

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on October 29, 2019.

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

**Commissioners Roll Call**

|                           |                        |
|---------------------------|------------------------|
| Mike Angland – Present    | Mark O'Day – Present   |
| Tad Johnson- Present      | Dolly Matten – Present |
| William Wroolie – Present |                        |

**Utility Staff Present**

|                            |                       |
|----------------------------|-----------------------|
| Secretary/Finance Director | Todd Wicklund         |
| Superintendent             | Scott Magnuson        |
| Recording Secretary        | Sharon Jensen         |
| Trent Hawkinson            | Operations Manager    |
| Julie Batters              | Accounting Supervisor |

**Others in Attendance**

|                                     |                |
|-------------------------------------|----------------|
| Interim Brainerd City Administrator | Jim Thoreen    |
| Brainerd Regional Airport           | Steve Wright   |
| Public Power Energy Services        | Mike Kumm      |
| AmJet Turbine Systems               | Paul Roos      |
| Brainerd Dispatch                   | Theresa Bourke |

Commission President O'Day opened the meeting with the Pledge of Allegiance.

**Approval of Minutes and Consent Items**

**Motion by Commissioner Wroolie and seconded by Commissioner Matten to approve the minutes of the September 24, 2019 regular monthly meeting and to approve payment of the current months bills. There was a unanimous roll call vote in favor of the motion. Motion carried.**

**Public Forum**

None

**President's Report**

None

## **BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**October 29, 2019**

### **Other Commissioners' Reports**

None

### **City Administrator Report**

Interim City Administrator Jim Thoreen stated that there were 33 applications for the City Administrator position. The consultant has narrowed it down to 12 for the Council to select from for interviews. On November 4<sup>th</sup> they will choose 5 finalists.

City Hall remodel has begun and during project the Council will hold their meetings at the Crow Wing County Courthouse. Employees have been relocated to the 3<sup>rd</sup> floor and the only access is the elevator on the east side.

### **Special Presentation**

#### *AmJet Turbine Systems-Hydro Generation*

Paul Roos, AmJet, thanked the Commission for their willingness to work with AmJet as it solves the design issue that appeared during the turbine tests last fall. After much research and development the coils will be rewound and installation is tentatively scheduled for March or April 2020. Mr. Roos further stated that the Brainerd Hydro dam was chosen as the test site and has been approved by FERC.

### **Secretary's Report**

#### *September 2019 financial reports which include the following highlights:*

1. Total operating revenue increased \$12,492 (0.1%) from 2018.
2. Power costs are \$9.5 million a \$466,757 increase from 2018. In 2018 there was a \$1.3 million MP true-up reduction in power costs.
3. Local Option Sales Tax received from Brainerd and Baxter was \$1,108,612 a \$36,947 increase from 2018.
4. Days of cash on hand for 2019 and 2018 were as follows:

|              |  |
|--------------|--|
| Combined –   | 154 and 161  |
| Electric -   | 80 and 64  |
| Water -      | 137 and 394 (includes cash for tower construction) |
| Wastewater – | 574 and 486  |

The recommended minimum amount should range from 90 to 180 days of cash on hand.

5. kWh sold is down 3.6% while utility revenue is down 0.6%
6. Water Dept. operating loss for 2019 is \$163,692 compared to \$14,426 for 2018. Change in net position is a positive \$32,980 for 2019 compared to a positive \$63,292 for 2018.
7. Water sold is down 2.9% while utility revenue is up 1.9%
8. Wastewater Dept. operating loss for 2019 is \$534,143 compared to \$692,873 for 2018. Change in net position is a positive \$371,837 for 2019 compared to a negative \$79,309 for 2018.
9. Wastewater gallons processed down 0.9% while utility revenue is up 5.0%

#### *AEP-August 2019 Bill*

Savings for the first three months with AEP approximate \$593,000.

#### *South Zone Water Tower – Pay Request #9*

Received pay request No. 9 from Phoenix Fabricators & Erectors in the amount of \$135,280.00. Remaining balance of contract is \$306,581.05.

## BRAINERD PUBLIC UTILITIES COMMISSION MEETING

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**Motion by Commissioner Wroolie and seconded by Commissioner Angland to approve pay request from Phoenix Fabricators & Erectors for \$135,280.00. There was a unanimous roll call vote in favor of the motion. Motion carried.**

### Change Order No. 2

Phoenix Fabricators change order no. 2 decreases contract price in the amount of \$19,249.98 related to lower shop inspection costs being incurred.

**Motion by Commissioner Matten and seconded by Commissioner Angland to approve change order no. 2 from Phoenix Fabricators & Erectors for a decrease of \$19,249.98. There was a unanimous vote in favor of the motion. Motion carried.**

### Franchise Settlement-City of Baxter

After the funds are received from the escrow account with the County and amounts previously paid Baxter BPU staff will calculate the refunds of the \$213,326.28 collected from Baxter customers related to franchise fees.

### Operating and Capital Budget Presentation

Staff will present the operating and capital budgets at the November 26<sup>th</sup> meeting. The presentation to City Council normally would be December 2<sup>nd</sup>, however due to the timing and holiday staff recommendation is to present the budget at the December 16<sup>th</sup> council meeting.

HR Director's report was noted.

### Airport Solar Project Update

Mike Kumm, Public Power Energy Services, reviewed the steps necessary to proceed with the solar project at the Airport. A lease between the Airport and BPU Commission will need to be negotiated for the proposed 40 acre site. Kumm suggested creating a working committee comprised of 2 Commissioners to work with staff on a land lease with the Airport and the Purchased Power Agreement with AEP. Commissioners Johnson and Wroolie were assigned to represent BPU on the solar project.

Steve Wright, Brainerd Regional Area Airport Manager, stated the FAA has solar guidance available and the Airport looks forward to working with BPU Commission in making the proposed solar project become a reality.

**Motion by Commissioner Wroolie and seconded by Commissioner Matten to proceed with the Solar project at the Airport. There was a unanimous vote in favor of the motion. Motion carried.**

## Superintendent's Report

### Water Department

- Projects
  - Almost done fixing damaged gate valve boxes and standpipes
  - Watermain break on 11<sup>th</sup> Avenue near Garfield during MEA repaired in under 3 hours.
  - Leak at CR 117/B371-dry all summer, crews cut down relief pipe
  - South Water Tower-interior painting done, roof not, primed, will be completed in the spring. Working on electric this week.

## BRAINERD PUBLIC UTILITIES COMMISSION MEETING

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### Wastewater Treatment Department

- Projects
  - Bio-solids application – 4.2 million sludge applied to fields in 2019
  - Plant and Lift Station maintenance – getting caught up

### Electric Department

- Outages/Interruptions/Complaints
  - No outages on BPU side during the month.

### Hydro Department

- Projects
  - Lots of water, hovering around 10,000 cfs, 32 year average is 2,500 cfs-production is slowed down by this
  - Preparing for winter-will remove buoys when river recedes more

### Other

- WW Operator, John Backowski, 6 month probation ends 11-13-19. Outstanding employee, moving off probation
- Airport project – City Attorney depositions from Tom’s Backhoe employees rescheduled.

### **Old Business**

None

### **New Business**

None

**Motion by Commissioner Wroolie and seconded by Commissioner Johnson to meet in closed session for the purpose to consider or develop offers or counteroffers for the sale of land to City of Baxter related to Cypress Drive Extension pursuant to M.S. Section 13D.05, Subd.3(c)3 and to evaluate the performance of Superintendent Magnuson and Finance Director Wicklund pursuant to M.S. Section 13D.05, Subd. 3(a). There was a unanimous vote in favor of the motion. Motion carried at 10:10 AM.**

Those in attendance at the closed session included Commissioners Angland, Matten, O’Day, Johnson and Wroolie, Mayor Menk, Finance Director Wicklund, and Superintendent Magnuson.

The Chair reconvened the meeting into open session at 11:32 AM.

**Motion by Commissioner Wroolie and seconded by Commissioner Johnson to appoint Commissioners Angland and Matten as a sub committee to meet with BPU staff and City of Baxter officials to negotiate the value of potential land purchase by Baxter for Cypress Drive Extension and related round-about construction on Highway 48. There was a unanimous vote in favor of the motion. Motion carried at 11:33 AM.**

**BRAINERD PUBLIC UTILITIES COMMISSION MEETING**

**October 29, 2019**

**Adjournment**

**Motion by Commissioner Wroolie and seconded by Commissioner Johnson to adjourn the meeting at 11:33 AM. Meeting adjourned.**

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Mark O'Day, Commission President

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Todd Wicklund, Commission Secretary