

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on February 25, 2014

Commission President Donald Samuelson called the meeting to order.

Commissioners Roll Call

Lucy Nesheim – Present	Mark O’Day – Absent
Don Samuelson - Present	Donald Sievek – Present
William Wroolie – Via Phone	

Utility Staff Present

Secretary/Finance Director	Todd Wicklund
Superintendent	Scott Magnuson
Recording Secretary	Sharon Jensen

Others in Attendance

Brainerd City Administrator	Patrick Wussow
Brainerd City Councilmember	Gary Scheeler
SEH Design/Build, Inc.	Jeff Ledin

Approval of Minutes and February 2014 Bills

Motion by Commissioner Nesheim and seconded by Commissioner Sievek to approve the minutes of the January 28, 2014 regular monthly meeting and to approve payment of the February 2014 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

None

City Administrator Report

City Administrator Wussow:

- City Administrator Wussow has been on the job for two weeks.
- Future of Wausau Mill Site.
- Whittier school building meeting/tour is scheduled this morning.

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- Deadline to apply for Bonnie Cumberland Council seat vacancy is Wednesday, February 27, 2014 at 4:30 PM. On March 10th the applicants will be given 5 minutes for short presentations on why they should be chosen. The Council will then select the replacement.

City Council Liaison Gary Scheeler:

- Scheeler newly appointed Council liaison.
- Noted his neighbor was complimentary to BPU staff when they returned from vacation to a frozen water service.
- Local option sales tax (LOST) request to Legislature to extend and also to support the extension of water and sewer to the Brainerd Airport.

Special Presentation

Proposal for Water Tank Maintenance Services

Jeff Ledin, PE, Short, Elliot, Hendrickson (SEH) stated SEH began the computer modeling of BPU water distribution system. SEH evaluated the elevated Downtown 1 million gallon tank and the BRHSC 0.6 million tank and reviewed the 2006 Master Study prepared by TKDA. The recommendations are as follows:

- Rehabilitation of Downtown water tower in 2014 which would include complete abrasive blast cleaning of the exterior and interior, and the application of a new coating system with an estimated life of 15 to 20 years. The work would also include structural and safety modifications to the appurtenances and equipment. The Plan would also include annual inspections and washings at scheduled intervals through 2023. The total ten year cost of the Plan would be \$1,282,000.
- Rehabilitation of water tower located at the former BRHSC site in 2015 which would include initial exterior overcoat and the spot repairs necessary to the dry and wet interior components with an estimated life of 15 to 20 years. The work would also include structural and safety modifications to the appurtenances and equipment. The Plan would also include annual inspections and washings at scheduled intervals through 2023. The total ten year cost of the Plan would be \$613,200.
- Review ground storage tank options at Water Plant.

Commission discussion included water pressure in south Brainerd, water to the Airport, ground storage tank at Water Plant and funding/bonding options.

Motion by Commissioner Nesheim and seconded by Commissioner Sievek for SEH to start the Design Build Maintenance Plan for the two elevated towers and to research cost to replace current ground storage tank at Water Plant. There was a unanimous roll call vote in favor of the motion. Motion carried.

Secretary's Report

Secretary Wicklund reported the following significant items:

Hydro Dam Update– Wicklund reviewed new developments related to potential purchase of Hydro dam:

- Due diligence period extended from February 23rd to March 13th.
- Bill was introduced to the House at the State Legislature and the Senate version should be next week.
- Apron repair construction costs may be higher than originally estimated by Wausau Paper's engineering firm, Mead&Hunt, of \$1.2 million.
- Dive inspection delayed until late spring or early summer

Commission discussed the new developments and options on proceeding with the purchase.

APPA Financial/Operating Ratios for 2012 – Wicklund reviewed the APPA financial and operating statistics and how BPU rates are in comparison to other Utilities.

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Baxter Meeting Status Report – Wicklund, Magnuson, City Administrator Wussow and City of Brainerd Finance Director Connie Hillman met with Baxter City Administrator Gordon Heitke and Finance Director Jeremy Vacinek to discuss the following:

- Renewal of Local Option Sales Tax (LOST) – Discussed extension of LOST. Both cities are passing resolutions.
- Joint Wastewater Management Board – Baxter officials inquired why the Joint Wastewater Management Board wasn't formed as indicated in the Agreement. After further research it was determined that the responsibility and membership has not been formally defined.

Power Supply Update - Mike Kumm, Public Power Energy Service, LLC is looking into power supply options for BPU. Minnesota Power contract expires June 30, 2019 they would like BPU to extend the contract. Staff is currently considering several options related to purchasing future power after June 30, 2019.

MMUA Winter Legislative Rally – MMUA Winter Legislative Rally is April 23-25 in Bloomington.

Summary of Utility Operations – December 31, 2013 (Subject to Year-End Adjustment and Audit)

	Twelve Month Period Ended December 31,					
	Electric		Water		Wastewater	
	2013	2012	2013	2012	2013	2012
(Amounts in Thousands)						
Operating Revenue	\$ 17,247	\$ 18,378	\$ 2,161	\$ 2,020	\$ 2,312	\$ 2,334
Operating Expenses						
Purchased Power	12,881	14,498	-	-	-	-
Depreciation	1,268	1,199	493	483	1,386	1,374
Other Operating Expenses	2,481	2,458	1,369	1,355	1,748	1,666
Total Operating Expenses	16,630	18,155	1,862	1,838	3,134	3,040
Operating Income (Loss)	617	223	299	182	(822)	(706)
Nonoperating Revenue (Expense)	(306)	(224)	(5)	2	349	646
Transfers to City	(650)	(771)	-	-	-	-
Capital Contributions	-	-	-	-	-	58
Net Change in Net Assets	\$ (339)	\$ (772)	\$ 294	\$ 184	\$ (473)	\$ (2)
Meters in Service	7,861	7,820	4,651	4,642	4,603	4,594

Superintendent's Report

Superintendent Magnuson reported the following significant items:

MP Customers – Magnuson continued the Minnesota Power related discussion. The MP 504 feeder that flows through the Substation has caused issues for BPU customers. MP has 16-18 customers on Oakridge Road if BPU were to take over the customers the 504 feeder could be removed from the BPU substation.

Water Department

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- Leaks/Breaks/Complaints – As of today 146 BPU customers have reported frozen water lines. Crews are using welders to thaw. Staff is checking into options as the frost is going deeper, considering letting customers run water to prevent freeze-ups.
- Filtration Plant – Still waiting for new trough for catalyzer #5 and media. Air compressor needs to be replaced.
- Projects
 - Frozen water services Crew has two welders

Wastewater Treatment Department

- WWTF is running well
 - SBR Drives – three of the four SBR drives have failed. #1 was under warranty, #2 failed was fixed and purchased as a back-up, #3 the fan failed, then a week later, the drive failed. Allen Bradley is not answering calls from Automatic Systems or BPU. Bill Chang has been contacted.
- Test samples show minimal mercury staff is seeking a reduction in testing requirements.

Electrical Department

- Outages/Interruptions/Complaints –
 - Downtown Transformer rack aluminum to copper connector failed last night.
- Projects
 - SE Brainerd – Daryl's crew
 - Tree Trimming – Dan's crew
 - Arbor Glenn – construction on second building has started.

Administration

- Summer Help – Magnuson reported that the health insurance question regarding temporary employees was resolved. The 2013 “summer crew” will be contacted about returning.

Old Business

None

New Business

Postponed to March Commission Meeting

- Performance Evaluation for Secretary/Finance Director
- Performance Evaluation for Superintendent

Adjournment

Commission President Samuelson adjourned the meeting at 10:35 AM.