



CITY OF DULUTH

DEPARTMENT OF PUBLIC WORKS & UTILITIES

DIRECTOR'S OFFICE

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MEMORANDUM

TO: DULUTH CITY COUNCIL
FROM: JIM BENNING *JB*
DIRECTOR OF PUBLIC WORKS & UTILITIES
SUBJECT: DULUTH PUBLIC UTILITIES COMMISSION PUBLIC HEARING
DATE: MARCH 16, 2016
CC: DULUTH PUBLIC UTILITIES COMMISSION

The Duluth Public Utilities Commission (the Commission) considered a resolution to increase the water variable rate for all rate classes.

On March 15, 2016, the Commission held a public hearing and hereby reports to the City Council the results thereof.

Comments from the public were heard. The Commission then discussed the proposed rate resolution during the regular meeting. Resolution 16PUC-004 passed establishing a water variable rate increase of approximately 6% for all rate classes effective May 1, 2016.

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

DULUTH PUBLIC UTILITIES COMMISSION
Public Hearing
March 15, 2016

Members Present: Councilor Zack Filipovich, Rob Prusak, Jim Ramnes, Linda Sellner, Councilor Joel Sipress, Councilor Em Westerlund

Members Absent: Jason Thorsell

Staff Present: Bob Asleson, Jim Benning, Leanna Gilbert, Howard Jacobson, Eric Shaffer, Glenn Strid

Others Present: David Ross, resident of 506 W 1st St and President of Duluth Area Chamber of Commerce
John Werner, Mayor of Rice Lake
Bob Woods, resident of 1407 104th Ave W

Call to Order: The hearing was called to order at 5:18 p.m. by President Prusak.

Under consideration was a proposed increase to the water variable rates.

Eric Shaffer, Chief Engineer of Utilities for the City of Duluth, gave a presentation on the state of the water system and the reasons for the proposed rate increase.

David Ross mentioned a common goal of delivering wonderful Lake Superior water to residents and businesses in the most efficient, economical, and safe manner possible; however, an increase in a family's or a business' water rate is a challenge. A large, unanticipated increase is a larger, more difficult challenge. Mr. Ross respectfully requested a phased-in increase with advance notice, such as a 3% increase this year and 3% next year.

John Werner stated that he has a philosophical issue with the monies raised being put into infrastructure other than what feeds Rice Lake. He mentioned previous rate increases and stated that these increases do not allow their small community to increase their rates so that they can have funds to fix their own problems. He said that the neglect of the Duluth water system in previous years has created a big problem now. He also suggested a phased-in approach.

Bob Woods mentioned that he is a former City employee and retired five years ago. He said that while the water variable rate has not been raised in three years, the fixed rate was raised not long ago. He stated that conservation of water by residents has resulted in less revenue and created this problem. He mentioned the recent pay raise for City employees and stated that those on social security did not get any increase in income. He also mentioned the number of citizens on limited incomes. He understands that the system needs to be fixed, but is opposed to so many large increases. He thinks that people will leave Duluth because of the high rates.

The Duluth Public Utilities Commission voted to approve the water rate resolution after the public hearing closed.

Adjournment: The hearing was adjourned at 5:49 p.m.

A recording of this hearing is available upon request.

It is the mission of the Duluth Public Utilities Commission to ensure safe, reliable, efficient utilities services at reasonable rates.