

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on November 29, 2016.

Commission President Mark O'Day called the meeting to order.

Commissioners Roll Call

Lucy Nesheim – Present	Mark O'Day – Present
Don Samuelson - Present-(left @ 10:25)	Dolly Matten – Present
William Wroolie – Present	

Utility Staff Present

Secretary/Finance Director	Todd Wicklund
Superintendent of Utilities	Scott Magnuson
Recording Secretary	Sharon Jensen
Accounting Supervisor	Julie Batters
Technology Supervisor	Scott Sjolund

Others in Attendance

Brainerd City Administrator	Jim Thoreen
Brainerd City Council Member	Gary Scheeler
Brainerd Dispatch	Spenser Bickett

Approval of Minutes and November 2016 Bills

Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve the minutes of the October 25, 2016 regular monthly meeting and minutes of the November 16, 2016 reconvened meeting and to approve payment of the November 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 Nesheim reported that she and Commissioner Wroolie had attended the Brainerd City Council meeting regarding the annexation of BPU property which the Council approved.

City Administrator Report

City Administrator Thoreen stated that City Planner Ostgarden will submit the detachment request to the Office of Administrative Hearings Municipal Boundary Adjustment Unit. The Adjustment Unit will set the hearing date.

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Thoreen reviewed the dates for the 2017 City budget and presentation of BPU's 2017 Capital and Operating budgets. Thoreen also noted that three new council members have been offered an opportunity for orientation and tour of City and BPU properties.

Union negotiations continue for all units. Thoreen also wanted to thank the BPU crews for restoring power to residents due to the snow storm of November 18th and working in such poor conditions. City Hall was out of power for two hours.

Secretary's Report

October 31, 2016 Summary of Utility Operations

<i>(Amounts in Thousands)</i>	Ten Month Period Ended October 31,					
	Electric		Water		Wastewater	
	2016	2015	2016	2015	2016	2015
Operating Revenue	\$ 15,490	\$ 15,592	\$ 1,947	\$ 1,905	\$ 2,112	\$ 1,997
Operating Expenses						
Purchased Power	10,541	9,580	-	-	-	-
Depreciation	1,349	1,254	578	537	1,168	1,151
Other Operating Expenses	2,975	3,002	1,208	1,188	1,470	1,488
Total Operating Expenses	14,865	13,836	1,786	1,725	2,638	2,639
Operating Income (Loss)	625	1,756	161	180	(526)	(642)
Nonoperating Revenue (Expense)	(291)	(296)	(35)	(28)	641	555
Transfers to City	(573)	(505)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ (239)	\$ 955	\$ 126	\$ 152	\$ 115	\$ (87)
Meters in Service	7,987	7,954	4,694	4,657	4,647	4,623

CliftonLarsonAllen-2016 Audit

Wicklund presented the audit proposal from CliftonLarsonAllen for the year ended December 31, 2016 for \$20,900. Total audit fees for the prior year were \$20,300.

Motion by Commissioner Wroolie and seconded by Commissioner Matten to engage CliftonLarsonAllen for the December 31, 2016 audit in the amount of \$20,900. There was a unanimous roll call vote in favor of the motion. Motion carried.

Cost of Service Study Presentations

The Cost of Service study presentation by Utility Financial Solutions has been moved to December 20th.

August 4th Storm Claim

Wicklund noted that BPU's costs from the August 4th storm have been combined with the City of Brainerd's claim to better utilize the deductible.

Moody's Bond Rating

Participated in conversation with Moody's Investors Service regarding bond rating on electric bonds. Moody's affirmed Baa1 rating and assigned stable outlook.

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Superintendent's Report

Superintendent Magnuson reported on the following:

Water Department

- Leaks/Breaks/Complaints – None to report
- Filtration Plant – Generator is set waiting for conductor to complete project
- Projects
 - Business 371/South 6th Street – checking gate valves in preparation of temporary turn-offs during the 2018 project.
 - Airport Extension – chlorinating and conducting BacT tests at each hydrant.
 - Airport Booster Station is operational
 - Lift Station- used for one hour then failed / training is next week

Wastewater Treatment Department

- WWTF/Projects
 - Sludge hauling equipment is cleaned and stored
 - Commissioner O'Day wooden sewer line inquiry- no information found

Electrical Department

- Outages/Interruptions/Complaints
 - November 18th storm – Downtown sub power restored by noon equipment hard to operate in storm conditions. NE Brainerd outage due to storm reported at 4:00 PM restored by 5:00 PM
 - Outage November 28th late afternoon – underground failure unknown cause
- Projects
 - NE Brainerd/West of Mill Avenue- work continues (Scheeler reported 6 poles in NE Brainerd that need to be replaced)
 - Well 8 Conversion
- Meter Bases
 - Staff is considering changing the current practice of BPU furnishing meter bases at no cost. Contractors could purchase from BPU or use approved bases.

Hydro Department

- Projects
 - Riprap hill east of driveway – Magnuson received approval for plans to riprap the hill on the east side of the driveway from the Planning Commission and City Council. Some trees will be removed and plantings will be part of the erosion control.
 - Amjet – demolition of old turbine is complete. AmJet press release states that installation will be Spring/Summer 2017

Administration Department

- WW Crew Chief Gregg Kropp – Six month probation completed
- WW Operator Tina Harrington resigned – reviewing staffing options
- Old Fitness Club property – Possible training site for Fire Department search & rescue. Staff is waiting for outcome of annexation to pursue options on the property.

Old Business

None

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New Business

Presentation of 2017 to 2021 Capital Improvement Budget

Superintendent Magnuson reviewed the 2017 through 2021 capital improvement budget. The significant projects for each department for 2017 are as noted.

Electric Department – Total of \$1,294,000 for 2017

- 34.5 kV Distribution Expansion Improvements
 - NE Brainerd conversion
 - System distribution transformers
- Street Lighting
 - Conversion to energy efficient street lighting
- Equipment
 - Fork lift and safety equipment

Water Department – Total of \$348,000 for 2017

- Flow meters for wells and SCADA system well conversion
- Central station garage
- Gates/valves/hydrants
- Filter bed improvements

Wastewater Treatment Department – Total of \$469,000 for 2017

- Sludge recirculating/thickening pumps
- Sludge blanket indicator
- Thickening tank mixer
- Lab equipment
- Lift station improvements

Hydro Department – Total of \$155,200 for 2017

- Roof repair
- Security updates
- Fuses and other parts
- Sump pumps/hydraulic upgrades

Administration Department – Total of \$260,000 for 2017

- Automatic Meter Infrastructure (AMI) installations
- Exterior security – fencing and gate
- Computer system improvements

Motion by Commissioner Wroolie and seconded by Commissioner Samuelson to approve 2017 Capital Budget. There was a unanimous vote in favor of the motion. Motion carried.

Presentation of 2017 Operating Budget

Finance Director Wicklund presented the 2017 Operating Budget and related graphs.

- Electric Department (Including Hydro) – Total revenue and expenses projected to be \$19,123,000 and \$19,105,000, respectively. Net income for 2017 is projected to be \$18,000. Total capital asset

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additions for 2017 are projected to be approximately \$1,605,200 including share of administration while depreciation expense for 2017 is projected to be \$1,628,400.

- Water Department – Total revenue and expenses projected to be \$2,268,000 and \$2,434,000, respectively. Net income for 2017 is projected to be \$73,000. Total capital asset additions for 2017 are projected to be approximately \$400,000 including share of administration while depreciation expense for 2017 is projected to be \$674,400.
- Wastewater Treatment Department – Total revenue and expenses projected to be \$3,858,000 and \$3,896,000, respectively. Net loss for 2017 is projected to be \$38,000. Total capital asset additions for 2017 are projected to be approximately \$521,000 including share of administration while depreciation expense for 2017 is projected to be \$1,405,200.
- All Departments – Total revenue and expenses projected to be \$25,487,000 and \$25,435,000, respectively. Net income for 2017 is projected to be \$52,000. Total capital asset additions for 2017 are projected to be approximately \$2,526,000 while depreciation expense for 2017 is projected to be \$3,708,000.

Motion by Commissioner Wroolie and seconded by Commissioner Nesheim to approve 2017 Operating Budget. There was a unanimous roll call vote in favor of the motion. Motion carried.

Presentation of the 2017 Capital and Operating Budgets to be made to the Brainerd City Council on December 5, 2016.

Adjournment

Motion by Commissioner Wroolie and seconded by Commissioner Matten to adjourn the meeting at 10:35 AM. There was a unanimous vote in favor of the motion. Motion carried.