



City of Duluth

411 West First Street
Duluth, Minnesota 55802

Minutes - Final

Duluth Public Utilities Commission.

Tuesday, June 21, 2022

5:15 PM

Council Chambers, City Hall, 411 West First Street

CALL TO ORDER

President Ryan called the meeting to order at 5:17 p.m.

ROLL CALL

Members Present: Chris Adatte, Andrea Crouse, Steve Lipinski, Councilor Mike Mayou, Carrie Ryan, Councilor Terese Tomanek

Members Absent: Councilor Noah Hobbs

Staff Present: Cyndi Falconer, Leanna Gilbert, Greg Guerrero, Chris Ostern, Eric Shaffer, Kerry Venier

PUBLIC COMMENT PERIOD

There were no comments from the public at this time.

APPROVAL OF MINUTES

[DPUC079](#) March 15, 2022 DPUC meeting minutes draft

Indexes:

Attachments: [03152022 DPUC meeting minutes draft](#)

Commissioner Crouse motioned to approve the March 15, 2022 meeting minutes, and the motion was approved by all present.

NEW BUSINESS

[DPUC076](#) Sanitary sewer rate review

Indexes:

Attachments: [Sanitary Rate Increase Sample \(Actual2021Exp\)](#)

Kerry Venier gave an overview of the sanitary sewer rate scenario that was updated from last year. Staff recommends moving forward with a 4.5% rate increase again in 2023. If there is no increase, staff will reduce capital spending. Staff answered various questions regarding employees in the sanitary fund and debt service. Staff would like to do two major pump station upgrades at about \$1M-\$1.2M total and at least \$1.5M in lining each year. The proposed increase

would result in a change of about \$0.28 per unit per month, with the average household using six units. There was some discussion about whether a multi-year increase or a one-year increase would be better. Commissioner Tomanek motioned to move forward with the process for a three-year increase according to the rates specified by staff, and Commissioner Adatte seconded the motion. After further discussion, Commissioner Lipinski moved to amend the motion to two years instead of three, and the motion was approved as amended by all present. Staff will move forward with the process for a two-year 4.5% sanitary sewer rate increase.

[DPUC080](#) Water fund status update

Indexes:

Attachments: [Water 4.7% RATE IMPACT REVIEW 2022 PUC](#)
[LEAD Loan Scenario PFA Loan-Grant Debt Schedule](#)

Kerry Venier gave an overview of the actual water fund revenues and expenses compared to what was projected at the beginning of the six-year rate increase. Eric Shaffer mentioned potential future expenditures in the water fund due to lead service replacements. There was some discussion about loans and grants for lead service replacements, replacement costs and methods, and EPA regulations. Eric Shaffer asked for direction from the Commission about whether to move forward with pursuing \$10M in funding from the State next year that would be half loan, half grant. The grant part would be for the residents, so there would be no cost to them. The City would get a PFA loan for the public portion of the service replacement. There was further discussion about EPA regulations for non-compliance. Eric Shaffer also reported on the status of projects that are planned or in progress. Staff is having trouble getting residents to respond and to let City staff into their homes to identify their service. The Commission and City Council will need to decide how to handle resident non-compliance for lead service replacement. Commissioners made some suggestions for improving communication and compliance. Staff will provide a sample of the lead service notification letter that is sent out to residents as requested by Commissioner Tomanek. Commissioner Lipinski motioned to move forward with pursuing the \$10M in State funding, and the motion was approved by all present. The Commission will continue with discussions about a public education campaign regarding lead service replacement.

Stormwater rate calculation refresher

Eric Shaffer reported that a consultant is working on the ERU recalculation, and they should have something for us by the July meeting.

UPDATES FROM STAFF

Eric Shaffer reported that the Hidden Valley water main project is in progress. The other big project in progress is Michigan Street natural gas and water main replacement. Greg Guerrero mentioned that the price of natural gas dropped from about \$8 to \$6 after the LNG explosion in Freeport.

COMMISSIONER QUESTIONS OR COMMENTS

Commissioner Tomanek asked how many positions are empty. Greg Guerrero

estimated ten to twelve current vacancies in the Public Works & Utilities Department. Kerry Venier stated that the savings from those vacancies helps to offset other expense increases.

UPCOMING COUNCIL ACTIONS

No upcoming actions were mentioned.

PREVIEW OF UPCOMING BUSINESS

The next regular meeting is scheduled for Tuesday, July 19, 2022 at 5:15 p.m. City staff will move forward with the process for a sanitary sewer rate increase. The Commission will continue with discussions about a public education campaign regarding lead service replacement. Staff should have an update on the ERU recalculation.

KNOWN ABSENCES FOR FUTURE MEETINGS

No absences were mentioned.

ADJOURNMENT

The meeting was adjourned at 6:30 p.m.