

RESOLUTION NO. 20PUC-002

RESOLUTION ESTABLISHING USER CHARGES FOR THE CITY'S STORMWATER UTILITY EFFECTIVE AS OF JANUARY 1, 2021; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.

RESOLVED by the Duluth Public Utilities Commission (the "Commission") that the Commission hereby makes the following Findings of Fact:

- 1.) The City has historically incurred capital costs, debt service costs, operating and maintenance costs for the creation and maintenance of a stormwater utility system which benefits all properties and property owners in the City and continues to incur these costs on an ongoing basis.
- 2.) Pursuant to Chapter 43 of the Code, the City has established a stormwater utility for the purpose of constructing, operating, and maintaining the City's storm sewer system and has provided for a stormwater utility charge to fund the expenses thereof.
- 3.) At least \$4.6 Million needs to be invested annually in stormwater-related capital projects in order to fund replacement of existing infrastructure as needed and to meet changing load conditions brought on by development, climate change, and other factors.
- 4.) The City has not increased its stormwater utility fees since January 1, 2016.
- 5.) It is necessary and reasonable to increase the stormwater utility fees as provided for below to fund the increased costs to the City's stormwater utility and necessary improvements thereto.

FURTHER RESOLVED, that pursuant to Section 43-66 of the Duluth City Code, 1959, as amended, for the purpose of increasing the revenue of the stormwater utility, there is established a user charge as provided in said ordinance effective January 1, 2021. The user charge rate shall be based upon equivalent residential units (ERU = 1,708 impervious square feet) per month, as follows:

Rate Class	Units	Effective January 1, 2016	Effective January 1, 2021	Effective January 1, 2022	Effective January 1, 2023	Effective January 1, 2024	Effective January 1, 2025	Effective January 1, 2026
ERU - Commercial/Industrial	1st ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
	> 1 ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
ERU-R - Residential, Single Family Home	1st ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
	> 1 ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
ERU-R - Residential, Duplex and Triplex	1st ERU	\$6.75	\$7.51	\$8.35	\$9.29	\$10.34	\$11.50	\$12.79
	> 1 ERU	\$6.00	\$6.68	\$7.43	\$8.27	\$9.20	\$10.24	\$11.39
ERU-A - Multi-Family, 1-4 Floors	1st ERU	\$4.35	\$4.81	\$5.31	\$5.87	\$6.50	\$7.20	\$7.98
	> 1 ERU	\$3.60	\$4.06	\$4.56	\$5.12	\$5.75	\$6.45	\$7.23
ERU-B - Multi-Family, 5-9 Floors	1st ERU	\$4.05	\$4.47	\$4.93	\$5.45	\$6.02	\$6.66	\$7.37
	> 1 ERU	\$3.30	\$3.72	\$4.18	\$4.70	\$5.27	\$5.91	\$6.62
ERU-C - Multi-Family 10+ Floors	1st ERU	\$3.75	\$4.13	\$4.55	\$5.02	\$5.54	\$6.13	\$6.77
	> 1 ERU	\$3.00	\$3.38	\$3.80	\$4.27	\$4.79	\$5.38	\$6.02

RESOLVED FURTHER, that any prior rates inconsistent or conflicting with the rates set forth herein are hereby superseded.

Approved by the DPUC: _____
(date)

Submitted to City Council: _____
(where appropriate) (date)

ATTEST:

Director
Public Works and Utilities
City of Duluth

STATEMENT OF PURPOSE

This resolution adopts a stormwater rate increase of approximately 11.25% per year for each of the next six years. This increase will raise the total funds available for capital projects to an estimated \$4,600,000 in year 2026. As found by the Commission, this represents the minimum investment necessary in the City's stormwater infrastructure to prevent further deterioration of the system and to maintain its viability to serve the needs of the system's users.

The Commission first evidenced its intent to consider this plan when it passed Resolution No. 20PUC-001 on March 17, 2020, and called for public input. Subsequently, the Commission held a public meeting on July 21, 2020, at which the public was invited to provide comments on the proposed new rate structure. In addition, the Director of Public Works and Utilities and staff, along with Commission members, met with the Chamber of Commerce to seek further input on the needs of the system and the proposal to address those needs.

After receiving all of the input provided and weighing what has to be done to preserve the system, staff brought forth this resolution adopting the plan for the Commission's approval after a formal hearing before the Commission as required by its Bylaws.

This resolution sets stormwater rates effective January 1, 2021.