

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on November 27, 2018.

Commission President William Wroolie called the meeting to order.

**Commissioners Roll Call**

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

**Utility Staff Present**

Secretary/Finance Director	Todd Wicklund
Superintendent	Scott Magnuson
Recording Secretary	Sharon Jensen
Line Supervisor	Trent Hawkinson
Accounting Supervisor	Julie Batters

**Others in Attendance**

Brainerd City Administrator	Cassandra Torstenson
-----------------------------	----------------------

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

**Approval of Minutes and Consent Items**

**Motion by Commissioner O’Day and seconded by Commissioner Matten to approve the minutes of the October 30, 2018 regular monthly meeting and to approve payment of the November 2018 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

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**November 27, 2018**

### **City Administrator Report**

City Administrator Torstenson reported the following:

- Thank you for the crew assistance with the Downtown Christmas decorations just in time for “Gnome for the Holidays” activities last week that included sleigh rides and visits from Santa and the Grinch.
- Union negotiations continue with seven City/BPU unions.
- Met with Scott Magnuson regarding the power to Downtown and reviewed what options are feasible.

### **Secretary’s Report**

#### Review of Other October 2018 Financial Information

Wicklund reviewed the October financial information.

#### 2019 Budget Presentation to City Council

Presentation to the City Council on December 3<sup>rd</sup>, Commissioner Matten will attend along with Wicklund and Magnuson.

#### January 2019 Commission Meeting

Wicklund asked if the January 29<sup>th</sup> regular Commission meeting could be moved to Monday January 28<sup>th</sup> due to MMUA’s Legislative Rally which is scheduled for January 29-30. The consensus of the Commission was to make the change on the 2019 tentative meeting schedule to be prepared by Wicklund.

#### APPA Rate Comparison

Wicklund discussed the 2017 Average Revenue per KWh Schedule prepared by APPA which compared BPU blended kWh rates to other Minnesota municipal, cooperative and investor owned utilities.

#### Brainerd Dispatch-Resource Guide

The Brainerd Dispatch is creating a new resource guide. The guide will be an annual magazine featuring local and area resources for care, transportation, government and more. Wicklund inquired if Commission would be interested in buying advertising space, and if so, what size.

**Motion by Commissioner O’Day and seconded by Commissioner Matten to approve advertising in the Brainerd Dispatch resource guide for a 1/3 page advertisement for \$175.00. There was a unanimous vote in favor of the motion. Motion carried.**

#### HR Coordinator Report

Commission 2019 health insurance election forms were distributed.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
November 27, 2018**

*October 31, 2018 Summary of Utility Operations*

	Ten Month Period Ended October 31,					
	Electric Department			Water Department		
<i>(Amounts in Thousands)</i>	2018	2017	2016	2018	2017	2016
Operating Revenue	\$ 17,930	\$ 16,331	\$ 15,491	\$ 2,173	\$ 2,022	\$ 1,947
Operating Expenses	14,887	15,218	14,866	2,238	1,994	1,785
Operating Income (Loss)	3,043	1,113	625	(65)	28	162
Nonoperating Revenue (Expense)	(185)	(231)	(291)	56	202	(36)
Transfers to City	(581)	(561)	(573)	-	-	-
Net Change in Net Assets	\$ 2,277	\$ 321	\$ (239)	\$ (9)	\$ 230	\$ 126
Meters in Service	8,070	8,024	7,987	4,759	4,726	4,694
	Wastewater Treatment Department			Combined All Departments		
<i>(Amounts in Thousands)</i>	2018	2017	2016	2018	2017	2016
Operating Revenue	\$ 2,268	\$ 2,189	\$ 2,112	\$ 22,371	\$ 20,542	\$ 19,550
Operating Expenses	3,063	2,811	2,639	20,188	20,023	19,290
Operating Income (Loss)	(795)	(622)	(527)	2,183	519	260
Nonoperating Revenue (Expense)	658	745	642	529	716	315
Transfers to City	-	-	-	(581)	(561)	(573)
Net Change in Net Assets	\$ (137)	\$ 123	\$ 115	\$ 2,131	\$ 674	\$ 2
Meters in Service	4,704	4,671	4,647	17,533	17,421	17,328

**Superintendent's Report**

**Water Department**

• Projects

- South Zone Water Tower - Foundation work is done - pouring footings. Pay request from Phoenix Fabricators & Erectors in the amount of \$125,495.00 for 60% of start-up/bond/insurance and 35% foundation less retainage.

**Motion by Commissioner O'Day and seconded by Commissioner Angland to approve pay request from Phoenix Fabricators & Erectors for \$125,495.00. There was a unanimous roll call vote in favor of the motion. Motion carried.**

- Flushing is completed
- AMI – working on changing water transmitters - Zone 1 (NE Brainerd and part of SE) electric will have all new meters.

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING  
November 27, 2018**

**Wastewater Treatment Department**

- WWTF Projects
  - Sludge hauling- complete and equipment is stored
  - General maintenance

**Electrical Department**

- Outages/Interruptions/Complaints
  - One call out - bad connector on BPU side - 1 customer out
- Projects:
  - Oak Street, North Brainerd and Crow Wing Recycling (adding additional machinery)
- Lineworker – will post for apprentice or journeyman position

**Hydro Department**

- Projects
  - Amjet – Turbine will not be installed until next year - Commissioner O’Day asked for a review of the current contract - Magnuson stated that other options are being researched.
  - Relicensing/FERC – working on cultural resource plan and study plan for relicensing which includes sites as far as 9 miles upstream.
  - FERC – December 11<sup>th</sup> Emergency Action Plan exercise – every 5 years - involving local Fire/Rescue/PCA/City/County entities.

**Old Business**

None

**New Business**

**Presentation of 2019 to 2023 Capital Improvement Budget**

Superintendent Magnuson reviewed the 2019 through 2023 capital improvement budget. The significant projects for each department for 2019 are as noted.

**Electric Department – Total of \$2,224,500 for 2019**

- Production System Improvements – Reclosures/VFI
- 34.5 kV Distribution Expansion Improvements
  - St. Joseph’s Substation
  - AMI upgrade
  - Wise Road
- Equipment
  - Aerial device cab/chassis/remount (debt financing)
  - Harley rake/auger attachments

**Water Department – Total of \$736,000 for 2019**

- Well rehab
- South system water tower (debt financing)
- City watermain projects
- AMI upgrade
- Central station garage
- Filter bed improvements
- Tap machine

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**November 27, 2018**

**Wastewater Treatment Department – Total of \$525,000 for 2019**

- Sludge recirculating/thickening pumps
- SBR Impellers
- Lift station improvements
- Truck
- AMI upgrade

**Hydro Department – Total of \$264,000 for 2019**

- Roof repair
- Exterior paint
- Security updates – fence/gate maintenance
- Generator maintenance
- FERC licensing

**Administration Department – Total of \$168,000 for 2019**

- Parking lot
- Radios
- Computer system improvements

**Motion by Commissioner Matten and seconded by Commissioner O'Day to approve 2019 to 2023 Capital Budget. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Presentation of 2019 Operating Budget**

Finance Director Wicklund presented the following 2019 Operating Budget.

- Electric Department (Including Hydro) – Total revenue and expenses projected to be \$20,943,000 and \$19,612,000, respectively. Change in Net Position for 2019 is projected to be \$1,331,000. Total capital asset additions for 2019 are projected to be \$2,789,000 including share of administration with \$200,000 being financed with debt. Depreciation expense for 2019 is projected to be \$1,847,000.
- Water Department – Total revenue and expenses projected to be \$2,930,000 and \$3,064,000, respectively. Change in Net Position for 2019 is projected to be a negative \$134,000. Total capital asset additions for 2019 are projected to be \$2,870,000 including share of administration with \$2,100,000 being financed with debt. Depreciation expense for 2019 is projected to be \$972,000.
- Wastewater Treatment Department – Total revenue and expenses projected to be \$3,562,000 and \$3,575,000, respectively. Change in Net Position for 2019 is projected to be a negative \$13,000. Total capital asset additions for 2019 are projected to be \$559,000 including share of administration with zero being financed with debt. Depreciation expense for 2019 is projected to be \$1,480,000.
- All Departments – Total revenue and expenses projected to be \$27,435,000 and \$26,251,000, respectively. Change in Net Position for 2019 is projected to be \$1,184,000. Total capital asset additions for 2019 are projected to be \$6,218,000 with \$2,300,000 being financed with debt. Depreciation expense for 2019 is projected to be \$4,299,000.

**Motion by Commissioner Matten and seconded by Commissioner O'Day to approve 2019 Operating Budget. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**November 27, 2018**

**Motion to closed session for the purpose to discuss union negotiation strategies with IBEW local No. 31 and USW Local 9230 Unit 09 pursuant to M.S. Section 13D.03, Subd.1(b) at 10:30 AM.**

Those in attendance at the closed session included Commissioners Angland, Matten, O’Day and Wroolie, Finance Director Wicklund, Superintendent Magnuson, City Administrator Torstenson and HR Coordinator Schubert.

The Chair reconvened into open session at 11:05 AM.

**The Chair adjourned the meeting at 11:05 AM.**