

The regular meeting of the Brainerd Public Utilities Commission was held at 9:07 AM on July 31, 2018.

Commission Vice-President Dolly Matten called the meeting to order.

Commissioners Roll Call

Mike Angland – Present	Mark O’Day – Absent
Don Samuelson - Present	Dolly Matten – Present
William Wroolie – Absent	

Utility Staff Present

Secretary/Finance Director	Todd Wicklund
Recording Secretary	Sharon Jensen
Line Supervisor	Trent Hawkinson

Others in Attendance

Brainerd City Administrator	Cassandra Torstenson
Brainerd Dispatch	Gabe Lagarde
Brainerd Dispatch	Teresa Bourke
PPES, Inc.	Mike Kumm
SEH, Design/Build, Inc.	Chad Katzenberger

Commission Vice President Matten opened the meeting with the Pledge of Allegiance to the Flag.

Approval of Minutes and Consent Items

Motion by Commissioner Samuelson and seconded by Commissioner Angland to approve the minutes of the June 26, 2018 regular monthly meeting and to approve payment of the July 2018 bills. There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

Short Elliot Hendrickson – South Water Tower

Chad Katzenberger, SEH Design/Build, Inc. presented the plans and specifications for the South Water Tower near the intersection of County Road 45 and Thiesse Road. Katzenberger explained that the bid documents are ready to be posted. They include plans and specifications for two tank options, a composite style, which has previously been a more expensive option but has decreased in recent years due to rising popularity. The second design option is a steel hydro pillar style this option would have more expensive maintenance costs in the future. The bids will be due on August 23rd and will be presented to the Commission at the August 28, 2018 meeting.

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Motion by Commissioner Angland and seconded by Commissioner Samuelson to authorize SEH to advertise and post bids for the South Water Tower project. There was a unanimous roll call vote in favor of the motion. Motion carried.

President's Report

None

Other Commissioners' Reports

13021 Eagle Drive

Commissioner Angland reviewed the 13021 Eagle Drive building assessment he had prepared for the BPU Commission. The former Fitness Club building needed an assessment for the costs involved if it was converted into a cold storage facility. The report included review of zoning, architectural, structural, mechanical and estimated costs associated for each. Other options will be reported at the August meeting.

Hydro 5 year Plan

Commissioner Matten requested a five year capital and operating plan for the Hydro Dam. Items to be included in the plan would include capital asset acquisitions, staffing needs, automation of facility, and maintenance of the facility. BPU has just started the relicensing process with FERC and it would be a good time to address these items.

City Administrator Report

Brainerd City Administrator Cassandra Torstenson reported that the Council is considering options regarding the "Historic Water Tower". Due to the high costs for the repair or removal difficult decisions need to be made. A grassroots fundraising effort has been started. The City facility study has identified priority items.

Torstenson noted that the summer interns enjoyed their tour of BPU's WWTP, Water Plant and Hydro dam.

The City Council and BPU Commission will meet in joint session on August 6th at 6:30 PM for a presentation by Tessia Melvin regarding the classification and compensation study and to discuss different pay philosophies for compensating City and BPU employees.

Downtown Events continue with the farmer's market on Tuesday evenings, musicians and Detour Downtown events during the south 6th Street road construction.

Secretary's Report

Economic Development Rate Customers

Wicklund reviewed the electric General Service Demand and Large Power customers that qualified for the economic development rate established by the Commission to promote business in Brainerd.

Review of Other June 2018 Financial Information

Wicklund reviewed the June financials noting the Minnesota Power true-up credit.

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June 30, 2018 Summary of Utility Operations

	Six Month Period Ended June 30,					
	Electric		Water		Wastewater	
	2018	2017	2018	2017	2018	2017
(Amounts in Thousands)						
Operating Revenue	\$ 10,469	\$ 9,358	\$ 1,233	\$ 1,135	\$ 1,368	\$ 1,255
Operating Expenses						
Purchased Power	5,333	5,908	-	-	-	-
Depreciation	901	835	464	341	733	703
Other Operating Expenses	2,065	1,858	864	847	1,131	1,001
Total Operating Expenses	8,299	8,601	1,328	1,188	1,864	1,704
Operating Income (Loss)	2,170	757	(95)	(53)	(496)	(449)
Nonoperating Revenue (Expense)	(108)	(100)	15	133	328	418
Transfers to City	(341)	(330)	-	-	-	-
Capital Contributions	-	-	-	-	-	-
Net Change in Net Assets	\$ 1,721	\$ 327	\$ (80)	\$ 80	\$ (168)	\$ (31)
Meters in Service	8,033	7,998	4,871	4,812	4,707	4,654

SCR Boiler System Proposal

Wicklund presented SCR's proposal for the Service Center boiler system replacement. The options are \$153,600 for two boilers and \$109,150 for one boiler. No boiler is working at this time.

Motion by Commissioner Angland and seconded by Commissioner Samuelson to accept the quote from SCR for installation of two Hydrotherm KN-10 Low Nox Condensing Boilers for \$153,600. There was a unanimous vote in favor of the motion. Motion carried.

Public Power Energy Services, LLC-(PPES)

Mike Kumm updated the Commission on the energy contract with American Electric Power Energy Partners, Inc. (AEP) and presented for Commission approval the Fifth Amendment to the agreement with AEP regarding purchase of energy for the planning year 27/28.

Motion by Commissioner Samuelson and seconded by Commissioner Angland to approve the Fifth Amendment to market based rate full requirements agreement with AEP Energy Partners, Inc. There was a unanimous vote in favor of the motion. Motion carried.

Kumm asked if the Commission would like to receive more information regarding options available for diversifying with long term deals for capacity. He noted that other municipal utilities have locked in on long, medium and short term deals.

Finance Director Wicklund is working with Bethel Electric Rate Consulting, LLC to draft an interconnection agreement with Minnesota Power (MP). An interconnection agreement should be in place before June 2019.

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Minnesota Power-Letter of Support

BPU received a request from Minnesota Power for a letter of support for their grant application to establish charging stations along Highways 210-169-53 from Brainerd, via Aitkin, Grand Rapids, Virginia to Duluth. The electric charging stations would be funded through the State of Minnesota as part of the Volkswagen vehicle emissions settlement.

Motion by Commissioner Angland and seconded by Commissioner Samuelson for letter of support for Minnesota Power Grant Application for Electric Vehicle charging infrastructure. There was a unanimous vote in favor of the motion. Motion carried.

Superintendent's Report

Superintendent Magnuson written report was noted. Commissioner Matten complimented the format and hoped to have similar type monthly reports going forward.

Water Department

- Leaks/Breaks/Complaints
 - None
- Projects
 - Business 371/South 6th Street – Phase 1 – water and sewer is done. Phase 2A and 2B are started with a major water outage scheduled this week.
 - South Water Tower – Design work complete and ready for bids. Working with Lexington on landscape plan for replacing trees that will be affected by the project.

Wastewater Treatment Department

- WWTF Projects
 - Staff has WWTP permit submitted to MPCA for five year renewal.
 - Sludge Hauling –hauling to farm fields.
 - Retirement - Retirement letter received from WW Operator James Thelen effective July 27.

Motion by Commissioner Samuelson and seconded by Commissioner Angland to accept retirement of James Thelen, WW Operator, effective July 27, 2018. There was a unanimous vote in favor of the motion. Motion carried.

Electrical Department

- Outages/Interruptions/Complaints
 - July 19th Step down transformer failed behind Bang Printing. Replaced with new transformer, 3 hour outage.
 - July 14th Baxter step down transformer, blown fuse, 10 meters out - 45 minutes
 - July 3rd – broken cut-out, Stern Mfg.
 - S 6th Street – Squirrel caused small outage with 6 meters out 45 minutes
- Projects:
 - Business 371, Oak Street and Cypress Drive

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Hydro Department

- Projects
 - Amjet – Gracon scheduled first pour on the 26th, but crews went back to Colorado.
 - FERC – Annual inspection scheduled for August 7th as well as five year Part 12D inspection which develops PFMA's (potential failure mode analysis)
 - FERC – relicense process – letters requesting studies from DNR, MPCA, SHPO along with FERC and others. Meeting held with FERC on how to proceed.
 - DNR – Officials from St. Paul office toured the Dam on July 25th.

Other

Cold Storage/13021 Eagle Drive

- Estimate for 36' x 150' cold storage building with slab - \$125,000
- CLC Fire School – waiting to hear on details of clean-up if building was used for police/fire rescue training and eventually burned.

Old Business

None

New Business

None

Adjournment

Adjourned at 10:18 AM to Brainerd City Council meeting of August 6, 2018 from 6:30 PM to 7:30 PM for a joint meeting with Council to discuss a compensation philosophy.