

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on October 27, 2020.

Commission President Angland called the meeting to order.

Commission Roll Call

Mike Angland – Present

Tad Johnson – Present

William Wroolie – Present

Mark O’Day – Present

Dolly Matten – Present

Utility Staff Present

Finance Director

Superintendent

Recording Secretary

Accounting Supervisor

Operations Manager

Todd Wicklund

Scott Magnuson

Sharon Jensen

Julie Batters

Trent Hawkinson

Others in Attendance

Brainerd City Administrator

Brainerd City Councilmember

HR Director

Brainerd Dispatch

Jennifer Bergman

Gabe Johnson

Kris Schubert (arrived 9:50 am)

Theresa Bourke

Commission President Angland opened the meeting with the Pledge of Allegiance.

Approval of Minutes and Consent Items

Motion by Commissioner Johnson and seconded by Commissioner Matten to approve the minutes of the September 29, 2020 regular monthly meeting and to approve payment of the current month 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 27, 2020

Other Commissioners' Reports

Commissioner Johnson inquired about getting on a list for funding for future Hydro projects since he had heard that another City had received a grant.

City Administrator Report

City Administrator Bergman reported on the following:

- CARES Act funding - researching qualifying payroll expenditures. Crow Wing County has reopened the application process.
- The City Council at its November 5th meeting will go to closed session to discuss union negotiation strategy as several union contracts are expiring December 31, 2020.
- Brainerd Restoration received funding to purchase speakers for Downtown Brainerd.
- Children's Museum is on the agenda for the Park Board, still working on details.

Finance Director's Report

September 2020 financial reports highlights:

1. Total operating revenue decreased \$908,017 (4.5%) from 2019.
2. Power costs decreased \$1,457,330 (15.4%) from 2019.
3. Total operating expenses decreased \$1,140,482 (6.0%) from 2019.
4. Change in net assets increased \$167,364 (9.2%) from 2019.
5. Total cash and investments increased \$155,033 (1.0%) from 2019. Total receivables decreased \$168,177 while inventory increased \$33,312 from 2019.
6. Total liabilities decreased \$3.1 million (7.3%) from 2019.
7. Change in net position for Electric Dept. increased \$367,014 from 2019.
8. Purchased power benefit decreased \$70,063 (7.5%) from 2019 due to reduced blended power rate used in 2020 calculation.
9. kWh sold for 2020 decreased 4.5% while utility revenue decreased 5.0%. Total blended average revenue per kWh decreased 0.6% from 2019.
10. Change in net position for Water Dept. is a negative \$48,090 for 2020 compared to a positive \$32,980 for 2019.
11. Water sold is up 0.5% while utility revenue is up 6.6%.
12. Change in net position for Wastewater Dept. is \$253,257 compared to \$371,837 for 2019.
13. Wastewater gallons processed is down 1.4% while utility revenue is down 3.7%.

Days of cash on hand as of September 30, 2020, 2019, and 2018.

1. Combined – 173, 151, and 167
2. Electric – 114, 83 and 67
3. Water – 46, 137 and 395
4. Wastewater – 548, 574, and 488

10th Amendment to AEP Agreement

Wicklund presented for Commission consideration the Tenth Amendment to the agreement with AEP Energy Partners, Inc. regarding the extension of energy delivery period through May 31, 2031 and address a 5.7 MW solar agreement with AEP Onsite.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

October 27, 2020

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve the Tenth Amendment to Market Based Rate Agreement with AEP Energy Partners, Inc. There was a unanimous roll call vote in favor of the motion. Motion carried.

Final Pay Request No. 13 - Phoenix Fabricators

Wicklund presented the Phoenix Fabricators final pay request in the amount of \$85,702.85 for the South Water Tower. Original contract amount was \$1,737,900 with \$28,842.98 in deduction change orders resulted in a final contract amount of \$1,714,057.02.

Motion by Commissioner Matten and seconded by Commissioner Johnson to approve the final pay request no. 13 for \$85,702.85 from Phoenix Fabricators. There was a unanimous roll call vote in favor of the motion. Motion carried.

WAC/SAC Charges/Funds

Approximately \$1.8 million of these charges will be used by BPU for the planning and construction of major expansion capital infrastructure projects planned for water and wastewater treatment facilities in 2021. City Administrator noted that \$1.2 million was from the Brainerd Schools projects. Commissioner Johnson inquired if we have discussed future use of the charges. Staff for both the City and BPU has discussed using the funds and the Council has not changed the policy pertaining to the collection of these funds.

BPU - Federal CARES Funding

BPU share of Federal CARES funding received by City for COVID-19 costs is \$127,562.65. Payroll related costs of \$87,953.90 were also approved by Council however it is highly unlikely BPU will be reimbursed for the payroll costs due to significant amount of City COVID projects that will completed and invoiced after November 15th.

HR Director's Report

Noted

November 24, 2020 Commission Meeting

2021 operating and capital budgets will be reviewed at the November 24th Commission meeting.

Superintendent's Report

Water Department

- Projects
 - Installing AMI's
 - Brainerd Oaks - fixed two gate valve boxes - every curb stop is deep and needed or needs to be fixed
 - Water main break/hydrant lead on Park Street on Friday evening - street is patched
- SEH Contract – Magnuson discussed contract with SEH for design work for Water plant storage tanks and backwash reclaim tank and system, and requested the contract be ratified.

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to approve contract with SEH to design water plant storage tanks and backwash reclaim tank and system at Water Plant. There was a unanimous roll call vote in favor of the motion. Motion carried.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

October 27, 2020

- Wellhead Protection Plan – Minnesota Department of Health (MDH) – Beginning Wellhead Protection Plan, part one is doing the background work with MDH to collect information. This information will be used to develop Part Two which is “The Wellhead Protection Plan” due in 2022.

Wastewater Treatment Department

- Projects
 - Plant and lift station maintenance
 - Added two mixers to the thickened sludge tanks (budgeted item) they are working great
 - Biosolids application done for the season - hauled 2.8 million gallons (MG) to local farm fields compared to 2019 of 4.3 MG, and 2018 of 3.5 MG.
 - Evergreen Lift improvements – phase one started with underground work, concrete pads and conduit being done to bring the elevation up to the 100-year flood level.
 - Main Lift – Widseth developing plan for upgrades to pretreatment, pumps and river crossing pipes and vaults.

Electric Department

- Outages/Interruptions/Complaints:
 - 9/30/20 – tree on line 500 block F Street – 97 meters out 2 1/2 hours
 - 10/14/20 – porcelain cutout failure 900 block O St.- 5 meters out 34 minutes
 - 10/20/20 – Squirrel on transformer 100 block 3rd Ave - 10 meters out 1 hour
- Electric crew projects:
 - North Brainerd re-build
 - Preparing for tree trimming
 - Kohl’s step-down transformer will be removed after conversion in this area.
- MMUA Tree Trimming Class – Held MMUA Job Training and Safety two-day tree trimming class geared to lineworkers last Wednesday and Thursday. Used the wastewater lab/conference room.

Hydro Department

- All generators online.
- FERC – Draft license application submitted to FERC, final due in February 2021 and then FERC begins its two - year review process
- New turbine update – waiting for City Attorney to review 2013 contract with AmJet. Keeping options open, due to Covid delays we have not received cost estimates from other turbine manufacturers. Barr will look at civil work at Hydro.

Other

- COVID-19 – BPU employee tested positive and stayed home 10 days - 2nd BPU employee tested positive, staying home 10 days.
- Access and camera control system – Installing cameras at all BPU facilities and adding key fob door locks as well. This is in conjunction with new fence/gate scheduled for next year to increase security. Total project is \$127,237 with \$102,234 covered with CARES funding.
- FitQuest building – Hengel Construction demolition completed used dirt from behind WWTP to fill in the hole which saved a few thousand dollars. Hengel’s needs to disconnect water service.
- Solar update – working on finalizing lease agreement with Airport. AEP engineers are working on FAA submittal package. Moving slowly in the right direction.
- NEMMPA- Consultant is going to contact the 15 members regarding power supply for the future.

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

October 27, 2020

Old Business

Commissioner O’Day inquired about BPU customer Guy Green’s request. Staff will contact him and discuss his options as the TSS meters are dying and his meter will need to be changed at some point.

New Business

Utility Financial Services (UFS) Rate Recommendations

Wicklund presented the recommended Electric, Water and Wastewater rate adjustments effective January 1, 2021.

Electric Department - Effective 1/1/2021							
Class	kW Load (3)	Monthly Charge	Energy Block 1	Energy Block 2	PCA	Demand Block 1	Demand Block 2
Residential	-	\$ 16.25	\$ 0.0858	\$ -	\$ 0.0090	\$ -	\$ -
Commercial - 1 PH	<15	24.25	0.1030	-	0.0090	-	-
Commercial - 3 PH	<15	29.25	0.1030	-	0.0090	-	-
Small General Service - 1 PH	15 to <100	45.00 (1)	0.0891	0.0791	0.0090 (2)	3.00	8.00
Small General Service - 3 PH	15 to <100	55.00 (1)	0.0891	0.0791	0.0090 (2)	3.00	8.00
Medium General Service - 3 PH	100 to <1,000	75.00	0.0600	-	0.0090	14.00	-
Large General Service - 3 PH	1,000 to <2,500	120.00	0.0546	-	0.0090	13.75	-
Large Power	2,500 >	120.00	0.0852	-	0.0090	12.75	-
Duel Fuel	-	6.50	0.0593	-	0.0090	-	-
Off Peak Energy	-	6.50	0.0600	-	0.0090	-	-
Notes:							
(1) Block 1 energy rate applies to first 2,500 kWh.							
(2) Block 2 demand rate applies to first 8 kW.							
(3) Based on 3 highest kW months during a 12 month period.							

BRAINERD PUBLIC UTILITIES COMMISSION MEETING

October 27, 2020

Water and Wastewater Treatment Departments - 1/1/2021			
	Monthly Customer Charge		Debt Service
(In Inches) Meter Size	Water	Waste - water Treatment	Waste - water Treatment
3/4	\$ 15.80	\$ 14.95	\$ 5.00
1	41.00	17.50	6.50
1 1/2	62.00	19.50	9.00
2	106.50	21.50	11.00
3	200.00	28.50	15.50
4	295.00	32.50	19.50
6	470.00	37.50	27.50
State Safe Drinking Water Monthly Meter Charge	0.81		
Hydrants	7.55		
Per 1,000 Gallons	\$ 3.65	\$ 3.05	

Motion by Commissioner Matten and seconded by Commissioner O’Day to approve UFS Electric, Water, Wastewater Treatment rates effective January 1, 2021. There was a unanimous roll call vote in favor of the motion. Motion carried.

Motion by Commissioner Wroolie and seconded by Commissioner Matten to meet in closed session for the purpose to discuss union negotiation strategy pursuant to M.S. Section 13D.03, Subd. 1(b) and then 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 10:07 AM.

Those in attendance at the first closed session included the five Commissioners, Wicklund, Magnuson, Bergman, and Schubert. Those in attendance for the second closed session included the five Commissioners, Wicklund, and Magnuson.

The Chair reconvened the meeting into open session at 11:53 AM.

Adjournment to Joint Meeting with City Council

Motion by Commissioner Wroolie and seconded by Commissioner Matten to adjourn to the joint meeting with the City Council on November 2, 2020 at 7:30 PM at the Council Chamber.

Mike England, Commission President

Todd Wicklund, Commission Secretary