

RESOLUTION NO. 20PUC-003

**RESOLUTION APPROVING AND RECOMMENDING 2021
UTILITY 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

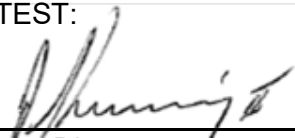
WHEREAS, the DPUC has reviewed the attached budget for said utilities for the year 2021 and determined that it is reasonable and appropriate to meet the needs of the respective utilities, of the City and of the customers of the utilities.

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 2021.

Approved by the DPUC: 09/15/2020
(date)

Submitted to City Council: 09/16/2020
(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 2021 budget for the City's water utility, natural gas utility, sanitary sewer utility, clean water utility, and stormwater utility.

WATER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2020 THRU 2022

09/15/20
11am

	Actual 2019	Budget 2020	Projected 2020	Budget 2021	Projected 2022
Unrestricted Cash (including Debt Serv. Res.)	1,988,044	3,819,003	3,645,869	2,369,251	2,531,601
Revenues:					
Metered Water Sales (4810)	11,452,613	12,300,000	11,000,000	11,300,000	11,600,000
Water Sales for Resale (4811)	1,104,258	1,157,500	1,166,000	1,214,500	1,245,000
Fixed Rate Charges (4831)	2,414,552	2,411,000	2,413,500	2,415,000	2,425,000
Misc. Operating Revenue	171,297	136,000	83,000	133,000	146,000
Non-Operating Revenues (excluding Capital Grants)	240,315	174,200	174,200	174,200	174,200
Total Revenues	15,383,035	16,178,700	14,836,700	15,236,700	15,590,200
Other Sources of Cash:					
Due from Other Funds	10,794	-	8,689	-	-
Special Assessment Principal	109,212	-	98,188	-	-
Loans Received from Other Funds	-	-	-	-	-
Accrual Cash Flow Adjustments	901,780	-	-	-	-
Total Additions to Cash	16,404,821	16,178,700	14,943,577	15,236,700	15,590,200
Expenses:					
Salaries	4,026,082	4,071,800	4,070,000	4,010,300	4,010,300
Benefits	1,735,530	1,823,200	1,828,500	1,875,600	1,875,600
Retiree Insurance & OPEB - Benefits (5135)	573,457	627,600	576,000	617,400	617,400
Supplies	1,431,842	1,453,900	1,455,400	1,424,100	1,424,100
Other Services and Charges	1,265,175	1,358,400	1,141,700	1,433,400	1,433,400
Utilities	1,041,191	1,333,700	1,200,700	1,284,400	1,284,400
Transfers	138,262	226,000	226,000	226,000	226,000
Improvements Non-Capital (5535)	64,101	6,400	15,448	-	-
Debt Service - Interest Expense (5611)	201,994	192,000	192,000	175,800	163,600
Fiscal Fees (5620)	891	400	500	500	500
AMRS Lease Interest Payment (5614)	49,704	44,100	44,100	34,400	24,200
Total Expenses	10,528,229	11,137,500	10,750,348	11,081,900	11,059,500
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	2,837,907	4,497,200	3,853,665	2,483,200	2,897,500
Capital Equipment Purchases (5580)	149,968	286,500	333,623	90,550	200,000
Total Expenses and Capital	13,516,104	15,921,200	14,937,636	13,655,650	14,157,000
Other Uses of Cash:					
Due to Other Funds	20,047	-	43,259		
Loans Repaid to Other Fund	-	-	-		
Budget Carry-Over for Encumbrances	-	-	-		
Bond Principal Payments	965,000	984,000	984,000	1,153,700	1,197,900
AMRS Lease Principal Payments	245,846	255,300	255,300	265,000	275,200
Accrual Cash Flow Adjustments	-	-	-		
Total Deductions to Cash	14,746,996	17,160,500	16,220,195	15,074,350	15,630,100
Current Year Surplus / (Deficit)	1,657,824	(981,800)	(1,276,618)	162,350	(39,900)
Estimated Year End Cash Balance	3,645,869	2,837,203	2,369,251	2,531,601	2,491,701
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	3,645,869	2,837,203	2,369,251	2,531,601	2,491,701
Total Reserve Needed (February Debt Payment Due)		569,700	569,800	573,600	480,900

GAS FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2020 THRU 2022

09/15/20
11am

	Actual 2019	Budget 2020	Projected 2020	Budget 2021	Projected 2022
Unrestricted Cash (including Debt Serv. Res.)	1,886,098	4,377,595	4,015,206	5,354,134	6,002,607
Revenues:					
Metered Gas Revenues:					
Variable Rate	34,039,690	35,631,800	32,230,200	37,728,000	38,300,000
Fixed Rate	4,094,163	4,089,700	4,089,700	4,095,000	4,100,000
Misc. Operating Revenue	1,564,968	1,882,300	1,414,050	1,380,500	1,402,500
Non-Operating Revenues (excluding Capital Grants)	251,406	138,300	123,400	128,400	128,400
Reimbursement of Project Costs (4654)	-	-	-	-	-
Total Revenues	39,950,227	41,742,100	37,857,350	43,331,900	43,930,900
Other Sources of Cash:					
Due from Other Funds	8,942	-	13,975		
Loans Repaid by Other Funds	2,597,498	-	2,510,937		
Energy Fund Loan Repayment	150,000	150,000	50,000	50,000	39,000
Special Assessment Principal	6,272	-	6,272		
Accrual Cash Flow Adjustments	252,576	-	-		
Total Additions to Cash	42,965,515	41,892,100	40,438,534	43,381,900	43,969,900
Expenses:					
Salaries	5,517,104	5,599,800	5,597,500	5,633,300	5,633,300
Benefits	2,365,706	2,481,300	2,486,800	2,595,000	2,595,000
Retiree Insurance & OPEB - Benefits (5135)	887,988	993,400	872,100	858,000	858,000
Supplies	1,206,488	1,165,500	1,204,800	1,275,900	1,275,900
Natural Gas Purchases	20,067,111	22,558,600	20,067,100	24,342,000	24,342,000
Other Services and Charges	1,876,168	1,810,500	1,632,400	1,842,400	1,842,400
In Lieu of Tax (5711)	2,728,817	2,756,800	2,778,900	2,641,377	2,641,377
Utilities	33,503	38,800	36,900	38,800	38,800
Transfers	107,301	163,800	474,800	163,800	163,800
Improvements Non-Capital (5535)	9,939	6,400	-	32,500	5,000
Debt Service - Interest Expense (5611)	1,757	-	-	-	-
Fiscal Fees (5620)	475	500	500	500	500
AMRS Lease Interest Payment (5614)	45,562	40,500	40,500	31,500	22,200
Reimbursed Project Costs (5441-05)	-	-	-	-	-
Total Expenses	34,847,917	37,615,900	35,192,300	39,455,077	39,418,277
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	2,453,566	3,846,500	3,266,312	2,818,300	3,030,000
Capital Equipment Purchases (5580)	272,300	294,700	351,970	217,150	250,000
Total Expenses and Capital	37,573,784	41,757,100	38,810,582	42,490,527	42,698,277
Other Uses of Cash:					
Due to Other Funds	21,328	-	55,024		
Loans Advanced to Other Funds	2,510,937	-	-		
Budget Carry-Over for Encumbrances	-		-		
Bond Principal Payments	505,000	-	-	-	-
AMRS Lease Principal Payments	225,358	234,000	234,000	242,900	252,200
Debt Called	-		-		
Accrual Cash Flow Adjustments	-				
Total Deductions to Cash	40,836,407	41,991,100	39,099,606	42,733,427	42,950,477
Current Year Surplus / (Deficit)	2,129,108	(99,000)	1,338,928	648,473	1,019,423
Estimated Year End Cash Balance	4,015,206	4,278,595	5,354,134	6,002,607	7,022,030
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	4,015,206	4,278,595	5,354,134	6,002,607	7,022,030
Total Reserve Needed (February Debt Payment Due)		137,200	137,200	137,200	137,200

**SANITARY SEWER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2020 THRU 2022**

09/15/20
11am

	Actual 2019	Budget 2020	Projected 2020	Budget 2021	Projected 2022
Unrestricted Cash (including Debt Serv. Res.)	1,836,814	2,307,761	2,509,334	849,100	538,300
Revenues:					
Metered Revenue:					
Variable Revenue	15,777,441	16,329,600	16,100,000	16,500,000	16,500,000
Fixed Revenue	1,948,979	1,940,100	1,941,900	1,945,000	1,950,000
Misc. Operating Revenue	247,190	4,586,400	216,900	242,400	249,400
Non-Operating Revenues (excluding Capital Grants)	48,723	11,300	135,300	11,300	11,300
Transfer from Clean Water to cover their portion of the Infra System Replacement Fund	70,265	70,300	70,300	70,300	70,300
Other Transfers In	7,450	7,400	-	-	-
Reimbursement of Project Costs (4654)	-	-	6,200,000	-	-
Total Revenues	18,100,047	22,945,100	24,664,400	18,769,000	18,781,000
Other Sources of Cash:					
Due from Other Funds	5,302		167		
Loans Repaid by Other Funds	-		-		
Special Assessment Principal	117,320		108,456		
Accrual Cash Flow Adjustments	-				
Total Additions to Cash	18,222,669	22,945,100	24,773,023	18,769,000	18,781,000
Expenses:					
Salaries	2,294,694	2,406,500	2,406,000	2,410,700	2,410,700
Benefits	1,004,109	1,058,600	1,061,900	1,152,400	1,152,400
Retiree Insurance & OPEB - Benefits (5135)	159,578	172,100	159,600	164,000	164,000
Supplies	296,249	434,500	402,800	436,700	436,700
Other Services and Charges	806,045	791,600	760,800	853,500	853,500
WLSSD Treatment Charges (5484)	9,024,266	9,272,100	9,453,900	9,500,000	9,500,000
WLSSD Testing (5485)	215,585	216,000	217,000	216,000	216,000
SSO Grants and Improvements	221,445	240,000	187,700	200,000	200,000
Utilities	129,910	134,900	137,400	152,900	152,900
Transfers	107,301	163,700	163,700	163,700	163,700
Improvements Non-Capital (5535)	20,455	68,400	107,289	82,500	50,000
Debt Service - Interest Expense (5611)	96,250	77,900	77,900	51,400	32,700
Fiscal Fees (5620)	1,900	1,900	1,900	1,900	1,900
AMRS Lease Interest Payment (5614)	42,800	38,000	38,000	29,600	20,900
Reimbursed Project Costs (5441-05)	-	-	6,200,000	-	-
Total Expenses	14,420,587	15,076,200	21,375,889	15,415,300	15,355,400
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	1,272,403	6,430,000	8,790,454	2,379,500	2,350,000
Capital Equipment Purchases (5580)	212,560	405,500	185,300	214,050	200,000
Total Expenses and Capital	15,905,551	21,911,700	30,351,643	18,008,850	17,905,400
Other Uses of Cash:					
Due to Other Funds	22,875	-	33,003		
Loans Advanced to Other Funds	-	-	-		
Budget Carry-Over for Encumbrances	-	-	-		
Infrastructure System Replacement Fund	108,385	119,900	119,900	119,900	119,900
Bond Principal Payments	1,237,011	1,273,300	1,273,300	945,800	620,800
AMRS Lease Principal Payments	211,700	219,800	219,800	228,200	236,900
Accrual Cash Flow Adjustments	64,626				
Total Deductions to Cash	17,550,149	23,524,700	31,997,646	19,302,750	18,883,000
Current Year Surplus / (Deficit)	672,520	(579,600)	(7,224,623)	(533,750)	(102,000)
Estimated Year End Cash Balance	2,509,334	1,728,161	(4,715,289)	315,350	436,300
Budget Reduction Needed	-	-	5,564,389	222,950	47,600
Estimated Cash After Budget Reduction	2,509,334	1,728,161	849,100	538,300	483,900
Total Reserve Needed (February Debt Payment Due)		849,100	849,100	538,300	483,900

CLEAN WATER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2020 THRU 2022

08/03/20
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	Actual 2019	Budget 2020	Projected 2020	Budget 2021	Projected 2022
Unrestricted Cash (including Debt Serv. Res.)	805,442	695,542	804,268	784,168	678,768
Revenues:					
Clean Water Surcharge	1,625,646	1,631,500	1,637,000	1,640,000	1,642,000
Misc. Operating Revenue	16,154	12,000	6,000	12,000	12,000
Non-Operating Revenues (excluding Capital Grants)	8,596	-	-	-	-
Total Revenues	1,650,396	1,643,500	1,643,000	1,652,000	1,654,000
Other Sources of Cash:					
Accrual Cash Flow Adjustments	4,349				
Total Additions to Cash	1,654,745	1,643,500	1,643,000	1,652,000	1,654,000
Expenses:					
Supplies	-	-	-	-	-
Other Services and Charges	7,488	8,200	8,900	8,200	8,200
Grants & Awards	305,252	400,000	303,800	400,000	400,000
Improvements Non-Capital (5535)	-	-	-	-	-
Debt Service - Interest Expense (5611)	104,925	94,400	94,400	77,700	60,700
Transfer to Sewer Fund for Infrastructure System	-	-	-	-	-
Replacement Fund	70,265	70,300	70,300	70,300	70,300
Other Transfers to Other Funds	-	-	-	-	-
Total Expenses	487,930	572,900	477,400	556,200	539,200
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	-	-	-	-	-
Capital Equipment Purchases (5580)	-	-	-	-	-
Total Expenses and Capital	487,930	572,900	477,400	556,200	539,200
Other Uses of Cash:					
Budget Carry-Over for Encumbrances	-	-	-	-	-
Bond Principal Payments	1,167,989	1,185,700	1,185,700	1,201,200	1,159,200
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	1,655,919	1,758,600	1,663,100	1,757,400	1,698,400
Current Year Surplus / (Deficit)	(1,174)	(115,100)	(20,100)	(105,400)	(44,400)
Estimated Year End Cash Balance	804,268	580,442	784,168	678,768	634,368
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	804,268	580,442	784,168	678,768	634,368
Total Reserve Needed (February Debt Payment Due)		54,200	54,200	45,700	37,900

STORMWATER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2020 THRU 2022

09/15/20
11am

	Actual 2019	Budget 2020	Projected 2020	Budget 2021	Projected 2022
Unrestricted Cash (including Debt Serv. Res.)	1,509,374	1,341,897	1,131,961	595,472	475,310
Revenues:					
Stormwater Revenue	5,255,575	5,255,000	5,250,000	5,546,188	6,504,000
Misc. Operating Revenue	40,264	33,500	22,300	37,500	37,000
Non-Operating Revenues (excluding Capital Grants)	53,898	5,600	-	-	-
Total Revenues	5,349,736	5,294,100	5,272,300	5,583,688	6,541,000
Other Sources of Cash:					
Due from Other Funds	5,456	-	4,977		
Special Assessment Principal	894	-	894		
Accrual Cash Flow Adjustments	-	-			
Total Additions to Cash	5,356,086	5,294,100	5,278,171	5,583,688	6,541,000
Expenses:					
Salaries	1,689,235	1,848,300	1,847,600	1,847,000	1,847,000
Benefits	732,686	835,700	839,700	865,200	865,200
Retiree Insurance & OPEB - Benefits (5135)	29,877	32,300	32,300	34,500	34,500
Supplies	254,273	288,000	231,600	280,700	280,700
Other Services and Charges	540,106	626,600	525,200	593,300	593,300
Utilities	20,434	25,000	22,200	26,000	26,000
Transfers	528,241	551,500	551,500	551,500	551,500
Improvements Non-Capital (5535)	74,288	276,400	170,539	227,500	195,000
Debt Service - Interest Expense (5611)	12,826	10,600	10,600	6,500	2,200
Fiscal Fees (5620)	59	100	-	-	-
Total Expenses	3,882,025	4,494,500	4,231,239	4,432,200	4,395,400
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	1,322,993	1,101,400	1,339,489	1,001,300	910,000
Capital Equipment Purchases (5580)	211,931	58,800	85,890	130,350	100,000
Total Expenses and Capital	5,416,949	5,654,700	5,656,618	5,563,850	5,405,400
Other Uses of Cash:					
Due to Other Funds	8,526	-	23,043		
Budget Carry-Over for Encumbrances	-	-	-		
Bond Principal Payments	130,000	135,000	135,000	140,000	145,000
Accrual Cash Flow Adjustments	178,023	-	-		
Total Deductions to Cash	5,733,498	5,789,700	5,814,661	5,703,850	5,550,400
Current Year Surplus / (Deficit)	(377,412)	(495,600)	(536,489)	(120,162)	990,600
Estimated Year End Cash Balance	1,131,961	846,297	595,472	475,310	1,465,910
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction	1,131,961	846,297	595,472	475,310	1,465,910
Total Reserve Needed (February Debt Payment Due)		144,300	144,300	147,200	-