order: President Prusak called the meeting to order at 5:18 p.m.

Approval of previous meeting minutes

Old business:

Middle booster station

Eric Shaffer will put together an RFP for the design of the Middle booster station project. There was some discussion about the timeline and options for funding this project. There was also some discussion about other projects. Commissioner McIntosh requested a count of water main breaks and leaks over the last winter.

Updates from staff

Eric Shaffer reported on the progress of various projects including the couplings on Superior Street, McCuen, Woodland, the gas blanket project, the lowering of a gas main for a development, and the Twin Ports Interchange project.

Upcoming Council actions

A resolution for the Middle booster station design may be on the agenda soon.

Commissioner questions and comments

President Prusak said that he thinks Eric Shaffer is doing a great job, and Commissioner Jacobson agreed.

Preview of upcoming business

The next regular meeting is scheduled for Tuesday, June 18, 2019 at 5:15 p.m. in City Council Chambers. If the funding for Essentia comes through, there will be a flurry of utility work. There was some discussion about funding for this project.

Known absences for future meetings

No absences were mentioned.

Adjournment: The meeting was adjourned at 5:58 p.m.

WATER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2019 THRU 2021

08/09/19

	Actual 2018	Budget 2019	Projected 2019	Budget 2020	Projected 2021
Unrestricted Cash (including Debt Serv. Res.)	0	2,256,416	1,988,044	3,819,003	2,664,203
Revenues:					
Metered Water Sales (4810)	11,249,384	12,000,000	11,703,000	12,300,000	12,900,000
Water Sales for Resale (4811)	1,091,011	1,035,000	1,105,000	1,157,500	1,213,500
Fixed Rate Charges (4831)	2,402,783	2,403,000	2,409,000	2,411,000	2,413,000
Misc. Operating Revenue	181,977	133,000	134,000	136,000	136,000
Non-Operating Revenues	176,857	173,200	174,200	174,200	174,200
Total Revenues	15,102,012	15,744,200	15,525,200	16,178,700	16,836,700
Other Sources of Cash:					
Due from Other Funds	21,296	-	10,794	-	-
Special Assessment Principal	119,969	-	109,212	-	-
Loans Received from Other Funds	-	-	-	-	-
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Additions to Cash	15,243,277	15,744,200	15,645,206	16,178,700	16,836,700
Expenses:					
Salaries	3,794,540	3,998,100	3,848,500	4,071,800	4,153,200
Benefits	1,564,189	1,751,700	1,743,300	1,823,200	1,944,300
Retiree Insurance & OPEB - Benefits (5135)	569,134	549,600	574,400	627,600	690,400
Retiree Insurance & OPEB - Transfers (5700-60)	-	-	-	-	-
Supplies	949,509	1,324,800	1,201,700	1,453,900	1,453,900
Other Services and Charges	1,255,543	1,296,000	1,327,000	1,358,400	1,298,400
Utilities	1,321,655	1,351,900	1,084,800	1,333,700	1,333,700
Transfers	151,482	221,700	221,700	226,000	226,000
Improvements Non-Capital (5535)	253,700	55,000	36,000	6,400	-
Debt Service - Interest Expense (5611)	119,291	82,000	180,400	192,000	199,400
Fiscal Fees	78,856	500	400	400	400
AMRS Lease Interest Payment (5614)	58,905	53,600	53,600	44,100	34,400
Total Expenses	10,116,804	10,684,900	10,271,800	11,137,500	11,334,100
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	564,851	3,180,000	2,098,000	4,670,200	3,185,000
Capital Equipment Purchases (5580)	424,324	257,200	213,600	286,500	181,600
Total Expenses and Capital	11,105,979	14,122,100	12,583,400	16,094,200	14,700,700
Other Uses of Cash:					
Due to Other Funds	19,106	-	20,047	-	-
Loans Repaid to Other Fund	376,543	-	-	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Bond Principal Payments	1,434,707	965,000	965,000	984,000	1,082,700
AMRS Lease Principal Payments	236,786	245,800	245,800	255,300	265,000
Accrual Cash Flow Adjustments	82,112	-	-	-	-
Total Deductions to Cash	13,255,233	15,332,900	13,814,247	17,333,500	16,048,400
Current Year Surplus / (Deficit)	1,988,044	411,300	1,830,959	(1,154,800)	788,300
Estimated Year End Cash Balance	1,988,044	2,667,716	3,819,003	2,664,203	3,452,503
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	1,988,044	2,667,716	3,819,003	2,664,203	3,452,503
Total Reserve Needed (February Debt Payment Due)		254,100	531,800	569,700	586,300

**GAS FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2019 THRU 2021**

08/09/19

	Actual 2018	Budget 2019	Projected 2019	Budget 2020	Projected 2021
Unrestricted Cash (including Debt Serv. Res.)	331,866	2,367,550	1,886,098	4,377,595	4,156,895
Revenues:					
Metered Gas Revenues:					
Variable Rate	33,379,397	33,272,800	33,949,400	35,631,800	35,681,700
Fixed Rate	4,048,532	4,020,000	4,073,300	4,089,700	4,095,000
Misc. Operating Revenue	1,676,477	1,410,500	1,360,000	1,355,500	1,340,500
Non-Operating Revenues	131,388	118,300	143,300	138,300	138,300
Reimbursement of Capital Improvements	-	-	-	-	-
Total Revenues	39,235,794	38,821,600	39,526,000	41,215,300	41,255,500
Other Sources of Cash:					
Due from Other Funds	6,720	-	8,942	-	-
Loans Repaid by Other Funds	1,495,783	-	2,597,498	-	-
Energy Fund Loan Repayment	150,000	150,000	150,000	150,000	150,000
Special Assessment Principal	6,304	-	6,272	-	-
Accrual Cash Flow Adjustments	1,870,862	-	-	-	-
Total Additions to Cash	42,765,463	38,971,600	42,288,712	41,365,300	41,405,500
Expenses:					
Salaries	5,284,270	5,513,900	5,309,800	5,599,800	5,711,800
Benefits	2,173,865	2,408,300	2,390,600	2,481,300	2,643,800
Retiree Insurance & OPEB - Benefits (5135)	923,114	958,800	898,100	993,400	1,092,700
Retiree Insurance & OPEB - Transfers (5700-60)	-	-	-	-	-
Supplies	998,774	1,141,200	1,018,900	1,165,500	1,115,500
Natural Gas Purchases	20,731,398	20,906,700	21,744,400	22,558,600	22,735,600
Other Services and Charges	1,789,812	1,776,900	1,872,000	1,810,500	1,810,500
In Lieu of Tax	2,528,413	2,698,000	2,728,800	2,756,800	2,875,400
Utilities	41,158	40,600	35,300	38,800	38,800
Transfers	114,776	159,500	159,500	163,800	163,800
Improvements Non-Capital (5535)	94,644	29,000	9,000	6,400	5,000
Debt Service - Interest Expense (5611)	21,870	10,100	10,100	-	-
Fiscal Fees	554	600	500	500	500
AMRS Lease Interest Payment (5614)	53,996	49,100	49,100	40,500	31,500
Total Expenses	34,756,644	35,692,700	36,226,100	37,615,900	38,224,900
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	2,657,376	3,180,000	2,481,000	3,441,400	2,865,000
Capital Improvements that have been Reimbursed	-	-	-	-	-
Capital Equipment Purchases (5580)	483,448	528,200	338,500	294,700	318,500
Total Expenses and Capital	37,897,468	39,400,900	39,045,600	41,352,000	41,408,400
Other Uses of Cash:					
Due to Other Funds	19,211	-	21,216	-	-
Loans Advanced to Other Funds	2,597,498	-	-	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Bond Principal Payments	480,000	505,000	505,000	-	-
AMRS Lease Principal Payments	217,054	225,400	225,400	234,000	242,900
Debt Called	-	-	-	-	-
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	41,211,230	40,131,300	39,797,216	41,586,000	41,651,300
Current Year Surplus / (Deficit)	1,554,232	(1,159,700)	2,491,496	(220,700)	(245,800)
Estimated Year End Cash Balance	1,886,098	1,207,850	4,377,595	4,156,895	3,911,095
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	1,886,098	1,207,850	4,377,595	4,156,895	3,911,095
Total Reserve Needed (February Debt Payment Due)		137,200	137,200	137,200	137,200

**SANITARY SEWER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2019 THRU 2021**

08/09/19

	Actual 2018	Budget 2019	Projected 2019	Budget 2020	Projected 2021
Unrestricted Cash (including Debt Serv. Res.)	279,605	1,323,410	1,836,814	2,307,761	1,637,961
Revenues:					
Metered Revenue:					
Variable Revenue	15,878,642	16,409,300	16,148,200	16,329,600	16,341,700
Fixed Revenue	1,940,687	1,936,300	1,938,000	1,940,100	1,941,900
Misc. Operating Revenue	262,143	234,800	375,400	586,400	243,400
Non-Operating Revenues (excluding Capital Grants)	22,656	11,300	11,300	11,300	11,300
Transfer from Clean Water to cover their portion of the Infra System Replacement Fund	70,265	70,300	70,300	70,300	70,300
Other Transfers In	7,450	7,400	7,400	7,400	7,400
Total Revenues	18,181,843	18,669,400	18,550,600	18,945,100	18,616,000
Other Sources of Cash:					
Due from Other Funds	15,662	-	5,302		
Loans Repaid by Other Funds	1,495,782				
Special Assessment Principal	163,231		117,320		
Accrual Cash Flow Adjustments	643,996	-			
Total Additions to Cash	20,500,514	18,669,400	18,673,222	18,945,100	18,616,000
Expenses:					
Salaries	2,352,439	2,253,700	2,187,400	2,406,500	2,454,600
Benefits	1,024,750	1,034,200	1,017,000	1,058,600	1,128,300
Retiree Insurance & OPEB - Benefits (5135)	152,476	157,500	157,500	172,100	189,300
Retiree Insurance & OPEB - Transfers (5700-60)	-	-	-	-	-
Supplies	254,179	349,200	233,100	434,500	434,500
Other Services and Charges	744,526	771,200	801,300	791,600	791,600
WLSSD Treatment Charges (5484)	9,234,233	9,254,200	9,027,200	9,272,100	9,272,100
WLSSD Testing (5485)	216,889	217,000	217,000	216,000	216,000
SSO Grants and Improvements	187,432	300,000	223,800	240,000	240,000
Utilities	140,612	128,400	125,400	134,900	134,900
Transfers	114,776	159,300	159,300	163,700	163,700
Improvements Non-Capital (5535)	34,123	80,000	5,000	68,400	50,000
Debt Service - Interest Expense (5611)	125,813	111,200	107,800	77,900	51,400
Fiscal Fees	1,743	1,900	1,900	1,900	1,900
AMRS Lease Interest Payment (5614)	50,723	46,100	46,100	38,000	29,600
Total Expenses	14,634,714	14,863,900	14,309,800	15,076,200	15,157,900
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	2,034,177	1,800,000	2,073,000	2,520,200	2,525,000
Capital Equipment Purchases (5580)	310,665	414,800	228,000	405,500	297,700
Total Expenses and Capital	16,979,556	17,078,700	16,610,800	18,001,900	17,980,600
Other Uses of Cash:					
Due to Other Funds	15,169	-	22,875	-	-
Loans Advanced to Other Funds	-	-	-	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Infrastructure System Replacement Fund	119,989	119,900	119,900	119,900	119,900
Bond Principal Payments	1,624,691	1,292,000	1,237,000	1,273,300	945,800
AMRS Lease Principal Payments	203,899	211,700	211,700	219,800	228,200
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	18,943,305	18,702,300	18,202,275	19,614,900	19,274,500
Current Year Surplus / (Deficit)	1,557,209	(32,900)	470,947	(669,800)	(658,500)
Estimated Year End Cash Balance	1,836,814	1,290,510	2,307,761	1,637,961	979,461
Budget Reduction Needed	-	-	-	-	-
Estimated Cash After Budget Reduction	1,836,814	1,290,510	2,307,761	1,637,961	979,461
Total Reserve Needed (February Debt Payment Due)		1,191,600	1,196,400	849,100	538,300

CLEAN WATER FUND
 CASH PROJECTION - DRAFT BUDGET
 PROJECTED 2019 THRU 2021

08/09/19

	Actual 2018	Budget 2019	Projected 2019	Budget 2020	Projected 2021
Unrestricted Cash (including Debt Serv. Res.)	759,616	1,002,816	805,442	695,542	580,442
Revenues:					
Clean Water Surcharge	1,618,849	1,620,000	1,630,000	1,631,500	1,632,000
Misc. Operating Revenue	18,346	12,000	18,000	12,000	12,000
Non-Operating Revenues (excluding Captital Grants)	(783)	-	-	-	-
Total Revenues	1,636,413	1,632,000	1,648,000	1,643,500	1,644,000
Other Sources of Cash:					
Accrual Cash Flow Adjustments	4,951				
Total Additions to Cash	1,641,364	1,632,000	1,648,000	1,643,500	1,644,000
Expenses:					
Supplies	-	-	-	-	-
Other Services and Charges	7,266	7,600	8,700	8,200	8,200
Grants & Awards	243,320	400,000	400,000	400,000	400,000
Improvements Non-Capital (5535)	-	-	-	-	-
Debt Service - Interest Expense (5611)	121,252	110,900	110,900	94,400	77,700
Transfer to Sewer Fund for Infrastructure System Replacement Fund	70,265	70,300	70,300	70,300	70,300
Other Transfers to Other Funds	-	-	-	-	-
Total Expenses	442,103	588,800	589,900	572,900	556,200
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	-	-	-	-	-
Capital Equipment Purchases (5580)	-	-	-	-	-
Total Expenses and Capital	442,103	588,800	589,900	572,900	556,200
Other Uses of Cash:					
Budget Carry-Over for Encumbrances					
Bond Principal Payments	1,153,435	1,168,000	1,168,000	1,185,700	1,201,200
Accrual Cash Flow Adjustments					
Total Deductions to Cash	1,595,538	1,756,800	1,757,900	1,758,600	1,757,400
Current Year Surplus / (Deficit)	45,826	(124,800)	(109,900)	(115,100)	(113,400)
Estimated Year End Cash Balance	805,442	878,016	695,542	580,442	467,042
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	805,442	878,016	695,542	580,442	467,042
Total Reserve Needed (February Debt Payment Due)		16,100	62,000	54,200	45,700

**STORMWATER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2019 THRU 2021**

08/09/19

	Actual 2018	Budget 2019	Projected 2019	Budget 2020	Projected 2021
Unrestricted Cash (including Debt Serv. Res.)	889,030	883,862	1,509,373	1,341,897	857,897
Revenues:					
Stormwater Revenue	5,245,030	5,260,000	5,222,000	5,255,000	5,260,000
Misc. Operating Revenue	40,764	33,000	43,600	33,500	34,500
Non-Operating Revenues (excluding Capital Grants)	783	5,600	5,600	5,600	5,600
Total Revenues	5,286,578	5,298,600	5,271,200	5,294,100	5,300,100
Other Sources of Cash:					
Due from Other Funds	12,325	-	5,456	-	-
Special Assessment Principal	2,308	-	894	-	-
Accrual Cash Flow Adjustments	253,162	-	-	-	-
Total Additions to Cash	5,554,373	5,298,600	5,277,550	5,294,100	5,300,100
Expenses:					
Salaries	1,586,940	1,764,700	1,613,700	1,848,300	1,885,300
Benefits	648,870	761,100	723,600	835,700	891,700
Retiree Insurance & OPEB - Benefits (5135)	27,443	29,600	29,600	32,300	35,500
Retiree Insurance & OPEB - Transfers (5700-60)	-	-	-	-	-
Supplies	229,749	290,600	232,900	288,000	288,000
Other Services and Charges	562,362	620,000	566,500	626,600	626,600
Utilities	24,263	25,600	21,500	25,000	25,000
Transfers	528,070	547,100	547,100	551,500	551,500
Improvements Non-Capital (5535)	141,403	135,000	155,000	276,400	345,000
Debt Service - Interest Expense (5611)	15,719	13,900	13,900	10,600	6,500
Fiscal Fees	120	200	100	100	100
Total Expenses	3,764,938	4,187,800	3,903,900	4,494,500	4,655,200
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	713,011	1,265,000	1,172,000	1,089,800	875,000
Capital Equipment Purchases (5580)	193,929	237,400	230,600	58,800	374,300
Total Expenses and Capital	4,671,878	5,690,200	5,306,500	5,643,100	5,904,500
Other Uses of Cash:					
Due to Other Funds	20,602	-	8,526	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Bond Principal Payments	241,549	130,000	130,000	135,000	140,000
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	4,934,029	5,820,200	5,445,026	5,778,100	6,044,500
Current Year Surplus / (Deficit)	620,343	(521,600)	(167,476)	(484,000)	(744,400)
Estimated Year End Cash Balance	1,509,373	362,262	1,341,897	857,897	113,497
Budget Reduction Needed		-	-	-	33,703
Estimated Cash After Budget Reduction	1,509,373	362,262	1,341,897	857,897	147,200
Total Reserve Needed (February Debt Payment Due)		141,300	141,300	144,300	147,200

Notes to Budget 2020 Utility Cash Projection Worksheets

REVENUES

1. Misc. Operating Revenue - The table below describes those lines rolled up into budgeted 2020 Miscellaneous Operating Revenue subtotals. Amounts can vary significantly by Fund. Some lines are unique to specific Utilities.

Acct	Description	2020 Comments
4700	Other Sources	Sanitary only MNDOT (\$232K) and WLSSD (\$111K) reimbursement for capital projects
4800	Meter Repair Revenue	Water only (\$30K) includes tapping fees, burst services
4801	Off/On Charge	Water and Gas (\$25K each)
4802	Interest Earned - Customer Accts	Range of \$13K (Stormwater) to \$105K (Gas)
4805	Reimbursements	All Funds - Employee time for Union business, energy conservation rebates, other reimbursements Gas only (\$50K) for storage gas transactions (aka "Asset Management" agreement) Sanitary Sewer only (\$26K) Hermantown Sanitary Sewer agreement
4809	Miscellaneous Operating Revenue	NSF fees, fuel tax refunds, fusion training, misc. other payments
4818	Servicing Appliances	Gas only (\$490K)
4819	Comfort Policy Revenue	Gas only (\$440K)
4827	Gas – Interruptible Transport	Gas only (\$190K)
4834	Fond du Lac Grinder Pump Surcharge	Sanitary Sewer only (\$11,900)
4836	I & I Surcharge	Clean Water only (\$12K) non-compliance charges
4839	Point of Sale Inspection Fee	Sanitary Sewer only (\$140K)
4851	Interest – Other Sources	Assessment Interest. Range of \$2,000 (Stormwater) to \$7,500 (Sanitary Sewer)
4170-01	Miscellaneous Permits & Licenses	Stormwater only (\$15K) erosion control and Stormwater management permits
4636-02	Sale of Materials Scrap	Range of \$500 (Gas & Sewer) to \$10K (Water)

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

Acct	Description	2020 Comments
4806	Connection Fees	Water only - Fees in Lieu of Assessment and Water Hydrant connection fees (\$11K)
4829	Two-Tier Gas Rate	Gas only (\$85K)
4853	Gain/Loss-Sale of Fixed Assets	All Funds - Proceeds from sale of vehicles/equipment
4230	PERA Aid	Annual amount for Water (\$16,919), Gas (\$23,365) and Sanitary Sewer (\$8,283) per State Statute

4730-20	Interfund Transfer in from Special Revenue Funds	Water only (\$135,000) Telecommunications leases
4730-50	Interfund Transfer in from Enterprise Funds	All Funds – Share of billing costs from Street Lighting. Range of \$5,600 (Stormwater) to \$14,900 (Gas)

EXPENSES

1. Debt Service

a. **Total Debt Service expense** – total of the lines below 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 – contributions for future retiree health care costs

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 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 \$1.2M in the Water fund for electricity to pump water. For comparison, electricity for Sanitary lift stations and SSO tanks is budgeted at \$97K.

5. **SSO Grants and Improvements (Sanitary Sewer only)** – \$240K in grants to customers to disconnect foundation drains and reduce clean water in the sanitary system; aka Inflow & Infiltration “sump pump grants”.

6. **Grants and Awards (Clean Water only)** – \$400K in 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	2020 Description	\$ Amount
Water	5700-10	Annual street patching and sidewalk repairs	\$166,000
	5700-10	Applications Administrator and GIS Specialist	\$60,000
		Water Subtotal =	\$226,000

Gas	5700-10	Annual street patching and sidewalk repairs	\$103,800
	5700-10	Applications Administrator and GIS Specialist	\$60,000
		Gas Subtotal =	\$163,800
Sanitary Sewer	5700-10	Annual street patching and sidewalk repairs	\$103,700
	5700-10	Applications Administrator and GIS Specialist	\$60,000
		Sanitary Sewer Subtotal =	\$163,700
Stormwater	5700-10	Annual street patching and sidewalk repairs	\$41,500
	5700-10	Applications Administrator and GIS Specialist	\$60,000
	5700-10	Transfer for estimated Street Sweeping costs	\$450,000
		Stormwater Subtotal =	\$551,500

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 the 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	\$356,400	\$30,000
Gas	\$494,600	n/a
Sanitary Sewer	\$230,400	n/a
Stormwater	\$169,900	n/a
<i>Total</i>	<i>\$1,251,300</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	\$45,900	\$89,400
Gas	\$62,000	\$62,200
Sanitary	\$34,000	\$23,600
Stormwater	\$17,000	\$18,700
<i>Total</i>	<i>\$158,900</i>	<i>\$193,900</i>

8. Infrastructure System Replacement Fund (Sanitary Sewer and Clean Water) – Located under “Other Uses of Cash” in Sanitary and “Expenses” in Clean Water, this amount is a required annual deposit in restricted cash 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.

Supplies and Other Services and Charges

Expenses below are representative of the items budgeted in the expense categories of Supplies and Other Services and Charges. For brevity, expenses listed on the previous pages and items that total less than \$20K are not listed.

Acct	Acct Name	Total	Water	Gas	Sanitary	Storm
	Supplies					
5200	Office Supplies	20,900	5,300	6,600	5,600	3,400
5201	Computer Supplies/Software	23,400	7,200	11,300	3,600	1,300
5205	Safety & Training Materials	37,600	12,800	9,900	9,200	5,700
5210	Plant/Operating Supplies	152,400	31,100	74,100	33,200	14,000
5212	Motor Fuels	327,600	105,600	106,800	63,600	51,600
5215	Shop Materials	37,500	4,500	32,000	1,000	
5216	Water Treatment Chemicals (6)	402,700	402,700			
5218	Uniforms	62,000	19,700	20,700	13,400	8,200
5219	Other Miscellaneous Supplies	167,100	26,600	136,500	2,000	2,000
5220	Repair & Maintenance Supplies	359,500	107,600	125,800	119,100	7,000
5222	Blacktop	81,500	28,000	22,000	15,000	16,500
5224	Gravel & Other Maint Materials	250,000	90,000	59,000	48,000	53,000
5227	Utility System Mtc Supplies	1,159,800	543,400	438,600	79,500	98,300
	<i>Water - meters \$202K, valves and boxes \$107K, couplings/fittings/repair clamps \$103K, hydrants and parts \$72K, anodes \$35K, pipe and other \$24K;</i>					
	<i>Gas - meters \$205K, regulators and reliefs \$81K, meter connection parts \$42K, valves and boxes \$38K, pipe/fittings/other \$73K;</i>					
	<i>Sanitary & Stormwater - pipe and culverts \$58K, manhole sections/castings/covers \$50K, concrete and cement products \$26K, catch basins/frames/grates \$20K, plumbing/pump/electrical \$15K, misc. fittings and other \$9K.</i>					
5240	Small Tools	91,500	26,600	49,800	9,700	5,400
5241	Small Equip-Office/Operating	126,400	31,600	56,800	24,000	14,000

	Other Services and Charges					
5310	Contract Services	281,600	79,000	72,400	84,700	45,500
	<i>Banking services \$118K, mailing services \$50K, electrical inspections \$25K, manhole lining \$20K, mowing \$20K, root control and other contractor services \$14.5K, lab testing fees \$10K, generator service \$8K</i>					
5320	Data Services	98,000	22,800	45,300	17,200	12,700
5321	Phone Service	48,600	11,300	22,100	10,000	5,200
5322	Postage	191,100	48,000	76,100	38,600	28,400
5331	Travel/Training	152,300	28,700	78,800	28,300	16,500
5335	Local Mileage Reimbursement	30,800	4,100	5,300	12,100	9,300
5340	Advertising & Promotion	121,500		121,500		
5355	Printing & Copying	38,100	8,100	14,500	4,900	10,600
5356	Copier/Printer Lease and Supplies	29,300	7,600	7,600	7,300	6,800
5384	Refuse Disposal	69,700	21,100	10,400	18,600	19,600
5401	Bldg/Structure Repair & Mtc	45,000	32,800	4,200	4,100	3,900
5404	Eqpt/Machinery Repair & Mtc	220,400	175,200	21,300	16,500	7,400
5409	Fleet Services Charges	650,700	205,600	186,800	138,600	119,700
5414	Software Licenses and Mtc.	273,300	67,100	96,400	63,700	46,100
5415	Vehicle/Equip Rent (Short-term)	50,000	22,000	8,000	7,000	13,000
5427	Credit Card Commissions	117,000	22,000	58,000	28,000	9,000
5432	Uncollectible Accounts	97,900	15,000	55,000	23,000	4,900
5433	Dues & Subscriptions	31,000	7,200	14,400	1,700	7,700
5450	Laundry	34,100	9,800	9,600	9,100	5,600
5487	Conservation Improvement	221,900		221,900		

Water Capital Improvement Projects 2020-2024

8/2/19 Revised

Proposed

Project	2020	2021	2022	2023	2024
2nd Street 20-inch main 6th to 12th Ave. East	\$1,000,000				
24th Ave. West, 3rd to 7th Street			\$450,000		
4th Street water main, 6th Ave East to Mesaba (design)					\$200,000
40th Avenue West (County)					\$600,000
Arrowhead and Rice Lake (County)	\$200,000				
Cathodic Protection System on 42-inch steel	\$80,000	\$80,000	\$80,000		
Decker Road	\$1,290,000				
Duluth Heights #1 and #2			\$907,500		
Duluth Heights #3					\$1,000,000
Electrical upgrades at WTP					\$1,500,000
Far East Superior Street water main off 42-inch				\$600,000	\$700,000
Fascia repairs at main WTP pump building				\$100,000	
Hidden Valley phase 2 water main replacement		\$1,400,000			
Middle Pump Station	\$2,400,000				
MNDOT Gogebic Creek				\$200,000	
MNDOT US Steel Creek				\$120,000	
Morris Thomas Rd. water main (County)		\$1,100,000			
PW&U Garfield Facility gravel cover	\$6,200	\$75,000			
PW&U Garfield Facility roof	\$125,000				
Raleigh St, 59th to Grand		\$530,000			
Riley Road laydown area	\$6,400				
Upper Lakeside phase 1, connection on Glenwood			\$900,000		
Upper Lakeside phase 2, connection at golf course			\$787,500		
Upper Lakeside phase 3 upgrades				1,600,000	
Woodland Ave. and East Calvary water main (County)	\$569,000				
Woodland Pump Station construction				\$2,600,000	
Woodland Pump Station design			\$200,000		
Woodland Pump Station study			\$5,000		
WTP pump station service entrance			200,000		
Total	\$5,676,600	\$3,185,000	\$3,530,000	\$5,220,000	\$4,000,000
Bond 5532 Subtotal =	\$1,000,000				
5533 Subtotal =	\$4,670,200	\$3,185,000	\$3,330,000	\$5,220,000	\$4,000,000
5535 Subtotal =	\$6,400	\$0	\$0	\$0	\$0

Gas Capital Improvement Projects 2020-2024

8/2/19 Revised

Proposed

Project	2020	2021	2022	2023	2024
3 rd Street, Vernon, 2 nd Street Alley			\$200,000		
20 th Ave. West, 23 rd Avenue West, 10 th Street				\$500,000	\$500,000
58th Ave. West 14-inch main replacement			\$300,000		
Building shell at Stora Enso			\$140,000		
Decker Road 6-inch	\$660,200				
Gas Blanket Project	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Meter relocations/bollards	\$100,000	\$250,000	\$250,000	\$250,000	\$250,000
Michigan Street 10-inch			\$120,000		
MNDOT Central entrance, 8 inch replacement					\$100,000
MNDOT Gogebic culverts				\$100,000	
Morris Thomas Rd. 16-inch main inspection	\$100,000				
Morris Thomas Rd. 16-inch main replacement		\$940,000			
PW&U Garfield Facility gravel cover	\$6,200	\$75,000			
PW&U Garfield Facility roof	\$225,000				
Riley Road laydown area	\$6,400				
Steel main replacements	\$100,000	\$100,000	\$500,000	\$500,000	\$500,000
Stora Enso flow meter	\$250,000				
Upgrading of Peidmont			\$5,000		
Upgrading of Upper Woodland		\$5,000			
Woodland Ave. 6-inch steel pipe replacement	\$500,000				
Total	\$3,447,800	\$2,870,000	\$3,015,000	\$2,850,000	\$2,850,000
5533 Subtotal =	\$3,441,400	\$2,865,000	\$3,010,000	\$2,850,000	\$2,850,000
5535 Subtotal =	\$6,400	\$5,000	\$5,000	\$0	\$0

Sanitary Sewer Capital Improvement Projects 2020-2024

8/2/2019

Proposed

Project	2020	2021	2022	2023	2024
Arrowhead and Rice Lake (County)	\$150,000				
Citywide manhole adjustments	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Citywide sanitary sewer rehabilitation/lining	\$1,500,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Decker Road	\$314,000				
Lift Station 6 security	\$12,000				
Lift Station 15	\$400,000				
Lift Station rehabilitation		\$450,000	\$450,000	\$450,000	\$450,000
PW&U Garfield Facility gravel cover	\$6,200	\$75,000			
PW&U Garfield Facility roof	\$100,000				
Riley Road laydown area	\$6,400				
Superior Street laterals	\$50,000				
Total	\$2,588,600	\$2,575,000	\$2,500,000	\$2,500,000	\$2,500,000
5533 Subtotal =	\$2,520,200	\$2,525,000	\$2,450,000	\$2,450,000	\$2,450,000
5535 Subtotal =	\$68,400	\$50,000	\$50,000	\$50,000	\$50,000

Stormwater Capital Improvement Projects 2020-2024

8/2/19 Revised

Proposed

Projects	2020	2021	2022	2023	2024
Annual Transportation SIP projects	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Block-long culvert & ditch system improvements				\$250,000	\$250,000
Brewery Creek tuck pointing		\$190,000			
Citywide driveway culverts	\$50,000	\$50,000	\$55,000	\$55,000	\$55,000
Citywide manhole adjustments	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Citywide pipe repairs & steep slope "down drains"		\$110,000	\$310,000	\$250,000	\$250,000
Clarkhouse Creek	\$50,000	\$100,000			
Decker Road	\$308,600				
Gary-New Duluth system improvements		\$50,000			
Gogebic Creek CIPP and storm improvements				\$275,000	
Greys Creek	\$50,000	\$100,000			
Kenwood Avenue box culvert fish passage - Chester Creek			\$40,000	\$300,000	\$300,000
Lower Coffee Creek	\$50,000	\$100,000	\$100,000		
Morris Thomas Road (County)		\$100,000			
Non-Capital storm projects	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
Norton Rd & Thurber Rd - East Chester Creek (hydro & design)	\$25,000				
Piedmont Heights system improvements		\$50,000			
PW&U Garfield Facility gravel cover	\$6,200	\$75,000			
PW&U Garfield Facility roof	\$50,000				
Riley Road laydown area	\$6,400				
Superior Street, Lakewood to McQuade Rd culvert extensions			\$100,000		
Superior Street reconstruction	\$300,000				
Woodland/Calvary reconstruction (County)	\$175,000				
Total	\$1,366,200	\$1,220,000	\$900,000	\$1,425,000	\$1,150,000
5533 Subtotal =	\$1,089,800	\$875,000	\$650,000	\$1,175,000	\$900,000
5535 Subtotal =	\$276,400	\$345,000	\$250,000	\$250,000	\$250,000