

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on August 31, 2021.

Commission President Johnson called the meeting to order.

Commission Roll Call

Mike Angland – Present

Mark O’Day – Absent

Tad Johnson – Present

Dolly Matten – Absent

William Wroolie – Present

Utility Staff Present

Finance Director

Todd Wicklund

Superintendent

Scott Magnuson

Recording Secretary

Mandy Selisker

Accounting Supervisor

Julie Batters

Operations Supervisor

Trent Hawkinson

Others in Attendance

Brainerd City Administrator

Jennifer Bergman

City Council Member

Gabe Johnson

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 Angland to approve the minutes of the regular monthly meeting of July 27, 2021, approval of payment for the current month bills, and ratify the hiring of Laura Jewell and Chelsey Fischer; Laura Jewell, Cashier/Postal Specialist, hired effective August 11, 2021 at Step 3 (\$26.23 per hour) and Chelsey Fischer, Accountant 1, hired effective August 23, 2021 at Step 5 (\$29.77 per hour). There was a unanimous roll call vote in favor of the motion. Motion carried.

Public Forum

None

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President's Report

- President Johnson stated he received a thank you card from retiree, Sharon Jensen.
- Recognized and congratulated Commissioner Wroolie for being awarded a lifetime achievement award from MMUA at the recent conference for his years of outstanding service.

Other Commissioners' Reports

None

City Administrator Report

City Administrator Bergman reported on the following:

- The Senate bonding tour took place last week where there was opportunity to discuss the Cuyuna Lakes State Trail Extension as well as the Water Storage Tank project. A big thank you to Senator Ruud for encouraging the City of Brainerd to be included in that tour. She also recognized Superintendent Magnuson, Finance Director Wicklund, and Commissioners Wroolie and Matten for their attendance and role in the tour. The Senators stopped at City Hall as well as BPU's Central Station. Discussion included the number one priority being the Water Storage Tank project and the need for state bond funding in 2022.
- Charter Commission will be meeting on September 8, 2021, at 5:00 pm. Next item to be reviewed is the PUC Chapter. BPU staff has been requested to attend to discuss how current BPU operations relate to charter language. Two charter ordinances have been approved by City Council and the review of the PUC Chapter would be the third phase of the charter review.
- Sesquicentennial update: Celebration will be September 18 – 25th. Twenty-five events planned for the week.

Finance Director's Report

July 2021 financial report highlights:

1. Total operating revenue increased \$1.0 million (7.0%) from 2020.
2. Power costs increased \$794,000 (12.7%) from 2020. The changes are related to the following:
 - Energy - \$123,000
 - Demand - \$240,000
 - Transmission (MISO) - \$431,000
3. Total operating expenses increased \$1.3 million (9.6%) from 2020.
4. Change in net assets increased \$404,000 from 2020. This change includes \$976,000 capital contribution received from City to BPU related to WAC charges.
5. Total cash and investments increased \$274,000 (1.6%) from 2020. Total receivables decreased \$491,000 while inventory increased \$209,000 from 2020.
6. Net Operating Income is \$75,270 over budget for 2021.
7. Change in net position for Electric Dept. decreased \$862,000 from 2020.
8. kWh sold for 2021 increased 2.8% while utility revenue increased 2.5%.
9. Change in net position before capital contribution from City for Water Dept. is \$482,000 for 2021 compared to negative \$65,000 for 2020.
10. Gallons of water sold increased 224.2 million from 2020. 2021 sales include sales to Baxter of 191.3 million gallons.
11. Change in net position for Wastewater Dept. is a negative \$15,730 for 2021 compared to \$241,000 for 2020.
12. Wastewater gallons processed increased 2.2% while utility revenue is up 3.1%.

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Finance Director Wicklund also stated he has been reviewing the depreciation schedule of equipment, specifically Wastewater.

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

1. Combined – 162, 185 and 169
2. Electric – 104, 110 and 79
3. Water – 1, 63, and 183
4. Wastewater – 576, 622 and 640

Delinquent Utility Assessment

Recommendation from the City for BPU to write off delinquent utility assessment of \$415.17 related to tax forfeited property at 711 12th Ave NE as discussed at the Brainerd City Council meeting on August 16, 2021. The assessments were related to 2012, 2014, and 2018 delinquent water utility services. For accounting purposes these were written off years ago.

Motion by Commissioner Wroolie and seconded by Commissioner Angland to approve writing off the requested delinquent utility assessment of \$415.17 for the property. There was a unanimous vote in favor of the motion. Motion carried.

Charter Commission Meeting

Superintendent Magnuson and Finance Director Wicklund will be attending the Charter Commission meeting scheduled for 5:00 pm on September 8, 2021, at City Hall. The discussion item for the meeting will deal with Chapter 6 – Public Utility Commission. We will discuss each paragraph of the chapter as to whether BPU is following the current charter. Much of the language in the current public utility chapter was incorporated in 1933. A few changes were made in 1985 when the City hired its first City Administrator. Finance Director Wicklund has started to review some of the language and terminology in preparation for the meeting.

Surplus Sale

Proceeds from the surplus sales were \$5,300.

HR Director's Report

Finance Director Wicklund noted that ongoing staff changes will show up on the consent agenda for approval going forward.

Superintendent's Report

Water Department

• Projects

- Southeast road project going very well; working on 14th, 15th and 16th Avenues and Quince/Pine Street area. Currently waiting on temporary water but Magnuson reported sub-contractor, J & J, is doing an awesome job.
- Baxter water – 43 million gallons sold in August. Magnuson mentioned that the City of Baxter usually sees a drop off in usage in September but that may be different this year with the lack of rain.
- Water storage tank project has not yet started. Currently waiting for 30-inch pipe to arrive; other options are being explored but currently there are no issues with timeframe.

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Wastewater Treatment Department

- Projects
 - Ongoing plant and lift stations maintenance – doing upgrades and changing out pumps
 - Done hauling biosolids until fall
 - River crossing/main lift – currently working with Widseth on this project. There is a meeting September 1, 2021, at 1:00 pm to discuss next steps. The main lift went into service forty years ago.
 - Discharge station for City vacuum trucks – Cities of Brainerd and Baxter have combined to be able to discard materials at the Wastewater Plant. Discharge station is up and running as of a couple weeks ago. Discussion around no outside parties dumping but if it the outside party (ex. Fyles) was assisting a BPU or Baxter customer, then the material would be accepted.

Electric Department

- Outages report
 - August 15, 2021 – squirrel on transformer, Broadway and South 8th Street, 404 meters out for 1 hour and 7 minutes
 - August 23, 2021 – tree on wire on Maple Street and South 9th Street, 8 meters out for 26 minutes
- Electric crew projects:
 - Ongoing north Brainerd rebuild.
 - Setting poles on north side of Washington
 - Still working on AMI's

Hydro Department

- All generators off-line – River at 398 cfs, 34-year average is 3500 cfs. St. Cloud just shut down second of two generating units.
- Installing mud valves in all pits as River flows allow. This allows to easily drain the pits as required. Two of the pits are completed.
- FERC re-licensing ongoing; we will be getting a new consultant from Barr Engineering.

Other

- Employee appreciation lunch – September 15th at noon at BPU Service Center.
- Sesquicentennial – during event, airport is celebrating 75 years. They will have a display for the solar project on September 18, 2021, from 9:00 am to 3:00 pm.

Solar Ground Lease

Final solar ground lease with Airport is ready to be approved. FAA/AEP/Airport have all looked at it. City Administrator Bergman questioned if the lease needed to be in the City of Brainerd's name. Bergman will consult with the City Attorney. AEP Contractor is ready to go but waiting on the final FAA approval.

Motion by Commissioner Wroolie and seconded by Commissioner Angland to approve the Solar Ground Lease with the Airport. There was a unanimous roll call vote in favor of the motion. Motion carried.

Old Business

Commissioner Johnson asked about Hydro dam bids for new turbine. Superintendent Magnuson reported that there is nothing new yet.

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New Business

Recommendation to adjust water customer base charge.

Finance Director Wicklund recommendation is to increase monthly water service charge an additional \$3.50 per meter, to meet debt service coverage ratio of 1.25 on the 2021A Bonds that are in the process of being issued by the City to finance the construction of the water storage tanks. All water rates will be reviewed again after the 2022 Cost of Service Study (COS) is completed next summer. The \$3.50 adjustment will be effective December 1, 2021. Commission action would reassure the bond rating agency that the Commission is taking steps to address the debt service ratio concern.

Commissioner Johnson asked if there was a way to look at reducing debt versus increasing rates. Finance Director Wicklund verified that current bonds have been and are being reviewed regarding refunding of current bond issues.

There was a discussion between Commissioner Johnson, Councilman Johnson and Finance Director Wicklund regarding the \$3.50 adjustment being applied to all water meters equally. Wicklund stated the adjustment can be fine-tuned once the COS study is completed next summer.

Motion by Commissioner Angland and seconded by Commissioner Wroolie to approve the increase of \$3.50 to the water monthly base service charge effective December 1, 2021. There was a unanimous roll call vote in favor of the motion. Motion carried.

Bond Resolution

Finance Director Wicklund presented an Adoption of Resolution requesting the issuance and sale of bonds by City of Brainerd for construction of water storage tanks.

Motion by Commissioner Wroolie and seconded by Commissioner Angland to adopt Resolution No. 2021-20. There was a unanimous roll call vote in favor of the motion. Motion carried.

Adjournment

Motion by Commissioner Wroolie and seconded by Commissioner Angland to adjourn at 10:03 AM. Meeting Adjourned.

Tad Johnson, Commission President

Todd Wicklund, Commission Secretary