

**RESOLUTION NO. 24PUC-002**

**RESOLUTION APPROVING AND RECOMMENDING 2025 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

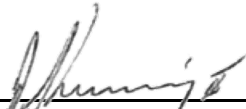
WHEREAS, the DPUC has reviewed the attached budget for said utilities for the year 2025 and determined that it is reasonable and appropriate to meet the needs of the respective utilities, of the City, and of the customers of the utilities.

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 2025.

Approved by the DPUC: 8/20/2024  
(date)

Submitted to City Council: 8/21/2024  
(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 2025 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

## 2025 Public Works and Utilities Proposed Budget



	2025 Budget	2024 Budget	% Change	Notes:
<b>Water</b>				
Rev	\$ 19,899,000	\$ 17,034,000	16.82%	2025 Capital Expenses \$4,017,600
Exp	\$ 21,731,800	\$ 19,186,121	13.27%	2025 Depreciation \$2,266,300
Change in Cash*	\$ (1,182,300)	\$ (1,829,521)		
Est. Year End Cash Balance**	\$ 12,470,524			
<b>Gas</b>				
Rev	\$ 51,862,100	\$ 53,385,000	-2.85%	2025 Capital Expenses \$3,185,400
Exp	\$ 52,974,400	\$ 53,211,933	-0.45%	2025 Depreciation \$1,765,800
Change in Cash*	\$ 653,500	\$ 1,839,189		
Est. Year End Cash Balance**	\$ 20,241,718			
<b>Sanitary</b>				
Rev	\$ 21,460,400	\$ 20,445,500	4.96%	2025 Capital Expenses \$3,684,600
Exp	\$ 22,620,900	\$ 21,588,912	4.78%	2025 Depreciation \$1,744,800
Change in Cash*	\$ 500,900	\$ 157,588		
Est. Year End Cash Balance**	\$ 9,866,245			
<b>Clean Water</b>				
Rev	\$ -	\$ 1,658,000	-100.00%	
Exp	\$ 824,000	\$ 1,013,700	-18.71%	2025 Depreciation \$566,900
Change in Cash*	\$ (1,139,100)	\$ 68,700		
Est. Year End Cash Balance**	\$ 255,804			
<b>Stormwater</b>				
Rev	\$ 9,429,800	\$ 7,578,500	24.43%	2025 Capital Expenses \$5,048,000
Exp	\$ 11,832,800	\$ 8,963,248	32.01%	2025 Depreciation \$585,100
Change in Cash*	\$ (1,817,900)	\$ (856,048)		
Est. Year End Cash Balance**	\$ 5,743,798			

\*\*Cash Balance includes Work In Progress and Cash

Summary of Revenues, Expenditures  
and Change in Cash

## 2025 Public Works and Utilities Proposed Budget



	2025 Budget	2024 Budget	% Change	Notes:
<b>Water Bond Fund (511)</b>				
Rev	\$ 35,500,000	\$ 13,500,000	162.96%	PFA funding for LSLR
Exp	<u>\$ 35,500,000</u>	<u>\$ 13,500,000</u>	162.96%	

\*\*Cash Balance includes Work In Progress and Cash

Revenues

## 2025 Public Works and Utilities Proposed Budget



Fund: 510 Water	2025 Dept Submission	2024 Dept Submission	% Change	
01 - Operating Revenues	\$19,721,000.00	\$16,871,000.00	16.89%	2024 doesn't include the rate increase eff. 4/1
02 - Non-Operating Revenues	\$18,000.00	\$18,000.00	0.00%	
30 - Intergovernmental	\$0.00			
70 - Investment Income	\$0.00			
75 - Miscellaneous	\$25,000.00	\$10,000.00	150.00%	
80 - Other Financing Sources	\$135,000.00	\$135,000.00	0.00%	
<b>Fund Total: Water</b>	<b>\$19,899,000.00</b>	<b>\$17,034,000.00</b>	<b>16.82%</b>	
<b>Fund: 511 Water Construction Bond</b>				
02 - Non-Operating Revenues	\$0.00	\$0.00		
30 - Intergovernmental	\$35,500,000.00	\$13,500,000.00		LSLR Projects funded through PFA
<b>Fund Total: Water Construction Bond</b>	<b>\$35,500,000.00</b>	<b>\$13,500,000.00</b>	<b>162.96%</b>	
<b>Fund: 520 Gas</b>				
01 - Operating Revenues	\$51,761,600.00	\$53,284,500.00	-2.86%	Average gas costs: 2024=\$5.81; 2025=\$4.75
02 - Non-Operating Revenues	\$100,000.00	\$100,000.00	0.00%	
30 - Intergovernmental	\$0.00			
70 - Investment Income	\$0.00			
75 - Miscellaneous	\$500.00	\$500.00	0.00%	
80 - Other Financing Sources	\$0.00			
<b>Fund Total: Gas</b>	<b>\$51,862,100.00</b>	<b>\$53,385,000.00</b>	<b>-2.85%</b>	
<b>Fund: 530 Sewer</b>				
01 - Operating Revenues	\$21,447,100.00	\$20,430,900.00	4.97%	Adjustment for WLSSD estimated costs
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	\$10,000.00	\$11,300.00	-11.50%	Change to CWF maintenance set-a-side
<b>Fund Total: Sewer</b>	<b>\$21,460,400.00</b>	<b>\$20,445,500.00</b>	<b>4.96%</b>	

Revenues

## 2025 Public Works and Utilities Proposed Budget



Fund: 532 Clean Water Surcharge Fund	2025 Dept Submission	2024 Dept Submission	% Change	
01 - Operating Revenues	\$0.00	\$1,658,000.00	-100.00%	Per proposed conversion plan
02 - Non-Operating Revenues	\$0.00			
30 - Intergovernmental	\$0.00			
70 - Investment Income	\$0.00			
80 - Other Financing Sources	\$0.00			
<b>Fund Total: Clean Water Surcharge Fund</b>	<b>\$0.00</b>	<b>\$1,658,000.00</b>	<b>-100.00%</b>	
<b>Fund: 535 Stormwater</b>				
01 - Operating Revenues	\$9,407,300.00	\$7,554,500.00	24.53%	11.25% rate increase July 2024
02 - Non-Operating Revenues	\$1,000.00	\$1,000.00	0.00%	
20 - Licenses and Permits	\$20,000.00	\$20,000.00	0.00%	
30 - Intergovernmental	\$0.00			
70 - Investment Income	\$0.00			
75 - Miscellaneous	\$1,500.00	\$3,000.00	-50.00%	Average scrap revenue
80 - Other Financing Sources	\$0.00			
<b>Fund Total: Stormwater</b>	<b>\$9,429,800.00</b>	<b>\$7,578,500.00</b>	<b>24.43%</b>	
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<b>Net Grand Totals:</b>	<b>\$138,151,300.00</b>	<b>\$113,601,000.00</b>	<b>21.61%</b>	

# 2025 Public Works and Utilities Proposed Budget



Expenditures

		<u>2025 Proposed</u>	<u>2024 Proposed</u>	<u>% Change</u>	<u>Key Comments</u>	
<b><u>510- Water</u></b>	1900 Director's Office	\$ 140,100	\$ 144,500	-3.04%	Overall Fund: S&B increase \$691k; add 3.4 FTEs \$4.02M Capital Investment (2024 -\$2.5M) Cost increase for IT-GIS-Janitorial positions  Increase \$150k for Lagoon Cleaning to be done by Staff  Lead Service Program moved from Engineering	
	1905 Capital (incl deprec/debt svc)	\$ 6,695,000	\$ 5,604,345	19.46%		
	1915 Utility General Expense	\$ 1,683,500	\$ 1,617,061	4.11%		
	1930 Engineering					
	2330 Utility Engineering	\$ 1,087,100	\$ 1,387,700	-21.66%		
	1940 Customer Service					
	2400 Customer Accounts	\$ 750,900	\$ 676,975	10.92%		
	2410 Service	\$ 1,085,300	\$ 1,201,400	-9.66%		
	1945 Utility Operations	\$ 4,181,100	\$ 4,020,740	3.99%		
	1955 Water Treatment & Pumping	\$ 5,461,600	\$ 4,533,400	20.47%		
	1970 Compliance (Lead Remediation Prog)	\$ 647,200	\$ -			
	<b>510- Water Fund Total</b>	<b>\$ 21,731,800</b>	<b>\$ 19,186,121</b>	<b>13.27%</b>		
<b><u>511- Water Construction Bond</u></b>		<b>\$ 35,500,000</b>	<b>\$ 13,500,000</b>	<b>162.96%</b>		LSLR Projects funded through PFA
	<b>511- Water Construction Bond Total</b>	<b>\$ 35,500,000</b>	<b>\$ 13,500,000</b>	<b>162.96%</b>		
<b><u>520- Gas</u></b>	1900 Director's Office	\$ 229,900	\$ 166,200	38.33%	Overall Fund: S&B increase \$191K; add 0.75 FTEs \$3.18M Capital Investment (2024-\$2.52M) Cost increase for IT-GIS-Janitorial positions  Customer Deposit interest increased per State Add gas meter replacement program (4,000 meters = \$920K)  Average cost of gas 2023 \$5.81, 2025 estimated cost of gas \$4.75 Moved part of Public Awareness from Div 1915	
	1905 Capital (incl deprec/debt svc)	\$ 5,063,700	\$ 4,918,045	2.96%		
	1915 Utility General Expense	\$ 5,216,800	\$ 4,880,788	6.88%		
	1930 Engineering					
	2330 Utility Engineering	\$ 1,514,000	\$ 1,575,100	-3.88%		
	1940 Customer Service					
	2400 Customer Accounts	\$ 1,387,900	\$ 1,210,100	14.69%		
	2410 Service	\$ 3,608,500	\$ 3,179,100	13.51%		
	2420 Servicing Appliance	\$ 1,346,500	\$ 1,424,900	-5.50%		
	2430 Information and Conserve	\$ 245,700	\$ 240,800	2.03%		
	2440 Conservation Improvement	\$ 226,900	\$ 226,900	0.00%		
	1945 Utility Operations	\$ 2,823,800	\$ 2,766,900	2.06%		
	1960 Natural Gas	\$ 31,303,700	\$ 32,623,100	-4.04%		
	1970 Compliance (Public Awareness)	\$ 7,000	\$ -			
	<b>520- Gas Fund Total</b>	<b>\$ 52,974,400</b>	<b>\$ 53,211,933</b>	<b>-0.45%</b>		

# 2025 Public Works and Utilities Proposed Budget



Expenditures

		<u>2025 Proposed</u>	<u>2024 Proposed</u>	<u>% Change</u>	<u>Key Comments</u>
<b><u>530- Sewer</u></b>	1900 Director's Office	\$ 128,600	\$ 139,200	-7.61%	Overall Fund: S&B decreased \$91.8k; realignment of ee allocation \$3.68M Capital Investment (2024- \$3.02M) Cost increase for IT-GIS-Janitorial positions
	1905 Capital (incl deprec/debt svc)	\$ 5,543,400	\$ 5,232,760	5.94%	
	1915 Utility General Expense	\$ 885,000	\$ 775,112	14.18%	
	1930 Engineering				
	2330 Utility Engineering	\$ 857,600	\$ 943,100	-9.07%	
	1940 Customer Service				
	2400 Customer Accounts	\$ 542,300	\$ 533,900	1.57%	
	1945 Utility Operations	\$ 2,875,400	\$ 2,888,600	-0.46%	
	1970 Compliance (Inflow & Infiltration)	\$ 1,063,600	\$ 989,500	7.49%	
	1965 Wastewater Treatment	\$ 10,725,000	\$ 10,086,740	6.33%	
	<b>530- Sewer Fund Total</b>	<b>\$ 22,620,900</b>	<b>\$ 21,588,912</b>	<b>4.78%</b>	
	<b><u>532- Cleanwater</u></b>	\$ 824,000	\$ 1,013,700	-18.71%	
<b>532- Cleanwater Fund Total</b>	<b>\$ 824,000</b>	<b>\$ 1,013,700</b>	<b>-18.71%</b>		
<b><u>535- Stormwa</u></b>	1900 Director's Office	\$ 122,200	\$ 139,100	-12.15%	\$5.05M Capital Investment (2024- \$2.92M) Cost increase for IT-GIS-Janitorial positions Realignment of ee allocations Program personnel moved from Engineering
	1905 Capital (incl deprec/debt svc)	\$ 5,678,100	\$ 3,822,560	48.54%	
	1915 Utility General Expense	\$ 2,098,700	\$ 1,181,613	77.61%	
	1930 Engineering				
	2330 Utility Engineering	\$ 1,119,700	\$ 1,171,700	-4.44%	
	1940 Customer Service				
	2400 Customer Accounts	\$ 385,200	\$ 377,075	2.15%	
	1945 Utility Operations	\$ 2,074,800	\$ 2,271,200	-8.65%	
1970 Compliance (MS4 Program)	\$ 354,100	\$ -			
<b>535- Stormwater Fund Total</b>	<b>\$ 11,832,800</b>	<b>\$ 8,963,248</b>	<b>32.01%</b>		
<b>Grand Total Utility Funds</b>	<b>\$ 145,483,900</b>	<b>\$ 117,463,914</b>	<b>23.85%</b>		