

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on November 28, 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
Line Supervisor
Accounting Supervisor

Todd Wicklund
Scott Magnuson
Sharon Jensen
Trent Hawkinson
Julie Batters

Others in Attendance

Brainerd City Administrator
Brainerd City Administrator (1/1/18)

Jim Thoreen
Cassandra Torstenson

Approval of Minutes and Consent Items

Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the minutes of the October 31, 2017 regular monthly meeting and to approve payment of the November 2017 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 Thoreen introduced Brainerd's new City Administrator Cassandra Torstenson who will begin on January 1st. Thoreen stated that he was giving Ms. Torstenson a tour of City facilities.

Thoreen reported that the Council's budget workshop was held last night and a 3.5% levy increase has been proposed. The Council also discussed the City building assessment report and prioritizing improvements. Thoreen thanked the BPU crews for assisting with the Downtown Christmas decorations.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING
November 28, 2017**

He also gave the Commission a handout from the Coalition of Greater Minnesota Cities (CGMC) outlining the 2017 accomplishment on wastewater regulatory matters.

Secretary's Report

October 31, 2017 Summary of Financial Operations

	Ten Month Period Ended October 31,					
	Electric		Water		Wastewater	
<i>(Amounts in Thousands)</i>	2017	2016	2017	2016	2017	2016
Operating Revenue	\$ 16,331	\$ 15,490	\$ 2,022	\$ 1,947	\$ 2,189	\$ 2,112
Operating Expenses						
Purchased Power	10,706	10,541	-	-	-	-
Depreciation	1,400	1,349	601	578	1,182	1,168
Other Operating Expenses	3,112	2,975	1,393	1,208	1,629	1,470
Total Operating Expenses	15,218	14,865	1,994	1,786	2,811	2,638
Operating Income (Loss)	1,113	625	28	161	(622)	(526)
Nonoperating Revenue (Expense)	(268)	(291)	202	(35)	745	641
Transfers to City	(561)	(573)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 284	\$ (239)	\$ 230	\$ 126	\$ 123	\$ 115
Meters in Service	8,024	7,987	4,726	4,694	4,671	4,647

Review of October 2017 Financial Information

Wicklund reviewed the October financials noting that utility plant increase in assets with the apron overlay and airport utilities extension project.

LOST and Debt Service Charges

Wicklund reviewed a schedule showing the various sources of collections and payments related to the Wastewater Treatment PFA loans and Airport project 2016A bond issue. BPU water and wastewater treatment rate payers will be responsible for approximately \$225,000 of the annual debt service related to the 2016A bond issue for the next 12 years. Starting in 2029, Brainerd Local Option Sales Tax (LOST) collections can be used to service the remaining years of the 2016A bond issue.

2017 Audit CliftonLarsonAllen

Wicklund presented the 2017 audit engagement letter from CliftonLarsonAllen for \$20,900, same as last year.

Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to approve the 2017 Audit proposal from CliftonLarsonAllen for \$20,900 . There was a unanimous roll call vote in favor of the motion. Motion carried.

HR Coordinator's written report was noted.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING
November 28, 2017**

Superintendent's Report

Water Department

- Leaks/Breaks/Complaints
 - SW 6th Street – service line
 - S 7th Street – service line
 - Mill Ave & F Street – hydrant lead – not part of the Mill Avenue project
- Filtration Plant – Excellent
- Projects
 - Airport Extension and Airport Project
 - Civil Air Patrol and LifeLink (2 new hook-ups/separate buildings)
 - WAC/SAC –Commissioner O'Day inquired about the distribution of the WAC/SAC fees.

Wastewater Treatment Department

- WWTF Projects
 - Plant is running well
 - Sludge Hauling – Finished with 1 truck, staff is looking for replacement truck
 - State Hospital Lift Station – need to replace the heating system

Electrical Department

- Outages/Interruptions/Complaints
 - November 2nd – Squirrel – SW 6th affected 5 meters
 - November 8th – Bad bolt on Front Street 15 meters/1 hour
 - November 21st – Brainerd Dispatch bad transformer module
 - Tanner Motors - a truck hit a communication wire and pulled the service off the building

Hydro Department

- Projects
 - Apron- Concrete work is done
 - Apron – Pay request No. 5 for \$594,449.33 received from ECI

Motion by Commissioner Neshiem and seconded by Commissioner Wroolie to approve payment of the progress billing received from ECI for \$594,449.33. There was a unanimous roll call vote in favor of the motion. Motion carried.

- Amjet – Gracon, the contractor for the generator installation, has delayed the installation work of the unit until the spring of 2018

Administration Department

- Wastewater Operator – Employment offers to 2 Wastewater Operators were made pending pre-employment tests (waiting on results)
 - Darrin Smith – 10 year wastewater experience
 - Jacob Olson – Graduating in December

Old Business

None

New Business

Before City Administrator Jim Thoreen and Cassandra Torstenson left the meeting, Ms. Torstenson informed the Commissioners that she has 15 years of experience in water and wastewater issues and would be willing to assist BPU if needed.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING
November 28, 2017**

Presentation of 2018 to 2022 Capital Improvement Budget

Superintendent Magnuson reviewed the 2018 through 2022 capital improvement budget. The significant projects for each department for 2018 are as noted.

Electric Department – Total of \$1,450,800 for 2018

- 34.5 kV Distribution Expansion Improvements
 - North Brainerd conversion
 - St. Joseph's Substation
 - AMI upgrade
 - Crow Wing Power service territory asset transfer
- Street Lighting
 - S 6th Street
- Equipment
 - Fork lift -60% (debt financing)
 - Meter Service Worker truck (debt financing)
 - Arc flash/FR clothing

Water Department – Total of \$3,581,600 for 2018

- South system water tower (debt financing)
- S 6th Street/Hwy 210 – water main (debt financing)
- Central station garage
- Filter bed improvements
- Service truck #1 (debt financing)
- Fork Lift – 20% (debt financing)

Wastewater Treatment Department – Total of \$611,000 for 2018

- Sludge recirculating/thickening pumps
- Sludge blanket indicator
- Thickening tank mixer
- Tile replacement/Control building
- Lift station improvements
- Hoist pickup (debt financing)
- Pickup (debt financing)
- Fork Lift – 20% (debt financing)

Hydro Department – Total of \$192,000 for 2018

- Roof repair
- Exterior paint
- Security updates - Fence
- Fuses and other parts
- FERC licensing

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING
November 28, 2017**

Administration Department – Total of \$284,000 for 2018

- HVAC system Service Center
- Carpet – Service Center
- Parking Lot
- Fuel Tank
- Computer system improvements

Motion by Commissioner Wroolie and seconded by Commissioner O’Day to approve 2018 Capital Budget. There was a unanimous roll call vote in favor of the motion. Motion carried.

Presentation of 2018 Operating Budget

Finance Director Wicklund presented the 2018 Operating Budget and related graphs.

- Electric Department (Including Hydro) – Total revenue and expenses projected to be \$20,188,200 and \$20,091,000, respectively. Net income for 2018 is projected to be \$97,200. Total capital asset additions for 2018 are projected to be \$1,813,200 including share of administration with \$124,800 being financed with debt. Depreciation expense for 2018 is projected to be \$1,810,800.
- Water Department – Total revenue and expenses projected to be \$2,771,400 and \$2,862,000, respectively. Net loss for 2018 is projected to be \$90,600. Total capital asset additions for 2018 are projected to be \$3,638,400 including share of administration with \$3,191,600 being financed with debt. Depreciation expense for 2018 is projected to be \$861,600.
- Wastewater Treatment Department – Total revenue and expenses projected to be \$4,020,000 and \$4,149,600, respectively. Net loss for 2018 is projected to be \$129,600. Total capital asset additions for 2018 are projected to be \$668,400 including share of administration with \$131,600 being financed with debt. Depreciation expense for 2018 is projected to be \$1,466,400.
- All Departments – Total revenue and expenses projected to be \$26,979,600 and \$27,102,600, respectively. Net loss for 2018 is projected to be \$123,000. Total capital asset additions for 2018 are projected to be \$6,120,000 with \$3,448,000 being financed with debt. Depreciation expense for 2018 is projected to be \$4,138,800.

Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve 2018 Operating Budget. There was a unanimous roll call vote in favor of the motion. Motion carried.

Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to meet in closed session pursuant to M.S. 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 10:35 AM.

Those present at the closed session included Commissioners: Matten, Samuelson, Nesheim, O’Day and Wroolie and Superintendent Magnuson, Secretary/Finance Director Wicklund, Attorney Jim Strommen, David Gatto, and Doug Spaulding.

The Commission reconvened into open session at 11:25 AM.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING
November 28, 2017

Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to meet in closed session pursuant to M.S. Section Section 13D.05, subd. 3(c)3 consider or develop offers or counteroffers for the purchase of property located near the southeast corner of the intersection of County Road 45 and Thiesse Road. There was a unanimous vote in favor of the motion. Motion carried at 11:25 AM.

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

The Commission reconvened into open session at 11:27 AM.

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to recommend to Brainerd City Council to approve the purchase of approximately one acre of real property owned by Lexington Manufacturing for \$50,000 and closing costs for a water tower site. A legal description for the property will need to be prepared before purchase agreement is drafted. There was a unanimous roll call vote in favor of the motion. Motion carried.

Adjournment

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to adjourn meeting to Brainerd City Council Meeting for Monday, December 4, 2017 at 7:00 PM for joint closed session meeting with Council.