



City of Duluth

411 West First Street
Duluth, Minnesota 55802

Minutes - Draft

Duluth Public Utilities Commission.

Tuesday, August 17, 2021

5:15 PM

Council Chambers, City Hall, 411 West First Street

The Duluth Public Utilities Commission will hold its August 17, 2021 meeting by other electronic means pursuant to Minnesota Statutes Section 13D.021 in response to the COVID-19 emergency. Some members of the Board will be participating through video conference. Due to the COVID-19 emergency and the closure of City facilities, public comment will not be taken in person. However, members of the public can monitor the meeting and provide public comment on agenda items through WebEx Events. Visit <https://duluthmn.gov/live-meeting> to access the meeting. The public is also encouraged to submit written comment to jbenning@duluthmn.gov prior to the meeting. Please include "August 2021 DPUC Agenda" in the subject line, and include your name and address and the agenda item you are speaking to. The agenda can be found online at <https://duluthmn.gov/boards-commissions/duluth-public-utilities-commission/>. Please note that all public comment is considered Public Data.

CALL TO ORDER

President Ryan called the meeting to order at 5:15 p.m.

ROLL CALL

Members Present: Chris Adatte, Andrea Crouse, Steve Lipinski, Councilor Derek Medved, Carrie Ryan, Councilor Joel Sipress

Members Absent: Councilor Terese Tomanek

Staff Present: Bob Asleson, Leanna Gilbert, Greg Guerrero, Chris Ostern, Eric Shaffer, Kerry Venier

PUBLIC COMMENT PERIOD

Written comments regarding the ERU calculation were received from the following citizens:

Gary Moline, President of Moline Machinery located at 200 S Central Avenue
Lance Reasor, with Reasor Properties, Inc. located at 130 E 9th Street

There were no other comments from the public at this time.

APPROVAL OF MINUTES

[DPUC053](#) June 15, 2021 DPUC meeting minutes draft

Indexes:

Attachments: [06152021 DPUC meeting minutes draft](#)

Commissioner Lipinski motioned to approve the minutes, and the motion was approved by all present.

UNFINISHED BUSINESS

ERU calculation update

[DPUC055](#) SEH memo re Duluth stormwater utility evaluation

Indexes:

Attachments: [Duluth-SWU-memo-27JUL2021 Final w- Attach A](#)

Eric Shaffer reported that the consultant that reviewed the ERU calculation determined that the new ERU value should be 3,099 square feet instead of the current 1,708 square feet. He explained the differences in how the calculations were made and how that change would affect the stormwater budget. He also reported that the process of recalculating impervious surfaces for all Commercial/Industrial properties should be done by the end of the year. There was some discussion about whether the ERU value should be phased in, the stormwater utility and fee system, and the cumulative effect of rate increases.

Gary Moline, President of Moline Machinery located at 200 S Central Avenue, commented on the ERU value and how much his company is paying for stormwater compared to other companies.

Commissioner Sipress requested an opinion from the Attorney's Office about the legality of phasing in the ERU value. The Commission will continue to discuss the ERU calculation at the next meeting.

Sanitary sewer utility discussion

Eric Shaffer said that we have not had a sanitary sewer rate increase in quite a few years. The sanitary sewer utility will be out of debt in a few years, and we would like to stay that way. The two main capital projects are Cured in Place Pipe (CIPP) lining sewer mains and rebuilding lift stations. A lot of recent projects have included generators. Kerry Venier noted that the proposed 4.5% increase was not for capital increases but to keep the fund at its current level and to build the fund balance for emergency use. After some discussion, commissioners asked staff to prepare a sanitary sewer rate resolution for a one-time 4.5% rate increase and to arrange for a public hearing to be held at the September meeting.

NEW BUSINESS

2022 utilities budget discussion

[DPUC054](#) 2022 proposed utilities budget

Indexes:

Attachments: [2022-PUC Budget Presentation \(Narrative\) FINAL](#)
[2022-PUC Budget Presentation \(Primary\) FINAL](#)
[2022-PUC Budget Presentation \(Rate Change Impact\) FINAL](#)

Chris Ostern gave an overview of the proposed 2022 utilities budget including how the sanitary sewer and stormwater utilities would be affected with or without the changes previously discussed. She also noted some adjustments to cost allocations to the general fund that were not in the meeting packet pages.

[DPUC056](#) 21PUC-005 - RESOLUTION APPROVING AND RECOMMENDING 2022 UTILITY BUDGET.

Indexes:

Attachments: [21PUC-005 approving 2022 budget](#)

This resolution was tabled until the next meeting, since the sanitary sewer and stormwater budgets are still undecided.

UPDATES FROM STAFF

Eric Shaffer reported that construction is going well and mentioned a project to put a smart pig in the 16" gas main on Morris Thomas Road. He also reported on lead services, including a potential demonstration lining project, the possibility of purchasing water filters and filter replacements, and a study to reduce lead corrosion.

COMMISSIONER QUESTIONS OR COMMENTS

There were no questions or comments at this time.

UPCOMING COUNCIL ACTIONS

Eric Shaffer mentioned that the department budget presentation will be coming up soon.

PREVIEW OF UPCOMING BUSINESS

The next regular meeting is scheduled for Tuesday, September 21, 2021 at 5:15 p.m. The Commission will continue discussing the ERU calculation, the sanitary sewer utility rates, and the 2022 proposed utilities budget. A public hearing will be held regarding the sanitary sewer rates, and the Commission will consider a sanitary sewer rate resolution. The Commission will also consider a resolution approving and recommending the proposed 2022 utilities budget.

KNOWN ABSENCES FOR FUTURE MEETINGS

No absences were mentioned.

ADJOURNMENT

The meeting was adjourned at 6:57 p.m.