

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on June 27, 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  
Accounting Supervisor  
Line Supervisor

Todd Wicklund  
Scott Magnuson  
Sharon Jensen  
Julie Batters  
Trent Hawkinson

**Others in Attendance**

City of Brainerd Administrator  
City of Brainerd Mayor  
CliftonLarsonAllen, LLP  
Public Power Energy Services, LLC  
Kent Raslar  
Brainerd Dispatch

Jim Thoreen  
Ed Menk  
Mary Reedy  
Mike Kumm  
Paxmar Construction  
Spenser Bickett

**Approval of Minutes**

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the minutes of the May 23, 2017 regular monthly meeting, approve payment of the June 2017 bills and ratify conditional job offer to Jacob Herman, Wastewater Operator position effective June 19, 2017. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Public Forum**

Kent Raslar, Paxmar Construction, the developer who is building homes in the Brainerd Oaks and Serene Pines developments requested the Commission reconsider the use of polyethylene (PEX) pipe for water services. Mr. Raslar stated copper is more expensive to install, there are issues with theft, and PEX is easier to work with less issues during install. The Commissioners discussed the following:

- Brainerd does not chlorinate its water supply
- Frozen services
- New owner disclosure regarding frozen service liability
- Bacteria growth in the pipes

**Motion by Commissioner Wroolie and seconded by Commissioner O’Day to have BPU staff research BPU policy regarding the use of copper for water services. There was a unanimous vote in favor of the motion. Motion carried.**

# **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

## **June 27, 2017**

### **President's Report**

None

### **Other Commissioners' Reports**

None

### **City Administrator Report**

Mayor Menk asked if the identification tags installed on the Downtown decorative street light poles could be moved to a different location on the poles. Recently a gentleman tore his shirt on a tag.

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

- Waiting to hear from the City Attorney regarding annexation and franchise fee issues with Baxter
- Property at 217 S 7<sup>th</sup> Street rental license was revoked
- Former Downtown Motel, 511 S 6<sup>th</sup> Street, pending court case regarding condemnation.
- PTO study meeting ongoing with Staff and Union representatives
- Three Bridges Trail/Riverfront access –funding request to the Legislature
- Exodus Academy has started the fundraising process for use of former hotel in south Brainerd for boys' school

### **Special Presentation**

#### CliftonLarsonAllen-2016 Audit

Mary Reedy, CliftonLarsonAllen, reviewed the 2016 audit report. No compliance or internal control corrections noted for 2016. The following items were noted during the presentation:

- Electric revenues remained fairly consistent while expenses increased primarily due to increase in purchased power.
- Water operations were consistent with prior year with the exception of \$250,000 capital contribution from City related to Airport Utility Extension Project.
- Wastewater operations were consistent with prior year.
- Additions to construction in progress were approximately \$8 million primarily due to the Airport Project.

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to accept the 2016 Audit as presented by CliftonLarsonAllen. There was a unanimous vote in favor of the motion. Motion carried.**

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
June 27, 2017**

**Secretary's Report**

May 31, 2017 Summary of Financial Operations

	Five Month Period Ended May 31,					
	Electric		Water		Wastewater	
	2017	2016	2017	2016	2017	2016
<b>(Amounts in Thousands)</b>						
Operating Revenue	\$ 7,726	\$ 7,513	\$ 907	\$ 889	\$ 1,028	\$ 1,025
Operating Expenses						
Purchased Power	5,083	4,626	-	-	-	-
Depreciation	696	657	285	282	586	579
Other Operating Expenses	1,532	1,343	683	580	830	736
Total Operating Expenses	7,311	6,626	968	862	1,416	1,315
Operating Income (Loss)	415	887	(61)	27	(388)	(290)
Nonoperating Revenue (Expense)	(75)	(114)	133	8	352	285
Transfers to City	(273)	(276)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 67	\$ 497	\$ 72	\$ 35	\$ (36)	\$ (5)
Meters in Service	8,005	7,950	4,814	4,779	4,655	4,620

Review of May 2017 Financial Information

Wicklund noted Minnesota Power will be visiting with Staff on July 12<sup>th</sup> to discuss the true-up amount for the fiscal year ended June 30, 2017 and to review the new power rates which are effective July 1<sup>st</sup>.

Bonds Payable Payment Schedule

Wicklund reviewed the Bonds payable payment schedule which includes the Airport Project. Total debt service is \$45.3 million and annual debt service payments are \$4.4 million for 2017.

Sales Tax Analysis

Wicklund reviewed data from the MN Department of Revenue regarding types of businesses and sales tax collections for the years 2005 to 2015 for Brainerd and Baxter.

Service Territory Update

Wicklund stated discussions with Crow Wing Power are ongoing regarding service territory transfer.

MMUA Summer Conference

MMUA Summer Conference is August 21 to 23 at Madden's.

Public Power Energy Services, LLC

Mike Kumm, PPES, stated he had met with Commission's Energy Committee members O'Day and Nesheim along with BPU Staff on June 23<sup>rd</sup> to discuss the proposed Third Amendment to Market Based Rate Full Requirements Agreement with American Electric Power (AEP) extending the delivery period through May 31, 2027. Energy rates are favorable during the two year extension period.

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to ratify the Third Amendment to Market Based Rate Full Requirements Agreement with AEP for the period July 1, 2019 to May 31, 2027. There was a unanimous vote in favor of the motion. Motion carried.**

# **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

## **June 27, 2017**

### **Superintendent's Report**

#### **Water Department**

- Leaks/Breaks/Complaints – Two customer side service leaks, hydrant repair and one complaint regarding “things” in water.
- Filtration Plant
  - New controls in south plant are installed
- Projects
- Airport Extension and Airport Project
  - Contractor is working on project
  - Dewatering 3 locations
  - Airport – starting to install meters

#### **Wastewater Treatment Department**

- WWTF Projects
  - Impellor – lost final original impellor, 5 replaced including spare. Replacement 2 stainless and 2 repaired.
  - Sludge Hauling – Continues- 1 million gallons of sludge applied to field at end of Wright Street and 200,000 gallons applied to separate hayfield.

#### **Electrical Department**

- Outages/Interruptions/Complaints – 2 small outages
- Projects
  - Crews continue in NE Brainerd

#### **Hydro Department**

- Projects
  - Plugs installed in the pits (high water)
  - Apron – Pre-bid meeting last Tuesday included a review of the bid package and a site visit. Bids are due July 10<sup>th</sup> with the Commission meeting on July 12<sup>th</sup> to award bid.
  - Amjet – no update - contacted did not receive a response

#### **Administration Department**

- World's Greatest TV – Received a call from ION channel to feature the Hydro Dam on a program “Word's Greatest TV” during the conference call found out about the \$9,700 cost to BPU and informed them we were not interested.
- Solar Regulations – Working on a policy and information for customers.
- Resignation – Lineworker Mike Zabinski, effective July 7, 2017

**Motion by Commissioner O'Day and seconded by Commissioner Wroolie to accept Mike Zabinski resignation effective July 7, 2017 with regret. There was a unanimous vote in favor of the motion. Motion carried.**

Commissioner Matten inquired if staff had addressed the Baxter letter regarding downed trees on BPU property. Magnuson stated that the trees had been cleared along the main road and that crews will work on the rest of the property this winter. Matten asked if a letter has been sent to the mobile home parks in the City notifying them of the policy change for reimbursement of water leaks.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING**  
**June 27, 2017**

**Old Business**

Commissioner O'Day requested BPU Staff to report at next board meeting on payments made to BLAEDC in recent years.

**New Business**

None

**Adjournment**

**President Matten adjourned the meeting at 10:36 AM.**