

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on April 27, 2021.

Commission President Johnson called the meeting to order.

**Commission Roll Call**

Mike Angland – Present

Mark O’Day – Present

Tad Johnson – Present

Dolly Matten – Present

William Wroolie – Present

**Utility Staff Present**

Finance Director

Todd Wicklund

Superintendent

Scott Magnuson

Recording Secretary

Sharon Jensen

Accounting Supervisor

Julie Batters

**Others in Attendance**

Brainerd City Administrator

Jennifer Bergman

Brainerd Councilmember

Gabe Johnson

CliftonLarsonAllen

Mary Reedy

Great River Door Co.

Brent Manley

Commission President Johnson 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 March 30, 2021 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**

Great River Door Co.

Brent Manley, Great River Door Co., informed the Commission how the January rate classification change affected his account. His monthly power bill increased approximately \$250 and he didn’t add any new equipment or make any changes with his operation. Prior to the new rates his service was deemed to be a General Service classification where there was no demand charge. Under the new rates his service is deemed to be a Small General Service 3 phase classification with two-tiered demand billing. Mr. Manley contacted BPU, Trent Hawkinson and Brent Yaunick went to his business and it was determined that the 50 HP air compressor that he uses only 4–8 hours per month was what raised his demand over the

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threshold for the demand charge. The first block for demand is \$3.00 per kW for the first 8 kW and the second block is \$8.00 per kW in excess of 8 kW. The Commission discussed the new rate structure and how it affected this classification of customers. Commissioner O'Day made a motion to lower the demand charge from \$8 to \$3 per kW for the Great River Door Co. there was not a second to this motion therefore the motion failed. More discussion on how staff could assist Mr. Manley occurred and it was decided to further discuss the issue at the May meeting.

### **President's Report**

Commission President Johnson asked if Operations Manager Trent Hawkinson had heard from the Downtown Business council, regarding the plan to put up 500,000 lights for Christmas and he wants BPU to be prepared. Superintendent Magnuson stated that power is not available at the trees to string the lights.

Johnson also inquired about process of installing Electric Vehicle (EV) charging stations in downtown Brainerd as the MPCA has released more information. Has the City of Brainerd designated a space to install the chargers? The EV charging station needs to be within 4 blocks of Highway 210. Councilmember Gabe Johnson said to pick three potential spots for the Parking Commission to review.

### **Other Commissioners' Reports**

None

### **City Administrator Report**

City Administrator Bergman reported on the following:

- Street projects –
  - Riverside Dr/NW 4<sup>th</sup> Street round-a-bout started Monday.
  - Library and City Hall parking lots repaving started.
  - Southeast Brainerd-bids return May-potential June start.
- Banners-MN Makerspace ordered 250 Sesquicentennial banners.
- Crosswalks Downtown –7<sup>th</sup> and Laurel crosswalks will be painted by Crossing Arts Alliance.
- Evergreen landing- Council approved installing a gate to use until the frost is out to protect the roadway, access would be by foot during that time.
- Parking Commission meets 3<sup>rd</sup> Thursday.
- New retirement housing development off Beaver Dam Road in planning stage.

Councilmember Johnson stated the WAC dollars will go to the water tank project.

### **Special Presentation**

#### CliftonLarsonAllen - 2020 Audit

Mary Reedy, CliftonLarsonAllen, reviewed the 2020 audit report. No compliance or internal control matters noted for 2020. The following items were noted during the presentation:

- Electric revenues decreased due to a decrease in usage and penalties, expenses decreased due to a decrease in purchased power. Net income of \$2,087,000 compared to \$2,250,000 in prior year.
- Water revenues increased slightly due to an increase in usage, however expenses were more than revenues causing a net loss in the current year of \$102,000 compared to \$132,000 in prior year. \$60,000 increase in operating expenses and \$103,000 increase in operating revenues.

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- Wastewater revenues decreased due to decrease in usage, however operating expenses slightly increased while local option sales tax increased from prior year. Wastewater had lower net income \$296,000 compared to \$428,000 in prior year.
- BPU had positive cash flow from operations for 2020.
- Continue to monitor the rates and assess each department individually.

**Motion by Commissioner Matten and seconded by Commissioner Wroolie to accept the 2020 audit as presented by CliftonLarsonAllen. There was a unanimous roll call vote in favor of the motion. Motion carried.**

Commissioner Wroolie thanked Wicklund and BPU staff for the excellent work involved to receive such a good audit report.

### **Finance Director's Report**

#### **March 2021 financial reports highlights:**

1. Total operating revenue increased \$16,609 (0.3%) from 2020.
2. Power costs increased \$144,831 (5.5%) from 2020.
3. Total operating expenses increased \$261,775 (4.5%) from 2020.
4. Change in net assets decreased \$372,226 (43.4%) from 2020.
5. Total cash and investments decreased \$574,368 (3.5%) from 2020. Total receivables decreased \$12,699 while inventory increased \$207,741 from 2020.
6. Combined net operating Income is \$113,642 over budget for 2021.
7. Change in net position for Electric Dept. decreased \$362,751 from 2020.
8. Purchased power benefit for Hydro Dept. increased \$66,175 (23.5%) from 2020.
9. kWh sold for 2021 decreased 0.9% while utility revenue decreased 1.6%. Total blended average revenue per kWh decreased 0.7% from 2020.
10. Change in net position for Water Dept. is \$112,663 for 2021 compared to \$39,311 for 2020.
11. Water sold is up 45.3% while utility revenue is up 25.6% due to water sales to Baxter in the amount of \$127,465.
12. Change in net position for Wastewater Dept. is a negative \$23,408 for 2021 compared to a positive \$59,419 for 2020.
13. Wastewater gallons processed is down 7.8% while utility revenue is down 1.2%.

Days of cash on hand as of March 31, 2021, 2020, and 2019:

1. Combined – 157, 175 and 174.
2. Electric – 111, 105 and 77
3. Water – (90), 40 and 301
4. Wastewater – 581, 587 and 567

#### **City of Brainerd –Transfer WAC Funds**

WAC funds currently being held by the City will be transferred to the Commission for the construction of water storage tanks. Need to use City Administrator IP address to apply for state bonding bill for phase 2 backwash tank replacement. SEH consultants are assisting with the application.

#### **HR Director's Report**

Noted

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### Retirement

Wicklund presented for Commission approval retirement request effective July 31, 2021 for Sharon Jensen, Payroll/Payables Specialist.

**Motion by Commissioner Matten and seconded by Commissioner O'Day to accept with regret the retirement of Sharon Jensen, Payroll/Payables Specialist effective July 31, 2021. There was a unanimous vote in favor of the motion. Motion carried.**

### **Superintendent's Report**

#### **Water Department**

- Projects

- Water main break-Westgate Mall parking lot-crew fixed last Tuesday AM.
- Installing AMI's has slowed for construction season.
- MN DOT – 16" water main relocation for Highway 25 bridge replacement in 2023. The 16" main runs to the Hospital water tower, where the main is now, is under a proposed stormwater settling pond. Looking at other possible options.
- Crews are preparing for summer road projects-SE Brainerd.
- Baxter water – 12.1 MG sold in April – Baxter updated interconnect building.

#### Water Tank Finish

Need Commission approval for SEH to bid Water storage tank project.

**Motion by Commissioner Wroolie and seconded by Commissioner Angland to bid Water storage tank project. There was a unanimous roll call vote in favor of the motion. Motion carried.**

Choices for the water tank exterior finish of the formed concrete are a brick or stonework pattern. Both would be faux painted and in keeping with the current buildings and surrounding area.

**Motion by Commissioner O'Day and seconded by Commissioner Matten to use the stonework pattern for the exterior of the new water tank storage building. Commissioners Angland, Matten, O'Day and Wroolie voted in favor of the motion and Commissioner Johnson voted nay. Motion carried.**

#### **Wastewater Treatment Department**

- Projects

- Plant and lift station ongoing maintenance.
- Bio-solids application began last week and will continue again tomorrow.

#### **Electric Department**

- Outages/Interruptions/Complaints:

- 4/8/21- broken cutout Highland Scenic Rd – 1 meter out, 1 hours.
- 4/11/21-porcelain arrestor failed Greenwood Rd– 184 meter out, 58 minutes.
- 4/16/21-fuse on transformer 200 block 4<sup>th</sup> Ave.-18 meters out, 55 minutes.

- Electric crew projects:

- North Brainerd re-build-close to completion
- Installing AMI's

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- Wrapped up winter vegetation management, preparing for summer road projects relocating infrastructure.

### **Hydro Department**

- All generators are at 100%, giving away a little water.
- Interior painting complete.
- Facilities Tour-date will be selected to tour Hydro and BPU's Wastewater and Water plants.

### **Other**

- MMUA regional meeting –rescheduled to April 7th at 8:30 AM via Zoom meeting presentation by MMUA Board President and MMUA Executive Director.
- Wastewater Operator- MOU with IBEW to hire intern/last summer helper part time this spring, then full time after graduation later this summer.

**Motion by Commissioner O'Day and seconded by Commissioner Wroolie to approve Wastewater Operator MOU with IBEW #31 and forward to Brainerd City Council for approval. There was a unanimous vote in favor of the motion. Motion carried.**

- Amjet update – Contacted by Paul Roos of Amjet regarding City Attorney letter/amendment to the original letter to cease. Amjet is concerned about the need to be out of the pit by December 31<sup>st</sup> and is wanting to get 6 months of testing completed when the generator is installed.

### **Old Business**

None

### **New Business**

None

### **Adjournment**

**Motion by Commissioner Wroolie and seconded by Commissioner O'Day to adjourn at 10:30 AM. Meeting Adjourned.**