

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on November 24, 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

BAHA-Essentia Health Center

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Jennifer Bergman

Gabe Johnson

Kris Schubert (arrived 10:40 am)

Shawn Sundquist

Brian Hendricks

Commission President Angland 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 October 27, 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

Brainerd Area Hockey Association (BAHA)-Essentia Health Center

Shawn Sundquist, President of BAHA, stated that shortly after BAHA voted to upgrade the compressor unit for \$150,000 the largest tenant announced it would not be operating due to Covid-19. With further restrictions by the Governor regarding youth sports the loss of revenue is making it difficult to operate the facility. As a local community asset, BAHA takes pride in providing opportunity for 400 local kids to

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compete during the summer and winter seasons. BAHA has chosen to leave the ice in during the shutdown and are asking for some relief in power expenses.

The Commission discussed the request and options available to the facility including grants, and energy conservation incentives.

Motion by Commissioner O'Day and seconded by Commissioner Johnson to differ payments for two months. There was a unanimous roll call vote in favor of the motion. Motion carried.

President's Report

None

Other Commissioners' Reports

None

City Administrator Report

City Administrator Bergman reported on the following:

- Region 5 Children's Museum and the Brainerd Park Board have determined that Lum Park will not be the location of the Museum. WSN is working on the Park's Board Master Plan.
- Thanked BPU crews for putting up banners in Downtown Brainerd.
- The Council has placed the Parks Department supervision with the City Engineer for one year. The Park Board will be outsourcing some of the recreation programs to Brainerd YMCA and Brainerd Community Education.
- November 30th will be a budget workshop with City Council.
- Anderson Brothers purchase of Industrial Park lots is on hold for now.

Finance Director's Report

October 2020 financial reports highlights:

1. Total operating revenue decreased \$1,052,359 (4.7%) from 2019.
2. Power costs decreased \$1,482,125 (14.4%) from 2019.
3. Total operating expenses decreased \$1,105,346 (5.3%) from 2019.
4. Change in net assets increased \$122,929 (6.1%) from 2019.
5. Total cash and investments increased \$111,749 (0.7%) from 2019. Total receivables decreased \$136,752 while inventory increased \$166,210 from 2019.
6. Total liabilities decreased \$3.5 million (8.3%) from 2019.
7. Change in net position for Electric Dept. increased \$182,108 from 2019.
8. Purchased power benefit decreased \$14,811 (1.5%) from 2019.
9. kWh sold for 2020 decreased 4.6% while utility revenue decreased 5.3%. Total blended average revenue per kWh decreased 0.8% from 2019.
10. Change in net position for Water Dept. is a positive \$63,546 for 2020 compared to a negative \$15,319 for 2019.
11. Water sold is up 0.4% while utility revenue is up 5.8%.
12. Change in net position for Wastewater Dept. is \$234,328 compared to \$372,372 for 2019.
13. Wastewater gallons processed is down 2.5% while utility revenue is down 3.4%.

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Days of cash on hand as of October 31, 2020, 2019, and 2018.

1. Combined – 178, 164, and 173
2. Electric – 118, 89 and 72
3. Water – 57, 117 and 402
4. Wastewater – 555, 588, and 500

Bond Rating-Moody's

Wicklund, Magnuson and City Finance Director Hillman conducted a phone interview with Moody's regarding the City/BPU bond rating for electric bonds.

2020 Audit -CliftonLarsonAllen

Wicklund presented for Commission consideration the 2020 audit proposal from CliftonLarsonAllen in the amount of \$22,575 compared to \$21,892.50 paid for the 2019 audit.

Motion by Commissioner Johnson and seconded by Commissioner Matten to approve the 2020 audit proposal from CliftonLarsonAllen in the amount of \$22,575. There was a unanimous roll call vote in favor of the motion. Motion carried.

Electric/Water Access

Staff proposes removing the \$50 monthly meter charge for non-access to meters, provided the readings are called in every month and allow BPU to read/verify the meters every 6 months. Commissioner Matten stated there should be some type of service charge for physically reading the meters.

HR Director's Report

Noted that 2021 Health election forms are included.

Superintendent's Report

Water Department

- Projects
 - Installing AMI's
 - Working on correcting/simplifying meter readings on commercial meters from a multiplier of 1,000 or 100 to 1 this will also help with leak detection.
- Un-fluoridated Tap

Magnuson asked for Commission direction for access to the un-fluoridated water tap at Central Station. With the Governor's most current mandate regarding closing facilities to the public and the outside tap not available during the cold weather, if access to the inside un-fluoridated tap should be stopped or hours of availability modified. The Commissioners discussed ice build-up at the outside tap, limiting the hours and disinfection procedures for use of the inside tap.

Motion by Commissioner Johnson and seconded by Commissioner O'Day to keep 24 hours inside access to the un-fluoridated water tap at Water Plant with signs regarding disinfection times. Roll call vote Commissioners Johnson, O'Day, Wroolie yes, Commissioners Matten and Angland no. Motion carried.

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Wastewater Treatment Department

- Projects
 - Plant and lift station maintenance ongoing
 - Plans for upgrades to the plant have been put on hold due to EPA discussing future PFAS limits. The near-term capital project will involve removing a larger percentage of water from the biosolids and treating the decanted water again.

Electric Department

- Outages/Interruptions/Complaints:
 - 11/17/20 – fuse failed in transformer on Fairview Rd – 1 meter out 1/2 hour
 - 11/17/20 – Pigeon caused outage on Cora St.- 19 meters out 42 minutes
- Electric crew projects:
 - North Brainerd re-build, Golf Course Rd – no frost yet

Hydro Department

- All generators online at 100%
- FERC – Draft license application submitted to FERC-working on final application with Barr Engineering

Other

- COVID-19 – Total of four BPU employees have tested positive over the past few weeks
- Solar update – working on details of final land lease agreement with Airport. AEP engineers are working on FAA submittal package. Construction is anticipated to begin next summer.

Old Business

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

New Business

Presentation of 2021 to 2025 Capital Improvement Budget

Superintendent Magnuson reviewed the 2021 through 2025 capital improvement budget. The significant projects for each department for 2021 are as noted.

Electric Department – Total of \$2,073,000 for 2021

- 34.5 kV Distribution Expansion Improvements - \$500,000
- St. Joseph Substation upgrade - \$425,000
- AMI upgrade - \$350,000
- System distribution transformers - \$200,000
 - Vehicles and related equipment - \$194,000

Water Department – Total of \$5,223,000 for 2021

- Reclamation/Backwash Tank-debt and/or WAC financing - \$2,150,000
- 2 million Ground Reservoir-debt and/or WAC financing - \$2,000,000
- City water main projects - \$600,000
- Filtration/Treatment facility improvements - \$162,000
- Mini-Dump - \$70,000

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Wastewater Treatment Department – Total of \$2,176,000 for 2021

- Improvements to buildings - \$120,000
- Storage tank/future upgrades - \$500,000
- Other improvements to treatment plant – 137,000
- Control panels at lift stations - \$125,000
- Evergreen lift station improvements - \$200,000
- Main Lift station improvements-debt financing - \$945,000

Hydro Department – Total of \$491,000 for 2021

- Roof repair and painting - \$85,000
- Generator maintenance - \$50,000
- Governor automation - \$200,000
- Other safety improvements - \$80,000
- FERC relicensing - \$30,000

Administration Department – Total of \$536,600 for 2021

- Exterior Security-Fence/Gate/Parking lot - \$45,000
- Computer system improvements - \$120,000
- SCADA upgrades - \$150,000
- Utility software upgrade - \$150,000

Presentation of 2021 Operating Budget

Finance Director Wicklund presented the following 2021 Operating Budget.

- Electric Department (Including Hydro) – Total revenue and expenses projected to be \$20,415,600 and \$18,688,200, respectively. Change in Net Position for 2021 is projected to be \$1,727,400. Total capital asset additions for 2021 are projected to be \$2,886,000 including share of administration. Depreciation expense for 2021 is projected to be \$2,169,000.
- Water Department – Total revenue and expenses projected to be \$3,163,800 and \$3,404,400, respectively. Change in Net Position for 2021 is projected to be a negative \$240,600. Total capital asset additions for 2021 are projected to be \$5,437,300 including share of administration with \$4,150,000 being financed with debt. Depreciation expense for 2021 is projected to be \$1,120,800.
- Wastewater Treatment Department – Total revenue and expenses projected to be \$4,294,800 and \$4,270,800, respectively. Change in Net Position for 2021 is projected to be \$24,000. Total capital asset additions for 2021 are projected to be \$2,283,300 including share of administration with \$945,000 being financed with debt. Depreciation expense for 2021 is projected to be \$1,503,600.

Motion by Commissioner Johnson and seconded by Commissioner Wroolie to approve 2021 to 2025 Capital Budget and to approve 2021 Operating Budget. 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). There was a unanimous vote in favor of the motion. Motion carried at 10:40 AM.

Those in attendance at the closed session included the Commissioners Johnson, Matten, O'Day, Wroolie, and Angland, Wicklund, Magnuson, Bergman, Council President Gabe Johnson, and Schubert.

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The Chair reconvened the meeting into open session at 11:40 AM.

Adjournment

Motion by Commissioner Wroolie and seconded by Commissioner Johnson to adjourn the meeting at 11:41 AM. Meeting Adjourned.

Mike Angland, Commission President

Todd Wicklund, Commission Secretary