

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on August 29, 2017.

Commission President Dolly Matten called the meeting to order.

Commissioners Roll Call

Lucy Nesheim – Absent	Mark O’Day – Present
Don Samuelson - Present	Dolly Matten – Present
William Wroolie – Present	

Utility Staff Present

Secretary/Finance Director	Todd Wicklund
Superintendent of Utilities	Scott Magnuson
Recording Secretary	Sharon Jensen
Accounting Supervisor	Julie Batters
Line Supervisor	Trent Hawkinson

Others in Attendance

City of Brainerd Administrator	Jim Thoreen (arrived at 9:10)
Brainerd Mayor	Ed Menk (arrived at 9:10)
Kennedy & Graven	Jim Strommen (arrived at 10:05)

Approval of Minutes

Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to approve the minutes of the July 25, 2017 regular monthly meeting and approve payment of the August 2017 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

President’s Report

Commission President noted that she had stopped by the Hydro dam and it was looking great. She also attended the Brainerd City Council workshop on August 28th and stated that the presentation “River to Rails” by Bruce Buxton, BLAEDC was very interesting and if you have an opportunity you should see it.

Other Commissioners’ Reports

None

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING
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Secretary's Report

July 31, 2017 Summary of Financial Operations

<i>(Amounts in Thousands)</i>	Seven Month Period Ended July 31,					
	Electric		Water		Wastewater	
	2017	2016	2017	2016	2017	2016
Operating Revenue	\$ 11,070	\$ 10,665	\$ 1,374	\$ 1,331	\$ 1,496	\$ 1,459
Operating Expenses						
Purchased Power	7,025	7,177	-	-	-	-
Depreciation	974	919	398	395	820	811
Other Operating Expenses	2,165	2,035	989	844	1,155	1,032
Total Operating Expenses	10,164	10,131	1,387	1,239	1,975	1,843
Operating Income (Loss)	906	534	(13)	92	(479)	(384)
Nonoperating Revenue (Expense)	(124)	(180)	135	2	495	421
Transfers to City	(390)	(394)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 392	\$ (40)	\$ 122	\$ 94	\$ 16	\$ 37
Meters in Service	8,006	7,977	4,811	4,796	4,653	4,629

Review of July 2017 Financial Information

Wicklund reviewed the July financials and the following items were noted:

- Nonrestricted cash decreased \$1,978,800 from prior year while restricted cash increased \$1,277,000 from prior year.
- WAC/SAC fees collected from customers connecting to the new water and sewer lines to the airport will be allocated based on BPU's share of the total cost of the project.

Utility Financial Solutions (UFS) - 2018 Rate Design Study

Wicklund presented the 2018 Rate Design proposal in the amount of \$20,390 for Electric, Water and Wastewater from UFS.

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve the 2018 Rate Design proposal from Utility Financial Solutions in the amount of \$20,390. There was a unanimous roll call vote in favor of the motion. Motion carried.

Anderson Brothers/Parking Lot proposal

Wicklund noted that a proposal had been received from Anderson Brothers in the amount of \$47,537.36 to repair/poly patch and crack seal the back parking lot and WWTP driveways to extend the life for approximately another 10 years. Repair of the front parking lot will be budgeted for in 2018 and 2019.

Motion by Commissioner O'Day and seconded by Commissioner Samuelson to approve the Anderson Brothers proposal in the amount of \$47,537.36 to poly patch and crack seal the back parking lot and WWTP. There was a unanimous roll call vote in favor of the motion. Motion carried.

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NJPA Health Insurance Update

Wicklund discussed health insurance premium information received from NJPA which indicated premiums will increase 7.17% for 2018. The increase for other members of the NJPA pool will range between 6% and 18%.

Baxter-Franchise Fee

Wicklund noted that BPU has received a letter from Baxter's Attorney regarding the franchise fee and City Attorney is finalizing response to Baxter letter. A District Court Judge will need to review the facts of the case and render an opinion on this matter. He also stated that BPU's annexation request has been sent to the State Municipal Boundary Adjustment Unit.

Bonding Options/Springstad

Wicklund outlined options proposed by Springstad regarding Electric Utility bonding options. The Commission will need to adjourn to September 18th when Paul Steinman will be able to update the Commissioners as he is attending the City Council meeting that night.

Business 371

BPU's costs for the Business Highway 371 reconstruction project will approximate \$872,000. Since this project is a State project BPU will be required to advance our share of the project costs to the State before the end of the year.

City Administrator Report

City Administrator Thoreen updated the Commission on following City of Brainerd activities:

- Joint meeting of the Brainerd/Baxter City Councils was held on August 14th. There was a presentation by the State Demographer regarding future growth in the State and area. There were no discussions regarding annexation or franchise fee. All agreed that it is important to keep the dialog going.
- City Council meeting last night discussed the preliminary budget recommendations.
- Franchise fee – researching history for City Attorney
- Noted that he is transitioning to part-time (3 days a week) November 1st during the search for a new Administrator.

Mayor Ed Menk stated that the EDA is looking at a unified fund/loan pool for area businesses where BLAEDC would administer the funding allocation. He also said that the "River to Rails" presentation by Bruce Buxton is a must see.

Superintendent's Report

Water Department

- Leaks/Breaks/Complaints – one customer side service leak.
- Filtration Plant – running good
- Projects
- Airport Extension and Airport Project
 - Substantially complete/walk thru punch list
 - 2 large water meters and 5 to 6 small meters installed, not hooked up yet
 - Anderson Brothers is hooked up and Airport will start connecting next week

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Wastewater Treatment Department

- WWTF Projects
 - Plant is running well
 - Sludge Hauling – Continues on hayfields
 - Lab Tech position/MOU for wage – The position was not adjusted during negotiations as it was not filled at the time. City Council approved it earlier this month.

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve the Lab Tech wage MOU. There was a unanimous vote in favor of the motion. Motion carried.

Electrical Department

- Outages/Interruptions/Complaints
 - August 11th – Railroad employee was digging without getting area relocated and drove a ground rod into conduit. Potential for injury was high. 75 customers were out.
 - August 16th – 5,300 customers affected by outage caused by a faulty 115 kV switch at the Main Sub. Due to Minnesota Power protocol BPU had to wait for MP substation technician to come from Little Falls. BPU staff bypassed the switch to restore power and unsure of the cause.

Hydro Department

- Projects
 - Routine - water control received one complaint
 - Apron – Pay request No. 2 for \$182,280.57 received from ECI.

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve payment of the progress billing received from ECI for \$182,280.57. There was a unanimous roll call vote in favor of the motion. Motion carried.

- Amjet Turbine – Graycon, the contractor for the installation project approved the gate design for pit no. 6. Appears project will move forward in late October and early November.

Administration Department

- Surplus Sale – September 19th & 20th

Old Business

None

New Business

None

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to meet in closed session pursuant to Minnesota Statutes Section 13D.05, subd. 3(b), for attorney - client privilege to discuss potential litigation on dam spillway apron project. There was a unanimous vote in favor of the motion. Motion carried at 10:09 AM.

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

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The Commission reconvened into open session at 11:03 AM.

Adjournment

Motion be Commissioner Wroolie and seconded by Commissioner O'Day to adjourn meeting until September 18, 2017 at 2:00 PM at the BPU Commission Room to meet in closed session pursuant to Minnesota Statutes Section 13D.05, subd. 3(b), for attorney - client privilege to discuss potential litigation on dam spillway apron project and to meet in open session to discuss issuance of 2017A Electric Utility Revenue Bonds. There was a unanimous vote in favor of the motion. Motion carried at 11:03 AM.