



City of Duluth

411 West First Street
Duluth, Minnesota 55802

Minutes - Draft

Duluth Public Utilities Commission.

Tuesday, September 21, 2021

5:15 PM

Council Chambers, City Hall, 411 West First Street

NOTICE OF PUBLIC HEARING: The Duluth Public Utilities Commission will hold a public hearing by electronic means regarding a proposed sanitary sewer rate increase on Tuesday, September 21, 2021 at 5:15 p.m. The purpose of this public hearing will be to explain the proposed 4.5% increase to the sanitary sewer variable rates and to receive comments from the public regarding the proposed change. The public hearing will be held at the commencement of the regular Commission meeting, which will be held 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.

PUBLIC PARTICIPATION/PUBLIC COMMENT: Due to the COVID-19 emergency and the limitation on the use of City facilities, the hearing and regular meeting will be in a virtual, electronic format and not in a personal, public format, and public comment will not be taken in person. However, members of the public can monitor the hearing and meeting and provide public comment on the proposed sanitary sewer rate increase and on other agenda items through WebEx Events. Go to <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 "September 2021 DPUC Agenda" in the subject line, and include your name and address and the agenda item you are speaking to. The Commission's 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, Carrie Ryan, Councilor Joel Sipress, Councilor Terese Tomanek; Councilor Derek Medved arrived at 5:16 p.m.

Members Absent: none

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

SANITARY SEWER RATE PUBLIC HEARING

The Commission held a public hearing on sanitary sewer rate resolution 21PUC-006.

Written comments were received from the following citizens:

Robert Prusak, resident of 664 Everett Street
Sharon Beaulieu, no address given

The hearing was closed at 5:18 p.m., and the Commission moved on to the regular meeting.

PUBLIC COMMENT PERIOD

[DPUC057](#) Gary Moline comment received 08182021

Indexes:

Attachments: [Gary Moline email received 08182021](#)
[Gary Moline 19980511 Article XI. Stormwater Utility System](#)
[Gary Moline WaterFront Properties - Storm Billing Levels Comparison 12-15-2020](#)

Written comments regarding the ERU calculation were received from the following citizen:
Gary Moline, President of Moline Machinery located at 200 S Central Avenue

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

APPROVAL OF MINUTES

[DPUC058](#) August 17, 2021 DPUC meeting minutes draft

Indexes:

Attachments: [08172021 DPUC meeting minutes draft](#)

Commissioner Lipinski motioned to approve the minutes, and the motion was approved unanimously.

UNFINISHED BUSINESS

ERU calculation update

Bob Asleson stated that there is no authorization in the City code for a graduated ERU rate increase. He reviewed the SEH memorandum and compared it to the provisions in the City code and came to the conclusion that the method of calculation used by SEH did not conform to the requirements of code. The City will contact SEH for a review and revision of their calculations.

Sanitary sewer utility discussion

[DPUC059](#) Sanitary sewer rate increase worksheet

Indexes:

Attachments: [2021 Sanitary Rate Case 1 yr inc](#)

Eric Shaffer stated that a one-time rate increase is proposed at this time to allow things to settle a bit before we look into a longer term rate increase. President Ryan mentioned the worksheet summarizing the effect of the increase on customer bills that was in the meeting packet.

2022 utilities budget discussion

[DPUC060](#) Updated budget worksheets

Indexes:

Attachments: [2022-PUC Budget Presentation Final Rev1 \(03SEPT2021\)](#)

Chris Ostern mentioned a few changes to the proposed utilities budget. Commissioner Sipress asked about whether some of the American Rescue Plan Act funding could be used for stormwater. He also asked about the effect of the ERU calculation on the stormwater budget.

[DPUC062](#) 21PUC-005 - RESOLUTION APPROVING AND RECOMMENDING 2022 UTILITY BUDGET.

Indexes:

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

Commissioner Sipress motioned to approve resolution 21PUC-005 approving and recommending the 2022 utility budget, and the resolution was approved unanimously.

NEW BUSINESS

[DPUC061](#) 21PUC-006 - RESOLUTION ESTABLISHING THE CUSTOMER CHARGE AND USER CHARGES FOR THE CITY'S WASTEWATER FACILITIES EFFECTIVE WITH METER READINGS AFTER JANUARY 1, 2022; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.

Indexes:

Attachments: [21PUC-006 sanitary sewer rate increase](#)

After some discussion, Commissioner Lipinski motioned to approve resolution 21PUC-006 increasing the sanitary sewer volume rates effective January 1, 2022, and the resolution was approved unanimously.

UPDATES FROM STAFF

Eric Shaffer reported that construction is wrapping up early this year. Decker Road is done. The Woodland Avenue gas project is done. Utility Operations has all of the pipe from the smart pigging on Morris Thomas Road back together. There is only one spot to repair on that pipe. The water and sanitary sewer infrastructure that is being replaced as part of the Twin Ports Interchange Project has wrapped up for the year.

COMMISSIONER QUESTIONS OR COMMENTS

Commissioner Sipress asked about the statutory authority for waterfront credits. Bob Asleson would prefer not to answer that question at this time due to the ongoing lawsuit.

Commissioner Tomanek asked when the water meter replacement funded by the American Rescue Plan Act money would begin. Jim Benning stated that the meters were ordered and will be delivered soon. They will be installed over a period of time. That is half of the purchases. The other half will be radio telemetry for reading meter data. That resolution has not gone to City Council yet. It may take a couple of years for meter installation.

President Ryan asked about the status of the lead pipe issue. Eric Shaffer responded that we are going to do a hands-on study of the effects of different chemicals on lead corrosion. We have been following up on places where residents have replaced their portion of the lead service and the City portion had not been replaced. We also intend to bid an experimental project for lining lead services. Jim Benning stated that some of the American Rescue Plan Act funding would be used for a lead service replacement loan program. There was some discussion about the cost of lining pipe compared to open cut.

Vice President Adatte mentioned rising natural gas prices and asked about gas purchasing. Jim Benning responded that we have some gas in storage to be used over the winter. We also buy monthly and daily gas as needed.

Commissioner Sipress mentioned the possibility of using \$500,000 of the American Rescue Plan Act funding for stormwater capital projects instead of other proposed projects.

UPCOMING COUNCIL ACTIONS

Jim Benning mentioned one resolution on the upcoming agenda for the steam plant. The Public Works & Utilities Department 2022 budget presentation to City Council is September 27. Commissioners are welcome to attend.

PREVIEW OF UPCOMING BUSINESS

The next regular meeting is scheduled for Tuesday, October 19, 2021 at 5:15 p.m. The Commission will consider a resolution approving 2022 utility fees.

KNOWN ABSENCES FOR FUTURE MEETINGS

No absences were mentioned.

ADJOURNMENT

The meeting was adjourned at 5:54 p.m.