

The regular meeting of the Brainerd Public Utilities Commission was held at 9:00 AM on February 23, 2021.

Commission President Johnson 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 Councilmember

SEH

HR Director

Brainerd Dispatch

Jennifer Bergman

Gabe Johnson

Jeff Ledin

Kris Schubert (arrived 10:00 am)

Theresa Bourke

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 O’Day to approve the minutes of the January 26, 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

None

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President's Report

Commission President Johnson made the following committee assignments for 2021:

Finance Committee

Mike England

Bill Wroolie

Personal Committee

Dolly Matten

Mark O'Day

Johnson noted how well the local/Northern utilities responded to the recent cold snap unlike other parts of the country.

Other Commissioners' Reports

None

City Administrator Report

City Administrator Bergman reported on the following:

- Memorial Park improvements is out for bids.
- NW 4th Street – Anderson Brothers was low bidder and work could potentially start in May.

Special Presentation by Jeff Ledin of SEH

Water Ground Storage Tank/Backwash Reclamation System Project

Jeff Ledin, PE, SEH, reviewed the design plans for the water ground storage tanks and backwash reclamation system project. The project is divided into 2 phases with Phase 1 being the replacement of existing 750,000 and 1,000,000 gallon storage tanks with one building containing two one-million gallon tanks and phase 2 would involve the construction of a new 500,000 gallon backwash collection, detention and reclaim system. BPU plans to apply for State bonding funds in 2022 for Phase 2 portion of project.

Phase 1 would begin with demolition of concrete 750,000 gallon storage tank and construction of first million-gallon tank into the bank followed by removal of the 1,000,000 gallon steel tank and construction of the second tank. Estimated costs for Phase 1 are \$5,513,000 and Phase 2 are \$4,170,000. Savings on the exterior finish of approximately \$388,000 are possible by using a brick form and stain instead of laying brick on the exposed walls.

Wicklund stated that at the City Council meeting last week a resolution prepared by City bond counsel was adopted by City Council declaring intent to reimburse up to \$5.6 million in expenditures from bond proceeds.

Councilmember Gabe Johnson said the only concern the Council had were the vulnerability of two tanks in one building and he likes the design aesthetic of the exterior. Ledin noted that the buildings do not contain controls that could be hacked into.

Finance Director's Report

December 2020 preliminary financial reports highlights updated:

1. Total operating revenue decreased \$1.4 million (5.1%) from 2019.
2. Power costs decreased \$1.4 million (11.5%) from 2019.
3. Total operating expenses decreased \$841,976 (3.4%) from 2019.
4. Change in net assets decreased \$314,413 (12.4%) from 2019.
5. Total cash and investments decreased \$124,553 (0.8%) from 2019. Total receivables decreased \$279,708 while inventory increased \$170,204 from 2019.

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6. Total liabilities decreased \$2.5 million (6.0%) from 2019.
7. Change in net position for Electric Dept. decreased \$167,604 from 2019.
8. Purchased power benefit for Hydro Dept. increased \$34,623 (2.9%) from 2019.
9. kWh sold for 2020 decreased 4.6% while utility revenue decreased 5.3%. Total blended average revenue per kWh decreased 0.7% from 2019.
10. Change in net position for Water Dept. is a negative \$135,980 for 2020 compared to a negative \$132,408 for 2019.
11. Water sold is up 0.2% while utility revenue is up 5.1%.
12. Change in net position for Wastewater Dept. is \$284,595 compared to \$427,832 for 2019.
13. Wastewater gallons processed is down 4.4% while utility revenue is down 5.7%.

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

1. Combined – 163, 157 and 167.
2. Electric – 109, 81 and 64
3. Water – (27), 108 and 348
4. Wastewater – 565, 569 and 522

City of Baxter-Water Sales

There was discussion about selling water to the City of Baxter for the next several months due to major repairs to Baxter's water treatment plant. Baxter is currently purchasing water at the rate of \$3.65 per 1,000 gallons which is the same rate BPU's water customers pay. Wicklund has contacted UFS, BPU's rate study consultants to calculate a rate for long term sales. Baxter field staff will be touring BPU water plant to have a better understanding of BPU's process.

Water Storage Project

As has been noted earlier the City Council has already approved the expenditure reimbursement resolution which is the first step in issuing bonds for Phase 1. Checking into the availability of WAC dollars and if any proceeds are left from the Airport project to reduce the amount needed to be bonded for Phase 1 replacement of the water ground storage tanks.

Motion by Commissioner Wroolie and seconded by Commissioner O'Day to move forward with the Water Treatment Plant ground storage, backwash reclamation system improvements. There was a unanimous roll call vote in favor of the motion. Motion carried.

HR Director's Report

Noted

BLAEDC Request

Discussed briefly the letter received in today's mail for asking for a \$5,050 donation. Wicklund will research the issue and report back to the Commission.

City Street Projects

BPU is billed by the City of Brainerd for water system improvements which are included in street projects completed by City. In December payment in the amount of \$506,147 was made to City for projects completed in 2020 and BPU owes the City another approximate \$535,000 for projects that were not completed by year end. BPU has requested the City progress bill BPU during the year to lessen the impact on cash flow. There will be a need to bond for outstanding 2020 projects and new 2021 projects.

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Superintendent's Report

Water Department

- Projects

- Water main break 16th & Maple – January 28th crews repaired with assistance from City/Vac Tron.
- Service line break – NW 4th Street – Apartments – Saturday/February 13th- Crew slowed the leak down until contractor fixed on the 17th. Apartment owner will replace line as part of summer road project.
- 6-inch watermain break- 5th Avenue & G St. – February 21st/Sunday Crew worked all night.
- Installing AMI's

Wastewater Treatment Department

- Projects

- Plant and lift station ongoing maintenance.
- Evergreen upgrade–new control building is on site. Generator set and being hooked up. Checking into installing a fence with City and what is permitted.
- Bolton and Menk working on long-range plan for WWTP-watching PFAS regulations from EPA and MPCA.

Electric Department

- Outages/Interruptions/Complaints:

- 1/31/21- Squirrel on transformer – 8 meters out, 1 hour and 20 minutes.
- 2/18/21-vehicle hit three phase junction cabinet-Crew was able to do switching to restore power while crew repaired the cabinet.

- Electric crew projects:

- North Brainerd re-build, Golf Course Rd, tree trimming and assisting on water breaks.

- Electric Service Requirements – Operations Manager Trent Hawkinson stated the draft of the Electric Service Requirements booklet is going through final review. Discussed fees for providing meter bases to BPU customers at 50%. BPU buys meter bases in bulk and receives a better price than purchasing one at a time.

Motion by Commissioner O'Day and seconded by Commissioner Matten to bill residential customers for 50 percent of the costs related to meter bases and commercial customers will continue to be billed for actual meter base costs. There was a unanimous vote in favor of the motion. Motion carried.

Commissioner O'Day inquired about the current relationship with Minnesota Power. Hawkinson replied that BPU staff contacts the MP system operators regarding the transmission aspect at the main substation. BPU and MP have a 3-year cost share agreement for the main substation.

Hydro Department

- Water/River has slowed due to cold snap-one generator is offline and the other 4 are at 70%.
- FERC license final application is due February 28th.
- Amjet – received letter he would like to attend the March meeting.

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Other

- Union negotiations – mediation scheduled for March 4th.
- Tom’s Backhoe – has been settled.
- RP3 – BPU has achieved gold status through the American Public Power Association (APPA) for their “Reliable Public Power Provider” program. It is a combination of safety, training, retention and all-around good utility practices not just electric reliability. BPU first received the designation in 2017 and staff is very proud to achieve this second one.
- MMUA regional meeting –Zoom meeting Wednesday-February 24th at 8:30 presented by MMUA Board President and MMUA Executive Director.

Old Business

BAHA – Commissioner Johnson inquired about the status of BAHA bills. Batters stated they have a payment arrangement for the past due bills and are paying the current bills plus the arrangement.

New Business

None

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 10:00 AM.

Those in attendance at the closed session included the Commissioners Johnson, Matten, O’Day, Wroolie, and England, and BPU and City staff - Wicklund, Magnuson, Bergman, Schubert and Gabe Johnson.

The Chair reconvened the meeting into open session at 10:28 AM.

Motion by Commissioner Wroolie and seconded by Commissioner Matten to appoint Commissioner O’Day to represent Commission at the labor mediation scheduled for March 4, 2021. There was a unanimous vote in favor of the motion. Motion carried at 10:28 AM.

Adjournment to Joint Meeting with City Council

Motion by Commissioner O’Day and seconded by Commissioner Wroolie to adjourn to the joint meeting with the City Council on March 15, 2021 at 7:30 PM at the Council Chamber.