

RESOLUTION NO. 19PUC-001

RESOLUTION APPROVING AND RECOMMENDING 2020 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, clean water utility, and stormwater utility; and


WHEREAS, the DPUC has reviewed the attached budget for said utilities for the year 2020 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, clean water utility, and stormwater utility for the budget year 2020.

Approved by the DPUC: 9/17/2019
(date)

Submitted to City Council: 9/18/2019
(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 2020 budget for the City's water utility, natural gas utility, sanitary sewer utility, clean water utility, and stormwater utility.

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

08/27/19

	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	2,837,203
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	4,497,200	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	15,921,200	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	17,160,500	16,048,400
Current Year Surplus / (Deficit)	1,988,044	411,300	1,830,959	(981,800)	788,300
Estimated Year End Cash Balance	1,988,044	2,667,716	3,819,003	2,837,203	3,625,503
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	1,988,044	2,667,716	3,819,003	2,837,203	3,625,503
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**

08/27/19

	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	4,278,595
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	1,882,300	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	41,742,100	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	41,892,100	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	3,846,500	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	41,757,100	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	41,991,100	41,651,300
Current Year Surplus / (Deficit)	1,554,232	(1,159,700)	2,491,496	(99,000)	(245,800)
Estimated Year End Cash Balance	1,886,098	1,207,850	4,377,595	4,278,595	4,032,795
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	1,886,098	1,207,850	4,377,595	4,278,595	4,032,795
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**

08/27/19

	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	1,728,161
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	4,586,400	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	22,945,100	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	22,945,100	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	6,430,000	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	21,911,700	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	23,524,700	19,274,500
Current Year Surplus / (Deficit)	1,557,209	(32,900)	470,947	(579,600)	(658,500)
Estimated Year End Cash Balance	1,836,814	1,290,510	2,307,761	1,728,161	1,069,661
Budget Reduction Needed	-	-	-	-	-
Estimated Cash After Budget Reduction	1,836,814	1,290,510	2,307,761	1,728,161	1,069,661
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**

08/27/19

	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**

08/27/19

	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	846,297
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	1,101,400	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	5,654,700	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	5,789,700	6,044,500
Current Year Surplus / (Deficit)	620,343	(521,600)	(167,476)	(495,600)	(744,400)
Estimated Year End Cash Balance	1,509,373	362,262	1,341,897	846,297	101,897
Budget Reduction Needed		-	-	-	45,303
Estimated Cash After Budget Reduction	1,509,373	362,262	1,341,897	846,297	147,200
Total Reserve Needed (February Debt Payment Due)		141,300	141,300	144,300	147,200