

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on April 25, 2017.

Commission President Dolly Matten called the meeting to order.

**Commissioners Roll Call**

Lucy Nesheim – Present  
Don Samuelson - Present  
William Wroolie – Present

Mark O'Day – Present  
Dolly Matten – Present

**Utility Staff Present**

Secretary/Finance Director  
Superintendent of Utilities  
Recording Secretary

Todd Wicklund  
Scott Magnuson  
Sharon Jensen

**Others in Attendance**

Brainerd City Administrator  
Brainerd Mayor  
BLAEDC  
BLAEDC

Jim Thoreen  
Ed Menk  
Sheila Haverkamp  
Mike Bjerkness

**Approval of Minutes**

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the minutes of the March 28, 2017 regular monthly meeting and to approve payment of the April 2017 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Public Forum**

None

**President's Report**

None

**Other Commissioners' Reports**

Commissioner O'Day reported on his meeting with John Forrest member of the Rotary Club. While the Club members were cleaning up the Brainerd Rotary Park they noticed that there was a pile of old poles and that the lock on the sewer valve vault was cut. They inquired if they could install a bird watching platform near the sewer valve vault and if BPU could spread some class 5 gravel on the road. Magnuson stated that the poles have been removed and that the lock and the one across the river have been replaced. It is not recommended to encourage people to hang out around the sewer crossing and the trail is not meant to be a road.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

### **April 25, 2017**

#### **City Administrator Report**

City Administrator Jim Thoreen stated the hope is to have the Airport connected soon to water and sewer utilities. City Engineering and BPU Staff have had discussions regarding the state of the project.

Thoreen reported that the former motel and office property at 507 S 6<sup>th</sup> St. has been condemned. DBM II Partnership, the property owner, has been notified that the structures need to be demolished. DBM II Partnership also owns commercial and rental property at 217 S 7<sup>th</sup> Street that the City has issued an order to suspend and/or revoke the rental license. There is a Rental Board of Appeals hearing today at 5:00 PM regarding 217 S 7<sup>th</sup> St.

Thoreen has been in contact with the local legislators regarding Local Government Aid (LGA) funding and that Brainerd is supporting an increase in LGA funding.

Commissioner O'Day inquired about the WAC/SAC fees for the Airport project and if they will be forwarded to BPU to use for payment of the bonds. Commissioner Matten also had questions and wondered if BPU shouldn't put the items in written form so that discussions can be held. It was agreed that a joint meeting should be set-up with the City Council and Commission.

Wicklund asked for an update on the annexation request. Thoreen stated that he was meeting with the City Attorney this afternoon and would have more information then.

#### **Special Presentation**

##### Brainerd Lakes Area Economic Development Corporation (BLAEDC)

Sheila Haverkamp, Executive Director of BLAEDC, reviewed the 2016 annual report and the six set objectives to enhance the economic development health for our area.

- Promotion and Awareness – Hired a writer, ready to support projects and businesses with professional resources.
- Technical Assistance – assisted with site location, financing technical assistance, and government resources and processes.
- Business Retention & Expansion – connecting with key companies in our community and letting them know BLAEDC cares about them and are here to support them.
- The EXEC Program – insight and knowledge of the area to business leaders.
- Tech Services & Manufacturing Sectors – Grant to Central Lakes College to add programs to create and diversify workforce.
- Workforce & KEY Recruitment Program – hired Mike Bjerkness to recruit qualified employees to fill and keep job opportunities local.

Discussion included Brainerd Industrial Park marketing, why some businesses choose one area over another, BPU contribution to BLAEDC and the promotion of BPU's economic development rate.

#### **Secretary's Report**

##### Review of March 2017 Financial Information

Wicklund reported that purchased power costs are \$396,000 higher than last year and employee benefits for 2017 includes approximately \$75,000 related to the recording of PERA pension expense due to implementation of new pension reporting standard. Commissioner O'Day inquired about the increase in purchased power. Wicklund stated Minnesota Power releases new rates in June which become effective July 1<sup>st</sup> of each year and therefore the rates for fiscal year starting July 1, 2017 are not known at this time. BPU power contract with Minnesota Power ends June 30, 2019.

**BRainerd PUBLIC UTILITIES COMMISSION MEETING**  
**April 25, 2017**

	Three Month Period Ended March 31,					
	Electric		Water		Wastewater	
	2017	2016	2017	2016	2017	2016
<b>(Amounts in Thousands)</b>						
Operating Revenue	\$ 4,721	\$ 4,617	\$ 520	\$ 523	\$ 602	\$ 609
Operating Expenses						
Purchased Power	3,206	2,810	-	-	-	-
Depreciation	417	394	171	168	351	347
Other Operating Expenses	947	813	404	340	496	449
Total Operating Expenses	4,570	4,017	575	508	847	796
Operating Income (Loss)	151	600	(55)	15	(245)	(187)
Nonoperating Revenue (Expense)	(84)	(85)	135	(9)	216	156
Transfers to City	(172)	(172)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ (105)	\$ 343	\$ 80	\$ 6	\$ (29)	\$ (31)
Meters in Service	7,987	7,960	4,676	4,645	4,629	4,598

Public Power Energy Services, LLC

Wicklund updated the Commission on the following items that PPES is working on behalf of BPU:

- Working on purchasing an additional 10 MW of capacity for the 19/20 planning year. This would put BPU at 45 MW of capacity for the year.
- Looking at right sizing the capacity needs for planning years 20/21 to 24/25 and looking at the potential of selling 5 MW for each of those years. This would get BPU back to 45 MW's per year.
- Safety Net – Registering some of BPU's backup generators with MISO which would result in giving BPU additional capacity. Work continues of determining the costs associated with retrofitting.

CliftonLarsonAllen

Mary Reedy, CliftonLarsonAllen, will present the 2016 audit at the May 23<sup>rd</sup> meeting.

Baxter/Franchise Fee

Brainerd City Attorney continues to research the applicability of the Baxter franchise fee to BPU.

**Superintendent's Report**

Superintendent Magnuson reported on the following:

Water Department

- Leaks/Breaks/Complaints – Customer curb stop is broken and will be repaired next week
- Filtration Plant
  - Controls for the north half of south plant are being installed
- Projects
  - Flushing – Flushing was to begin this week but due to the weather it will start next week.
  - Plastic Pipe Requests – Received requests to install plastic pipe, researched and determined that since BPU does not chlorinate potential for bacteria growth is greater, BPU policy for copper water services will remain.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING**  
**April 25, 2017**

- Airport Extension and Airport Project – Reviewed progress meeting notes
  - Issues with Leaks – Leaks associated with loose bolts and broken pipes
  - MPCA – New silt fence installed due to dewatering warning
  - Anderson Brothers – waiting to connect
  - Airport – ground water leaking into new sanitary installed last summer

**Wastewater Treatment Department**

- WWTF/Projects
  - Plant is running excellent
  - Sludge Hauling – Started hauling yesterday, April 24

**Electrical Department**

- Outages/Interruptions/Complaints – No major outages to report
- Projects
  - Crews continue in NE Brainerd
  - Central substation transformers have been decommissioned and removed

**Hydro Department**

- Projects
  - Plugs installed in the pits (high water)
  - Apron – Waiting for FERC review of project
  - Amjet – discussions held with engineering firm of Knight Piesold and Co. and contractor GraCon LLC regarding walls of pit and installing a gate inside of pit no. 6

**Administration Department**

- Technology Supervisor – Aaron Andersen starting May 1, will work with Scott Sjolund for four weeks
- Wastewater Operator – Tim Holtz started April 17<sup>th</sup>, former Street Department employee
- Water Service worker – Posting ended yesterday
- Backup generators – Contacted Caterpillar for assistance with MISO registration
- Retirement – Jerald Tautges, Water Crew Chief effective June 23<sup>rd</sup>.

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to accept Jerald Tautges retirement effective June 23, 2017. There was a unanimous vote in favor of the motion. Motion carried.**

- Mobilite, LLC – Magnuson reviewed street light pole attachment agreement and stated it is based on the Verizon agreement.

**Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to approve Street light pole attachment agreement with Mobilite LLC. There was a unanimous vote in favor of the motion. Motion carried.**

- MMUA meeting – Magnuson and Wicklund are attending a meeting tomorrow to discuss items related to service territory
- Crow Wing Power – Meeting on Thursday to continue service territory discussions
- Solar Install at BIC – Discussed with Mike Higgins – project on hold for now
- Interns for Line Department – Three summer internships are being funded by NJPA for the Line Department. The interns are enrolled in the Lineworker course at Wadena. It is possible that two more summer laborers will be funded by NJPA also.
- Commission Email Verification – Magnuson had sent out an email last week regarding APPA's "RP3" reliable public power provider designation. Apparently a number of Commissioners did not receive the email.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING**  
**April 25, 2017**

**Old Business**

Commissioners inquired about the following:

- Roberts Property – No contact this month
- Annexation concerns
- Structural assessment of 13021 Eagle Drive – Waiting for contractor assessment report

**New Business**

None

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to meet in closed session to evaluate the performance of Secretary/Finance Director Wicklund and Superintendent Magnuson pursuant to Minnesota Statutes Section 13D.05, subd. 3(a). There was a unanimous vote in favor of the motion. Motion carried at 10:40 AM.**

Those present at the closed session included Commissioners Matten, Nesheim, Samuelson, O'Day, Wroolie, Superintendent Magnuson, and Secretary/Finance Director Wicklund individually.

The Commission reconvened into open session at 11:26 AM.

**Adjournment**

**President Matten adjourned the meeting at 11:26 AM.**