

RESOLUTION NO. 23PUC-002

**RESOLUTION APPROVING AND RECOMMENDING 2024
UTILITIES 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

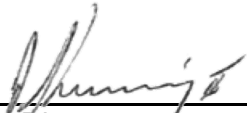
WHEREAS, the DPUC has reviewed the attached budget for said utilities for the year 2024 and determined that it is reasonable and appropriate to meet the needs of the respective utilities, of the City and of the customers of the utilities.

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 2024.

Approved by the DPUC: 8/15/2023
(date)

Submitted to City Council: 8/16/2023
(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 2024 budget for the City's water utility, natural gas utility, sanitary sewer utility, clean water utility, and stormwater utility.

Summary of Revenues, Expenditures
and Change in Cash

2024 Public Works and Utilities Proposed Budget



	2024 Budget	2023 Budget	% Change	Notes:
Water				
Rev	\$ 17,034,000	\$ 16,984,000	0.29%	2024 Capital Expenses \$3,157,200
Exp	<u>\$ 19,186,121</u>	<u>\$ 17,535,000</u>	9.42%	2024 Depreciation \$2,080,300
Change in Cash*	\$ (1,829,521)	\$ (197,500)	-826.34%	
Est. Year End Cash Balance**	\$ 10,579,653			
Gas				
Rev	\$ 53,385,000	\$ 55,464,900	-3.75%	2024 Capital Expenses \$3,002,100
Exp	<u>\$ 53,211,933</u>	<u>\$ 56,275,000</u>	-5.44%	2024 Depreciation \$1,800,800
Change in Cash*	\$ 1,839,189	\$ 680,000	170.47%	
Est. Year End Cash Balance**	\$ 12,559,240			
Sanitary				
Rev	\$ 20,445,500	\$ 19,886,400	2.81%	2024 Capital Expenses \$3,420,600
Exp	<u>\$ 21,588,912</u>	<u>\$ 20,074,000</u>	7.55%	2024 Depreciation \$1,689,900
Change in Cash*	\$ 157,588	\$ 737,700	-78.64%	
Est. Year End Cash Balance**	\$ 7,151,597			
Clean Water				
Rev	\$ 1,658,000	\$ 1,658,000	0.00%	
Exp	<u>\$ 1,013,700</u>	<u>\$ 1,030,400</u>	-1.62%	2024 Depreciation \$566,900
Change in Cash*	\$ 68,700	\$ 68,700	0.00%	
Est. Year End Cash Balance**	\$ 1,260,966			
Stormwater				
Rev	\$ 7,578,500	\$ 6,182,800	22.57%	2024 Capital Expenses \$3,248,800
Exp	<u>\$ 8,963,248</u>	<u>\$ 7,847,600</u>	14.22%	2024 Depreciation \$528,700
Change in Cash*	\$ (856,048)	\$ (1,148,500)	-25.46%	
Est. Year End Cash Balance**	\$ 3,913,470			

**Cash Balance includes Work In Progress and Cash

Revenues

2024 Public Works and Utilities Proposed Budget



Fund: 510 Water	2024 Dept Submission	2023 Dept Submission	% Change
01 - Operating Revenues	\$16,871,000.00	\$16,821,000.00	0.30%
02 - Non-Operating Revenues	\$18,000.00	\$18,000.00	0.00%
30 - Intergovernmental		\$0.00	
70 - Investment Income		\$0.00	
75 - Miscellaneous	\$10,000.00	\$10,000.00	0.00%
80 - Other Financing Sources	\$135,000.00	\$135,000.00	0.00%
Fund Total: Water	\$17,034,000.00	\$16,984,000.00	0.29%
Fund: 520 Gas			
01 - Operating Revenues	\$53,284,500.00	\$55,364,400.00	-3.76%
02 - Non-Operating Revenues	\$100,000.00	\$100,000.00	0.00%
30 - Intergovernmental		\$0.00	0.00%
70 - Investment Income		\$0.00	0.00%
75 - Miscellaneous	\$500.00	\$500.00	0.00%
80 - Other Financing Sources		\$0.00	-
Fund Total: Gas	\$53,385,000.00	\$55,464,900.00	-3.75%
Fund: 530 Sewer			
01 - Operating Revenues	\$20,430,900.00	\$19,871,800.00	2.81%
02 - Non-Operating Revenues	\$3,000.00	\$3,000.00	0.00%
30 - Intergovernmental		\$0.00	
70 - Investment Income		\$0.00	
75 - Miscellaneous	\$300.00	\$300.00	0.00%
80 - Other Financing Sources	\$11,300.00	\$11,300.00	0.00%
Fund Total: Sewer	\$20,445,500.00	\$19,886,400.00	2.81%

Based on 2023 Rates (Status Quo)

3.5% rate incr approved for Jan 2024

Revenues

2024 Public Works and Utilities Proposed Budget



Fund: 532 Clean Water Surcharge Fund	2024 Dept Submission	2023 Dept Submission	% Change
01 - Operating Revenues	\$1,658,000.00	\$1,658,000.00	0.00%
02 - Non-Operating Revenues		\$0.00	
30 - Intergovernmental		\$0.00	
70 - Investment Income		\$0.00	
80 - Other Financing Sources		\$0.00	
Fund Total: Clean Water Surcharge Fund	\$1,658,000.00	\$1,658,000.00	0.00%
Fund: 535 Stormwater			
01 - Operating Revenues	\$7,554,500.00	\$6,162,800.00	22.58%
02 - Non-Operating Revenues	\$1,000.00	\$1,000.00	0.00%
20 - Licenses and Permits	\$20,000.00	\$16,000.00	0.00%
30 - Intergovernmental		\$0.00	0.00%
70 - Investment Income		\$0.00	
75 - Miscellaneous	\$3,000.00	\$3,000.00	0.00%
80 - Other Financing Sources		\$0.00	
Fund Total: Stormwater	\$7,578,500.00	\$6,182,800.00	22.57%
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Net Grand Totals:	\$100,101,000.00	\$100,176,100.00	-0.07%

11.25% rate increase July 2024

Expenditures

2024 Public Works and Utilities Proposed Budget



		<u>2024 Proposed</u>	<u>2023 Adopted</u>	<u>%</u>	
		<u>Budget</u>	<u>Budget</u>	<u>Change</u>	<u>Key Comments</u>
<u>510- Water</u>	1900 Director's Office	\$ 144,500	\$ 138,200	4.56%	
	1905 Capital (incl deprec/debt svc)	\$ 5,604,345	\$ 5,707,900	-1.81%	Reduced Capital Improvements
	1915 Utility General Expense	\$ 1,617,061	\$ 1,610,100	0.43%	
	1930 Engineering				
	2330 Utility Engineering	\$ 1,387,700	\$ 979,000	41.75%	Added personnel for Lead Svc Project
	1940 Customer Service				
	2400 Customer Accounts	\$ 676,975	\$ 594,900	13.80%	CC Commissions +34%
	2410 Service	\$ 1,201,400	\$ 1,067,200	12.57%	Utility System Mtc Supplies +93%
	1945 Utility Operations	\$ 4,020,740	\$ 3,882,800	3.55%	Contract Services increased by 4x
	1955 Water Treatment & Pumping	\$ 4,533,400	\$ 3,554,900	27.53%	Treatment Supplies increase
	510- Water Fund Total	\$ 19,186,121	\$ 17,535,000	9.42%	
<u>520- Gas</u>	1900 Director's Office	\$ 166,200	\$ 158,900	4.59%	
	1905 Capital (incl deprec/debt svc)	\$ 4,918,045	\$ 5,131,100	-4.15%	Reduced Capital Equipment
	1915 Utility General Expense	\$ 4,880,788	\$ 6,155,300	-20.71%	
	1930 Engineering				
	2330 Utility Engineering	\$ 1,575,100	\$ 1,694,700	-7.06%	Personnel Changes
	1940 Customer Service				
	2400 Customer Accounts	\$ 1,210,100	\$ 1,089,300	11.09%	CC Commissions +28%
	2410 Service	\$ 3,179,100	\$ 2,955,400	7.57%	Utility System Mtc Supplies +47%
	2420 Servicing Appliance	\$ 1,424,900	\$ 1,617,600	-11.91%	Personnel Changes
	2430 Information and Conserve	\$ 240,800	\$ 231,200	4.15%	
	2440 Conservation Improve	\$ 226,900	\$ 226,900	0.00%	
	1945 Utility Operations	\$ 2,766,900	\$ 2,347,900	17.85%	Additional personnel - (3) Reg Mech
	1960 Natural Gas	\$ 32,623,100	\$ 34,666,700	-5.89%	Projected Natural Gas Purchases
	520- Gas Fund Total	\$ 53,211,933	\$ 56,275,000	-5.44%	

Expenditures

2024 Public Works and Utilities Proposed Budget



		<u>2024 Proposed</u>	<u>2023 Adopted</u>	<u>%</u>	<u>Key Comments</u>
		<u>Budget</u>	<u>Budget</u>	<u>Change</u>	
<u>530- Sewer</u>	1900 Director's Office	\$ 139,200	\$ 133,100	4.58%	
	1905 Capital (incl deprec/debt svc)	\$ 5,232,760	\$ 4,098,100	27.69%	Increased Capital Improvements
	1915 Utility General Expense	\$ 775,112	\$ 762,000	1.72%	
	1930 Engineering				
	2330 Utility Engineering	\$ 943,100	\$ 756,100	24.73%	Personnel Changes
	1940 Customer Service				
	2400 Customer Accounts	\$ 533,900	\$ 446,100	19.68%	CC Commissions +24%
	1945 Utility Operations	\$ 2,888,600	\$ 2,651,900	8.93%	Personnel Changes/Supplies
	1970 Inflow & Infiltration	\$ 989,500	\$ 1,019,300	-2.92%	Personnel Changes
	1965 Wastewater Treatment	\$ 10,086,740	\$ 10,207,400	-1.18%	
530- Sewer Fund Total		\$ 21,588,912	\$ 20,074,000	7.55%	
		\$ 1,013,700	\$ 1,030,400	-1.62%	
<u>532- Cleanwater</u>					
532- Cleanwater Fund Total		\$ 1,013,700	\$ 1,030,400	-1.62%	
<u>535- Stormwater</u>	1900 Director's Office	\$ 139,100	\$ 133,000	4.59%	
	1905 Capital (incl deprec/debt svc)	\$ 3,822,560	\$ 2,950,700	29.55%	Added Permanent Patch
	1915 Utility General Expense	\$ 1,181,613	\$ 730,300	61.80%	Moved Sweeping costs from Util Ops
	1930 Engineering				
	2330 Utility Engineering	\$ 1,171,700	\$ 944,300	24.08%	Personnel Changes
	1940 Customer Service				
	2400 Customer Accounts	\$ 377,075	\$ 311,200	21.17%	CC Commissions +27%
	1945 Utility Operations	\$ 2,271,200	\$ 2,778,100	-18.25%	Moved Sweeping costs from Util Ops
535- Stormwater Fund Total		\$ 8,963,248	\$ 7,847,600	14.22%	
Grand Total Utility Funds		\$ 103,963,914	\$ 102,762,000	1.17%	

Summary of Revenues, Expenditures
and Change in Cash

2024 Public Works and Utilities Proposed Budget



	2024 Budget	2023 Budget	% Change	Notes:
Water Bond Fund (511)				
Rev	\$ 13,500,000	\$ 13,500,000	0.00%	PFA Loans and Water Plant Resiliency Grant
Exp	<u>\$ 13,500,000</u>	<u>\$ 13,500,000</u>	0.00%	Lead Services Loan (\$10M) & Water Plant Grant (\$3.5M)

**Cash Balance includes Work In Progress and Cash