

AGENDA
PUBLIC UTILITIES COMMISSION
November 3, 2021
3:00 P.M.

A. Call to Order

B. Roll Call

C. Approve Consent Agenda

1. Approve Agenda
2. Approve Meeting Minutes
3. Payments Report

D. 2022 Budget and Rates

E. Adjourn

***Public Utilities Commission Meeting
Minutes
September 1, 2021***

Meeting was called to order by Commissioner Possis at 3:05 p.m.

Members present: Annie Possis, Tracey Benson, and Craig Schulte

Absent:

Staff Present: Mike Roth, Patrick Knight, Matt Bronikowski

Others Present

Motion by Benson, seconded by Possis to approve the Agenda; August 4, 2021 Minutes; and Payment of Bills. Approved unanimously.

Matt Bronikowski and Mike Roth explained the need for hiring a new apprentice line worker. The apprentice program is a 4 year program and is designed to be an on the job training program. There are requirements for regular testing and number of hours worked with current line workers. Both linemen for Grand Marais PUC went through the apprentice program.

Mike Roth explained the next meeting there will be a conversation about budgets.

Craig Schulte asked a question about the late fees associated with customers on payment plans. Mike Roth explained that late fees are only charged to a customer's last month's balance and the fees do not accrue month to month.

Meeting was adjourned at 3:18 p.m.



CITY OF GRAND MARAIS

10/08/21 9:22 AM

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Payments

Current Period: September 2021

Payments Batch 10-8-21 APP **\$55.00**

Refer 82549 FURTHER Ck# 005413E 10/9/2021

Cash Payment E 602-49490-131 Employer Paid Health **\$55.00**

Invoice 39979136 10/5/2021

Transaction Date 10/5/2021 MAIN CHECKING G 10100 **Total** **\$55.00**

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$48,928.94
211 LIBRARY		\$191.46
602 SEWER		\$55.00
609 MUNICIPAL LIQUOR FUND		\$74,082.27
		\$123,257.67

Pre-Written Checks		\$55.00
Checks to be Generated by the Computer		\$0.00
Total		\$55.00



CITY OF GRAND MARAIS

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Payments

Current Period: October 2021

Payments Batch 10-22-21 APP \$14,678.03

Refer	82624 PSN	Ck# 005419E 10/14/2021	
Cash Payment	E 602-49490-432 Credit Card Charges		\$136.44
Invoice	246761 10/14/2021		
Cash Payment	E 601-49440-432 Credit Card Charges		\$136.45
Invoice	246761 10/14/2021		
Cash Payment	E 604-49590-432 Credit Card Charges		\$485.14
Invoice	246761 10/14/2021		
Transaction Date	10/14/2021	MAIN CHECKING G 10100	Total \$758.03
Refer	82625 MN DEPT OF REVENUE-EFTPS	Ck# 005420E 10/15/2021	
Cash Payment	G 601-20800 Taxes Due (State MN)		\$1,155.00
Invoice	1-064-066-208 10/15/2021		
Cash Payment	G 604-20800 Taxes Due (State MN)		\$12,765.00
Invoice	1-064-066-208 10/15/2021		
Transaction Date	10/15/2021	MAIN CHECKING G 10100	Total \$13,920.00

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$50,547.45
211 LIBRARY		\$40.00
601 WATER		\$1,291.45
602 SEWER		\$136.44
604 ELECTRIC		\$13,250.14
609 MUNICIPAL LIQUOR FUND		\$117,595.05
		\$182,860.53

Pre-Written Checks	\$14,678.03
Checks to be Generated by the Computer	\$0.00
Total	\$14,678.03



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Payments

Current Period: October 2021

Payments Batch 10-27-21 AP		\$143,048.88
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Refer	82627 <i>CENTURYLINK</i>	-
Cash Payment	E 601-49440-321 Telephone	\$69.36
Invoice	218 D24-1001 91 10/1/2021	
Cash Payment	E 601-49440-321 Telephone	\$60.05
Invoice	218 387 1788 61 10/1/2021	
Cash Payment	E 601-49440-321 Telephone	\$69.36
Invoice	218 D24-1002 21 10/1/2021	
Transaction Date	10/15/2021	Total \$198.77
	MAIN CHECKING G 10100	
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Refer	82628 <i>POLLARDWATER</i>	-
Cash Payment	E 601-49420-221 Equipment Parts/Building	\$1,541.63
Invoice	0201157 10/7/2021	
Transaction Date	10/15/2021	Total \$1,541.63
	MAIN CHECKING G 10100	
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Refer	82629 <i>BUCK S HARDWARE HANK</i>	-
Cash Payment	E 602-49480-300 Professional Srvs (GENE	\$8.26
Invoice	1160 10/12/2021	
Cash Payment	E 604-49570-210 Operating Supplies (GEN	\$13.07
Invoice	2088 10/12/2021	
Cash Payment	E 601-49420-210 Operating Supplies (GEN	\$32.66
Invoice	1160 10/8/2021	
Cash Payment	E 602-49480-300 Professional Srvs (GENE	\$7.70
Invoice	1160 10/12/2021	
Cash Payment	E 602-49480-300 Professional Srvs (GENE	\$9.78
Invoice	1160 10/12/2021	
Cash Payment	E 602-49480-300 Professional Srvs (GENE	\$9.15
Invoice	1160 10/12/2021	
Transaction Date	10/15/2021	Total \$80.62
	MAIN CHECKING G 10100	
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Refer	82630 <i>NEON LINK</i>	-
Cash Payment	E 601-49440-310 Service Agreements	\$176.36
Invoice	2116 10/1/2021	
Cash Payment	E 602-49490-310 Service Agreements	\$176.36
Invoice	2116 10/1/2021	
Cash Payment	E 604-49590-310 Service Agreements	\$352.71
Invoice	2116 10/1/2021	
Cash Payment	E 604-49590-350 Publishing	\$20.99
Invoice	2116 10/1/2021	
Cash Payment	E 604-49590-390 Conservation Improve	\$20.99
Invoice	2116 10/1/2021	
Cash Payment	E 604-49590-350 Publishing	\$69.60
Invoice	2117 10/4/2021	
Cash Payment	E 604-49590-390 Conservation Improve	\$171.99
Invoice	2133 10/13/2021	
Transaction Date	10/15/2021	Total \$989.00
	MAIN CHECKING G 10100	
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Refer	82631 <i>COOK COUNTY NEWS HERALD</i>	-
Cash Payment	E 604-49590-350 Publishing	\$63.00
Invoice	587 9/30/2021	
Transaction Date	10/15/2021	Total \$63.00
	MAIN CHECKING G 10100	



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Payments

Current Period: October 2021

Refer	82632	ALLIED GENERATORS	-			
Cash Payment	E 604-49551-317	Contracted Services			\$4,380.00	
Invoice	29044	10/6/2021				
Transaction Date	10/15/2021	MAIN CHECKING G	10100	Total	\$4,380.00	
Refer	82633	LOCATORS & SUPPLIES, INC	-			
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$276.85	
Invoice	0295781-IN	10/8/2021				
Transaction Date	10/15/2021	MAIN CHECKING G	10100	Total	\$276.85	
Refer	82642	STEVE S SPORTS AND AUTO	-			
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$9.29	
Invoice	295877	9/17/2021				
Cash Payment	E 604-49570-210	Operating Supplies (GEN FC			\$0.50	
Invoice	295877	9/17/2021				
Transaction Date	10/15/2021	MAIN CHECKING G	10100	Total	\$9.79	
Refer	82650	ULINE	-			
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$132.83	
Invoice	139077917	9/23/2021				
Transaction Date	10/15/2021	MAIN CHECKING G	10100	Total	\$132.83	
Refer	82651	WESTERN LAKE SUPERIOR SANIT	-			
Cash Payment	E 602-49480-317	Contracted Services			\$2,143.97	
Invoice	7810	10/4/2021				
Transaction Date	10/15/2021	MAIN CHECKING G	10100	Total	\$2,143.97	
Refer	82654	SMMPA	-	Ck# 005421E 10/25/2021		
Cash Payment	E 604-49560-388	Purchase Power			\$114,564.53	
Invoice	INV380	9/30/2021				
Transaction Date	10/15/2021	MAIN CHECKING G	10100	Total	\$114,564.53	
Refer	82659	WEX BANK	-	Ck# 005422E 10/26/2021		
Cash Payment	E 604-49570-212	Motor Fuels			\$29.80	
Invoice	75015002	10/15/2021				
Cash Payment	E 601-49440-212	Motor Fuels			\$8.51	
Invoice	75015002	10/15/2021				
Cash Payment	E 602-49490-212	Motor Fuels			\$8.51	
Invoice	75015002	10/15/2021				
Cash Payment	E 604-49570-212	Motor Fuels			\$483.26	
Invoice	75007141	10/15/2021				
Cash Payment	E 601-49440-212	Motor Fuels			\$130.90	
Invoice	75006614	10/15/2021				
Cash Payment	E 602-49490-212	Motor Fuels			\$130.90	
Invoice	75006614	10/15/2021				
Transaction Date	10/19/2021	MAIN CHECKING G	10100	Total	\$791.88	
Refer	82660	EDWIN E. THORESON, INC.	-			
Cash Payment	E 604-49570-210	Operating Supplies (GEN			\$478.00	
Invoice	28851	10/18/2021				
Transaction Date	10/19/2021	MAIN CHECKING G	10100	Total	\$478.00	
Refer	82664	KTM PAVING INC	-			



Payments

Current Period: October 2021

Cash Payment	E 601-49430-317 Contracted Services				\$500.00
Invoice	221-2004	9/29/2021			
Transaction Date	10/19/2021		MAIN CHECKING G	10100	Total \$500.00
Refer	82665 HAWKINS, INC.				
Cash Payment	E 601-49420-218 Operating Supplies- Che				\$811.15
Invoice	6036666	10/5/2021			
Transaction Date	10/19/2021		MAIN CHECKING G	10100	Total \$811.15
Refer	82667 US BANK				
Cash Payment	E 601-47027-601 Debt Srv Bond Principal				\$15,000.00
Invoice	167	10/19/2021			
Cash Payment	E 601-47027-611 Bond Interest				\$583.38
Invoice	167	10/19/2021			
Cash Payment	E 601-47027-620 Fiscal Agent s Fees				\$152.89
Invoice	167	10/19/2021			
Transaction Date	10/19/2021		MAIN CHECKING G	10100	Total \$15,736.27
Refer	82674 NOR SHORE AUTO GLASS				
Cash Payment	E 604-49570-210 Operating Supplies (GEN				\$250.90
Invoice	1248	9/28/2021			
Transaction Date	10/20/2021		MAIN CHECKING G	10100	Total \$250.90
Refer	82690 STEVE S SPORTS AND AUTO				
Cash Payment	E 604-49570-210 Operating Supplies (GEN				\$99.69
Invoice	2246	9/17/2021			
Transaction Date	10/21/2021		MAIN CHECKING G	10100	Total \$99.69

Fund Summary

	10100 MAIN CHECKING GMSB	
101 GENERAL FUND		\$19,597.15
211 LIBRARY		\$802.37
601 WATER		\$19,136.25
602 SEWER		\$2,494.63
604 ELECTRIC		\$121,418.00
609 MUNICIPAL LIQUOR FUND		\$272.05
		<u>\$163,720.45</u>

Pre-Written Checks	\$115,356.41
Checks to be Generated by the Computer	\$27,692.47
Total	\$143,048.88

City of Grand Marais

MEMO

TO: Chair Possis
Public Utilities Commissioners

FROM: Michael J. Roth, City Administrator

DATE: October 28, 2021

SUBJECT: 2022 Water Fund Budget and Rates

Here is the draft Water Fund budget for 2022. I am recommending no rate increase for 2022. Our current revenues allow the water fund to cover system repairs and improvements, and position the fund to contribute to City priority projects: AMI meter replacement, the 1st Street area reconstruction, and the 5th Avenue reconstruction. Our expense budget consists of the following components.

Category	WATER FUND				
	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
Personnel	\$96,225	\$94,550	\$95,283	\$97,347	\$106,543
Supplies	\$23,721	\$40,368	\$27,437	\$40,750	\$54,000
Services	\$55,527	\$56,096	\$61,035	\$74,000	\$81,000
Miscellaneous	\$6,088	\$5,903	\$6,458	\$8,000	\$7,860
Depreciation	\$166,817	\$171,733	\$165,127	\$166,410	\$165,200
Debt Service	\$51,922	\$40,356	\$29,878	\$33,102	\$28,041
Capital Reserve				\$16,000	\$40,000
Total	\$400,300	\$409,006	\$385,219	\$435,609	\$482,644

Revenue is provided by the following sources.

Category	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
Utility Bills	\$401,649	\$404,456	\$396,462	\$393,000	\$420,000
Fees	\$11,485	\$11,552	\$2,675	\$6,400	\$10,000
SA & Debt Levy	\$34,189	\$33,987	\$39,074	\$34,170	\$51,584
Miscellaneous	\$7,880	\$9,140	\$101,331	\$1,500	\$1,000
Rate Increase					
Total	\$455,203	\$459,135	\$539,542	\$435,070	\$482,584

We made a small increase of 2% to the rates from 2014-2018 and no change from 2019-2021. Water revenues are up \$25,000 based on a sales recovery to 2018-19 levels.

Capital Budget

The following expense line items in the budget are used to make debt payments and to build reserves.

Depreciation	\$165,200
Debt Service	\$28,041
Capital Reserve	\$13,000
Total:	\$206,241

Current Debt Commitments

2004 PFA Loan	\$52,226
2007 MMUA Loan	\$37,851
2008 Improvements	\$45,315
2017A CIP (PW Facility)	\$35,225
Total:	\$170,617

The remaining \$35,624 is available for future capital projects such as meter improvements, the 1st St reconstruction project, 5th Avenue reconstruction, and potential treatment plant improvements.

City of Grand Marais

MEMO

TO: Chair Possis
Public Utilities Commissioners
FROM: Michael J. Roth, City Administrator
DATE: October 28, 2021
SUBJECT: 2022 Sewer Fund Budget and Rates

Here is the draft Sewer Fund budget for 2022. I recommend an increase of 3% in sewer rates for 2022. The increase is necessary to cover increased expenses, as well as position the sewer fund to contribute to multiple City priority projects: AMI meter upgrades, the 1st Street area reconstruction, 5th Avenue reconstruction. One additional significant capital item, mercury reduction in the treatment plant, is not sufficiently understood to set a good budget number. We continue to fully fund depreciation allowing our reserves to pay for minor plant improvements and system repairs. Recent rate changes include, 3% in 2017, 5% in 2018, 3% in 2019, 2% in 2020, and 3% in 2021. Our expense budget consists of the following components.

Budget Overview

Category	2018 Actual	SEWER FUND			
		2019 Actual	2020 Actual	2021 Budget	2022 Budget
Personnel	\$196,092	\$190,436	\$190,691	\$220,628	\$231,193
Supplies	\$36,199	\$23,662	\$24,853	\$32,500	\$36,000
Services	\$573,340	\$244,289	\$216,073	\$227,900	\$239,200
Miscellaneous	\$22,467	\$13,154	\$6,171	\$22,350	\$20,360
Depreciation	\$146,776	\$148,178	\$149,617	\$147,546	\$149,546
Debt Service	\$73,531	\$41,059	\$28,196	\$27,713	\$23,847
Capital Reserve					
Total	\$1,048,405	\$660,778	\$615,601	\$678,637	\$700,146

The major ongoing component of the services category is sludge processing. 2018 services included approximately \$200,000 to repair a broken force main along Highway 61.

Revenue is provided by the following sources.

Category	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
Utility Bills	\$572,409	\$584,570	\$557,733	\$560,000	\$600,000
Fees	\$10,400	\$9,100	\$2,600	\$6,000	\$7,500
GW/Leach/Sludge	\$76,070	\$81,860	\$84,492	\$80,000	\$73,000
Miscellaneous	\$13,800	\$10,170	\$158,393	\$2,000	\$2,000
Rate Increase				\$16,800	\$18,000
Total	\$672,679	\$685,700	\$803,218	\$664,800	\$700,500

The 2020 revenues were \$28,000 behind 2019, even with the rate increase, due to a decrease in water sales volume of just over 10%. The 2021 revenue budget assumed continued decreased sales, but that has not been the case. 2021 sales volume will likely end up just below 2018-19, and revenue will be up due to rate increases.

Capital Budget

The following expense line items in the budget are used to make debt payments and to build reserves.

Depreciation	\$149,546
Debt Service	\$23,847
Total:	\$173,393

Current Debt Commitments

2013A Refunding	\$81,510
2017 CIP (PW Facility)	\$35,225
Total:	\$116,735

The remaining \$56,658 is available to pay for future capital projects. Future capital projects include potential improvements to the sewer treatment facility, AMI meter upgrades, the 1st Street area reconstruction, and 5th Avenue reconstruction.

City of Grand Marais

MEMO

TO: Chair Possis
Public Utilities Commissioners
FROM: Michael J. Roth, City Administrator
DATE: October 28, 2021
SUBJECT: 2022 Electric Fund Budget and Rates

Here is the draft Electric Fund budget for 2022. SMMPA is making no change to wholesale rates for 2022. Rate adjustments since 2012 include 2% in 2014-2015, 3% in 2016, 2% in 2017, no change in 2018 through 2021. I am recommending no rate increase for 2022.

Expenses

Category	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
Personnel	\$266,290	\$286,933	\$295,887	\$308,128	\$386,409
Supplies	\$57,442	\$164,262	\$110,299	\$54,000	\$59,500
Services	\$284,719	\$178,968	\$190,021	\$203,000	\$184,170
Purch. Power	\$1,797,746	\$1,742,020	\$1,565,284	\$1,600,000	\$1,700,000
Miscellaneous	\$16,546	\$17,674	\$30,419	\$23,604	\$26,371
Depreciation	\$236,719	\$241,335	\$233,798	\$236,718	\$239,887
Debt Service	\$104,058	\$87,109	\$75,781	\$83,578	\$55,468
Staffing Reserve				\$65,000	\$40,000
Capital Reserve	\$237,875			\$200,000	\$200,000
Total	\$3,001,395	\$2,718,301	\$2,501,489	\$2,774,028	\$2,891,805

Staffing

The personnel budget proposed for 2022 includes support for 2 Lineworkers, one Apprentice Lineworker, 32% of the City Administrator, Finance Director, City Secretary, and Communication Coordinator.

Other Factors

2019 sales were even with 2018. Sales in 2020 were down 10%. So far 2021 sales are slightly higher than 2020, but still below 2018-19. This is partially due to warmer weather and partially due to continued economic recovery.

The City Council has discussed increasing the administrative support percentage from the Electric Fund and the franchise fee, which is currently \$40,000 plus 1.5% of gross revenues. This ends up being about 2.5 % of gross revenues, with bond rating agencies reporting that 5% is a median amount. Our recent rate study included the assumption that this payment would be increased in future budgets.

Revenues

Category	2018 Actual	2019 Actual	2020 Actual	2021 Budget	2022 Budget
Utility Bills and Fees	\$2,718,204	\$2,731,606	\$2,604,635	\$2,550,000	\$2,650,000
Miscellaneous	\$28,900	\$39,873	\$43,573	\$32,880	\$30,915
SMMPA Payments	\$275,305	\$285,973	\$216,714	\$216,000	\$216,000
Rate Increase					
Total	\$3,022,409	\$3,057,452	\$2,864,922	\$2,798,880	\$2,896,915

Capital Budget

The following expense line items in the budget are used to make debt payments and to build reserves.

Depreciation	\$239,887
Debt Service	\$55,468
Capital Reserve	\$200,000
Total:	\$495,355

Current Debt Commitments

2012A Power Plant Refund Bond	\$197,725
2013B Reconstruction Refund Bond	\$131,000
2017A GO CIP Bond (PW Facility)	\$111,544
Total:	\$440,269

We have \$55,086 in excess capital funds for new debt payments and adding to reserves. Planned capital improvements using reserves include system upgrades. There are no current plans for additional debt supported projects. Two of our existing debt payments expire in 2023. Our recent rate study suggested that our fund balance should be allowed to increase for a few years rather than consider rate decreases.