

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on June 28, 2016.

Commission President Mark O'Day 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 City Councilmember  
Brainerd Dispatch  
Kennedy-Graven  
Barbato Consulting, LLC  
Spaulding Consultants, LLC

Jim Thoreen  
Gary Scheeler (arrived at 9:15)  
Spenser Bickett  
Jim Strommen (arrived 9:27)  
George Barbato (arrived 9:27)  
Doug Spaulding (arrived 9:27)

**Approval of Minutes and June 2016 Bills**

**Motion by Commissioner Nesheim and seconded by Commissioner Wroolie to approve the minutes of the May 31, 2016 regular monthly meeting and to approve payment of the June 2016 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 Matten complimented staff on preparing the Hydro dam for Brainerd history week. She and Commissioner Nesheim attended the open house and also went on the bus tour of Northeast Brainerd.

**City Administrator Report**

Brainerd City Administrator Jim Thoreen also thanked Utility staff for being at the Hydro facility and available to answer questions regarding its operation.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
June 28, 2016**

Brainerd Lakes Regional Airport bond sale interest rate is 1.83% and equipment bonds are 1.35%. The delay in issuance resulted in favorable interest rates which will be a benefit to the City. The Airport property water and sewer construction bids were let. The Citizen Facilities Commission appointed by the City Council completed the tours of all facilities and is completing their report for presentation to the Council.

BPU annexation discussions continue and the 2017 budget process has begun.

**Secretary's Report**

May 31, 2016 Summary of Utility Operations

<i>(Amounts in Thousands)</i>	Five Month Period Ended May 31,					
	Electric		Water		Wastewater	
	2016	2015	2016	2015	2016	2015
Operating Revenue	\$ 7,513	\$ 7,627	\$ 889	\$ 883	\$ 1,025	\$ 976
Operating Expenses						
Purchased Power	4,626	4,384	-	-	-	-
Depreciation	657	609	282	266	579	574
Other Operating Expenses	1,343	1,541	580	583	736	773
Total Operating Expenses	6,626	6,534	862	849	1,315	1,347
Operating Income (Loss)	887	1,093	27	34	(290)	(371)
Nonoperating Revenue (Expense)	(114)	(166)	8	(13)	285	243
Transfers to City	(276)	(247)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 497	\$ 680	\$ 35	\$ 21	\$ (5)	\$ (128)
Meters in Service	7,950	7,941	4,779	4,765	4,620	4,603

Key Financial Indicators

Wicklund reviewed graphical information for each department.

Conservation Incentive Program (CIP)

Wicklund reviewed graphs pertaining to Conservation Incentive Program (CIP) program. Since BPU involvement with the program starting in 2004 program grants and related program costs total costs incurred have been \$2.4 million while total kWh savings have been 3.5 million kwh annually.

Minnesota Power True-up

Wicklund discussed the meeting with Minnesota Power (MP) regarding true-up and rates effective July 1, 2016. During last year's negotiations MP had dropped the kW charge to entice wholesale customers to stay with them. BPU's true-up cost includes recovery of the "drop" in cost as BPU did not extend the contract. Total true-up cost will approximate \$255,000. The three year termination notice will be delivered to MP on June 30<sup>th</sup> by certified mail.

Wells Fargo Credit Card Authorization

Wicklund requested authorization to negotiate a credit card agreement with Wells Fargo Bank. BPU currently has a credit card with Mid MN Federal Credit Union with a limit of \$11,000 and five cards.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
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**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to authorize Wicklund to negotiate credit card agreement with Wells Fargo. There was a unanimous roll call vote in favor of the motion. Motion carried.**

MMUA Annual Summer Conference

MMUA Annual Summer Conference is August 15-17 at Cragun's Resort.

**Superintendent's Report**

Superintendent Magnuson reported on the following:

**Water Department**

- Leaks/Breaks/Complaints – low pressure on Portland. Leak on 14<sup>th</sup> Avenue & N St
- Filtration Plant – operating good
- Projects
  - 13<sup>th</sup> Street – Hydrants are completed and a gate valve on Wright Street
  - Standpipe repairs

**Wastewater Treatment Department**

- WWTF/Projects
  - Sludge application started today

**Electrical Department**

- Outages/Interruptions/Complaints – Trees in NE Brainerd, during big storm only 2 lines down
- Projects
  - NE Brainerd – West side of Mill Avenue
  - Well No. 8 – Conversion started

**Hydro Department**

- Projects
  - Paint – a lot of the painting is done checking on how to paint areas over the water
  - Road – starts tomorrow-repair trench, remove old bed
  - Amjet – The generator is not going to be delivered after the Hydro convention more testing needs to be completed
  - Barr Engineering – will present information at a later meeting regarding relicensing the Hydro dam. FERC wants the process to start early.

**Administration Department**

- Verizon contract – waiting for response from Verizon regarding changes
- Interstate Transport & Broadband – discussions in progress
- 1000 Hour Apprentice – Chayse Nash interned with the Line Crew this Spring and will work as a 1000 Hour Apprentice.
- Generator Bids – Two bids were received for the Water Plant back-up generator:

Ziegler Cat	\$157,544
Pioneer Critical Power, Inc.	\$161,720

**Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to award the low bid for the water plant back-up generator to Ziegler Cat in the amount of \$157,544. There was a unanimous roll call vote in favor of the motion. Motion carried.**

Magnuson stated that BPU will apply for a \$10,000 grant from the State Department of Health to help defray the costs of the generator. He noted that Utility staff will install it.

**Old Business**

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
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None

**New Business**

None

**Motion by Commissioner Wroolie and seconded by Commissioner Neishem to meet in closed session for the purpose to consider potential litigation on hydroelectric dam apron repair project pursuant to Minnesota Statutes Section 13D.05, subdivision 3(b), for attorney – client privilege. There was a unanimous roll call vote in favor of the motion. Motion carried at 9:55 AM.**

Those present at the closed session included the five BPU Commissioners present, Wicklund, Magnuson, Scheeler, George Barbato, Doug Spaulding, and Attorney Jim Strommen.

The Commission reconvened into open session at 10:45 AM.

Commissioner Wroolie mentioned that a representative from BPU Commission should be involved in discussions with City of Baxter regarding the annexation of BPU property into City of Brainerd.

**Motion by Commissioner Matten and seconded by Commissioner Nesheim to authorize Commissioners Wroolie and Matten to pursue scheduling a meeting with City of Baxter in regards to annexation of BPU property into City of Brainerd. There was a unanimous vote in favor of the motion. Motion carried.**

**Adjournment**

**Motion by Commissioner Neishem and seconded by Commissioner Matten to adjourn the meeting at 10:50 AM. Meeting adjourned.**