

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

Commission President Donald Samuelson called the meeting to order.

**Commissioners Roll Call**

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

Mark O'Day – Present  
Donald Sievek – Present

**Utility Staff Present**

Secretary/Finance Director  
Superintendent of Utilities  
Recording Secretary  
Accounting Supervisor  
Technology Supervisor

Todd Wicklund  
Scott Magnuson  
Sharon Jensen  
Julie Batters  
Scott Sjolund

**Others in Attendance**

Brainerd City Administrator  
Brainerd City Councilmember  
Brainerd Dispatch  
Short Elliot Hendrickson (SEH)  
Utility Customer  
Utility Customer

Patrick Wussow  
Gary Scheeler  
Jessie Perrine  
Jeff Ledin  
Jeff Czczok  
Guy Green

**Approval of Minutes and November 2014 Bills**

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the minutes of the October 25, 2014 regular monthly meeting and to approve payment of the November 2014 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Public Forum**

Hydro Dam

Utility customer, Jeff Czczok, inquired about the apron repair at the Hydro dam. Mr. Czczok asked if repair costs have increased since the start of the project and what are the guiding principles of informing the public about the project. Staff replied that after a competitive bid process the apron repair was awarded to Park Construction in the amount of \$2,356,672.70. Brainerd Public Utilities follow FERC regulations regarding releasing information. The project was delayed due to high water and the need for FERC approval of a dewatering plan. The pay requests are approved by the Commission and there have been no change orders to the original bid.

Utility customer, Guy Green, also inquired if Park Construction and FERC had increased the apron repair cost. Superintendent Magnuson stated no.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING November 25, 2014**

### **President's Report**

None

### **Other Commissioners' Reports**

None

### **City Administrator Report**

City Administrator Wussow stated that negotiations with IBEW #31 employees continue. Wussow reported that the Brainerd City Council has started discussions about increasing the wastewater collection fee from \$1 per 1,000 gallons to \$1.25 in 2015 and \$1.50 in 2016. The fee is collected by BPU and forwarded to the City.

### **Special Presentation-Short-Elliot-Hendrickson (SEH)**

#### *Water System Modeling, Fire Flows, and Future Water System Improvements*

Jeff Ledin, Professional Engineer, SEH, presented the results of the water system modeling with expected fire flows and pressure in the system infrastructure. The Airport extension fire flows were also calculated.

In the south pressure zone which includes the Industrial Park and the south residential area an option to consider would be the need to add water storage to handle the zone and increase available fire flows. The zone uses about 200,000 gallons per day so a 400,000 gallon storage tank would suffice.

Ledin also discussed the current water storage and backwash tanks at the Water plant. Both water storage tanks need rehabilitation. The 1 million gallon tank has lead paint and would cost approximately \$818,000 to rehab and a new concrete tank would cost approximately \$980,000 or a tank within a tank with a capacity of 2 million gallons would cost approximately \$3.3 million. The backwash process involves a bermed wetland and a MPCA permit for processing the 41 million gallons per year. A backwash reclamation system, dewatering and hauling the iron and manganese to the landfill is another option to consider. Commissioner O'Day inquired if the MPCA is going to require BPU to make changes to the backwash process.

Finance Director Wicklund asked Mr. Ledin which projects were the most critical. Mr. Ledin listed them as follows:

- Elevated Storage – big benefit
- Water plant improvements-ground storage/backwash

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
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**Secretary's Report**

Secretary Wicklund reported the following significant items:

Summary of Utility Operations – October 31, 2014

<i>(Amounts in Thousands)</i>	Ten Month Period Ended October 31,					
	Electric		Water		Wastewater	
	2014	2013	2014	2013	2014	2013
Operating Revenue	\$ 15,007	\$ 14,450	\$ 1,769	\$ 1,831	\$ 1,947	\$ 1,909
Operating Expenses						
Purchased Power	10,312	10,937	-	-	-	-
Depreciation	1,111	1,043	416	409	1,150	1,156
Other Operating Expenses	2,401	2,040	1,155	1,144	1,487	1,457
Total Operating Expenses	13,824	14,020	1,571	1,553	2,637	2,613
Operating Income (Loss)	1,183	430	198	278	(690)	(704)
Nonoperating Revenue (Expense)	(357)	(169)	3	4	516	508
Transfers to City	(513)	(549)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 313	\$ (288)	\$ 201	\$ 282	\$ (174)	\$ (196)
Meters in Service	7,954	7,866	4,657	4,662	4,611	4,611

Review of Other October 2014 Financial Information

Wicklund stated that the bond proceeds for the Hydro had been received.

Status Update Bond Issuance for Water Improvements

Wicklund reported that the \$1.7 million bond issuance for rehabilitation of the water tower, well house improvements and ground storage is expected in January 2015.

Update Power Providers Request for Proposals

Met with other Municipals who are MP customers regarding joining BPU in being included in the RFP that being finalized to evaluate power supply proposals from different power suppliers. It appears BPU will initiate the RFP process with only our load and other Municipals may join BPU during the evaluation process. Some of the northern Municipals have much higher electric rates than BPU. Todd Hegwer and Mike Kumm of Public Power Energy Services, who are representing BPU in this matter, met with MP officials to start discussions regarding different components of current electric service agreement with MP. Another meeting is being scheduled for early January in Duluth.

MMUA Leadership Training

Wicklund reported that he has agreed to assist in teaching the finance portion of MMUA leadership training seminar to be held at CLC and MMUA office in February. The session is approximately 3 hours in length and has approximately 15 participants each time.

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING November 25, 2014**

### December 2014 Meeting Date Change

Wicklund asked if there were any conflicts with the December 30<sup>th</sup> regular Commission meeting date. The Commissioners discussed the date and decided to change it to December 23, 2014 at 9:00 AM

**Motion by Commissioner Nesheim and seconded by Commissioner Wroolie to change regular commission meeting date to Tuesday, December 23, 2014. There was a unanimous vote in favor of the motion. Motion carried.**

### **Superintendent's Report**

Superintendent Magnuson reported on the following:

#### **Water Department**

- Leaks/Breaks/Complaints –
  - Several calls thanking BPU on the chlorination decision
  - College Drive service leak, checking with City Engineering Department and the contractors but leak appears to be on the customers side and not part of the construction.
- Filtration Plant – Well production has doubled
- Projects
  - Flushing hydrants for winter where possible
  - AMR – harder ones left to complete/schedule (electric demand metering is in testing phase)
- Water Tower – Tower is back on line
  - SEH pay request in the amount of \$919,722.40 for completion of Downtown Water Tower rehabilitation.

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve SEH pay request in the amount of \$919,722.40 for completion of rehabilitation of one million gallon Downtown Water Tower. There was a unanimous roll call vote in favor of the motion. Motion carried.**

#### **Wastewater Treatment Department**

- WWTF/Projects – since the plant went in service in 2011 all four drives have failed and three have been repaired and the 4<sup>th</sup> one will be sent back to be repaired. Work has been deemed to be warranty work.

#### **Electrical Department**

- Outages/Interruptions/Complaints
  - Baxter Industrial Park transformer fuse blew, it was frozen to the ground and the crew used torches in order to remove and replace it.
- Projects
  - NE Brainerd/Lum Park – setting poles
  - Winter tree trimming late December start

#### **Hydro Department**

- Apron Repair - Work continues on the East side with three of seven chute blocks ready for concrete, the water has been high and the tainter gate is open. The weather has created brutal work conditions. The Engineer of Record, Mead & Hunt is working on interim plan for the spillway water flow/Spring run-off. There have been discussions with FERC on how to proceed this winter and whether it is feasible to stagger and or divide the project into smaller projects for grant submission purposes with Minnesota DNR.
- Turbine pit #6 – Amjet has the design plans from the Engineer, they designed a new gate and rail system for repairs. Installation when the tail water is down and when Amjet Department of Energy grant is funded.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
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**Old Business**

None

**New Business**

**Capital Improvement Budget for 2015 through 2019**

Superintendent Magnuson reviewed the 2015 through 2019 capital improvement budget. The significant projects for each department for 2015 are as noted.

Electric Department – Total of \$1,283,000 for 2015

- 34.5 kV Distribution Expansion Improvements
  - NE Brainerd conversion
  - System distribution transformers
- Street Lighting
  - Conversion to energy efficient street lighting
- Equipment
  - Digger/derrick truck replacement

Water Department – Total of \$473,000 for 2015

- Flow meters for wells
- Chlorination equipment upgrade
- Storage/Central garage
- Central station sidewalk/stairs
- Backhoe replacement
- Filter Bed Improvements

Wastewater Treatment Department – Total of \$265,000 for 2015

- Sludge recirculating/thickening pumps
- One bank of UV bulbs
- Lab equipment
- Lift station improvements

Hydro Department – Total of \$128,000 for 2015

- Metal deck for pedestrian bridge
- Security updates
- Mid-size truck

Administration Department – Total of \$148,000 for 2015

- Automatic Meter Reading (AMR) installations
- Computer system improvements
- Color copier replacement

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the 2015 to 2019 Capital Improvement Budget. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
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**Operating Budget for 2015**

Finance Director Wicklund presented the 2015 Operating Budget and related graphs.

- Electric Department (Including Hydro) – Total revenue and expenses projected to be \$18,674,400 and \$18,754,600, respectively. Net loss for 2015 is projected to be \$80,200. Total capital asset additions for 2015 are projected to be approximately \$1,411,000 while depreciation expense for 2015 is projected to be \$1,455,000.
- Water Department – Total revenue and expenses projected to be \$2,229,000 and \$2,055,000, respectively. Net income for 2015 is projected to be \$174,000. Total capital asset additions for 2015 are projected to be approximately \$476,000 while depreciation expense for 2015 is projected to be \$563,000.
- Wastewater Treatment Department – Total revenue and expenses projected to be \$3,705,600 and \$3,882,600, respectively. Net loss for 2015 is projected to be \$177,000. Total capital asset additions for 2015 are projected to be approximately \$265,000 while depreciation expense for 2015 is projected to be \$1,379,400.
- All Departments – Total revenue and expenses projected to be \$24,609,000 and \$24,692,200, respectively. Net loss for 2015 is projected to be \$83,200. Total capital asset additions for 2015 are projected to be approximately \$2,297,000 while depreciation expense for 2015 is projected to be \$3,397,400.

**Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the 2015 Operating Budget and to forward to the Brainerd City Council for approval. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Adjournment**

**Commissioner Wroolie motioned at 11:09 AM to adjourn to the City Council December 1, 2014 meeting seconded by Commissioner Nesheim.**