



City of Duluth

411 West First Street
Duluth, Minnesota 55802

Minutes - Final

Duluth Public Utilities Commission.

Tuesday, August 16, 2022

5:15 PM

Council Chambers, City Hall, 411 West First Street

CALL TO ORDER

President Ryan called the meeting to order at 5:20 p.m.

ROLL CALL

Members Present: Councilor Noah Hobbs, Steve Lipinski, Councilor Mike Mayou, Carrie Ryan, Councilor Terese Tomanek

Members Absent: Chris Adatte, Andrea Crouse

Staff Present: Bob Asleson, Cyndi Falconer, Leanna Gilbert, Greg Guerrero, Eric Shaffer, Kerry Venier

PUBLIC HEARING: TWO-YEAR 3.5% SANITARY SEWER VARIABLE RATE INCREASE

The Commission held a public hearing on sanitary sewer variable rate increase resolution 22PUC-002. There were no comments from the public at the hearing. The hearing closed at 5:21 p.m., and the Commission moved on to the regular meeting.

PUBLIC COMMENT PERIOD

There were no comments from the public at this time.

APPROVAL OF MINUTES

[DPUC084](#) July 19, 2022 DPUC meeting minutes draft

Indexes:

Attachments: [07192022 DPUC meeting minutes draft](#)

Commissioner Lipinski motioned to approve the July 19, 2022 meeting minutes, and the motion was approved by all present.

NEW BUSINESS

[DPUC085](#) 22PUC-002 - RESOLUTION ESTABLISHING THE CUSTOMER CHARGE AND USER CHARGES FOR THE CITY'S WASTEWATER FACILITIES EFFECTIVE WITH METER READINGS AFTER JANUARY 1, 2023; SUPERSEDING ALL PRIOR INCONSISTENT OR CONFLICTING RATES.

Indexes:

Attachments: [22PUC-002 2-yr sanitary sewer rate increase](#)

Commissioner Hobbs motioned to approve resolution 22PUC-002 increasing the sanitary sewer variable rates for the years 2023 and 2024, and the motion was approved by all present.

[DPUC086](#) 2023 proposed utilities budget

Indexes:

Attachments: [2023 PUC Budget Presentation \(8.2.22\)](#)

Kerry Venier stated that \$1M was added to the original stormwater budget for capital improvements. He gave a brief overview of the proposed revenues, expenses, and cash balances for the utilities. There was some discussion about utility employees, the clean water fund, and natural gas purchases. City staff will bring a resolution approving and recommending the proposed 2023 utilities budget to City Council for the Commission to consider in September.

Lead services replacement update

Eric Shaffer reported that we are in the process of hiring consultants to put together the plans for upcoming lead services replacement projects. There will probably be four consultants hired for projects including about 200 services each. We will apply for four separate Public Facilities Authority (PFA) loans and grants of \$2.5M. Eric explained the scoring process for these. We are using American Rescue Plan funds to get the plans done so that we will be ready when the funding is available. However, in order for the PFA to provide grant money for use on private property, the State legislature will need to change a statute to revise the dollar limit allowed. The City will send a letter requesting this change.

Eric Shaffer also reported that we bid out Phase 2, which includes 75 services on 8th Street and 7 others remaining from Phase 1, and it was awarded to JMF. They will be directional drilling at a cost of about \$16,000 per service. Since it is so late in the season, we are requiring them to complete a minimum of 15 services this year. There was some discussion about replacing sewer laterals in conjunction with lead services.

Cyndi Falconer reported on current response from the public and water filter distribution. There was some discussion about potential ordinances requiring lead service replacement if it is paid for by the City, requiring lead service replacement for rental properties to maintain their license, and possibly having something for point-of-sale. These ordinances would only be in effect if the funding was available. The Commission was in support of City staff developing the aforementioned ordinances. There was also discussion about funding available for purchasing filters and for promoting lead service replacement.

ERU recalculation update

Eric Shaffer stated that a report will be available at the next meeting.

UPDATES FROM STAFF

Eric Shaffer reported on current utility projects, including Hidden Valley, Michigan Street, and the blanket gas project. Greg Guerrero reported that Utility Operations is doing a lot of ditching in the Hillcrest area. There is a lot of construction going on, maintenance crews are cleaning sewers, and everybody is really busy right now. President Ryan commented on a recent water main break in her neighborhood and said thanks to the crew that was working on it late into the night. Commissioner Mayou asked about the expected completion date for Hidden Valley. Eric Shaffer responded that he thinks it will be done around November 1st, but the Michigan Street project will not be finished this year. Commissioner Mayou asked about the timeline for 21st Avenue East. Eric responded that it is a street project, so Cari Pedersen or Cindy Voigt would be able to answer that question. Commissioner Tomanek asked about gas prices this winter. City staff estimates that prices will be almost doubled from last winter. Staff anticipates that the purchased gas adjustment (pga) will remain positive.

COMMISSIONER QUESTIONS OR COMMENTS

There were no questions or comments at this time.

UPCOMING COUNCIL ACTIONS

Eric Shaffer stated that the CIPP sanitary sewer lining project will be on the next City Council agenda.

PREVIEW OF UPCOMING BUSINESS

The next regular meeting is scheduled for Tuesday, September 20, 2022 at 5:15 p.m. The Commission will consider a resolution approving and recommending the 2023 utilities budget to City Council and will continue with discussions about lead services replacement. Staff should have a report on the ERU recalculation.

KNOWN ABSENCES FOR FUTURE MEETINGS

Commissioner Tomanek will not be able to attend the September meeting.

ADJOURNMENT

The meeting was adjourned at 6:18 p.m.