



MEMO

TO: DULUTH CITY COUNCIL

FROM: JIM BENNING
DIRECTOR OF PUBLIC WORKS & UTILITIES

SUBJECT: DULUTH PUBLIC UTILITIES COMMISSION PUBLIC HEARING

DATE: MARCH 18, 2021

CC: DULUTH PUBLIC UTILITIES COMMISSION

The Duluth Public Utilities Commission (the Commission) considered a resolution to delay implementation of the stormwater rate increase.

On March 16, 2021, the Commission held a public hearing and hereby reports to the City Council the results thereof. Written comments received are attached. The Commission then discussed the proposed resolution during the regular meeting. Resolution 21PUC-002 passed delaying implementation of the stormwater rate increase to August 1, 2021.

Unapproved minutes from the Commission's public hearing are attached for further detail. Approved minutes will be forwarded if any changes are made. The rate resolution is available for review on the Commission's website.



City of Duluth

411 West First Street
Duluth, Minnesota 55802

Minutes - Draft

Duluth Public Utilities Commission.

Tuesday, March 16, 2021

5:15 PM

Council Chambers, City Hall, 411 West First Street

NOTICE OF PUBLIC HEARING: The Duluth Public Utilities Commission will hold a public hearing by electronic means regarding a proposed delay of the stormwater rate increase on Tuesday, March 16, 2021 at 5:15 p.m. The purpose of this public hearing will be to explain the proposed delay of the stormwater rate increase and to receive comments from the public regarding the proposed delay. The public hearing will be held at the commencement of the regular Commission meeting, which will be held by "other electronic means" pursuant to Minnesota Statutes Section 13D.021 in response to the COVID-19 emergency. Some members of the Board will be participating through video conference.

PUBLIC PARTICIPATION/PUBLIC COMMENT: Due to the COVID-19 emergency and the limitation on the use of City facilities, the hearing and regular meeting will be in a virtual, electronic format and not in a personal, public format, and public comment will not be taken in person. However, members of the public can monitor the hearing and meeting and provide public comment on the proposed stormwater rate increase delay and on other agenda items through WebEx Events. Go to <https://duluthmn.gov/live-meeting> to access the meeting. The public is also encouraged to submit written comment to jbenning@duluthmn.gov prior to the meeting. Please include "March 2021 DPUC Agenda" in the subject line, and include your name and address and the agenda item you are speaking to. The Commission's agenda can be found online at <https://duluthmn.gov/boards-commissions/duluth-public-utilities-commission/>. Please note that all public comment is considered Public Data.

CALL TO ORDER

President Ryan called the meeting to order at 5:15 p.m.

ROLL CALL

Members Present: Chris Adatte, Steve Lipinski, Rob Prusak, Carrie Ryan, Councilor Joel Sipress, Councilor Terese Tomanek; Councilor Derek Medved arrived at 5:16 p.m.

Staff Present: Bob Asleson, Leanna Gilbert, Greg Guerrero, Chris Ostern, Eric Shaffer, Kerry Venier

STORMWATER RATE IMPLEMENTATION DELAY PUBLIC HEARING

The Commission held a public hearing on stormwater rate implementation delay resolution 21PUC-002.

Written comments were received from the following citizen:

Randy Abernethy, President of Industrial Weldors & Machinists, Inc. located at 3902 Oneota Street

The hearing was closed at 5:18 p.m., and the Commission moved on to the regular meeting.

PUBLIC COMMENT PERIOD

Gary Moline, President of Moline Machinery, 200 S Central Avenue, asked about the consultant hired to review the ERU calculation and when that will be determined. Eric Shaffer responded that the City hired Short Elliott Hendrickson. We are compiling GIS mapping and files to send to them. This is expected to take a couple of months. Gary Moline also submitted written comment requesting that the Commission consider a "land use coefficient" of 50% or more for industrial gravel laydown/staging lots.

APPROVAL OF MINUTES

[DPUC045](#) Feb. 16, 2021 DPUC meeting minutes draft

Indexes:

Attachments: [02162021 DPUC meeting minutes draft](#)

Vice President Prusak motioned to approve the minutes, and the motion was approved unanimously.

NEW BUSINESS

[DPUC047](#) 21PUC-002 - RESOLUTION AMENDING RESOLUTION 20PUC-002 CHANGING THE EFFECTIVE DATE TO AUGUST 1, 2021 AND SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.

Indexes:

Attachments: [21PUC-002 Stormwater rate increase delay to August](#)

Commissioner Sipress motioned to approve resolution 21PUC-002 delaying the implementation of the stormwater rate increase to August 1, and the resolution was approved unanimously.

Lead in water update

Eric Shaffer said that the new lead and copper rules were passed in January and are effective three years from then. We have roughly 5,000 lead services in the City. The new rule changed the action level to 10 micrograms per liter and requires a change of testing methods. If we can't meet the new limit, we will be required to inventory lead services both on the public side and the private side, send a letter to everyone with a lead service once a year to remind them of the proper protocol for use, and replace 3% of the lead services each year. The Minnesota Department of Health and the Public Facilities Authority hope to get some grant money for replacement of lead services, but that could only be used on public infrastructure. City staff have already started to inventory City-owned lead services, and they have increased testing for lead. There will probably be some public outreach to find more volunteers for testing. Use of City money on private property would require legislative action. Eric will send some talking points to Commissioner Sipress so he can reach out to the legislative delegation. City staff would like to see a grant program similar to the sump pump and lateral grant programs. There was some discussion about how to identify lead services

on the private side, replacing lead services in conjunction with sewer laterals, and funding for lead service replacements. City staff will look into whether Comfort Systems could issue loans to replace lead services that have not failed.

[DPUC046](#) 2020 Utility Cash Projections

Indexes:

Attachments: [2020 Utility Cash Projections](#)

Kerry Venier gave a brief summary of the utility cash projections and answered questions from commissioners. The Commission will need to look into sanitary sewer rates in the near future.

UPDATES FROM STAFF

Eric Shaffer reported that Hanco got the bid for the gas blanket project. Various other jobs are currently out for bids. Hidden Valley will be out for bids in April. Water main breaks have slowed down.

COMMISSIONER QUESTIONS OR COMMENTS

Commissioner Sipress asked about the process for calculating ERU's. Eric Shaffer explained about the study that will be done by a consultant and the reasons for doing it. Commissioner Sipress mentioned how changing the ERU value might shift the burden of the costs and said that we may need to discuss this issue further.

Commissioner Tomanek mentioned the need of businesses to have both capital to pay the new rates and the capital to invest in an improvement. Eric Shaffer responded that this is correct and this will mostly apply to larger businesses that have a large footprint. Certain businesses may not be able to build treatment infrastructure because it is too expensive and doesn't make financial sense.

Commissioner Medved mentioned the need to find an equitable approach for all. He does not want to put the burden back on the residential customers, but he would like to find a way to dilute things for businesses. Eric Shaffer mentioned the need to be responsive to our customers and said that this topic will probably keep coming up in future months.

Commissioner Sipress compared the stormwater billing adjustment situation to the reassessment situation. He asked if we could consider phasing in large adjustments. There was some discussion about whether this could be done only for certain customers. Eric Shaffer will find out how many customers are affected by large adjustments.

President Ryan wants to recognize how well City staff buy natural gas. So many utilities had to raise rates significantly because of the weather in February. Duluth customers only saw minimal impact. She says thanks and good job to the gas purchasing team. Eric Shaffer stated that Pete Upton and Carrie Lustig are responsible for purchasing gas and they do a fantastic job. A lot of the gas used during that time was from storage.

President Ryan stated that this is Rob Prusak's last meeting. He has been on the Commission for many years. She thanked him for all of his time and effort.

Vice President Prusak said that tonight is probably the best meeting that he has seen because it was so collaborative, and everybody spoke intelligently and came prepared. He also cautioned Commissioner Sipress about holding back on the rates for some and not across the board.

Commissioner Sipress thanked Rob for his service. He also shared that we have three applicants to fill Rob's position. City Council will interview all three, and this should be done before the April meeting.

President Ryan said that she forgot to read a letter received from Industrial Weldors & Machinists during the public hearing. Bob Asleson said that it would be adequate if the document was entered into the public hearing portion of the record. All commissioners received the document in advance and are aware of its contents.

Commissioner Lipinski thanked Rob for his hard work over the years. He also thanked the Utility Operations crews that were out fixing water main breaks. When they are out fixing mains, they are also providing our fire protection.

Commissioner Medved asked why he has not seen street sweepers out yet. Kerry Venier said that Street Maintenance will be out sweeping in the next week or two.

Commissioner Tomanek thanked City crews for fixing water main breaks in the cold weather.

UPCOMING COUNCIL ACTIONS

No upcoming actions were mentioned.

PREVIEW OF UPCOMING BUSINESS

The next regular meeting is scheduled for Tuesday, April 20, 2021 at 5:15 p.m. The Commission needs to start looking at the sanitary sewer utility and will continue to monitor the lead pipe issue.

KNOWN ABSENCES FOR FUTURE MEETINGS

No absences were mentioned.

ADJOURNMENT

The meeting was adjourned at 6:45 p.m.

Leanna Gilbert

From: Jim Benning
Sent: Wednesday, March 10, 2021 1:00 PM
To: Leanna Gilbert
Subject: Fw: March 2021 DPUC Agenda
Attachments: storm sewer.docx

From: Randy Abernethy <Randy@iwmweb.com>
Sent: Wednesday, March 10, 2021 12:48 PM
To: Jim Benning
Subject: March 2021 DPUC Agenda

Jim, attached is an email concerning the storm water issue.

Sincerely,

Randy Abernethy
President



3902 Oneota St
Duluth, MN 55807
Phone: 218-628-1011 ext. 190
Cell: 218-260-8935

To: Duluth Director of Public Works and Utilities

Mr. Jim Benning,

I am emailing you to contest the new storm water billing that Industrial Weldors & Machinists and many other local businesses have received. The formula used to calculate is completely inequitable. The new tax increase is yet another added burden to our company that puts us at a competitive disadvantage. Our recent billings have been \$47.00 per month, our newest billing came in at \$1,170.45 per month for just the storm sewer. Also, the new cost of \$1,170.45 is expected to double by 2026. That's approximately \$28,000.00 per year we will be taxed for the city storm sewer system that we don't even directly use.

The city has designated gravel as an impervious surface the same as concrete and asphalt and roof tops. I believe that gravel should not be considered an impervious surface. Rainwater does penetrate gravel. Our gravel storage and laydown areas are necessary to our operation. We have several delivery trucks getting loaded and unloaded every day. It is not practical for us to change the area into green space.

This is an unfair and costly increase dropped on businesses in Duluth.

Please reconsider this added tax,

Randy Abernethy

President

Industrial Weldors & Machinists