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## Appeal Process

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**From** Laura Hoglund <lhoglund@DuluthMN.gov>

**Date** Mon 4/21/2025 4:41 PM

**To** Joelle Bodin <jbodin@duluthairport.com>

**Cc** Jim Benning <jbenning@DuluthMN.gov>; Tom Johnson <tajohnson@DuluthMN.gov>

 3 attachments (377 KB)

Duluth Public Utilities Commission Meeting Minutes 08-18-2020.pdf; Storm Rate History.pdf; 20PUC-002 Stormwater 6-year Rate Increase Amended.pdf;

Good afternoon, Joelle,

Please see email below going over the appeal process.  
Let me know if you have any questions!

Thank you,

**Laura Hoglund** | Utility Programs Coordinator – Storm Utility | **City of Duluth** | 411 W 1<sup>st</sup> St, Duluth, MN 55802 | O: 218-730-5084 | [lhoglund@duluthmn.gov](mailto:lhoglund@duluthmn.gov)  
<https://www.duluthmn.gov/stormutility/>

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**From:** Laura Hoglund

**Sent:** Wednesday, January 29, 2025 12:53 PM

**To:** Joelle Bodin <jbodin@duluthairport.com>

**Subject:** RE: ERU Cost Development

Good afternoon, Joelle,

Follow up to email below: You asked to speak with a contact regarding the City's ERU and rate structures, so I wanted to clarify that you can reach out to me with any additional questions.

I also wanted to pass along some additional details regarding the City's stormwater rate adjustment requests and appeals process under Duluth City Code, section 43-67. In short, you may request a fee adjustment by submitting a written request to Jim Benning, the Director Public Works, and Utilities, which "shall state, in detail, the grounds upon which relief is sought." After a request is submitted, the city may require additional information, if necessary, and the director will issue a decision in writing. In the event that the director does not grant a fee adjustment, the director's decision can be further appealed Public Utilities Commission Appeal within 15 days of receiving the decision by filing a written notice with the City Clerk.

Thank you,

**Laura Hoglund** | Utility Programs Coordinator – Storm Utility | **City of Duluth** | 411 W 1<sup>st</sup> St, Duluth, MN 55802 | O: 218-730-5084 | [lhoglund@duluthmn.gov](mailto:lhoglund@duluthmn.gov)  
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**RE: ERU Cost Development**

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**From** Joelle Bodin <jbodin@duluthairport.com>  
**Date** Wed 1/29/2025 4:48 PM  
**To** Laura Hoglund <lhoglund@DuluthMN.gov>

Hello Laura,

Thank you for the information you provided below in your last two emails.

I guess what I was trying to figure out is how the rate was established? I see that there is at least \$4.6M that needs to be invested annually in stormwater-related capital projects in order to fund the existing infrastructure, but what other debt service/operating/maintenance costs were included in the development of the fees? Who analyzed the costs and developed the rate structure? In 2023 it looks like there was a surplus of funds of around \$3 Million in revenues collected, vs expenses paid and only 1.2M of construction/capital costs. I'm just curious of who puts together the projections to see if I could just talk with them about it. If that person is you, then I'm happy to chat with you. 😊

**Thank you!**

**Joelle N. Bodin, C.M.**  
Director of Finance & Administration  
Duluth Airport Authority  
(218) 625-7769  
[jbodin@duluthairport.com](mailto:jbodin@duluthairport.com)



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**From:** Laura Hoglund <lhoglund@DuluthMN.gov>  
**Sent:** Wednesday, January 29, 2025 12:53 PM  
**To:** Joelle Bodin <jbodin@duluthairport.com>  
**Subject:** RE: ERU Cost Development

Good afternoon, Joelle,

Follow up to email below: You asked to speak with a contact regarding the City's ERU and rate structures, so I wanted to clarify that you can reach out to me with any additional questions.

I also wanted to pass along some additional details regarding the City's stormwater rate adjustment requests and appeals process under Duluth City Code, section 43-67. In short, you may request a fee adjustment by submitting a written request to Jim Benning, the Director Public Works, and Utilities, which "shall state, in detail, the grounds upon which relief is sought." After a request is submitted, the city may require additional information, if necessary, and the director will issue a decision in writing. In the event that the director does not grant a fee adjustment, the director's decision can be further appealed Public Utilities Commission Appeal within 15 days of receiving the decision by filing a written notice with the City Clerk.

Thank you,

**Laura Hoglund** | Utility Programs Coordinator – Storm Utility | **City of Duluth** | 411 W 1<sup>st</sup> St, Duluth, MN 55802 | O: 218-730-5084 | [lhoglund@duluthmn.gov](mailto:lhoglund@duluthmn.gov)  
<https://www.duluthmn.gov/stormutility/>

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**From:** Laura Hoglund  
**Sent:** Thursday, January 23, 2025 12:48 PM  
**To:** Joelle Bodin <[jbodin@duluthairport.com](mailto:jbodin@duluthairport.com)>  
**Subject:** RE: ERU Cost Development

Good morning, Joelle,

Apologies, for the delayed response. Below and attached are my findings regarding the rate structure for July 2021 to July 2026.

1. See attached the Storm Rate History from 09/01/1998 to 07/01/2026.
2. See attached Duluth Public Utilities Commission (PUC) Meeting Minutes 08-18-2020. The PUC approved (resolution 20PUC-002) the 6-year rate structure from January 2021 to January 2026 but was amended to reflect July 2021 to July 2026. The *Findings of Fact* and *Statement of Purpose* can be found on attached Resolution No. 20PUC-0002 (20PUC-002 Stormwater 6-year Rate Increase Amended).
3. The Commission first evidenced its intent to consider storm rate structure plan when it passed Resolution No. 20PUC-001 on March 17, 2020, and called for public input. The Commission held a public meeting on July 21, 2020, at which the public was invited to provide comments on the proposed new rate structure. If you want to review further PUC meeting agendas or minutes for March 17, 2020 and July 21, 2020, you find access on the Duluth Public Utilities Commission [here](#).

The ERU value is determined by the total square footage of impervious surface on the nonresidential property **divided** by the average impervious surface area in Duluth for a single-family dwelling. The average impervious surface area for a single-family dwelling in Duluth is currently 2,228 sq ft.

Per Sec. 43-47. Utility adjustments you may submit an appeal to the Duluth Public Utilities Commission (PUC) . See the following link to the Duluth Public Utilities Commission Appeal form [here](#). If you have any questions regarding the PUC Appeal process, please contact 218 730 5320 or submit a message [here](#). The appeal will need to be submitted to Duluth Public Works & Utilities in Room 274 at City Hall.

Thank you!

**Laura Hoglund** | Utility Programs Coordinator – Storm Utility | **City of Duluth** | 411 W 1<sup>st</sup> St, Duluth, MN 55802 | O: 218-730-5084 | [lhoglund@duluthmn.gov](mailto:lhoglund@duluthmn.gov)  
<https://www.duluthmn.gov/stormutility/>

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**From:** Joelle Bodin <[jbodin@duluthairport.com](mailto:jbodin@duluthairport.com)>  
**Sent:** Friday, January 17, 2025 4:42 PM  
**To:** Laura Hoglund <[lhoglund@DuluthMN.gov](mailto:lhoglund@DuluthMN.gov)>  
**Subject:** ERU Cost Development

Hello Laura,

You were planning to send over the expected costs per ERU increases over the next several years. City Code gives authority to the PUC to set the fee. Code also states how that should be calculated.

- The fee should be cost recover of the capital costs, debt service and operation and maintenance costs of the stormwater facilities in the city.

- The Duluth public utilities commission shall, by resolution, adopt a schedule of utility fees sufficient to produce revenue **equal** to the budget of the stormwater utility. The resolution shall state the utility fee rate per ERU;

I'm curious if you know who puts together the cost structure of the ERU and rate, or if I could talk to them?

I also noticed that there is a Utility Fee Adjustment section which allows for a person to request an adjustment if the stormwater runoff from the property never enters any facility of the stormwater drainage system. (Sec. 43-67. Utility Fee adjustments) I'm wondering if this would apply to the properties at DLH (Duluth International Airport) on the north side of the runway which flows north - off airport property and outside the City of Duluth and their stormwater systems. Could this also apply to DYT (Sky harbor Airport)?

I'm putting together my request for more information/clarification from Kaplan & Kirsch, which is what led me down this path.

Once again – have a good weekend!!

**Thank you!**

**Joelle N. Bodin, C.M.**

Director of Finance & Administration

Duluth Airport Authority

(218) 625-7769

[jbodin@duluthairport.com](mailto:jbodin@duluthairport.com)



## RESOLUTION NO. 20PUC-002

### RESOLUTION ESTABLISHING USER CHARGES FOR THE CITY'S STORMWATER UTILITY EFFECTIVE AS OF JULY 1, 2021; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that the Commission hereby makes the following Findings of Fact:

- 1.) The City has historically incurred capital costs, debt service costs, operating and maintenance costs for the creation and maintenance of a stormwater utility system which benefits all properties and property owners in the City and continues to incur these costs on an ongoing basis.
- 2.) Pursuant to Chapter 43 of the Code, the City has established a stormwater utility for the purpose of constructing, operating, and maintaining the City's storm sewer system and has provided for a stormwater utility charge to fund the expenses thereof.
- 3.) At least \$4.6 Million needs to be invested annually in stormwater-related capital projects in order to fund replacement of existing infrastructure as needed and to meet changing load conditions brought on by development, climate change, and other factors.
- 4.) The City has not increased its stormwater utility fees since January 1, 2016.
- 5.) It is necessary and reasonable to increase the stormwater utility fees as provided for below to fund the increased costs to the City's stormwater utility and necessary improvements thereto.

FURTHER RESOLVED, that pursuant to Section 43-66 of the Duluth City Code, 1959, as amended, for the purpose of increasing the revenue of the stormwater utility, there is established a user charge as provided in said ordinance effective July 1, 2021. The user charge rate shall be based upon equivalent residential units (ERU = 1,708 impervious square feet) per month, as follows:

Rate Class	Units	Effective January 1, 2016	Effective July 1, 2021	Effective July 1, 2022	Effective July 1, 2023	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
ERU - Commercial/Industrial	1st ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
	> 1 ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
ERU-R - Residential, Single Family Home	1st ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
	> 1 ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
ERU-R - Residential, Duplex and Triplex	1st ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
	> 1 ERU	\$6.00	\$6.68	\$7.43	\$8.27	\$9.20	\$10.24	\$11.39
ERU-A - Multi-Family, 1-4 Floors	1st ERU	\$4.35	\$4.81	\$5.31	\$5.87	\$6.50	\$7.20	\$7.98
	> 1 ERU	\$3.60	\$4.06	\$4.56	\$5.12	\$5.75	\$6.45	\$7.23
ERU-B - Multi-Family, 5-9 Floors	1st ERU	\$4.05	\$4.47	\$4.93	\$5.45	\$6.02	\$6.66	\$7.37
	> 1 ERU	\$3.30	\$3.72	\$4.18	\$4.70	\$5.27	\$5.91	\$6.62
ERU-C - Multi-Family 10+ Floors	1st ERU	\$3.75	\$4.13	\$4.55	\$5.02	\$5.54	\$6.13	\$6.77
	> 1 ERU	\$3.00	\$3.38	\$3.80	\$4.27	\$4.79	\$5.38	\$6.02

RESOLVED FURTHER, that any prior rates inconsistent or conflicting with the rates set forth herein are hereby superseded.

Approved by the DPUC: 8/18/2020  
(date)

Submitted to City Council: 8/19/2020  
(where appropriate) (date)

ATTEST:

\_\_\_\_\_  
Director  
Public Works and Utilities  
City of Duluth

#### STATEMENT OF PURPOSE

This resolution adopts a stormwater rate increase of approximately 11.25% per year for each of the next six years. This increase will raise the total funds available for capital projects to an estimated \$4,600,000 in year 2026. As found by the Commission, this represents the minimum investment necessary in the City's stormwater infrastructure to prevent further deterioration of the system and to maintain its viability to serve the needs of the system's users.

The Commission first evidenced its intent to consider this plan when it passed Resolution No. 20PUC-001 on March 17, 2020, and called for public input. Subsequently, the Commission held a public meeting on July 21, 2020, at which the public was invited to provide comments on the proposed new rate structure. In addition, the Director of Public Works and Utilities and staff, along with Commission members, met with the Chamber of Commerce to seek further input on the needs of the system and the proposal to address those needs.

After receiving all of the input provided and weighing what has to be done to preserve the system, staff brought forth this resolution adopting the plan for the Commission's approval after a formal hearing before the Commission as required by its Bylaws.

This resolution sets stormwater rates effective July 1, 2021.



# City of Duluth

411 West First Street  
Duluth, Minnesota 55802

## Minutes - Final

### Duluth Public Utilities Commission.

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Tuesday, August 18, 2020

5:15 PM

Council Chambers, City Hall, 411 West First Street

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*NOTICE OF PUBLIC HEARING: The Duluth Public Utilities Commission will hold a public hearing by electronic means regarding proposed stormwater rate increases to fund the capital costs of improvements to the City's storm sewer system on Tuesday, August 18, 2020 at 5:15 p.m. The purpose of this public hearing will be to discuss the current state of the stormwater utility, to explain the proposed changes to the stormwater rates, and to receive comments from the public regarding the proposed changes.*

*THE HEARING: 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 rate increase and on other agenda items through WebEx Events. Go to <https://duluthmn.gov/live-meeting> to access the meeting. The presentation that will be given at the public hearing pertaining to the stormwater rate increase is posted on the Commission's webpage, <https://duluthmn.gov/boards-commissions/duluth-public-utilities-commission/>, for public viewing. The public is also encouraged to submit written comment to [jbenning@duluthmn.gov](mailto:jbenning@duluthmn.gov) prior to the meeting. Please include "August 2020 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: Councilor Gary Anderson, Chris McIntosh, Councilor Derek Medved, Carrie Ryan, Councilor Joel Sipress; Rob Prusak arrived at 5:25 p.m.

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert, Tom Johnson, Chris Ostern, Eric Shaffer, John Upton, Kerry Venier

### STORMWATER RATE INCREASE PUBLIC HEARING

The Commission held a public hearing regarding proposed stormwater rate increases at the commencement of the regular meeting. Tom Johnson, Senior Engineer for the City, gave a presentation on the stormwater utility. President Ryan read an email that had been received from David Ross, President of the Duluth Area Chamber of Commerce, proposing a one-year delay in the rate increases. Councilor Roz Randorf, 901 West First Street, asked about how the rate increase would affect commercial and industrial customers. Councilor

Terese Tomanek asked about rate increases for residential customers, which customers would be affected most by the increases, and how a delay would impact the City budget. The public hearing concluded at 5:47 p.m.

## **PUBLIC COMMENT PERIOD**

No citizens had comments at this time.

## **APPROVAL OF MINUTES**

[DPUC022](#) July 21, 2020 DPUC meeting minutes draft

**Indexes:**

**Attachments:** [07212020 DPUC meeting minutes draft](#)

Commissioner Sipress motioned to approve the minutes, and the motion was approved unanimously.

## **UNFINISHED BUSINESS**

### **Stormwater system discussion**

Tom Johnson talked about the need for stormwater program documentation as more customers may be interested in credits for Best Management Practices (BMPs). He also mentioned a need for further definition of waterfront properties requirements. There was some discussion about whether the BMP credits resolution should be done at the same time as the stormwater rate resolution and whether implementation of the stormwater rate increases should be delayed. Commissioner Anderson proposed a six-month delay in implementation of the rate increases as a compromise. Commissioners agreed that the rate increase implementation could be delayed six months, but that there was no need to delay a vote on the resolution. There was further discussion of staffing and resources needed to manage the stormwater program.

## **NEW BUSINESS**

[DPUC027](#) 20PUC-002 - RESOLUTION ESTABLISHING USER CHARGES FOR THE CITY'S STORMWATER UTILITY EFFECTIVE AS OF JANUARY 1, 2021; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.

**Indexes:**

**Attachments:** [20PUC-002 Stormwater 6-year Rate Increase](#)  
[20PUC-002 Stormwater 6-year Rate Increase amended](#)

President Ryan motioned to move resolution 20PUC-002 substituting an effective date of July 1, 2021 instead of January 1, 2021, and Commissioner Anderson seconded the motion. Commissioner Sipress said that he is in support of the resolution as modified, but we may need to delay this further later depending on the economic situation. Commissioner Prusak clarified that all dates would be changed from January 1 to July 1 for each year. Resolution 20PUC-002 was



approved unanimously as modified.

## 2021 utilities budget discussion

[DPUC023](#) 2021 Proposed Budget Worksheets

Indexes:

Attachments: [2021 PWU Budget to PUC](#)

Kerry Venier gave an overview of budgeted revenues, expenditures, and changes in cash for the utility funds. The stormwater budget will be revised for the delay in implementation of the rate increase. The Commission may need to look into the sanitary sewer rates in the next couple of years.

[DPUC024](#) Utility 5-year Capital Improvement Plans

Indexes:

Attachments: [Water 5-yr CIP](#)

[Gas 5-yr CIP](#)

[Sewer 5-yr CIP](#)

[Storm 5-yr CIP](#)

Eric Shaffer gave an overview of budgeted 2021 capital projects. Commissioner Sipress asked if a regular bond could be refinanced later if PFA money became available for the Middle Booster Station. Eric Shaffer will look into this. Staff will prepare a resolution recommending the 2021 utilities budget to City Council for the Commission to consider at the September meeting. The Public Works and Utilities Department budget presentation to City Council is scheduled for September 28 at 6:00 p.m. Commissioners are welcome to attend.

## 2021 utility fees

[DPUC025](#) DPUC 2021 Proposed Fees

Indexes:

Attachments: [2021 Fees](#)

[2021 Fees amended](#)

Jim Benning reported that staff had originally proposed a new credit card transaction fee to recoup some expenses. Upon further investigation, it was discovered that the savings would not be as much as anticipated. Staff also believes that customers would not be pleased with the additional charges. Staff will look into other ways to save money and recommends removing that line item from the fee schedule.

[DPUC026](#) 20PUC-004 - RESOLUTION ESTABLISHING FEES FOR VARIOUS UTILITY-RELATED SERVICES.

Indexes:

Attachments: [20PUC-004 2021 utility fees](#)

Commissioner Sipress motioned to move resolution 20PUC-004, and President Ryan seconded the motion. Commissioner Sipress motioned to amend the fee schedule to remove the credit card processing fee, and Commissioner Prusak seconded the motion. The Commission unanimously approved resolution 20PUC-004 with the amended utility fee schedule.

### **UPDATES FROM STAFF**

Eric Shaffer reported on utility projects including Second Street water main and sanitary sewer laterals, Superior Street water main, Decker Road water main, gas main, and sanitary sewer, the gas blanket project, and Lift Station 15.

### **COMMISSIONER QUESTIONS OR COMMENTS**

Commissioner Anderson expressed his gratitude to Public Works and Utilities employees for agreeing to take furlough days. President Ryan seconded his thanks.

### **UPCOMING COUNCIL ACTIONS**

Jim Benning mentioned a resolution for construction of a trail at Brighton Beach.

### **PREVIEW OF UPCOMING BUSINESS**

The next regular meeting is scheduled for Tuesday, September 15, 2020 at 5:15 p.m. Staff will prepare a resolution recommending approval of the utilities budget. Staff will work on a draft BMP program and policy with a resolution in the near future.

### **KNOWN ABSENCES FOR FUTURE MEETINGS**

No absences were mentioned at this time.

### **ADJOURNMENT**

The meeting was adjourned at 7:03 p.m.

Storm	9/1/1998	11/1/2006	1/1/2008	1/1/2016	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025	7/1/2026
ERU R	\$3.75	\$5.20	\$6.08	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
Additional ERUs			\$5.33	\$6.00	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
ERU R Triplex/Duplex					\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
Additional ERUs					\$6.68	\$7.43	\$8.27	\$9.20	\$10.24	\$11.39
ERU A				\$4.35	\$4.81	\$5.31	\$5.87	\$6.50	\$7.20	\$7.98
Additional ERUs				\$3.60	\$4.06	\$4.56	\$5.12	\$5.75	\$6.45	\$7.23
ERU B				\$4.05	\$4.47	\$4.93	\$5.45	\$6.20	\$6.66	\$7.37
Additional ERUs				\$3.30	\$3.72	\$4.18	\$4.70	\$5.27	\$5.91	\$6.62
ERU C				\$3.57	\$4.13	\$4.55	\$5.02	\$5.54	\$6.13	\$6.77
Additional ERUs				\$3.00	\$3.38	\$3.80	\$4.27	\$4.79	\$5.38	\$6.02
ERU Commercial				\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
Additional ERUs				\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79