

RESOLUTION NO. 16PUC-008

**RESOLUTION APPROVING AND RECOMMENDING 2017
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 and stormwater utility; and

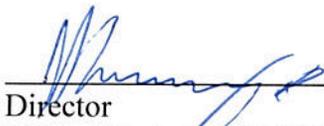
WHEREAS, the DPUC has reviewed the attached budget for said utilities for the year 2017 and determined that it is reasonable and appropriate to meet the needs of the respective utilities, of the City and of the customers of the utilities.

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 and stormwater utility for the budget year 2017.

Approved by the DPUC: 9/20/2016
(date)

Submitted to City Council: 9/21/2016
(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 2017 budget for the City's water utility, natural gas utility, sanitary sewer utility and stormwater utility.

WATER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2016 THRU 2018

09/12/16

	Actual 2015	Budget 2016	Projected 2016	Budget 2017	Projected 2018
Unrestricted Cash (including Debt Serv. Res.)	500,253	701,300	483,951	512,510	894,110
Revenues:					
Metered Water Sales (4810)	10,619,856	10,709,800	10,908,500	11,218,000	11,218,000
Water Sales for Resale (4811)	1,258,161	1,256,200	1,277,200	1,325,900	1,325,900
Fixed Rate Charges (4831)	2,397,906	2,405,200	2,407,000	2,409,500	2,409,500
Misc. Operating Revenue	159,488	139,000	132,800	130,000	130,000
Non-Operating Revenues	316,728	181,600	171,500	169,500	169,500
Total Revenues	14,752,140	14,691,800	14,897,000	15,252,900	15,252,900
Other Sources of Cash:					
Due from Other Funds	30,454	-	115,828	-	-
Special Assessment Principal	107,872	137,300	146,422	-	-
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Additions to Cash	14,890,467	14,829,100	15,159,250	15,252,900	15,252,900
Expenses:					
Salaries	3,494,024	3,586,100	3,431,300	3,838,300	3,934,258
Benefits	1,378,777	1,423,800	1,347,600	1,616,100	1,656,503
Retiree Insurance & OPEB - Benefits (5135)	533,931	552,600	504,200	535,500	535,500
Retiree Insurance & OPEB - Transfers (5700-60)	104,000	68,000	68,000	-	-
Supplies	1,152,444	1,417,900	1,326,000	1,406,900	1,406,900
Other Services and Charges	1,219,614	1,350,200	1,234,400	1,247,200	1,223,200
Utilities	1,246,465	1,255,200	1,205,800	1,261,300	1,261,300
Transfers	174,513	222,900	222,900	244,700	232,700
Improvements Non-Capital (5535)	41,515	-	86,900	-	50,000
Debt Service - Interest Expense (5611)	176,270	170,300	148,000	127,700	103,200
Fiscal Fees	11,328	500	900	900	900
AMRS Lease Interest Payment (5614)	84,523	76,300	79,700	71,300	62,600
Total Expenses	9,617,402	10,123,800	9,655,700	10,349,900	10,467,060
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	2,911,990	2,859,700	3,446,200	2,344,000	2,130,000
Infrastructure Replacement (5536)	(6,907)	-	-	-	-
Capital Equipment Purchases (5580)	280,015	320,000	346,000	439,800	301,700
Total Expenses and Capital	12,802,500	13,303,500	13,447,900	13,133,700	12,898,760
Other Uses of Cash:					
Due to Other Funds	21,499	-	17,891	-	-
Interfund Loan Payables	-	-	-	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Net Project Timing Adjustments	-	-	-	-	-
Bond Principal Payments	1,548,725	1,574,400	1,445,200	1,509,500	1,421,700
AMRS Lease Principal Payments	211,563	219,700	219,700	228,100	236,800
Accrual Cash Flow Adjustments	322,481	-	-	-	-
Total Deductions to Cash	14,906,769	15,097,600	15,130,691	14,871,300	14,557,260
Current Year Surplus / (Deficit)	(16,302)	(268,500)	28,559	381,600	695,640
Estimated Year End Cash Balance	483,951	432,800	512,510	894,110	1,589,750
Budget Reduction Needed		268,500	96,690	-	-
Estimated Cash After Budget Reduction		701,300	609,200	894,110	1,589,750
Total Reserve Needed (February Debt Payment Due)		701,300	609,200	552,300	552,600

**GAS FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2016 THRU 2018**

09/12/16

	Actual 2015	Budget 2016	Projected 2016	Budget 2017	Projected 2018
Unrestricted Cash (including Debt Serv. Res.)	6,035,675	5,245,775	5,292,734	7,465,656	4,837,656
Revenues:					
Metered Gas Revenues:					
Variable Rate	30,236,489	36,053,500	28,380,700	31,774,100	32,375,900
Fixed Rate	3,843,896	3,875,800	3,871,900	3,928,800	3,928,800
Misc. Operating Revenue	1,413,652	1,526,000	1,832,500	1,386,200	1,386,200
Non-Operating Revenues	120,040	127,200	517,200	127,200	127,200
Total Revenues	35,614,077	41,582,500	34,602,300	37,216,300	37,818,100
Other Sources of Cash:					
Due from Other Funds	42,199	-	29,794	-	-
Interfund Loan Receivable	-	-	-	-	-
Energy Fund Loan Repayment	150,000	150,000	150,000	150,000	150,000
Special Assessment Principal	11,955	21,000	8,300	-	-
Accrual Cash Flow Adjustments	1,045,442	-	-	-	-
Total Additions to Cash	36,863,673	41,753,500	34,790,394	37,366,300	37,968,100
Expenses:					
Salaries	4,357,079	4,887,500	4,414,400	5,003,800	5,128,900
Benefits	1,705,204	1,970,800	1,695,800	2,084,800	2,136,900
Retiree Insurance & OPEB - Benefits (5135)	874,560	891,200	870,100	916,800	916,800
Retiree Insurance & OPEB - Transfers (5700-60)	38,000	-	-	-	-
Supplies	1,102,756	973,000	1,017,400	1,155,300	1,155,300
Natural Gas Purchases	18,713,748	24,422,000	15,147,900	20,930,900	20,930,900
Other Services and Charges	1,761,673	1,557,800	1,407,600	1,717,600	1,693,600
In Lieu of Tax	4,080,329	2,876,000	2,484,600	2,357,800	2,596,200
Utilities	41,092	38,000	39,700	38,500	38,500
Transfers	125,847	160,700	160,700	182,500	170,500
Improvements Non-Capital (5535)	92,755	60,000	120,300	110,000	160,000
Debt Service - Interest Expense (5611)	123,690	84,200	84,200	55,300	29,800
Fiscal Fees	613	600	500	500	500
AMRS Lease Interest Payment (5614)	77,479	69,900	73,100	65,400	57,400
Total Expenses	33,094,825	37,991,700	27,516,300	34,619,200	35,015,300
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	3,029,353	3,675,000	3,644,900	3,814,500	2,530,000
Capital Equipment Purchases (5580)	325,209	300,500	326,000	448,600	284,500
Total Expenses and Capital	36,449,386	41,967,200	31,487,200	38,882,300	37,829,800
Other Uses of Cash:					
Due to Other Funds	40,323	-	58,872	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Net Project Timing Adjustments	-	-	-	-	-
Bond Principal Payments	922,972	870,000	870,000	902,900	480,000
AMRS Lease Principal Payments	193,933	201,400	201,400	209,100	217,100
Debt Called	-	-	-	-	-
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	37,606,614	43,038,600	32,617,472	39,994,300	38,526,900
Current Year Surplus / (Deficit)	(742,940)	(1,285,100)	2,172,922	(2,628,000)	(558,800)
Estimated Year End Cash Balance	5,292,734	3,960,675	7,465,656	4,837,656	4,278,856
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction		3,960,675	7,465,656	4,837,656	4,278,856
Total Reserve Needed (February Debt Payment Due)		1,055,800	1,055,800	1,075,700	636,900

**SANITARY SEWER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2016 THRU 2018**

09/12/16

	Actual 2015	Budget 2016	Projected 2016	Budget 2017	Projected 2018
Unrestricted Cash (including Debt Serv. Res.)	2,762,772	1,615,600	1,593,085	2,479,607	2,289,107
Revenues:					
Metered Revenue:					
Variable Revenue	15,999,266	16,893,600	16,100,800	16,256,000	16,256,000
Fixed Revenue	1,927,490	1,923,100	1,927,700	1,929,100	1,929,100
Misc. Operating Revenue	223,696	200,600	1,256,600	206,400	206,400
Non-Operating Revenues (excluding Capital Grants)	122,236	58,900	29,200	44,200	44,200
Total Revenues	18,272,689	19,076,200	19,314,300	18,435,700	18,435,700
Other Sources of Cash:					
Due from Other Funds	30,742	-	37,319	-	-
Special Assessment Principal	258,415	193,400	278,503	-	-
Accrual Cash Flow Adjustments	434,283	-	-	-	-
Total Additions to Cash	18,996,129	19,269,600	19,630,122	18,435,700	18,435,700
Expenses:					
Salaries	2,142,328	2,275,800	2,036,000	2,150,400	2,204,160
Benefits	854,596	927,600	799,800	884,100	906,203
Retiree Insurance & OPEB - Benefits (5135)	186,409	187,200	171,700	180,700	180,700
Retiree Insurance & OPEB - Transfers (5700-60)	-	-	-	-	-
Supplies	276,972	363,600	345,500	357,700	357,700
Other Services and Charges	776,651	813,000	767,900	804,300	780,300
WLSSD Treatment Charges	8,802,904	8,702,700	8,750,400	8,783,300	8,783,300
WLSSD Testing	218,801	218,800	216,700	217,000	217,000
SSO Grants and Improvements	303,050	450,000	295,800	360,000	360,000
Utilities	107,214	122,700	117,400	123,700	123,700
Transfers	120,445	160,500	160,500	182,400	170,400
Improvements Non-Capital (5535)	191,870	50,000	115,300	50,000	50,000
Debt Service - Interest Expense (5611)	274,835	242,500	198,700	180,500	180,500
Fiscal Fees	27,304	2,100	2,600	2,600	2,600
AMRS Lease Interest Payment (5614)	72,784	65,700	68,700	61,400	61,400
Total Expenses	14,356,164	14,582,200	14,047,000	14,338,100	14,377,963
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	3,226,815	2,000,000	2,708,900	1,950,000	2,000,000
Infrastructure Replacement (5536)	-	-	-	-	-
Capital Equipment Purchases (5580)	373,327	240,300	112,000	278,700	172,900
Total Expenses and Capital	17,956,306	16,822,500	16,867,900	16,566,800	16,550,863
Other Uses of Cash:					
Due to Other Funds	24,032	-	8,900	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Net Project Timing Adjustments	-	-	-	-	-
Infrastructure System Replacement Fund	128,556	76,800	120,000	120,000	120,000
Bond Principal Payments	1,874,742	1,762,800	1,557,700	1,743,000	2,159,300
AMRS Lease Principal Payments	182,179	189,100	189,100	196,400	203,900
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	20,165,816	18,851,200	18,743,600	18,626,200	19,034,063
Current Year Surplus / (Deficit)	(1,169,687)	418,400	886,522	(190,500)	(598,363)
Estimated Year End Cash Balance	1,593,085	2,034,000	2,479,607	2,289,107	1,690,745
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction		2,034,000	2,479,607	2,289,107	1,690,745
Total Reserve Needed (February Debt Payment Due)		1,615,600	1,384,800	1,571,300	1,484,900

CLEAN WATER FUND
 CASH PROJECTION - DRAFT BUDGET
 PROJECTED 2016 THRU 2018

08/03/16

	Actual 2015	Budget 2016	Projected 2016	Budget 2017	Projected 2018
Unrestricted Cash (including Debt Serv. Res.)	50,874	342,874	478,491	746,279	914,879
Revenues:					
Clean Water Surcharge	1,822,664	1,832,100	1,601,000	1,605,000	1,605,000
Misc. Operating Revenue	12,349	8,000	10,000	10,000	10,000
Non-Operating Revenues (excluding Capital Grants)	1,501	600	300	-	-
Total Revenues	1,836,515	1,840,700	1,611,300	1,615,000	1,615,000
Other Sources of Cash:					
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Additions to Cash	1,836,515	1,840,700	1,611,300	1,615,000	1,615,000
Expenses:					
Supplies	-	-	-	-	-
Other Services and Charges	1,275	8,400	7,900	5,900	5,900
Grants & Awards	130,896	200,000	55,912	160,000	160,000
Transfers	-	-	-	-	-
Improvements Non-Capital (5535)	-	-	-	-	-
Debt Service - Interest Expense (5611)	163,795	158,800	158,800	143,100	143,100
Total Expenses	295,966	367,200	222,612	309,000	309,000
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	-	-	-	-	-
Infrastructure Replacement (5536)	-	-	-	-	-
Capital Equipment Purchases (5580)	-	-	-	-	-
Total Expenses and Capital	295,966	367,200	222,612	309,000	309,000
Other Uses of Cash:					
Budget Carry-Over for Encumbrances	-	-	-	-	-
Bond Principal Payments	1,105,348	1,120,900	1,120,900	1,137,400	1,153,400
Accrual Cash Flow Adjustments	7,583	-	-	-	-
Total Deductions to Cash	1,408,898	1,488,100	1,343,512	1,446,400	1,462,400
Current Year Surplus / (Deficit)	427,617	352,600	267,788	168,600	152,600
Estimated Year End Cash Balance	478,491	695,474	746,279	914,879	1,067,479
Budget Reduction Needed		-	-	-	-
Estimated Cash After Budget Reduction		695,474	746,279	914,879	1,067,479
Total Reserve Needed (February Debt Payment Due)		92,400			

**STORMWATER FUND
CASH PROJECTION - DRAFT BUDGET
PROJECTED 2016 THRU 2018**

09/12/16

	Actual 2015	Budget 2016	Projected 2016	Budget 2017	Projected 2018
Unrestricted Cash (including Debt Serv. Res.)	2,083,144	989,944	1,642,193	1,068,898	1,125,598
Revenues:					
Stormwater Revenue	4,724,012	4,690,100	5,225,000	5,240,000	5,240,000
Misc. Operating Revenue	35,807	26,500	30,000	31,000	31,000
Non-Operating Revenues (excluding Capital Grants)	21,243	11,800	11,200	11,200	11,200
Total Revenues	4,781,063	4,728,400	5,266,200	5,282,200	5,282,200
Other Sources of Cash:					
Due from Other Funds	68,865	-	9,221	-	-
Special Assessment Principal	160	600	476	-	-
Accrual Cash Flow Adjustments	87,226	-	-	-	-
Total Additions to Cash	4,937,315	4,729,000	5,275,897	5,282,200	5,282,200
Expenses:					
Salaries	1,621,055	1,735,300	1,619,300	1,691,600	1,733,890
Benefits	635,296	697,600	644,000	692,700	710,018
Retiree Insurance & OPEB - Benefits (5135)	10,290	10,300	6,500	23,900	23,900
Retiree Insurance & OPEB - Transfers (5700-60)	100,000	91,000	91,000	-	-
Supplies	284,061	296,700	299,700	287,400	287,400
Other Services and Charges	491,472	662,600	582,200	732,700	648,700
Utilities	20,787	26,700	20,100	27,300	27,300
Transfers	527,578	548,300	548,300	570,200	558,200
Improvements Non-Capital (5535)	210,618	265,000	140,300	165,000	175,000
Debt Service - Interest Expense (5611)	47,688	43,000	22,700	24,000	24,000
Fiscal Fees	11,041	400	600	600	600
Total Expenses	3,959,886	4,376,900	3,974,700	4,215,400	4,189,008
Capital Related Costs:					
Capital Improvements from Current Revenues (5533)	842,400	1,225,000	1,712,200	635,000	1,025,000
Capital Equipment Purchases (5580)	337,713	181,800	42,000	147,000	196,400
Total Expenses and Capital	5,139,999	5,783,700	5,728,900	4,997,400	5,410,408
Other Uses of Cash:					
Due to Other Funds	19,430	-	10,592	-	-
Budget Carry-Over for Encumbrances	-	-	-	-	-
Net Project Timing Adjustments	-	-	-	-	-
Bond Principal Payments	218,837	224,700	109,700	228,100	241,600
Accrual Cash Flow Adjustments	-	-	-	-	-
Total Deductions to Cash	5,378,266	6,008,400	5,849,192	5,225,500	5,652,008
Current Year Surplus / (Deficit)	(440,951)	(1,279,400)	(573,295)	56,700	(369,808)
Estimated Year End Cash Balance	1,642,193	(289,456)	1,068,898	1,125,598	755,791
Budget Reduction Needed		537,356	-	-	-
Estimated Cash After Budget Reduction		247,900	1,068,898	1,125,598	755,791
Total Reserve Needed (February Debt Payment Due)		247,900	114,200	241,500	252,100